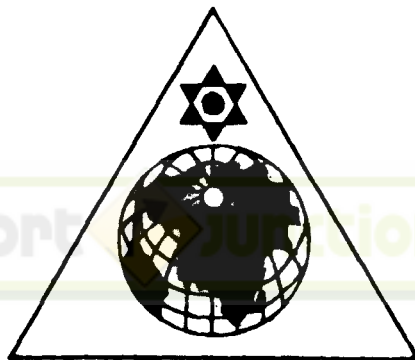


Bhagwandas Metals Limited



CERTIFIED TRUE COPY

For BHAGWANDAS METALS LIMITED,

(Signature)

Company Secretary.

22nd ANNUAL REPORT 2003-2004

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BHAGWANDAS METALS LIMITED

BOARD OF DIRECTORS	Sri Govind Prasad Agarwala	<i>Chairman</i>
	Sri Murarilal	<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

GODOWN

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 Second Annual General Meeting of the members of **Bhagwandas Metals Limited** will be held on **Thursday the 23rd day of September, 2004 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, 2004 and the Profit and Loss Account for the year ended 31st March, 2004 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Harish Kumar Lohia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naresh Sharma 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 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 re-appointment of Mr. Murarilal as Managing Director of the Company for a further period of 5 years with effect from 01.12.2004 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 – 2,000 – 35,000.

PERQUISITES

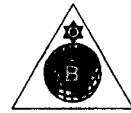
A. Housing

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.

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 month's salary over a period of three years for self and family.



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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 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 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 subject to the approval of remuneration committee.

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.

For and on behalf of the Board of Directors

Sd/-

MURARILAL

Managing Director

Place: Chennai

Date : 28.07.2004

Bhagwandas Metals Limited

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 No.5 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2004 to 23.09.2004 (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 members at the AGM held on 22.09.1999 approved the appointment of Mr. Murarilal as Managing Director of the Company for a period of 5 years with effect from 01.12.99 at a remuneration of Rs 25,000 per month plus perquisites subject to the ceiling laid down in Schedule XIII to the Companies Act, 1956. Mr. Murarilal's term of office expires on 30.11.2004.

The Board at its meeting held on 28.07.2004 reappointed Mr. Murarilal as Managing Director of the Company on the same existing terms and conditions as set out in the resolution and the same has also been recommended by the remuneration committee. 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 to Mr. Murarilal set out above may be treated as an abstract under section 302 of the Companies Act, 1956.

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

For and on behalf of the Board of Directors

Sd/-

Place: Chennai

Date : 28.07.2004

MURARILAL

Managing Director



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ANNEXURE TO THE NOTICE

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

1. Name of the Director a. Age b. Date of Appointment c. Qualification d. Experience e. Expertise f. Directorship in other Companies g. Chairman/Member of Committees of Companies	Mr. Harish Kumar Lohia 44 27.04.2002 B.Com 18 years in Steel Industry Mr.Harish Kumar Lohia is a Commerce graduate with experience in managing diverse business. He has also got about 15 years experience in dealing of Iron and Steel products. ➤ Lohia Metals (P) Ltd ❖ Bhagwandas Metals Limited ❖ Audit Committee – Member ❖ Share Holders / Investors' Grievance Committee – Member
2. Name of the Director a. Age b. Date of Appointment c. Experience d. Expertise e. Directorship in other. Companies f. Chairman/Member of Committees of Companies	Mr. Naresh Sharma 38 27.04.2002 12 years in Steel Industry Mr.Naresh Sharma is in the Steel Industry for the past 12 years and has wide experience and interaction with various main producers. Nil ❖ Bhagwandas Metals Limited ❖ Audit Committee – Member ❖ Remuneration Committee – Member
3. Name of the Director a. Age b. Date of Appointment c. Qualification d. Experience e. Expertise f. Directorship in other Companies g. Chairman/Member of Committees of Companies	Mr. Murarilal 50 03.06.1982 B.Com 30 years in Steel Trade and Industry Mr.Murarilal has been the Managing Director of the Company since inception. He has wide experience in the Steel Industry. ➤ Sudharshan Plantations Pvt. Ltd. ➤ Bhagwandas Metal Limited. ❖ Share Transfer Committee – Member

Bhagwandas Metals Limited**DIRECTORS' REPORT**

Your Directors have pleasure in presenting their report for the year ended 31st March, 2004 together with the Balance Sheet as at 31st March, 2004 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 2004	Audited financial statement for the year ended March 31st 2003
1.	Income from Operation	4620	4070
2.	Profit before interest, depreciation, extraordinary items and tax	89	74
3.	Interest	37	35
4.	Depreciation	25	29
5.	Profit before extraordinary items and tax	27	10
6.	Extraordinary items	17	(18)
7.	Provision for taxation - Deferred Tax	7	12
8.	Profit after Extraordinary Items and Tax	3	16
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	222	222

OPERATIONS

During the year 2003-2004, the Company has earned a profit before Extraordinary items and Taxes of Rs 27 Lakhs as against Rs 10 Lakhs earned in the previous year. However the net profit after extraordinary items and taxes has been reduced to Rs 3 Lakhs mainly due to the loss on sale of Fixed Assets to the tune of Rs 17 Lakhs. On the sales front, the Company has achieved a turnover of about Rs 4620 Lakhs during the year 2003-2004 as against Rs 4070 Lakhs achieved in 2002-2003 registering an increase of 13%. Due to the accumulated loss, your Director express their inability to declare any dividend.

PROSPECTS FOR THE CURRENT YEAR

During the current year 2004-2005, the Company has achieved a turnover of Rs 1031 Lakhs and Net Profit after tax of Rs 5 Lakhs in the first quarter. During the current

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year 2004-2005 there is a very good increase in the demand for steel and steel prices. Due to the favourable market conditions prevailing in the steel industry in the recent past, the performance of your Company is expected to improve.

DIRECTORS

The term of office of the Managing Director Mr. Murarilal expires on 30.11.2004. The Board of Directors recommends his reappointment for a period of 5 years on the same existing 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. Harish Kumar Lohia and Mr. Naresh Sharma, Directors of the Company are liable to retire by rotation and your Directors recommend for their reappointment

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 not applicable to the Company since the Company was not engaged in any manufacturing activities during the last 3 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;
- b) Appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a

Bhagwandas Metals Limited

true and fair view of the state of affairs of the Company as on 31st March, 2004 and of the profit of the Company for the year ended 31st March, 2004 ;

- 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, Government Authorities, Shareholders and the Employees.

For and on behalf of the Board of Directors

Sd/-

Place: Chennai

GOVIND PRASAD AGARWALA

Date : 28.07.2004

Chairman