

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the Thirty Sixth Annual General Meeting of Bhagawati Gas Limited (*formerly Bhagawati Gases Limited*) will be held at Banawas, Khetrinagar-333504, Jhunjhunu, Rajasthan on Thursday the September 30, 2010 at 11.00 a.m. to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31, 2010 and the Balance Sheet as at that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Kailash Chand Kedia who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Chaturvedi & Partners, New Delhi, the retiring auditors, to hold office as auditors of the company, from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company and to authorize the Board of Directors of the company to fix their remuneration.

### SPECIAL BUSINESS:

4. 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 Section 257 of the Companies Act, 1956 Mr. Ganga Charan, be and is hereby appointed as a director of the company, liable to retire by rotation.”
5. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:  
“**RESOLVED THAT**, in supersession of the ordinary resolution passed at the 31st annual general meeting of the company held on September 29, 2005, consent of the company be and is hereby accorded under the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the company to contribute on behalf of the company to charitable and other funds not directly relating to the business of the company or the welfare of the employees of the company from time to time, as it may deem fit, provided however that the total amount up to which the Board of Directors may contribute to such charitable and other funds as aforesaid from time to time shall not exceed, in the aggregate, the sum of ₹ 5,000,000 (Rupees Fifty Lacs only) in any one financial year.”

### Corporate Office:

A-27-B, Sector-16,  
Noida - 201301  
Uttar Pradesh  
**August 14, 2010**

By Order of the Board

**Sanjay Kumar**  
Company Secretary

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF ONLY ON A POLL AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to intimate the company, changes if any, in their registered address at an early date.
3. Members whose shareholding is in the electronic mode are requested to direct change of address intimation to their respective depository participants.
4. **THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM MONDAY, SEPTEMBER 27, 2010 TO THURSDAY, SEPTEMBER 30, 2010 (BOTH DAYS INCLUSIVE).**
5. The relative explanatory statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item nos. 4 & 5 are annexed.
6. Profile of directors seeking appointment/re-appointment as stipulated under Clause 49 of the Listing Agreement with stock exchanges are given here in under.
7. Members are requested to bring their copy of the annual report to the meeting.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM No. 4**

According to provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the company, Mr. Ganga Charan was appointed as additional director on the Board of the company on February 10, 2010. He will hold office as director up-to the date of ensuing annual general meeting. The company has received notice from a member along with the requisite fee proposing the candidature of Mr. Ganga Charan as director, as required under Section 257 of the Companies Act, 1956. The Board considers it desirable that the company should continue to avail the guidance and advice of Mr. Ganga Charan and recommend the ordinary resolution for approval of the shareholders.

Except Mr. Ganga Charan, no other Director is concerned or interested in this resolution.

**ITEM No. 5**

The Board of Directors of the company feels that as a part of its corporate social responsibility initiative, the company should contribute certain amount to charitable institutions and / or trusts, etc. However, in terms of Section 293 (1)(e) of the Companies Act, 1956, a company cannot contribute to any charitable or other funds not directly relating to the business of the company or welfare of its employees, any amount the aggregate of which will in any financial year exceed ₹ 50,000 (Rupees Fifty Thousand Only) or 5% of its average net profits determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is greater, except with the consent of members in the general meeting of the company. The company in its 31st annual general meeting held on September 29, 2005 had fixed a limit of ₹ 1,000,000 (Rupees Ten Lacs Only). It is proposed that this limit be increased to ₹ 5,000,000 (Rupees Fifty Lacs Only).

In light of the above read with the provisions of Section 293(1)(e) of the Companies Act, 1956, you are requested to grant your consent to the ordinary resolution as set out at agenda item no.5 in the above notice.

None of the directors of the company is deemed to be concerned or interested in the said resolution, except to the extent that some of our directors may be associated with companies, trusts or other entities to which the Board of Directors may consider making contribution.

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Uttar Pradesh  
**August 14, 2010**

By Order of the Board

**Sanjay Kumar**  
Company Secretary

**Profile of Directors seeking appointment/re-appointment at the 36th Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with stock exchanges is as under:**

**A. Mr. Kailash Chand Kedia**

DIN No. : 01243510  
Date of Birth : July 1,1954  
Qualification : Bachelor of Commerce  
Expertise in specific functional area : Finance & Taxation  
Directorship held in other Indian Companies : Nil  
No. of shares held in Bhagawati Gas Limited : Nil

Membership/Chairmanship of Committee  
Bhagawati Gas Limited  
Audit Committee : Chairman  
Remuneration Committee : Chairman  
Shareholders'/Investors' Grievance and  
Share Transfer Committee : Member

**B. Mr. Ganga Charan**

DIN No. : 00387567  
Date of Birth : October 31, 1950  
Qualification : B. Tech in Mechanical Engineering from IIT Kanpur

Experience  
Defence Research & Development Organisation : Senior Scientific Officer (1972-1980)  
Hindustan Aeronautics Limited : Chief Production Engineer (1980-1991)  
IFCI Limited : General Manager (1991-2008)  
Expertise in specific functional area : Engineering & Finance  
Directorship held in other Indian Companies : Nil  
No. of shares held in Bhagawati Gas Limited : Nil

Membership/Chairmanship of Committee  
Bhagawati Gas Limited  
Audit Committee : Member  
Remuneration Committee : Member  
Shareholders'/Investors' Grievance and  
Share Transfer Committee : Chairman

## DIRECTORS' REPORT

Your directors have pleasure in presenting their thirty sixth annual report, together with the audited accounts of the company, for the financial year ended March 31, 2010 as follows:

### FINANCIAL RESULTS

( ₹ in Lakhs)

Particulars	2009-10	2008-09
Gross Income	710	1571
Gross Profit(before interest, depreciation and tax)	310	427
Interest	68	83
Depreciation	74	247
Provision for Tax	32	54
Net Profit/(Loss)	136	43
Profit/(Loss) brought forward from last year	(76)	(119)
Profit/(Loss) carried to Balance Sheet	60	(76)

Hindustan Copper Ltd. ( HCL) shut down its smelter at Khetri copper complex w.e.f. December 9, 2008 due to steep down turn in world copper prices. This resulted in shut down of company's oxygen plants at Khetri Nagar Rajasthan as the same are dedicated plants fully dependent on HCL . This has affected the financial performance of the company.

As per the written communication HCL is likely to commission its smelter within the current financial year.

### DIVIDEND

In view of loss, the Board of Directors do not recommend any dividend for the year ended March 31, 2010.

### DIRECTORS

Mr. Kailash Chand Kedia, director of the company retire by rotation and being eligible offers himself for re-appointment.

Mr. Ganga Charan has been appointed as an additional director of the company on February 10, 2010 to hold office up to the date of the ensuing annual general meeting. The company has received notice from a member along with the requisite fee proposing his candidature as director of the company as required under Section 257 of the Companies Act, 1956. Your Directors consider it desirable that the company should continue to avail the guidance and advice of Mr Ganga Charan and recommend his appointment as regular director.

During the year under review, Capt. (Retd.) Sitaram Ramaprasad resigned from the Board of Directors of the company. The Board of Directors places on record its appreciation for the valuable services rendered by him during the tenure of his office.

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors' confirm:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that they have selected such accounting policies and applied them consistently and made judgements 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;
- that 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
- that they have prepared the annual accounts of the company on a going concern basis.

### 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.

#### **AUDITORS AND AUDITORS' REPORT**

M/s. Chaturvedi & Partners, Chartered Accountants, the Statutory Auditors of the company, retire at the ensuing annual general meeting and are eligible for reappointment.

Information and explanation on remarks in the Auditors' Report

- i. In respect of auditors' observation regarding non provision for doubtful advances, security deposits and sundry debtors, it is submitted that the management is hopeful that the same will be recovered in due course of time and therefore provision there against is not considered necessary.
- ii. In respect of auditors' observation regarding regular payment of interest to the company for inter corporate loan granted by the company, it is submitted by the management of the company that repayment of principal & payment of interest are on demand and no such demand is pending for payment or repayment.
- iii. Delay in repayment of dues to financial institution and in a few cases in depositing statutory dues, it is clarified that there was delay in conversion of receivables in cash resultant in delayed fulfillment of commitments towards financial institutions and statutory dues by the company, which were all subsequently rectified.

#### **DELISTING OF EQUITY SHARES FROM JAIPUR STOCK EXCHANGE, RAJASTHAN**

The equity shares of your company were delisted from Jaipur Stock Exchange, Rajasthan w.e.f. June 7,2010.

#### **CHANGE IN NAME OF THE COMPANY**

The name of the company has been changed from Bhagawati Gases Limited to Bhagawati Gas Limited w.e.f. October 23, 2009 after obtaining approval of Central Government.

#### **CONSERVATION OF ENERGY, 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 given in **Annexure I** which forms part of the Directors' Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report on the operations and financial position of the company has been provided as **Annexure II** which forms part of the Directors' Report.

#### **CORPORATE GOVERNANCE REPORT AND GENERAL SHAREHOLDER INFORMATION**

As required by Clause 49 (VI) of the listing agreement entered into by the company with the stock exchanges, a detailed report on corporate governance is provided as **Annexure III** which forms part of the Directors' Report. The General Shareholders Information has been provided as **Annexure IV** which forms part of the Directors' Report. The company is in compliance with the requirements and disclosures that have to be made in this regard. The practicing Company Secretary certificate on compliance with corporate governance requirements by the company is attached to the Corporate Governance Report and forms part of the Directors' Report.

#### **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.

#### **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.

**Corporate Office:**  
A-27-B, Sector-16,  
Noida - 201301  
Uttar Pradesh  
**14th August, 2010**

For and on behalf of the Board

**Rakesh S Bhardwaj**  
Chairman & Managing Director

**ANNEXURE I TO THE DIRECTORS' REPORT**

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 for the year ended March 31, 2010.

**A. Conservation of Energy as per Form A - Not Applicable**

**B. Particulars as per Form B**

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 Research & Development  
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 and innovation  
The Company has successfully absorbed the technology of the plant supplied by the manufacturer.
- 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

**C. Foreign Exchange Earnings And Outflow**

(in ₹)

Particulars	2009-10	2008-09
a) Foreign Exchange Outflow		
— CIF value of import of Capital Goods	0.00	0.00
— CIF value of import of Components & Spare parts for repair	805,573	0.00
— Traveling Expenses (on Accrual Basis)	299,281	590,993
<b>Total</b>	<b>1,104,854</b>	590,993
b) Foreign Exchange Earning	0.00	0.00

## MANAGEMENTS' DISCUSSION AND ANALYSIS REPORT

### INDUSTRIAL GAS INDUSTRY

The industrial gas industry can broadly be divided in three categories depending on the requirement of the customers. These are as Tonnage supply scheme, Merchant market for bulk liquid and Cylinder gas deliveries. Tonnage supply scheme market is primarily composed of bulk volume users who usually get the gas through direct pipe line from on site production plant. The performance of this category is dependent on the performance of the bulk volume user.

Your company is under this category which supplies gas to Hindustan Copper Ltd. (HCL) Global economic crisis led to decline in copper prices in 2008-09 leading to shut down of its smelter at Khetri Nagar by HCL.

### FUTURE OUTLOOK

Government of India has approved issue of 10% of fresh equity by HCL besides divestment of 10% govt. stake in this company. They have prepared expansion plan for their activities. As per the written communication received HCL is likely to re-start operation of its smelter at Khetri Nagar Copper Complex within this financial year. Thus it is expected that oxygen plants of your company shall also restart within the current financial year.

### SOLAR ENERGY

Due to the limited availability of fossil fuels resources government is supporting the applications of nonconventional and renewable energy industry corporate are also considering this option. Considering the present dependency on sole customer your company is exploring the entry in solar energy field and alternative energy systems. Solar energy is 100% eco-friendly having zero pollution during operations with no environmental risks. Bhagawati Gas Ltd. has entered in to an agreement with M/s Admira DHES Inc. of Ontario, Canada for collaborating in design, erection, operation & maintenance and implementing projects of renewable energy systems in India as well as in Canada. Your company has also roped in Wolfgang Scheffler of Germany as consultant for designing, engineering, development and training for fabricating Scheffler mirror based complete solar thermal system. Your company is planning to undertake a training programme for fabricating Scheffler mirror based complete solar thermal system. Scheffler mirror is a automatically tracked parabolic solar collector of solar thermal energy systems. It has wide applications in diverse industries like pharmaceutical, chemical, food & milk processing, cold storages, hotels & hospitals etc.

### SEISMIC SURVEY OF HYDROCARBONS

Your company has entered in to an MOU with M/s Rotor International Ltd., of Russia for cooperation in development of passive low- frequency seismic survey for direct hydrocarbon indication onshore in India. The company has accordingly participated in the tender of Oil India Ltd, Duliajan, Assam in the current year.

Apart from the organic growth, your company intends to grow inorganically by way of acquisition and merger of domestic companies with diversified business interests, which is expected to improve top and bottom lines of the company.

### HUMAN RESOURCES

The company regards its human resource as a valuable asset. The company has a team driven work process with completely flat organization system. This not only help us nurture leaders but also give us capable and assured colleagues at all levels. As an integral part of the company's initiative on Human Resource Management, the organization has been restructured to provide greater clarity of roles and responsibilities and clear accountability for business results. It is in the process of implementing a performance management system for all its employees and is upgrading the entire gamut of HR Policies, covering recruitment, compensation, capacity building, performance appraisal and career planning.

### CORPORATE GOVERNANCE

The company follows principle of effective Corporate Governance. The endeavor of the company is not only to comply with regulatory requirements but also to practice Corporate Governance principles that lay emphasis on integrity, transparency and overall accountability.

The company adheres to most of the recommendations made by the SEBI and incorporated by the Stock Exchanges in the Standard Listing Agreement.

## **VALUE CREATION**

Your Company is continuously striving to create value in all spheres of its activities. This encompasses not only value for its customers but also for its stakeholders. The Company has adopted Accounting Standards incorporating international best practices and has moved towards transparency in its reporting .We will continuously endeavors to provide insight on the operation of the Company to aid all stakeholders.

## **INTERNAL CONTROLS**

- The company has adequate systems of internal control in place. This is to ensure that assets are safeguarded 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 program of internal audits. The internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with policies, plans and statutory requirements.
- The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

## **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.*



## REPORT ON CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreement)

### 1. Philosophy

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.

### 2. Board of Directors

The board consists of five directors. The composition of the board conforms to the Listing Agreement as per the details given below:

Category	Name of Director
Promoter/Executive Director	Mr. Rakesh S Bhardwaj <i>Executive Chairman</i> Mr. Vivek Sharma
Non-Executive Independent Director	Dr. Gokulanand Mukherjee Mr. Kailash Chand Kedia Mr. Ganga Charan*

\* appointed as additional director w.e.f. February 10, 2010.

### 3. Board Meetings, Attendance and other Directorships

The company held five board meetings during the period April 1, 2009 to March 31, 2010. The dates of the meetings are April 30, 2009, June 27, 2009, July 31, 2009, October 30, 2009 and January 30, 2010. The attendance particulars are as follows:

Name of Director	Attendance Particulars		No. of other directorships and committee membership/chairmanship		
	Board Meetings	Last AGM	Other Directorships+	Committee Memberships	Committee Chairmanships
Mr. Rakesh Samrat Bhardwaj	5	Yes	4	-	-
Mr. Vivek Sharma	5	Yes	3	-	-
Dr. Gokulanand Mukherjee	0	No	-	-	-
Capt. (Retd.) Sitaram Ramaprasad#	3	Yes	1	-	-
Mr. Kailash Chand Kedia	5	Yes	-	-	-
Mr. Ganga Charan*	0	No	-	-	-

+Other directorship does not include private companies.

#Resigned on September 24, 2009

\* Appointed on February 10, 2010.

### 4. Audit Committee

The company has complied with the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges and Section 292A of the Companies Act, 1956 as regards composition of Audit Committee.

The Audit Committee consists of three non-executive independent directors. The committee is chaired by Mr. Kailash Chand Kedia, a non-executive independent director. The committee has held four meetings during the financial year 2009-2010 i.e. April 30, 2009, July 31, 2009, October 30, 2009 and January 30, 2010. The composition of the Audit

Committee and the attendance of members at the meetings of the Audit Committee held during the financial year 2009-2010 are as follows:

Name of the Members	No. of meetings attended
Mr. Kailash Chand Kedia	4
Dr. Gokulanand Mukherjee	2
Capt. (Retd.) Sitaram Ramaprasad#	2
Mr. Ganga Charan*	0

#Resigned on September 24, 2009,\* Appointed on February 10, 2010.

The Audit Committee meetings were also attended by the Statutory/Cost auditors, wherever necessary.

The Audit Committee is responsible for overseeing the company's financial reporting process, reviewing the quarterly/ half yearly/annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, recommending the appointment/re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions, reviewing the management discussion and analysis of financial condition and result of operations and also statutory compliance issue. The committee acts as a link between the management, external and internal auditors and the Board of Directors of the company.

In addition, the committee has discharged such other role/function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchanges and the provisions of Section 292A of the Companies Act,1956.

#### 5. Remuneration Committee

The Remuneration Committee consists of three non-executive independent directors namely Mr. Kailash Chand Kedia as Chairman and Dr. Gokulanand Mukherjee and Mr. Ganga Charan as members of the committee.

The role of the Remuneration Committee is to recommend to the board, the remuneration package of the executive directors. Remuneration of the executive directors is governed by the external competitive environment, track record, potential and performance of the executive and performance of the company.

The committee met once during the year.

#### 6. Shareholders'/Investors' Grievance and Share Transfer Committee

The committee consists of Mr. Ganga Charan, Mr. Rakesh Samrat Bhardwaj and Mr. Kailash Chand Kedia. This committee was earlier chaired by Capt.(Retd.) Sitaram Ramaprasad and after his resignation from the directorship the committee was chaired by Mr. Kailash Chand Kedia and when Mr. Ganga Charan joined as additional director he took over the chairmanship of the committee. The committee's scope includes share transfer, issue of duplicate share certificates, overseeing of process of investor grievances and the performance of the Registrar and Share Transfer Agent. The meetings of the committee were generally held in the time gap of 10 days. During the financial year 2009-10 the committee met twenty one (21) times. The attendance of members at the meetings of the Shareholders'/Investors' Grievance and Share Transfer Committee held during the financial year 2009-2010 are as follows:

Name of the Members	No. of meetings attended
Mr. Ganga Charan*	3
Capt.(Retd.)Sitaram Ramaprasad#	8
Mr. Rakesh Samrat Bhardwaj	21
Mr. Kailash Chand Kedia+	21

\*Appointed as chairman on February 10, 2010

#Resigned from membership & chairmanship on September 24, 2009,

+Appointed as chairman from September 24 ,2009 to February 10,2010 .

The Board has designated the Company Secretary as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the year under review, were four (4).