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# **30th ANNUAL REPORT 2003-2004**

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***BHAGAWATI GASES LIMITED***

## CORPORATE INFORMATION

**Board of Directors**

(As on August 20,2004)

Shri Rakesh S.Bhardwaj- Managing Director

Shri V.P.Punj

Dr. G.Mukherjee

Captain Sitaram Ramaprasad

**Company Secretary**

Shri Sanjay Kumar

**Bankers**

Central Bank of India

State Bank of Bikaner & Jaipur

Indian Overseas Bank

ICICI Bank Ltd

**Auditors**

Chaturvedi & Partners

Chartered Accountants

**Registered Office & Works:**

Banawas, Khetrinagar

Distt.Jhunjhunu

Rajasthan- 333504

**Principal & Head Office:**

S-492/A, Greater Kailash-I,

New Delhi - 110 048

Fax: (011) 26220698

Phone:(011) 26419547

**Depository Registrars &****Share Transfer Agent:**

Skyline Financial Services (P) Ltd

123, Vinoba Puri

Lajpat Nagar - II

New Delhi - 110024

Phone:(011) 51724415,29833777

**Stock Exchanges where listed**

1. Jaipur Stock Exchange Ltd.,  
Stock Exchange Building,  
J.L.N.Marg,Malviya Nagar,  
Jaipur - 302017.
2. The Delhi Stock Exchange Association Ltd.,  
DSE House,  
3/1, Asaf Ali Road  
New Delhi - 110 002.
3. Bombay Stock Exchange  
1st Floor, New Trading Ring,  
Rotunda Building, P.J.Towers,  
Dalal Street, Fort,  
Mumbai - 400 001.
4. The Ahmedabad Stock Exchange  
Association Ltd.,  
Kamdheni Complex,  
Opp. Sahjanad college  
Panjarpole  
Ahmedabad - 380 015.,
5. The Calcutta Stock Exchange  
Association Ltd.,  
7, Lyons Range,  
Kolkata - 700 001

**Bhagawati Group Website:**

[www.bhagawatigases.com](http://www.bhagawatigases.com)

## NOTICE

### TO THE MEMBERS

Notice is hereby given that the Thirtieth Annual General Meeting of Bhagawati Gases Limited will be held on Wednesday 29 September 2004 at 11.00AM at the registered office: Banawas, Khetrinagar, Distt. Jhunjhunu, Rajasthan-333504 to transact the following business:

#### Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March 2004, the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors' thereon.
2. To appoint a Director in place of Dr.G.Mukherjee, who retires by rotation and is eligible for reappointment.
3. To appoint auditors to hold office from the conclusion of Thirtieth Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board  
For Bhagawati Gases Limited

Place : New Delhi  
Date : 20 August 2004

Sanjay Kumar  
Company Secretary

### NOTES

1. 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.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday 23 September 2004 to Wednesday 29 September 2004 (both days inclusive).
3. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00A.M. to 1.00 P.M. up to and inclusive of the date of the Annual General Meeting.
4. Pursuant to provisions of Section 205A(5) of the Companies Act, 1956, dividends for the financial year ended 31st March, 1996 and thereafter which remain unclaimed for a period of 7 years from the date of transfer of the same will be transferred to the Investor Education and Protection Fund established by the Central Government. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.
5. Consequent upon the introduction of Section 109 A of the Companies Act, 1956 Shareholders are entitled to make nominations in respect of share held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No. 2B in duplicate (which will be made available on request) to the Registrar & Share Transfer Agent of the Company.
6. Members are requested to:
  - i) Quote their Registered folio numbers and in case their shares are held in the dematerialised form, they must quote their client ID Numbers and their DP ID Numbers, in all correspondence with Company / Share Transfer Agent.
  - ii) Notify immediately to the Share Transfer Agent / Company any change in their address, giving complete address with Pin Code No. and in case if their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants.
  - iii) Write to the Company at least 10 days in advance, if they desire further information on the Accounts at the meeting, so as to enable the company to keep the information ready.
  - iv) Bring their copy of the Annual Report and the Attendance Slip with them to the Annual General Meeting.

## DIRECTOR'S REPORT

### To The Members Bhagawati Gases Limited

Your Directors have pleasure in presenting the 30th Annual Report along with the audited statements of accounts for the year ended 31 March 2004.

#### 1. 2003-04 In retrospect :

The Company's plants are tailor-made to suit the gas requirements of Hindustan Copper Limited. The Company has two tonnage oxygen gas plant-50 Tons per day and 120 Tons per day. The contract with Hindustan Copper Limited for 50 Tons per day oxygen gas supply has expired on 14 August 2002. The contract for 120 TPD plant was expired on 31 March 2004. On mutual discussions, the contract for 120 TPD plant was extended till 30 June 2004. At present, Hindustan Copper Limited 's plant is under maintenance and our contract is also not renewed. The Hindustan Copper Limited 's requirement of gas was only met through 120 TPD plant, which remain more or less stable throughout the year. The 50 TPD plant was lying idle for the full year. The Company is trying to find out an alternative user for this plant.

#### Financial Results and Operations

PARTICULARS	(IN RS.LACS)	
	2004	2003
Gross Income	2096	1872
Gross Profit (before interest, depreciation and tax)	576	413
Interest	199	317
Depreciation	374	338
Provision for Tax	0.25	Nil
Net Profit (+) / loss (-)	3	(242)
Profit brought forward from last year	(527)	(468)
Profit available for appropriation	Nil	Nil
Profit carried to Balance Sheet	Nil	Nil
Loss transferred to General Reserve	(524)	(527)

#### 2. Dividend

Due to inadequacy of profit, Directors regrets its inability to recommend any dividend.

#### 3. Public deposits

During the year, the Company has not invited or accepted any deposit from the public, under Section 58-A of the Companies Act 1956. No public deposit is outstanding.

#### 4. Particulars in respect of conservation of energy technology absorption and foreign exchange earnings and outgo

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217 (1)(e) of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms a part of this report.

#### 5. Particulars of employees.

None of the employee of the company was drawing salary in excess of the limits prescribed under the Section 217(2A) of the Companies Act, 1956 read with the Companies (particular of employees) Rules 1975.

#### 6. Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr.G.Mukherjee retire by rotation at the ensuing Annual General Meeting. He is eligible for re- appointment. Shri Rajesh Malhotra, Nominee Director (IDBI) and Shri P.B.Vijayaraghavan, Nominee Director (UTI) had resigned from the board on 18 May 2004 and 29 December 2003 respectively.

#### 7. Management discussion and analysis

The Company's plants are tailor-made to suit the requirements of Hindustan Copper Limited .As per our discussions and analysis, Hindustan Copper Limited does not require oxygen supply from 50TPD plant. Their requirement can be met through 120TPD plant. We are trying to relocate our 50TPD plant. In the

current financial year, Hindustan Copper Limited plant is closed from 1 July 2004 for major maintenance and overhauling. This year the turnover of the Company is expected to drop considerably.

Hindustan Copper Limited has floated tender for 120TPD plant. The company has participated in the tender. This tender is under evaluation process with Hindustan Copper Limited.

Our Company's finances suffered due to the bottlenecks in the operations of Hindustan Copper Limited. Considering our dependence on Hindustan Copper Limited & poor off take by Hindustan Copper Limited in the past years, our financial institutions have agreed to restructure the loan of the Company. The Company has fulfilled its commitment as per the sanctioned packaged of IDBI, IIBI & IFCI. The Company is in the process of settling the dues of UTI.

#### **8. 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 the 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.

#### **9. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Report on Corporate Governance with Auditors' Certificate has been attached to form part of the Annual Report.

#### **10. Auditors' Report**

The observations of the Auditors in their Report on Accounts read with the relevant notes are self-explanatory.

#### **11. Auditors**

M/s. Chaturvedi and Partners, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

#### **12. 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 31 March 2004.

#### **13. Industrial Relations**

Relation with the work force at all the units, continued to be cordial.

Your Directors wish to express their grateful appreciation for the assistance and co-operation received from Financial Institutions, Banks, Government Authorities and shareholders during the year under review.

Your Directors also wish to place on record their appreciation for the service rendered by our people at all levels in the Company and for their contribution towards the success of the organisation.

**By Order of the Board**

**For Bhagawati Gases Limited**

**(Rakesh S. Bhardwaj)**

**Managing Director**

**Place : New Delhi**

**Date : 20 August 2004**

## 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 are forming part of the Directors' 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 derived 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 EARNING AND OUTGO

##### a. Foreign Exchange outgo - Nil

##### b. Foreign Exchange earning - Nil

## REPORT ON CORPORATE GOVERNANCE (2003 -04)

#### 1. Company's philosophy

**Bhagawati Gases Limited** believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholders' value. Thus the company's philosophy on Corporate Governance is aimed at the attainment of highest level of transparency, adequate disclosures, accountability and compliance of laws in all facets of operations, leading to best standards of Corporate Governance.

It is Company's belief that good ethics make good business sense and our business practices are in keeping with this spirit of maintaining the highest level of ethical standards.

The company complies with the requirements, regarding Corporate Governance as stipulated under Clause 49 of the Listing Agreement of the Stock Exchanges where its shares are listed.

**2. Board of Directors****a. Composition**

Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorships@	Committee Membership*	
					Chairman	Member
1. Shri.R.S.Bhardwaj (Chairman & Managing Director)	Executive	6	Yes	2	-	2
2. Shri V.P.Punj	Independent, Non-Executive	5	Yes	5	1	2
3. Dr. G. Mukherjee	Independent, Non-Executive	2	No.	-	-	3
4. Capt.Sitaram Ramaprasad	Independent, Non-Executive	3	No.	1	2	1
5. Shri Rajesh Malhotra# (IDBI Nominee)	Independent, Non-Executive	5	No.	-	-	-
6. Shri P.B.Vijayaraghavan† (UTI Nominee)	Independent, Non-Executive	4	No.	-	-	-

# Resigned on 18.05.2004, † Resigned on 29.12.2003.

@ Does not include Directorships in Companies excluded as per Section 278 of the Companies Act, 1956.

\* in accordance with Clause 49 of the Listing agreement with Stock Exchanges Membership/Chairmanship of the Shareholders'/Investors' Grievance Committee, Audit Committee and Remuneration Committee of all the Public Limited Companies has been considered.

● Number of Board Meetings held : Six (6)

● Dates on which held : 29th April 2003, 27th May 2003, 15th July, 2003, 19th August 2003  
30th October 2003 and 12th January 2004.

**3. Audit Committee****a) Terms of reference and Composition, Name of Members and Chairperson of the Audit Committee**

The Company has an independent Audit Committee, comprising three independent and non-executive Directors. The constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956. During the year five meetings were held as against the minimum requirement of three meetings.

The Audit Committee comprises of Shri V.P.Punj (Chairman-up to 31.03.2004), Dr. G. Mukherjee (Member) and Captain S. Ramaprasad (Chairman-from 01.04.2004). All are Non-Executive Independent Directors. Shri. Rakesh S. Bhardwaj (Member) who was executive director has resigned from the membership of the committee on August 18, 2004. The General Manager (Finance), the Internal Auditors, and the Statutory Auditors attend the meeting as invitees. The Company Secretary is the Secretary for such meeting.

The terms of reference stipulated by the Board to the Audit Committee are, as stipulated in Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement, as follows:

- i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible,



- ii) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services,
- iii) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:
- any change in accounting policies;
  - major accounting entries based on exercise of judgment by management;
  - qualification in draft auditors' report;
  - significant adjustments arising out of audit;
  - the going concern assumption;
  - compliance with stock exchange and legal requirements concerning financial statements;
  - any related party transactions that may have potential conflict with the interest of the company at large
- iv) Reviewing with the Management, external and internal auditors the adequacy of internal control systems,
- v) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit,
- vi) Discussion with internal auditors any significant findings and follow up thereon,
- vii) Reviewing the findings of any internal investigation by the internal auditors into matters where there is suspected fraud, irregularity, or a failure of internal control system of a material nature and reporting the matter to the Board,
- viii) Discussion with internal auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern,
- ix) Reviewing the company's financial and risk management policies,
- x) To look into the reasons for substantial defaults in the payment to shareholders (in case of non-payment of declared dividends) and creditors.

**b) Meeting and attendance during the year**

The Committee held five meetings on 29th April 2003, 15th July 2003, 16th August 2003, 30th October 2003, & 12th January 2004.

The attendance of each members of the committee is given below :-

S. No	Name	Designation	No. of meeting attended
1.	Shri V P Punj	Chairman	4
2.	Dr. G Mukherjee	Member	2
3.	Captain S. Ramaprasad	Member	2
4.	Shri. Rakesh S. Bhardwaj*	Member	2

\*Resigned from the Audit Committee on 18th August 2004.

**4. Details of Remuneration paid to Directors**

(In Rupees)

Name of Directors	Salary + Perquisites	Commission	Sitting Fees
Shri R S Bhardwaj	5,77,261/-	-----	-----
Shri V.P.Punj	-----	-----	8,250/-
Dr. G. Mukherjee	-----	-----	3,000/-
Capt.Sitaram Ramaprasad	-----	-----	1,000/-
Shri Rajesh Malhotra#	-----	-----	6,000/-
Shri P.B.Vijayaraghavan*	-----	-----	3,000/-

#Resigned on 18.05.2004, \*Resigned on 29.12.2003



## 5. Remuneration Committee

The Remuneration Committee comprises Captain S. Ramaprasad, Shri V P Punj, and Dr. G Mukherjee, all of whom are independent Directors. The Remuneration Committee held one meeting during 2003-04 on 30th October 2003.

### Details of Remuneration Committee

Name of Members	Status	No. of meeting attended
Capt.Sitaram Ramaprasad	Chairman	1
Shri V.P.Punj	Member	1
Dr. G. Mukherjee	Member	-

The Remuneration Committee of the Company recommends to the Board the compensation terms of Managing/Whole time Directors.

## 6. Shareholders' Grievance and Share Transfer Committee

The Board has constituted a Shareholders' Grievance and Share Transfer Committee to approve the Share Transfer, Transmission, Transposition of Name, Issue of Split/Duplicate Certificates, to ratify confirmations made to the demat requests received by the company and to review the status report on redressal of Shareholder and Investor Complaints received by the Company/Share Transfer Agents.

### Composition & Name of Members

Captain S. Ramaprasad	:	Chairman
Shri. Rakesh S. Bhardwaj	:	Member
Dr. G. Mukherjee	:	Member
Shri V. P. Punj	:	Member
Name & Designation of Compliance Officer	:	Sanjay Kumar Company Secretary

During the year, 22 letters/complaints received from the shareholders were replied/resolved.

### (a) General Body Meetings

#### Location and time, where last 3 Annual General Meeting's held

YEAR	DATE	TIME	Venue
2000-2001	28/09/2001	11.00 A.M.	Banawas, Khetrinagar, Distt. Jhunjhunu, Rajasthan-333504
2001-2002	30/09/2002	11.00 A.M.	-do-
2002-2003	29/09/2003	11.00 A.M.	-do-

No special resolutions or ordinary resolutions were required to be put through postal ballot at the previous 29th AGM held on 29th September 2003. No special resolution on matters requiring postal ballot are placed for shareholders approval at the forthcoming 30th AGM.

### (b) Notes on Director seeking reappointment as required under Clause 49VI(A) of the Listing Agreement entered into with Stock Exchanges

Name: Dr.G. Mukherjee, Age: 76 Years, Qualification: B.E., D.S.C.

Expertise: In metals & minerals. Ex-Member of Mineral Development Board & National Metallurgical Laboratory.

Other Directorships : Nil

Committee Memberships : (a) Chairman-Nil. (b) Member-3.

## 7. Disclosures

- Disclosures on material significant related party transaction i.e. Transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries, or relatives etc that may have

potential conflict with the interest of the Company at large.

NIL

- Disclosures of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last 3 years.

NIL

- Annual Listing fee of Jaipur and Bombay Stock Exchanges are paid but Calcutta, Delhi and Ahmedabad Stock Exchanges remain unpaid till date.

## 8. Means of Communication

- Half Yearly Results are published in the newspapers, The Pioneer, Delhi and Adhikar, Jaipur.
- Quarterly Results are published in the newspapers, The Pioneer, Delhi and Adhikar, Jaipur.
- Our Website [www.bhagawatigases.com](http://www.bhagawatigases.com) has been launched with effect from 9th August, 2001.
- Management Discussion & Analysis forms part of this Annual Report.

## 9. General Shareholders Information

### Annual General Meeting

Date	:	29 September, 2004
Time	:	11.00 AM
Venue	:	Banawas, Khetrinagar, Distt.Jhunjhunu Rajasthan- 333 504

### Financial Calendar

Annual Results	(Audited)	-	Second week of August
First Quarter Results	(Unaudited)	-	Last Week of July.
Annual General Meeting		-	September
Second Quarter Results	(Unaudited)	-	Last Week of October.
Third Quarter Results	(Unaudited)	-	Last Week of January.
Fourth Quarter Results	(Unaudited)	-	Last Week of April.

### Date of Book Closure

- Thursday 23 September 2004 to Wednesday 29 September 2004 (both days inclusive).

### Listing on Stock Exchange with Stock Codes.

DELHI STOCK EXCHANGE	:	02171
BOMBAY STOCK EXCHANGE	:	500051
JAIPUR STOCK EXCHANGE	:	470
CALCUTTA STOCK EXCHANGE	:	12052
AHMEDABAD STOCK EXCHANGE	:	08217
ISIN NO.FOR NSDL & CDSL	:	INE099C01010.

### Market Price Data [High/Low during each month in last Financial Year]

Stock Exchange =>	Jaipur Stock Exchange		Bombay Stock Exchange		Delhi Stock Exchange	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2003	-----	-----	3.00 *	1.90	-----	-----
May	-----	-----	3.20	1.80	-----	-----
June	-----	-----	3.95	2.31	-----	-----
July	-----	-----	5.40	2.91	-----	-----
August	-----	-----	5.08	3.10	-----	-----
September	-----	-----	3.96	2.16	-----	-----
October	-----	-----	3.39	2.10	-----	-----
November	-----	-----	3.35	1.91	-----	-----
December	-----	-----	7.40	2.67	-----	-----
January, 2004	-----	-----	7.75	3.40	-----	-----
February	-----	-----	4.39	2.55	-----	-----
March	-----	-----	3.75	2.69	-----	-----