

28 TH ANNUAL REPORT 2001-2002

Report  junction.com



For Bhagawati Gases Ltd.


Finance Controller

५४

BHAGAWATI GASES LIMITED

CORPORATE INFORMATION

Board of Directors

Shri V.P.Punj
Dr. G.Mukherjee
Shri Rajesh Malhotra (IDBI Nominee)
Shri P.B. Vijayaraghavan (UTI Nominee)

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
ICICI Bank Ltd (ICI)

Auditors

Chaturvedi & Partners
Chartered Accountants

Registered Office & Works:

Banawas, Khetrinagar - 333504
Distt.Jhunjhunu
Rajasthan

Principal & Head Office:

S-492/A, Greater Kailash-I,
New Delhi - 110 048
Fax: 622 0698
Phone: 6419547

Depository Registrars:

Skyline Financial Services (P) Ltd
123, Vinoba Puri
Lajpat Nagar - II
New Delhi - 110024
Phone: 6433777,6847136

Stock Exchanges Where Listed

- i) Jaipur Stock Exchange Ltd.,
Stock Exchange Building,
J.L.N.Marg,Malviya Nagar,
Jaipur - 302017.
- ii) The Delhi Stock Exchange Association Ltd.,
DSE House,
3/1, Asaf Ali Road
New Delhi - 110 002.
- iii) BSE
1st Floor,New Trading Ring,
Rotunda Building, P.J.Towers,
Dalal Street, Fort,
Mumbai - 400 001.
- iv) The Ahmedabad Stock Exchange Association Ltd.,
Manak Chowk,
Ahmedabad - 380 001.
- v) The Calcutta Stock Exchange Association Ltd.,
7, Lyons Range,
Kolkata - 700 011.

Website:

www.bhagawatigases.com

NOTICE**TO THE MEMBERS**

NOTICE IS HEREBY GIVEN THAT THE 28TH ANNUAL GENERAL MEETING OF THE MEMBERS OF BHAGAWATI GASES LIMITED WILL BE HELD ON MONDAY THE 30TH SEPTEMBER, 2002 AT 11.00 A.M. AT THE COMPANY'S REGISTERED OFFICE BANAWAS, KHETRINAGAR-333 504, DISTT. JHUNJHUNU (RAJASTHAN) TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March, 2002 and the Profit and Loss Account of the Company for the year ended on 31st March, 2002 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.

By Order of the Board

Registered Office :

Banawas, Khetrinagar-333 504.
Distt. Jhunjhunu,
Rajasthan.

(Abha Mittal)
Company Secretary

Dated : 23rd August, 2002.

NOTES

1. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday the 25th September, 2002 to Monday the 30th September, 2002 (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.
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. Those members who have so far not encashed their dividend warrants for the financial year 1994-95, may claim the same, as it will be transferred to Investor Education and Protection Fund of Central Government, pursuant to Section 205C of the Companies Act, 1956 in December 2002. Kindly note that after such transfer, the members will lose their right to claim such dividend.
8. Members can avail of the nomination facility under Section 109A of the Companies Act, 1956 in the prescribed Form No. 2B.
9. SEBI had made trading in the shares of the Company compulsory in dematerialised form for all investors with effect from 27th February, 2001. Shareholders are requested to open an account with Depository Participant, if not done so far.
10. 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.

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING REAPPOINTMENT OF DIRECTOR.

Dr. G. Mukherjee aged 74 years has rich experience in business and industry. He was a former Vice Chairman of Steel Authority of India Ltd and Director of National Institute of Secondary Steel Technology, Hindustan Zinc Ltd and Usha Ispat.

Dr. G. Mukherjee also holds directorship in the following Committees of M/s. Bhagawati Gases Ltd

- a) Audit Committee
- b) Shareholders Grievance & Share Transfer Committee.

INSPECTION OF DOCUMENTS

A complete copy of the Memorandum and Articles of Association of the Company 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.

Registered Office :

Banawas, Khetrinagar-333 504.
Distt. Jhunjhunu,
Rajasthan.
Dated : 23rd August, 2002.

By Order of the Board

(Abha Mittal)
Company Secretary

DIRECTORS' REPORT**TO THE MEMBERS,**

Your Directors have pleasure in submitting their report and the statement of accounts for the year ended 31st March, 2002.

2001-02 in Retrospect.

The past year has been a difficult one for your Company. Industrial growth was at its lowest for past several years and there was a widespread sense of instability as the overall confidence in the economy was low. The Union budget for 2002-2003 also confirmed sluggishness in the market.

FINANCIAL RESULTS AND OPERATIONS

	(in Rs.lacs)	
	<u>2002</u>	<u>2001</u>
Gross Income	2526	1954
Gross Profit (before interest, depreciation and tax)	473	436
Interest	570	434
Depreciation	322	224
Provision for Tax	11	15
Net Profit +/-loss(-)	(430)	(237)
Profit Brought forward from Last year	(38)	199
Profit available for appropriation	Nil	Nil
Profit carried to Balance Sheet	Nil	Nil
Loss transferred to General Reserve	(468)	(38)

DIVIDEND

In view of the adverse performance and the loss incurred during the year, your Directors express 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.

DEPOSITORY SYSTEM

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories i.e National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). In view of the numerous advantages offered by the Depository System, members are requested to avail the facility of dematerialisation of the Company's share on either of the Depository as aforesaid.

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'.

CORPORATE GOVERNANCE.

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report alongwith Auditor's Certificate on its compliance.

MANAGEMENT DISCUSSION AND ANALYSIS

Capitive consumption of gas market constitute 60%, rest is for merchant market. Gas industry is directly proportional to the growth of the economy. With the slow-down in economy, gas industry out look does not look bright. Steel sector is major consumer in the industrial gases. But from the last 2 quarters, the steel industry is doing good. This might throw some opportunity in the gas industry. The demand for all our three products like oxygen, nitrogen and argon has been consist in the market. But Company is having capitive plant, it can not shift to the merchant market. Our operation entirely depended on Hindustan Copper Ltd.(HCL). The Company is passing through very bad shape due to low consumption of oxygen gas by HCL. Our Sales revenue are going down and our expenses mainly electricity is increasing due to fixed in nature. There is no change in the organisation structure of the Company. No Sr.Executive has resigned nor joined.

DIRECTORS

At the-forthcoming Annual General Meeting, Shri V.P. Punj retire in accordance with the provisions of the Companies Act, 1956

and being eligible, offer himself for reappointment. Your directors recommend his reappointment.

During the year under review,UTI withdrew the nomination of Shri S.S. Ratra from the Board of this Company and in his place appointed Shri P.B. Vijayaraghavan as its Nominee Director with effect from 1st November, 2001. The Board places on record its highest appreciation for the valuable guidance given by Shri S.S. Ratra during his tenure as a Director, and welcomes Shri P.B. Vijayaraghavan in his place.

It is disheartening to place on record sudden demise of two of our esteemed directors Shri V.B. Chaturvedi and Shri Ramrup Sharma who left us for their heavenly abode on 8th August, 2001 and 23rd February, 2002 respectively. The Board members pays its homage to the departed souls.

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

Auditors Report

Auditors Comments are self explanatory.

COST AUDIT.

As per the requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts every year. Subject to the approval of Central Government, the Company has appointed M/s.J.K.Kabra & Co cost auditors to audit the cost accounts for the financial year ended 31st March, 2003.

DIRECTORS RESPONSIBILITY STATEMENT.

As required under Section 217 of the Companies Act, the Directors' hereby confirm that :-

- (i) in the preparation of the annual accounts the applicable accounting standards has been followed along with proper explanation relating to material departures,
- (ii) had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at end of the financial year and of the profit of the company for that period,
- (iii) had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- (iv) had prepared the annual accounts on a going concern basis.

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.

Information as per Section 217(2A) of Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975 as amended from time to time does not form part of this Report as no employee is covered by this Section.

FINANCIAL INSTITUTIONS, BANKS AND INVESTORS

Your Directors also wish to thank Financial Institutions, Bankers, Central and State Governments, Foreign as well as Indian investor 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
Dist. Jhunjhunu
Rajasthan

(R.S. BHARDWAJ)
Managing Director

Dated : 23rd August, 2002.

ANNEXURE - A

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS and OUTGO :

As required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule 1988, a statement showing the information relating to the Research and Development, Technology Absorption and Foreign Exchange earnings and outgo and forming part of the Director's Report are stated below :-

- Form A requiring disclosure of particulars with respect to conservation of energy is not applicable in the case of our company.

1. Research & Development :**a) Specific area in which R & D carried out by the Company:-**

Research and Development has been continuously carried to reduce evaporation of oxygen gas and consumption of power.

b) Benefits dervied as a result of the above R & D :-

Loss on account of evaporation has been reduced considerably and less consumption of power.

c) Future Plan of Action :-

Research and Development activities continued to reduce process wastage and utilisation of waste Nitrogen.

d) Expenditure on R & D :-

Charged under primary heads of accounts.

2. Technology Absorption, Adaptation & Innovation :-**a) Efforts made towards technology absorption, adaptation and innovation :-**

The Company has successfully absorbed the technology of the plant supplied by the supplier.

b) Benefits derived as a result of the above efforts :-

Quality of oxygen gas produced is of very high standard and acceptable to the consumers of the company's product.

c) Particulars relating to imported technology :-

Nil

3. Foreign Exchange Outgo :-

i) CIF of imported spares for Plant and Machinery - Rs.2,63,409/-

CORPORATE GOVERNANCE**Company's philosophy on code of governance**

The Board of Directors supports the broad principles of Corporate Governance. In addition to the basic governance issues, the board lays strong emphasis on transparency, accountability and integrity. Accountability improves decision making. Transparency helps to explain rationale behind decision making and thereby build stakeholders confidence.

Corporate Governance is not simply a matter of creating checks and balances; it is about creating an out performing organisation which leads to increasing employee, customer satisfaction and shareholders value.

A. Mandatory Requirements.**1) Board of Directors**

a) Composition and attendance at Board Meeting and the last Annual General Meeting.

S.No.	Name of the Directors	Designation	Category of Directorship	No.of Board Meetings attended	Attedance at the last Annual General Meeting (Yes/No)
1.	Shri R.S.Bhardwaj	Managing Director	Executive	5	Yes
2.	Shri V.P. Punj	Director	Non-Executive	4	No
3.	Dr. G. Mukherjee	Director	Non-Executive	5	No
4.	Shri.Rajesh Malhotra	IDBI Nominee	Non-Executive	4	No
5.	*Shri P.B.Vijayaraghavan	UTI Nominee	Non-Executive	-	No
6.	#Shri S.S. Ratra	Ex-UTI Nominee	Non-Executive	2	No
7.	Shri R.R. Sharma	Director	Non-Executive	1	No
8.	Shri V.B.Chaturvedi	Director	Expired on 23/02/2002 Non-Executive Expired on 08/08/2001	-	No

* Appointed with effect from 1st November, 2001.

Resigned with effect from 1st November, 2001.

b) Remuneration to Directors

A Statement on remuneration paid to the Executive Directors and sitting fees paid to Non Executive Directors during the year is given below:-

Name of Director	Salary + Perquisites (Rs.In Thousand)	Commission (Rs)	Sitting Fees (Rs)
Shri R.S.Bhardwaj	555.01	-	-
Shri V.P. Punj	-	-	4000.00
Dr. G. Mukherjee	-	-	5000.00
Shri Rajesh Malhotra	-	-	4000.00
*Shri P.B. Vijayaraghavan	-	-	-
#Shri S.S. Ratra	-	-	2000.00
Shri R.R. Sharma (Now Deceased)	-	-	1000.00
Shri V.B.Chaturvedi (Now Deceased)	-	-	-

* Appointed with effect from 1st November, 2001

Resigned with effect from 1st November, 2001

c) Number and Date of Board Meetings held

Five Board Meetings were held during the financial year ended 31st March, 2002. The dates on which the said meetings were held are as:-

27th April, 2001
27th July, 2001
28th August, 2001
30th October, 2001
29th January, 2002

The Company placed before the Board the annual operating plans, performance of Unit and various other information including those specified in Annexure 1 of the listing agreement whenever applicable and materially significant.

2) Audit Committee

Audit Committee was initially formed under the chairmanship of Shri R.S.Bhardwaj, Shri Ramrup Sharma and Dr.G.Mukherjee were the other members. Shri Ramrup Sharma expired on 23rd February, 2002. The Audit Committee is responsible for the area specified by Clause 49 of the listing agreement and Section 292A of the Companies Act, 1956 besides other roles as may be referred by Board of Directors. There has been two audit committee during the financial year ended 31st March, 2002, viz on 20th October, 2001 and 14th January, 2002.

3) Remuneration committee.

Matters of remuneration of Managing Director is considered by the Board of Directors of the Company. The terms of remuneration are then approved by the shareholders at the Annual General Meeting. Therefore, no separate remuneration committee has been constituted.

4) Shareholders Grievance & Share Transfer Committee.

Share Transfer Committee has been functioning since 19th December, 1994. On 28th August, 2001, Share Transfer Committee was renamed as Shareholders Grievance & Share Transfer Committee and its terms of reference, role and scope were modified so as to bring them in line with Clause 49 of the listing agreement with the Stock Exchanges. The scope of the committee besides looking into Share Transfer/Transmission will also be to look into the redressal of investor complaints like non receipt of share after transfers/transmission, non-receipt of Annual Reports, issue of duplicate certificates and other allied transactions and to delegate powers to the Company Secretary to process share transfers etc.

Total Number of shares transferred during the year 2001-2002 was 260400 and number of shares dematerialised during the year 2001-2002 was 730500.

The said committee comprised of Shri R.S.Bhardwaj, Shri R.R.Sharma and Shri V.P.Punj as its members. Due to sudden demise of our esteemed director Shri R.R. Sharma on 23rd February, 2002, Board of directors in their meeting held on 30th April, 2002 appointed Dr. G. Mukherjee in place of Shri R.R. Sharma.

12 complaints were received during the year and Nil complaints and Nil share transfers were pending as on 31st March, 2002.

5) General Body Meetings:-

Details of the last 3 Annual General Meetings held.

Year	Location	Day	Date	Time
1998-1999	Banawas, Khetrinagar - 333504, Distt.Jhunjhunu(Raj)	Tuesday	28/09/1999	11.30 A.M.
1999-2000	Banawas, Khetrinagar - 333504, Distt.Jhunjhunu(Raj)	Wednesday	27/09/2000	11.00 A.M.
2000-2001	Banawas, Khetrinagar - 333504, Dist.Jhunjhunu(Raj)	Friday	28/09/2001	11.00 A.M.

All the resolutions set out in notices were passed by the members and no resolution was put through Postal Ballot.

6) Disclosures

Disclosures regarding material significant related party transaction.

No transaction of material nature has been entered into by the Company with its Promoters, Directors or the management, their subsidiaries, or relatives etc that may have potential conflict with the interest of the Company.

Disclosures regarding certain non-compliance.

There is no non-compliance by the Company, no strictures have been imposed on the Company by Stock Exchange or Securities & Exchange Board of India (SEBI) or any Statutory Authorities on any matter related to capital markets during the last 3 years.

7) Means of Communication

- Half Yearly Results are published in the newspapers, The Pioneer, Delhi and Samachar Jagat, Jaipur.
- Quarterly Results are published in the newspapers, The Pioneer, Delhi and Samachar Jagat, Jaipur.
- Our Website www.bhagawatigases.com has been launched with effect from 9th August, 2001. Since then all results are posted by the Company on its Website.
- Management Discussion & Analysis forms part of this Annual Report.

8) General Shareholders Information.

Annual General Meeting:

Date : 30th September, 2002
Time : 11.00 A.M
Venue : Banawas,
Khetrinagar - 333 504,
Distt.Jhunjhunu
(Rajasthan)

Financial Calender

- a. April to March
- b. First Quarter Results - Last Week of July.
- c. Half Yearly Results - Last Week of October.
- d. Third Quarter Results - Last Week of January.
- e. Fourth Quarter Results - Last Week of April.

Date of Book Closure.

Wednesday, 25th September, 2002 to Monday, 30th September, 2002.