

39TH ANNUAL REPORT

For the year ended 31st March 2011

BHAGAWATI OXYGEN LIMITED

BHAGAWATI OXYGEN LIMITED

**'S'-492A, GREATER KAILASH
NEW DELHI**

Corporate Information

Board of Directors:

Shri. S.K.Sharma (Chairman)
Shri. Himanshu Sharma (Managing Director)
Shri. J.C.Kaushik
Shri. B.B.Lal
Shri. M P Choudhary (Nominee Director)

Bankers:

Central Bank of India
ICICI Bank Ltd
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

Registrars & Share Transfer Agent:

Skyline Financial Services (P) Ltd
D-153A, 1st Floor, Okhla Industrial Area, Phase-1
New Delhi - 110 020
Ph : +91-11-26812682 / 30857575
Fax : +91-11-30857562
Email : admin@skylinerta.com

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 39th Annual General Meeting of BHAGAWATI OXYGEN LIMITED will be held on Thursday 29th September 2011 at 11:00 AM at the Registered Office of the Company at Plot No. 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 2011 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:

As Special Resolution

4. "RESOLVED THAT subject to the approval of the shareholders and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Sri Suresh Kumar Sharma as Chairman (Executive) of the Company, for a period of 5 (five) years with effect from 1st January, 2011 subject to terms & conditions as stated in agreement

"RESOLVED FURTHER THAT Shri Himanshu Sharma, Director of the Company be and is hereby authorised to sign the necessary documents on behalf of the Company.

As Special Resolution

5. "RESOLVED THAT subject to the approval of the shareholders and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Sri Himanshu Sharma as Managing Director of the Company, for a period of 5 (five) years with effect from 1st January, 2011 subject to terms & conditions as stated in agreement."

"RESOLVED FURTHER THAT Shri Suresh Kumar Sharma, Director of the Company be and is hereby authorised to sign the necessary documents on behalf of the Company

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

By the Order of the Board
BHAGAWATI OXYGEN LIMITED

Date: 25th August 2011

S.K. Sharma
CHAIRMAN

Notes:

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed 24th September 2011 to 29th September 2011 (both days inclusive).
3. 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
4. Members are requested to intimate to the Company change if any, in their registered address along with pin code and post office.
5. 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.
6. Members attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Only registered members carrying the attendance slip and proxies registered with the Company will be permitted to attend the meeting.
8. Members who hold shares in the dematerialized form are requested to bring their Depository ID Number and Client ID numbers to facilitate easier identification of attendance at the Annual General Meeting.
9. Members are informed that the scrip of the Company are activated both on CDSL and NSDL and may be dematerialized under the ISIN No. INE026101010
10. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them. The prescribed form can be obtained/submitted to Registrar & Share Transfer Agents of the Company.
11. In the light of the recent green initiative of the Government of India, those members who have not yet registered their email ids are requested to register their email id's with their depository participants in case of shares held in demat form and those members holding shares in physical form to register their email id's with the R & T agent. We urge upon you to register the email id on priority and help the Company to support the nation in the green initiative.

ANNEXURE TO THE NOTICE

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

ITEM NO-4

The Board of Directors in its meeting held on 29th October, 2010 has appointed Sri Suresh Kumar Sharma, as a Chairman (Executive) (being the Whole Time Director) of the Company for a period of 5 years w.e.f 1st January 2011 to 31st December 2015 and the same was approved by Remuneration Committee on following terms and condition stated in agreement.

- 1) SALARY : Rs. 70,000/- p.m. and subject to periodical increments as may be approved by Remuneration Committee from time to time within the limits prescribed under Schedule XIII of the Companies Act 1956 or any statutory modification thereof.
- 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.24,00,000/= per annum.
 - i) Housing / House Rent Allowance :
 - (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Chairman (Executive) 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 Chairman (Executive) shall be deducted by the Company.

- (c) In case no accommodation is provided by the Company, the Chairman (Executive) 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 Chairman (Executive) restricted to 30% of the annual salary.
- ii) Medical Reimbursement / Medical Insurance Policy/ P.A Policy :
Expenses incurred for the Chairman (Executive) and his family in accordance with the rules of the Company.
- iii) Leave Travel Concession :
For the Chairman (Executive) 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 to the extent 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 traveling expenses actually incurred by the Chairman (Executive) for the business of the Company.

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

- 3) In the event of loss or inadequacy of profits in any financial year during the aforesaid period the Company will pay the Chairman (Executive) the same remuneration as mentioned herein above.
- 4) The Board of Directors be and is hereby specifically authorized to alter and vary the terms and conditions of the aforesaid appointment including remuneration of Sri Suresh Kumar Sharma so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendment and/or modification that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto as may be agreed to between the Board and Sri Suresh Kumar Sharma.

GENERAL :

- 5) Sri Suresh Kumar Sharma, agreed to devote his best attention to the business of the Company and to further safeguard the interest of the Company, including security of its trade secrets and the processes etc. and to make known and available exclusively to the Company any invention, discovery or design of theirs.
- 6) The Chairman (Executive) so long he functions as such shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof.
- 7) The Chairman (Executive) shall not, so long as he functions as such become interested or otherwise concerned directly or through his wife/and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
- 8) Subject to the provision of the Companies Act 1956 the Chairman (Executive) shall in addition to the powers which may from time to time be assigned to him by the Board of Directors of the Company, have the following powers viz
 - a) To sign all documents including bonds, guarantees, mortgages, and other legal documents on behalf of the Company, provided that such bonds guarantees and mortgages relating to the fixed assets have been issued or created by necessary resolutions of the Board.
 - b) To take on lease, purchase or otherwise acquire for the Company any property, rights and privileges which the Company is authorized to acquire at such price and generally on such terms and conditions and as he thinks fit, and also to sell, exchange or otherwise dispose of absolutely or conditionally any part of the property on such terms and conditions and for such consideration as he may think fit.
 - c) To buy or procure the supply of plant, machinery, materials, stores, fuel implements and other movable property required for the purpose of the Company and engage or procure the supply of means of transport and labour requisite for carrying out the job.
 - d) To sell or dispose of goods and commodities manufactured, produced or dealt in by the Company and/ or its by products as the Board may authorize from time to time.
 - e) To enter into, carry on, rescind or vary all financial arrangements with the Company's business or affairs and pursuant to or in connection with such arrangement and subject to as aforesaid to deposit, pledge or hypothecate any property of the Company or documents representing or relating to the same with prior approval of the Board.
 - f) To compound and allow time for payment or satisfaction of any debt due to or by the Company and any claim or demands by or against the Company to arbitration and observe and perform the awards.
 - g) To appoint, remove or suspend or dismiss agents, managers, secretary, officers, clerks and servants for permanent, temporary or any special services as he may from time to time think fit, and to determine their powers and duties and to fix their salaries to such amount as he think fit.

- h) To do all acts, matters and things deemed necessary proper or expedient with full powers for carrying on the business and concerns of the Company and to make and sign all such contracts and to operate bank accounts severally and to draw, accept, endorse and negotiate on behalf of the Company all such bills of exchange, promissory notes, hundies, cheques, drafts, Government promissory notes, Government Papers and other instruments as shall be necessary proper or expedient for carrying on the business of the Company.
 - i) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and for the purposes engage solicitors, Barristers, Advocates, etc., and also to compound and allow time for payment or satisfaction of any debts due and in any claims or demand by or against the Company.
 - j) To refer any claims or demands by or against the Company to arbitration and conduct the same and implement awards, if any.
 - k) To make and give receipts, release and other discharges for money payable to the Company.
 - l) To enter into all such negotiations and contracts and rescind or vary all such contracts and execute and do all such acts, deeds and things and in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
 - m) To act on behalf of Company bills, notes, receipts, acceptances, endorsements, cheques, released contracts and documents.
 - n) To sign on behalf of Company in all matters relating to bankruptcy and insolvency.
 - o) From time to time to provide for the management of the affair of the Company either in different parts of the Indian Republic or elsewhere in such manner as he thinks fit, and in particular to establish branch offices and to appoint any person to be the attorney or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may think fit. Provided that the establishment of the branch offices will require the sanction of the Board.
 - p) To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities not being shares in this Company and in such manner as he may think fit, and from time to time vary or realize such investments.
 - q) To make and alter rules and regulations concerning the time and manner of repayment of the contribution of the employees of the Company respectively to provident fund or any such fund and the actual employment, suspensions and forfeit of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as he may from time to time think fit.
 - r) To delegate all, or any powers hereby conferred upon him to any person as he may from time to time think fit including the employees of the Company.
 - s) Provided nevertheless the above mentioned powers are delegated to the Chairman (Executive) during the period he continues to be the Chairman (Executive) of the Company and the Board may delete, amend or make additions to these presents wherever and whenever they consider necessary.
- 9) That subject to the provisions of Section 255 of the Companies Act, 1956 the Chairman (Executive) shall not be subject to retirement by rotation, and shall not be reckoned as director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Chairman (Executive) if he ceases to hold office of director from any cause.
- 10) This agreement shall be subject to approval of the Shareholders of the Company at a general meeting.

As per the requirements of the Companies Act, 1956, the appointment of Sri Suresh Kumar Sharma as Chairman (Executive) (being the Whole Time Director) is required to be approved by shareholders in general meeting.

The directors recommend this resolution for approval of the members.

Shri Suresh Kumar Sharma is interested in the resolution to the extent of his appointment as Chairman (Executive) (being the Whole Time Director).

No other Director of the Company interested in above resolution.

Further as required under Section II of Schedule-XIII, following additional information as hereunder;

1. General Information about the Industry and the Company

Your Industry is primarily a "Gas Manufacturing Industry". The Company is also making wind power and supplying to TNEB, Tamil Nadu.

2. Information about the Appointee, including Background etc:

Name	SURESH KUMAR SHARMA
Age	63 Years
Qualifications	B. Com (Hons)
Expeerience	More than 35 years of experience in the gases industry
Date of Appointment	1 st Day of January 2011 as Chairman (being the Whole Time Director)
No.of Equity Shares held in the Co.	49561 Equity Shares
Other Directorship:	1) Bhagwati Steel Pvt Ltd 2) Mother Vision Pvt Ltd

3. Disclosure Requirement for Remuneration.

Para "1-4" of Item no 4 disclose the remuneration information.

ITEM NO-5

The Board of Directors in its meeting held on 29th October, 2010 has appointed Sri Himanshu Sharma, as a Managing Director of the Company for a period of 5 years w.e f 1st January 2011 to 31st December 2015 and the same was approved by Remuneration Committee on following terms and condition stated in agreement.

- 1) SALARY : Rs. 95,000/- p.m. and subject to periodical increments as may be approved by Remuneration Committee from time to time within the limits prescribed under Schedule XIII of the Companies Act 1956 or any statutory modification thereof.
- 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.24,00,000/= 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/ P.A Policy :
Expenses incurred for the Mg. Director and his family in accordance with the rules of the Company.
 - ii) 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 to the extent 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 traveling 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.

- 3) In the event of loss or inadequacy of profits in any financial year during the aforesaid period the Company will pay the Managing Director the same remuneration as mentioned herein above.
- 4) The Board of Directors be and is hereby specifically authorized to alter and vary the terms and conditions of the aforesaid appointment including remuneration of Sri Himanshu Sharma so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendment and/or modification that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto as may be agreed to between the Board and Sri Himanshu Sharma.

GENERAL :

- 5) Sri Himanshu Sharma agreed to devote his best attention to the business of the Company and to further safeguard the interest of the Company, including security of its trade secrets and the processes etc. and to make known and available exclusively to the Company any invention, discovery or design of theirs.
- 6) The Managing Director so long he functions as such shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof.
- 7) The Managing Director shall not, so long as he functions as such become interested or otherwise concerned directly or through his wife/and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
- 8) Subject to the provision of the Companies Act 1956 the Managing Director shall in addition to the powers which may from time to time be assigned to him by the Board of Directors of the Company, have the following powers viz

- a) To sign all documents including bonds, guarantees, mortgages, and other legal documents on behalf of the Company, provided that such bonds guarantees and mortgages relating to the fixed assets have been issued or created by necessary resolutions of the Board.
 - b) To take on lease, purchase or otherwise acquire for the Company any property, rights and privileges which the Company is authorized to acquire at such price and generally on such terms and conditions and as he thinks fit, and also to sell, exchange or otherwise dispose of absolutely or conditionally any part of the property on such terms and conditions and for such consideration as he may think fit.
 - c) To buy or procure the supply of plant, machinery, materials, stores, fuel implements and other movable property required for the purpose of the Company and engage or procure the supply of means of transport and labour requisite for carrying out the job.
 - d) To sell or dispose of goods and commodities manufactured, produced or dealt in by the Company and/ or its by products as the Board may authorize from time to time.
 - e) To enter into, carry on, rescind or vary all financial arrangements with the Company's business or affairs and pursuant to or in connection with such arrangement and subject to as aforesaid to deposit, pledge or hypothecate any property of the Company or documents representing or relating to the same with prior approval of the Board.
 - f) To compound and allow time for payment or satisfaction of any debt due to or by the Company and any claim or demands by or against the Company to arbitration and observe and perform the awards.
 - g) To appoint, remove or suspend or dismiss agents, managers, secretary, officers, clerks and servants for permanent, temporary or any special services as he may from time to time think fit, and to determine their powers and duties and to fix their salaries to such amount as he think fit.
 - h) To do all acts, matters and things deemed necessary proper or expedient with full powers for carrying on the business and concerns of the Company and to make and sign all such contracts and to operate bank accounts severally and to draw, accept, endorse and negotiate on behalf of the Company all such bills of exchange, promissory notes, hundies, cheques, drafts, Government promissory notes, Government Papers and other instruments as shall be necessary proper or expedient for carrying on the business of the Company.
 - i) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and for the purposes engage solicitors, Barristers, Advocates, etc., and also to compound and allow time for payment or satisfaction of any debts due and in any claims or demand by or against the Company.
 - j) To refer any claims or demands by or against the Company to arbitration and conduct the same and implement awards, if any.
 - k) To make and give receipts, release and other discharges for money payable to the Company.
 - l) To enter into all such negotiations and contracts and rescind or vary all such contracts and execute and do all such acts, deeds and things and in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
 - m) To act on behalf of Company bills, notes, receipts, acceptances, endorsements, cheques, released contracts and documents.
 - n) To sign on behalf of Company in all matters relating to bankruptcy and insolvency.
 - o) From time to time to provide for the management of the affair of the Company either in different parts of the Indian Republic or elsewhere in such manner as he thinks fit, and in particular to establish branch offices and to appoint any person to be the attorney or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may think fit. Provided that the establishment of the branch offices will require the sanction of the Board.
 - p) To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities not being shares in this Company and in such manner as he may think fit, and from time to time vary or realize such investments.
 - q) To make and alter rules and regulations concerning the time and manner of repayment of the contribution of the employees of the Company respectively to provident fund or any such fund and the actual employment, suspensions and forfeit of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as he may from time to time think fit.
 - r) To delegate all, or any powers hereby conferred upon him to any person as he may from time to time think fit including the employees of the Company.
 - s) Provided nevertheless the above mentioned powers are delegated to the Managing Director during the period he continues to be the Managing Director of the Company and the Board may delete, amend or make additions to these presents wherever and whenever they consider necessary.
- 9) That subject to the provisions of Section 255 of the Companies Act, 1956 the Managing Director shall not be subject to retirement by rotation, and shall not be reckoned as director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold office of director from any cause.
- 10) This agreement shall be subject to approval of the Shareholders of the Company at a general meeting."

As per the requirements of the Companies Act, 1956, the appointment of Shri Himanshu Sharma as Managing Director is required to be approved by shareholders in general meeting.

The directors recommend this resolution for approval of the members.

Shri Himanshu Sharma is interested in the resolution to the extent of his appointment as Managing Director.