

40TH ANNUAL REPORT

For the year ended 31st March 2012

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

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, Ballabhgarh-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 40th Annual General Meeting of BHAGAWATI OXYGEN LIMITED will be held on Friday, 28th September 2012 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 2012 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. J C Kaushik who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

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

Date: 7th August 2012

By the Order of the Board
BHAGAWATI OXYGEN LIMITED

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 23rd September 2012 to 28th September 2012 (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.

BHAGAWATI OXYGEN LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 40th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

	(Rs. lacs)	
	For the year ended 31/03/2012	For the year ended 31/03/2011
Gross Profit/ (Loss)	173.21	183.40
Less: Financial Expenses	20.53	22.20
Less: Depreciation	57.58	68.77
Profit/(Loss) before Tax and extraordinary item	95.10	92.43
Less: Provision for Tax	41.29	43.56
Less: Provision for Deferred Tax Liability/(Credit)	(13.07)	(14.98)
Less: Excess Provision of I. Tax of earlier years	(5.12)	—
Net Profit/(Loss) after Tax	72.00	63.85
Add: Brought Forward Profit	527.85	464.00
Balance Profit carried over to Balance Sheet	599.85	527.85

REVIEW OF THE WORKING

During the year under review the sales and other income of the Company amounted to Rs 1567.00 lacs compared to Rs 971.37 lacs in the previous year. After providing for financial charges, depreciation, current and deferred taxation and other adjustments, the Company reported profit after tax and extraordinary item of Rs. 72.00 lacs.

DIVIDEND

With a view to plough back the profit for the operations of the Company and the need to conserve the liquid funds of the Company, your directors do not recommend any dividend for the year ended 31st March 2012.

PUBLIC DEPOSIT

Your Company has not accepted any deposits from the public.

DEPOSITORY SYSTEM

The shares of the Company are tradable compulsorily in electronic form and your Company has connectivity with both the depositories, i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

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) they 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 2012 and of the profit of the Company for the year ended 31st March 2012.

- c) they have taken proper and sufficient care for the safeguarding 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 preventing and detecting fraud and other irregularities.
- d) they 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

Mr. J C Kaushik 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.

COST AUDITORS

In conformity with the directives of the Central Government, the Company has appointed M/s. DGM & Associates, Cost Accountant, of Kolkata, as the Cost Auditor under Section 233B of the Companies Act, 1956, for the audit of cost accounts for the Wind Power manufactured by the company for the year ending 31st March 2012.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the provision Clause to Sub-Section (1) of Section 383A of the Companies Act, 1956 the Secretarial Compliance Certificate for the year ended 31st March 2012 is attached herewith which is self-explanatory and requires no explanation by the Directors.

POSTAL BALLOT

In terms of provisions to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, 5 (five) Special resolution were passed by Postal Ballot on 31st March 2012 for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 2 immediately after the existing sub clause no.1, for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 3 immediately after the sub clause no.2, for insertion of new sub clause as sub clause number 121 under clause no.XXXI after the existing clause XXX in the Article of Association: for alteration of existing sub clause 3 by substitution with a new sub-clause 3 in clause II in the Article of Association: for alteration of existing sub clause 77(1) by substitution with a new sub-clause 77(1) in clause XIX in the Article of Association.

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: 7th August 2012

S K SHARMA
CHAIRMAN

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 2012.

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 : Rs.30,602,574/-
Foreign Exchange Earning : Rs. 8,820/-

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 400001
- 2) The Delhi Stock Exchange Association Ltd, DSE House, 3/1 Asaf Ali Road, New Delhi 110002

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Development

Your Industry is primarily a "Gas Manufacturing Industry" supplying oxygen gas from Ghatsila plant on exclusive supply scheme basis. The Company is also making wind power and supplying to TNEB, Tamil Nadu.

Opportunities & Threats, Trends & Strategies

The fundamental of the gas industry appears to be better and is growing fast because of the improvement in the steel sector. As our sales are tied up some strategies adopted by your Company are : (a) reducing cost of capital (b) transactional cost of production (c) reducing pollution levels (d) creation of good infrastructure etc. Your Company has taken adequate steps to reduce the cost of production by continuously evaluating process improvements and best operational practices. Although the industrial gas industry is categorized as "Green Industry", your Company is committed to adhere to all applicable environment regulations and improve upon the environmental performance on a continued basis.

Out Look

The encouraging growth on both production and sales in last years is likely to be sustained in current year also. Out look for the current year remains strong. The Company's operations are subject to risks which can impact business performance essentially with regard to prices of basic materials like molecular sieves, power. The management is seized of assessing such risks and takes measures to address the same.

Internal Control System

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the Company resources, accuracy in financial reporting and due compliance of statutes and company policies & procedures. Checks and balances exist in the system to ensure that all transactions are adequately authorized and reported correctly.

Human Resources Development

The Company appreciates that human assets constitute the driving force behind the Company's growth plans. The Company has, during the previous year, continued to have good industrial relations with its employees. Your Company would like to record the whole-hearted support and dedication received from the employees at all levels.

Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's position and expectation may be "forward looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important Factors that could make a difference to the Company's operation include, among others, economic conditions affecting demand/ supply, changes in Government regulations, tax laws and other statutes and incidental factors.