

# **38<sup>TH</sup> ANNUAL REPORT**

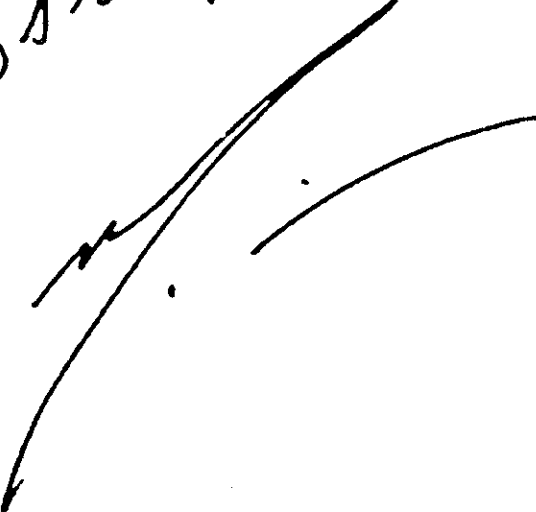
**For the year ended 31st March 2010**

**BHAGAWATI OXYGEN LIMITED**

# BHAGAWATI OXYGEN LIMITED

'S'-492A, GREATER KAILASH  
NEW DELHI

*Blessings*

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## **Corporate Information**

### **Board of Directors:**

Shri. S.K.Sharma (Managing Director)  
Shri. Himanshu Sharma (Whole Time 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  
246, 1<sup>st</sup> Floor, Sant Nagar  
East of Kailash  
New Delhi - 110 065  
Ph : +91-11-26292680-83  
Fax : +91-11-26292681  
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 38<sup>th</sup> Annual General Meeting of BHAGAWATI OXYGEN LIMITED will be held on Wednesday 29<sup>th</sup> September 2010 at 11:00 AM at the Registered Office of the Company at Plot. 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 31<sup>st</sup> March 2010 together with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. J.C Kaushik who retire by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company and fix their remuneration.

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

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

Date: 31<sup>st</sup> July 2010.

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 24<sup>th</sup> September 2010 to 29<sup>th</sup> September 2010 (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 Clint ID numbers to facilitate easier identification of attendance at the Annual General Meeting.
9. Members are informed that the script 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.

## **DIRECTORS' REPORT**

To the Members

Your Directors have pleasure in presenting their 38<sup>th</sup> Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2010.

### **FINANCIAL RESULT**

	(Rs. lacs)	
	For the year ended <u>31/03/2010</u>	For the year ended <u>31/03/2009</u>
Gross Profit/ (Loss)	142.25	181.88
Less: Financial Expenses	32.22	39.89
Depreciation	74.03	75.39
Profit/(Loss) before Tax and extraordinary	36.00	66.60
Less: Provision for Tax	10.65	13.60
Less: Provision for FBT	--	1.75
Provision for Deferred Tax Liability/(Credit)	(12.64)	(1.76)
Net Profit/(Loss) after Tax	37.99	53.01
Add: Excess Provision of I. Tax of earlier	--	(0.01)
Add: Brought Forward Profit	426.01	373.01
Balance profit carried over to Balance Sheet	464.00	426.01

### **REVIEW OF THE WORKING**

During the year under review the sales and other income of the Company amounted to Rs 1020.83 lacs compared to Rs.792.68 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. 37.99 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 31<sup>st</sup> March 2010.

### **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 2010 and of the profit of the Company for the year ended 31st March 2010.
- 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. J.C Kaushik retires by rotation and being eligible offer himself for re-appointment as a Director.

## **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.

## **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: 31<sup>st</sup> July 2010

**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 31<sup>st</sup> March 2010.

### 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** : USD 16,088, JPY 15,89,500.00

**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 Dalal Street Mumbai – 400 001	2) The Delhi Stock Exchange Association Ltd. DSE House, 3/1 Asaf Ali Road New Delhi – 110 002
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## 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, 2010 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010, 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 31<sup>st</sup> March, 2010 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 : 31<sup>st</sup> July, 2010

S. BANERJI  
Partner  
M.No.: 050912

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) Physical verification of inventories was not required as there was no stock as on 31<sup>st</sup> March 2010.
- 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, excise 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 : 31<sup>st</sup> July 2010

S. BANERJI  
Partner  
M. No. 050912

**BALANCE SHEET AS AT 31ST MARCH 2010**

	<i>Schedule</i>	<b>As at 31/3/2010</b> <b>(Rs.)</b>	<b>As at 31/3/2009</b> <b>(Rs.)</b>
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>SHARE HOLDER'S FUND</u></b>			
Share Capital	1	23,129,690	23,129,690
Reserve & Surplus	2	48,019,287	44,230,443
Loan Funds	3	17,290,000	22,610,000
Deferred Tax Liability		9,721,284	10,985,632
<b>TOTAL :</b>		<b>98,160,261</b>	<b>100,955,765</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	4	139,877,961	130,167,659
Less - Depreciation		96,000,691	88,587,072
Net Block		43,877,270	41,580,587
Capital Work in progress		-	8,621,817
	(A)	43,877,270	50,202,404
<b><u>INVESTMENT IN SHARES</u></b>			
<b><u>Quoted</u></b>			
90,000 Equity Shares of Rs.10/- each of Bhagawati Gases Ltd (Market value Rs.6,33,600/-/- as on 31-3-10, previous year Rs.3,99,600/-/- )		900,000	900,000
<b><u>Unquoted</u></b>			
4,10,000 Equity Shares of Rs.10/- each of Bhagawati Casting (P) Ltd			4,100,000
Mutual Fund Investment		8,000,000	2,000,000
	(B)	8,900,000	7,000,000
	(A+B)	52,777,270	57,202,404
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Sundry Debtors	5	11,550,982	26,421,682
Cash & Bank Balances		35,519,076	20,855,317
Loans & Advances		15,732,569	17,468,237
		62,802,627	64,745,236
<b><u>LESS : CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
Current Liabilities	6	11,692,617	13,041,006
Provisions		5,754,523	8,012,669
		17,447,140	21,053,675
Net Current Assets		45,362,487	43,691,561
Unexpired hirecharges		20,504	61,800
<b>TOTAL :</b>		<b>98,160,261</b>	<b>100,955,765</b>

Notes to the Accounts & Accounting Policies: 13  
As per our report of even date attached .

Place: Kolkata  
Dated: 31st July 2010

for CHATURVEDI & COMPANY  
Chartered Accountants,

S.K.Sharma, Managing Director

S. Banerji (Partner)

Himanshu Sharma, Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	<i>Schedule</i>	<u>Year Ended 31/03/2010</u> <u>(Rs.)</u>	<u>Year Ended 31/03/2009</u> <u>(Rs.)</u>
<b><u>INCOME</u></b>			
Sales and Service	7	97,937,908	54,401,286
Other Income	8	4,144,593	24,866,981
	<b>TOTAL :</b>	<b>102,082,501</b>	<b>79,268,267</b>
<b><u>EXPENDITURE</u></b>			
Purchases		55,242,919	29,184,345
Manufacturing & Operating Expenses	9	15,062,321	16,879,862
Payment to & Provision for Employees	10	2,848,409	2,513,703
Excise Duty		5,259,171	2,064,573
Administrative and Other Expenses	11	7,944,992	10,437,697
Financing Charges	12	3,221,687	3,988,732
Bad & Doubtful Debt write off		1,500,000	-
Depreciation		7,402,842	7,539,339
	<b>TOTAL :</b>	<b>98,482,341</b>	<b>72,608,251</b>
Profit/ (Loss) before Taxation		<b>3,600,160</b>	<b>6,660,016</b>
Less: Provision for Taxation		1,064,887	1,360,440
Provision for Deferred Tax (Credit)		(1,264,348)	(176,099)
Provision for FBT		-	175,107
Net Profit after Taxation		<b>3,799,621</b>	<b>5,300,568</b>
Less: Excess Provision of I.Tax of earlier years		-	1,334
Balance brought forward from last account		<b>42,600,577</b>	<b>37,301,343</b>
Balance carried to Balance Sheet		<b>46,400,198</b>	<b>42,600,577</b>
Earning per share		<b>1.64</b>	<b>2.29</b>

Notes to the Accounts & Accounting Policies: 13

As per our report of even date attached

Place: Kolkata

for CHATURVEDI & COMPANY

S.K.Sharma, Managing Director

Dated: 31st July 2010

Chartered Accountants,

S. Banerji (Partner)

Himanshu Sharma, Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

	<u>As at 31/03/2010</u> <u>Rs. in Thousands</u>	<u>As at 31/03/2009</u> <u>Rs. in Thousands</u>
<b>A. Cash flow from operating activities:</b>		
Net Profit before Tax and extraordinary item	3,600	6,660
Depreciation	7,403	7,551
Interest/Dividend Income	(2,471)	(1,704)
Interest charged	3,095	3,694
Liabilities written-off	(3)	(9,501)
Bad & Doudtful Debt Written Off	1,500	-
Operating Profit before working capital changes	<u>13,124</u>	<u>6,700</u>
<b>Adjustments for :-</b>		
Inventories	-	-
Trade & other Receivables	12,865	(11,519)
Trade Payables & other Liabilities	(1,344)	6,116
<b>Cash generated from operations</b>	<u>24,645</u>	<u>1,297</u>
Tax paid & adjusted	(1,048)	(2,021)
<b>Cash-Flow before Extra Ordinary Items</b>	<u>23,597</u>	<u>(724)</u>
<b>Net cash from operating Activities</b>	<u>(A) 23,597</u>	<u>(724)</u>
<b>B. Cash Flow from Investing Activities:</b>		
Capital WIP	8,622	(8,248)
Purchase of Fixed Assets	(9,710)	(112)
Mutual Fund	(6,000)	-
Sale of fixed assets	4,100	-
Interest received	2,471	1,704
<b>Net cash used in Investing Activities</b>	<u>(B) (517)</u>	<u>(6,656)</u>
<b>C. Cash Flow from Financing Activities:</b>		
Proceeds from calls in arrears	-	-
Borrowings from Bank	(5,320)	(3,990)
Interest paid	(3,096)	(3,694)
<b>Net cash used in Financing Activities</b>	<u>(C) (8,416)</u>	<u>(7,684)</u>
<b>Net (Decrease)/Increase in Cash &amp; Cash equivalents (A+B+C)</b>	14,664	(15,064)
Cash & Cash equivalents at start of the year	20,855	35,919
Cash & Cash equivalents at close of the year	<u>35,519</u>	<u>20,855</u>

As per our report of even date attached .

Place: Kolkata  
Dated: 31st July 2010

for CHATURVEDI & COMPANY  
Chartered Accountants,

S. Banerji (Partner)

S.K.Sharma, Managing Director

Himanshu Sharma, Director

	<u>As at 31/3/2010</u> (Rs.)		<u>As at 31/3/2009</u> (Rs.)
<b>Schedule 1</b>			
<b><u>SHARE CAPITAL</u></b>			
Authorised			
40,00,000 Equity Shares of Rs.10/- each	<u>40,000,000</u>		<u>40,000,000</u>
	<b>40,000,000</b>		<b>40,000,000</b>
Issued, Subscribed and Paidup:			
2,312,969 Equity Shares of Rs.10/- each fully paid up in cash	<u>23,129,690</u>		<u>23,129,690</u>
	<b>23,129,690</b>		<b>23,129,690</b>
<b>Schedule 2</b>			
<b><u>RESERVE &amp; SURPLUS</u></b>			
Capital Reserve	1,500,000		1,500,000
Revaluation Reserve                      69,937	59,160	81,912	69,937
Less : Adj against depreciation <u>10,777</u>		<u>11,975</u>	
Investment Allowance Reserve	59,929		59,929
Profit & Loss Account as per annexed accounts	46,400,198		42,600,577
	<u>48,019,287</u>		<u>44,230,443</u>
	<b>48,019,287</b>		<b>44,230,443</b>
<b>Schedule 3</b>			
<b><u>Loan Funds</u></b>			
<b>Secured Loan</b>			
Term Loan from ICICI Bank	17,290,000		22,610,000
Interest Accrued & Due	-		-
	<u>17,290,000</u>		<u>22,610,000</u>
	<b>17,290,000</b>		<b>22,610,000</b>

Note : Security for term loan from ICICI Bank is secured by hypothecation of assets in 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 mn



**Schedule - 4 : FIXED ASSETS**

ITEM	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-09	Additions	Dedn/Adj.	As at 31-3-10	Upto 31-3-09	For the year	Sale/Adj	Total	As at 31-3-10	As at 31-3-09
Land & Site Development	202,240	-	-	202,240	-	-	-	-	202,240	202,240
Non-Factory Building	1,129,069	-	-	1129069.00	583,656	27,271	-	610,927	518,142	545,413
Factory Building	4,922,049	-	-	4,922,049	3,877,882	104,416	-	3,982,298	939,751	1,044,167
Plant & Machinery	79,340,305	33,043	-	79,373,348	71,373,908	1,225,648	-	72,599,556	6,773,792	7,966,397
Wind Mill	39,083,390	-	-	39,083,390	8,548,826	4,680,949	-	13,229,775	25,853,615	30,534,564
Furniture & Fixture	497,007	-	-	497,007	403,587	12,597	-	416,184	80,823	93,420
Office equipments	331,810	157,050	-	488,860	233,257	42,401	-	275,658	213,202	98,553
Computer	634,624	86,480	-	721,104	482,170	78,691	-	560,861	160,243	152,454
Vehicle	1,597,983	-	-	1,597,983	693,893	233,623	-	927,516	670,467	904,090
Cylinder	500,000	-	-	500,000	495,000	-	-	495,000	5,000	5,000
Truck & Tanker	1,929,182	-	-	1,929,182	1,894,893	10,285	-	1,905,178	24,004	34,289
VIEs & associate LOX Proc equips	-	9,433,729	-	9,433,729	-	997,738	-	997,738	8,435,991	-
	130,167,659	9,710,302	-	139,877,961	88,587,072	7,413,619	-	96,000,691	43,877,270	41,580,587
Previous Year	130,056,138	111,521	-	130,167,659	81,035,758	7,551,314	-	88,587,072	41,580,587	49,020,380

Note: Depreciation Rs. 74,13,619/- for the year includes Rs.10,777/- on increment of cost of assets of Ballabgarh unit which is adjusted against revaluation reserve and balance Rs. 74,02,842/- is charged to Profit & Loss Account.



**Schedule 6****CURRENT LIABILITIES**

Sundry Creditors

Overdrawn Bank Balance

Total-A:

**PROVISIONS**

Gratuity

Bonus

Income Tax

Fringe Benefit Tax

Total-B:

Grand Total (A+B):

**As at 31/3/2009  
(Rs.)**

13,038,692

2,314

**13,041,006**

100,000

13,775

7,414,098

484,796

**8,012,669****21,053,675****Schedule 7****SALES & SERVICE**

Sale of Gas Manufactured

Sale of Power Manufactured

Trading Sales

Gas Handling &amp; Service Charges

Sales (Others)

**Year Ended 31/03/2009****Year Ended 31/03/2009**

20,044,396

4,745,123

3,367,200

26,244,567

-

**54,401,286****Schedule 8****OTHER INCOME**Interest Received (Gross) (TDS current year  
Rs.2,54,735/-, previous year Rs.3,62,641/-)

Miscellaneous Income

Cylinder Hire Charges

Liabilities no longer required written off

2,470,598

1,633,463

37,800

2,730

**4,144,591**

1,704,152

13,623,427

37,800

9,501,602

**24,866,981****Schedule 9****MANUFACTURING & OPERATING EXPENSES**

Stores &amp; Spares Consumed

Power &amp; Fuel

Repair &amp; Maintenance to:

Buildings

Plant &amp; Machinery

Others

Foreign Tech./Consultancy fees

2,466,854

7,856,596

69,090

4,048,561

82,040

535,891

**15,058,931**

1,142,920

5,280,943

132,366

10,221,161

102,472

-

**16,879,862**

	Year Ended 31/03/2010 (Rs.)	Year Ended 31/03/2009 (Rs.)
<b>Schedule 10</b>		
<b><u>PAYMENT TO AND PROVISIONS FOR EMPLOYEES</u></b>		
Salary, Wages & Bonus	2,164,037	1,912,693
Contribution to Provident & other Funds	141,955	124,748
Workman & Staff Welfare Expenses	542,417	476,262
	<b>2,848,409</b>	<b>2,513,703</b>
<b>Schedule 11</b>		
<b><u>ADMINISTRATIVE &amp; OTHER EXPENSES</u></b>		
Rent	1,236,550	1,215,500
Rates, Taxes & Licence Fee	94,936	493,070
Travelling & Conveyance	968,237	897,472
Managing Director's Remuneration	960,000	960,000
Directors' Sitting Fee	2,500	3,000
Auditor's Fee	35,000	35,000
Certification Charges	3,000	11,000
Tax Audit Fee	12,500	12,500
Internal Audit Fee	15,000	15,000
Miscellaneous Expenses	2,250,190	1,778,917
Telephone, Telex and Postage Expenses	321,247	360,980
Legal & Professional Expenses	178,758	201,910
Advertisement Expenses	201,688	215,055
Charity & Donation	404,151	389,700
Insurance Charges	446,706	697,280
Custom Duty & Other Expenses	214,956	-
Expenses Related to Job Work	128,909	2,732,787
Vehicle Expenses	380,262	295,519
Contribution made to Scientific Research Institution	90,402	123,007
	<b>7,944,992</b>	<b>10,437,697</b>
<b>Schedule 12</b>		
<b><u>FINANCING CHARGES</u></b>		
Interest Paid on others	140,295	61,046
Bank Charges and Commission	126,059	294,709
Interest On Term Loan	2,955,333	3,632,977
	<b>3,221,687</b>	<b>3,988,732</b>

## **SCHEDULE-13**

### **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 <sup>st</sup> March 2010	Year ended 31 <sup>st</sup> March 2009		Year ended 31 <sup>st</sup> March 2010	Year ended 31 <sup>st</sup> March 2009
Segment Revenue			Segment Assets		
Gases	970.77	745.23	Gases	873.28	776.72
Power	50.05	47.45	Power	271.34	360.27
Total (a)	1020.82	792.68	Others	11.45	83.10
Unallocable revenue (b)			Total	1156.07	1220.09
Total (a+b)	1020.82	792.68			
Segment Results			Segment Liabilities		
Gases	71.73	120.20	Gases	116.64	130.41
Power	(3.51)	(13.71)	Power	173.18	226.10
Other unallocable expenses (net of unallocable income)			Others	154.76	189.98
Total	68.22	106.49	Capital & Reserves	711.49	673.60
Interest & other charge	32.22	39.89	Total	1156.07	1220.09
Total Profit before tax	36.00	66.60			
Provision for tax	(2.00)	13.59			
Total Profit after tax	38.00	53.01			
Exceptional items	0.00	(0.01)			
Net Profit after Exceptional items	38.00	53.00			

## 2.6 RELATED PARTY DISCLOSURES:

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

## Summary of Transactions with above related parties

Particulars	2010 (Rs.)			2009 (Rs.)		
	Key Managerial Personnel and Relatives	Parties under common control	Total	Key Managerial Personnel and Relatives	Parties under common control	Total
Salaries	9,60,000/-	5,81,520/-	15,41,520/-	9,60,000/-	3,56,307	13,16,307/-
Rent	6,37,200/-	5,04,000/-	11,41,200/-	6,21,300/-	5,04,000/-	11,25,300/-
Security Deposit	5,40,000/-	--	5,40,000/-	5,40,000/-	--	540,000/-

## 2.7 Remuneration to Directors

Particulars	2010	2009
	Value (Rs)	Value (Rs)
Salaries	9,60,000/-	9,60,000/-
Sitting Fee	2,500/-	3,000/-

## 2.8 Auditors' Remuneration

Particulars	2010	2009
	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/-	11,000/-

## 2.9 Earning Per Share (EPS)

Particulars	Units	2010	2009
i) Net Profit/ (Loss) after Tax	Rs.	37,99,621/-	53,00,568/-
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.	1.64	2.29

## 2.10 Contingent Liabilities not provided in respect of the following

Particulars	2010	2009
	Value (Rs)	Value (Rs)
Bank Guarantees	51,31,250/- (Margin Money by FDR Rs.47,01,364/-)	42,34,254/- (Margin Money by FDR Rs.37,38,000/-)

## 2.11 Deferred Tax Liability (Net)

	Deferred Tax Asset/(Liability) as at 1-4-2009	Current Year (charge)/credit	Deferred Tax Asset/(Liability) as at 31-3-2010
Difference between Book & Tax Depreciation	Rs. (1,09,85,632/-)	Rs. 12,64,348/-	Rs. (97,21,284/-)
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	2010			2009		
		Licensed Capacity	Installed Capacity	Production	Licensed Capacity	Installed Capacity	Production
Oxygen Gas & Conversion of LOX to GOX.	NM <sup>3</sup>	NA	14040000	8313668	NA	5400000	2413399
Dissolved Acetylene	NM <sup>3</sup>	NA	--	--	NA	--	--
Nitrogen Gas.	NM <sup>3</sup>	NA	--	--	NA	--	--
Power.	KW	NA	750	1729752kwh	NA	750	1637772kwh

## (ii) Production, Purchases, Sales, Stock

Particulars	Units	2010		2009	
		Quantity	Value (Rs)	Quantity	Value (Rs)
Opening Stock.					
Oxygen Gas & Conversion of LOX to GOX.	NM <sup>3</sup>	--	--	--	--
Power.	Kwh	--	--	--	--
Purchases.					
Liquid Oxygen.	SM <sup>3</sup>	4728016	3,31,95,819/-	--	--
Power.	Kwh	--	--	--	--
Production.					
Oxygen Gas & Conversion of LOX to GOX.	NM <sup>3</sup>	8313668	--	2413399	--
Power.	Kwh	1729752	--	1637772	--
Sales.					
Oxygen Gas & Conversion of LOX to GOX.	NM <sup>3</sup>	8313668	6,68,88,700/-	2413399	2,00,44,396/-
Power.	Kwh	1729752	50,04,600/-	1637772	47,45,123/-
Closing Stock.					
Oxygen Gas & Conversion of LOX to GOX.	NM <sup>3</sup>	--	--	--	--
Power.	Kwh	--	--	--	--

## (iii) Trading

Particulars	2010		2009	
	Quantity	Value (Rs)	Quantity	Value (Rs)
Opening Stock.				
Oxygen Gas & Liquid.	--	--	--	--
Other Gases.	--	--	--	--
Purchases.				
Oxygen Gas & Liquid.	2442621 NM <sup>3</sup>	2,02,07,634/-	3114999NM <sup>3</sup>	2,68,05,744/-
Other Gases.	1973 Kgs	18,39,466/-	1614 Kgs	23,78,601/-
Sales.				
Oxygen Gas & Liquid.	2442621 NM <sup>3</sup>	2,00,04,918/-	3114999 NM <sup>3</sup>	2,62,44,567/-
Other Gases.	1973 Kgs	29,08,870/-	1614 Kgs	33,67,200/-
Closing Stock.				
Oxygen Gas & Liquid.	--	--	--	--
Other Gases.	--	--	--	--

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

Particulars	2010		2009	
	Value (Rs)	%	Value (Rs)	%
Indigenous	64,59,716/-	97	56,14,843/-	50
Imported	2,07,118/-	03	57,08,576/-	50
Total	66,66,834/-	100	1,13,23,419/-	100

## (v) CIF Value of Imported Goods

Particulars	2010	2009
	Value (Rs)	Value (Rs)
Stores & Spares	2,07,118/-	57,08,576/-
Traded Goods	7,32,005/-	--
Capital Goods	--	--

## (vi) Earning &amp; Expenditure in Foreign Currency

Particulars	2010	2009
	Value (Rs)	Value (Rs)
Earning in Foreign Currency	--	--
Expenditure in Foreign Currency (others)	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 13 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 : 31<sup>st</sup> July 2010

for CHATURVEDI & COMPANY  
Chartered Accountants

S. K. Sharma  
Mg. Director

S. Banerji  
Partner

Himanshu Sharma  
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 Year

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

Public Issue	Right Issue																				
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Bonus Issue	Private Placement																				
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3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets																				
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Source of Funds	Reserve & Surplus																				
Paid-Up-Capital	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
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Secured Loans	Unsecured Loans																				
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Application of Funds:	Investments																				
Net Fixed Assets	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																				
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Net Current Assets	Miscellaneous Expenses																				
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Accumulated Losses	Deferred Tax Liability																				
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4. Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure																				
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Profit/(Loss) before Tax	Profit/(Loss) after Tax																				
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Earning per share (in Rs.)	Dividend Rate (%)																				
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5. General Names of Three principal Products/Services of Company (As per Monetary Terms)

Items Code no. (ITC Code)	Product Description																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

Place: Kolkata  
Date : 31<sup>st</sup> July 2010

S.K.SHARMA  
Managing Director

HIMANSHU SHARMA  
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 38<sup>th</sup> Annual General Meeting of the said Company to be held on Wednesday 29<sup>th</sup> September 2010 at 11.00AM at its Registered Office and/or any adjournment thereof.

Signed this.....day of..... 2010.

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.

**ATTENDENCE SLIP**

I hereby record my presence at the 38<sup>th</sup> Annual General Meeting being held on Wednesday 29<sup>th</sup> September 2010 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.

BOOK - POST

*If undelivered please return to :*

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