

40TH ANNUAL REPORT

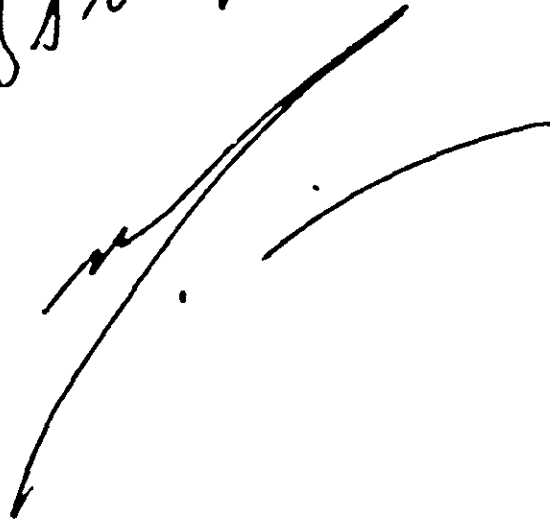
For the year ended 31st March 2012

BHAGAWATI OXYGEN LIMITED

BHAGAWATI OXYGEN LIMITED

'S'-492A, GREATER KAILASH
NEW DELHI

Bhaskar Singh



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

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 40th Annual General Meeting of BHAGAWATI OXYGEN LIMITED will be held on Friday, 28th September 2012 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 2012 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

Date: 7th August 2012

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

**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 23rd September 2012 to 28th September 2012 (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.

BHAGAWATI OXYGEN LIMITED

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting their 40th Annual Report on the operations of the Company together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

	(Rs. lacs)	
	For the year ended 31/03/2012	For the year ended 31/03/2011
Gross Profit/ (Loss)	173.21	183.40
Less: Financial Expenses	20.53	22.20
Less: Depreciation	57.58	68.77
Profit/(Loss) before Tax and extraordinary item	95.10	92.43
Less: Provision for Tax	41.29	43.56
Less: Provision for Deferred Tax Liability/(Credit)	(13.07)	(14.98)
Less: Excess Provision of I. Tax of earlier years	(5.12)	—
Net Profit/(Loss) after Tax	72.00	63.85
Add: Brought Forward Profit	527.85	464.00
Balance Profit carried over to Balance Sheet	599.85	527.85

REVIEW OF THE WORKING

During the year under review the sales and other income of the Company amounted to Rs 1567.00 lacs compared to Rs.971.37 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. 72.00 lacs.

DIVIDEND

With a view to plough back the profit for the operations of the Company and the need to conserve the liquid funds of the Company, your directors do not recommend any dividend for the year ended 31st March 2012.

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 2012 and of the profit of the Company for the year ended 31st March 2012.

- 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.

COST AUDITORS

In conformity with the directives of the Central Government, the Company has appointed M/s. DGM & Associates, Cost Accountant, of Kolkata, as the Cost Auditor under Section 233B of the Companies Act, 1956, for the audit of cost accounts for the Wind Power manufactured by the company for the year ending 31st March 2012.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the provision Clause to Sub-Section (1) of Section 383A of the Companies Act, 1956 the Secretarial Compliance Certificate for the year ended 31st March 2012 is attached herewith which is self-explanatory and requires no explanation by the Directors.

POSTAL BALLOT

In terms of provisions to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, 5 (five) Special resolution were passed by Postal Ballot on 31st March 2012 for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 2 immediately after the existing sub clause no.1, for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 3 immediately after the sub clause no.2, for insertion of new sub clause as sub clause number 121 under clause no.XXXI after the existing clause XXX in the Article of Association; for alteration of existing sub clause 3 by substitution with a new sub-clause 3 in clause II in the Article of Association; for alteration of existing sub clause 77(1) by substitution with a new sub-clause 77(1) in clause XIX in the Article of Association.

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: 7th August 2012

S K SHARMA
CHAIRMAN

BHAGAWATI OXYGEN LIMITED

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 2012.

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 : Rs. 30,602,574/-
Foreign Exchange Earning : Rs. 8,820/-

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 400001
- 2) The Delhi Stock 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.

**Compliance Certificate
Under Rule 3 of the Company (Compliance Certificate) Rules, 2001**

CIN: L74899HR1972PLC006203
Nominal Capital: Rs. 40,000,000/-

To
The Members
M/S BHAGAWATI OXYGEN LIMITED
SECTOR 25, PLOT NO. 5, BALLABHGARH, HARYANA 121004

We have examined the registers, records, books and papers of M/S BHAGAWATI OXYGEN LIMITED as required to be maintained under the Companies Act, 1956(the act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of our information and according to the examination carried out by us and explanation furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per provisions and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Companies Act and rules made there under.
3. The Company being Public Limited Company has complied with the minimum prescribed paid up capital and no comments are required regarding limits to the maximum number of members.
4. The Board of Directors duly met 5 times respectively on 30.04.2011, 30.07.2011, 25.08.2011, 31.10.2011 and 25.01.2012 in respect of such Meetings proper notices were given and proceedings were properly recorded and signed in minute book maintained for the purpose. No circular resolution was passed during the year under review.
5. The Company has closed its Register of Members from 24th September 2011 to 29th September 2011 during the financial year.
6. The Annual General Meeting for the financial year ended 31.03.2011 was held on 29th September 2011 after giving due notice to the members of the Company and resolution passed thereat have been duly recorded in minutes book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year. However the Company has passed 5 (five) Special resolution by Postal Ballot on 31st March 2012 for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 2 immediately after the existing sub clause no.1, for alteration in Part A of the Memorandum of Association of the Company containing the Main Objects by insertion of new sub clause as sub clause number 3 immediately after the sub clause no.2, for insertion of new sub clause as sub clause number 121 under clause no.XXXI after the existing clause XXX in the Article of Association: for alteration of existing sub clause 3 by substitution with a new sub clause 3 in clause II in the Article of Association: for alteration of existing sub clause 77(1) by substitution with a new subclause 77(1) in clause XIX in the Article of Association in terms of provisions to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.
8. The Company has not granted any loans or provide any security or guarantee to persons/ firms/ companies referred to section 295 of the Companies Act, 1956 during the financial year,
9. The Company has not entered into any Contracts falling within the Purview of Section 297 of the Act.
10. The Company has made necessary entries in the registers maintained U/s 301 of the Act.
11. As there was no instance falling within the purview of Sec 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government, as the case may be.
12. The Company has not issued any duplicate Share Certificate during the financial year.
13. The Company:
 - i. Has delivered all the certificates on lodgment thereof for transfer wherever applicable, in accordance with the provisions of the act during the financial year.
 - ii. has not deposited any amount in separate Bank Account as no Dividend was declared during the financial year.

- iii. has not posted Warrants to any Members of the Company as no Dividend was declared during the financial year.
- iv. duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The Company has not appointed any Managing Director, Whole Time Director or Manager during the financial year.
16. The Company has not appointed any Sole Selling Agent during the financial year.
17. The Company's Business during the year under scrutiny did not occasion the obtaining of approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such Authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the Provisions of the Act and the rules made there under.
19. The Company has not issued equity shares, debentures or other securities during the financial year.
20. The Company has not bought back any Shares during the financial year.
21. The Company has not issued any preference shares /debenture and hence there is no question of redemption of the same.
22. There were no transactions necessitating the company to keep in abeyance the right to dividend, right shares and bonus shares, pending registration of transfer of shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The Company has complied with the requirements of the provisions of section 293(1)(d) of the Companies Act, 1956.
25. The Company has complied with the provisions of Section 372A regarding loans and investments or advances or giving of guarantee or providing of securities to other bodies corporate and has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The Company has altered the provisions of the memorandum with respect to the object of the Company during the year under scrutiny and complied with the provision of the act.
28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has altered its Articles of Association during the financial year and complied with the provision of the act.
31. There was no prosecution initiated against or show cause notices received by the Company, during the financial year under the Act.
32. The Company has not received any sum as security from its employees during the year under certification.
33. The Company has deducted and deposited both employers' and employees' contribution towards Provident fund to the prescribed authority within due period of time.

Signature : For M/s MANOJ SHAW & CO
(COMPANY SECRETARIES)

SD/ MANOJ PRASAD SHAW
C.P.No. 4194

Date : 07.08.2012
Place: Kolkata

It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities/ statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

BHAGAWATI OXYGEN LIMITED

Annexure 'A'

Registers as maintained by the Company:

1. Register of Members u/s 150 & 151
2. Register of Transfers u/s 108
3. Minutes book of Board Meetings u/s 193
4. Minutes book of General Meetings
5. Register and returns u/s 163
6. Register of Directors, managing Directors, manager and secretary u/s 303
7. Register of Directors shareholding u/s 307
8. Register of Charges sec 143
9. Register of companies and firms in which directors are interested u/s 301
10. Register of Loan and Investment u/s 372A
11. Register of Allotment of shares

Annexure 'B'

Forms and Return as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March 2012

Sl. No.	Form No/Return	Filed U/s	For	Date of filing	Whether filed Within Prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/ No
1	Annual Return (Form 20B)	159	Annual Return for AGM held on 29.09.2011	28.11.2011	Yes	N.A
2	Balance Sheet (Form 23ACXBRL & 23ACAXBRL)	220	Balance Sheet as on 31.03.2011	13.12.2011	Yes	N.A.
3	Compliance Certificate (Form 66)	383A	Compliance Certificate for 31.03.2011	20.10.2011	Yes	N.A.
4	Form 23	269 read with 198, 309 and 310	Passing Special Resolution in AGM dated 29.09.2011 for Approval of Appointment of Chairman (Executive) and Managing Director	21.10.2011	Yes	N.A
5	Form 62	192A	Filing of Calendar of Event for Postal Ballot	26.03.2012	Yes	N.A
6	Form 25C	Pursuant to section 269(2) and schedule XIII of the Companies Act, 1956	Appointment of Chairman (Executive) w.e.f.01.01.2011	06.07.2011	No	Yes
7	Form 25C	Pursuant to section 269(2) and schedule XIII of the Companies Act, 1956	Appointment of Managing Director w.e.f.01.01.2011	06.07.2011	No	Yes

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, 2012 and the Statement of Profit and Loss 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 Statement of Profit & Loss 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 Statement of Profit & Loss 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012, 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 the notes and Significant Accounting Policies 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, 2012 and
 - ii) In the case of the Statement of Profit & Loss, 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.

Place: Kolkata
Dated: August 7, 2012

For **CHATURVEDI & CO.**
Chartered Accountants
Firm Regn. No.302137E

S.C. Chaturvedi
Partner
Mem.No.: 12705

BHAGAWATI OXYGEN LIMITED

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 was no material discrepancies were noticed on physical verification of inventory, as compared to book 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 Government has prescribed to the Company for the maintenance of Cost Records as referred under Clause (d) of Sub Section (1) of Section 209 of Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix) (a) According to the records of the Company, the Company is generally 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) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March 2012 on account of disputes are given below :
- | Name of Statute | Forum where Dispute is Pending | Period to which the amount relates | Amount Involved (Rs) |
|-----------------|--------------------------------|------------------------------------|----------------------|
| VAT Act | DCCT, Jamshedpur | 2008-09 | 4,06,614 |
| I.T Act | CIT (A), Kolkata | 2008-09 | 27,59,500 |
| I.T Act | CIT (A), Kolkata | 2010-11 | 1,67,845 |
- 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.

BHAGAWATI OXYGEN LIMITED

- 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.

Place: Kolkata
Dated: August 7, 2012

For **CHATURVEDI & CO.**
Chartered Accountants
Firm Regn. No.302137E

S.C. Chaturvedi
Partner
Mem.No.: 12705

BHAGAWATI OXYGEN LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

PARTICULARS	NOTE No	(Figures in INR)	
		As at 31st March 2012	As at 31st March 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	1	23,129,690	23,129,690
(b) Reserves and Surplus	2	61,585,803	54,394,411
(2) Non-current liabilities			
(a) Long term borrowings	3	6,650,000	11,970,000
(b) Deferred tax liabilities (net)	4	6,916,764	8,223,694
(c) Other long term liabilities	5	490,525	-
(d) Long term provisions	6	100,000	100,000
(3) Current liabilities			
(a) Short term borrowings	7	-	90,969
(b) Trade payables	8	11,352,924	9,407,692
(c) Other current liabilities	9	3,447,218	3,065,977
(d) Short term provisions	10	10,503,685	10,452,864
TOTAL		124,176,609	120,835,297
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	11	32,455,568	37,352,172
(b) Non-current investments	12	9,903,170	8,900,000
(c) Long term loans and advances	13	2,217,059	2,117,532
(d) Other non-current assets	14	77,331	-
(2) Current assets			
(a) Inventories	15	8,156,295	2,364,824
(b) Trade receivables	16	24,381,208	18,979,093
(c) Cash and cash equivalents	17	22,388,024	33,623,035
(d) Short term loans and advances	18	24,597,954	17,498,641
(e) Other current assets		-	-
TOTAL		124,176,609	120,835,297

Significant Accounting Policies and Additional Information 28

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **Chaturvedi and Company**

Chartered Accountants

Firm Regn. No. 302137E

S C Chaturvedi

Partner

(Membership No. - 12705)

Place : Kolkata

Date : 7th August 2012

For and on behalf of the Board of Directors

Suresh Kr Sharma
Chairman

Himanshu Sharma
Mg Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

PARTICULARS	NOTE No	(Figures in INR)	
		For the year ended 31st March 2012	For the year ended 31st March 2011
I Revenue from operations (Gross)	19	161,927,667	91,723,582
Less : Excise Duty		8,388,915	6,543,283
Revenue from operations (Net)		153,538,752	85,180,299
II Other Income	20	3,161,676	11,956,576
III Total Revenue (I+II)		<u>156,700,428</u>	<u>97,136,875</u>
IV Expenses			
Cost of materials consumed	21	49,590,302	39,074,488
Purchases of stock in trade	22	66,151,420	17,600,681
Change in inventories of finished goods and work in progress & stock in trade	23	(5,791,472)	(2,364,824)
Manufacturing expenses	24	14,816,481	10,781,115
Employee benefits expenses	25	3,721,389	3,278,799
Finance cost	26	2,052,901	2,220,257
Depreciation & amortization expenses		5,757,680	6,876,755
Other expenses	27	10,891,827	10,426,715
Total Expenses		<u>147,190,528</u>	<u>87,893,986</u>
V Profit before Exceptional item & Extraordinary item and tax (III-IV)		9,509,900	9,242,889
VI Exceptional item & Extraordinary item		-	-
VII Profit before tax (V+VI)		<u>9,509,900</u>	<u>9,242,889</u>
VIII Less : Tax expenses			
1) Current tax		4,129,452	4,355,655
2) Deferred tax		(1,306,930)	(1,497,590)
3) Tax relating to prior years		(512,744)	-
IX Profit for the year (VII-VIII)		<u>7,200,122</u>	<u>6,384,824</u>
X Earnings per share (of Rs.10/- each)			
(a) Basic		3.11	2.76
(b) Diluted		3.11	2.76

Significant Accounting Policies and Additional Information 28

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **Chaturvedi and Company**
Chartered Accountants
Firm Regn. No. 302137E
S C Chaturvedi
Partner
(Membership No. - 12705)
Place : Kolkata
Date : 7th August 2012

For and on behalf of the Board of Directors

Suresh Kr Sharma
Chairman

Himanshu Sharma
Mg Director

BHAGAWATI OXYGEN LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

PARTICULARS	(Figures in INR)	
	As at 31st March 2012	As at 31st March 2011
A. Cash flow from operating activities:		
Net Profit before Tax and extraordinary item	9,509,900	9,242,889
Add: Depreciation	5,757,680	6,876,755
Interest charged	1,726,672	2,220,257
Bad & Doudtful Debt Written Off	144,150	-
Less: Interest/Dividend Income	(2,852,010)	(2,702,588)
Liabilities written-off	(3,291)	(1,142)
Profit on sale of fixed assets	(8,191)	-
Operating Profit before working capital changes	14,274,910	15,636,171
Adjustments for :		
Inventories	(5,791,471)	(2,364,824)
Trade & other Receivables	(11,864,134)	(9,337,866)
Trade Payables & other Liabilities	(781,935)	1,238,901
Cash generated from operations	(4,162,630)	5,172,382
Tax paid & adjusted	(1,426,128)	(1,960,366)
Cash-Flow before Extra Ordinary Items	(5,588,758)	3,212,016
Extra Ordinary Items	-	-
Net cash from operating Activities (A)	(5,588,758)	3,212,016
B. Cash Flow from Investing Activities:		
Capital WIP	-	-
Purchase of Fixed Assets	(1,031,615)	(361,357)
Mutual Fund	(1,003,170)	-
Sale of fixed assets	170,000	-
Interest/ Dividend received	2,852,010	2,702,588
Net cash used in Investing Activities (B)	987,225	2,341,231
C. Cash Flow from Financing Activities:		
Borrowings from Bank	413,194	90,969
Borrowings from Bank repaid	(5,320,000)	(5,320,000)
interest paid	(1,726,672)	(2,220,257)
Net cash used in Financing Activities (C)	(6,633,478)	(7,449,288)
Net (Decrease)/Increase in Cash & Cash equivalents (A+B+C)	(11,235,011)	(1,896,041)
Cash & Cash equivalents at start of the year	33,623,035	35,519,076
Cash & Cash equivalents at close of the year	22,388,024	33,623,035

As per our report of even date attached

For **Chaturvedi and Company**

Chartered Accountants

Firm Regn No 302137E

S C Chaturvedi

Partner

(Membership No. - 12705)

Place: Kolkata

Date: 7th August 2012

For and on behalf of the Board of Directors

Suresh Kr Sharma
Chairman

Himanshu Sharma
Mg Director

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in INR)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
1. SHARE CAPITAL		
1.1 AUTHORISED		
40,00,000 (P.Y 40,00,000) Equity Shares of Rs.10/- each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
1.2 ISSUED SUBSCRIBED AND FULLY PAID UP		
23,12,969 (P.Y 23,12,969) Equity Shares of Rs 10/- each	23,129,690	23,129,690
	<u>23,129,690</u>	<u>23,129,690</u>
1.3 Reconciliation of Number of Shares		
Shares outstanding as at 1st April 2011/ 1st April 2010	23,129,690	23,129,690
Shares outstanding as at 31st March 2012/ 31st March 2011	23,129,690	23,129,690
1.4 List of shareholders holding more than 5% of the total number of shares issued by the Company :		
Name of share holder		
Bihar State Industrial Development	300,000 (12.97%)	300,000 (12.97%)
Rakesh Samrat Bhardwaj	208,550 (9.02%)	208,550 (9.02%)
Bhagawati Gases Ltd	190,000 (8.21%)	190,000 (8.21%)
Suresh Kumar Sharma	173,255 (7.49%)	173,255 (7.49%)
1.5 Rights, Preferences and Restrictions attached to Equity Shares		
The Company has issued only one class of equity shares having a par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. In the event the Board of Directors of the Company proposes any dividend, it will be subject to the approval of the shareholders at the Annual General Meeting.		
2 RESERVE AND SURPLUS		
2.1 Capital Reserves (A)	1,500,000	1,500,000
2.2 Revaluation Reserve (B)		
Opening Balance	49,460	59,160
Less : Adjusted against depreciation	8,730	9,700
Closing Balance	<u>40,730</u>	<u>49,460</u>
2.3 Investment Allowance Reserve (C)	59,929	59,929
2.4 Surplus in Statement of Profit and Loss (D)		
Opening Balance at the beginning of the year	52,785,022	46,400,198
Add : Profit for the year	7,200,122	6,384,824
Closing Balance	<u>59,985,144</u>	<u>52,785,022</u>
Total (A + B + C + D)	<u>61,585,803</u>	<u>54,394,411</u>
3 LONG TERM BORROWINGS		
3.1 Secured term loan from ICICI Bank	6,650,000	11,970,000
Total	<u>6,650,000</u>	<u>11,970,000</u>

Term loan and cash credit from ICICI Bank is secured by hypothecation of all current assets both present and future, wind mill at 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 and guaranteed by personal guarantee of two directors.

BHAGAWATI OXYGEN LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in INR)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
4 DEFERRED TAX LIABILITIES (NET)		
For depreciation on fixed assets	6,916,764	8,223,694
Net Deferred Tax Liabilities Total	6,916,764	8,223,694
5 OTHER LONG TERM LIABILITIES		
Others (Auto loan)	490,525	-
Total	490,525	-
6 LONG TERM PROVISIONS		
Provision of gratuity for employee benefits	100,000	100,000
Total	100,000	100,000
7 SHORT TERM BORROWINGS		
Secured Cash credit facilities from banks	-	90,969
Total	-	90,969
8 TRADE PAYABLES		
Sundry Creditors		
(i) Due to MSME Enterprises	-	-
(ii) Due to others	11,352,924	9,407,692
Total	11,352,924	9,407,692
9 OTHER CURRENT LIABILITIES		
Other payables	3,447,218	3,065,977
Total	3,447,218	3,065,977
Other Payables pertains to:		
(i) Statutory liabilities	304,687	108,462
(ii) Others	3,142,531	2,957,515
10 SHORT TERM PROVISIONS		
Provision for employee benefits		
(i) Salary	155,018	157,405
(ii) Leave Encashment	156,306	118,421
(iii) Medical Allowance	163,145	135,772
(iv) Provident Fund	41,891	46,251
Provision for taxation (Income Tax)	9,845,547	9,510,219
Provision for taxation (Fringe Benefit Tax)	141,778	484,796
Total	10,503,685	10,452,864

NOTES FORMING PART OF FINANCIAL STATEMENTS

11 FIXED ASSETS - TANGIBLE ASSETS

Figures in INR

ITEM	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-11	Additions	Dedn/Adj	As at 31-3-12	As at 01-04-11	For the year	Sale/Adj	Total	As at 31-3-12	As at 31-3-11
Land & Site Development	202,240	-	-	202,240	-	-	-	-	202,240	202,240
Non-Factory Building	1,129,069	-	-	1,129,069	636,834	24,612	-	661,446	467,623	492,235
Factory Building	4,922,049	-	-	4,922,049	4,076,273	84,578	-	4,160,851	761,198	845,776
Plant & Machinery	79,373,348	157,062	-	79,530,410	73,637,978	897,793	-	74,535,771	4,994,639	5,735,370
Wind Mill	39,083,390	-	-	39,083,390	17,193,134	3,355,776	-	20,548,910	18,534,480	21,890,256
Furniture & Fixture	497,007	-	-	497,007	430,296	11,557	-	441,853	55,154	66,711
Office Equipments	574,607	49,455	-	624,062	314,238	38,316	-	352,554	271,508	260,369
Computer	721,104	143,374	-	864,478	624,958	71,279	-	696,237	168,241	96,146
Vehicle	1,597,983	681,724	608,850	1,670,857	1,100,654	142,001	447,041	795,614	875,243	497,329
Cylinder	775,610	-	-	775,610	669,427	40,473	-	709,900	65,710	106,183
Truck & Tanker	1,929,182	-	-	1,929,182	1,912,379	5,041	-	1,917,420	11,762	16,803
VIEs & associated LOX process equipment	9,433,729	-	-	9,433,729	2,290,975	1,094,984	-	3,385,959	6,047,770	7,142,754
	140,239,318	1,031,615	608,850	140,662,083	102,887,146	5,766,410	447,041	108,206,515	32,455,568	37,352,172
Previous Year	139,877,961	361,357	-	140,239,318	96,000,691	6,886,455	-	102,887,146	37,352,172	43,877,270

Note : Depreciation Rs. 57,66,410/- for the year includes Rs.8,730/- on increment of cost of assets of Ballabgarh unit which is adjusted against revaluation reserve and balance Rs.57,57,680/- is charged to Profit & Loss Account

BHAGAWATI OXYGEN LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in INR)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
12 NON-CURRENT INVESTMENTS (VALUED AT COST)		
12.1 Non-Trade Investments		
<u>Investment in Equity Instruments (Quoted)</u>		
90,000 (P.Y 90,000) Equity Shares of Rs.10/- each of Bhagawati Gas Ltd	900,000	900,000
<u>Investment in Mutual Funds (Quoted)</u>		
79836.159 units of Rs.20.59 each (P.Y. 69476.610 units of Rs.21.59 each) DSP Blackrock Balanced Fund- Dividend	1,643,587	1,500,000
68522.462 units of Rs. 27.72 each (P.Y. 53640.395 units of Rs. 27.96 each) HDFC Prudence Fund- Dividend	1,899,131	1,500,000
41566.653 units of Rs. 43.04 each (P.Y. 34539.928 units of Rs. 43.43 each) HDFC Top 200 Fund- Dividend	1,788,879	1,500,000
31360.573 units of Rs. 53.30 each (P.Y. 27861.517 units of Rs. 53.84 each) Reliance Growth Fund- Dividend	1,671,573	1,500,000
25462.687 units of Rs. 39.27 each (P.Y. 25462.687 units of Rs. 39.27 each) UTI Infrastructure Fund- Growth	1,000,000	1,000,000
2933.928 units of Rs.170.42 each (P.Y. 2933.928 units of Rs.170.42 each) Birla Sunlife Advantage Fund- Growth	500,000	500,000
11308.840 units of Rs.44.21 each (P.Y. 11308.840 units of Rs.44.21 each) Tata Infrastructure Fund- Growth	500,000	500,000
Total	9,903,170	8,900,000
Aggregate cost of quoted investments - equity	900,000	900,000
Aggregate market value of quoted investments - equity	207,000	465,300
Aggregate cost of quoted investments - mutual fund	9,003,170	8,000,000
Net Asset Value	8,111,314	7,810,320
13 LONG TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Earnest Money Deposit	250,527	199,000
Security Deposit with related parties (Refer Note No. 28.10)	1,040,000	1,040,000
Security Deposit with others	926,532	878,532
Total	2,217,059	2,117,532
14 OTHER NON CURRENT ASSETS		
Unexpired hire charges - auto loan	77,331	-
Total	77,331	-
15 INVENTORIES (at lower of cost or market value)		
(as valued & certified by the management)		
Finished Goods	8,156,295	2,364,824
Total	8,156,295	2,364,824

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in INR)

PARTICULARS	As at 31st March 2012	As at 31st March 2011
16 TRADE RECEIVABLES		
Unsecured, considered good	24,381,208	18,979,093
Total	24,381,208	18,979,093
Outstanding for a period exceeding six months from the date they are due for payment	4,334,593	2,986,715
Others	20,046,615	15,992,378
17 CASH AND CASH EQUIVALENTS		
Cash in hand	82,850	110,814
Balance with banks		
(i) Current accounts	4,865,665	1,786,255
(ii) Fixed deposit accounts *	17,439,509	31,725,966
Total	22,388,024	33,623,035
* Includes fixed deposit Rs. 96,456 (P.Y Rs. 5,555,390) with maturity more than 12 months		
18 SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Others		
(i) Advances recoverable in cash or in kind or for value to be received**	16,274,387	10,065,011
(ii) Balance with Central Excise Authorities	951,109	541,289
(iii) Advance Income Tax and Tax Deducted at Source	7,372,458	6,892,341
Total	24,597,954	17,498,641
**Related Parties		
Others	16,274,387	10,065,011
19 REVENUE FROM OPERATIONS		
Manufactured goods		
Industrial Gases - oxygen	89,152,112	69,912,694
Power - wind	3,712,795	4,676,793
Total - Sale of manufactured goods	92,864,907	74,589,487
Traded goods		
Industrial Gases - oxygen	6,671,537	8,847,923
Specialty Gases & Cylinders	62,391,223	8,286,172
Total - Sale of traded goods	69,062,760	17,134,095
Total	161,927,667	91,723,582

BHAGAWATI OXYGEN LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Figures in INR)

PARTICULARS	For the year ended 31st March 2012	For the year ended 31st March 2011
20 OTHER INCOME		
Interest Income from fixed deposits with banks	1,848,839	2,702,588
Miscellaneous Income	260,384	7,166,046
Dividend	1,003,171	-
Cylinder Hire Charges	37,800	37,800
Profit on sale of fixed assets	8,191	-
Sales (Others)	-	2,049,000
Liabilities no longer required written back	3,291	1,142
Total	3,161,676	11,956,576
21 COST OF MATERIALS CONSUMED		
Industrial Gases - oxygen	49,590,302	39,074,488
Total	49,590,302	39,074,488
22 PURCHASE OF TRADED GOODS		
Industrial Gases - oxygen	6,543,266	8,718,452
Specialty Gases & Cylinders	59,608,154	8,882,229
Total	66,151,420	17,600,681
23 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock		
Finished goods	2,364,824	-
	2,364,824	-
Closing Stock		
Finished goods	8,156,296	2,364,824
	8,156,296	2,364,824
(Increase)/ Decrease in inventories of finished goods and work in progress and stock in trade -Total	(5,791,472)	(2,364,824)
24 MANUFACTURING AND OPERATING EXPENSES		
Stores & Spares consumed	2,547,772	1,853,195
Power & Fuel	7,861,164	5,704,418
Repair & Maintenance to:		
Buildings	10,950	183,440
Plant and Machinery	4,263,668	2,849,494
Others	132,927	190,568
Total	14,816,481	10,781,115

NOTES FORMING PART OF FINANCIAL STATEMENTS

PARTICULARS	<i>(Figures in INR)</i>	
	For the year ended 31st March 2012	For the year ended 31st March 2011
25 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	2,750,437	2,395,049
Contribution to Provident and other Funds	137,886	146,345
Workman and staff welfare expenses	833,066	737,405
Total	3,721,389	3,278,799
26 FINANCE COST		
Interest paid on others	412,013	46,313
Bank charges and commission	326,229	273,228
Interest on term loan	1,314,659	1,900,716
Total	2,052,901	2,220,257
27 OTHER AND ADMINISTRATIVE EXPENSES		
Rent	1,423,310	1,262,360
Rates, Taxes & Licence Fee	97,473	57,036
Travelling and Conveyance	979,828	1,143,216
Directors' Remuneration	1,980,000	1,215,000
Directors' Sitting Fee	2,000	2,000
Auditors' Remuneration		
(i) Statutory Audit	35,000	35,000
(ii) Limited Review Report	10,000	10,000
(iii) Certification	3,000	3,000
(iv) Tax Audit	12,500	12,500
(v) Internal Audit	15,000	15,000
Certification Charges (others)	34,964	38,280
Miscellaneous Expenses	3,287,930	2,555,385
Telephone and Postage Expenses	334,491	281,572
Legal and Professional Expenses	613,302	658,909
Advertisement Expenses	166,452	147,710
Charity and Donation	395,380	138,728
Insurance Charges	750,340	658,517
Custom Duty and Other Expenses	-	20,115
Expenses related to Job Work	-	1,584,874
Vehicle Expenses	427,707	390,613
Contribution to Scientific Research Institutions	179,000	196,900
Sundry Balance Written Off	144,150	-
Total	10,891,827	10,426,715

NOTES FORMING PART OF FINANCIAL STATEMENTS

28. SIGNIFICANT ACCOUNTING POLICIES AND ADDITIONAL INFORMATION

28.1 BASIS OF ACCOUNTING

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

28.2 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 upto the year 31st March 1996 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 1st April 1996.
- ii) Depreciation on the amount of revaluation of fixed assets is adjusted against fixed assets revaluation reserve created at the time of revaluation.

28.3 INVENTORIES

Inventories are valued as under :

Stores & Spares - At cost.

Finished Goods and Work in Progress - At cost or market value, whichever is less.

28.4 INVESTMENTS

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which investments are made, are classified as current investments. All other investments are classified as long term investments. Long term investments and Current investments are stated at cost, unless there is a permanent decline in value thereof.

28.5 RECOGNITION OF INCOME AND EXPENDITURE

Sales are accounted inclusive of Excise Duty but excluding Sales Tax.

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 offtake guarantee, the revenue recognition is postponed as per AS-9 issued by the ICAI till bills are raised for such claims on settlement with the customers.

Cenvat Credit on purchases is adjusted from the Excise Duty payable during the year.

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

28.6 EMPLOYEE BENEFITS

Retirement benefits are provided in the accounts on accrual basis.

Annual contribution towards Gratuity liability is funded with Life Insurance Corporation of India in accordance with the Gratuity scheme of LIC.

Short term employee benefits are recognized as expense as per company's scheme.

28.7 TAXATION

Provision is made for Income Tax liability, which is likely to arise on the results of the year at the current rate of tax in accordance with the provisions of the Income Tax Act, 1961.

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 recognized 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.

28.8 SEGMENT REPORTING

The accounting policies adopted for segment reporting are in line with the accounting policies of the company. Revenue and expenses are identified to segments on the basis of their relationship to the operating activities of the company.

28.9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in notes. Contingent assets are neither recognized nor disclosed in the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS

28.10 RELATED PARTY DISCLOSURES - AS IDENTIFIED BY THE MANAGEMENT AND RELIED UPON BY THE AUDITORS

a) List of Related Parties and description of relationship

(i)	Key Management Personnel Relatives of Key Management Personnel	Mr S K Sharma Mr Himanshu Sharma Mrs Tara Devi Sharma Mrs Deepthi Sharma
(ii)	Parties under Common Control	Bhagawati Steel (P) Ltd Dindayal Ramrup

b) Transactions with related parties:

Nature of Transactions	Parties under Common Control				(Amount in Rupees)	
	Bhagawati Steel (P) Ltd		Dindayal Ramrup		Key Management Personnel and Relatives	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Rent	408,000	408,000	96,000	96,000		
Salaries etc.	246,837	199,822				
Security Deposit S K Sharma	500,000	500,000				
Directors' Remuneration Himanshu Sharma					840,000	660,000
Directors' Remuneration Tara Devi Sharma					1,140,000	555,000
Rent					371,760	354,060
Security Deposit Deepthi Sharma					240,000	240,000
Rent					330,750	315,000
Security Deposits					300,000	300,000

28.11 Excise Duty

Excise Duty on sales for the year has been disclosed as reduction from the turnover

28.12 Contingent liabilities in respect of

	(Amount/ Rs.)	
	<u>31-Mar-12</u>	<u>31-Mar-11</u>
(a) Bank Guarantees given by the Company to its customers [Margin Money Rs. 4727128 (P.Y Rs. 4692614)]	4,504,327	5,078,372
(b) L/C Commitments [(Margin Money Rs. 840000 (P.Y Rs. Nil)]	4,200,000	-
(c) Sales tax, Income tax and Excise demands against which the Company has filed appeals for which no provision is considered required as the Company is hopeful of successful outcome in the appeals	3,333,959	-
(d) Capital Commitments	-	-

BHAGAWATI OXYGEN LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

28.13 Consumption of Stores and Spares including consumption for Repair and Maintenance

	31-Mar-12		31-Mar-11	
	Value	%	Value	%
Indigenous	5,208,106	75	5,004,414	99
Imported	1,747,211	25	72,283	1
Total	6,955,317	100	5,076,697	100

28.14 CIF Value of Imported Goods

	31-Mar-12	31-Mar-11
Stores & Spares	1,747,211	72,283
Traded Goods	28,855,363	3,836,285
Total	30,602,574	3,908,568

28.15 Earning & Expenditure in foreign currency

	31-Mar-12	31-Mar-11
Earning in foreign currency	8,820	-
Expenditure in foreign currency	-	26,975

28.16 Disclosure Requirement of AS-17 (Segment Reporting)

	31-Mar-12		31-Mar-11	
	31-Mar-12	31-Mar-11	31-Mar-12	31-Mar-11
Segment Revenue			Segment Assets	
Gases	158,779,105	94,824,906	Gases	100,078,566
Power	3,712,795	4,676,793	Power	22,727,897
Total (a)	162,491,900	99,501,699	Others	1,370,146
Unallocable revenue (b)	-	-	Total	124,176,609
Total (a + b)	162,491,900	99,501,699		120,835,296
Segment Results			Segment Liabilities	
Gases	13,522,604	11,601,815	Gases	15,514,303
Power	(1,959,803)	(138,277)	Power	7,042,724
Other unallocable expenses (net of unallocable income)	-	-	Others	16,904,089
Total	11,562,801	11,463,538	Capital & Reserves	84,715,493
Interest & other charge	2,052,901	2,220,649	Total	124,176,609
Total Profit before tax	9,509,900	9,242,889		120,835,296
Provision for tax	(2,309,778)	(2,858,065)		
Total Profit after tax	7,200,122	6,384,824		
Exceptional items	-	-		
Net Profit after exceptional items	7,200,122	6,384,824		

NOTES FORMING PART OF FINANCIAL STATEMENTS

28.17 Earning per Share

	<u>31-Mar-12</u>	<u>31-Mar-11</u>
Face Value per Share	10	10
Net Profit after Tax	7,200,122	6,384,824
No. of Ordinary Equity Shares	2,312,969	2,312,969
Basic and Diluted Earnings per Share	3.11	2.76

28.18 Deferred Tax Liability (Net)

	<u>Deferred Tax Asset/ (Liability) as at 1-April-2011</u>	<u>Current Year (Charge)/ Credit</u>	<u>Deferred Tax Asset/ (Liability) as at 31-Mar-2012</u>
Difference between Book & Tax Depreciation	(8,223,694)	1,306,930	(6,916,764)

Deferred Tax Liability for timing differences between depreciation charged to the accounts and claimed as per I.Tax Act is provided

28.19 The Company has revalued its Buildings, Plant & Machinery and Gas Cylinders at Ballabgargh 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.

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

28.21 Sundry Creditors includes Rs. Nil pertaining to MSME Enterprises.

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

As per our report of even date attached

For **Chaturvedi and Company**
Chartered Accountants
Firm Regn. No. 302137E
S C Chaturvedi
Partner
(Membership No. - 12705)
Place : Kolkata
Date : 7th August 2012

For and on behalf of the Board of Directors

Suresh Kr Sharma
Chairman

Himanshu Sharma
Mg Director

BHAGAWATI OXYGEN LIMITED

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956

A) REGISTRATION DETAILS

CIN No. L74899HR1972PLC006203

Balance Sheet Date

31 March 2012

State Code

55

B) CAPITAL RAISED DURING THE PERIOD

Public Issue

Nil

Bonus Issue

Nil

Rights Issue

Nil

Private Placement

Nil

C) POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS

Total Liabilities

124,176,609

Sources of Funds

 Paid up Capital

23,129,690

 Reserves and Surplus

61,585,803

 Secured Loans

6,650,000

 Unsecured Loans

Nil

 Deferred Tax Liability (Net)

6,916,764

Total Assets

124,176,609

Application of Funds

 Net Fixed Assets

32,455,568

 Investments

9,903,170

 Net Current Assets

55,923,519

D) PERFORMANCE OF COMPANY

Turnover

156,700,428

Total Expenditure

147,190,528

Profit/ (Loss) Before Tax

9,509,900

Profit/ (Loss) After Tax

7,200,122

Earning per Share (in Rs.)

3.11

Dividend Rate (%)

Nil

E) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF THE COMPANY

Item Code No. (ITC Code)

Product Description

2804

Oxygen

Place : Kolkata
Date : 7th August 2012

Suresh Kr Sharma
Chairman

Himanshu Sharma
Mg Director

BHAGAWATI OXYGEN LIMITED

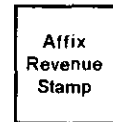
Registered Office : Plot No.5, Sector-25, Ballabgarh-121 004, Haryana.

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 40th Annual General Meeting of the said Company to be held on Friday 28th September 2012 at 11.00AM at its Registered Office and/or any adjournment thereof.

Signed this day of 2012.

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



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.

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BHAGAWATI OXYGEN LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 40th Annual General Meeting being held on Friday 28th September 2012 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.