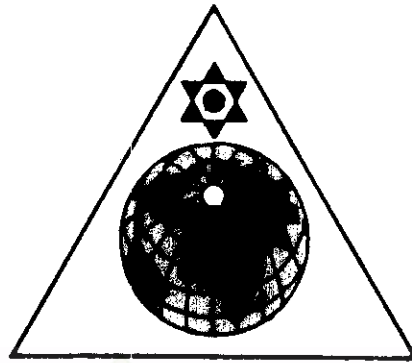


Bhagwandas Metals Limited



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17th ANNUAL REPORT
1998-99



BHAGWANDAS METALS LIMITED

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

REGISTERED OFF. DOOR NUMBER : 61, AT : 1ST FLOOR, SEMBUDOSS ST.,
CHENNAI CITY-1, TAMILNAD, S:INDIA, INDIA

FACTORY

FACTORY MAIN DOOR NUMBER : 117, SADAYANKUPPAM VILLAGE RD.,
MANAALI, CHENNAI - 103, TAMILNAD, S:INDIA, INDIA

SHARE TRANSFER AGENTS

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

Bhagwandas Metals Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of **Bhagwandas Metals Limited** will be held on Wednesday, the **22nd day of September, 1999 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, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the reports of the Directors and the 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.V. Sankarasubbiyan, 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 in accordance with the provisions of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof and subject to the provisions of Schedule XIII of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. M.L.Sonthaliya as Managing Director of the Company for a period of 5 years with effect from 1.12.1999 on the following terms and conditions :

SALARY

A salary of Rs.25,000/- (Rupees Twenty Five Thousand only) per month in the grade of Rs.25,000 - 2000 - 35,000.

PERQUISITES**A) Housing**

House accommodation to be provided by the Company at a rent not exceeding Rs.15,000 per month and 10% of the salary to be recovered as rent.

The Company shall pay for gas, electricity and water subject to a ceiling of 10% of salary.

B) Medical Reimbursement

One month's salary per year or three months' 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 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.

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.



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The 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 :

- (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 distances 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.

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

RESOLVED that the consent of the Company pursuant to provisions of Section 293(1)(a) of the Companies Act, 1956, be and is hereby accorded to the Board of Directors to sell, lease, transfer, assign or otherwise dispose of whole or substantially the whole of its induction furnace unit, Plant and Machinery, accessories, structures, fittings and sundry items relating to furnace unit of the Company at a price and on such other terms, conditions and stipulations as the Board may in its discretion deem fit and in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised and empowered to enter into, sign, seal, execute and deliver such agreements, assignments, conveyances, contracts, deeds, writings and other instruments and to do all such acts, deeds and things in the name and on behalf of the Company as the Board may consider expedient, usual, necessary or proper for the said sale, lease and effectuating the transfer of said induction furnace of the Company.

RESOLVED FURTHER THAT Mr. G.P. Agarwal, Chairman and Mr. M.L.Sonthaliya, Managing Director be and are hereby authorised severally to do all such acts, things and other formalities as may be necessary to implement this resolution.

By order of the Board

sd/-

M.L.SONTHALIYA
Managing Director

Place : Chennai
Date : 30.07.1999

NOTES

- a) A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote on a poll on his behalf and 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 commencement of the meeting.
- b) The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 for item numbers 5 and 6 are detailed below.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from **16.09.99 to 22.09.99 (both days inclusive)**.
- d) Pursuant to Section 205 A of the Companies Act, 1956, the unclaimed dividend for the financial year ended 31st March 1996 will be transferred to the General Revenue Account of Central Government before 25th October, 1999.
- e) Members/proxies should bring the Attendance slip duly filled in for attending the meeting.
- f) Members/proxies attending the meeting are requested to bring their copy of the Annual Report for reference at the meeting.

Bhagwandas Metals Limited

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**For Item No.5**

The members at the Extraordinary General Meeting held on 21.11.1994 approved the appointment of Shri. M.L. Sonthaliya as Managing Director of the Company for a period of 5 years with effect from 01.12.94 at a remuneration of Rs.15,000 per month plus perquisites subject to the ceiling laid down in the then prevailing Schedule XIII to the Companies Act, 1956. Mr. M.L. Sonthaliya's term of office expires on 30.11.1999.

Since the Government of India has substantially revised managerial remuneration by amending Schedule XIII of the Companies Act, 1956 thereafter and taking into consideration the fact that the current salary drawn by the Managing Director has been fixed 5 years back at a time when there were two whole time Directors employed by the Company, the Board at its meeting held on 30.07.99 reappointed Mr. M.L. Sonthaliya as Managing Director on the revised terms and conditions as set out in the resolution. For the reappointment, 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 of Mr. M.L. Sonthaliya set out above maybe treated as an abstract under section 302 of the Companies Act, 1956.

Apart from Mr. M.L. Sonthaliya, the appointee and Mr. G.P. Agarwal being related to Mr. M.L. Sonthaliya, no other Director is concerned or interested in the passing of this resolution.

For Item No.6

The Company was forced to close down the furnace unit since October '97 due to the depressed market conditions and the continuous loss incurred in that unit. However, consequent to the closure of the furnace unit, the profitability of the Company has improved considerably as the loss arising out of the operations of the furnace unit has been avoided. Due to the continuous upward revision in the power tariff, now it is not viable to restart our operations in the furnace unit. In view of this, it is now proposed to dispose of the idle assets of the furnace unit and the proceeds of such sale may be used to repay the term loan of Industrial Investment Bank of India Limited thereby reducing the interest burden and loan liability.

Section 293(1) (a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors of a Company shall not, except with the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

The ordinary resolution proposed under the above item of the Notice is intended to obtain the consent of the Company in conformity with the requirements of the above Section and the Board recommends acceptance thereof.

None of the Directors of the Company is interested or concerned in the proposed resolution.

By order of the Board

sd/-

M.L.SONTHALIYA
Managing Director

Place : Chennai
Date : 30.07.1999



DIRECTORS' REPORT

Your Directors have pleasure in presenting their report for the year ended 31st March 1999, together with the Balance Sheet as at 31st March, 1999 and the Profit and Loss account for the year ended on that date.

FINANCIAL HIGHLIGHTS

(Rupees in Lakhs)

S.No.	Particulars	Audited financial statement for the year ended March 31st 1999	Audited financial statement for the year ended March 31st 1998
1.	Income from operations	2298	2008
2.	Profit before interest depreciation and tax	153	26
3.	Interest	61	52
4.	Profit/(Loss) before depreciation and tax	92	(26)
5.	Depreciation	48	53
6.	Profit/ (Loss) before tax	44	(79)
7.	Provision for taxation	2	8
8.	Profit/(Loss) after tax	42	(87)
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	249	249

OPERATIONS

The performance of the Company for the year 1998-99 has improved considerably. In the production front, the Company has achieved total production of 25209 MTS compared to 18947 MTS achieved during 1997-98 resulting in an increase of 33%. The Income from operations has also increased from Rs.2008 lakhs in the last year to Rs.2298 lakhs in the current year. With this improved production and sales performance, the Company was able to achieve a net profit after tax of Rs.42 lakhs as against the net loss of Rs.87 lakhs incurred during the last year. However, in view of the accumulated loss, your Directors express their inability to declare any dividend.

PROSPECTS FOR THE CURRENT YEAR

During the first quarter of current year 1999-2000, the Company has earned a profit of about Rs.10 lakhs and the performance of your Company is expected to improve further in the coming months.

Bhagwandas Metals Limited

SALE OF ASSETS OF FURNACE UNIT

Due to the continuous loss in the furnace unit, it is now proposed to dispose of the assets of the furnace unit with the consent of the share holders.

DIRECTORS

The term of office of the Managing Director Mr. M.L. Sonthaliya expires on 30.11.99. The Board of Directors recommends his re-appointment for a period of 5 years on the revised terms and conditions as set out in the Notice convening the Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. G.P. Agarwal and Mr. V. Sankarasubbiyan, 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 given in the annexure and forms part of this report. None of the employees of the Company is covered by section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 as amended.

Y2K COMPLIANCE

The Company has taken necessary steps to ensure Y2K Compliance by September 1999. The expenditure to ensure Y2K Compliance is not expected to have any material financial impact.

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, Share holders and the Employees.

For and on behalf of the
Board of Directors

Place : Chennai
Date : 30.07.1999

sd/-
G.P.AGARWAL
Chairman



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ANNEXURE TO DIRECTORS' REPORT

INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

FORM A : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**A) Power and Fuel consumption**

	Current Year 1998-99	Previous Year 1997-98
1. Electricity		
a) Purchased Units	33,96,880	81,38,796
Total Amount (in Rs.)	1,47,32,100	3,08,27,705
Rate/Unit (in Rs.)	4.34	3.79
b) Own Generation		
i) Through Diesel generator Unit	NIL	NIL
Unit per ltr of diesel oil Cost/unit		
ii) Through Steam turbine/generator Units	NIL	NIL
Unit per ltr of fuel oil/gas Cost/unit		
2. Coal (specify quality and where used)	NIL	NIL
Quantity (tonnes)		
Total cost		
Average rate		
3. Furnace Oil		
Quantity (Ltrs.)	10,48,685	8,05,800
Total amount (in Rs.)	61,80,846	50,11,667
Average rate (in Rs.)	5.89	6.22
4. Others/internal generation	NIL	NIL
Quantity		
Total cost		
Rate/unit		

B) Consumption per unit of production

Electricity (units per ton)	134.75 *	348.41 **
Furnace Oil (litres per ton)	41.60	42.53
Coal (specify quality)	NIL	NIL
Others (specify)	NIL	NIL

FORM B:

A. Technology Absorption	NIL	NIL
B. Foreign Exchange Earnings	NIL	NIL
C. Foreign Exchange Outgo (in Rs.)	1,24,74,226	2,12,36,707

* Electricity consumption per unit for Rolling Mill

** Electricity consumption per unit for Rolling Mill & Furnace Division