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**31st
ANNUAL REPORT
2004-2005**

Report  Junction.com



BHAGWATI GASES LIMITED

CORPORATE INFORMATION

Board of Directors

Shri Rakesh S.Bhardwaj-Managing Director
 Shri V.P.Punj
 Dr. G.Mukherjee
 Captain(Retd.) 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
 Phone:91-1593-220013,221477-78-79.
 Fax:91-1593-220306.

Corporate Office:

S-492/A, Greater Kailash-I,
 New Delhi - 110 048
 Fax: 91-11-29230698.
 Phone: 91-11-29249547,29248935,29236977.

Depository Registrars &

Share Transfer Agent:

Skyline Financial Services (P) Ltd
 123, Vinoba Puri,
 Lajpat Nagar - II
 New Delhi - 110024
 Phone: 91-11-29833777,29847136.
 Fax: 91-11-29848352
 E-mail: admin@skylinerta.com

Stock Exchanges where listed

1. Jaipur Stock Exchange Ltd.,
 Rajasthan Chamber Bhawan, M.I.Road,
 Jaipur - 302007.
2. Delhi Stock Exchange Association Ltd.,
 DSE House,
 3/1, Asaf Ali Road
 New Delhi - 110 002.
3. The Stock Exchange, Mumbai
 Phiroze Jeejeebhoy Towers,
 Dalal Street,
 Mumbai - 400 023.
4. The Stock Exchange, Ahmedabad
 Kamdhenu Complex,
 Opp. Sahjanad College
 Panjarpole, Ambawadi,
 Ahmedabad - 380 001.
5. Calcutta Stock Exchange Association Ltd.,
 7, Lyons Range,
 Kolkata - 700 001.

E-mail: bhagwati@nda.vsnl.net.in
 Website: www.bhagawatigases.com

NOTICE

Notice is hereby given that the Thirty-First Annual General Meeting of the Members of Bhagawati Gases Limited will be held on Thursday, September 29, 2005 at 11:00 a.m. at the registered office: Banawas, Khetrinager, Distt. Jhunjhunu, Rajasthan-333504 to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2005, Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To appoint Directors in place of those retiring by rotation.
3. To appoint Messrs Chaturvedi & Partners, Chartered Accountant, the retiring Auditors of the Company, who will hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.

Special Business:

4. Revision in remuneration of Shri. Rakesh S. Bhardwaj, Managing Director.

To consider, and if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and in modification of the resolution passed at the 29th Annual General Meeting, effective July 1, 2004, the remuneration payable to Shri. Rakesh S. Bhardwaj, the Managing Director be revised as given below:

A. Salary:

Up to a maximum of Rs. 1,25,000/- per month [w.e.f. April 1, 2005], with authority to the Board or a Committee thereof, to fix the salary within the said maximum amount from time to time. The annual increments which will be effective 1st April each year, will be decided by the Board or a Committee thereof and will be merit based and taking into account the company's performance.

B. Incentive Remuneration:

Up to 50% of salary to be paid at the discretion of the Board annually, based on certain performance criteria.

C. Commission:

Such remuneration by way of commission, in addition to the salary, incentive remuneration, if any and perquisites and allowances payable, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company or a committee thereof, at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. The specific amounts payable to the Managing Director will be based on certain performance criteria to be laid down by the Board or a Committee thereof and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the members.

D. Perquisites & Allowances:

In addition to the salary, incentive remuneration, if any, and commission payable, the Managing Director will be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax, medical reimbursement, club fees and leave travel concession for himself and his family; medical/accident insurance and such other perquisites and allowances in accordance with the rules of the Companies or as may be agreed to by the Board of Directors or a Committee thereof and the Managing Director, and such perquisites and allowances will be subject to a maximum of 60% of the annual salary.

For the purposes of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost. Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

Company's contribution to Provident Fund and Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under Income-tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

E. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as specified above.

The terms and conditions of the said appointment may be revised, enhanced, altered and varied from time to time by the Board of Directors of the Company in such manner as may be agreed to by the Board within maximum amounts payable to Managing Director in terms of the provisions of the Companies Act, 1956 or any amendments made hereafter in this regard.

RESOLVED FURTHER THAT all the other terms and conditions of appointment of Shri. Rakesh S. Bhardwaj, as approved by the Members at the 29th Annual General Meeting held on September 29, 2003 shall remain unchanged."

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:
- "RESOLVED THAT** pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, the Board of Directors of the Company be and is hereby authorised to contribute to Charitable and other funds not directly relating to the business of the Company or the welfare of its employees from time to time in any financial years to the extent of Rs.10,00,000/- or 5% of the average net profit as determined in accordance with the provision of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater."

By Order of the Board

Place: New Delhi
Date : July 30, 2005

Sanjay Kumar
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out the material facts in respect of the Special Business to be transacted at the meeting is annexed hereto.
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are advised to send a certified copy of the Board Resolution authorising their representatives to attend and vote at the Meeting.
4. Re-appointment of Director:
At the ensuing Annual General Meeting Capt. (Retd.) Sitaram Ramaprasad, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment. The details pertaining to the Director as required to be provided in terms of Clause 49 of the Listing Agreement are furnished in the Report on Corporate Governance published in this Annual Report. The Board of Directors of the Company recommends the re-appointment.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.
7. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, September 26, 2005 to Thursday, September 29, 2005 (both days inclusive)**.
9. Members who hold shares in physical form in multiple accounts identical names or joint accounts in the same order of names are requested to send the share certificates to the company's Registrars and Transfer Agents, Skyline Financial Services Private Limited for consolidation into single account.

10. All documents referred to in the accompanying Notice and Explanatory Statements are open for inspection at the Registered Office of the Company during office hours on all working days between 11:00a.m. and 1:00p.m. up to and inclusive of the date of the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER 173(2) OF THE COMPANIES ACT, 1956.

Item No.4.

Revision in remuneration of Shri. Rakesh S. Bhardwaj, Managing Director.

At the 29th Annual General Meeting of the Company held on September 29,2003,the Members had approved the appointment of Shri Rakesh S. Bhardwaj as Managing Director on the remuneration as given below:-

1. SALARY:

Rs. 40,000/-p.m.

2. COMMISSION:

1% of the net profits of the Company up to a maximum of Rs. 1,00,000/- per annum subject to over all ceiling laid down in Section 198 & Section 309 of the Companies Act, 1956.

3. PERQUISITE:

In addition to the aforesaid Salary and Commission, the following perquisite 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.

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 Rant 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 the 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) MEDICAL INSURANCE COVERAGE:

Premium not to exceed Rs.5000/- per annum

CATEGORY 'B'

- i) Company's contribution toward 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 toward pension/superannuation Fund-Such contribution together with the 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), (iii) shall not be included in the over all limit of Rs.10, 50,000/-

CATEGORY 'C'

- i) Leave on full pay and allowances 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 Rakesh S. Bhardwaj as Managing Director, of the Company has no profit or its profits are inadequate, he shall be paid the above salary and perquisites as minimum remuneration.

Considering the all-round improvement in the operational and financial performance of the Company, the Board of Directors deemed it necessary to revise the remuneration payable to Managing Director.

The Board of Directors have, therefore, as per the recommendations of Remuneration Committee of the Directors, revised remuneration of Shri Rakesh S. Bhardwaj for the remaining period of his tenure of office, effective April 1,2005,subject to approval by the Members.

All other terms and conditions of the appointment of Shri Rakesh S. Bhardwaj as approved earlier by the Members shall remain unchanged.

Your Directors, therefore, recommend the resolution for your approval.

Copies of the draft Supplemental Agreements to be entered into with Shri Rakesh S. Bhardwaj and the earlier resolution relating to his appointment and remuneration is open for inspection of the Members at the Registered Office of the Company between 11:00 a.m. and 1:00 p.m. on any working day up to the date of the ensuing Annual General Meeting.

This Explanatory Statement together with the accompanying Notice are to be treated as the relevant abstracts of the draft Supplemental Agreement between the Company and Shri Rakesh S. Bhardwaj under Section 302 of the Companies Act, 1956.

Shri. Rakesh S. Bhardwaj is interested in the Resolution pertaining to the revision in the terms of his remuneration as aforesaid. None of the other Directors is concerned or interested in the resolution.

Item No.5.

Donation to Charitable Organisations.

The Company is committed to improve the quality of the underprivileged community. Care and Concern for people is an integral part of all the Company's endeavors. As a part of fulfilling its social obligations, the Company continued to contribute to various social activities and Charitable Organisation, who entertain, educate and create awareness on healthcare among poor children.

At the 29th Annual General Meeting of the Company held on September 29,2003 the members had approved to donate to Charitable Organisations and other funds not directly relating to the business of the Company or the welfare of its employees from time to time in any financial year to the extent of Rs.5,00,000/- or 5% of the average net profit as determined in accordance with the provision of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Now the Company wants to increase the donation to Charitable Organisations and other funds not directly relating to the business of the Company or the welfare of its employees from time to time in any financial year to the extent of Rs.10,00,000/- or 5% of the average net profit as determined in accordance with the provision of section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

Your Directors commend the resolution for approval of the members.

None of the Directors are in any way concerned or interested in the resolution.

By Order of the Board

**Place : New Delhi
Date : July 30, 2005**

**Sanjay Kumar
Company Secretary**

Management's Discussion & Analysis Report.

2004-05 in retrospect

The Company has two Oxygen Gas plants - 50 Tons Per Day and 120 Tons Per Day at Khetrinagar (Rajasthan). These plants were installed and commissioned for supplying gas to M/s Hindustan Copper Ltd (HCL). The contract with HCL for supply of gas from 50 TPD plant was expired on August 14, 2002. The contract with HCL for supply of gas from 120 TPD plant was expired on June 30, 2004.

HCL took long maintenance shut down during this accounting year with effect from July 1, 2004 to April 22, 2005. The Company has entered into a new purchase agreement with HCL on May 5, 2005 for supply of gas and HCL has resumed consumption of gas w.e.f. April 23, 2005.

In the year 2004-05 the 120 TPD plant run only 87 days.

Other Income

Other Income includes excess interest provided in the earlier years. The Company has written off Sundry debtors amounting to Rs. 6,89,19,840/- pertaining to the dispute of 120 TPD plant.

Further, as HCL has done the overhaul maintenance work of their smelter plant, the Company is expecting uninterrupted operation and continuous consumption of gas by HCL. The Company has also done maintenance work of its both Oxygen Gas plants during the period of non-operation of its plants. In view of these factors the Company foresees a trouble free operation and bright future from now onwards.

The Company has become very aggressive in participating for various Government and Private tenders for Oxygen plants. The Company is exploring various markets and holding regular talks with the consumers of Oxygen and exploring options for growth.

The growth in the Steel sector promises a bright future for the gas industry and better prices for Oxygen Gas.

The Company has won arbitration award for Rs. 2,30,83,887/- under 50 TPD contract. HCL has appealed against this award of arbitrator. The Company is hopeful of recovering the amount with interest as per the arbitral award.

The Company has cleared all the dues of the UTI.

As on date there is no term interest liability on the Company.

Adequacy of Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly. The internal control systems are supplemented by an extensive programme of internal audits, review by management, guidelines and procedures. The internal control systems are designed to ensure that the financial and other records are reliable for preparing the financial statements and other data and for maintaining the accountability of assets. The Company has an independent internal audit system, covering on a continuous basis, the entire gamut of operations and services spanning all locations, business and functions. The internal audit findings and recommendations are reviewed by the top management and the Audit Committee of the board.

Cautionary Statement

Statements in this management discussion and analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are identified in this report, by using the words 'anticipates', 'believes', 'expects', 'intends' and similar expressions in such statements.

Although we believe our expectations are based on reasonable assumptions, these forward-looking statements may be influenced by numerous risks and uncertainties that could cause actual outcomes and results to be materially different from those expressed or implied.

Directors' Report

Your Directors have pleasure in presenting the 31st Annual Report together with the Audited Accounts for the financial year ended March 31,2005.

Financial Results.

The highlights of the Company for the financial year ended March 31,2005 are as under

Particulars	(in Rs. Lacs)	
	2005	2004
Gross Income	489	2096
Gross Profit (before interest, depreciation and tax)	(62)	576
Interest	39	199
Depreciation	300	374
Provision for Tax	0.32	0.25
Net Profit/(Loss)	4	3
Profit brought forward from last year	(399)	(527)
Profit available for appropriation	Nil	Nil
Profit carried to Balance Sheet	Nil	Nil
Loss transferred to General Reserve	(632)	(399)

Management's Discussion & Analysis Report.

The Report on Management's Discussion and Analysis covering matters listed inter alia in Clause 49 of the Listing Agreement for the year under review is attached to this report.

Dividend.

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

Fixed 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.

Directors.

Capt.(Retd.) Sitaram Ramaprasad is the director liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offer himself for re-appointment.

Brief resumé of Capt.(Retd.) Sitaram Ramaprasad, nature of his expertise in specific functional area and names of the other Companies in which he hold Directorship and Membership/Chairmanship of Committees of the Board and his shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement, are given in the report on Corporate Governance elsewhere in the Annual Report.

During the year under review, IDBI withdrew nomination of Shri Rajesh Malhotra from the Board of the Company with effect from May 18,2004.The Board places on record its highest appreciation for the valuable guidance by him during his tenure as a Director of the Company.

Directors' Responsibility Statement.

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956,with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31,2005 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care 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 for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Auditors and Auditors' Report.

Messrs Chaturvedi & Partners, Chartered Accountants, the Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Your Directors have recommended the re-appointment of Messrs Chaturvedi & Partners, Chartered Accountants, as auditors of the Company.

The Company has received certificate from the above mentioned firm of Chartered Accountants, confirming that their appointment if made would be within the limits prescribed under section 224(1B) of the Companies Act., 1956 and that they are not disqualified

for such appointment, within the meaning of sub-sections (3) and (4) of Section 226 of the Companies Act, 1956.

There being no reservation, qualification or adverse remarks in the Auditors' Report, no further explanations are required.

Cost Auditors.

As per the requirement of the Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, the Company has appointed M/s.J.K.Kabra & Company for conducting Cost Audit for the financial year ended March 31, 2005 the same has been applied to Central Government for their approval.

Personnel.

None of the employees 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.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings & 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.

Corporate Governance.

The Company has been proactive in following the principles and practices of good Corporate Governance. The Company has ensured that the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with Stock Exchange(s) are duly complied with. A separate report on Corporate Governance is given elsewhere in the Annual Report.

Acknowledgement.

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

Place: New Delhi

Date : July 30, 2005

Sanjay Kumar

Company Secretary

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 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 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 earning- | Nil |
| b. Foreign Exchange outgo- | Rs.2, 27,190/- |

Report on Corporate Governance

1. Company's Philosophy on Code of Governance

The Company 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, 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. Size and Composition of the Board

As on March 31,2005 Bhagawati Gases's Board of Directors consists of four Directors.

The Composition and Category of Directors is as under: -

Category	Name of the Director
Executive Director/ Promoter Director	Shri.Rakesh S. Bhardwaj (Chairman and Managing Director)
Non-Executive Director/ Independent Director	Shri V.P.Punj
Non-Executive Director/Independent Director	Dr. G. Mukherjee
Non-Executive Director/ Independent Director	Capt. (Retd.) Sitaram Ramaprasad
Non-Executive Director/ Independent Director	Shri Rajesh Malhotra* (IDBI Nominee)

* Resigned with effect from May 18,2004

B. Information of Directors Appointed/Reappointed

Brief resume of directors being appointed/re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas, names of Companies in which they hold Directorship and Membership of the Committees of the Board and their shareholding are furnished hereunder:

Capt. (Retd.) Sitaram Ramaprasad (54 years) is retired person from Indian Navy and person of high integrity and repute in the industry. He is awarded with Vishes Sewa Medal from Government of India. He is a highly technical person in the area of programming and software development. He has held important assignments such as Joint Director, Weapons and Electronics Systems Engineering Establishment (Ministry of Defence); Joint Director, Ships Systems Development, Naval Head Quarters; Chief Electrical Officer, Submarine Squadrons; Chief Instructor, Submarine Training School; Electrical Officer of Ships and Submarines. He has been a responsible member of several teams for developing Weapon Control Systems for the Indian Navy both in India and United State of America.

He is Director in (i) Paramahansa Bhagawati Combat Systems Ltd. (ii) Paramahansa Systems and Software Pvt. Limited and (iii) Kaptron Pvt. Ltd.

Capt. (Retd.) Sitaram Ramaprasad is the Chairman of the Audit Committee, Shareholders'/Investors' Grievance And Share Transfer Committee and Remuneration Committee of the Board of Directors of the Company. He does not hold any shares (both own or held by/for other persons on a beneficial basis) in the Company.

C. Board /Committee Meetings

The procedures with respect to Board Meetings and the Meetings of the Committees thereof are in total compliance with the requirements of the Companies Act, 1956,the Secretarial Standards (SS-1) prescribed for Board Meetings by the Institute of Company Secretaries of India, Listing Agreement with Stock Exchange(s) and other applicable laws and regulations.

Information supplied to the Board

Inter-alia, the following are provided to the Board as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings:

- annual budgets;
- quarterly results of the Company and operation results
- minutes of the meeting of the Audit Committee and other Committees;