



Annexure - III

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH, 2006.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditor's Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Mishra Dhatu Nigam Limited, Hyderabad for the year ended 31 March, 2006.

(S.B. PILLAY)
PRINCIPAL ACCOUNTANT GENERAL
HYDERABAD

Place: Hyderabad,
Date : 20-07-2006.

REVIEW OF THE ACCOUNTS OF MISHRA DHATU NIGAM LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH, 2006 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

NOTE : The Review of Accounts has been prepared without taking into account the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 and the Qualifications contained in the Statutory Auditors' Report.

01. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years.

(Rs. in Crore)

Sl.No. Particulars	2003-04	2004-05	2005-06
LIABILITIES			
a) Paid-up Capital			
(i) Government	137.34	137.34	137.34
(ii) Others			
b) Reserves & Surpluses			
(i) Free Reserves & Surpluses	2.37	7.67	16.95
(ii) Share Premium Account			
(iii) Capital Reserves			
c) Deferred Tax Liability	0.23	1.32	1.75
d) Borrowings			
(i) From Govt, of India			
(ii) From Financial Institutions	1.37	0.34	
(iii) Foreign Currency Loans			
(iv) Cash Credit / Packing Credit			
(v) Others	0.57	0.02	
(vi) Interest accrued and due			
e) (i) Current Liabilities & Provisions	103.82	146.01	158.42
(ii) Provision for Gratuity	0.01	0.02	0.07
TOTAL	245.71	292.72	314.53
ASSETS			
f) Gross Block (net of MODVAT)	131.39	131.16	132.71
g) Less : Depreciation	103.49	105.32	107.16
h) Net Block	27.90	25.84	25.55
i) Capital Work-in-Progress (Net of MODVAT)	0.48	0.68	0.20
j) Investments	2.10	2.10	2.10
k) Current Assets, Loans & Advances	214.18	263.78	286.68
l) Miscellaneous Expenditure (to the extent not written off)	1.05	0.32	
m) Accumulated Loss			
TOTAL	245.71	292.72	314.53
n) Working Capital (k-e(i)-d(vi))	110.36	117.77	128.26
o) Capital Employed (h+n)	138.26	143.61	153.81
p) Net Worth (a+b(i)+b(ii)-l-m)	138.66	144.69	154.29
q) Net worth per rupee of paid-up capital (Rupees) {P/a}	1.01	1.05	1.12

02. LIQUIDITY

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under:

Sl.No.	Particulars	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
A)	Liquidity Ratio (%)	206.30	180.66	180.96
	Current Ratio (current assets to current Liabilities and provisions, interest accrued due but excluding provisions for gratuity) {k/e(i)+d(vi)}			
B)	Debt Equity Ratio (%)			
	Long term debt to equity {d(i to v) but excluding short term loans/a }			
C)	Profitability Ratios			
	(a) Profit Before Tax to			
	(i) Capital Employed (%)	5.48	8.03	11.98
	(ii) Net worth (%)	5.46	7.97	11.94
	(iii) Sales (%)	7.92	10.30	13.23
	(b) Profit after tax to equity (%)	5.02	4.99	8.76
	(c) Earnings per share (in Rs.)	50.17	49.91	87.57

03. WORKING CAPITAL

The working capital (Current Assets, Loans and Advances less : Current Liabilities and Provisions) was Rs. 110.36 Crore, Rs. 117.77 Crore and Rs. 128.26 Crore and as a percentage of sales it was 115,105 and 92 during 2003-04, 2004-05 and 2005-06 respectively.

04. SOURCES AND UTILISATION OF FUNDS

During the year 2005-06 funds amounting to Rs. 12.40 Crore were realised and were utilized as given below.

Sl.No.	Particulars	(Rs. in Crore)
A.	SOURCES OF FUNDS	
	Funds Generated from Operations	
	(a) Profit After Tax Less Appropriations	
	(b) Depreciation	
	(c) Increase in Deferred Tax liability	
	(d) Decrease in Misc. Expenditure	
	(e) Decrease in Capital WIP	
	(f) Increase in Gratuity liability	
	TOTAL SOURCES	12.40
B.	UTILISATION OF FUNDS	=
	(a) Repayment of Loan	
	(b) Increase in Working Capital	
	(c) Increase in Gross Block	
	TOTAL UTILISATION	12.40

05. WORKING RESULTS

The percentage of Net Profit to Sales and Capital employed in the last three years is given below:

Sl.No. Particulars	(Rs. in Crore)		
	2003-04	2004-05	2005-06
1. Sales (excluding Despatches to Sub Contractors)	95.63	111.91	139.26
2. Net Profit (excluding prior period items)	6.90	6.87	11.81
3. Percentage of Net Profit to Sales	7.22	6.14	8.48
4. Percentage of Net Profit to Capital Employed	4.99	4.78	7.68

The income in the last three years mentioned above included Rs. 5.07 Crore, Rs. 5.93 Crore and Rs. 7.30 Crore for 2003-'04, 2004-'05 and 2005-'06 respectively earned by way of interest on surplus funds invested in term deposits (Inter Corporate / Banks / Others) and income from transfer of surplus power.

06. INVENTORY LEVELS

The Inventory levels at the end of the last three years are given below :

Sl.No. Particulars	(Rs. in Crore)		
	2003-04	2004-05	2005-06
1. Raw Materials	20.23	28.24	37.02
2. Stores, Spares & Consumables	7.84	7.46	9.60
3. Tools & Instruments			
4. Goods / Materials in Transit	1.17	5.26	6.89
5. Finished Goods	0.11	3.24	0.63
6. Work in Progress	28.48	35.66	62.90
7. TOTAL	57.83	79.86	117.04

07. SUNDRY DEBTORS

The Sundry Debtors vis-a-vis Sales in the last three years are given below

SUNDRY DEBTS						(Rs. in Crore)
At the end of the year	Considered Good	Considered Doubtful	Total	Sales	% of debts to Sales	
2003-04	49.62	4.99	54.61	95.63	57.11	
2004-05	43.03	3.97	47.00	111.91	42.00	
2005-06	44.55	1.65	46.20	139.26	33.18	

(S.B. PILLAY)
 PRINCIPAL ACCOUNTANT GENERAL
 HYDERABAD

Place : Hyderabad,

Date : 20th July, 2006.