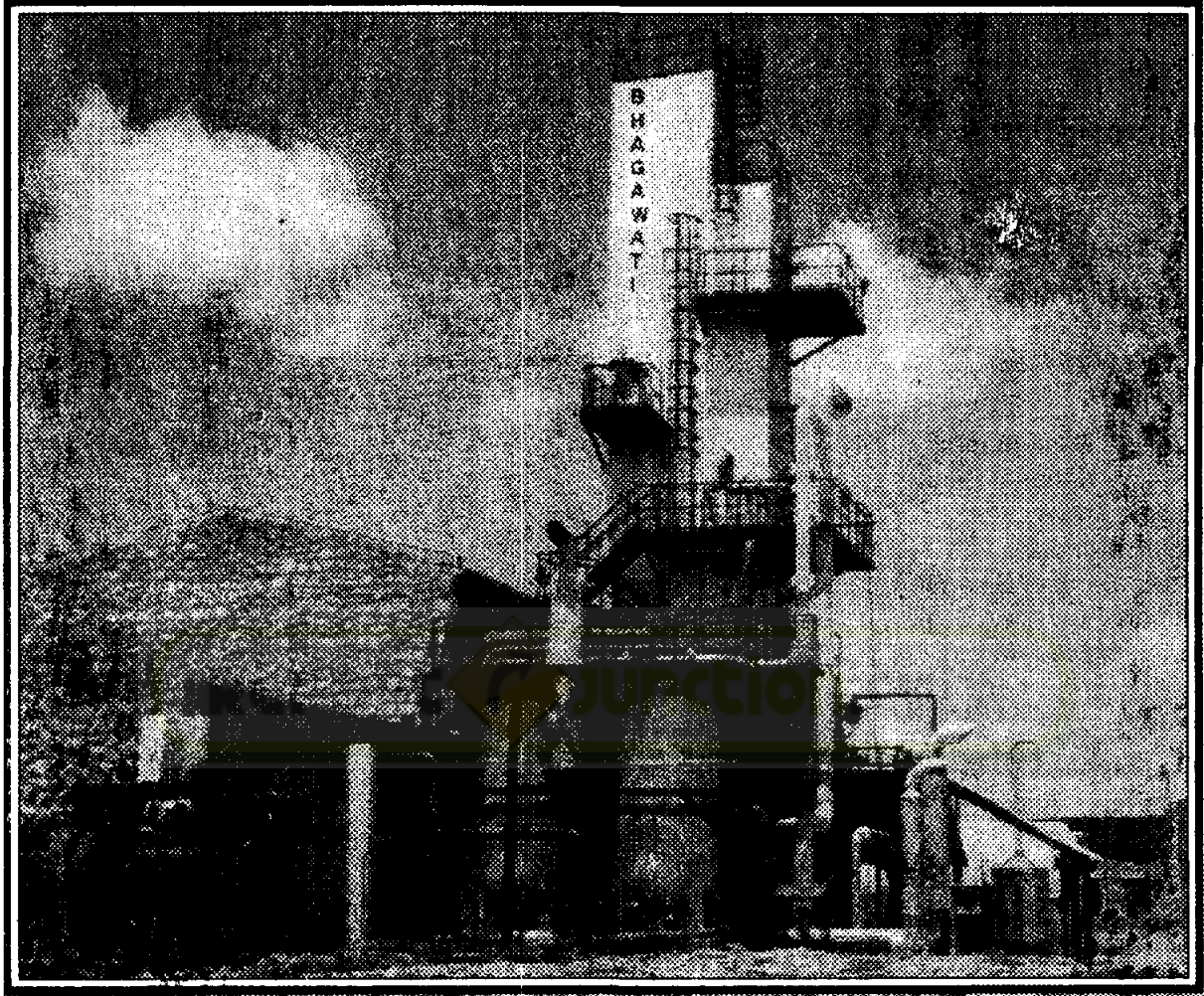


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26th ANNUAL REPORT

1999-2000



CERTIFIED TRUE COPY

For Bhagawati Gases Ltd.

Arvind
Company Secretary

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
Ditt. 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 26TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BHAGAWATI GASES LIMITED WILL BE HELD ON WEDNESDAY THE 27th SEPTEMBER, 2000 AT 11.00 A.M AT THE COMPANY'S REGISTERED OFFICE BANAWAS, KHETRI NAGAR-333504, DISTT. JHUNJHUNU (RAJASTHAN) TO TRANSACT THE FOLLOWING BUSINESS :

A) ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2000 and the Profit and Loss Account of the Company for the year ended on 31st March, 2000 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. V.B. Chaturvedi 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(s), the following resolution as a Special Resolution:

Amendment in Articles of Association

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered in the following manner :-

After Article 56 the following new Article be inserted as Article No. 56A :

56A DEMATERIALISATION OF SECURITIES

- (i) For the purpose of this Article, unless the context otherwise requires :-

"Act" means the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force.

"Beneficial Owner" means a person whose name is recorded as such with a Depository ;

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act 1992.

"Bye-laws" means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996.

"Depositories Act" means the Depositories Act, 1996 (22 of 1996) including any statutory modification or re-enactment thereof for the time being in force.

"Depository" means a Company incorporated and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a Certificate of Registration under sub-section (1A) of Section-12 of the Securities and Exchange Board of India Act, 1992 ;

"Record" includes the records maintained in the form of books or stored in a computer or in such other form or medium as may be determined by regulations made by the SEBI.

"Regulations" means the regulations made by the SEBI.

"Security" means such security as may be specified by the SEBI from time to time.

- (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act.

- (iii) (a) A member of the Company can get the securities held by him dematerialised and re-materialised.

- (b) Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time

prescribed, issue to the beneficial owner the required Certificate of Securities.

- (iv) All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 83, 108, 153, 153A, 153B, 187A, 187B and 187C of the Act shall apply to a depository in respect of securities held by it on behalf of the beneficial owners.
- (v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
 (b) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.
 (c) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights including voting rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository on his behalf.
- vi) Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.
- vii) The Register and Index of Beneficial Owners, maintained by Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of members and Security holders as the case may be for the purposes of these Articles and the Act in respect of securities held by it on behalf of the beneficial owners.
- viii) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.
- ix) No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.
- x) In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.
- xi) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

By Order of the Board

Registered Office :

Banawas, Khetrinagar-333 504,
 Distt. Jhunjhunu,
 Rajasthan.
 Dated : 1st September, 2000.

(Abha Mittal)
 Company Secretary

NOTES

1. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2000 to 27th September, 2000 (both days inclusive).
2. Members are requested to intimate to the company changes, if any, in their Registered Address along with Pin Code of Post Office.
3. Members attending the Annual General Meeting are requested to bring their copies of Annual Report.

Bhagawati Gases Limited

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 A 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. Members may also not that the company's shares will be traded only in demat. Form w.e.f. 30th October, 2000.
8. 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.
9. 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

Consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996 there have been significant amendments in the provisions of the Companies Act, 1956 relating to issue, holding and transfer of securities in dematerialised form. The equity shares of your company can be dematerialised under the Depository System operated by the National Securities Depository Limited and Central Depository Services (India) Limited and it is therefore proposed to suitably amend the Article as set out in the Resolution in order to bring the provisions of the Articles of Association in consonance with the provisions of the Companies Act, 1956.

The above resolution is set out as Special Resolution for approval by the members in terms of Section 31 of the Companies Act, 1956.

None of the 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 together with the proposed alteration is 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.

By order of the Board

Registered Office :
Banawas, Khetrinagar-333 504
Distt. Jhunjhunu,
Rajasthan
Dated : 1st September, 2000.

(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, 2000.

FINANCIAL RESULTS AND OPERATIONS

	(in Rs.lacs)	
	2000	1999
Gross Income	2146	2400
Gross Profit (before interest, depreciation and tax)	678	807
Interest	444	543
Depreciation	222	244
Provision for Tax	1	2
Net Profit	11	18
Profit Brought forward from Last year	188	170
Profit available for appropriation	199	188
Profit carried to Balance Sheet	199	188

Your Company's performance during the year was adversely affected due to various factors, both external and internal. The sudden and unexpected breakdown of the Air Compressor of 120 TPD plant at Khetrinagar works on 17th November 1999 resulted into loss of production for a period of 2½ months. The Company had to engage foreign technician and import critical parts for repair of the machinery. The Company was doing fairly good in the quarter ended 30th September, 1999. The gross profit was Rs. 57.00 lakhs during the said quarter as against Rs. 32.00 lakhs during the quarter ended 31st December, 1999 which was mainly due to the breakdown as stated above.

The Operation of the Company also suffered a major set back because of frequent shut down of the smelter plant of M/s Hindustan Copper Ltd., who is the main customer of your Company. This has affected the overall result during the year.

The first half-yearly result clearly indicates that the Company would have had a better financial standing during this year also, but for the factors as mentioned above.

With proposed diversification into other fields of business, your Company hope to do well in the coming years.

DIVIDEND

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

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.

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'.

Y2K COMPLIANCE

As a result of the series of prudent and reasonable steps taken, your Company rolled over to the new millennium without any Y2K problem.

DEPOSITORY SYSTEM

In line with your Company's constant endeavour to provide best possible services to the shareholders and investors, your Company is entering into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable the shareholders hold the shares in demat form with either of these depositories under the Depository System. Shares of your Company are going to be compulsorily traded in demat form w.e.f. 30th October, 2000.

CORPORATE GOVERNANCE

Your Directors are committed to engender good governance practices. The Corporate Governance Code recently introduced by SEBI is mandatory for your Company from 31st March, 2002. Your Company has started the process of complying with various recommendations and will simultaneously take steps to comply with mandatory provisions and non-mandatory provisions to the extent feasible.

EXTRA ORDINARY GENERAL MEETING

Pursuant to resolution passed in Extra Ordinary General Meeting held on 23rd May, 2000, your Company has diversified into fields of Computer Software, Engineering activities, Telecommunication, Power Generation and Waste Management.