

39TH ANNUAL REPORT

For the year ended 31st March 2011

BHAGAWATI OXYGEN LIMITED

BHAGAWATI OXYGEN LIMITED

**'S'-492A, GREATER KAILASH
NEW DELHI**

Corporate Information

Board of Directors:

Shri. S.K.Sharma (Chairman)
Shri. Himanshu Sharma (Managing Director)
Shri. J.C.Kaushik
Shri. B.B.Lal
Shri. M P Choudhary (Nominee Director)

Bankers:

Central Bank of India
ICICI Bank Ltd
State Bank of India
State Bank of Bikaner & Jaipur
Union Bank of India

Auditors:

Chaturvedi & Company
Chartered Accountants,
Kolkata

Listed at:

- 1) The Stock Exchange, Mumbai,
Phiroz Jeejeebhoy Tower,
Dalal Street,
Mumbai-400 001
- 2) The Delhi Stock Exchange Association Ltd.,
DSE House,
3/1 Asaf Ali Road,
New Delhi-110 002

Registrars & Share Transfer Agent:

Skyline Financial Services (P) Ltd
D-153A, 1st Floor, Okhla Industrial Area, Phase-1
New Delhi - 110 020
Ph : +91-11-26812682 / 30857575
Fax : +91-11-30857562
Email : admin@skylinerta.com

Works:

1. Plot No.5, Sector-25,
Ballabgarh-121 004
Haryana
2. Moubhandar, Ghatsila
Jharkhand - 832303

Offices:

Registered Office : Plot-5, Sector-25, Ballabgarh, Haryana – 121004.
Kolkata Office : 67, Park Street, Kolkata – 700016.
Delhi Office : S-492 A, Greater Kailash – I, New Delhi – 110048.

NOTICE

TO THE MEMBERS

Notice is hereby given that the 39th Annual General Meeting of BHAGAWATI OXYGEN LIMITED will be held on Thursday 29th September 2011 at 11:00 AM at the Registered Office of the Company at Plot No. 5, Sector - 25, Ballabgarh (Haryana) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Annual Accounts of the Company for the financial year ending on 31st March 2011 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. B B Lal who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

Special Business:

As Special Resolution

4. "RESOLVED THAT subject to the approval of the shareholders and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Sri Suresh Kumar Sharma as Chairman (Executive) of the Company, for a period of 5 (five) years with effect from 1st January, 2011 subject to terms & conditions as stated in agreement

"RESOLVED FURTHER THAT Shri Himanshu Sharma, Director of the Company be and is hereby authorised to sign the necessary documents on behalf of the Company.

As Special Resolution

5. "RESOLVED THAT subject to the approval of the shareholders and pursuant to the provisions of Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Sri Himanshu Sharma as Managing Director of the Company, for a period of 5 (five) years with effect from 1st January, 2011 subject to terms & conditions as stated in agreement."

"RESOLVED FURTHER THAT Shri Suresh Kumar Sharma, Director of the Company be and is hereby authorised to sign the necessary documents on behalf of the Company

Registered Office:
Plot No-5, Sector-25
Ballabgarh
Haryana-121004

By the Order of the Board
BHAGAWATI OXYGEN LIMITED

Date: 25th August 2011

S.K. Sharma
CHAIRMAN

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT PROXY WHO NEED NOT BE MEMBER, TO ATTEND AND TO VOTE IN HIS/HER PLACE. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed 24th September 2011 to 29th September 2011 (both days inclusive).
3. The instrument of transfer completed in all respect together with requisite enclosure, should be sent to the Company well in advance so as to reach the Company prior to closure of Register of Members
4. Members are requested to intimate to the Company change if any, in their registered address along with pin code and post office.
5. For any further information regarding accounts intimation may be given to the Company in writing at least 10 days in advance from the date of the aforesaid meeting so as to enable the management to keep the information ready.
6. Members attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Only registered members carrying the attendance slip and proxies registered with the Company will be permitted to attend the meeting.
8. Members who hold shares in the dematerialized form are requested to bring their Depository ID Number and Client ID numbers to facilitate easier identification of attendance at the Annual General Meeting.
9. Members are informed that the scrip of the Company are activated both on CDSL and NSDL and may be dematerialized under the ISIN No. INE026101010
10. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them. The prescribed form can be obtained/submitted to Registrar & Share Transfer Agents of the Company.
11. In the light of the recent green initiative of the Government of India, those members who have not yet registered their email ids are requested to register their email id's with their depository participants in case of shares held in demat form and those members holding shares in physical form to register their email id's with the R & T agent. We urge upon you to register the email id on priority and help the Company to support the nation in the green initiative.

ANNEXURE TO THE NOTICE

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

ITEM NO-4

The Board of Directors in its meeting held on 29th October, 2010 has appointed Sri Suresh Kumar Sharma, as a Chairman (Executive) (being the Whole Time Director) of the Company for a period of 5 years w.e.f 1st January 2011 to 31st December 2015 and the same was approved by Remuneration Committee on following terms and condition stated in agreement.

- 1) SALARY : Rs. 70,000/- p.m. and subject to periodical increments as may be approved by Remuneration Committee from time to time within the limits prescribed under Schedule XIII of the Companies Act 1956 or any statutory modification thereof.
- 2) PERQUISITES : In addition to the aforesaid Salary the following perquisites will be allowed which will be restricted to an amount so that the total of salary and perks shall not exceed Rs.24,00,000/= per annum.
 - i) Housing / House Rent Allowance :
 - (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Chairman (Executive) shall be subject to a ceiling of 60% of the salary.
 - (b) In case the accommodation is owned by the Company, 10% of the salary of the Chairman (Executive) shall be deducted by the Company.

- (c) In case no accommodation is provided by the Company, the Chairman (Executive) shall be entitled to House Rent Allowance subject to a ceiling of 60% of the salary.
- (d) The expenditure which may be incurred by the Company on Gas, Electricity, Water, Furnishings, Repairs, and other expenses for maintaining in full the accommodation occupied by the Chairman (Executive) restricted to 30% of the annual salary.
- ii) Medical Reimbursement / Medical Insurance Policy/ P.A Policy :
Expenses incurred for the Chairman (Executive) and his family in accordance with the rules of the Company.
- iii) Leave Travel Concession :
For the Chairman (Executive) and his 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) Company's contribution towards Provident Fund / Super Annuation Fund or Annuity Fund :
As per rules of the Company but to the extent these either singly or put together to the extent not taxable under the Income Tax Act, 1961.
- vi) Gratuity :
In accordance with the provisions of the approved fund but shall not exceed half month's salary for each completed year of service.
- vii) 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.
- viii) Use of Company's car with driver for business of the Company.
- ix) Telephone at residence for business of the Company.
- x) Reimbursement of all entertainment and traveling expenses actually incurred by the Chairman (Executive) for the business of the Company.

The items stated in v, vi, vii, viii, ix and x shall not be considered as perquisites.

- 3) In the event of loss or inadequacy of profits in any financial year during the aforesaid period the Company will pay the Chairman (Executive) the same remuneration as mentioned herein above.
- 4) The Board of Directors be and is hereby specifically authorized to alter and vary the terms and conditions of the aforesaid appointment including remuneration of Sri Suresh Kumar Sharma so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendment and/or modification that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto as may be agreed to between the Board and Sri Suresh Kumar Sharma.

GENERAL :

- 5) Sri Suresh Kumar Sharma, agreed to devote his best attention to the business of the Company and to further safeguard the interest of the Company, including security of its trade secrets and the processes etc. and to make known and available exclusively to the Company any invention, discovery or design of theirs.
- 6) The Chairman (Executive) so long he functions as such shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof.
- 7) The Chairman (Executive) shall not, so long as he functions as such become interested or otherwise concerned directly or through his wife/and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
- 8) Subject to the provision of the Companies Act 1956 the Chairman (Executive) shall in addition to the powers which may from time to time be assigned to him by the Board of Directors of the Company, have the following powers viz
 - a) To sign all documents including bonds, guarantees, mortgages, and other legal documents on behalf of the Company, provided that such bonds guarantees and mortgages relating to the fixed assets have been issued or created by necessary resolutions of the Board.
 - b) To take on lease, purchase or otherwise acquire for the Company any property, rights and privileges which the Company is authorized to acquire at such price and generally on such terms and conditions and as he thinks fit, and also to sell, exchange or otherwise dispose of absolutely or conditionally any part of the property on such terms and conditions and for such consideration as he may think fit.
 - c) To buy or procure the supply of plant, machinery, materials, stores, fuel implements and other movable property required for the purpose of the Company and engage or procure the supply of means of transport and labour requisite for carrying out the job.
 - d) To sell or dispose of goods and commodities manufactured, produced or dealt in by the Company and/ or its by products as the Board may authorize from time to time.
 - e) To enter into, carry on, rescind or vary all financial arrangements with the Company's business or affairs and pursuant to or in connection with such arrangement and subject to as aforesaid to deposit, pledge or hypothecate any property of the Company or documents representing or relating to the same with prior approval of the Board.
 - f) To compound and allow time for payment or satisfaction of any debt due to or by the Company and any claim or demands by or against the Company to arbitration and observe and perform the awards.
 - g) To appoint, remove or suspend or dismiss agents, managers, secretary, officers, clerks and servants for permanent, temporary or any special services as he may from time to time think fit, and to determine their powers and duties and to fix their salaries to such amount as he think fit.

- h) To do all acts, matters and things deemed necessary proper or expedient with full powers for carrying on the business and concerns of the Company and to make and sign all such contracts and to operate bank accounts severally and to draw, accept, endorse and negotiate on behalf of the Company all such bills of exchange, promissory notes, hundies, cheques, drafts, Government promissory notes, Government Papers and other instruments as shall be necessary proper or expedient for carrying on the business of the Company.
 - i) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and for the purposes engage solicitors, Barristers, Advocates, etc., and also to compound and allow time for payment or satisfaction of any debts due and in any claims or demand by or against the Company.
 - j) To refer any claims or demands by or against the Company to arbitration and conduct the same and implement awards, if any.
 - k) To make and give receipts, release and other discharges for money payable to the Company.
 - l) To enter into all such negotiations and contracts and rescind or vary all such contracts and execute and do all such acts, deeds and things and in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
 - m) To act on behalf of Company bills, notes, receipts, acceptances, endorsements, cheques, released contracts and documents.
 - n) To sign on behalf of Company in all matters relating to bankruptcy and insolvency.
 - o) From time to time to provide for the management of the affair of the Company either in different parts of the Indian Republic or elsewhere in such manner as he thinks fit, and in particular to establish branch offices and to appoint any person to be the attorney or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may think fit. Provided that the establishment of the branch offices will require the sanction of the Board.
 - p) To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities not being shares in this Company and in such manner as he may think fit, and from time to time vary or realize such investments.
 - q) To make and alter rules and regulations concerning the time and manner of repayment of the contribution of the employees of the Company respectively to provident fund or any such fund and the actual employment, suspensions and forfeit of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as he may from time to time think fit.
 - r) To delegate all, or any powers hereby conferred upon him to any person as he may from time to time think fit including the employees of the Company.
 - s) Provided nevertheless the above mentioned powers are delegated to the Chairman (Executive) during the period he continues to be the Chairman (Executive) of the Company and the Board may delete, amend or make additions to these presents wherever and whenever they consider necessary.
- 9) That subject to the provisions of Section 255 of the Companies Act, 1956 the Chairman (Executive) shall not be subject to retirement by rotation, and shall not be reckoned as director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Chairman (Executive) if he ceases to hold office of director from any cause.
- 10) This agreement shall be subject to approval of the Shareholders of the Company at a general meeting.

As per the requirements of the Companies Act, 1956, the appointment of Sri Suresh Kumar Sharma as Chairman (Executive) (being the Whole Time Director) is required to be approved by shareholders in general meeting.

The directors recommend this resolution for approval of the members.

Shri Suresh Kumar Sharma is interested in the resolution to the extent of his appointment as Chairman (Executive) (being the Whole Time Director).

No other Director of the Company interested in above resolution.

Further as required under Section II of Schedule-XIII, following additional information as hereunder;

1. General Information about the Industry and the Company

Your Industry is primarily a "Gas Manufacturing Industry". The Company is also making wind power and supplying to TNEB, Tamil Nadu.

2. Information about the Appointee, including Background etc:

Name	SURESH KUMAR SHARMA
Age	63 Years
Qualifications	B. Com (Hons)
Expearence	More than 35 years of experience in the gases industry
Date of Appointment	1 st Day of January 2011 as Chairman (being the Whole Time Director)
No.of Equity Shares held in the Co.	49561 Equity Shares
Other Directorship:	1) Bhagwati Steel Pvt Ltd 2) Mother Vision Pvt Ltd

3. Disclosure Requirement for Remuneration.

Para "1-4" of Item no 4 disclose the remuneration information.

ITEM NO-5

The Board of Directors in its meeting held on 29th October, 2010 has appointed Sri Himanshu Sharma, as a Managing Director of the Company for a period of 5 years w.e f 1st January 2011 to 31st December 2015 and the same was approved by Remuneration Committee on following terms and condition stated in agreement.

- 1) SALARY : Rs. 95,000/- p.m. and subject to periodical increments as may be approved by Remuneration Committee from time to time within the limits prescribed under Schedule XIII of the Companies Act 1956 or any statutory modification thereof.
- 2) PERQUISITES : In addition to the aforesaid Salary the following perquisites will be allowed which will be restricted to an amount so that the total of salary and perks shall not exceed Rs.24,00,000/= per annum.
 - i) Housing / House Rent Allowance :
 - (a) 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.
 - (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
 - (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to a ceiling of 60% of the salary.
 - (d) The expenditure which may be incurred by the Company on Gas, Electricity, Water, Furnishings, Repairs, and other expenses for maintaining in full the accommodation occupied by the Managing Director restricted to 30% of the annual salary.
 - ii) Medical Reimbursement / Medical Insurance Policy/ P.A Policy :
Expenses incurred for the Mg. Director and his family in accordance with the rules of the Company.
 - ii) Leave Travel Concession :
For the Mg. Director and his 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) Company's contribution towards Provident Fund / Super Annuation Fund or Annuity Fund :
As per rules of the Company but to the extent these either singly or put together to the extent not taxable under the Income Tax Act, 1961.
 - vi) Gratuity :
In accordance with the provisions of the approved fund but shall not exceed half month's salary for each completed year of service.
 - vii) 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.
 - viii) Use of Company's car with driver for business of the Company.
 - ix) Telephone at residence for business of the Company.
 - x) Reimbursement of all entertainment and traveling expenses actually incurred by the Managing Director for the business of the Company.

The items stated in v, vi, vii, viii, ix and x shall not be considered as perquisites.

- 3) In the event of loss or inadequacy of profits in any financial year during the aforesaid period the Company will pay the Managing Director the same remuneration as mentioned herein above.
- 4) The Board of Directors be and is hereby specifically authorized to alter and vary the terms and conditions of the aforesaid appointment including remuneration of Sri Himanshu Sharma so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendment and/or modification that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendment thereto as may be agreed to between the Board and Sri Himanshu Sharma.

GENERAL :

- 5) Sri Himanshu Sharma agreed to devote his best attention to the business of the Company and to further safeguard the interest of the Company, including security of its trade secrets and the processes etc. and to make known and available exclusively to the Company any invention, discovery or design of theirs.
- 6) The Managing Director so long he functions as such shall not be paid any sitting fees for attending the meeting of the Board of Directors or committees thereof.
- 7) The Managing Director shall not, so long as he functions as such become interested or otherwise concerned directly or through his wife/and/or minor children in any selling agency of the Company in future without the prior approval of the Central Government.
- 8) Subject to the provision of the Companies Act 1956 the Managing Director shall in addition to the powers which may from time to time be assigned to him by the Board of Directors of the Company, have the following powers viz

- a) To sign all documents including bonds, guarantees, mortgages, and other legal documents on behalf of the Company, provided that such bonds guarantees and mortgages relating to the fixed assets have been issued or created by necessary resolutions of the Board.
 - b) To take on lease, purchase or otherwise acquire for the Company any property, rights and privileges which the Company is authorized to acquire at such price and generally on such terms and conditions and as he thinks fit, and also to sell, exchange or otherwise dispose of absolutely or conditionally any part of the property on such terms and conditions and for such consideration as he may think fit.
 - c) To buy or procure the supply of plant, machinery, materials, stores, fuel implements and other movable property required for the purpose of the Company and engage or procure the supply of means of transport and labour requisite for carrying out the job.
 - d) To sell or dispose of goods and commodities manufactured, produced or dealt in by the Company and/ or its by products as the Board may authorize from time to time.
 - e) To enter into, carry on, rescind or vary all financial arrangements with the Company's business or affairs and pursuant to or in connection with such arrangement and subject to as aforesaid to deposit, pledge or hypothecate any property of the Company or documents representing or relating to the same with prior approval of the Board.
 - f) To compound and allow time for payment or satisfaction of any debt due to or by the Company and any claim or demands by or against the Company to arbitration and observe and perform the awards.
 - g) To appoint, remove or suspend or dismiss agents, managers, secretary, officers, clerks and servants for permanent, temporary or any special services as he may from time to time think fit, and to determine their powers and duties and to fix their salaries to such amount as he think fit.
 - h) To do all acts, matters and things deemed necessary proper or expedient with full powers for carrying on the business and concerns of the Company and to make and sign all such contracts and to operate bank accounts severally and to draw, accept, endorse and negotiate on behalf of the Company all such bills of exchange, promissory notes, hundies, cheques, drafts, Government promissory notes, Government Papers and other instruments as shall be necessary proper or expedient for carrying on the business of the Company.
 - i) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and for the purposes engage solicitors, Barristers, Advocates, etc., and also to compound and allow time for payment or satisfaction of any debts due and in any claims or demand by or against the Company.
 - j) To refer any claims or demands by or against the Company to arbitration and conduct the same and implement awards, if any.
 - k) To make and give receipts, release and other discharges for money payable to the Company.
 - l) To enter into all such negotiations and contracts and rescind or vary all such contracts and execute and do all such acts, deeds and things and in the name and on behalf of the Company as he may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.
 - m) To act on behalf of Company bills, notes, receipts, acceptances, endorsements, cheques, released contracts and documents.
 - n) To sign on behalf of Company in all matters relating to bankruptcy and insolvency.
 - o) From time to time to provide for the management of the affair of the Company either in different parts of the Indian Republic or elsewhere in such manner as he thinks fit, and in particular to establish branch offices and to appoint any person to be the attorney or agents of the Company with such powers (including power to sub-delegate) and upon such terms as may think fit. Provided that the establishment of the branch offices will require the sanction of the Board.
 - p) To invest and deal with any of the moneys of the Company not immediately required for the purpose thereof upon such securities not being shares in this Company and in such manner as he may think fit, and from time to time vary or realize such investments.
 - q) To make and alter rules and regulations concerning the time and manner of repayment of the contribution of the employees of the Company respectively to provident fund or any such fund and the actual employment, suspensions and forfeit of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as he may from time to time think fit.
 - r) To delegate all, or any powers hereby conferred upon him to any person as he may from time to time think fit including the employees of the Company.
 - s) Provided nevertheless the above mentioned powers are delegated to the Managing Director during the period he continues to be the Managing Director of the Company and the Board may delete, amend or make additions to these presents wherever and whenever they consider necessary.
- 9) That subject to the provisions of Section 255 of the Companies Act, 1956 the Managing Director shall not be subject to retirement by rotation, and shall not be reckoned as director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold office of director from any cause.
- 10) This agreement shall be subject to approval of the Shareholders of the Company at a general meeting.”

As per the requirements of the Companies Act, 1956, the appointment of Shri Himanshu Sharma as Managing Director is required to be approved by shareholders in general meeting.

The directors recommend this resolution for approval of the members.

Shri Himanshu Sharma is interested in the resolution to the extent of his appointment as Managing Director.

No other Director of the Company interested in above resolution.

Further as required under Section II of Schedule-XIII, following additional information as hereunder;

1. General Information about the industry and the company

Your Industry is primarily a “Gas Manufacturing Industry”. The Company is also making wind power and supplying to TNEB, Tamil Nadu.

2. Information about the appointee, including background etc

Name	HIMANSHU SHARMA
Age	40 Years
Qualifications	B. Engg
Experience	More than 15 years of experience in the manufacturing industry
Date of Appointment	1 st Day of January 2011 as Managing Director
No.of Equity Shares held in the Co.	55000 Equity Shares
Other Directorship	NIL

3. Disclosure requirement for Remuneration.

Para “1-4” of Item no 5 disclose the remuneration information.

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 39th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULT

	(Rs. lacs)	
	For the year ended <u>31/03/2011</u>	For the year ended <u>31/03/2010</u>
Gross Profit/ (Loss)	183.40	142.25
Less: Financial Expenses	22.20	32.22
Less: Depreciation	68.77	74.03
Profit/(Loss) before Tax and extraordinary item	92.43	36.00
Less: Provision for Tax	43.56	10.65
Less: Provision for Deferred Tax Liability/(Credit)	(14.98)	(12.64)
Net Profit/(Loss) after Tax	63.85	37.99
Add: Excess Provision of I. Tax of earlier years	--	--
Add: Brought Forward Profit	464.00	426.01
Balance Profit carried over to Balance Sheet	527.85	464.00

REVIEW OF THE WORKING

During the year under review the sales and other income of the Company amounted to Rs 1060.45 lacs compared to Rs.1020.83 lacs in the previous year. After providing for financial charges, depreciation, current and deferred taxation and other adjustments, the Company reported profit after tax and extraordinary item of Rs.63.85 lacs.

DIVIDEND

With a view to plough back the profit for the operations of the Company your directors do not recommend any dividend for the year ended 31st March 2011.

PUBLIC DEPOSIT

Your Company has not accepted any deposits from the public.

DEPOSITORY SYSTEM:

The shares of the Company are tradable compulsorily in electronic form and your Company has connectivity with both the depositories, i.e National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

PARTICULARS OF EMPLOYEES

The particulars as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 (as amended) are not applicable as none of the employees of the Company fall under the category prescribed.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance with section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- a) in the preparation of the Annual Accounts, the applicable Accounting Standard have been followed.
- b) they had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent and so as to give a true and fair view of the state of affairs of the Company as on 31st March 2011 and of the profit of the Company for the year ended 31st March 2011.
- c) they have taken proper and sufficient care for the safeguarding 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 preventing and detecting fraud and other irregularities.
- d) they have prepared the Annual Accounts on a going concern basis.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING 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 Research and Development, Technology Absorption and Foreign Exchange Earning and outgo and forming part of the Directors Report is enclosed in Annexure – A. Form A requiring disclosure of particulars with respect to conservation of energy is not applicable in case of your company.

INDUSTRIAL RELATIONS

Company's industrial relation continue to be cordial during the year under review.

DIRECTORS

Mr. B B Lal retires by rotation and being eligible offer himself for re-appointment as a Director.

During the year under review, Shri Suresh Kumar Sharma was appointed as the Chairman (Executive) (being the Whole Time Director) of the Company for 5 (Five) years from 1st January, 2011 to 31st December 2015 and Shri Himanshu Sharma was appointed as the Managing Director of the Company for 5 (Five) years from 1st January, 2011 to 31st December 2015.

AUDITORS

M/s. Chaturvedi & Company, Statutory Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

REMUNERATION COMMITTEE

The remuneration committee constituted by the Board of Directors of the Company had three non-executive/independent directors.

During the year under review one meeting of the remuneration committee was held. The committee met on 29th day of October 2010 and considered appointment of managerial personnel/senior executives and payment of remuneration to such managerial remuneration/senior executives and various matter.

Constitution of the Remuneration Committee and related information:

Name of the Committee Members as on 31 st March 2011	Category	No. of Meetings attended during the year under review.
Shri J.C.Kaushik	Non-Executive/Independent Director	1
Shri B.B.Lal	Non-Executive/Independent Director	1
Shri M P Choudhary	Non-Executive/Independent Director	1

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation received from various Central and State Government Authorities, Stock Exchanges, Financial Institutions and Banks during the year. They also gratefully acknowledge the support extended by the customers and shareholders and contribution made by the employees at all level.

**By Order of the Board
For BHAGAWATI OXYGEN LIMITED**

Place: Kolkata
Date: 25th August 2011

**S K SHARMA
CHAIRMAN**

ANNEXURE-A TO DIRECTORS REPORT

Particulars as required under Companies (Disclosures of particulars in the Report of Directors) Rules, 1988 and forming part of Directors Report for the year ended 31st March 2011.

Research & Development

- a) Specific area in which R & D carried out by the Company: Research and Development has been continuously carried to reduce loss of oxygen gas and improve the quality.
- b) Benefits derived as a result of the above R&D: Losses has reduced in a consistent manner.
- c) Future plan of action: Research & Development activities are continued to reduce process wastage.
- d) Expenditure on R & D: Charged under primary heads of accounts.

Technology, Absorption, Adoption & Innovation

- a) Efforts made towards technology absorption, adoption and innovation: The Company has successfully absorbed the technology of the plant supplied by the suppliers.
- b) Benefits derived as a result of the above efforts: Quality of oxygen gas produced is of high standard and acceptable to the consumers of the Company.
- c) Particulars relating to imported technology : NIL

Foreign Exchange Outgo : SGD400, JPY112,600, USD86,172

Foreign Exchange Earning : Nil

ANNEXURE-B: INFORMATION AS REQUIRED UNDER THE LISTING AGREEMENTS WITH STOCK EXCHANGES

The securities of the Company are listed in the Stock Exchanges as stated below and the annual listing fees has been paid to each of the Exchanges.

- 1) The Stock Exchange, Mumbai, Phiroz Jeejeebhoy Towers, Dalai Street, Mumbai 400001
- 2) The DelhiStock Exchange Association Ltd, DSE House, 3/1 Asaf Ali Road, New Delhi 110002

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure and Development: Your Industry is primarily a “Gas Manufacturing Industry” supplying oxygen gas from Ghatsila plant on exclusive supply scheme basis. The Company is also making wind power and supplying to TNEB, Tamil Nadu.

Opportunities & Threats, Trends & Strategies: The fundamental of the gas industry appears to be better and is growing fast because of the improvement in the steel sector. As our sales are tied up some strategies adopted by your Company are : (a) reducing cost of capital (b) transactional cost of production (c) reducing pollution levels (d) creation of good infrastructure etc. Your Company has taken adequate steps to reduce the cost of production by continuously evaluating process improvements and best operational practices. Although the industrial gas industry is categorized as “Green Industry”, your Company is committed to adhere to all applicable environment regulations and improve upon the environmental performance on a continued basis.

Out look: The encouraging growth on both production and sales in last years is likely to be sustained in current year also. Out look for the current year remains strong. The Company’s operations are subject to risks which can impact business performance essentially with regard to prices of basic materials like molecular sieves, power. The management is seized of assessing such risks and takes measures to address the same.

Internal Control System : The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the Company resources, accuracy in financial reporting and due compliance of statutes and company policies & procedures. Checks and balances exist in the system to ensure that all transactions are adequately authorized and reported correctly.

Human Resources Development: The Company appreciates that human assets constitute the driving force behind the Company’s growth plans. The Company has, during the previous year, continued to have good industrial relations with its employees. Your Company would like to record the whole-hearted support and dedication received from the employees at all levels.

Cautionary Statement : Statement in the Management Discussion and Analysis describing the Company’s position and expectation may be “forward looking statements” within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important Factors that could make a difference to the Company’s operation include, among others, economic conditions affecting demand/ supply, changes in Government regulations, tax laws and other statutes and incidental factors.

Auditors' Report

To the Members of Bhagawati Oxygen Limited

1. We have audited the attached Balance Sheet of **Bhagawati Oxygen Limited** as at 31st March,2011 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended by the CARO amendment order 2004) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, the Profit & Loss account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act,1956;
 - v) On the basis of written representations received from the Directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011, from being appointed as a director in terms of Clause(g) of Sub-section (1) of Section 274 of the Companies Act 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts appearing thereon give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011 and
 - ii) In the case of the Profit & Loss Account, of the Profit for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **CHATURVEDI & COMPANY**

Chartered Accountants
Firm Regn.No.302137E

Place : Kolkata
Dated : 25th August 2011

Swaraj Kumar
Partner
M.No.: 067061

ANNEXURE TO THE AUDITORS' REPORT :

- i) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets. As explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No serious discrepancies were noticed on such verifications. No substantial part of the fixed assets has been disposed off during the year.
- ii) a) As explained to us the physical verification of inventory has been conducted by the management at reasonable intervals. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its business.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
c) The Company has maintained proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventory, as compared to boo records.
- iii) As informed to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and as such clauses (iii) (a) to (iii) (f) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) According to the information and explanations provided by the management, we are of the opinion that there have been no transactions that need to be entered into the register maintained under Section 301 and hence clause (v)(b) is also not applicable.
- vi) The Company has not accepted any deposit from public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act.
- vii) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
- viii) The Central Govt. has prescribed maintenance of Cost Records under section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of opinion, that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the same.
- ix) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Income-tax and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which were outstanding, at the year end for a period of more than six months from the date they became payable.
(b) There are no dues outstanding of sales tax, income tax, custom duty, wealth tax, service tax, excide duty and cess on account of any dispute
- x) The Company does not have any accumulated loss at the end of the financial year and there is no cash loss in the current year and in the immediately preceding year.
- xi) As per books and records maintained by the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special status applicable to chit fund and nidhi /mutual benefit fund/ societies.
- xiv) As informed and explained to us, the Company has not dealt / traded in securities or debentures during the year. In our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts relating to other investments and timely entries have been made therein. The shares and other investments have been held by the Company, in its own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its associates from bank or financial institutions. As informed to us, the Company has no subsidiary companies
- xvi) In our opinion the term loan has been applied for the purpose for which they were raised.
- xvii) According to the information and explanations and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

- xix) The Company did not have any debentures during the year.
- xx) The Company has not raised any money through public issue during the year.
- xxi) Based on information and explanations furnished by the management, which have been relied upon by us, there were no frauds on or by the Company noticed or reported during the year.

For CHATURVEDI & COMPANY
Chartered Accountants
Firm Regn.No.302137E

Place : Kolkata
Dated : 25th August 2011

Swaraj Kumar
Partner
M. No. 067061

BALANCE SHEET AS AT 31ST MARCH 2011

	<i>Schedule</i>	As at 31/3/2011 (Rs.)	As at 31/3/2010 (Rs.)
<u>SOURCES OF FUNDS</u>			
<i>SHARE HOLDER'S FUND</i>			
Share Capital	1	23,129,690	23,129,690
Reserve & Surplus	2	54,394,411	48,019,287
Loan Funds	3	12,060,969	17,290,000
Deferred Tax Liability		8,223,694	9,721,284
TOTAL :		97,808,764	98,160,261
<u>APPLICATION OF FUNDS</u>			
<i>FIXED ASSETS</i>			
Gross Block	4	140,239,318	139,877,961
Less - Depreciation		102,887,146	96,000,691
Net Block	(A):	37,352,172	43,877,270
<i>INVESTMENT IN SHARES</i>			
<i>Quoted</i>			
90,000 Equity Shares of Rs.10/- each of Bhagawati Gases Ltd (Market value Rs.4,65,300/- as on 31-3-11; previous year Rs.6,33,600/-)		900,000	900,000
Mutual Fund Investment		8,000,000	8,000,000
	(B):	8,900,000	8,900,000
	(A+B):	46,252,172	52,777,270
<u>CURRENT ASSETS, LOANS & ADVANCES</u>			
<i>Inventories (At cost or market value, whichever is less)</i>			
Finished Goods		2,364,824	-
Sundry Debtors		18,979,093	11,550,982
Cash & Bank Balances		33,623,035	35,519,076
Loans & Advances		19,616,173	15,739,569
		74,583,125	62,809,627
<u>LESS : CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities	6	12,931,518	11,692,617
Provisions		10,095,015	5,754,523
		23,026,533	17,447,140
Net Current Assets		51,556,592	45,362,487
Unexpired hire charges		-	20,504
TOTAL :		97,808,764	98,160,261
Notes to the Accounts & Accounting Policies: As per our report of even date attached .	14		

Place: Kolkata
Dated: 25th August 2011

for CHATURVEDI & COMPANY
Chartered Accountants,

S.K.Sharma, Chairman

Swaraj Kumar (Partner)

Himanshu Sharma, Mg.Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	<i>Schedule</i>	Year Ended 31/03/2011	Year Ended 31/03/2010
		(Rs.)	(Rs.)
<u>INCOME</u>			
Sales and Service	7	93,772,582	97,937,908
Other Income	8	9,907,576	4,144,593
Increase/(Decrease) in Stock	9	2,364,824	-
TOTAL :		106,044,982	102,082,501
<u>EXPENDITURE</u>			
Purchases		56,675,169	55,242,919
Manufacturing & Operating Expenses	10	10,781,115	15,062,321
Payment to & Provision for Employees	11	3,278,799	2,848,409
Excise Duty		6,543,283	5,259,171
Administrative and Other Expenses	12	10,426,715	7,944,992
Financing Charges	13	2,220,257	3,221,687
Bad & Doubtful Debt write off		-	1,500,000
Depreciation		6,876,755	7,402,842
TOTAL :		96,802,093	98,482,341
Profit/ (Loss) before Taxation		9,242,889	3,600,160
Less: Provision for Taxation		4,355,655	1,064,887
Provision for Deferred Tax (Credit)		(1,497,590)	(1,264,348)
Net Profit after Taxation		6,384,824	3,799,621
Balance brought forward from last account		46,400,198	42,600,577
Balance carried to Balance Sheet		52,785,022	46,400,198
Earning per share		2.76	1.64

Notes to the Accounts & Accounting Policies: 14

As per our report of even date attached

Place: Kolkata
Dated: 25th August 2011

for CHATURVEDI & COMPANY
Chartered Accountants,

S.K.Sharma, Chairman

Swaraj Kumar (Partner)

Himanshu Sharma, Mg. Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

	As at 31/03/2011	As at 31/03/2010
	Rs. in Thousands	Rs. in Thousands
A. Cash flow from operating activities:		
Net Profit before Tax and extraordinary item	9,243	3,600
Depreciation	6,877	7,403
Interest/Dividend Income	(2,703)	(2,471)
Interest charged	2,220	3,095
Liabilities written-off	(1)	(3)
Bad & Doudtful Debt Written Off	-	1,500
Operating Profit before working capital changes	15,636	13,124
Adjustments for :-		
Inventories	(2,365)	-
Trade & other Receivables	(9,338)	12,865
Trade Payables & other Liabilities	1,239	(1,344)
Cash generated from operations	5,172	24,645
Tax paid & adjusted	(1,960)	(1,048)
Cash-Flow before Extra Ordinary Items	3,212	23,597
Net cash from operating Activities	(A) 3,212	23,597
B. Cash Flow from Investing Activities:		
Capital WIP		8,622
Purchase of Fixed Assets	(361)	(9,710)
Mutual Fund	-	(6,000)
Sale of fixed assets	-	4,100
Intefest received	2,703	2,471
Net cash used in Investing Activities	(B) 2,342	(517)
C. Cash Flow from Financing Activities:		
Borrowings from Bank	91	-
Borrowings from Bank repaid	(5,320)	(5,320)
Interest paid	(2,220)	(3,096)
Net cash used in Financing Activities	(C) (7,449)	(8,416)
Net (Decrease)/Increase in Cash & Cash equivalents (A+B+C)	(1,896)	14,664
Cash & Cash equivalents at start of the year	35,519	20,855
Cash & Cash equivalents at close of the year	33,623	35,519

As per our report of even date attached .

Place: Kolkata for CHATURVEDI & COMPANY
Dated: 25th August 2011 Chartered Accountants

S.K.Sharma, Chairmar

Swaraj Kumar (Partner)

Himanshu Sharma, Mg.Directo

	As at 31/3/2011		As at 31/3/2010
	(Rs.)		(Rs.)
Schedule 1			
<u>SHARE CAPITAL</u>			
Authorised			
40,00,000 Equity Shares of Rs.10/- each	40,000,000		40,000,000
	40,000,000		40,000,000
Issued, Subscribed and Paidup:			
2,312.969 Equity Shares of	23,129,690		23,129,690
Rs.10/- each fully paid up in cash			
	23,129,690		23,129,690
Schedule 2			
<u>RESERVE & SURPLUS</u>			
Capital Reserve	1,500,000		1,500,000
Revaluation Reserve	49,460	69,937	59,160
Less : Adj against depreciation	<u>9,700</u>	<u>10,777</u>	
Investment Allowance Reserve	59,929		59,929
Profit & Loss Account as per annexed accounts	52,785,022		46,400,198
	54,394,411		48,019,287
Schedule 3			
<u>Loan Funds</u>			
<u>Secured Loan</u>			
Term Loan from ICICI Bank	11,970,000		17,290,000
Cash Credit from ICICI Bank	90,969		-
	12,060,969		17,290,000

Note : Term loan and cash credit from ICICI Bank is secured by hypothecation all current assets both present and future, wind mill Tirunelveli Dist of Tamil Nadu, equitable mortgage of land & building property situated at project site and exclusive lien on fixed deposit of Rs. 5.0 million and guaranteed by personal guarantee of two directors.

Schedule - 4 : FIXED ASSETS

I T E M	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	As at 01-04-10	Additions	Dedn./Adj.	As at 31-3-11	Upto 31-3-10	For the year	Sale/Adj	Total	As at 31-3-11	As at 31-3-10
Land & Site Development	202,240	-	-	202,240	-	-	-	-	202,240	202,240
Non-Factory Building	1,129,069	-	-	1129069	610,927	25,907	-	636,834	492,235	518,142
Factory Building	4,922,049	-	-	4,922,049	3,982,298	93,975	-	4,076,273	845,776	939,751
Plant & Machinery	79,373,348	-	-	79,373,348	72,599,556	1,038,422	-	73,637,978	5,735,370	6,773,792
Wind Mill	39,083,390	-	-	39,083,390	13,229,775	3,963,359	-	17,193,134	21,890,256	25,853,615
Furniture & Fixture	497,007	-	-	497,007	416,184	14,112	-	430,296	66,711	80,823
Office equipments	488,860	85,747	-	574,607	275,658	38,580	-	314,238	260,369	213,202
Computer	721,104	-	-	721,104	560,861	64,097	-	624,958	96,146	160,243
Vehicle	1,597,983	-	-	1,597,983	927,516	173,138	-	1,100,654	497,329	670,467
Cylinder	500,000	275,610	-	775,610	495,000	174,427	-	669,427	106,183	5,000
Truck & Tanker	1,929,182	-	-	1,929,182	1,905,178	7,201	-	1,912,379	16,803	24,004
VIEs & associated LOX process equipment	9,433,729	-	-	9,433,729	997,738	1,293,237	-	2,290,975	7,142,754	8,435,991
	139,877,961	361,357	-	140,239,318	96,000,691	6,886,455	-	102,887,146	37,352,172	43,877,270
Previous Year	130,167,659	9,710,302	-	139,877,961	88,587,072	7,413,619	-	96,000,691	43,877,270	41,580,587

Note: Depreciation Rs. 68,86,455/- for the year includes Rs.9,700/- on increment of cost of assets of Ballabgarh unit which is adjusted against revaluation reserve and balance Rs. 68,76,755/- is charged to Profit & Loss Account.

Schedule - 5

CURRENT ASSETS LOANS & ADVANCES

INVENTORIES

(At cost or market value, whichever is less

Finished Goods:

	<u>As at 31/3/2011</u> <u>(Rs.)</u>	<u>As at 31/3/2010</u> <u>(Rs.)</u>
	2,364,824	-
Total- A:	<u>2,364,824</u>	<u>-</u>

SUNDRY DEBTORS

(Unsecured considered good

unless otherwise stated:

Due for more than six months

Others (Considered good)

	2,986,715	1,120,351
	15,992,378	10,430,631
Total- B:	<u>18,979,093</u>	<u>11,550,982</u>

CASH AND BANK BALANCES

Cash in hand (as certified by the management

Balances with scheduled banks in

Current Account

Fixed Deposit Account

(Pledged with bank Rs.96,92,614/-; Prev. yr : Rs.97,01,364/-

	110,814	76,137
	1,786,255	1,759,924
	31,725,966	33,683,015
Total- C:	<u>33,623,035</u>	<u>35,519,076</u>

LOANS & ADVANCES

(Unsecured considered good

Advances recoverable in cash or in kind for

value to be received

Advances with Excise, Customs etc.

Interest receivable

Earnest Money

Security Deposit

Advance Tax & Tax Deducted at Source

	7,754,772	5,339,174
	541,289	627,667
	2,310,239	2,586,105
	199,000	317,989
	1,918,532	1,936,659
	6,892,341	4,931,975
Total- D:	<u>19,616,173</u>	<u>15,739,569</u>
Grand Total (A+B+C+D)	<u>74,583,125</u>	<u>62,809,627</u>

	As at 31/3/2011 (Rs.)	As at 31/3/2010 (Rs.)
Schedule 6		
<u>CURRENT LIABILITIES</u>		
Sundry Creditors	12,931,518	11,661,583
Overdrawn Bank Balance	-	31,034
Total-A:	12,931,518	11,692,617
<u>PROVISIONS</u>		
Gratuity	100,000	100,000
Bonus	-	15,163
Income Tax	9,510,219	5,154,564
Fringe Benefit Tax	484,796	484,796
Total-B:	10,095,015	5,754,523
Grand Total (A+B):	23,026,533	17,447,140

	Year Ended 31/03/2011	Year Ended 31/03/2010
Schedule 7		
<u>SALES & SERVICE</u>		
Sale of Gas Manufactured	69,912,694	66,888,700
Sale of Power Manufactured	4,676,793	5,004,600
Sales Trading	17,134,095	22,913,788
Sales (Others)	2,049,000	3,130,820
	93,772,582	97,937,908

Schedule 8		
<u>OTHER INCOME</u>		
Interest Received (Gross) (TDS current year Rs.2,60,366/-, previous year Rs.2,54,735/-)	2,702,588	2,470,598
Miscellaneous Income	7,166,046	1,633,465
Cylinder Hire Charges	37,800	37,800
Liabilites no longer required written off	1,142	2,730
	9,907,576	4,144,593

Schedule 9		
<u>INCREASE / (DECREASE) IN STOCK</u>		
Closing Stock :		
Finished Goods	2,364,824	-
	2,364,824	-
Opening Stock :		
Finished Goods	-	-
	-	-
	-	-
Increase / (Decrease) in stock	2,364,824	-

Schedule 10		
<u>MANUFACTURING & OPERATING EXPENSES</u>		
Stores & Spares Consumed	1,853,195	2,466,864
Power & Fuel	5,704,418	7,856,596
Repair & Maintenance to:		
Buildings	183,440	69,090
Plant & Machinery	2,849,494	4,048,840
Others	190,568	82,040
Foreign Tech./Consultancy fees	-	538,891
	10,781,115	15,062,321

	Year Ended 31/03/2011 (Rs.)	Year Ended 31/03/2010 (Rs.)
Schedule 11		
<u>PAYMENT TO AND PROVISIONS FOR EMPLOYEES</u>		
Salary, Wages & Bonus	2,395,049	2,164,037
Contribution to Provident & other Funds	146,345	141,955
Workman & Staff Welfare Expenses	737,405	542,417
	<u>3,278,799</u>	<u>2,848,409</u>
Schedule 12		
<u>ADMINISTRATIVE & OTHER EXPENSES</u>		
Rent	1,262,360	1,236,550
Rates, Taxes & Licence Fee	57,036	94,936
Travelling & Conveyance	1,143,216	968,237
Director's Remuneration	1,215,000	960,000
Directors' Sitting Fee	2,000	2,500
Auditor's Fee	35,000	35,000
Certification Charges	41,280	3,000
Tax Audit Fee	12,500	12,500
Internal Audit Fee	15,000	15,000
Miscellaneous Expenses	2,555,385	2,250,190
Telephone, Telex and Postage Expenses	281,572	321,247
Legal & Professional Expenses	668,909	178,758
Advertisement Expenses	147,710	201,688
Charity & Donation	138,728	404,151
Insurance Charges	658,517	446,706
Custom Duty & Other Expenses	20,115	214,956
Expenses Related to Job Work	1,584,874	128,909
Vehicle Expenses	390,613	380,262
Contribution made to Scientific Research Institution	196,900	90,402
	<u>10,426,715</u>	<u>7,944,992</u>
Schedule 13		
<u>FINANCING CHARGES</u>		
Interest Paid on others	46,313	140,295
Bank Charges and Commission	273,228	126,059
Interest On Term Loan	1,900,716	2,955,333
	<u>2,220,257</u>	<u>3,221,687</u>

SCHEDULE-14

1. ACCOUNTING POLICIES

1.1 METHOD OF ACCOUNTING

Financial Statements are prepared as per accepted accounting principles and in accordance with the Companies Act, 1956.

1.2 FIXED ASSETS AND DEPRECIATION

- i) Depreciation on fixed assets was provided on straight line method at the rates and in the manner prescribed in Schedule-XIV to the Companies Act (as amended) 1956 up to the year ended 31-03-96 and after that the depreciation on fixed assets is charged on written down value method at the rates prescribed in Schedule-XIV of the Companies Act, 1956 on residual value of the assets as on 01-04-1996.
- ii) Depreciation on the amount of revaluation of fixed assets is adjusted against fixed assets revaluation reserve created at the time of revaluation.

1.3 INVENTORIES

Inventories are valued as under:

Stores & Spares - At cost

Finished Goods - At cost or market value whichever is less.

1.4 INVESTMENTS

Investments are stated at cost, unless there is a permanent decline in value thereof.

1.5 RECOGNITION OF INCOME & EXPENDITURE.

Items of Income and Expenditure are accounted for on accrual basis. Due to uncertainty as regards to ultimate collection on account of claims for escalation and minimum off take guarantee, the revenue recognition is postponed as per Accounting Standard-9 issued by the Institute of Chartered Accountants of India till bills are raised for such claims on settlement with the customers.

1.6 SALES

Sales is inclusive of Excise duty but excluding Sales Tax.

1.7 CENVAT CREDIT

Cenvat credit on purchases is adjusted from the excise duty payable during the year.

1.8 RETIREMENT BENEFITS

Retirement benefits are provided in the accounts on accrual basis.

1.9 PRELIMINARY EXPENSES

Preliminary Expenses are written off over a number of years as deferred revenue expenditure.

1.10 INCOME TAXES

- a) Provision is made for Income Tax liability, which is likely to arise on the results for the year at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961.
- b) The difference that result between the profit offered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or a deferred tax liability is recorded for timing difference namely that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing difference at the end of the accounting period based on the prevailing enacted or subsequently enacted regulations. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date.

2. NOTES ON ACCOUNTS

2.1 The Company has revalued its Buildings, Plant & Machinery and Gas Cylinders at Ballabgarh Unit as on 31st August 1985 by Government Approved Valuer. The net increase of Rs.78,15,528/- was transferred to Revaluation of Fixed Assets Reserves.

2.2 Sundry Debtors and Creditors as appearing in the Balance Sheet are subject to confirmation.

2.3 Annual contribution towards Gratuity liability is funded with Life Insurance Corporation of India in accordance with the Gratuity Scheme of L.I.C.

2.4 Sundry Creditors includes Rs. Nil pertaining to Small Scale Industrial undertakings (SSI Units)

2.5 Disclosure Requirement of the AS-17 (Segment Reporting) :

(Rs in Lacs)

	Year ended 31 st March 2011	Year ended 31 st March 2010		Year ended 31 st March 2011	Year ended 31 st March 2010
Segment Revenue			Segment Assets		
Gases	1013.68	970.77	Gases	934.60	873.28
Power	46.77	50.05	Power	249.05	271.34
Total (a)	1060.45	1020.82	Others	24.70	11.45
Unallocable revenue (b)	-	-	Total	1208.35	1156.07
Total (a+b)	1060.45	1020.82			
Segment Results			Segment Liabilities		
Gases	116.01	71.73	Gases	129.94	116.64
Power	(1.38)	(3.51)	Power	119.98	173.18
Other unallocable expenses (net of unallocable income)	-	-	Others	183.19	154.76
Total	114.63	68.22	Capital & Reserves	775.24	711.49
Interest & other charge	22.20	32.22	Total	1208.35	1156.07
Total Profit before tax	92.43	36.00			
Provision for tax	(28.58)	(2.00)			
Total Profit after tax	63.85	38.00			
Exceptional items	-	0.00			
Net Profit after Exceptional items	63.85	38.00			

2.6 RELATED PARTY DISCLOSURES:

Key Management Personnel & their relatives:	Parties under common control:
Mr.S.K.Sharma (Chairman)	Bhagawati Steel Pvt. Ltd.
Mrs.Tara Devi Sharma (Wife of Mr.S.K.Sharma)	Dindayal Ramrup
Mr.Himanshu Sharma (Son of Mr. S.K.Sharma)	
Mrs. Deepthi Sharma (Daughter-in-Law of Mr.S.K.Sharma)	

Summary of Transactions with above related parties

Particulars	2011 (Rs.)			2010 (Rs.)		
	Key Managerial Personnel and Relatives	Parties under common control	Total	Key Managerial Personnel and Relatives	Parties under common control	Total
Salaries	12,15,000/-	1,99,822/-	14,14,822/-	9,60,000/-	5,81,520/-	15,41,520/-
Rent	6,69,060/-	5,04,000/-	11,73,060/-	6,37,200/-	5,04,000/-	11,41,200/-
Security Deposit	5,40,000/-	--	5,40,000/-	5,40,000/-	--	540,000/-

2.7 Remuneration to Directors

Particulars	2011	2010
	Value (Rs)	Value (Rs)
Salaries	12,15,000/-	9,60,000/-
Sitting Fee	2,000/-	2,500/-

2.8 Auditors' Remuneration

Particulars	2011	2010
	Value (Rs)	Value (Rs)
Audit Fee	35,000/-	35,000/-
Tax Audit	12,500/-	12,500/-
Limited Reviews	10,000/-	10,000/-
Internal Audit Fees	15,000/-	15,000/-
Certificates, Miscellaneous etc.	3,000/-	3,000/-

2.9 Earning Per Share (EPS)

Particulars	Units	2011	2010
i) Net Profit/ (Loss) after Tax	Rs.	63,84,824/-	37,99,621/-
ii) No. of Ordinary Equity Shares for Basic EPS	Nos.	23,12,969	23,12,969
iii) Nominal Value of each Equity Share	Rs.	10/-	10/-
iv) Basic Earning per Equity Share	Rs.	2.76	1.64

2.10 Contingent Liabilities not provided in respect of the following

Particulars	2011	2010
	Value (Rs)	Value (Rs)
Bank Guarantees	50,78,372/- (Margin Money by FDR Rs.46,92,614/-)	51,31,250/- (Margin Money by FDR Rs.47,01,364/-)

2.11 Deferred Tax Liability (Net)

	Deferred Tax Asset/(Liability) as at 1-4-2010	Current Year (charge)/credit	Deferred Tax Asset/(Liability) as at 31-3-2011
Difference between Book & Tax Depreciation	Rs. (97,21,284/-)	Rs. 14,97,590/-	Rs. (82,23,694/-)
Deferred Tax Liability for timing differences between depreciation charged to the accounts and claimed as per Income Tax Act has been provided.			

2.12 Additional information pursuant to the provisions of paragraph 3.4C and 4D of part II of Schedule VI of the Companies Act,1956.

(i) Capacity, Production

Particulars	Units	2011			2010		
		Licensed Capacity	Installed Capacity	Production	Licensed Capacity	Installed Capacity	Production
Oxygen Gas & Conversion of LOX to GOX	NM3	NA	14040000	8189545	NA	14040000	8313668
Dissolved Acetylene	NM3	NA	--	--	NA	--	--
Nitrogen Gas	NM3	NA	--	--	NA	--	--
Power	KW	NA	750	1616760kwh	NA	750	1729752kwh

(ii) Production, Purchases, Sales, Stock

Particulars	Units	2011		2010	
		Quantity	Value (Rs)	Quantity	Value (Rs)
Opening Stock					
Oxygen Gas & Conversion of LOX to GOX	NM3	--	--	--	--
Power	Kwh	--	--	--	--
Purchases					
Liquid Oxygen	SM3	5507256	3,90,74,488/-	4728016	3,31,95,819/-
Power	Kwh	--	--	--	--
Production					
Oxygen Gas & Conversion of LOX to GOX	NM3	8189545	--	8313668	--
Power	Kwh	1616760	-/-	1729752	--
Sales					
Oxygen Gas & Conversion of LOX to GOX	NM3	8189545	6,99,12,694/-	8313668	6,68,88,700/-
Power	Kwh	1616760	46,76,793/-	1729752	50,04,600/-
Closing Stock					
Oxygen Gas & Conversion of LOX to GOX	NM3	--	--	--	--
Power	Kwh	--	--	--	--

(iii) Trading

Particulars	2011		2010	
	Quantity	Value (Rs)	Quantity	Value (Rs)
Opening Stock				
Oxygen Gas & Liquid	--	--	--	--
Other Gases	****	--	****	--
Purchases				
Oxygen Gas & Liquid	1042719 NM3	87,18,452/-	2442621 NM3	2,02,07,634/-
Other Gases	****	88,82,229/-	****	18,39,466/-
Sales				
Oxygen Gas & Liquid	1042719 NM3	88,47,922/-	2442621 NM3	2,00,04,918/-
Other Gases	****	82,86,172/-	****	29,08,870/-
Closing Stock				
Oxygen Gas & Liquid	--	--	--	--
Other Gases	****	23,64,824/-	****	--

The quantitative details are not given as the company deals in a large number of items of different measurement units and therefore it is not practical to give quantitative details in respect thereof.

(iv) Consumption of Stores & Spares including consumption for Repair & Maintenance

Particulars	2011		2010	
	Value (Rs)	%	Value (Rs)	%
Indigenous	50,04,414/-	99	64,59,716/-	97
Imported	72,283/-	01	2,07,118/-	03
Total	50,76,697/-	100	66,66,834/-	100

(v) CIF Value of Imported Goods

Particulars	2011	2010
	Value (Rs)	Value (Rs)
Stores & Spares	72283/-	2,07,118/-
Traded Goods	38,36,285/-	7,32,005/-
Capital Goods	--	--

(vi) Earning & Expenditure in Foreign Currency

Particulars	2011	2010
	Value (Rs)	Value (Rs)
Earning in Foreign Currency	--	--
Expenditure in Foreign Currency (others)	26,975/-	5,38,891/-

2.13 Figures for the previous year have been re-arranged and/or re-grouped wherever considered necessary.

2.14 Schedules 1 to 14 forms an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

As per our report of even date attached.

Place : Kolkata
Date : 25th August 2011

for CHATURVEDI & COMPANY
Chartered Accountants

S. K. Sharma
Chairman

Swaraj Kumar
Partner

Himanshu Sharma
Mg. Director

3. Balance Sheet Abstract and Company's General Business Policies
(Statement pursuant to part IV, of Schedule VI to the Companies Act, 1956.)

1. Registration Details

Registration No.

5	5	-	0	0	6	2	0	3
---	---	---	---	---	---	---	---	---

State Code

5	5
---	---

Balance Sheet Date

3	1	0	3	2
---	---	---	---	---

Date

Month

0	1	1
---	---	---

Year

2. Capital Raised During The Year (Amount in Rs. Thousand)

Public Issue

			N	I	L		
--	--	--	---	---	---	--	--

Bonus Issue

			N	I	L		
--	--	--	---	---	---	--	--

Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

3. Total Liabilities

		1	2	0	8	3	5
--	--	---	---	---	---	---	---

Source of Funds

Paid-Up-Capital

		2	3	1	3	0
--	--	---	---	---	---	---

Secured Loans

		1	2	0	6	1
--	--	---	---	---	---	---

Application of Funds:

Net Fixed Assets

		3	7	3	5	2
--	--	---	---	---	---	---

Net Current Assets

		5	1	5	5	7
--	--	---	---	---	---	---

Accumulated Losses

			N	I	L		
--	--	--	---	---	---	--	--

4. Performance of Company (Amount in Rs. Thousand)

Turnover

		1	0	6	0	4	5
--	--	---	---	---	---	---	---

Profit/(Loss) before Tax

			-	9	2	4	3
--	--	--	---	---	---	---	---

Earning per share (in Rs.)

			2	.	7	6
--	--	--	---	---	---	---

5. General Names of Three principal Products/Services of Company (As per Monetary Terms)

Items Code no. (ITC Code)

			2	8	0	4
--	--	--	---	---	---	---

Right Issue

			N	I	L		
--	--	--	---	---	---	--	--

Private Placement

			N	I	L		
--	--	--	---	---	---	--	--

Total Assets

		1	2	0	8	3	5
--	--	---	---	---	---	---	---

Reserve & Surplus

			5	4	3	9	4
--	--	--	---	---	---	---	---

Unsecured Loans

			N	I	L		
--	--	--	---	---	---	--	--

Investments

				8	9	0	0
--	--	--	--	---	---	---	---

Miscellaneous Expenses

			N	I	L		
--	--	--	---	---	---	--	--

Deferred Tax Liability

				8	2	2	4
--	--	--	--	---	---	---	---

Total Expenditure

			9	6	8	0	2
--	--	--	---	---	---	---	---

Profit/(Loss) after Tax

			6	3	8	5
--	--	--	---	---	---	---

Dividend Rate (%)

			N	I	L		
--	--	--	---	---	---	--	--

Product Description

	O	X	Y	G	E	N	
--	---	---	---	---	---	---	--

Place: Kolkata
Date : 25th August 2011

S.K.SHARMA
Chairman

HIMANSHU SHARMA
Mg. Director

BHAGAWATI OXYGEN LIMITED

Regd. Office: Plot No.5, Sector-25, Ballabgarh-121 004, Haryana.

FORM OF PROXY

I/We of in the district of being a member/members of the above named Company, hereby appoint of in the district of or failing him of in the district of as my proxy to vote for me/on my behalf at the 39th Annual General Meeting of the said Company to be held on Thursday 29th September 2011 at 11.00AM at its Registered Office and/or any adjournment thereof.

Signed this.....day of..... 2011.

Name of the Member :
Regd. Folio No./ DP ID & Client ID No. :
No. of shares held :
Regd. Address of the Member :

.....
Affix
Revenue
Stamp

.....
Signature of Member/
First Named Member

Note: The proxy must be duly completed & deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting. The proxy need not be a member of the Company.

.....✂.....TEAR HERE.....✂.....

BHAGAWATI OXYGEN LIMITED

Regd Office: Plot No.5, Sector-25, Ballabgarh-121 004, Haryana.

ATTENDANCE SLIP

I hereby record my presence at the 39th Annual General Meeting being held on Thursday 29th September 2011 at 11.00 AM at the Registered Office of the Company.

Name of the Member :
Regd. Folio No./ DP ID & Client ID No. :
No. of shares held :
Regd. Address of the Member :

Whether the Member is attending the Meeting in :
person or by proxy

.....
Signature of the Shareholder/Proxy

Note: Please complete this attendance slip and hand it over at the venue of the meeting.

If undelivered please return to:

BHAGAWATI OXYGEN LIMITED
Plot No.5, Sector-25,
Ballabgarh-121 004,
Haryana.