

34th Annual Report

For the year ended 31st March 2006

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BHAGAWATI OXYGEN LIMITED

BHAGAWATI OXYGEN LIMITED

'S'-492A, GREATER KAILASH
NEW DELHI

Bhessing

[Signature]

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Corporate Information

Board of Directors:

Shri. S.K.Sharma (Managing Director)
Shri. Himanshu Sharma
Shri. J.C.Kaushik
Shri. B.B.Lal
Shri. P.C.Chaudhary (nominee BSIDC)

Bankers:

Central Bank of India
Citibank N.A
State Bank of India
State Bank of Bikaner & Jaipur
Union Bank of India

Auditors:

Chaturvedi & Company
Chartered Accountants,
Kolkata.

Listed at:

- 1) The Stock Exchange, Mumbai,
Phiroz Jeejeebhoy Tower,
Dalal Street,
Mumbai-400 001
- 2) The Delhi Stock Exchange Association Ltd.,
DSE House,
3/1 Asaf Ali Road,
New Delhi-110 002

Works:

1. Plot No.5, Sector-25,
Ballabgarh-121 004
Haryana
2. Moubhandar, Ghatsila
Jharkhand - 832303

Offices:

Registered Office	: Plot-5, Sector-25, Ballabgarh, Haryana – 121004.
Kolkata Office	: 67, Park Street, Kolkata – 700016.
Delhi Office	: S-492 A, Greater Kailash – I, New Delhi – 110048.

NOTICE**TO THE MEMBERS**

Notice is hereby given that the 34th Annual General Meeting of BHAGAWATI OXYGEN LTD will be held on Thursday, 28th September 2006 at 11:00 AM at the Registered Office of the Company at Plot. 5, Sector - 25, Ballabgarh (Haryana) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the financial year ending on 31st March 2006 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. B B Lal who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

Special Business:

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

4. "Resolved that pursuant to provisions of section 198, 269, 309, 310, 311 and the provisions of Schedule XIII and all other applicable provisions of the companies Act, 1956 if any, approval of the members be and is hereby accorded for extending the term of appointment of Shri S K Sharma, Managing Directors of the Company from 01.01.2006 to 31.12.2010 on the following terms and conditions ;
 - 1) SALARY : Rs.50,000/- p.m to be reviewed after two years.
 - 2) PERQUISITES: In addition to the aforesaid Salary the following perquisites will be allowed which will be restricted to an amount so that the total of salary and perks shall not exceed Rs.12,00,000/= per annum.
 - i) Housing/ House Rent Allowance :
 - (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Managing Director shall be subject to a ceiling of 60% of the salary.
 - (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
 - (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to a ceiling of 60% of the salary.
 - (d) The expenditure which may be incurred by the Company on Gas, Electricity, Water, Furnishings, Repairs, and other expenses for maintaining in full the accommodation occupied by the managing Director restricted to 30% of the annual salary.
 - ii) Medical Reimbursement/ Medical Insurance Policy :
 Expenses incurred for the Mg. Director and his family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
 - iii) Leave Travel Concession :
 For the Mg. Director and his family to and fro to any place once in a year in accordance with the rules specified by the Company.
 - iv) Club Fees :
 Fees and subscription of maximum two clubs. This will not include admission and life membership fees.
 - v) Company's contribution towards Provident Fund/ Super Annuation Fund or Annuity Fund :
 As per rules of the Company but to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - vi) Gratuity :
 In accordance with the provisions of the approved fund but shall not exceed half month's salary for each completed year of service.

- vii) Leave on full pay and allowances as per rules of the Company but not exceeding one month's leave for every completed year of service subject to the condition that leave accumulated but not availed of will not be allowed to be encashed.
- viii) Use of Company's car with driver for business of the Company.
- ix) Telephone at residence for business of the Company.
- x) Reimbursement of all entertainment and travelling expenses actually incurred by the Managing Director for the business of the Company."

The items stated in v, vi, vii, viii, ix and x shall not be considered as perquisites.

Registered Office:
Plot No-5, Sector-25
Ballabgarh
Haryana-121004

By the Order of the Board
BHAGAWATI OXYGEN LIMITED

Date: 25th August, 2006

Notes:

1. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of the Special business and also for Item No. 4 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT PROXY WHO NEED NOT BE MEMBER, TO ATTEND AND TO VOTE IN HIS/HER PLACE. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September 2006 to 28th September 2006 (both days inclusive).
4. The instrument of transfer completed in all respect together with requisite enclosure, should be sent to the Company well in advance so as to reach the Company prior to closure of Register of Members
5. Members are requested to intimate to the Company change if any, in their registered address along with pin code and post office.
6. For any further information regarding accounts intimation may be given to the Company in writing at least 10 days in advance from the date of the aforesaid meeting so as to enable the management to keep the information ready.
7. Members attending the Annual General Meeting are requested to bring their copies of Annual Report.
8. Only registered members carrying the attendance slip and proxies registered with the Company will be permitted to attend the meeting.

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

The term of Sri S.K. Sharma, Managing Director of the Company expires on 31st December 2005. The Board of Directors in its meeting held on 31.01.2006 further extended the tenure of Shri S K Sharma upto 5 years i.e upto 31st December 2010 on terms and condition as set out in resolutions.

As per the requirements of the Companies Act, 1956 the appointment of Managing Director is required to be approved by the shareholders in the General Meeting.

Your Directors recommend the resolution for approval of the shareholders.

Shri S K Sharma is interested in the resolution to the extent of extension of his term as Managing Director.

No other Director of the company is in any way concerned or interested in the proposed resolution.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 34th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2006.

FINANCIAL RESULT

	(Rs. lacs)
	For the year ended 31/03/2006
	For the year ended 31/03/2005
Gross Profit/ (Loss)	106.78
Less: Financial Expenses	2.11
Depreciation	27.00
Profit/(Loss) before Tax and extraordinary item	77.67
Less: Provision for Tax	32.01
Less: Provision for FBT	1.57
Provision for Deferred Tax Liability/(Credit)	(6.42)
Net Profit/(Loss) after Tax	50.51
Add: Excess Provision of I.Tax of earlier years	0.42
Add: Brought Forward Profit	150.97
Balance profit carried over to Balance Sheet	201.90

REVIEW OF THE WORKING

During the year under review the sales of the Company amounted to Rs 562.71 lacs compared to Rs.276.81 lacs in the previous year. After providing for financial charges, depreciation, current and deferred taxation and other adjustments, the Company reported increase in profit after tax and extraordinary item from Rs.20.02 lacs to Rs.50.51 lacs.

DIVIDEND

Due to inadequacy of profit, the Directors regret their inability to recommend any dividend.

PUBLIC DEPOSIT

Your Company has not accepted any deposits from the public.

PARTICULARS OF EMPLOYEES

The particulars as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 (as amended) are not applicable as none of the employees of the Company fall under the category prescribed.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance with section 217(2AA) of the Companies Act, 1956 the Directors confirm that:-

- a) In the preparation of the Annual Accounts, the applicable Accounting Standard have been followed.
- b) The Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent and so as to give a true and fair view of the state of affairs of the Company as on 31st March 2006 and of the profit of the Company for the year ended 31st March 2006.
- c) The Directors have taken proper and sufficient care for the safeguarding of the assets of the Company and preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

As required under Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 a statement showing the information relating to Research and Development, Technology Absorption and Foreign Exchange Earning and outgo and forming part of the Directors Report is enclosed in Annexure – A. Form A requiring disclosure of particulars with respect to conservation of energy is not applicable in case of your company.

INDUSTRIAL RELATIONS

Company's industrial relation continue to be cordial during the year under review.

DIRECTORS

During the year, the tenure of Shri S K Sharma , Managing Director of the Company expired on 31st December, 2005 and is extended upto 31st December 2010 subject to the approval in the General Meeting of the Company.

Shri B B Lal, retires by rotation and being eligible offer himself for re-appointment as a Director.

AUDITORS

M/s. Chaturvedi & Company, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation received from various Central and State Government authorities, Stock Exchanges, Financial Institutions and Banks during the year. They also gratefully acknowledge the support extended by the customers and shareholders and contribution made by the employees at all level.

**By Order of the Board
For BHAGAWATI OXYGEN LIMITED**

Place: Kolkata
Date: 25th August 2006

ANNEXURE-A TO DIRECTORS REPORT

Particulars as required under Companies (Disclosures of particulars in the Report of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March 2006.

Research & Development

- a) Specific area in which R & D carried out by the Company: Research and Development has been continuously carried to reduce loss of oxygen gas and improve the quality.
- b) Benefits derived as a result of the above R&D: Losses has reduced in a consistent manner.
- c) Future plan of action: Research & Development activities are continued to reduce process wastage.
- d) Expenditure on R & D: Charged under primary heads of accounts.

Technology, Absorption, Adoption & Innovation

- a) Efforts made towards technology absorption, adoption and innovation: The Company has successfully absorbed the technology of the plant supplied by the suppliers.
- b) Benefits derived as a result of the above efforts: Quality of oxygen gas produced is of high standard and acceptable to the consumers of the Company.
- c) Particulars relating to imported technology : NIL

Foreign Exchange outgo : JPY 360,28,500, USD 8,225 ,RM 3,599 Foreign Exchange earning :NIL.

ANNEXURE-B: INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENTS WITH STOCK EXCHANGES

The securities of the Company are listed in the Stock Exchanges as stated below and the annual listing fees has been paid to each of the Exchanges.

- | | |
|---|---|
| 1) The Stock Exchange, Mumbai
Phiroz Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001 | 2) The Delhi Stock Exchange Association Ltd
DSE House, 3/1 Asaf Ali Road,
New Delhi-110 002 |
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