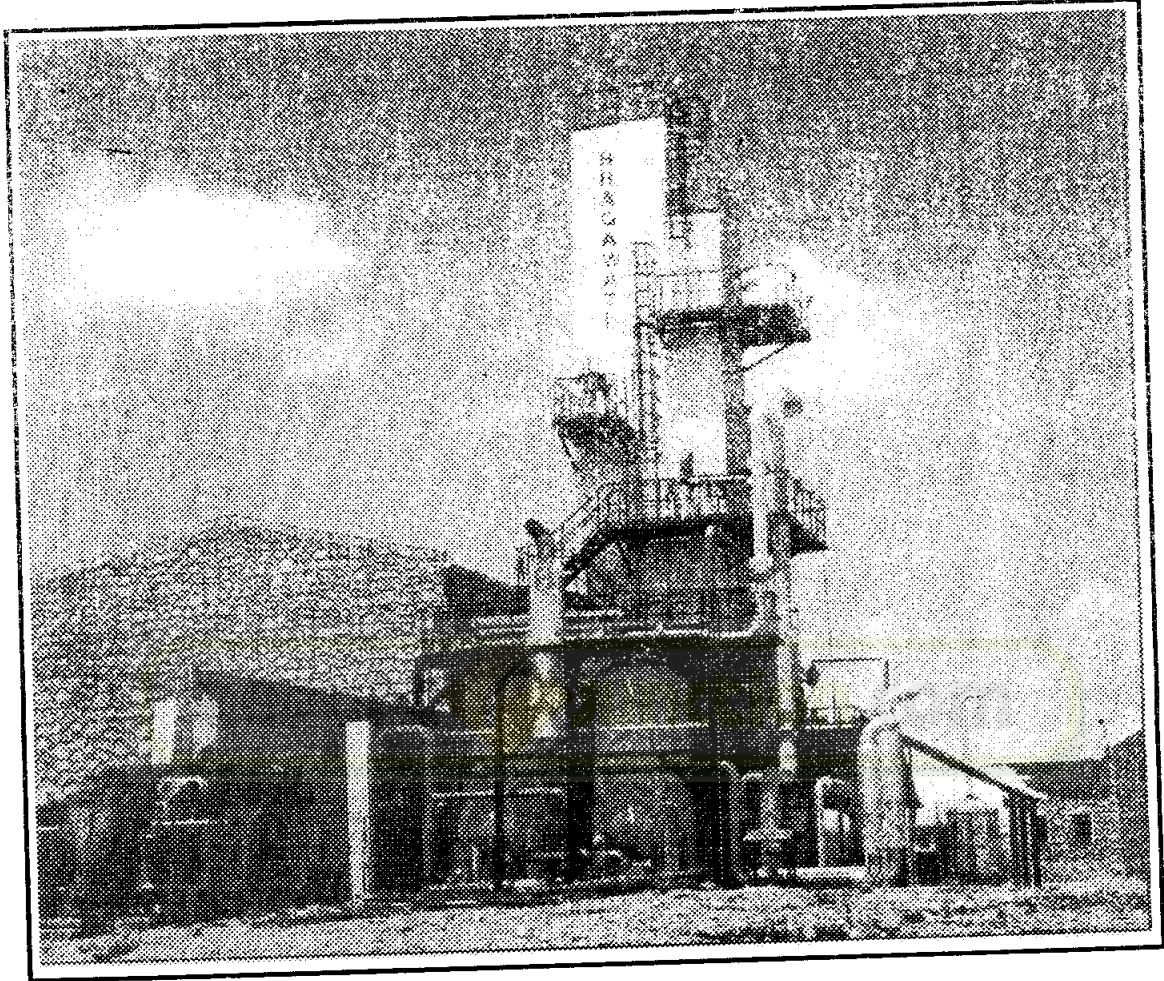


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25th ANNUAL REPORT 1998-99



BHAGAWATI GASES LIMITED

CORPORATE INFORMATION

Board of Directors

Shri Ramrup Sharma
Shri V.P. Punj
Shri N.L. Mehrotra (IDBI - Nominee)
Shri S. S. Ratra (UTI-Nominee)
Shri V.B. Chaturvedi
Dr. G. Mukherjee

Managing Director

Shri Rakesh S. Bhardwaj

Company Secretary

Mrs. Abha Mittal

Bankers

Central Bank of India
Punjab National Bank
Citibank N.A.
Bank of India
State Bank of Bikaner & Jaipur
Indian Overseas Bank
Bank of Madura Ltd.

Auditors

Chaturvedi & Partners
Chartered Accountants

Registered Office & Works :

Banawas, Khetrinagar - 333 504
Distt. Jhunjhunu
Rajasthan

Principal & Head Office :

S-492/A, Greater Kailash -I,
New Delhi - 110 048
Fax : 622 0698
Phone : 641 9547

**NOTICE
TO THE MEMBERS*****Bhagawati Gases Limited***

NOTICE IS HEREBY GIVEN THAT THE 25TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BHAGAWATI GASES LIMITED WILL BE HELD ON TUESDAY THE 28TH SEPTEMBER, 1999 AT 11.30 AM. AT THE REGISTERED OFFICE OF THE COMPANY AT BANAWAS, KHETRINAGAR - 333 504, DISTT. JHUNJHUNU (RAJASTHAN) TO TRANSACT THE FOLLOWING BUSINESS :

A) ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on 31st March, 1999 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. G. Mukherjee who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration. M/s. Chaturvedi & Partners, Chartered accountants the retiring auditors are eligible for reappointment.

B) SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 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 reappointment of Shri Rakesh S. Bhardwaj as Managing Director of the Company, for a period of 5 (five) years with effect from 1st July 1999 on the following terms and conditions as are set out below :

- 1) **SALARY** : Rs. 40,000/- p.m.- to be reviewed after two years.
- 2) **COMMISSION** : 1% of the net profits of the company upto a maximum of Rs. 1,00,000/- per annum subject to overall ceiling laid down in Section 198 & Section 309 of the Companies Act, 1956.
- 3) **PERQUISITES** : In addition to the aforesaid Salary and Commission, the following perquisites will be allowed which will be restricted to an amount so that the total of salary & perks shall not exceed Rs. 10,50,000/- per annum .

CATEGORY 'A'**i) Housing :**

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, over and above 10% payable by the Managing Director.

Bhagawati Gases Limited

The expenditure which may be incurred by the company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of the salary of the Managing Director.

In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

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, over and above, 10% payable by the Managing Director.

- ii) **Medical Reimbursement** : Expenses incurred for self and 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 Self and 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) **Mediclaime Insurance Coverage** : Premium not to exceed Rs. 5000 per annum.

CATEGORY 'B'

- i) Company's contribution towards Provident Fund-As per rules of the company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- ii) Company's contribution towards pension/superannuation Fund - Such contribution towards Provident Fund shall not exceed 25% of the salary as laid down by the Income Tax Rules, 1962.
- iii) Gratuity - In accordance with the provisions of the approved fund but shall not exceed half month's salary for each completed year of service.

The above stated perquisites, No. (i) to (iii) shall not be included in the overall limit of Rs. 10,50,000/-.

CATEGORY 'C'

- i) Leave on full pay and allowance's 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.
- ii) Free use of Company's Car with Driver.
- iii) Free telephone facility at residence.
- iv) Reimbursement of all entertainment and travelling expenses actually incurred by the Managing Director for the business of the Company.

Notwithstanding anything as stated above, where-in any financial year during the currency of tenure of Shri R.S. Bhardwaj as Managing Director, the Company has no profit or its profits are inadequate, he shall be paid the above salary and perquisites as minimum remuneration.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the aforesaid period the Company will pay Shri Rakesh S. Bhardwaj, remuneration by way of salary and perquisites not exceeding the ceiling laid down in Section II of Part II of Schedule XIII of the Companies Act, 1956 as may be decided by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby specifically authorised to alter and vary the terms and conditions of the aforesaid appointment including remuneration of Shri Rakesh S. Bhardwaj 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 Shri Rakesh S. Bhardwaj.

RESOLVED FURTHER THAT Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this Resolution”.

Registered Office :

Banawas, Khetrinagar - 333 504

Ditt. Jhunjhunu

Rajasthan

Dated : 20th August, 1999.

By Order of the Board

(Abha Mittal)

Company Secretary

NOTES

1. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 1999 to 28th September, 1999 (both days inclusive)
2. Members are requested to intimate to the company changes, if any, in their Registered Address alongwith Pin Code of Post Office.
3. Members attending the Annual General Meeting are requested to bring their copies of Annual Report.
4. Only Registered Members carrying the attendance slips and the proxies registered with the company will be permitted to attend the meeting.
5. 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 FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
6. The instrument of Transfers complete in all respects should be sent to the Company well in advance so as to reach the company prior to closure of Register of Members.
7. For any further information regarding Accounts intimation may be given to the Company in writing atleast 10 days in advance from the date of the aforesaid meeting so as to enable the management to keep the information ready.
8. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect to special business set out above is annexed hereto.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 4**

Shri Rakesh S. Bhardwaj was appointed as Managing Director of the Company with effect from 1st July, 1994 and his term of office expired on 30th June, 1999. The Board of Directors has re-appointed Shri Rakesh S. Bhardwaj for a further period of five years.

The particulars of remuneration payable to and terms of respective appointment have been given in the resolution itself. As per requirement of Section 269 read with Schedule XIII of the Companies Act, 1956 approval of members is required in Annual General Meeting.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Shri Rakesh S. Bhardwaj pursuant to Section 302 of the Companies Act, 1956.

Shri Rakesh S. Bhardwaj is interested in this resolution. Shri R.R. Sharma may also be deemed to be interested in the resolution being related to Shri Rakesh S. Bhardwaj. Save and except the above, none of the other Directors of the Company is, in any way concerned or interested in the resolution.

INSPECTION OF DOCUMENTS

A complete copy of the Memorandum and Articles of Association of the Company and the draft Agreement as mentioned in Item No. 4 are available for inspection at the Registered office of the Company from 3.00 P.M to 5.00 P.M on any working day except Saturday.

Registered Office :

Banawas, Khetrinagar - 333 504

Ditt. Jhunjhunu

Rajasthan

Dated : 20th August, 1999.

By order of the Board

(Abha Mittal)

Company Secretary

DIRECTORS' REPORT*Bhagawati Gases Limited***TO THE MEMBERS.**

Your Directors have pleasure in submitting their report and the statement of accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS AND OPERATIONS.

	<u>1999</u>	<u>1998</u>
Gross Income	2400	2369
Gross Profit (before interest, depreciation and tax)	807	820
Interest	543	571
Depreciation	244	224
Provision for Tax	2	3
Net Profit	18	22
Profit Brought forward from Last year	170	148
Profit available for appropriation	188	170
Profit carried to Balance Sheet	188	170

Due to lower offtake of oxygen by M/s Hindustan Copper Limited and overall recession in industry the overall performance of the Company has decreased. The current year has started well with M/s. Hindustan Copper Limited picking up our gaseous production and the balance liquid oxygen, liquid nitrogen and liquid argon being marketed by Air Liquide North India (P) Ltd. We are hopeful of ending the year 2000 with further improvement.

FUTURE OUTLOOK

Your Company has taken steps to strengthen its marketing network and efforts are on with its major customer M/s. Hindustan Copper Limited to adhere to terms and conditions agreed upon initially.

With the capital restructuring of M/s. Hindustan Copper Limited the production capacity of M/s. Hindustan Copper Limited has also increased as a result of which there will be a marked improvement in your Company's production and consequently offtake of oxygen by M/s. Hindustan Copper Limited.

London Metal Exchange (L.M.E.) has also started showing upward trend and very soon increased demand for copper will be reflected in domestic as well as international markets.

DIVIDEND

Due to inadequate profits, your Directors regret their inability to declare any dividend for the year.

Y2K Compliance

During the year, your Company has been actively working on the year 2000 (Y2K) hardware/software problem and has already made a significant progress in this area. The Company has already taken a series of prudent and reasonable steps to minimise the risk of exposure to Y2K problem. Contingency Plans have been drawn up.

PUBLIC DEPOSITS

The Company has not invited or accepted any deposits from the public pursuant to the provisions of Section 58-A of the Companies Act, 1956.

Bhagawati Gases Limited

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 the information relating to Conservation of energy, Technology absorption, Foreign exchange earnings and outgo and forming part of the Directors' Report is stated in Annexure 'A'.

DIRECTORS

The term of office of Shri Rakesh S. Bhardwaj expired on 30th June 1999 and subject to the approval of members in Annual General Meeting the Board of Directors had in their meeting held on 23rd April, 1999 reappointed Shri Rakesh S. Bhardwaj for a period of five years.

At the forthcoming Annual General Meeting, Dr. G. Mukherjee retire in accordance with the provisions of the Companies Act, 1956 and being eligible, offer himself for reappointment. Your directors recommend his re-appointment.

AUDITORS

M/s. Chaturvedi and Partners, Statutory Auditors of the Company retire at the conclusion of the Annual General Meeting and being eligible, offer themselves for reappointment.

They have furnished a certificate to the effect that the proposed appointment if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

AUDITORS COMMENTS

The observation of the Auditors read with the notes on the Accounts are self explanatory and do not call for any further explanation.

PERSONNEL

The Directors hereby wish to place on record their appreciation and gratitude to the Company's personnel at all levels for their dedication, commitment, efficient and loyal services rendered during the year.

The Labour Management relations remained cordial and harmonious in general.

Regarding the information required to be given under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 it is hereby stated that no employee is getting remuneration of Rs.50,000/- per month (Rs. fifty thousand) or Rs.6,00,000/- (Rs. Six Lacs) per annum and hence not annexed to the Directors' Report.

FINANCIAL INSTITUTIONS, BANKS AND INVESTORS

Your Directors also wish to thank Financial Institutions, Bankers, Central and State Government, Foreign as well as Indian investors, architect, builders and traders for the consistent support received from them throughout the period.

By and on behalf of the Board of Directors

Registered Office :

Banawas, Khetrinagar --333 504

Ditt. Jhunjhunu

Rajasthan

Dated : 20th August, 1999.

(R.R. SHARMA)

Chairman