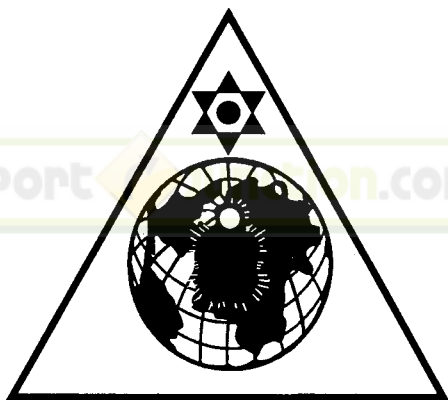


Bhagwandas Metals Limited



24th ANNUAL REPORT 2005-2006

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BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri Govind Prasad	<i>Chairman-cum-</i>
	(Appointed w.e.f. 31-12-2005)	<i>Managing Director</i>
	Sri Nand Kishore Sonthalia	<i>Whole Time Director</i>
	(Appointed w.e.f. 31-12-2005)	
	Sri C.Ramasamy	<i>Director</i>
	Sri Arun Kumar Agarwal	<i>Director</i>
	Sri Nirmal Gadhiya	<i>Director</i>
	(Appointed w.e.f. 23-09-2005)	
	Sri Narender Lunawat	<i>Director</i>
	(Appointed w.e.f. 31-12-2005)	

Sri V. Sankarasubbiyan, I.A.S. (Retd.)
 (Resigned w.e.f. 23-09-2005)
 Sri Murarilal
 (Resigned w.e.f. 31-12-2005)
 Sri Harish Kumar Lohia
 (Resigned w.e.f. 31-12-2005)

COMPANY SECRETARY Mrs. P. Manjulatha

AUDITORS

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

BANKERS

Punjab National Bank
 21, Raja Annamalai Road
 Purasawalkam
 Chennai - 600 084.

REGISTERED OFFICE

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

GODOWN

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 Fourth Annual General Meeting of the members of Bhagwandas Metals Limited will be held on **Monday, the 25th day of September, 2006 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, 2006 and the Profit and Loss Account for the year ended 31st March, 2006 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Arun Kumar 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:
 "RESOLVED THAT Mr. Nand Kishore Sonthalia who was appointed as an Additional Director on the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with the requisite deposit signifying his intention to propose Mr. Nand Kishore Sonthalia as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:
 "RESOLVED THAT Mr. Narender Lunawat who was appointed as an Additional Director on the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with the requisite deposit signifying his intention to propose Mr. Narender Lunawat as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:



"RESOLVED THAT Mr. Nirmal Gadhiya who was appointed as an Additional Director on the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company and who holds office upto the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 together with the requisite deposit signifying his intention to propose Mr. Nirmal Gadhiya as a candidate for the office of Director of the Company, be and is hereby appointed as Director of the Company."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**:

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or reenactment(s) thereof and subject to the provisions of Schedule XIII of the Companies Act, 1956 and as per the recommendation of Remuneration Committee, the consent of the Company be and is hereby accorded to the appointment of Mr. Govind Prasad as Chairman-Cum-Managing Director of the Company for a period of 5 years with effect from 31-12-2005 on the following terms and conditions:

SALARY

A salary of Rs. 30,000/- (Rupees Thirty Thousand Only) per month.

PERQUISITES

A. Medical Reimbursement

One month's salary per year or three month's salary over a period of three years for self and family.

B. Leave

Leave at the rate of one month in each year of the period of agreement which leave can be accumulated upto a maximum of two months subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

C. Club Fee

Payment of fees and monthly subscription of two clubs. This will not include admission and life membership fees.

D. Leave Travel Assistance

For self and family once in a year to and fro to any place in India by air/train/road subject to condition that all expenses except Hotel expenses will be allowed. Perquisites as per clauses A to D shall not in aggregate exceed an amount equal to the annual salary.

The Chairman-cum-Managing Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling of either salary or perquisites mentioned above:

Bhagwandas Metals Limited

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Provision of Car with Driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of Car for private purposes shall be billed by the Company.

RESOLVED FURTHER THAT in the event of any amendments or modifications effected by the Central Government to Schedule XIII or other applicable provisions of the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary terms of appointment and/or to vary the terms of remuneration including salary, perquisites, allowances etc within such prescribed limits and ceilings as changed and the aforesaid draft terms and conditions may be suitably amended to give effect to such modifications, relaxations or variations without any further references to the Company in the general meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Ordinary Resolution**, subject to passing of resolution in Item No.5 :

"RESOLVED that in accordance with the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or reenactment(s) thereof and subject to the provisions of Schedule XIII of the Companies Act, 1956 and as per the recommendation of Remuneration Committee, the consent of the Board be and is hereby accorded to the appointment of Mr. Nand Kishore Sonthalia as Whole Time Director of the Company for a period of 5 years with effect from 31-12-2005 on the following terms and conditions:

SALARY

A salary of Rs 25,000/- (Rupees Twenty Five Thousand Only) per month.

PERQUISITES**A. Housing**

House accommodation to be provided by the Company at a rent not exceeding 60% of salary and 10% of the Salary to be recovered as rent.

B. Medical Reimbursement

One month's salary per year or three month's salary over a period of three years for self and family.

C. Leave

Leave at the rate of one month in each year of the period of agreement which



leave can be accumulated up to a maximum of two months subject to the further condition that leave accumulated but not availed of will not be allowed to be encashed.

D. Club Fee

Payment of fees and monthly subscription of two clubs. This will not include admission and life membership fees.

E. Leave Travel Assistance

For self and family once in a year to and fro to any place in India by air/train/road subject to condition that all expenses except Hotel expenses will be allowed. Perquisites as per clauses A to E shall not in aggregate exceed an amount equal to the annual salary.

The Whole Time Director shall also be eligible to the following perquisites which shall not be included in the computation of the ceiling of either salary or perquisites mentioned above:

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- iii) Provision of Car with Driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of Car for private purposes shall be billed by the Company.

RESOLVED FURTHER THAT in the event of any amendments or modifications effected by the Central Government to Schedule XIII or other applicable provisions of the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary terms of appointment and/or to vary the terms of remuneration including salary, perquisites, allowances etc within such prescribed limits and ceilings as changed and the aforesaid draft terms and conditions may be suitably amended to give effect to such modifications, relaxations or variations without any further references to the Company in the general meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this resolution.

10. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution**:

RESOLVED that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered by inserting the following Article as Article 105A after the existing Article 105

105A. In furtherance of and without prejudice to the General powers conferred by the preceding articles, the Chairman or Managing Director or Chairman – cum- Managing Director or any other Director or Secretary or any other Principal Officer of the Company shall have the powers to institute, conduct, defend, compound to

Bhagwandas Metals Limited

abandon any legal proceedings of or against the Company and also to compound and allow time for payment or satisfaction of any debts due and all or any claims or demands against the Company, and for this purpose, institute and / or defend any legal proceedings in any Court, Forum or Tribunal, to appear, to sign, verify, affirm and present pleadings, petitions, affidavits, statements and tender evidence, oral and documentary in such legal proceedings, to obtain refund of moneys from Court, Forum or Tribunal and take return of documents filed therein.

For and on behalf of the Board of Directors

Place : CHENNAI
Date : 29-07-2006

GOVIND PRASAD
Chairman-cum-Managing Director

NOTES

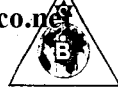
- A. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORMS IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 for item nos. 5 to 10 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2006 to 25.09.2006 (both days inclusive)**.
- D. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
- E. Members/ Proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

For Item No. 5

The Board of Directors of the Company appointed Mr. Nand Kishore Sonthalia as an Additional Director on 31st December 2005 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company. Mr. Nand Kishore Sonthalia holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intension to propose Mr. Nand Kishore Sonthalia as a Director of the Company along with the requisite deposit.

In view of his rich experience and expertise, the Board of Directors consider it beneficial and in the interest of the Company to have him in the Board, recommend his appointment as a Director of the Company.



None of the Directors of the Company except Mr. Nand Kishore Sonthalia is interested or concerned in the above resolution.

For Item No. 6

The Board of Directors of the Company appointed Mr. Narender Lunawat as an Additional Director on 31st December 2005 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company. Mr. Narender Lunawat holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intension to propose Mr. Narender Lunawat as a Director of the Company along with the requisite deposit.

In view of his rich experience and expertise, the Board of Directors consider it beneficial and in the interest of the Company to have him in the Board, recommend his appointment as a Director of the Company.

None of the Directors of the Company except Mr. Narender Lunawat is interested or concerned in the above resolution.

For Item No. 7

The Board of Directors of the Company appointed Mr. Nirmal Gadhiya as an Additional Director on 23rd September 2005 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 82 of the Articles of Association of the Company. Mr. Nirmal Gadhiya holds office as Additional Director upto the date of the ensuing Annual General Meeting. The Company has received notice under Section 257 of the Companies Act, 1956 from a member signifying his intension to propose Mr. Nirmal Gadhiya as a Director of the Company along with the requisite deposit.

In view of his rich experience and expertise, the Board of Directors consider it beneficial and in the interest of the Company to have him in the Board, recommend his appointment as a Director of the Company.

None of the Directors of the Company except Mr. Nirmal Gadhiya is interested or concerned in the above resolution.

For Item No. 8

At the Board meeting held on 31st December 2005, Mr. Govind Prasad was appointed as Chairman-cum- Managing Directors for a period of 5 years on the terms and conditions as set out in the resolution and the same has also been recommended by the Remuneration Committee. Mr. Govind Prasad was earlier the Whole Time Director and Chairman of the Company and he has been in the Board since the inception of the Company. For the present appointment, the approval of the Company in General Meeting is being sought by proposing the above resolution. The resolution also seeks authority on the Board to sanction, in due course, increment within the grade and to modify the other terms and conditions as the Board deems fit and proper.

The material terms of appointment to Mr. Govind Prasad set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

Bhagwandas Metals Limited

Apart from Mr. Govind Prasad, the appointee and Mr. Nand Kishore Sonthalia, being related to Mr. Govind Prasad, no other Director is concerned or interested in the passing of the resolution.

For Item No. 9

At the Board meeting held on 31st December 2005, Mr. Nand Kishore Sonthalia was appointed as Whole Time Director for a period of 5 years on the terms and conditions as set out in the resolution and the same has also been recommended by the Remuneration Committee. Mr. Nand Kishore Sonthalia was earlier the Chief Executive Officer of the Company. For the present appointment, the approval of the Company in General Meeting is being sought by proposing the above resolution. The resolution also seeks authority on the Board to sanction, in due course, increment within the grade and to modify the other terms and conditions as the Board deems fit and proper.

The material terms of appointment to Mr. Nand Kishore Sonthalia set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

Apart from Mr. Nand Kishore Sonthalia, the appointee and Mr. Govind Prasad, being related to Mr. Nand Kishore Sonthalia, no other Director is concerned or interested in the passing of the resolution.

For Item No.10

Article 105 of the Articles of Association of the Company relates to Powers of Directors. As per the existing Article, Board has been entrusted with the overall powers to conduct the business of the Company. The Board at present is sub delegating such powers either to a Director or Managing Director or Chairman or Secretary or any other Principal Officer by means of a Board Resolution to attend to such matters as instituting and conducting legal proceedings of or against the Company. The proposed alteration in the Articles of Association is aimed at granting express powers in the Articles of Association to the Chairman or Managing Director or Chairman – cum - Managing Director or any other Director or Secretary or any other Principal Officer of the Company to institute and conduct legal proceedings. Since the alteration of Articles of Association of the Company requires approval of Share holders by way of a Special Resolution, the above resolution is put forth for the approval of the Share holders.

No Director of the Company has any interest or concern in the resolution.

A copy of the existing Articles, together with the proposed alteration to the Articles, is available for inspection at the Registered Office of the Company during business hours on any working day.

For and on behalf of the Board of Directors

Place : CHENNAI

Date : 29-07-2006

GOVIND PRASAD

Chairman-cum-Managing Director