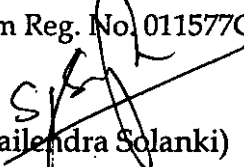


TO
THE BOARD OF DIRECTORS,
METALMAN INDUSTRIES LIMITED

We have examined the attached Cash Flow Statement of METALMAN INDUSTRIES LIMITED for the year ended 31st March 2010. The Statement has been prepared by the Company in accordance with the requirement of Listing Agreement Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our Report dated 04.09.2010 to the Members of the Company.

For S.S. Solanki & Co.
Chartered Accountants
Firm Reg. No. 011577C


(Shailendra Solanki)
Proprietor
Membership No. 075046
Place: Indore
Date: 04.09.2010



METALMAN INDUSTRIES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2010**

2009-2010

2008-2009

A CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before tax & extraordinary items

43.95

11.04

Adjustments for

Depreciation

272.55

269.88

Interest Charged

1,810.25

1,662.91

Loss on sale of assets

0.49

0.01

Amortisation of Miscellaneous Exp

-

2,083.29

1,932.80

2,127.24

1,943.84

Operating Profit before Working Capital Charges

Adjustments for

Trade and other receivables

874.35

(1,999.61)

Inventories

(1,577.25)

1,232.91

Trade Payable & other Liabilities

1,017.94

1,483.70

717.00

Cash Generated from Operations

2,442.29

2,660.83

Less : Interest paid

(1,810.25)

(1,662.91)

Income tax & FBT Paid

(0.05)

(4.50)

Net Cash Flow from operating activities

631.99

993.43

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets

(34.55)

(52.75)

Sale of Fixed Assets

2.11

7.90

Purchase/sale of Investment

-

-

Investment in Securities

-

-

Interest Received

-

-

Dividend Received

-

-

Net Cash in course of investing activities

(32.44)

(44.85)

C. CASH FLOW FROM FINANCING ACTIVITIES

Net Borrowings

301.52

(945.09)

Dividend Paid

-

(0.95)

Net Cash flow from Financing Activities

301.52

(946.04)

NET INCREASE/DECREASE IN

901.07

2.54

CASH/CASH EQUIVALENTS (A+B+C)

1,881.27

980.20

Cash/Cash Equivalents as Closing of Year

(980.20)

(977.66)

Cash/Cash Equivalents as Opening of Year

901.07

2.54

For: S.S. SOLANKI & CO.,

Chartered Accountants

Firm Reg. No. 011577C

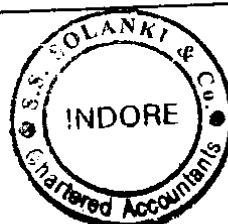
SHAILENDRA SOLANKI

Proprietor

Membership No. 075046

Place - Indore

Dated -04.09.2010



AUDITORS REPORT

TO
MEMBERS
METALMAN INDUSTRIES LIMITED,

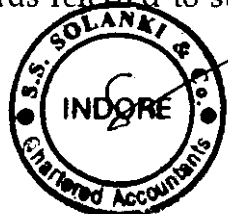
We have audited the attached Balance Sheet of METALMAN INDUSTRIES LIMITED as at 31st March 2010 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

As required by the Companies (Auditors Report) order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of section 227 (4A) of the Companies Act, 1956, of India and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order to the extent applicable.

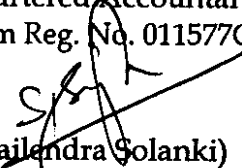
Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the proposes 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 those books of the Company.
- iii) In our opinion, the Balance Sheet and the Profit & Loss A/c. dealt with by this report comply with The accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956;



- iv) On the basis of information given to us none of the Directors is disqualified from being appointed as director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- v) The Balance Sheet and Profit & Loss A/c. dealt with by this report are in agreement with the books of account of the Company.
- vi) In our opinion and to the best of our information and according to the explanation given to us the said accounts read with above Para for which impact is as given in the notes itself and read with other notes appearing on Schedule O give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- a. In the case of Balance Sheet of the state of affairs of the Company as at 31st March 2010.
- b. In case of profit and Loss Account of the profit for the year ended on that date.
- c. In the case of cash flow statement of the cash flow for the year ended on that date.

For M/s S.S. SOLANKI & CO.
Chartered Accountants
Firm Reg. No. 011577C


(Shailendra Solanki)
Proprietor
Membership No. 075046
Place: Indore
DATE: 04.09.2010



ANNEXURE TO THE AUDITORS REPORT

Annexure Referred To In Paragraphs (1) Of Auditors Report To The Members Of Metalman Industries Limited, On The Accounts For The Year Ended 31st March 2010.

On the basis of such checks as we considered appropriate and in terms of the information and explanation given to us, we state that:-

1. (a). The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b). All the assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

2. (a) Inventory have been physically verified during the period by the management. In respect of inventories lying with third parties confirmations have been received. In our opinion, the frequency of verification is reasonable.

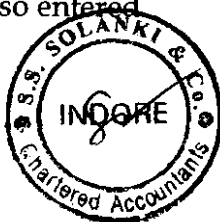
(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of Inventory followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The company has maintained proper records of inventory. The discrepancies noticed on verification between physical stocks and books stocks were not material having regard to the size of operation of the company and have been properly dealt with in the books of accounts.

3. The company has not taken loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. The Company has not granted any loans, secured or unsecured to any person covered in the register maintained under section 301 of the Companies Act, 1956 except subrogation of loan of AVN Tubes Ltd. taken over in earlier years, from the banks, which are free of interest.

4. In our opinion and according to the information and explanations given to us the Company has an adequate internal control procedure commensurate with the size and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal controls.

5. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered



(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of a party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public as governed by the provisions of section 58 A and 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, the Company has an Internal Audit system commensurate with the size and nature of business.
8. According to the information and explanations given to us, we are of the opinion that cost records maintenance has been prescribed by the Central Govt. under section 209 (1) (b) of the Companies Act, 1956, and the company has maintained the same properly.
9. (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, Cess and other material statutory dues applicable to it.

(b) In our opinion, and according to the information and explanations given to us, there are no undisputed amount payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty, and Cess were in arrears, as at 31.03.10 for a period of more than six months from the date they become payable.

(c) In our opinion and according to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, custom duty, excise duty, and Cess, which have not been, deposited on account of any dispute except for the amounts reported in Para d of point no. 1 of notes on accounts.

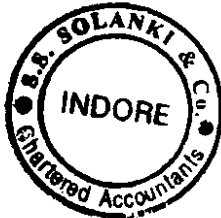
There were no dues on account of cess under section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not been notified by the Central Government.

10. In our opinion, the company has neither accumulated losses nor the company has incurred any cash losses during the year covered by our audit and the immediately preceding previous year.
11. The company has not defaulted repayment of loans from any Financial Institution and Banks and as on 31.03.10 there were no over dues loans.
12. In our opinion and according to the information and explanations given to us, the company has not granted loans & advances on the basis of security by way of pledge of share, debentures and other securities.

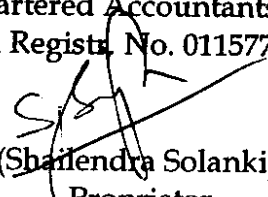


13. As the company is not a Nidhi/Mutual Benefit Fund/Society/Investment company, the reporting requirement under point no. (xiii) and (xiv) are not applicable to the company.
14. According to the information and explanation given to us, we are of the opinion that the company has not given any guarantee for loans taken by others from the banks and financial institutions.
15. According to the information and explanation given to us, the company has applied term loans raised from the banks during the year for the purpose for which the loans were obtained.
16. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
17. According to the information and explanation given to us the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
18. The company has not issued debentures to raise funds during the year.
19. The company has not raised any funds by Public Issue and also the company has not made any preferential allotment during the year.
20. In our opinion and according to the information and explanations given to us, there is no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Indore
Date: 04.09.2010



for M/s S.S. SOLANKI & CO.
Chartered Accountants
Firm Registr. No. 011577C


(Shailendra Solanki)
Proprietor

Membership No. 075046

METALMAN INDUSTRIES LIMITED

BALANCE SHEET AS AT 31st MARCH 2010

PARTICULARS	SCHEDULE	2010 (Rupees)	2009 (Rupees)
SOURCES OF FUNDS			
<u>SHARE HOLDER'S FUNDS</u>			
Share Capital	A	117,271,750	117,271,750
Reserve & surplus	B	653,644,131	662,589,127
		<u>770,915,881</u>	<u>779,860,877</u>
<u>LOAN FUNDS</u>			
Secured Loans	C	845,872,774	815,721,113
Un Secured Loans	D	85,000,000	85,000,000
		<u>930,872,774</u>	<u>900,721,113</u>
<u>DEFERRED TAX LIABILITY</u>			
		45,072,565	46,158,233
		<u>1,746,861,221</u>	<u>1,726,740,223</u>
APPLICATION OF FUNDS			
<u>FIXED ASSETS</u>			
Gross block	E	940,744,220	938,169,784
Less: Depreciation		576,608,333	540,552,538
Net Block		364,135,887	397,617,246
Add: Capital Work in progress		-	-
		<u>364,135,887</u>	<u>397,617,246</u>
<u>INVESTMENTS</u>			
	F	1,200	1,200
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
Inventories	G	1,031,024,222	873,299,522
Sundry Debtors		884,371,383	816,238,293
Cash & Bank Balance		188,126,505	98,019,535
Loans & Advances		124,822,598	280,390,638
		<u>2,228,344,708</u>	<u>2,067,947,988</u>
Less: Current Liabilities & Provisions	H	845,620,574	738,826,211
Net Current Assets		<u>1,382,724,134</u>	<u>1,329,121,777</u>
		<u>1,746,861,221</u>	<u>1,726,740,223</u>

Schedule A to H attached are integral part of Balance Sheet
As per our notes on accounts 'O' and report of even date attached,
For: S.S. SOLANKI & CO.,

Chartered Accountants
Firm Reg. No. 011577C

CA SHALENDRA SOLANKI
Proprietor
Membership No. 075046

Place - Indore
Dated -04.09.2010



For & On behalf of the Board,

[Signature]

Director

[Signature]

Director

METALMAN INDUSTRIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010

PARTICULARS	SCHEDULES	2010 (Rupees)	2009 (Rupees)
INCOME			
Sales and Other Incomes	I	4,149,460,830	3,879,353,265
		<u>4,149,460,830</u>	<u>3,879,353,265</u>
EXPENDITURE			
Materials	J	3,385,012,941	3,221,635,775
Manufacturing	K	415,827,601	312,966,153
Employees	L	49,201,132	55,238,919
Interest	M	181,024,667	166,290,670
Others	N	86,744,147	95,129,856
		<u>4,117,810,488</u>	<u>3,851,261,373</u>
PROFIT BEFORE DEPRECIATION & TAX		31,650,342	28,091,892
Less : Depreciation	E	(36,676,095)	(36,409,044)
Add : Amount Withdrawn From General Reserve (Note No 5)		9,420,677	9,420,677
PROFIT BEFORE TAX		<u>4,394,924</u>	<u>1,103,525</u>
Less : Current Tax (Provision)		5,000,000	1,300,000
Fringe Benefit Tax		4,910	449,909
Deferred Tax (Provision)		(1,085,667)	(2,247,701)
PROFIT FOR THE YEAR		<u>475,681</u>	<u>1,601,317</u>
Add : Prior Year Adjustments		-	(1,027,140)
Add : Balance Brought Forward		88,298,004	117,723,827
		<u>88,773,685</u>	<u>118,298,004</u>
PROFIT AVAILABLE FOR APPROPRIATION			
		<u>88,773,685</u>	<u>118,298,004</u>
APPROPRIATION			
Transfer to General Reserve		30,000,000	30,000,000
Surplus Carried to Balance Sheet		58,773,685	88,298,004
		<u>88,773,685</u>	<u>118,298,004</u>

Schedule A to H attached are integral part of Balance Sheet

As per our notes on accounts 'O' and report of even date attached,

For: S.S. SOLANKI & CO.,

Chartered Accountants

Firm Reg. No. 011577C

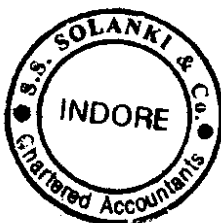
CA SHALENDRA SOLANKI

Proprietor

Membership No. 075046

Place - Indore

Dated -04.09.2010



For & On behalf of the Board,

[Signature]

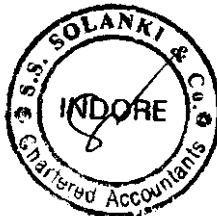
Director

[Signature]

Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2010

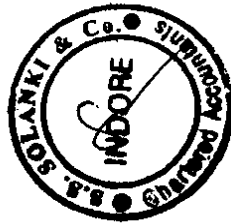
	2010 (Rupees)	2009 (Rupees)
SCHEDULE -A SHARE CAPITAL		
<u>Authorised</u>		
3,50,00,000 Equity Shares of Rs. 10/- each	350,000,000	350,000,000
	<u>350,000,000</u>	<u>350,000,000</u>
<u>Issued, Subscribed & Paid up:</u>		
11735550 (Previous year 11735550) Equity Shares of Rs. 10/- each fully paid up	117,355,500	117,355,500
Less: Due on Allotment 1992 issue (other than Directors)	<u>83,750</u>	<u>83,750</u>
	<u>117,271,750</u>	<u>117,271,750</u>
 (Out of above 300000 Equity shares have been issued as Bonus Shares by Capitalisation of General Reserve)	 <u>117,271,750</u>	 <u>117,271,750</u>
SCHEDULE -B RESERVE & SURPLUS		
<u>Capital Reserves</u>		
<u>(i) Capital Reserve (Revaluation)</u>		
As per last Balance Sheet	106,596,988	116,017,665
Add: Increase during the year		-
Less: transferred to general reserve	<u>9,420,677</u>	<u>9,420,677</u>
	97,176,311	106,596,988
<u>(ii) Capital Reserve (Others)</u>		
As per last Balance Sheet	23,132,771	23,132,771
<u>General Reserve</u>		
As per last Balance Sheet	197,001,445	167,001,445
Add: Transfer from rev. reserve	9,420,677	9,420,677
Add: Transferred from Profit & Loss account	30,000,000	30,000,000
Less: Transfer to Profit & Loss Account	<u>9,420,677</u>	<u>9,420,677</u>
	227,001,445	197,001,445
<u>Share Premium Account</u>		
As per last Balance Sheet	246,099,500	246,099,500
Less: Due on Allotment (1992 issue)	<u>167,500</u>	<u>167,500</u>
	245,932,000	245,932,000
<u>Investment Allowance (Utilised) Reserve</u>		
Balance as per last Balance Sheet	1,627,919	1,627,919
<u>Profit & Loss Account Balance</u>		
	58,773,685	88,298,004
	<u>653,644,131</u>	<u>662,589,127</u>



Schedule E

FIXED ASSETS

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2009	Increased due to Revaluation	Addition During the Year	Deduction During The Year	As on 31.03.2010	Provided up to 31.03.2009	Provided during the year	At Revalued Amount	Sales Adjusted	Provided up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
Land	5,310,390	-	-	-	5,310,390	-	-	-	-	-	5,310,390	5,310,390
Building	85,115,444	5,969,055	-	-	91,084,499	45,151,794	1,981,092	469,283	-	47,602,168	43,482,331	45,932,705
Plant & Machinery	698,409,750	120,255,786	1,685,223	-	820,350,759	482,085,807	23,369,637	8,951,394	-	514,406,838	305,943,921	336,579,729
Office Equipment and Furniture & Fixtures	10,417,618	-	878,625	-	11,296,243	5,147,977	650,501	-	-	5,798,478	5,497,765	5,269,641
Vehicles	12,691,741	-	890,938	880,350	12,702,329	8,166,960	1,254,188	-	620,300	8,800,848	3,901,481	4,524,781
TOTAL	811,944,943	126,224,841	3,454,786	880,350	940,744,220	540,552,538	27,255,418	9,420,677	620,300	576,608,333	364,135,888	397,617,246
Capital Work in Progress (Including Advances)												
TOTAL	811,944,943	126,224,841	3,454,786	880,350	940,744,220	540,552,538	27,255,418	9,420,677	620,300	576,608,333	364,135,888	397,617,246
Previous Year	807,985,133	126,224,841	5,274,940	1,315,130	938,169,784	504,667,511	26,988,367	9,420,677	524,017	540,552,538	397,617,246	429,542,464



SCHEDULE -C SECURED LOANS

<u>Corporate Loan & Term Loan from Banks</u>	17,480,055	42,218,772
(Secured against first charge on fixed assets of the company and second charge on moveable assets)		
<u>Working Capital Facilities from Banks</u>		
(Secured against hypothecation of present and future stocks of Raw Material, Stock in process, finished goods, Book Debts etc. and second charge over fixed assets on paripassu basis with consortium member banks.	828,392,719	773,502,341
	<u>845,872,774</u>	<u>815,721,113</u>

SCHEDULE -D UNSECURED LOANS

From Bodies Corporate	85,000,000	85,000,000
	<u>85,000,000</u>	<u>85,000,000</u>

SCHEDULE -F INVESTMENT

Unquoted		
Shares in Steel Chambers, Kalamboli Business & Coop. Ltd.	1,200	1,200
	<u>1,200</u>	<u>1,200</u>

SCHEDULE -G CURRENT ASSETS, LOANS & ADVANCESCurrent AssetsInventories At Cost

(As verified, valued and certified by the Management)

Raw Materials	724,227,186	517,591,896
Finished Goods & Stock in process	270,509,497	323,810,519
Consumable Stores	36,287,539	31,897,107
	<u>1,031,024,222</u>	<u>873,299,522</u>

Sundry Debtors

(Unsecured Considered Good)

Outstanding over six months	7,836,506	4,890,625
Others	876,534,877	811,347,668
	<u>884,371,383</u>	<u>816,238,293</u>

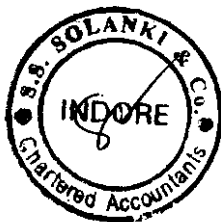
Cash & Bank Balances

Cash in Hand	461,423	615,728
With Scheduled Banks in India		
on Current Account	12,092,238	5,605,615
In Margin Money Account	175,572,844	91,798,192
	<u>188,126,505</u>	<u>98,019,535</u>

Loans & Advances

(Unsecured Considered good)

1. Advances recoverable in cash or in kind or for value to be received.	73,682,308	235,018,060
2. Deposits with govt. Authorities & Others	17,640,290	11,872,578
3. Inter Corporate Deposit/ Loans	33,500,000	33,500,000
	<u>124,822,598</u>	<u>280,390,638</u>
	<u>2,228,344,708</u>	<u>2,067,947,988</u>



SCHEDULE -H CURRENT LIABILITIES & PROVISIONS

Sundry Creditors

a) Micro, Small & Medium Enterprises	777,173	949,753
(To the extent identified with available information)		
b) Others		
Sundry Creditors	716,526,696	530,344,748
Advance from Customers	13,725,656	110,135,947
Other Current Liabilities	100,438,557	87,886,764
Unclaimed/Unpaid Dividend	1,089,094	1,098,519
	832,557,176	730,415,731

Provisions

Income Tax Provision	5,000,000	1,300,000
Other Provisions: Gratuity	8,063,398	7,110,480
	13,063,398	8,410,480
	845,620,574	738,826,211

SCHEDULE -I SALES & OTHER INCOME

Sales Including Incentives	4,148,193,917	3,877,105,320
Miscellaneous Income	1,266,913	2,247,945
	4,149,460,830	3,879,353,265

SCHEDULE -J MATERIALS

Raw Material

Opening Stock	517,591,896	588,797,080
Add: Purchases	3,538,347,209	3,097,733,817
	4,055,939,105	3,686,530,897
Less: Closing Stock of Raw Materials	724,227,186	517,591,896
	3,331,711,919	3,168,939,001

(Increases) / Decreases in Stocks

Finished Goods and stock in process		
Opening Stock	323,810,519	376,507,293
Closing Stock	270,509,497	323,810,519
	53,301,022	52,696,774
	3,385,012,941	3,221,635,775



SCHEDULE -K MANUFACTURING EXPENSES

Consumable Stores	52,219,332	53,194,162
Less : Closing Stock	<u>36,287,539</u>	<u>31,897,107</u>
	15,931,793	21,297,055
Machinery Maintenance & Other Expenses	27,901,740	9,980,026
Insurance	546,797	547,154
Power & Fuel	127,590,386	133,514,746
Excise Duty	243,856,885	147,627,172
	<u>415,827,601</u>	<u>312,966,153</u>

SCHEDULE -L EMPLOYEES

Salary, Wages, Bonus, Allowances etc.	44,973,247	51,704,733
Contribution to welfare funds	2,549,417	2,624,184
Gratuity	1,343,610	725,039
Staff Welfare	334,858	184,963
	<u>49,201,132</u>	<u>55,238,919</u>

SCHEDULE -M INTEREST

Interest to Banks/ others	189,838,435	172,151,402
Less: Interest Received	8,813,768	5,860,732
	<u>181,024,667</u>	<u>166,290,670</u>

SCHEDULE -N OTHER EXPENSES

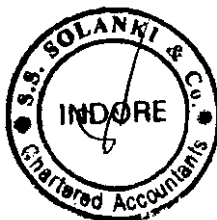
Administrative Expenses	61,990,978	65,693,047
Selling Expenses	22,641,394	27,372,970
Loss on sale of Fixed Assets	49,050	1,113
	<u>84,681,422</u>	<u>93,067,130</u>

Auditors' Remuneration

Audit fees	71,695	71,695
Tax Audit Fees	11,030	11,030
	<u>82,725</u>	<u>82,725</u>

Directors' Remuneration

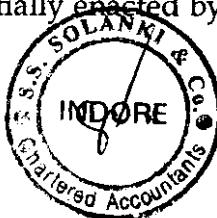
Salary	1,800,000	1,800,000
Contribution to P.F.	180,000	180,000
	<u>1,980,000</u>	<u>1,980,000</u>
	<u>86,744,147</u>	<u>95,129,856</u>



SCHEDULE O: SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS

I - SIGNIFICANT ACCOUNTING POLICES

- A. The Company values its Raw Materials, Finished Goods and other items at cost.
- B. Fixed Assets are recorded at historical value less Modvat credit thereon subject to revaluation of Plant & Machinery and Building and Pre-operative expenses including interest on borrowing are capitalized in addition to cost of fixed assets.
- C. The Company follows accrual method of accounting.
- D. The Company depreciates its Fixed assets in accordance with provisions of schedule XIV to the Companies Act, 1956 as under:
 - a. In respect of its CR Strip Division for assets acquired after 31.3.98 on SLM method.
 - b. On other assets on SLM method
- E. Preliminary & Public issue expenses are to be amortized 1/10th of the total expenses each year on prorata basis.
- F. Previous Year's figures are regrouped / rearranged wherever considered necessary in view of making them more comparable.
- G. Sales comprises sale of goods, export incentives entitlements, realized exchange fluctuation on export sale and trading of goods and excise duty.
- H. Cost of Import purchases include customs duty, demurrage, clearing charges, net value of advance licenses and DEPB used for imports.
- I. Company computes liability in respect of gratuity of the employees on the basis of their service period during the year. Accordingly the gratuity amount so computed is debited to Profit & Loss Account. Other retirement benefits are accounted on cash basis.
- J. Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of cost of such assets till such time as the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.
- K. Provision for Income Tax is made on the basis of results of the year. Although the actual liability will be computed and paid on the basis of the results for the financial year, in accordance with Accounting Standard AS 22 - "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the deferred taxes for the time difference between book and tax profit for the year is accounted for using tax rates and laws that have been enacted or substantially enacted by the Balance Sheet Date. Deferred



tax assets arising from temporary time difference are recognized to the extent there is reasonable certainty that the asset can be realized in future.

II- NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for:

- a. Estimated amount of contracts remaining to be executed and not provided for NIL (Previous Year Rs NIL).
- b. Outstanding Letters of credit issued by Company's bankers Rs 49,23,11,691(Previous Year Rs. 34,52,17,390).
- c. Bank guarantees issued by Company's bankers Rs. 16,59,000(Previous Year Rs 51,50,248)
- d. Other liability on account of disputed Claims of Sales Tax, Entry Tax and central excise are not acknowledged as debt by the company hence not provided for Rs. 36031975/-(Previous Year Rs 34588504).

2. Provision for Income tax has been made in accordance with provisions of Income Tax Act 1961.

3. The arrears of allotment represent mainly money due from NRI shareholders of 1992 issue.

4. The Company has transferred an amount of Rs 94,20,677/- from revaluation reserve to General reserves of the Company being the amount of depreciation on revaluation portion, which has been debited to profit and loss account during the year. The Company has during the year also transferred equivalent amount from general reserve back to profit and loss account.

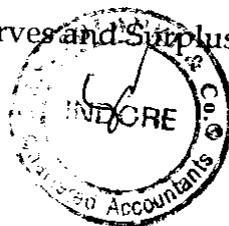
5. a. The Company is in the business of Manufacturer & Sale of Steel Tube / Pipe / Sheets / only and as such there is no separate reportable segment as per Accounting Standard AS - 17.

b. In respect of Geographical Segments the details are as under: -

Revenue (Gross Sale)	
Domestic	Rs 33,456.18lacs
Export	Rs. 8,025.76 lacs

The Company follows Accounting Standard AS-22 issued by the Institute of Chartered Accountants of India. Accordingly deferred tax liability is calculated at every close of accounting year. During the year company has provided for net decrease of Rs. 10,85,667/-in deferred tax liabilities. Current tax has been calculated according to normal tax liability considering the existing provisions.

c. Additions and deduction from Reserves and Surplus during the year pertains to:



- i) Deduction from Capital reserve being transfer to General Reserve Rs 94,20,677 for depreciation on revaluation.
- ii) Deduction from General Reserve Rs. 94,20,677 being transfer to P&L a/c.
- d. Sundry Creditors include Rs. 7,77,173/- being total outstanding dues of Small Scale Industries (SSI).
- e. The identification of suppliers as SSI unit has been done by the Company on its own assessment on the basis of the information available to the Company.
- f. In the opinion of the Board, the current assets on realisation in ordinary course of business have a value atleast equal to the amount at which they are stated in the Balance Sheet.
- g. Sundry Debtors and creditors are subject to confirmation from the parties.
- h. Related party disclosures:

i) Names of related parties and description of relationship:

Subsidiary Companies	NIL
Associate Company	Amulya Exports Limited Soni Ispat Limited
Key Management personnel	Shri Rajiv Soni ,Shri Vijay Soni
Company controlled by	
Director/relative	
Relative of director	Smt Jaishree Soni

b. Transaction with related parties

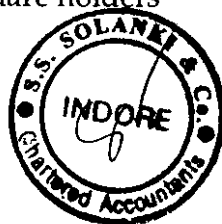
PARTICULARS	Associates & company controlled by relatives of directors	Key management Personnel	Relative Of Directors
Remuneration & reimbursement	NIL	19.80Lacs	NIL
Sales	SONI ISPAT LTD. :14.56 Cr. AMULYA EXPORTS LTD. :15.09 Cr.	NIL	NIL
Purchase	SONI ISPAT LTD. : 28.58Cr. AMULYA EXPORTS LTD. :0.76Cr.	NIL	NIL

- i. In respect of the accounting standard AS 19 "Leases" issued by the ICAI, which is mandatory w.e.f. 1.4.2001, and is applicable to all leased assets for which lease commences on or after 1.4.2001, the Company has not so far taken any asset either on finance lease or under operating lease . Hence no such disclosure is required to be made.

j. Earning Per share

Net Profit attributable to Equity share holders
Weighted average no of shares

Rs. 475681/-
11735550



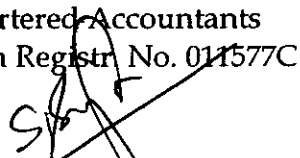
Basic/Diluted earning per share (face value Rs 10 per share)

Rs 0.04/-

k. Additional information pursuant to Paras 3 & 4 Part-II of Schedule VI to the Companies Act, 1956 to the extent applicable and as certified by the Management, are annexed herewith in form of Annexure.

As per our report of even date attached,

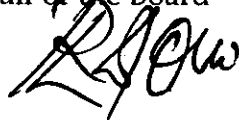
For S.S. SOLANKI & CO.
Chartered Accountants
Firm Registr. No. 011577C



Shailendra Solanki
Proprietor
Membership No. 075046
Place - Indore
Dated - 04.09.2010



For and on Behalf of the Board



Director



Director

ANNEXURE TO THE SCHEDULE - O

QUANTITATIVE DETAILS:

	<u>Installed Capacity</u> MT	<u>Licensed Capacity</u> MT	<u>Production/Transfer</u> MT
Capacity & Production Tubular and flat steel Hot/Cold Rolled/Galvanized/Coated Inc scrap and rejects	120000 (120000)	275000 (275000)	114598.761* (101550.168*)
*Including trading			

	OPENING STOCK		TURN OVER		CLOSING STOCK	
	Qty (M.T.)	Amount (Rs.)	Qty (M.T.)	Amount (Rs.)	Qty (M.T.)	Amount (Rs.)
B. Turnover & Opening Closing stock	7403.922 (8760.622)	323810519 (376507293)	115696.589 (102906.868)	4148193917 (3877105320)	6305.094 (7403.922)	270509497 (323810519)

DETAILS OF RAW MATERIALS & STORES CONSUMED

		2010		2009	
		<u>Amount</u> <u>(Rs.)</u>	<u>% To total</u> <u>Consumption</u>	<u>Amount</u> <u>(Rs.)</u>	<u>% To total</u> <u>Consumption</u>
		a. Raw Material	Indigenous	2280210159	68.44%
	Imported	1051501760	31.56%	1620652638	51.14%
		3331711919	100%	3158939001	100%
b. Stores & Spares	Indigenous	15695809	98.52%	20923161	98.24%
	Imported	235984	1.48%	373894	1.76%
		15931793	100%	21297055	100%

CIF Value of Imports

a. Raw material	956216415	1079137268
b. Stores & Spares	164854	336855
c. Capital Goods	-	-

956381269



1079474123

FCB earnings in foreign exchange
(including indirect exports)

802576296

518268455

Expenditure in Foreign Currency

NIL

NIL

Amount remitted in foreign
currency for Dividend

NIL

NIL

a. No. of non resident
share holders

NIL

NIL

b. No. of shares held by
them

NIL

NIL

c. Amount of dividend

NIL

NIL

As per our report of even date attached,

For S.S. SOLANKI & CO.
Chartered Accountants
Firm Reg. No. 011577C



Shailendra Solanki
Proprietor
Place - Indore
Dated - 04.09.2010

For and on Behalf of the Board

A handwritten signature in black ink.

Director

A handwritten signature in black ink.

Director

METALMAN INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No./State Code

15144

State Code

11

Balance Sheet Date

31/03/2010

Capital raised during the year (Amount in Rs. Lacs)

Public Issue
NIL

Rights issue
NIL

Bonus shares
NIL

Private placement
NIL

Position of Mobilisation and deployment of funds (Amount in Rs. Lacs)

Total liabilities
17469

Total Assets
17469

Sources of funds

Paid-up Capital
1173

Reserves & Surplus
6625

Secured Loans
8459

Unsecured Loans
850

Application Of funds

Deferred Tax Assets/(Liability)
451

Net Fixed Assets
3641

Investments
0

Net Current Assets
13827

Accumulated Losses
0

Performance of company (Amount in Rs. Lacs)

Turnover
41495

Total Expenditure
41451

Profit/ Loss Before Tax
44

Profit/ Loss After Tax
5

Earning per Share (Rs.)
0.04

Dividend rate

Generic Names of Three Principal Products/services of Company (as per monetary terms)

Item code No.
NA

Product Description
NA



For & On behalf of the Board,

[Signature]

Director

[Signature]
Director