

# Chandan Steel Limited

For CHANDAN STEEL LTD.  
  
REPORT JUNCTION.com  
Director

**Annual Account & Reports  
2004-2005**

**CHANDAN STEEL LIMITED****CHANDAN STEEL LIMITED****BOARD OF DIRECTORS :**

Shri C. G. Chandan	Chairman & Managing Director
Shri D. C. Chandan	Director
Shri V. C. Chandan	Director
Shri J. P. Joshipura	Director
Shri P. H. Acharya	Director
Shri U. P. Ghosh	Director

**BANKERS :**

United Bank of India 25, Sir P. M. Road, U.B.I. Building, Fort, Mumbai - 400 023.	Dena Bank Gulalwadi Branch, Mumbai - 400 002.
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**AUDITORS :**

Shah & Taparia  
Chartered Accountants  
12, Navjeevan Wadi,  
Dhobi Talao,  
Mumbai - 400 002.

**REGISTERED OFFICE :**

170/172, Kika Street,  
Gulalwadi,  
Mumbai - 400 002.

**FACTORY :**

35, G.I.D.C.,  
Umargam,  
Dist. Bulsar,  
Gujarat - 396 171.

**ADMINISTRATIVE OFFICE :**

74, C. P. TANK ROAD,  
1ST FLOOR,  
MUMBAI - 400 004.

**CHANDAN STEEL LIMITED****CHANDAN STEEL LIMITED****DIRECTORS REPORT**

To,  
Shareholders of Chandan Steel Limited  
Mumbai.

Your Directors take pleasure in presenting their Fourteenth Annual Report together with the audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit and Loss Account of the Company for the year ended on that date.

**FINANCIAL RESULTS**

The working results are:

<b>Particulars</b>	<b>Current Year (Rupees)</b>	<b>Previous Year (Rupees)</b>
Sales & Other Income	220,62,42,325	1,57,54,52,770
<b>Profit before Interest, Depreciation &amp; Taxation</b>	<b>12,32,02,419</b>	<b>6,93,26,925</b>
<b>Less:</b>		
Interest	5,13,09,003	3,79,53,925
Depreciation	1,60,91,108	1,35,54,195
Taxation (Current)	53,72,203	12,00,000
Taxation (Deferred)	1,62,60,818	43,95,091
<b>Add / Less:</b>		
(Short)/Excess provision of Taxation of Earlier year	(27,922)	(5,86,401)
<b>Profit after Interest, Depreciation &amp; Taxation</b>	<b>3,41,97,210</b>	<b>1,28,10,115</b>
<b>Add: Balance brought forward</b>	<b>3,43,61,919</b>	<b>2,24,21,762</b>
<b>Balance Available for Appropriation</b>	<b>6,85,59,129</b>	<b>3,52,31,877</b>
<b>Less:</b>		
Deferred Tax Liabilities of previous years	NIL	NIL
Provision no longer required	(86,275)	(8,69,958)
<b>Balance carried to Balance Sheet</b>	<b>6,84,72,854</b>	<b>3,43,61,919</b>

We are glad to share with the members' details of the year under review. This year, we have reached yet another peak in performance and have crossed the mark of Rs 200 crores in turnover.

**DIVIDEND**

The Directors do not recommend any dividend on preference shares as well as on equity shares in view of the fund requirements for the expansion including upgrading of the existing facilities, during the year under review.

**CHANDAN STEEL LIMITED****REVIEW OF OPERATIONS:**

The Company could achieve higher sales turnover during the year under review. The Company is upgrading its product mix, which finds usage in the engineering & industrial applications. In the era of globalisation the Company has marked its presence by achieving a good performance in terms of exports in the current year and your Directors are optimistic that the benefit of the said efforts will endeavour the Company to achieve the new milestone and the same would be substantially reflected in the coming year.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of The Companies Act, 1956 with respect to Directors' Responsibility Statement, your Directors hereby confirm:

1. that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2005 the applicable accounting standards have been followed along with proper explanation relating to material departures. However, special attention of the members is drawn to clauses 5(iv) (i) and 5 (iv) (ii) of the Audit report forming part of the annual accounts.
2. that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for year under review.;
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2005 on a 'going concern' basis.

**AUDITORS**

The Statutory Auditors M/s. Shah & Taparia, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Company has received a certificate pursuant to the provisions of the Section 224 (1B) of the Companies Act, 1956 regarding the eligibility for reappointment from M/s. Shah & Taparia. Your Directors recommend their re-appointment.

**OBSERVATIONS OF THE AUDITORS**

The Auditor has made certain observation in their report, detail explanation and clarification for the same are as follows :

1. As regards Doubtful Debts is concerned, the Company has not made any provisions for Doubtful Debts, Since the Company do not consider the same as bad debts although the same is outstanding since long time. The Management of the company is in negotiation with the concerned parties to recover the amount through settlement Process.

**CHANDAN STEEL LIMITED**

2. Considering the volume of business activities and quantum & nature of creditors, it is not possible for the Company to identify the status of the creditors. However the Company has initiated the process to identify the status of creditors, so as to enable disclosure as required by Part I of schedule VII of the Companies Act, 1956.
3. As regards to the observation of the auditor for provisions of gratuity and leave salary and the retirement benefit, the same is not provided because the Company do not have any defined retirement benefit scheme and hence the quantum of amount to be provided can not be ascertained and hence no provisions has been made as required in terms of the Accounting Standard 15 on "Accounting for Retirement Benefits in the financial statement of employers" issued by the Institute of Chartered Accountant of India. However on retirement of any employee, the Company makes payment for compensation for rendering of services as per seniority, as welfare measures to employees.
4. The Company has put in efforts to ensure proper compliance of the provisions relating to deposits, as a result of which, the Company has brought down the deposits within the limits as prescribed by the Act and Company is making necessary disclosure by filing required forms with the Registrar of Companies.
5. As regards to maintenance of Cost and Stock records, the Company has taken necessary steps to maintain systematic records of the material other than principal raw material and finished products, value of which is not substantial. The company is in the process of evaluating the cost structure and records related thereto of various products as required u/s 209(1)(d) of the companies Act, 1956.

**EXPANSION – INTEGRATION**

The outlook for the future is positive and the management is optimistic and expect good opportunities for the Iron and Steel companies. To explore the further opportunities, the Company in tune with its plans has undertaken appropriate expansion plans. Accordingly, the Company has envisaged the installation of two Rolling Mills of size 20" and 10" in addition to the existing rolling mill of size 16" and 12" so as to cater the new export emerging market.

The Company is also in the process of enhancing their product mix with the higher capacities to cater the export market. Further to economies the scale of operation the Company is in the process of identifying the cost reduction measures involved in various processes and initiate the cost reduction techniques accordingly.

The Company has installed one windmill of 1.25 MW capacity to generate 26 lacs units /per annum which would be utilised for captive consumption.

**INSURANCE**

The Assets of the Company have been adequately insured against the risk of fire, flood, riots, and malicious damages etc.

**DIRECTORS**

Mr. Pahalad Acharya Member of Board of Directors was appointed as Additional Director of the Company w.e.f.1<sup>st</sup> December, 2004 and was also appointed as Whole Time Director w.e.f. 11<sup>th</sup> December, 2004. As Additional Director he hold office till ensuing Annual General Meeting. In view of his vast and varied experience, it is eminently in your Company's interest to appoint Mr. Pahalad Acharya as

**CHANDAN STEEL LIMITED**

Director of the Company whose office would be liable to retire by rotation.

Accordingly, item no. 4 of the Notice in regard to his appointment is commended to the members.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association Mr. Umapasanna Ghosh and Mr. Jagdish Joshipura, Directors of the Company who is liable to retires by rotation and is being eligible recommended for re-appointment.

**HUMAN RESOURCES**

Information in accordance with subsection (2A) of section 217 of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975 and forming part of the Directors Report for the period ended 31<sup>st</sup> March 2005 is not applicable to your company.

**INDUSTRIAL RELATION**

Your Director wish to place on record their deep appreciation to employees at all levels for their all-round efforts, dedication, commitment and loyal services which helped in achieving the performance during the year.

**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Details relating to the conservation of energy and foreign exchange earnings and outgoings are given in separate annexure (Annexure-I) forming part of this report as required as per setion 217(1)(e) of the companies Act, 1956 read with companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988.

**ACKNOWLEDGEMENT**

The Directors acknowledge the contribution made by the employees towards success and growth of the Company. The Directors are also thankful for the co-operation and assistance received from the local authorities, banks, customer, suppliers and business associates and shareholders. The Directors would also like to acknowledge the continued support of the Company's shareholders.

For and on behalf of the Board of Directors  
**CHANDAN STEEL LIMITED**

sd/  
**Chairman & Managing Director**

**Place : Mumbai.**

**Date : 13th September 2005.**

**CHANDAN STEEL LIMITED****Annexure - 'I' under section 217 (1) (e)****Disclosure of particulars with respect to conservation of energy**

<b>S.N.</b>	<b>Particulars</b>	<b>Amount in Rs.</b>
<b>A.</b>	<b>Power &amp; Fuel Consumption</b>	
1	Electricity	
a)	Purchased Unit	4,817,090.00
	Total Cost (Rs.)	23,783,739.00
	(Including Demane & Other Charges)	
	Rate/Unit (Rs.)	4.94
b)	Own generation by/through captive power plant	
	(i) Through Diesel Gnerator	16,716,200.00
	Units	3.81
	K W H per unit of fule	3.33
	Cost/Unit (Rs.)	
2	Coal	NIL
3	Furnace Oil	
	Quantity (Ltr.)	4,388,240.00
	Total Cost (Rs.)	49,323,817.00
	Average rate per Ltr. (Rs.)	11.24
4	Other/Interal generation fule gas	
	Fuel Gas	
	Quantity in M3	3,933,160.00
	Total Cost (Rs.)	21,766,778.00
	Anerage rate per M3 (Rs.)	5.50
<b>B.</b>	<b>Consumption per unit of Production of Billets</b>	
	Electricity (KWHr/MT of Billets)	665.17
	Coal	N.A.
	Furnace Oil (Ltr/MT of Billets)	176.53
	Fule Gas (M3/M.T. of Billets)	158.23
<b>C.</b>	<b>Foreign Exchange Earning &amp; Outgo (Rs. in Lacs) :-</b>	
a)	CIF value of Import of Material	6,651.98
b)	F.O.B. Value of Export	13,429.04

**CHANDAN STEEL LIMITED****AUDIT REPORT TO MEMBERS OF CHANDAN STEEL LIMITED**

- 1 We have audited the attached Balance sheet of **CHANDAN STEEL LIMITED** as at 31<sup>st</sup> March 2005 and also the Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that;
  - (i) *No provision has been made for doubtful debt of Rs. 29,32,095/-, as a result profit for the year and sundry debtor is overstated by Rs. 29,32,095-*
  - (ii) *No provision has been made for retirement benefits to employees in the books, the impact of the same is not ascertained.*
  - (iii) *The company has not identified the amount due to the SSI units and the same has not been disclosed as required by the part I of Schedule VII of the Companies Act, 1956.*



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- 5 Further to our comments in annexure referred to in paragraph 3 and 4 above, we report that:
- i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books;
  - iii) The Balance Sheet Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of the account;
  - iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except that
    - (i) *Valuation of stock, which has been taken on the basis of certificate issued by the management, could not be verified as regards compliance of Accounting standard – 2 (Revised) on "Valuation of Inventories" (Refer point [f] of schedule S)*
    - (ii) *Liability towards Gratuity & leave salary of employees will be accounted on cash basis, which is not in conformity with the Accounting Standard 15 on "Accounting for Retirement Benefits in the financial statement of employers"*
  - v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2005 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the significant accounting policies and notes to accounts and *subject to* matters referred in paragraph 4 and 5 (iv) above give the information required by the Companies