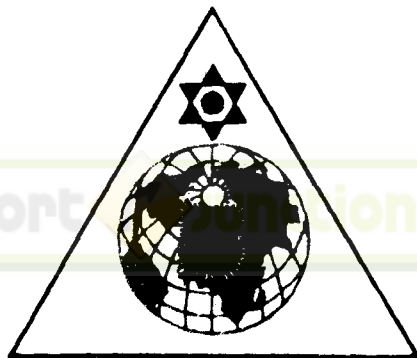


# **Bhagwandas Metals Limited**



**23<sup>rd</sup> ANNUAL REPORT 2004-2005**

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## BHAGWANDAS METALS LIMITED

### BOARD OF DIRECTORS

Sri Govind Prasad	<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 Arun Kumar Agarwal	<i>Director</i>

### 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) 1<sup>st</sup> 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 V<sup>th</sup> Floor,  
No.1, Club House Road, Chennai – 600 002

## **Bhagwandas Metals Limited**

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### **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twenty Third Annual General Meeting of the members of **BHAGWANDAS METALS LIMITED** will be held on **Friday, the 23rd day of September, 2005 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, 2005 and the Profit and Loss Account for the year ended 31st March, 2005 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Murarilal 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 Mr. Arun Kumar Agarwal, 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. Arun Kumar Agarwal 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 **Special Resolution**:

"RESOLVED THAT pursuant to Section 314 and Director's relatives (office or place of profit) Rules 2003 and other applicable provisions, if any of the Companies Act, 1956, the Company do hereby accord its consent to the board for the re-appointment of Mr. Nand Kishore Sonthalia, a relative of two Directors of the

**23rd Annual Report 2004-2005**

Company as "CHIEF EXECUTIVE OFFICER" of the Company for a period of 3 years from 01.04.2006 to 31.03.2009 on the following terms and conditions:

- a) A salary of Rs 20,000 ( Rupees Twenty Thousand only) per month in the grade of 20,000 – 2000 – 26000
- b) House accommodation to be provided by the Company at a rent not exceeding 60% of Salary and 20% of the salary to be recovered as rent.
- c) Contribution by the Company to Provident Fund at the applicable rates and Gratuity payable at a rate not exceeding half a month's salary for each completed year of service..

RESOLVED FURTHER THAT this resolution shall be deemed to confer the necessary authority to the Board of Directors to sanction, at their discretion increment within the grade as they deem fit and proper in due course, subject to the maximum limit laid down under section 314 read with Director's relatives (office or place of profit) Rules 2003.

For and on behalf of the Board of Directors

Place : CHENNAI

Date : 28.07.2005

**GOVIND PRASAD**

Chairman

**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 and 6 is detailed below.
- C. The Register of Members and the Share Transfer Books of the Company shall remain closed from **16.09.2005 to 23.09.2005 (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.

**Bhagwandas Metals Limited**

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**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. Arun Kumar Agarwal as an Additional Director on 17th November 2004 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. Arun Kumar Agarwal 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 intention to propose Mr. Arun Kumar Agarwal as a Director of the Company along with the requisite deposit.

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

None of the Directors of the Company except Mr. Arun Kumar Agarwal is interested or concerned in the above resolution.

**For Item No 6**

The tenure of office of Mr. Nand Kishore Sonthalia expires on 31.03.2006. At the Board meeting held on 28.07.2005, the Board of Directors, subject to the approval of Shareholders at the Annual General Meeting, re-appointed Mr. Nand Kishore Sonthalia as "CHIEF EXECUTIVE OFFICER" for a further period of 3 years from 01.04.2006 to 31.03.2009 on the revised terms and conditions. Mr. Nand Kishore Sonthalia was originally appointed on 01.04.1998 and since then he has been drawing a monthly salary of Rs 13,500/- only. Hence it is now proposed to revise his monthly salary to Rs 20,000/-.

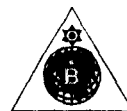
Under section 314 of the Companies Act, 1956 read with Director's relatives (office or place of profit) Rules 2003, a Special Resolution is required for enabling any relative of a Director of the Company to hold any office or place of profit in the Company. Since Mr. Nand Kishore Sonthalia is the son of Chairman Mr. Govind Prasad and also related to the Managing Director Mr. Murarilal, the Special Resolution is intended to obtain the consent of the Company for the aforesaid re-appointment. The resolution also seeks authority on the Board to sanction, in due course, increment within the grade as it deems fit and proper.

Mr. Govind Prasad and Mr. Murarilal being relatives, are interested in the above resolution.

For and on behalf of the Board of Directors

Place : CHENNAI  
Date : 28.07.2005

**GOVIND PRASAD**  
Chairman



## 23rd Annual Report 2004-2005

### ANNEXURE TO THE NOTICE

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

<p>1. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Qualification</p> <p>d. Experience</p> <p>e. Expertise</p> <p>f. Directorship in other Companies</p> <p>g. Chairman/Member of Committees of Companies</p>	<p><b>Mr. Murarilal</b></p> <p>51</p> <p>03.06.1982</p> <p>B.Com</p> <p>30 years in Steel Trade and Industry</p> <p>Mr.Murarilal has been the Managing Director of the Company since inception. He has wide experience in Steel Industry.</p> <p>➤ Sudharshan Plantations Pvt. Ltd.</p> <p>❖ Bhagwandas Metal Limited.</p> <p>❖ Share Transfer Committee – Member</p>
<p>2. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Experience</p> <p>d. Expertise</p> <p>e. Directorship in other Companies</p> <p>f. Chairman/Member of Committees of Companies</p>	<p><b>Mr. V.Sankarasubbiyan</b></p> <p>68</p> <p>30.11.1994</p> <p>35 years</p> <p>Mr.Sankarasubbiyan is a retired IAS officer with more than 35 years experience having served various Departments of the Government.</p> <p>Nil</p> <p>❖ Bhagwandas Metals Limited</p> <p>❖ Audit Committee – Member</p> <p>❖ Shareholders / Investors Grievance Committee – Chairman</p> <p>Remuneration Committee – Chairman</p>
<p>3. Name of the Director</p> <p>a. Age</p> <p>b. Date of Appointment</p> <p>c. Experience</p> <p>d. Expertise</p> <p>e. Directorship in other Companies</p> <p>f. Chairman/Member of Committees of Companies</p>	<p><b>Mr.Arun Kumar Agarwal</b></p> <p>40</p> <p>17.11.2004</p> <p>15 years</p> <p>Mr. Arun Kumar Agarwal has about 15 years experience in steel industry.</p> <p>Nil</p> <p>❖ Bhagwandas Metals Limited</p> <p>❖ Shareholders / Investors Grievance Committee – Member</p> <p>❖ Remuneration Committee – Member</p>

**Bhagwandas Metals Limited****DIRECTORS' REPORT**

Your Directors have pleasure in presenting their report for the year ended 31st March, 2005 together with the Balance Sheet as at 31st March, 2005 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 2005	Audited financial statement for the year ended March 31st 2004
1.	Income from Operation	4302	4620
2.	Profit before interest, depreciation, extraordinary items and tax	49	89
3.	Interest	6	37
4.	Depreciation	10	25
5.	Profit before extraordinary items and tax	33	27
6.	Extraordinary items - Profit / (Loss) on Sale of Fixed Assets	61	(17)
7.	Provision for taxation & Deferred Tax	24	7
8.	Profit after Extraordinary Items and Tax	70	3
9.	Dividend Proposed	—	—
10.	Share Capital	364	364
11.	Reserves & Surplus	222	222

**OPERATIONS**

During the year 2004-2005, the Company has earned a profit before Extraordinary item and Taxes of Rs 33 Lakhs as against Rs 27 Lakhs earned in the previous year. In addition to the operating profit of Rs.33 lakhs, the Company has also earned Rs.61 lakhs on account of Profit on Sale of Fixed Assets. On the sales front, the Company has achieved a turnover of about Rs 4302 Lakhs during the year 2004-2005 as against Rs 4620 Lakhs achieved in 2003-2004. Due to the accumulated loss, your Directors express their inability to declare any dividend.

**PROSPECTS FOR THE CURRENT YEAR**

During the current year 2005-2006, the Company has achieved a turnover of Rs 822 Lakhs in the first quarter and earned a profit of about Rs 4 lakhs. During the current year, the Company can take advantage of the revival of the steel industry.





## **DISPOSAL OF THE FIXED ASSETS OF THE FACTORY**

In terms of the permission granted by Shareholders under postal ballot on 16th July, 2003, the Company has fully disposed of the idle assets of the factory including land. The sale proceeds had been used for the closing of the over draft account of Syndicate Bank. Consequent to the disposal of fixed assets, the Company will henceforth be engaged in trading activity only.

## **DIRECTORS**

Since the last Annual General Meeting, the following changes have taken place in the Board of Directors:

- (i) Mr. Naresh Sharma has resigned from the Board of Directors and his resignation has been accepted with effect from last Annual General Meeting on 23rd September 2004.
- (ii) Mr. Arun Kumar Agarwal was appointed as Additional Director w.e.f 17th November 2004. The Company has received a notice from a member signifying his intention to propose Mr. Arun Kumar Agarwal as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Murarilal 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 not applicable to the Company since the Company was not engaged in any manufacturing activities during the last 4 years.

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

## **Bhagwandas Metals Limited**

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### **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 true and fair view of the state of affairs of the Company as on 31st March, 2005 and of the profit of the Company for the year ended 31st March, 2005 ;
- 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 : 28.07.2005

**GOVIND PRASAD**  
Chairman