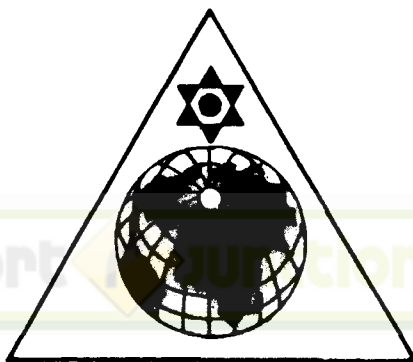


Bhagwandas Metals Limited



21st ANNUAL REPORT 2002-2003



BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri G.P.Agarwal	<i>Chairman</i>
	Sri M.L.Sonthaliya	<i>Managing Director</i>
	Sri V.Sankarasubbiyan, I.A.S.(Retd.)	<i>Director</i>
	Sri C.Ramasamy	<i>Director</i>
	Sri Harish Kumar Lohia	<i>Director</i>
	Sri Naresh Sharma	<i>Director</i>

COMPANY SECRETARY Sri C.Namasivayam

AUDITORS **M/s.M.Raghunath & Co.**
Chartered Accountants
No.4, Stringer Street
III Floor, Broadway
Chennai - 600 108

BANKERS **Syndicate Bank**
Chennai Main Branch
69, Armenian Street
Chennai - 600 001

REGISTERED OFFICE

New No. 54 (Old No. 61) 1st Floor, Sembudoss Street,
Chennai – 600 001

FACTORY

No.117, Sadayankuppam Village Road,
Manali, Chennai – 600 103

SHARE TRANSFER AGENTS

M/s. CAMEO CORPORATE SERVICES LIMITED
Subramanian Building Vth Floor,
No.1, Club House Road, Chennai – 600 002

Bhagwandas Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty First Annual General Meeting of the members of **Bhagwandas Metals Limited** will be held on Tuesday, **the 23rd day of September, 2003 at 10 a.m. at RANI SEETHAI HALL, 603, ANNA SALAI, CHENNAI – 600 006**, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended 31st March, 2003 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G.P.Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C.Ramasamy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s. M.Raghunath & Co., who retire at this meeting, being eligible, offer themselves for re-appointment.

For and on behalf of the Board of Directors

Place : Chennai
Date : 29.07.2003

Sd/-
M.L.SONTHALIYA
Managing Director

NOTES

- A. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2003 to 23.09.2003 (both days inclusive)**.
- C. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- D. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.
- E. As per the provisions of Companies Act, 1956, the Company is going to transfer the unclaimed dividend for the financial year ended 31st March, 1996 to Investor Education and Protection Fund. Once the dividend amount is transferred to the said fund then it can not be claimed by the shareholder. Shareholders who have not encashed their Dividend Warrants for the said period are requested to make their claims to the Company immediately.



ANNEXURE TO THE NOTICE

Information pursuant to clause 49 of the Listing Agreement for re-appointment of Director.

1. Name of the Director	Mr. G.P. Agarwal
a. Age	55
b. Date of Appointment	03.06.1982
c. Qualification	B.Com
d. Experience	30 years in Steel Industry
e. Expertise	Mr. G.P. Agarwal is a leading industrialist who has been associated with the steel business for the past 3 decades. He has held various prestigious posts in trade associations. Mr. G.P. Agarwal has been appointed as the Whole Time Director of the Company for a period of 3 years w.e.f. 01.07.2003
f. Directorship in other Companies	➤ Paro Leasing and Finance Ltd.
g. Chairman/Member of Committees of Companies	◆ Bhagwandas Metals Limited ◆ Share Transfer Committee – Member
2. Name of the Director	Mr. C. Ramasamy
a. Age	41
b. Date of Appointment	21.05.1998
c. Qualification	B.Com, F.C.A.
d. Experience	19 years as Chartered Accountant
e. Expertise	Taxation, Finance and Accounts
f. Directorship in other Companies	➤ Paro Leasing and Finance Ltd. ➤ Paro Enterprises Ltd. ➤ ANS Architects and Engineers (P) Ltd.
g. Chairman/Member of Committees of Companies	◆ Bhagwandas Metals Limited ◆ Audit Committee – Chairman ◆ Share Holders/Investors – Member ◆ Grievance Committee ◆ Remuneration Committee – Member

Bhagwandas Metals Limited**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their report for the year ended 31st March, 2003 together with the Balance Sheet as at 31st March, 2003 and the Profit and Loss account for the year ended on that date.

FINANCIAL HIGHLIGHTS*(Rupees in Lakhs)*

Sl. No.	Particulars	Audited financial statement for the year ended March 31st 2003	Audited financial statement for the year ended March 31st 2002
1.	Income from Operation	4070	2759
2.	Profit/(Loss) before interest depreciation and tax	92	45
3.	Interest	35	31
4.	Profit/(Loss) before depreciation and tax	57	14
5.	Depreciation	29	35
6.	Profit/ (Loss) before tax	28	(21)
7.	Provision for taxation - Deferred Tax	12	(6)
8.	Profit/ (Loss) after tax	16	(15)
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	222	222

OPERATIONS

Your Company's performance during the year 2002-2003 improved substantially with higher sales and increase in profit. During this period, the Company has earned a net profit before tax of nearly Rs 28 lakhs as against the net loss of Rs 21 lakhs incurred in the year 2001-2002. It is creditable to note that the Company has managed to achieve this net profit level of Rs 28 lakhs after providing depreciation of Rs 29 lakhs on the idle assets of the Factory. On the sales front, the Company has achieved a turn over of about Rs 4070 lakhs during the year 2002-2003 as against Rs 2759 lakhs achieved in 2001-2002 registering an increase of 48%. The Company is yet to restart its manufacturing operations. Due to the accumulated loss, your Directors express their inability to declare any dividend.

**PROSPECTS FOR THE CURRENT YEAR**

After passing through a challenging year in 2001-2002, the later part of the year 2002-2003 and the earlier part of 2003-2004 ushered in a decent industrial recovery backed by a positive sentiment in some of the core and infrastructure sectors of the economy.

During the current year 2003-2004, the Company has achieved a turn over of Rs 1293 lakhs in the first 3 months as against the turn over of Rs 1037 lakhs achieved during the corresponding period in 2002-2003. The Company has earned a net profit after providing for tax of around Rs 5 lakhs for the first 3 months in the current year 2003-2004. Your Company hopes to achieve decent growth of business in the future.

DIRECTORS

Since the last Annual General Meeting, the following change has taken place in the Board of Directors:

Mr. G.P.Agarwal, the Chairman of the Company has been appointed as the Whole Time Director for a period of 3 years with effect from 01.07.2003 to 30.06.2006. His appointment has been subsequently approved by the share holders by Postal Ballot.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr.G.P.Agarwal and Mr. C.Ramasamy, Directors of the Company are liable to retire by rotation and your Directors recommend their re-appointment

AUDITORS

The Statutory Auditors, M/s. M.Raghunath & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment for the current financial year. Your Board recommends their re-appointment.

FIXED DEPOSITS

During the year under review, the Company has not accepted any Fixed Deposits from the public.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

The information required under section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are applicable to the Company only to the extent of Foreign Exchange outgo of Rs 2,51,398 during

Bhagwandas Metals Limited

the previous year 2001-2002 since the Company was not engaged in any manufacturing activities during the last 2 years.

None of the employees of the Company is covered by section 217(2A) read with Companies (Particulars of Employees) Rules 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2003 and of the profit of the Company for the year ended 31st March, 2003;
- c) Proper and sufficient care have been taken 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;
- d) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance Report and Auditors' Certificate regarding compliance of the same are made part of this Annual Report.

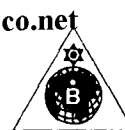
ACKNOWLEDGEMENTS

The Directors acknowledge with gratitude and wish to place on record their appreciation for the valuable support and kind co-operation extended to the Company by the Company's Bankers, Financial Institution, Government Authorities, Shareholders and the Employees.

For and on behalf of the Board of Directors

Place : Chennai
Date : 29.07.2003

Sd/-
G.P. AGARWAL
Chairman



CORPORATE GOVERNANCE

Corporate Governance is the system by which business corporations are directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in the corporation such as, the board, managers, shareholders and other stakeholders and spell out the rules and procedures for making decisions on corporate affairs.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The mission of the Corporate Governance is the enhancement of shareholders value and protecting the interests of the stakeholders. In this regard, your Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time. Your Company is striving to attain good standards of Corporate Governance. The Company is with a policy favouring the essence and purpose of Corporate Governance.

2. BOARD OF DIRECTORS

a. Composition

The total strength of the Board is six, out of which two are promoter Directors. Out of the Promoter Directors, Mr. M. L. Sonthaliya, *Managing Director* is an *Executive Director*. The other Promoter Director is the Chairman Mr. G.P. Agarwal who has been appointed as a Whole Time Director for a period of 3 years w.e.f.01.07.2003. The rest of the four Directors are non-executive independent Directors.

b. Board Meetings

The meetings of the Board of Directors are normally held at the registered office in Chennai. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board meets at least once a quarter to review the quarterly performance and the financial results. The gap between two Board Meetings did not exceed four months. Five Board Meetings were held during the financial year 2002-2003 on 27th April 2002, 27th July 2002, 09th September 2002, 29th October 2002 and 29th January 2003.

c. Attendance of each Director at the Board Meetings and the last Annual General Meeting

1. Mr. G.P. Agarwal	➤	5
2. Mr. M.L. Sonthaliya	➤	5
3. Mr. V. Sankarasubbiyan	➤	4
4. Mr. C.Ramasamy	➤	5
5. Mr. Harish Kumar Lohia	➤	4
6. Mr. Naresh Sharma	➤	4

All the Directors attended the last Annual General Meeting held on 25th September' 2002.

Bhagwandas Metals Limited

3. AUDIT COMMITTEE**a. Composition**

1. Mr. C. Ramasamy - *Chairman*
2. Mr. Naresh Sharma
3. Mr. Harish Kumar Lohia

b. Brief description of terms of reference

- Reviewing the internal business process and profitability.
- Reviewing of statutory and regulatory audit in conformity with the requirements of Companies Act and SEBI regulations.

The terms of reference of the Audit Committee serves the purpose of the provisions envisaged under the listing agreements with the stock exchanges.

During the year, the Committee met 3 times on 27.07.2002, 29.10.2002 and 29.01.2003. All the three Committee members attended all the three Committee meetings held during the relevant year.

4. SHAREHOLDERS/ INVESTORS' GRIEVANCE COMMITTEE**a. Composition**

The Shareholders/ Investors Grievance Committee has been constituted on 27.04.2002 comprising of the following non-executive independent Directors:

1. Mr. V. Sankarasubbiyan - *Chairman*
2. Mr. C. Ramasamy
3. Mr. Harish Kumar Lohia

There were no investor complaints pending as on 31.03.2003.

b. Compliance Officer

Name : Mr. C. Namasivayam
Designation : Company Secretary

5. SHARE TRANSFER COMMITTEE**a. Composition**

1. Mr. V. Sankarasubbiyan - *Chairman*
2. Mr. G.P. Agarwal - *Member*
3. Mr. M.L. Sonthaliya - *Member*

During the year the Committee met on 18th April 2002, 9th July 2002, 2nd September 2002, 25th September 2002, 22nd October 2002, 29th January 2003, 22nd February 2003 and 21st March 2003.

There were no pending share transfers as on 31.03.2003.



6. REMUNERATION COMMITTEE

a. Composition

The Remuneration Committee has been constituted on 27.07.2002 comprising of the following non-executive independent Directors:

1. Mr. V.Sankarasubbiyan - *Chairman*
2. Mr. C.Ramasamy
3. Mr. Naresh Sharma

Since there was no revision of remuneration to Executive Director, the Committee did not meet during the financial year 2002-03.

b. Brief description of terms of reference

To determine and recommend to the Board the remuneration including commission, perquisites and allowance payable to the wholtime directors of the Company.

c. Remuneration for the year

(i) Details of the remuneration paid to the Executive Director for the financial year ended 31st March 2003 is given below:

Name of the Director	Salary / Allowances	Contribution to funds
Mr. M.L.Sonthaliya	Rs.4,80,000	Rs.36,000

Note: Contribution to funds represents contributions to Provident Fund and Superannuation Fund. The agreement with the Executive Director is for a period of five years w.e.f. 1.12.99.

(ii) Details of Sitting Fees paid to Non-Executive Directors for the financial year ended 31st March, 2003 is given below:

S.No.	Non-Executive Director	Sitting Fee (in Rs.)
1.	Mr. G.P. Agarwal	9,000
2.	Mr. V.Sankarasubbiyan	6,500
3.	Mr. C.Ramasamy	5,750
4.	Mr. Harish Kumar Lohia	4,750
5.	Mr. Naresh Sharma	4,750