

34th

ANNUAL REPORT

2007-2008



BHAGAWATI GASES LIMITED

REFERENCE INFORMATION**Registered Office & Works**

Banawas, Khetrinagar
Distt. Jhunjhunu
Rajasthan- 333 504
Phone: 91-1593-221478-79-80
Fax: 91-1593-221477

Corporate Office

S-492A, Greater Kailash-I,
New Delhi – 110 048
Phone: 91-11- 32929404
Fax: 91-29230698

Board of Directors

Mr. Rakesh S. Bhardwaj–Managing Director
Dr. G. Mukherjee
Captain (Retd.) Sitaram Ramaprasad
Mr. Kailash Chand Kedia
Mr. Vivek Sharma

Chief Financial Officer

Dr. Pradeep Puranik

Company Secretary

Ms. Inderpreet Kaur

Statutory Auditors

Chaturvedi & Partners
Chartered Accountants

Bankers

Central Bank of India
State Bank of Bikaner & Jaipur

Registrars & Share Transfer Agent

Skyline Financial Services (P) Ltd
246, 1st Floor, Sant Nagar
East of Kailash
New Delhi – 110 065
Phone: 91-11-26292680-83
Fax: 91-11-26292681
E-mail: admin@skylinerta.com

Stock Exchanges where listed

Jaipur Stock Exchange Ltd.
Bombay Stock Exchange Ltd.
Delhi Stock Exchange Association Ltd.
The Stock Exchange, Ahmedabad.
Calcutta Stock Exchange Association Ltd.

E-mail: bhagwati@nda.vsnl.net.in

Website: www.bhagawatiinternational.com/bhagawatigases.htm

NOTICE

Notice is hereby given that the **34th Annual General Meeting** of the members of **BHAGAWATI GASES LIMITED** will be held on **Saturday, 27th September, 2008 at 11.00 a.m. at Banawas, Khetrinagar, Distt. Jhunjhunu, Rajasthan-333504** to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Audited Statements of Account together with Directors' Report as also the Auditors' Report thereon for the year ended March 31, 2008.
2. To appoint a Director in place of Mr. Kailash Chand Kedia, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s Chaturvedi & Partners, Chartered Accountants as Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

Special Business:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution**:

"RESOLVED THAT in supersession of the earlier resolution passed at the Annual General Meeting of the Company held on September 30, 1993, consent of the Company be and is hereby accorded under Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors for borrowing any sum or sums of moneys from time to time notwithstanding that the money or moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes, provided however, that the total amount so borrowed shall not exceed Rs. 100 Crore (Rupees One Hundred Crore only)."

RESOLVED FURTHER THAT the Board of Directors/ person(s) authorized by the Board, be and is/are hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT subject to the provisions of the applicable laws, guidelines, rules and regulations including those framed under Companies Act, 1956, by Securities and Exchange Board of India and other Governmental agencies or Departments and the rules

framed there under in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchanges with which the securities of the company are listed and/ or any other relevant authorities and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions, consent of the company be and is hereby accorded for the delisting of its equity shares from the following Stock Exchanges:

Jaipur Stock Exchange Limited
The Delhi Stock Exchange Association Limited
The Stock Exchange, Ahmedabad
Calcutta Stock Exchange Association Limited.

RESOLVED FURTHER THAT the Board of Directors (whether acting through Board or a committee of the Board or any Director or any person authorized by the Board) be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate without giving an exit option to the shareholders of the regions where the aforesaid stock exchanges are situated and execute all such applications, deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for giving effect to this resolution."

6. To appoint Shri Vivek Sharma as a Whole-time Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309 and 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, approval of the Company be and is hereby accorded to the appointment of Shri Vivek Sharma as a Whole-time Director for a period of 5 (five) years with effect from June 1, 2008, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with authority to the Board of Directors (hereinafter referred to as "the Board" which term shall also include any Committee of the Board constituted to exercise its powers) to alter and vary any terms and conditions of the appointment and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all steps necessary, expedient or proper to give effect to this Resolution."

Corporate office:
S-492A, Greater Kailash-I,
New Delhi - 110 048
30th July 2008

By order of the Board

Inderpreet Kaur
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.**
2. A proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting.
3. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2008 to September 27, 2008.
5. Members/proxies are requested to bring their duly filled Attendance Slip along with their copy of Annual Report to the Meeting.
6. Corporate Members intending to send their authorised representative to attend the Annual General Meeting are advised to send a certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
7. In case of Joint holders attending the Meeting, only such joint holder who is higher in order of names shall be entitled to vote.
8. Members holding shares in dematerialized 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.
9. All documents referred to in the accompanying Notice and Explanatory Statement is open for inspection at the Registered Office of the Company during office hours on all working days between 11:00 a.m. and 1:00 p.m. prior to the Annual General Meeting.
10. The Register of Directors' shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the Members at the Annual General Meeting.

Corporate office:

S-492A, Greater Kailash-I,
New Delhi - 110 048
30th July 2008

By order of the Board

Inderpreet Kaur
Company Secretary

ANNEXURE TO NOTICE - Explanatory Statement
Pursuant to Section 173(2) of the Companies Act, 1956
Item No. 4

As per Section 293(1)(d) of the Companies Act, 1956, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of the business, in excess of the aggregate of the paid up Capital and Free Reserves of the Company, that is to say, not set apart for any specific purposes.

Presently, the Company is permitted to borrow up to Rs. 50 Crore, apart from temporary loans obtained/to be obtained from the bankers in the ordinary course of the business, as approved by the shareholders in the Annual General Meeting held on 30th September, 1993.

In view of its diversified and expanding activities, funds are required for the overall expansion plans of the Company, therefore the Board of Directors of the Company have approved in its meeting held on July 30, 2008 enhancement of borrowing powers of the company not exceeding the aggregate of Rs. 100 Crore (Rupees One Hundred Crore) subject to the approval of members in the General meeting.

Borrowing limits is proposed to be enhanced to the extent of sum(s) so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of Rs. 100 Crore.

The consent of the members is sought under provisions of Section 293(1)(d) of the Companies Act, 1956 to enable the Directors to borrow the aforesaid amount.

None of the Directors is, in any way, concerned or interested in this resolution.

The Board of Directors recommends the aforesaid resolution for approval of the members.

Item No. 5

The equity shares of the Company are presently listed on five stock exchanges viz. The Delhi Stock Exchange Association Limited (DSE), Bombay Stock Exchange Limited (BSE), The Stock Exchange, Ahmedabad (ASE), Calcutta Stock Exchange Association Limited (CSE) and Jaipur Stock Exchange Limited (JSE).

The shares of the Company are thinly traded or almost to nil at DSE, ASE, CSE, JSE.

For the purpose of controlling expenditure and utilize resources for the operations of the Company, it is proposed to delist the equity shares of the Company from the DSE, ASE, CSE, JSE. Delisting of equity shares from these stock exchanges will help in reducing the cost of correspondence and incidental costs.

As per SEBI (Delisting of Securities) Guidelines, 2003, Securities of the Company can be delisted from the Stock Exchanges including Regional Stock Exchange if the shares of the Company continue to be listed on the Stock Exchanges having nation wide trading terminals i.e. either on Mumbai Stock Exchange or National Stock Exchange.

The shareholders in the region of these four stock exchanges will not suffer due to delisting because of the screen based nationwide trading terminals on the BSE and trading can easily be done across the country.

Approval of the members is being sought by this resolution for delisting of Company's shares from said Stock Exchanges.

The Directors holding shares of the Company may be concerned with this resolution.

The Board of Directors recommends the aforesaid resolution for approval of the members.

Item No. 6

Your Directors have, subject to the approval of members in the General Meeting, appointed Shri Vivek Sharma as a Whole-time Director of the Company for a period of 5 years, on the terms and subject to conditions set out in the draft agreement.

The material terms, including remuneration, of the said agreement are as follows:

(A) Period: 5 years from June 01, 2008 to May 31, 2013

(B) Remuneration:

- (i) Salary of Rs. 25000/- (Rupees Twenty Five Thousand only) per month.
- (ii) Perquisites & Allowances-
- (a) Company's contribution to Provident Fund and Superannuation Fund.
- (b) Gratuity as per Rules of the Company.
- (c) Encashment of leave as per Rules of the Company.
- (iii) Provision for use of the following for official duties –
- (a) A Company car; and
- (b) Telephone at residence (including payment for local calls and long distance official calls).

Company's contribution to Provident Fund and Superannuation or Annuity Fund to the extent of 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 and provision for use of Company's car and telephone at residence for official duties shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

(C) Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Whole-Time Director, the

Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above. The terms and conditions of the said appointment may be revised, altered and varied from time to time by the Board of Directors of the Company in such manner as may be agreed by the Board within maximum amount payable to Whole-time Director in terms of the provisions of Companies Act, 1956 or any amendments made hereafter in this regard.

Shri Vivek Sharma is a Commerce graduate having more than 10 years experience in International and Domestic Trading. He represents many conglomerates for various items in domestic as well as international market.

The appointment and remuneration of Shri Vivek Sharma, as a Whole-time Director of the Company, has been approved by the Remuneration Committee of the Board of Directors of the Company at their meeting held on May 31, 2008. The Remuneration Committee, while approving the appointment and remuneration of Shri Vivek Sharma took into account the experience of Shri Vivek Sharma and his performance during the year as a director of the Company.

Your Directors are of the view, that the appointment of Shri Vivek Sharma as a Whole-time Director is in the interest of the Company and therefore recommend the resolution in Item No. 6 of the Notice for the approval of the members.

Shri Vivek Sharma is concerned/ interested in the passing of the resolution at Item No. 6 of the Notice as it relates to his appointment and the remuneration payable to him.

None of the other directors are concerned or interested in the passing of the resolution.

Corporate office:

S-492A, Greater Kailash-I,
New Delhi - 110 048
30th July 2008

By order of the Board

Inderpreet Kaur
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present the 34th Annual Report together with the Audited Accounts for the financial year ended March 31, 2008.

Financial Results

The highlights of the Company for the financial year ended March 31, 2008 are as under:

Particulars	(in Rs. Lacs)	
	2008	2007
Gross Income	1686	1518
Gross Profit (before interest, depreciation and tax)	492	470
Interest	38	30
Depreciation	272	269
Provision for Tax	(44)	(36)
Net Profit/(Loss)	226	207
Profit/(Loss) brought forward from last year	(220)	(427)
Profit available for appropriation	Nil	Nil
Profit/(Loss) carried to Balance Sheet	6	(220)
Profit/(Loss) transferred to General Reserve	6	Nil

Operations

During the year 50 TPD plant was in operation and the other 120 TPD plant is under relocation process to Sunflag Iron and Steel Company Limited at Bhandara (Maharashtra). One new gas plant having capacity to generate 700 NM³ per hour has been commissioned at Khetrinagar on February 15, 2008.

Dividend

Your Directors have not recommended any dividend for the financial year 2007-08.

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.

Management's Discussion & Analysis Report

The report on Management's Discussion & Analysis as stipulated under Clause 49 of the Listing Agreement for the year under review is attached to this report.

Directors

Mr. Kailash Chand Kedia, retires by rotation in accordance with the provisions of the Companies Act, 1956 and being eligible, offer himself for reappointment at the ensuing Annual General Meeting. Mr. Vivek Sharma, Director of the company has been appointed by the board at its meeting held on July 30th, 2008 as a whole-time director of the company. Your Directors recommend their appointment / reappointment.

A brief resume of the Directors proposed to be appointed/reappointed, nature of their expertise in specific functional areas and name of the companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, the Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have 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 profits of the Company for the year;
- (iii) they 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) they have prepared the annual accounts of the Company on a 'going concern' basis.

Auditors and Auditors' Report

M/s. 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 M/s. 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

The Central Government had directed an audit of the cost accounts maintained by the Company in respect of its industrial gases products. The Central Government has approved the appointment of M/s J.K. Kabra & Company, Cost Accountants, for conducting the cost audit for the financial year ending March 31, 2008.

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

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 attached to this report.

Acknowledgement

Your Directors wish to appreciate the consistent support and co-operation received from the Financial Institutions, Bankers, Government authorities, Foreign as well as Indian investors and traders throughout the year under review.

The Board acknowledges the hard work and commitment put in by our people at all levels in the Company.

For and on behalf of the Board

Place: New Delhi
30th July 2008

Rakesh S. Bhardwaj
Chairman and Managing Director

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) Rules 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 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 and Development:

a) Specific area in which R&D carried out by the Company

Research and Development has been continuously carried out 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 utilization 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 & 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

The cost of operation and maintenance of plant has reduced drastically.

c) Particulars relating to imported technology
NIL

3. Foreign Exchange Earnings and outgo

a) Foreign exchange earning- NIL

b) Foreign exchange outgo- 16893169

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

The Company has two oxygen plants- 50 TPD and 120 TPD plant at Khetrinagar (Rajasthan). These plants were installed and commissioned for supplying gas to Hindustan Copper Limited (HCL). The purchase agreement with HCL executed on May 05, 2005 for supply of gas shall remain valid for a period of 7 years and which is extendable for a further period of 7 years.

The Company has entered into an agreement with Sunflag Iron & Steel Company Limited, Bhandara Maharashtra (SISCO) for a period of 10 years for supply of gas through lease of 120 TPD plant. The shifting of 120 TPD plant will commence immediately on getting intimation from SISCO. During the year, 50 TPD plant was operating. The Company has procured new plant having capacity to generate 700 NM3 per hour from China and commissioned on February 15, 2008 at Khetrinagar (Rajasthan).

The Company has signed a Memorandum Of Understanding on November 13, 2007 with "ROTOR-1 Ltd" presenting Design Bureau "Geophyspibor" of Russian Academy of Science for bidding Tender of Oil and Natural Gas Corporation Ltd (ONGC) for "Hiring Of Services for Low Frequency Passive Seismic Survey for Direct Detection of Hydrocarbon in South Kadi Area of Western Onshore Basin in the State Of Gujarat (India). Rotor-1 Ltd has been awarded contract by ONGC valued at 885,300 US Dollars.

Arbitration Award

The company has won an arbitration award in respect of 50 TPD contract against HCL. The appeal filed by HCL in the Court of Additional District Judge Khetri was dismissed. HCL has filed appeal against the said order in the High Court, Jaipur and the proceedings are in progress. With regard to the other arbitration in respect of 120 TPD contract between the Company and HCL, the proceedings are at the final stage before the arbitrator.

Adequacy of Internal Controls

The Company has adequate internal control systems so as to ensure that assets are safeguarded against loss from unauthorized use or disposition and the transactions are authorised, recorded and reported correctly. The internal control systems are supplemented by an extensive internal audit programs.

The main purpose of internal audit is to examine the adequacy, relevance and effectiveness of control systems, compliance with objectives, plans, policies and statutory requirements. The findings and recommendations of internal audit panel are reviewed by Top Management and the Audit Committee.

Cautionary Statement

Statements in the Director's Report and Management Discussion and Analysis Report stating the Company's objectives, projections, estimates and predictions may be 'forward looking statements' within the meaning of applicable laws, rules and regulations.

Actual outcomes and results may vary from those expressed or implied depending on economic conditions, risks and uncertainties and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

A) Company's Philosophy on Code of Governance

The Company believes that good Corporate Governance and responsible Management practices are essential to achieve long-term corporate objectives and enhance stakeholders' value.

The Company's prime objective on Corporate Governance is aimed at the attainment of highest level of transparency, fairness, accountability, ethical standards and compliance of laws in all facets of operations, conscience and consciousness leading to the best of standards of Corporate Governance.

The Company view that good Corporate Governance is a key driver of sustainable corporate success and value creation.

The main principles followed by the Company include constitution of appropriate composition of Board, sound system of Internal Control, compliance with all the applicable rules and regulations etc.

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.

B) Board of Directors

The Business of the Company is managed by the Management under the supervision of Board of Directors which formulates strategies, policies and oversees the performance periodically.

Presently the Board consist of 5 (five) members, 3 (three) of whom are non-executive as on the date of this report. Mr. Rakesh S. Bhardwaj is the Chairman and Managing Director of the Company. As per the provisions of revised Clause 49 of the Listing Agreement, half the board members are independent directors.

The Table-A set out the names of directors, status and number of directorships held in other companies (except the directorships held in private limited companies). Our Board consists of directors who have professional competence and experience in different fields. They are competent enough in guiding company performance and strategy. The Board reviews its strength and composition to ensure it remains aligned with the requirements of the business.

None of the non-executive directors hold any equity shares except Dr. Gokulanand Mukherjee who holds 500 shares in joint holding.

Resume of Directors Appointed / Reappointed

Pursuant to the provisions of Clause 49 of the Listing Agreement, Brief resume of directors being appointed/re-appointed at the Annual General Meeting, the nature of their expertise in specific functional areas, name of the Companies in which they hold Directorship and membership of the Committees of the Board and their shareholding are given below:

- (i) **Mr. Kailash Chand Kedia**
Date of Birth: 01-07-1951
Qualification: B.Com
Expertise in specific Functional area: Tax Consultancy
Shareholding in the Company: Nil
Directorship held in other Indian Companies: None
Membership/Chairmanship of Committee of:
Bhagawati Gases Limited -
Audit Committee Member
Shareholders' Grievance And
Share Transfer Committee Member
Remuneration Committee Member
- (ii) **Mr. Vivek Sharma**
Date of Birth: 01-August-1973
Qualification Bachelor of Commerce
Expertise in specific functional area: Business Development
Shareholding in Bhagawati Gases Limited: 24,400
Directorship held in other Indian Companies: Bhagawati International Limited
Bhagawati Combat Systems Limited
Membership/Chairmanship of Committee: Nil

C) Meeting and Attendance

During the year 2007-08, 7 (seven) Board meetings were held on April 20,2007; July 25,2007; August 18,2007; October 29,2007; November 28,2007; January 28,2008; March 14,2008.

The time gap between two meetings was not more than 4 months. Meetings are generally held at the corporate office of the Company in New Delhi.

Table-A Composition of the Board

Name of the Director	Category	Number of Directorship and Committee Membership & Chairmanship		
		Directorship	Chairmanship	Membership
Mr. Rakesh S. Bhardwaj (Chairman and Managing Director)	Executive Director / Promoter Director	2	None	None
Dr. Gokulanand Mukherjee	Non-Executive Director/Independent Director	None	None	None
Capt. (Retd.) Sitaram Ramaprasad	Non-Executive Director/ Independent Director	1	None	None
Mr. Kailash Chand Kedia	Non-Executive Director/ Independent Director	None	None	None
Mr. Vivek Sharma	Executive Director / Promoter Director	2	None	None

*The Committees considered for the purpose are those prescribed under Clause 49(1)(c)(ii) of the Listing Agreement(s) viz. Audit Committee and Shareholders/Investors Grievance Committee of Indian Public Limited Companies.

Attendance of Directors in Board meetings and general meetings

Name of the Directors	No. of board meetings		Attendance at last AGM	Attendance at last EGM
	Held	Attended		
Mr. Rakesh S. Bhardwaj	7	7	Yes	Yes
Dr. Gokulanand Mukherjee	7	6	No	No
Vivek Sharma	7	7	Yes	Yes
Mr. Kailash Chand Kedia	7	6	Yes	Yes
Capt.(Retd.)Sitaram Ramaprasad	7	7	Yes	Yes

(D) Board Agenda

The Company Secretary, in consultation with the Chairman, prepares agenda. The agenda papers for the Board Meetings are circulated to the Members for each meeting and all the Directors actively participate in the lengthy deliberations on various agenda items put before the Board. All Board members are at liberty to suggest agenda items for inclusion. Board meetings are generally held quarterly to coincide with the announcement of quarterly results and Audit committee meetings are held on same dates when board meetings are held. All the Board meetings are generally held at the corporate office of the Company.

(E) Code of Conduct

The Board of Directors has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. All Board members & Senior Executives have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director regarding affirmation of the compliance with the Code of Conduct by Board is appended in this report.

(F) Committees of the Board

The Company has constituted board level committees to delegate particular matters that require detailed and focused attention towards the affairs of the Company. These committees take decisions and reports to the Board.

All decisions regarding constitution of committees, appointment of members and fixing the terms of service for committee members is taken by the Board of Directors.

Details on the role and composition of these committees and the number of meetings held during the financial year and the related attendance are given below:

(i) Audit Committee

Composition

As on March 31, 2008 the Audit Committee comprised of three members, all of whom are independent Non-Executive Directors. The Chairman of the Audit Committee is an independent director. The Chief Internal Auditor, Chief Financial Officer, the representative of the statutory auditors and cost auditor are permanent invitees to the Audit Committee. The Company Secretary is the secretary to the committee.

During the year 2007-08, five Audit Committee meetings were held on April 20,2007; July 25,2007; August 18,2007 ; October 29,2007; January 28,2008. The composition of the Audit committee and the attendance of members at the meetings held during the financial year 2007-08, are given below:

Name of the Member	Status	Number of meetings	
		Held	Attended
Capt. (Retd.) Sitaram Ramaprasad	Chairman	5	5
Dr. Gokulanand Mukherjee	Member	5	4
Mr. Kailash Chand Kedia	Member	5	5

Terms of reference

Apart from all the matters provided in revised clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, the terms of reference of the Audit Committee includes:

- Approve internal audit programme,
- Review with statutory auditors their observations, suggestions, internal control systems, scope of audit, other related matters and major accounting policies followed by the Company,
- Review the contracts entered into by the Company and the contracts entered into with the related parties, if any,
- Review internal audit reports.

(ii) Shareholders'/Investors' Grievance and Share Transfer Committee

Composition

As on March 31, 2008 the Committee comprises of two Non-Executive Independent Directors and one Executive Director. The meeting of the Committee is generally held in the time gap of 10 days. During the year, the Committee met 36 times and the attendance of members of the meeting is as follows:

Name of the Member	Status	Number of meetings	
		Held	Attended
Capt. (Retd.) Sitaram Ramaprasad	Chairman	36	36
Dr. Gokulanand Mukherjee	Member	36	27
Mr. Kailash Chand Kedia	Member	36	36

Terms of reference

The Shareholders'/Investors' Grievance and Share Transfer Committee of the Board approves the Share transfer, transmission, transposition of name, issue of split/duplicate Share Certificates, confirm demat requests received by the Company and to review the redressal of complaints received by the Company/Share Transfer Agents from the shareholders and investors. The Committee also takes into account the performance of the Registrar and Share Transfer Agents, Skyline Financial Services Private Limited.