

34th Annual Report 2008-2009



National Oxygen Limited

Breathing Life into Industry

National Oxygen Limited

BOARD OF DIRECTORS

Shri. G.N. SARAF
Chairman & Managing Director

Smt. VEENA DEVI

Shri. RAJESH KUMAR SARAF
Joint Managing Director

Shri. P. SIVA

Dr. D.M. MOHUNTA

Shri. ANIL SETH

REGD. & ADMINISTRATIVE OFFICE

80, (Old No.141), Greams Road,
Chennai 600 006.

Phones : (044) 28290707

Fax : (044) 28290770

E-mail: contact@nolgroup.com

Website : www.nolgroup.com

AUDITORS

M/s. SINGHI & COMPANY

COMPANY SECRETARY

Ms.I.K.Gayathri

BANKERS

PUNJAB NATIONAL BANK

FACTORIES

1. Trichy - Pudukkottai Road,
Mathur - 622515
Tamil Nadu.

2. Pondy - Villupuram Road,
Thiruvandar Koil,
Pondicherry - 605 102.

REGISTRAR AND SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICE LIMITED

"Subramanian Buildings", 1, Club House Road, Chennai-600 002. Phone: 28460390.

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 34th Annual General Meeting of the Company will be held at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai 600 105 on Friday, 18th September 2009 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March 2009, the Profit and Loss Account for the Year ended 31st March 2009 and the report of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in the place of Dr.D.M.Mohunta, who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Smt.Veena Devi, who retires from office by rotation and being eligible offers herself for reappointment.
5. To appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors, M/s. Singhi & Co. are eligible for reappointment.

**For and on behalf of the Board
NATIONAL OXYGEN LIMITED**

**G.N. Saraf
Chairman and Managing Director**

Place : Chennai

Date : 30.07.2009

Notes :

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- b. The Instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- c. The Register of Members and Transfer Books of the Company will remain closed from Thursday, 10th September 2009 to Friday, 19th September 2009 (both days inclusive).
- d. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- e. Members are requested to notify immediately any change in their address to the Registrar and Share transfer Agent - M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.

- f. After declaration of dividend at the Annual General Meeting, the Dividend warrants are scheduled to be posted on or after 18.09.2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per the details to be furnished for this purpose by National Securities Depository Limited and Central Depository Services (India) Limited.
- g. Members who desire to have their Bank Account details incorporated in their Dividend warrants may please furnish the (i) Share Folio No. (ii) Name and address of Sole/First Shareholder (iii) Bank Account No. (iv) Name of the Bank and Branch (v) Full address of the Branch with Pin code. These details may be sent to the Company's Registrar & Transfer Agent, M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.
- h. Details of Dividend declared from the financial year 2003-2004 onwards is as follows:

Financial year	Declared on	Rate of Dividend	Amount of Dividend per share
2003-2004	24.9.2004	10%	Re. 1.00
2004-2005	16.9.2005	20%	Rs. 2.00
2005-2006	22.9.2006	20%	Rs. 2.00
2006-2007	21.9.2007	20% (*)	Rs 2.00
2007-2008	19.9.2008	20%	Rs.2.00

(*) Interim Dividend declared on 10:03.2007 confirmed as Final Dividend.

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the company or Registrar for obtaining payment thereof.

- i. Information pursuant to Clause 49 of the Listing Agreement for reappointment of Directors:

Item No. 3: Dr. D .M. Mohunta was appointed on the Board of Directors of the Company on 10th November 1987. Dr. D. M. Mohunta is a Chemical Engineer with Ph.d, and having varied experience in industrial field. He is the Chairman of the Remuneration Committee and member of the Audit Committee of National Oxygen Ltd. He does not hold any directorships in other companies. He holds 750 (0.02%) shares in the company.

Item No.4: Smt. Veena Devi has been on the Board of Directors for the last two decades and possesses knowledge of various aspects of administration and is conversant with management of companies. She does not hold any directorships in other companies. She is the Chairman of the Shareholders / Investors Grievance and Share Transfer Committee of National Oxygen Ltd. She holds 157040 (5.038%) shares in the Company.

DIRECTORS REPORT

The Directors of your Company present its 34th Annual Report on the functioning of the Company together with the Profit and Loss Account for the year ended 31st March 2009 and the Balance Sheet as at that date together with the Auditor's Report thereon.

Financial Results:

	Current year 31.03.2009 (Rs.in Lakhs)	Previous Year 31.03.2008 (Rs.in Lakhs)
Gross Profit / (Loss)	306.30	362.91
Depreciation	<u>196.66</u>	<u>197.84</u>
Profit / (Loss) before Tax	109.64	165.07
Provision for Income Tax	55.00	18.54
Provision for Fringe Benefit Tax	2.18	2.42
Provision/ Release of Deferred Tax	<u>(49.21)</u>	<u>13.36</u>
Net Profit for the year	101.67	130.75
Balance brought forward from the earlier year	<u>394.41</u>	<u>386.59</u>
	<u>496.08</u>	<u>517.34</u>

During the financial year 2008-09, due to severe unscheduled load shedding in the State of Pondicherry, the production of industrial gases was reduced, which affected the profitability of the company. Despite the power crisis and increased business competition due to global recession, your company was able to maintain reasonable profit levels and register a net profit of Rs. 101.67 lakhs as compared to Rs.130.75 lakhs in the previous year.

Business Operations:**Industrial Gases**

The overall economic recession in India has affected our company also during the year as the products of Industrial Gases are mainly supplied to sectors like Automobile, Chemical, Steel Pharmaceuticals etc. and those companies are largely affected due to economic slowdown. However, due to contract customers both in Government as well as in Private Sectors, the company is able to sustain the trend and was able to run the plant throughout the year. The power position during the year was not satisfactory and our production was also affected due to frequent power failures. However the company is expecting the trend to change shortly and maintain its turnover in the year to come.

The company has also finalized its new plant to be imported from China and is expected to be commissioned during the first quarter of 2010, by which the company can largely save power and improve its production and in turn turnover will increase.

Windmill:

The Power generation is normal but for the non-seasonal period, the reinforcement of foundation works are completed by the Supplier and the Windmill is generating power. We expect the generation of power will improve in the coming months.

Dividend:

The Directors wish to recommend a Dividend of 10% (Re. 1 per equity share of Rs.10/- fully paid up) for the year ended 31st March 2009.

Directors:

Dr.D.M.Mohunta and Smt.Veena Devi are retiring at this meeting by rotation and being eligible, offer themselves for reappointment.

Fixed Deposits:

The Company has not accepted any fixed deposits during the year.

Particulars of Employees and Labour Relations:

None of the employees fall under the category specified under Sec.217 (2A) of the Companies Act, 1956 and the Rules thereunder.

The relations with the employees during the year had been smooth and cordial.

Conservation of Energy, Technology Absorption and Foreign Exchange inflow & Outgo: /

Prescribed particulars under Section 217(1)(e) of the Companies Act, 1956 are furnished as **Annexure-A** to this Report.

Director's Responsibility Statement:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that

- in the preparation of the annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation related to material departures, if any.
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as on 31st March, 2009 and of the profit and loss of the company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

the annual accounts are prepared on a going concern basis.

Corporate Governance:

As a listed Company, necessary measures are taken to comply with the listing agreements with stock exchanges. A Report on Corporate Governance, along with certificate of Compliance from the Practising Company Secretary forms **Annexure-B** to this report.

Management Discussion and Analysis Report:

A Management Discussion and Analysis Report is given as **Annexure C** to this report.

Auditors:

Messrs. Singhi & Co., Chartered Accountants, retire at this meeting and being eligible are proposed for reappointment. They also expressed their willingness to continue in office if reappointed, at the ensuing annual general meeting.

Acknowledgement:

Your Directors take this opportunity to place on record their appreciation of the continued support and Co-operation from Punjab National Bank.

Your Directors also wish to convey their thanks to all the valued customers and the valuable services rendered by the Officers, Staff and Workers at all levels.

Place: Chennai
Date: 30.7.2009

For and on behalf of the Board
G.N. Saraf
Chairman and Managing Director

ANNEXURE A TO DIRECTORS REPORT

INFORMATION AS PER SEC.217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2009

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken

- i) Introduction of efficient lighting system and special capacitor banks for improvement of power factor.
- ii) Improvements in operating efficiency and reduction of losses at workers level.
- iii) Technology for production of gases is being upgraded continuously. Also distribution technology for cryogenic liquid products is streamlined.

b. Additional Investment Proposals. ---- NIL

c. **Impact of above measures on energy consumption** - Introduction of efficient lighting system and other energy saving systems has considerably reduced power consumption.

d. **Total energy consumption and energy consumption per unit of production as per Form A - Not Applicable.**

B. TECHNOLOGY ABSORPTION

e. As per Form B

I. Research and Development (R & D)

- i) Specific areas in which Research and Development carried out by the Company - NIL
- ii) Benefits derived as a result of the above Research and Development - NIL
- iii) Future Plan of action the Company has tentative proposals to introduce Research and Development division in the next two years.
- iv) Expenditure on Research and Development at present Percentage of the turnover - NIL
 - a. Capital
 - b. Recurring
 - c. Total
 - d. Total Research and Development as a percentage of the turnover.

II Technology, Absorption, Adoption and Innovation

- i) Efforts made - NIL
- ii) Benefits derived
 1. Production Improvement
 2. Cost reduction
 3. Import substitution
- iii) Technology imported - NIL
 - Year of Report - NIL
 - Has technology been fully absorbed - NIL
 - If not fully absorbed areas where this has not been reasons therefore and future plans of action - NIL

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

	2008-09	2007-08
Earnings in Foreign Exchange	Nil	Nil
Expenditure in Foreign Currency	Rs.1,06,875	Nil
CIF Value of Imports	Rs. 58,66,714	Rs. 35,06,300

ANNEXURE B TO DIRECTORS REPORT --- REPORT ON CORPORATE GOVERNANCE:**1. Company's Philosophy on Code of Governance:**

National Oxygen Limited (NOL) defines Corporate Governance as a Systematic Process by which companies are Directed and controlled to enhance their wealth generating capacity. Since large corporations employ vast Quantum of social resources, we believe that the governance process should ensure that these companies are managed in a manner that meets stakeholders' aspirations and social expectations.

The basic objective of corporate governance policies adopted by the companies is to attain the highest levels of transparency, accountability and integrity. This objective extends not merely to meet with statutory requirements but also go beyond them by putting into place procedures and systems, which are in accordance with best practice of governance. Your company believes that good corporate governance enhances the trust and confidence of all the stakeholders. Good practice in corporate behaviour helps to enhance and maintain Public trust in companies and stock market.

2. Board of Directors:**Composition and category of Board of Directors**

The Board of Directors of the company comprises of Executive, Non-Executive and Independent Directors. In all there are six Directors, two executive, one non-executive and three independent directors.

As on 31st March 2009, the composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the Listing Agreement of the Stock Exchanges. The Board is responsible for the management of the business and meets regularly for discharging its role and functions.

Number of Board Meetings Held dates on which held:-

During the financial year 2008-2009 Seven (7) Board meetings were held viz., from 1st April 2008 to 31st March 2009 on the following dates: 27th June 2008, 30th July 2008, 10th September 2008, 26th September 2008, 30th October 2008, 12th November 2008 and 29th January 2009. The Annual General Meeting was held on 19th September 2008.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 2008-2009 and the last AGM held on 19.9.2008 is given below.

Name of the Director	Category	Attendance Particulars		Number of Directorships in other public companies and committee Memberships/Chairmanships		
		Board Meetings	Last AGM (Yes/No)	Other Directorships	Committee Memberships other than NOL)	Committee Chairmanships (other than NOL)
Shri. G.N.Saraf	Chairman and Managing Director - Executive	7	No	-	-	-
Shri. R.K.Saraf	Joint Managing Director - Executive	7	Yes	-	-	-
Dr. D.M.Mohunta	Non-Executive Independent	7	Yes	-	-	-
Smt. Veena Devi	Non-Executive	6	No	-	-	-
Shri. P.Siva	Non-Executive Independent	7	Yes	-	-	-
Shri .Anil Seth	Non-Executive Independent	7	Yes	1	-	-

3. BOARD COMMITTEES:-

A. Audit Committee:

Charter:-

The Primary object of Audit Committee of the company is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

Composition:-

The Audit committee comprises of the following three Non-Executive Independent Directors of the company:

Name of the Director	Category of Membership
Shri.P.Siva	Chairman
Dr.D.M.Mohunta	Member
Shri.Anil Seth	Member

Terms of reference: The major terms of reference of this committee are as under:-

- ❖ Reviewing with management the financial statements before submission of the same to the Board.
- ❖ Overseeing of company's financial reporting process and disclosures of its financial information.
- ❖ Reviewing the adequacy of the internal Audit Function.
- ❖ Recommendation and Removal of Statutory Auditor and Fixation of audit Fees.
- ❖ Reviewing the Reports furnished by the statutory auditors and ensuring suitable follow up thereon.

Meeting and Attendance of the Committee:-

During the financial year four Audit Committee meetings were held on the following dates 27.6.2008, 30.07.2008, 30.10.2008 and 29.01.2009.

The Attendance of Directors at the Audit Committee Meetings held during the year 2008-2009 is given below:

Name of the Director	Category of Membership	Attendance Particulars	
		Meetings Held	Meetings Attended
Shri.P.Siva	Chairman	4	4
Dr.D.M.Mohunta	Member	4	4
Shri. Anil Seth	Member	4	4

B. Remuneration Committee:

The Remuneration Committee comprises of three non-executive Directors viz.:

1. Dr. D.M.Mohunta, Chairman of the Committee
2. Shri. P.Siva, Member
3. Shri. Anil Seth, Member

Terms of reference:

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

One meeting of the Remuneration Committee was held on 30.07.2008 to consider and recommend the re-appointment of Mr.Rajesh Kumar Saraf, Joint Manager Director and the remuneration payable to him. All the members of the Committee attended the meeting.

Remuneration Policy:

The remuneration of the Executive Directors is recommended by the Remuneration committee, based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry and responsibilities shouldered. The Company pays remuneration by way of salary and perquisites to its Executive Directors.

The Non-executive Directors are not paid any remuneration except sitting fees. Further the company has not entered into any pecuniary relationship or transactions with the Non-executive directors.

The details of the remuneration paid/payable to the Directors during the Financial Year 2008-2009, shareholding and relationship with Directors are as under:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.3.2009	Relationship with Directors
Shri.G.N.Saraf	12,06,582	-	2,18,142	Husband of Smt.Veena Devi Saraf and Father of Shri.R.K.Saraf
Shri.R.K.Saraf	9,13,000	-	2,31,024	Son of Shri.G.N.Saraf and Smt.Veena Devi Saraf
Dr.D.M.Mohunta	-	8,500	750	-
Smt.Veena Devi Saraf	-	8,250	1,57,040	Wife of Shri.G.N.Saraf and Mother of Shri.R.K.Saraf
Shri.P.Siva	-	13,750	600	-
Shri.Anil Seth	-	8,500	2,000	-
	21,19,582	39,000		

C. Shareholders/Investors Grievance and Share Transfer Committee:

Composition:-

The Shareholders / Investors Grievance and Share Transfer Committee comprises of:

1. Smt. Veena Devi, Chairperson of the Committee
2. Mr. G. N. Saraf, Member
3. Mr.P. Siva, Member

The terms of reference of this committee are as under:-

The shareholders/investor grievance and share transfer committee specifically looks into redressing of shareholder's and investor's complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend, non-receipt of annual report and to ensure expeditious share transfers.

Meeting and Attendance of the committee:-

The Committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service. The said Committee met 16 times during the year 2008-2009. The Company Secretary is the Compliance officer.

Shareholders queries received and replied in 2008-2009.

During the Financial Year 2008-2009, 13 complaints were received from shareholders and were replied/redressed to the satisfaction of the investors. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31st March 2009.

In case of any investor complaint, shareholders are requested to address the same to grievanceredressal@nolgroup.com

4. General Body Meetings:

The particulars of Annual General Meetings held during the last three years are as under:

Year	Date and Time	Venue
2005-2006	22 nd September 2006 at 9.30 a.m.	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105
2006-2007	21 st September 2007 at 9.30 a.m.	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105
2007-2008	19 th September 2008 at 9.30 a.m.	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105

I) Special Resolution Passed in the Past three AGM's:-

2007-2008:-

No special resolutions were passed in this annual general meeting.

2006-2007:-

- Special resolution for delisting the securities of the company from Madras stock exchange.

2005-2006:-

No special resolutions were passed in this annual general meeting .

II) **Postal Ballots:**

No resolutions were passed through Postal Ballot during the financial year under review.

5. **Disclosures:**

- a. Related Party Transactions: The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management or relatives, etc, that may have potential conflict with the interests of the Company except those that have been *disclosed*. *The necessary disclosures regarding the transactions are given in the Notes to the Accounts.*
- b. There are no instances of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock exchanges or SEBI or any statutory authority on any matter related to Capital Markets during the last three years.
- c. Disclosure on accounting treatment: No differential treatment from the Accounting standards was followed in the preparation of the financial statements.
- d. The company does not have a Whistle Blower Policy and no employee has been denied access to approach the audit committee to report any serious concerns.
- e. The company has complied with all the mandatory requirements of Clause 49 of the listing agreement and the extent of compliance of the non-mandatory requirements is given in the end of this Report.
- f. No money has been raised through Public / Right / Preferential issue during the year.

6. **Means of Communication:**

The quarterly financial results are usually published in the Financial Express (English) and Malai Murasu (Tamil)

7. **Management Discussion and Analysis Report:**

Management Discussion and Analysis Report forms a part of the Directors Report. (Given in Annexure C)

8. General Shareholders Information:

- (i) Date of Annual General Meeting : 18th September 2009
 Time : 9.30 a.m.
 Venue : Hotel Kanchi,
 28, Commander-in-chief Road,
 Egmore, Chennai - 600 105

(ii) Financial Calendar

Results for the quarter ending June 30, 2009	Last week of July 2009
Results for the quarter ending September 30, 2009	Last week of October 2009
Results for the quarter ending December 31, 2009	Last week of January 2010
Results for the quarter ending March 31, 2010	Audited Results before last week of June 2010
Annual General Meeting	By 3 rd /4 th week of September 2010

- (iii) Book-Closure Dates : Thursday, 10th September 2009 to Friday, 18th September 2009
- (iv) Dividend Payment Date : Commencing 18th September 2009 to be completed within the mandatory time limit.
- (v) Listing on the Stock Exchanges : The Equity shares of the Company are listed in the Bombay Stock exchange. The company confirms that it has paid annual listing fees to the Bombay stock exchange for the year 2009-2010.

The company has submitted its application to the Madras stock exchange for delisting of shares.
- (vi) Stock Code : Bombay Stock Exchange 507813

(vii) Stock Market Data

Bombay Stock Exchange: High and Low quotations of the Company's shares during the period 1st April 2008 to 31st March 2009:

Month	Share Prices (Rs.)	
	High	Low
April 2008	64.00	38.60
May 2008	62.00	44.50
June 2008	51.80	37.85
July 2008	46.20	32.75
August 2008	46.00	38.00
September 2008	46.00	30.00
October 2008	36.00	20.50
November 2008	29.00	21.00
December 2008	32.00	22.00
January 2009	35.30	21.00
February 2009	29.00	21.15
March 2009	26.10	20.20

- (viii) Registrar and Share Transfer Agents : M/s.Cameo Corporate Services Limited.
"Subramanian Buildings"
1, Club House Road, Chennai-600 002
- (ix) Share Transfer System: Presently the share transfer documents which are received by the Company are processed, approved and kept ready for despatch within 15 days from the date of the receipt.
- (x) Distribution of Shareholding as on 31.3.2009:

Share holding (Rs.)	No. of shareholders	% to total	Share Amount (Rs.)	% to total
10 – 5000	4582	92.156	81,08,460	26.017
5001-10000	251	5.048	19,10,120	6.129
10001-20000	67	1.348	9,92,340	3.184
20001-30000	24	0.483	6,06,980	1.948
30001-40000	9	0.181	2,89,600	0.929
40001-50000	8	0.161	3,70,090	1.187
50001-100000	5	0.100	3,39,840	1.090
100001 & above	26	0.523	1,85,48,070	59.514
Total	4972	100.000	3,11,65,500	100.000

(xi) Shareholding Pattern as on 31.3.2009:

Category	No. of Shares Held	Percentage of Share holding
A. PROMOTER HOLDING		
1. Promoters		
Indian Promoters	11,43,234	36.683%
Foreign Promoters	NIL	
2. Persons acting in concert	NIL	
Sub-Total	11,43,234	36.683%
B. Non-Promoters Holding		
3. Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	NIL	NIL
b. Banks, financial Institutions, Insurance Companies (central/state Govt.Institutions Non-government Institutions)	NIL	NIL
c. FIIs	NIL	NIL
Sub-Total	NIL	NIL
4. a. Private Corporate Bodies	6,92,321	22.214%
b. Indian Public	12,38,594	39.742%
c. Clearing Member	1,306	0.042%
d. Hindu Undivided Family	24,123	0.774%
e. NRI	13,622	0.437%
f. Independent Directors	3,350	0.107%
Sub-Total	19,73,316	63.317%
Grand Total	31,16,550	100.000%

(xii) **Dematerialisation of shares:** The equity shares of the company have been admitted for dematerialization with NSDL and CDSL. The ISIN No. of the Company is INE296D01010. 35.12% of the Company's paid up Equity share capital has been dematerialised upto March 31, 2009.

(xiii) **Plant locations of the Company:****I. Industrial Gases :**

Factories:

1. Trichy-Pudukottai Road
Mathur-622515.
Tamil Nadu

2. Pondy-Villupuram Road,
Thiruvandarkoil,
Pondicherry 605 102.

II. Windmill :

Location : Brahmanvel, Dhule District, Maharashtra - 424001

(xiv) **Address for Correspondence:**

Regd. and Administrative Office:
National Oxygen Limited
80, (Old No.141) Greams Road, Chennai - 600 006.
Phone: 044-28290707 Fax: (044) 28290770
Email: contact@nolgroup.com
Web Site : www.nolgroup.com

(xv) **E-Mail ID of Investor Grievance redressal cell :**
[grievanceredressal @ nolgroup.com](mailto:grievanceredressal@nolgroup.com)

9. Non-Mandatory Requirements:

- a. Chairman of the Board: The company maintains the office of the Executive Chairman at its Registered Office and also reimburses the expenses incurred in performance of duties.
- b. The Board has duly constituted a Remuneration Committee under the Chairmanship of Dr. D. M. Mohunta, which determines the remuneration package for Executive Directors.
- c. Shareholder Rights: The quarterly financial results are usually published in the Financial Express (English) and Malai Murasu (Tamil).
- d. Audit qualifications: The company has no audit qualifications in the financial statements.
- e. Training of Board members: Periodical meetings are held with skilled consultancy agencies for the Board members to appraise them in recent developments and existing laws and practices.
- f. Mechanism of evaluating Non-executive directors: Same as above.
- g. Whistle Blower Policy: As mentioned earlier, the Company does not have a Whistle blower policy.

DECLARATION

I G.N.Saraf, Chairman & Managing Director of the company, hereby declare that the Board of Directors has laid down a code of conduct for its Board members and senior Management of the company and Board members have affirmed compliance with the said code of conduct. The code of conduct is posted on the website of our company at www.nolgroup.com.

Place: Chennai
Date: 30.07.2009

for National Oxygen Limited,

G.N.SARAF
Chairman & Managing Director

CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of

M/S. NATIONAL OXYGEN LIMITED

We have examined the compliance of conditions of corporate governance by M/S. NATIONAL OXYGEN LIMITED for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The objective of our examination is to give our opinion on whether the company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing agreement entered into by the company with the listed stock exchanges of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

On the basis of review and according to the information and explanation given to us and representation made to us by the Management, we state that to the best of our knowledge and belief the Company has complied in all material respects with the conditions of corporate governance stipulated in Clause 49 of the above-mentioned listing agreement.

We further 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 the affairs of the Company.

for **M/s. Lakshmmi Subramanian & Associates**
Practising Company Secretaries

Place: Chennai
Date: 30.07.2009

Lakshmmi Subramanian
Senior Partner
C.P.No. 1087

ANNEXURE C TO DIRECTORS REPORT --- MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments:

Our company with its quality policy based on international quality of Standard of ISO 9001:2008, maintained its quality and that has helped to sustain in the competitive market inspite of severe recession affecting our customers. By its wide range of contacts and efficient management, the company could retain its customers and manage efficiently in both Gases and Windmill sectors.

Opportunities:

With the overall economic situation is showing improvement and the demand for Gases from the existing clients as well as from the prospective companies are also encouraging, the Government contracts were also getting extended, the company is expected to improve its performance and increase its turnover. Regarding Windmill, the opportunities for capacity addition is bright.

Threats:

We are facing power interruption in an un-scheduled manner from the Electricity Department, Puducherry which is the main raw-material for production of Industrial Gases. However, due to

company's representation to the Government as well as by other industries, the electricity position is likely to be improved and in turn our productivity will improve. Also we continue to face severe competition from MNC companies. Though it does not affect our production we have to settle for lower prices to be in the market for some time.

Segmentwise or Productwise Performance:

The Performance of the products manufactured by the company namely Industrial Gases are satisfactory and the only problem faced by the company is power interruption and power failures which are beyond our control. The over all working and performance of the Windmill is satisfactory.

Outlook:

The company is in the advanced stage of setting up of a new Oxygen plant in the same premises at Puducherry by which the company will produce more Liquid Oxygen / Liquid Nitrogen and improve its turnover. The company will also be in a position to produce high purity gases to cater to High End users. The specific power consumption will also come down once the new oxygen plant is commissioned.

Risks and Concerns:

Our main concern is, continuous competition from MNCs by reducing the price in the market, due to which the company has to reduce the price to retain its share in the market.

Regarding the Windmill Power generation, it depends on the seasonal wind and accordingly Power is generated as and when the wind is good.

Internal Control Systems and their Adequacy:

The company maintains its adequate internal controls to have efficient operations. compliance with internal policies applicable laws and regulations, protection of resources and assets.

Discussions on financial performance with respect to operation Performance:

The company has reported a total income from operations at Rs. 1128.28 Lakhs. With the new Air Separation Plant likely to be commissioned during the first quarter of 2010, the company expects the results will improve due to more technical parameters of the plant to be imported.

Material developments in human resources / Industrial relations front:

Being an ISO Company, training on all sectors are given to its employees periodically and motivated to work inline with the development of the industry. The willingness and commitment of the employees help the company to stand tall among its customer in quality and service. The Company has the total employee strength of 80.

AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL OXYGEN LIMITED

We have audited the attached Balance Sheet of **NATIONAL OXYGEN LIMITED** as at 31st March 2009, and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. 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.

We conducted our audit in accordance with 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government 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 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, the company has kept proper books of Accounts as required by law so far as appears from our examination of those books;
3. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act' 1956.
6. 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' 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2009.
 - ii. In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - iii. In the case of the Cash Flow Statement of the Cash flows of the Company for the year ended on that date.

Place : Chennai,

Date : 29th June 2009.

**For SINGHI & CO.,
Chartered Accountants
(SUDESH CHORARIA)
Partner
Membership No. 204936**

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date on the Accounts of NATIONAL OXYGEN LIMITED as at and for the year ended 31st March 2009)

- i)
 - a) The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets.
 - b) The Fixed Assets of the Company have been physically verified by the management, wherever possible, at the close of the year as confirmed by the management. As informed to us, no material discrepancy has come to notice on such physical verification.
 - c) The Company has not disposed off any substantial part of fixed assets during the year.
- ii)
 - a) The management has conducted Physical verification of Inventories at all its locations at reasonable intervals during the year ;
 - b) The procedures of physical verification of stock followed by the Management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business ;
 - c) The company is maintaining proper records of inventory. As far as we can ascertain and according to the information and the explanations given to us, the discrepancies noticed between the physical stocks and book stocks were not material and the same have been properly dealt with in the books of account.
- iii)
 - a) As per the information & explanations provided to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - b) As per the information & explanations provided to us, the company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv) On the basis of checks carried out during the course of audit and as per explanations given to us, in our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the sale of goods and services. During the course of our Audit, no major weakness has been noticed in the internal controls in these respects.
- v)
 - a) As per the information & explanations given to us, particulars of transactions that have been undertaken during the year in pursuance of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - b) In our opinion, and according to the information and explanations given to us, and as confirmed by the Company, all the transactions with each of such parties during the financial year have been entered into at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- vi) The company has not accepted any deposits from the public during the year, to which the provisions of Section 58-A, 58-AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply;
- vii) The company has no separate Internal Audit System. However, in our opinion, the existing Internal control procedures are commensurate with the size and nature of its business;
- viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies' Act 1956 for any of the products of the company.
- ix)
 - a) The company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues with the appropriate authorities;

ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

- b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 31st March' 2009 in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and other statutory dues for a period of more than six months from the date they became payable;
- c) According to the records of the company and as per the information and explanations provided to us, the dues (net of advances) outstanding in respect of Sales Tax, Income tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess etc., on account of any dispute, are given below :

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute pending
Central Excise Act, 1944	Excise duty demanded on the facility charges being charged	1.06	Sept'2000 to Aug'2001	CESTAT, Southern Bench
Central Excise Act, 1944	Excise duty demanded on the Freight charges being charged	42.53	July'2000 to Aug'2001	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the partial favourable order passed by Commissioner (Appeals) for Excise duty demanded on the rental / facility charges being charged	4.91	Sept'2000 to Aug'2003	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the favourable order passed by Commissioner (Appeals) for Excise duty demanded on the rental / facility charges being charged	8.05	July'2003 to June'2004	CESTAT, Southern Bench
Central Excise Act, 1944	Cenvat credit availed on Cryogenic Tank being disputed	5.99	Mar'2005 to Nov'2005	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the favourable order passed by CESTAT in respect of 8% duty demanded on supply to ISRO under Nil rate of duty while availing Cenvat Credit	5.71	2000-01	Madras High Court
Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	0.20	Sept'2006 to Mar'2007	CESTAT, Southern Bench
Central Excise Act, 1944	Excise duty demanded on the Cylinder Holding/facility charges being charged	1.67	May'2006 to Aug'2006	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	4.09	2002-03 to 2004-05	CESTAT, Southern Bench

ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	0.81	Nov'2005 to Aug'2006	CESTAT, Southern Bench
Central Excise Act, 1944	Ineligible Input credit on Liquid Nitrogen & Oxygen	0.90	Mar'07 to Sept'07	Commissioner (Appeals)
Service Tax	Service Tax demanded on the Lease charge income received	11.32	2002-03 & 2003-04	CESTAT, Southern Bench
Service Tax	Service Tax demanded on the Lease charge income received	6.95	2004-05 & 2005-06	Commissioner (Appeals)
Customs Act, 1961	Differential Customs Duty on Import of Second hand Plant (including Interest & Penalty)	88.23	1994-95	CESTAT, Southern Bench
Employees State Insurance Act	ESI being demanded for the period 1984 to 1989	0.72	1983-84 to 1988-89	Principal Labour Court

- x) The Company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- xi) Based on our audit procedures, and as per the information and explanations given to us by the management, the company has not defaulted in repayment of dues to financial institutions and banks;
- xii) According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund / societies are not applicable to the company;
- xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments, and hence, the requirements of Para 4 (xiv) of the above Order are not applicable to the company;
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions;
- xvi) No fresh term loans were raised by the company during the year. The term loan raised by the company in the past and remaining outstanding during the year has been utilized for the purpose for which it was availed;
- xvii) According to the information and explanations given to us, in our opinion, short term funds have not been used for long term purposes.
- xviii) During the year, the company has not made any preferential allotment of shares.
- xix) The company does not have any outstanding debentures during the year.
- xx) The company has not raised any money by way of public issue during the year;
- xxi) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For SINGHI & CO.,
Chartered Accountants
(SUDESH CHORARIA)
Partner
Membership No. 204936

Place : Chennai,
Date : 29th June 2009.

BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCES OF FUNDS			
Share Capital	1	3,11,65,500	3,11,65,500
Reserves & Surplus	2	11,03,60,134	10,38,39,348
		<u>14,15,25,634</u>	<u>13,50,04,848</u>
Loan Funds:			
Loans	3	59,74,355	1,00,00,000
Trade Deposits		1,10,70,348	1,11,48,378
Net Deferred Tax Liabilities (Refer Note No.9 of Schedule 12 of Notes)		3,90,39,000	4,39,60,000
TOTAL		<u>19,76,09,337</u>	<u>20,01,13,226</u>
APPLICATION OF FUNDS			
Fixed Assets:	4		
(a) Gross Block		29,38,68,956	29,64,50,995
(b) Less Depreciation		15,19,62,186	13,43,38,395
(c) Net Block		<u>14,19,06,770</u>	<u>16,21,12,600</u>
(d) Capital Work in Progress		31,96,210	-
		<u>14,51,02,980</u>	<u>16,21,12,600</u>
Investments	5	98,62,309	2,00,56,734
Current Assets, Loans & Advances :			
Interest Accrued but not due on Investments & Deposits		14,96,128	5,59,053
Inventories	6	69,82,981	38,34,585
Sundry Debtors	7	1,77,62,057	1,20,38,606
Cash & Bank Balances	8	3,10,75,947	1,90,37,860
Loans & Advances	9	1,57,98,175	1,09,20,545
		<u>7,31,15,288</u>	<u>4,63,90,648</u>
Less:			
Current Liabilities & Provisions:			
Current Liabilities	10	1,01,15,310	98,44,618
Provisions	11	2,03,55,930	1,86,02,137
		<u>3,04,71,240</u>	<u>2,84,46,756</u>
Net Current Assets		<u>4,26,44,048</u>	<u>1,79,43,893</u>
TOTAL		<u>19,76,09,337</u>	<u>20,01,13,226</u>

NOTES

12

Schedules 1 to 12 referred to above form an integral part of the Balance Sheet.

As per our Report annexed,

For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner

1, Philips Street, Chennai - 600 001.
the 29th day of June, 2009

G.N.SARAF
Chairman & Managing Director

RAJESH KUMAR SARAF
Joint Managing Director

I.K. GAYATHRI
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	For the year ended	
	Schedule 31.03.2009	31.03.2008
	<u>Rs.</u>	<u>Rs.</u>
INCOME		
Gross Sales	11,46,59,057	12,03,42,111
Less: Excise Duty	1,16,46,069	1,65,91,797
Net Sales	<u>10,30,12,988</u>	<u>10,37,50,314</u>
Sale of Wind Energy	98,15,575	93,58,360
	<u>11,28,28,563</u>	<u>11,31,08,673</u>
Facility Charges/ Cylinder holding charges etc	13,18,219	11,68,176
Transportation Charges (Net)	(1,87,035)	48,05,910
Hire charges on Tankers etc.	3,00,000	3,00,000
Other Sources	1 17,53,590	40,81,646
TOTAL (A)	<u>11,60,13,336</u>	<u>12,34,64,405</u>
EXPENDITURE		
(Increase)/Decrease in stocks	2 (7,14,655)	9,21,635
Raw Materials consumed	3 1,43,58,275	59,60,599
Manufacturing, Administrative & Selling Expenses	4 7,25,28,878	7,83,41,494
Interest (Net)	5 (7,89,196)	19,50,016
TOTAL (B)	<u>8,53,83,302</u>	<u>8,71,73,744</u>
Balance (A-B) Profit before Depreciation & Taxation	3,06,30,034	3,62,90,661
Depreciation	<u>1,96,66,004</u>	<u>1,97,83,783</u>
Profit before Taxation	<u>1,09,64,030</u>	<u>1,65,06,878</u>
Provision for Current Tax	55,00,000	18,53,754
[Including for earlier Years Rs.119681/- (Rs. 3030396/-)]		
Provision for Fringe Benefit Tax	2,18,036	2,42,248
Provision for /(Release of) Deferred Tax	<u>(49,21,000)</u>	<u>13,36,400</u>
Net Profit for the year	<u>1,01,66,994</u>	<u>1,30,74,476</u>
Balance brought forward from earlier year	<u>3,94,41,050</u>	<u>3,86,58,989</u>
	<u>4,96,08,044</u>	<u>5,17,33,465</u>
Appropriated as under:		
Transferred to General Reserve	50,00,000	50,00,000
Proposed Dividend @ 20%	31,16,550	62,33,100
Dividend Tax paid	5,29,658	10,59,315
Balance carried to Balance Sheet	4,09,61,836	3,94,41,050
	<u>4,96,08,044</u>	<u>5,17,33,465</u>

NOTES

Basic & Diluted Earnings per share

3.26

4.20

Schedules 1 to 5 and Schedule 12 referred to above form an integral part of the Profit and Loss Account

As per our Report annexed,

For SINGHI & CO.,

Chartered Accountants

(SUDESH CHORARIA)

Partner

1, Phillips Street, Chennai - 600 001.
the 29th day of June, 2009**G.N.SARAF**

Chairman & Managing Director

RAJESH KUMAR SARAF

Joint Managing Director

I.K. GAYATHRI

Company Secretary

SCHEDULES TO BALANCE SHEET

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
Issued & Subscribed		
31,16,550 Equity Shares of Rs.10/- each fully paid up Called and Paid up	3,11,65,500	3,11,65,500
* 31,16,550 Equity Shares of Rs.10/- each fully paid up	3,11,65,500	3,11,65,500
* Includes 1,60,000 Equity shares allotted as fully paid up Bonus shares by capitalisation of General Reserve of Rs.16,00,000/-		
	3,11,65,500	3,11,65,500
2. RESERVES & SURPLUS		
Capital Reserve:		
Central outright subsidy As per Last Balance Sheet	40,00,000	40,00,000
Share Premium Account As per Last Balance Sheet	1,04,10,050	1,04,10,050
	1,44,10,050	1,44,10,050
General Reserve:		
As per Last Balance Sheet	4,99,88,248	4,44,91,848
Add: Transferred during the year	50,00,000	50,00,000
	5,49,88,248	4,94,91,848
Less/ (Add) : Transitional Gratuity Liability as on 01.04.2007	-	4,96,400
	5,49,88,248	49,98,828
Profit and Loss Account (As per account annexed)	4,09,61,836	3,94,41,050
	11,03,60,134	10,38,39,348

SCHEDULES TO BALANCE SHEET (Contd...)

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
	<hr/>	<hr/>
3. LOANS :		
SECURED :		
i) In Cash Credit Account		
From a Bank		
(Secured by hypothecation of Finished Goods, Raw Materials, Work in Progress, Stores & Spares and Book Debts of the Company and first charge on Fixed Assets of Company other than Wind mill assets and guaranteed by the Managing and Joint Managing Director of the Company)		
ii) In Term Loan Account		
From a Bank	59,74,355	1,00,00,000
(Secured by hypothecation of Windmill Assets installed in the state of Maharashtra)		
	<hr/>	<hr/>
	59,74,355	1,00,00,000
	<hr/>	<hr/>

SCHEDULES TO BALANCE SHEET AS AT 31.03.2009 (Contd.)

4. FIXED ASSETS

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2008	Additions during the year	Sale / Adj. during the year	As at 31.03.2009	Upto 31.03.2008	For the year	On Sales / Adj. during the year	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free hold)	27,35,651	-	1,22,629	26,13,022	-	-	-	-	26,13,022	27,35,651
Land (Lease hold)	35,20,000	-	-	35,20,000	4,22,400	1,40,800	-	5,63,200	29,56,800	30,97,600
Buildings	1,46,81,243	-	-	1,46,81,243	59,41,530	4,35,963	-	63,77,493	83,03,750	87,39,713
Plant & Machinery & Electrical Installations	16,04,53,027	25,178	1,28,475	16,03,49,730	9,87,24,431	76,55,816	1,28,475	10,62,51,772	5,40,97,958	6,17,28,596
Wind Mill	9,89,80,000	-	-	9,89,80,000	2,30,48,727	1,02,34,532	-	3,32,83,259	6,56,96,741	7,59,31,273
Furniture & Fixtures, Office Equipments & Air conditioners	39,89,719	52,810	-	40,42,529	24,55,913	1,73,776	-	26,29,689	14,12,840	15,33,806
Motor Lorries, Cars Cycles, Vans etc.	1,20,91,355	-	24,08,923	96,82,432	37,45,394	10,251,17	19,13,738	28,56,773	68,25,659	83,45,961
Total	29,64,50,995	77,988	26,60,027	29,38,68,956	13,43,38,395	1,96,66,004	20,42,213	15,19,62,186	14,19,06,770	16,21,12,600
Capital Work in Progress	-	-	-	-	-	-	-	-	31,96,210	
	29,64,50,995	77,988	26,60,027	29,38,68,956	13,43,38,395	1,96,66,004	20,42,213	15,19,62,186	14,51,02,980	16,21,12,600
Previous Year	29,93,56,138	35,52,744	64,57,887	29,64,50,995	12,10,12,499	1,97,83,783	64,57,887	1343,38,395	16,21,12,600	

SCHEDULES TO BALANCE SHEET (Contd...)

	No. of Units/ Shares	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
5. INVESTMENTS (at cost)			
Long Term :			
Other Than Trade -			
A. In Government Securities :			
(i) National Savings Certificates (Deposited with Government Department)		5,000	5,000
(ii) Indira Vikas Patra		500	500
B. Unquoted:			
9000 Equity Shares of Rs.10/- each of Pondicherry Agro Foods Private Limited.		90,000	90,000
C. In Mutual Funds:			
Canbank Mutual Fund	1,269	16,810	74,77,114
Fidelity Equity Fund	89,740	15,00,000	15,00,000
Franklin India Flexicap Fund	57,045	10,00,000	10,00,000
HDFC Equity Fund	35,868	15,00,000	15,00,000
DSP Merrill Lynch Equity Fund	2,44,499	25,00,000	25,00,000
HDFC Prudence Fund	55,096	15,00,000	15,00,000
Reliance Growth Fund	13,499	7,50,000	7,50,000
Principal Large Cap Fund	-	-	5,13,206
Principal Mutual Fund	-	-	22,20,914
Tata Infrastructure Fund	99,015	10,00,000	10,00,000
		98,62,310	2,00,56,734
Aggregate NAV of Mutual Fund Units Rs. 93.62 Lacs			
6. INVENTORIES (As certified by the Management)			
Finished Products		13,14,751	5,49,989
Raw Materials		37,32,938	8,40,711
Stores & Spare Parts		19,35,292	24,43,885
		69,82,981	38,34,585
7. SUNDRY DEBTORS (Unsecured)			
More than six months		13,07,068	6,06,545
Other Debts		1,64,54,989	1,14,32,061
		1,77,62,057	1,20,38,606

SCHEDULES TO BALANCE SHEET (Contd...)

	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
8. CASH & BANK BALANCES		
Cash on Hand (as certified)	1,51,560	1,02,559
Balances with Nationalised / Scheduled Banks :		
In Current Accounts	20,43,504	29,58,892
In Cash Credit Accounts	13,69,006	18,07,688
In Dividend Warrant Accounts	14,78,158	10,34,851
In Deposit Accounts (Under lien)	2,60,33,719	1,31,33,869
	3,10,75,947	1,90,37,860
9. LOANS & ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind	75,56,276	69,74,822
Prepaid Expenses	5,20,150	8,17,778
Advance Income-Tax & Tax Deducted at Source	62,66,037	22,41,564
Balances with Customs & Excise Department	1,99,893	3,59,742
Deposits with Government Departments and Others	12,55,819	5,26,639
	1,57,98,175	1,09,20,545
10. CURRENT LIABILITIES		
Sundry Creditors	86,35,199	88,09,414
<u>Investors Education and Protection Fund</u> Unpaid Dividend	14,80,111	10,35,204
	1,01,15,310	98,44,618
11. PROVISIONS		
For Gratuity	22,60,000	23,60,000
For Proposed Dividend (Including Dividend Tax)	36,46,208	72,92,415
For Taxation (Including Fringe Benefit Tax)	1,44,49,722	89,49,722
	2,03,55,930	1,86,02,137

SCHEDULES TO PROFIT & LOSS ACCOUNT

	<u>For the year ended</u>	
	<u>31.03.2009</u>	<u>31.03.2008</u>
	<u>Rs.</u>	<u>Rs.</u>
1. OTHER SOURCES		
Dividend Income	9,91,235	24,23,909
Profit on sale of Investments	55,465	-
Miscellaneous Income & Receipts	34,950	66,660
Liabilities no longer required written back	34,946	-
Exchange rate differences	26,771	-
Profit on sale of fixed assets (Net)	6,10,222	15,91,077
	<u>17,53,590</u>	<u>40,81,646</u>
2. (INCREASE)/ DECREASE IN STOCKS		
Closing Stock	13,14,751	5,49,989
Less : Opening Stock	5,49,989	18,01,196
	<u>7,64,762</u>	<u>12,51,207</u>
Less :Difference of Excise Duty on Opening and Closing stock	50,107	(3,29,572)
	<u>7,14,655</u>	<u>9,21,635</u>
3. RAW MATERIALS CONSUMED		
Opening Stock	8,40,711	12,41,723
Purchases	1,86,10,502	60,13,187
	<u>1,94,51,213</u>	<u>72,54,910</u>
Less:		
Sales	13,60,000	4,53,600
Closing Stock	37,32,938	8,40,711
Balance Consumed	<u>1,43,58,275</u>	<u>59,60,599</u>
4. MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
A) Manufacturing Expenses:		
Stores & Spare parts consumed	46,76,759	24,11,672
Power & Fuel	4,18,49,260	5,31,93,745
Repairs & Maintenance :		
Buildings	8,32,545	6,65,061
Plant & Machinery	27,12,249	25,63,888
Other Assets	2,10,159	70,438
	<u>5,02,80,972</u>	<u>5,89,04,804</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd...)**B) Payments to and Provisions for Employees :**

Salary, Wages, Allowances, Bonus & Gratuity	96,64,715	80,80,186
Contribution to Provident & Other Funds	11,32,397	9,73,067
Workers & Staff Welfare Expenses	17,22,055	17,30,880
	<u>1,25,19,167</u>	<u>1,07,84,134</u>

C) Other Administrative & Selling Expenses :

Rent (Net) (including Allowances)	3,66,300	3,65,000
Rates & Taxes	3,75,321	76,647
Postage, Telegram & Telephones	6,82,187	5,88,512
Insurance	4,38,845	6,10,082
Travelling Expenses	7,92,983	6,37,910
Miscellaneous Expenses	28,25,860	23,08,181
Lease Charges	1,20,000	1,31,880
Directors' Remuneration	14,70,000	12,60,000
Directors' Sitting Fees	39,000	13,000
Auditors' Remuneration:		
Audit Fees	49,635	50,562
Tax Audit Fees	19,854	20,225
Certification	8,427	-
	77,916	70,787
Donation	20,00,000	21,00,000
Taxes & duties	9,098	11,759
Advertising & Selling Expenses	3,73,578	4,23,798
Bad Debts written off	1,57,652	5,809
	<u>97,28,739</u>	<u>86,52,557</u>
TOTAL(A+B+C)	<u>7,25,28,878</u>	<u>7,83,41,494</u>

5. INTEREST (NET)

On Term Loan	7,92,017	19,13,873
To Bank and Others	12,155	24,024
To Income Tax Department	-	2,30,793
	<u>8,04,172</u>	<u>21,68,690</u>
Less:		
Interest Income on Deposits etc. (Gross)	15,93,368	2,18,674
(Tax Deducted at Source Rs. 3,46,564/- Previous year Rs. 36,733/-)		
	<u>(7,89,196)</u>	<u>(19,50,016)</u>

SCHEDULE '12'**SCHEDULE TO BALANCE SHEET & PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2009.****1 SIGNIFICANT ACCOUNTING POLICIES :**

- A RECOGNITION OF INCOME & EXPENDITURE:** The company follows the Mercantile system of accounting and recognizes Income and Expenditure on accrual basis, except those with significant uncertainties.
- B FIXED ASSETS :**
- a) Fixed Assets are stated at cost net of cenvat, depreciation and impairment. Cost of acquisition includes duties, taxes, incidental expenses, erection / commissioning expenses and interest etc. upto the date the asset is ready for its intended use.
 - b) The Carrying amount of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital. Based on the review, the management concluded that there was no indication of any impairment as at the Balance Sheet date.
- C DEPRECIATION :**
- a) Depreciation is being provided on Straight Line Method as per the rates and the manner specified in Schedule XIV of the Companies Act, 1956. On Addition/Sales Depreciation is being provided on Pro-rata basis. Assets individually costing upto Rs.5000/- are fully charged off in the year of addition.
 - b) Lease hold Land is amortized over the lease period.
 - c) In case of Impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- D INVESTMENTS:**
- a) Quoted / Unquoted Long term Investments are stated at cost unless there is a decline, other than temporary, in the value thereof, which is duly provided for in the Accounts.
 - b) Current quoted investments are stated at lower of cost or market value on individual investment basis.
- E INVENTORIES:**
- a) Finished Goods – At cost (Computed on Annual Weighted Average) or net realisable value which ever is lower
 - b) Raw Materials/Stores & Spare Parts – At Cost (Computed on FIFO basis) or net realisable value which ever is lower
- F FOREIGN CURRENCY TRANSACTIONS:**
- Foreign currency transactions are recorded on the basis of exchange rate prevailing at the date of the transaction. Foreign currency monetary items are reported at the year end closing rates. Non monetary items which are carried at historical cost are reported using the exchange rate prevailing at the date of the transaction.
- The exchange differences arising on settlement / year end restatement of monetary items are recognized in the Profit & Loss Account in the period in which they arise, except those relating to acquisition of Fixed Assets outside India, in which case such exchange difference are capitalised.
- G EMPLOYEE BENEFITS:**
- Defined Benefits Plans:** Gratuity liability is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the statement of Profit & Loss Account as income or expenses.

SCHEDULE '12' (Contd...)

Defined Contribution plans : Company's contribution to Provident Fund is charged to the Profit & Loss Account of the year when the contribution to the said fund is due. The Company has no obligations other than the contributions payable to the said Fund.

H SALES : Sales is net of discounts and rebate allowed to the customers.

I BORROWING COSTS : Borrowing costs relating to acquisition/construction of qualifying assets are capitalised until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

J TAXES ON INCOME :

a) Current Income Tax and Fringe Benefit Tax is provided as per the provisions of the Income tax Act 1961.

b) Deffered Tax arising on account of timing difference, being the difference between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent periods, are recognised at the income tax rates enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realised in subsequent periods.

K PROVISIONS:

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

L CONTINGENT LIABILITIES: Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of "Notes " to the accounts.

2 Contingent Liabilities not provided for :

- i) Outstanding Bank Guarantees - Rs. 34,62,101/- (Previous Year – Rs. 1,27,49,951/-).
- ii) Demands raised by Income Tax, Central Excise, Customs ,Sales Tax & other Departments to the tune of Rs. 2,53,37,466/- (Previous Year Rs. 2,47,56,607/-) which are being contested by the company. Advance Paid Rs. 70,21,972/- (Previous Year Rs. 69,71,972/-)

3 Particulars of Managerial Remuneration

	2008-09	2007-08
	Rs.	Rs.
Salary	14,70,000	12,60,000
Rent (Net)	3,33,000	3,54,000
Contribution to Provident Fund	1,76,400	1,51,200
Staff Welfare Expenses	58,018	60,230
Insurance (Personal Accident Insurance)	3,640	6,316
Value of perquisites as per Income Tax Act.1961	78,524	1,54,193
	21,19,582	19,85,939

4 RELATED PARTY DISCLOSURES :

Disclosure on Related Parties as required by AS-18 "Related Party Disclosures" are given below:

SCHEDULE '12' (Contd...)]

a) Key Management Personnel of the Company :-

- | | | |
|------------------------------|---|-------------------------|
| i) Shri. G.N. Saraf | - | Managing Director |
| ii) Shri. Rajesh Kumar Saraf | - | Joint Managing Director |
| iii) Smt. Veenadevi Saraf | - | Director |

b) Enterprises over which certain Key Management Personnel (K.M.P) exercise significant influence :-

- | |
|-------------------------------------|
| i) Pondicherry Agro Foods Pvt. Ltd. |
| ii) East Coast Acetylene Pvt. Ltd. |
| iii) Goowill International |

c) Relative of Key Management Personnel of the Company :-

The particulars given above have been identified on the basis of information available with the company.

d) Particulars of transactions during the year :

Nature of Transactions	Transactions with enterprises over which K.M.P exercise significant influence.		Transactions with Key Management Personnel & their relatives to Key Management Personnel	
	2008-09	2007-08	2008-09	2007-08
Interest paid	-	-	-	-
Purchase of goods	45,48,311	26,174		
Sale of goods	14,03,062	4,93,336		
Rental Charges	1,20,000	1,20,000		
Transportation Charges	4,62,227	4,41,451		
Purchase of Fixed Assets	-	-		
Sales of Fixed Assets	4,50,036	-	3,00,000	-
Remuneration of Directors (See Note No.3)			21,19,582	19,85,939
Rent Paid			4,80,000	4,80,000
Closing Balances				
Unsecured Loans	-	-	-	-
Sundry Creditors	11,278	6,522	-	37,755
Loans & Advances				
Investment	90,000	90,000		
Sundry Debtors	12,508	39,716		

5. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is entitled to Gratuity on terms not less favourable than the provisions of The Payment of Gratuity Act, 1972.

The following tables summarize the components of net benefit expenses recognized in the Profit & Loss Account and amounts recognized in the balance sheet.

	2008-09 (Rs. in Lacs)	2007-08 (Rs. in Lacs)
(i) Net Employee Expense /(benefit)		
Current service cost	1.46	1.27
Interest cost on benefit obligation	1.65	1.49
Expected return on plan assets	-	-
Net Actuarial (gain) /loss recognised in the year.	(2.74)	1.01
Total employer expense recognised in Profit and Loss Account	0.37	3.77

ii)	Actual return on plan assets	7%	7%
iii)	Benefit Asset/(Liability)		
	Defined benefit obligation	22.60	23.60
	Fair value of Plan Assets	-	-
	Benefit Asset/(Liability)	(22.60)	(23.60)
iv)	Movement in benefit liability		
	Opening defined benefit obligation	23.60	21.27
	Interest cost	1.65	1.49
	Current service cost	1.46	1.27
	Benefits paid	(1.37)	(1.44)
	Actuarial (gains)/losses on obligation	(2.74)	1.01
	Closing benefit obligation	22.60	23.60
v)	Movement in fair value of plan assets		
	Opening fair value of plan assets	-	-
	Expected Return on plan assets	-	-
	Contribution by employer	1.37	1.44
	Actuarial (gains)/losses on obligation	-	-
	Benefits paid	(1.37)	(1.44)
	Closing fair value of plan assets	-	-
vi)	The principal actuarial assumptions are as follows		
	Discount rate	7.00%	7.00%
	Salary increase	4.00%	4.00%
vii)	Amount incurred as expense for defined contribution plans		
	Contribution to Provident / Pension fund	7.78	6.57
viii)	Major categories of plan assets as a percentage of the fair value of total plan asset	Nil	Nil
ix)	The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

* The Management has relied on the overall actuarial valuation conducted by the actuary.

6 Earnings per share :

Earnings per share is calculated by dividing the profit attributable to the Equity shareholders by the weighted average number of Equity shares outstanding during the year. The basis adopted for calculation of the basic and diluted earnings per Equity share is as stated below:-

(In Rupees)

Particulars	2008-09	2007-08
Profit / (Loss) after taxation	1,01,66,994	1,30,74,476
Weighted average number of shares outstanding during the year (Nos)	31,16,550	31,16,550
Basic & diluted Earnings per share	3.26	4.20
Nominal Value per share	10	10

7 Deferred Taxation

The deferred tax assets & liabilities comprise of tax effect of the following timing differences:-

	2008-09	2007-08
Deferred tax Assets:	Rs.	Rs.
i) Unabsorbed Losses	-	-
iii) Provision for Gratuity	9,04,000	8,02,000
	9,04,000	8,02,000
Deferred Tax Liability:		
i) Excess of Net block as per Accounts over the written down value as per the provisions of the Income Tax Act 1961	(3,99,43,000)	(4,47,62,000)
Net Deferred Tax Liability	(3,90,39,000)	(4,39,60,000)

8 Disclosure required by Accounting Standard (AS-29) " Provisions, Contingent Liabilities and Contingent Assets"

	Income Tax
Balance as at 1st April 2008	67.00
Additional Provisions created during the year	Nil
Provision used during the year	Nil
Provision reversed during the year	Nil
Balance as at 31st March 2009	67.00

9 The company has not been informed by any supplier of being covered under Micro, Small and Medium Enterprises Development Act, 2006. As a result, no interest provision/payments have been made by the Company to such creditors, if any, and no disclosures are made in these accounts.

10 Segment Reporting

a) Primary segment reporting (by Business Segment)

1 Segment have been identified in line with the Accounting standard on Segment Reporting (AS-17), taking into account the organisational structure, risk-return profile of individual business and internal reporting system of the Company. Details of the businesses included in each of the segments are as under:

Industrial Gases	-	Manufacture of Industrial Gases
Windmill	-	Generation of Windmill energy.

2 Information about Business Segments :

[Rs in Lacs]

Particulars	Industrial Gases		Windmill		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A Revenue						
Gross Revenue (External)	1,044.44	1,100.24	98.16	93.58	1,142.60	1,193.83
Gross Revenue (Internal)	-	-	-	-	-	-
Total Gross Revenue	1,044.44	1,100.24	98.16	93.58	1,142.60	1,193.83
B Results						
Segment Result (PBIT)	83.10	174.83	(5.59)	(14.50)	77.51	160.33
Unallocated Corporate Income net of expenses					24.24	24.24
Financial Expenses (net)					7.89	(19.50)
Profit Before Tax					109.64	165.07

SCHEDULE '12' (Contd...)

Particulars	Industrial Gases		Windmill		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Provision for Current Tax					55.00	18.54
Provision for Fringe Benefit Tax					2.18	2.42
Provision for Deferred Tax					(49.21)	13.36
Profit after tax					101.67	130.74
C Other Information						
i) <u>Total Assets</u> -						
Segment Assets	1,346.32	1,198.92	706.21	796.70	2,052.53	1,995.62
Unallocated Corporate assets					228.28	289.98
					2,280.81	2,285.60
ii) <u>Total Liabilities</u> -						
(Excluding Deferred Tax Liabilities)						
Segment Liabilities	219.66	223.18	-	-	219.66	223.18
Unallocated Corporate liabilities					255.50	272.77
					475.16	495.95
iii) Capital expenditure	32.74	35.53	-	-	32.74	35.53
iv) Depreciation	92.91	94.08	103.75	103.75	196.66	197.84
v) Non cash expenses other than Depreciation						

11. Additional information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

a. Quantitative Information	For the year		Previous year	
i. Capacity (On Triple Shift basis (in Cum)) Installed (as certified)				
Oxygen / Nitrogen (in Cum)	1,50,00,000		1,50,00,000	
Dissolved Acetylene (in Cum)	2,00,000		2,00,000	
Windmill Energy (in Kwh)	44,00,000		44,00,000	
	For the Year		Previous Year	
	Qty. (in CUM)	Value Rs.	Qty. (in CUM)	Value Rs.
ii. Production, Sales & Stocks				
OPENING STOCK (NET)				
Oxygen	34,893	2,61,700	87,201	6,54,013
Dissolved Acetylene	542	54,236	473	47,378
Nitrogen	20,342	1,52,440	91,816	6,88,620
Others		6,720		6,720
		4,75,096		13,96,731
Add : Excise Duty		74,893		4,04,465
		5,49,989		18,01,196
PRODUCTION				
Oxygen	57,25,458		62,69,777	
Dissolved Acetylene	52,789		46,270	
Nitrogen	23,76,881		30,67,276	
Windmill Energy (in Kwh)	25,90,646		25,71,545	

	For the Year		Previous Year	
	Qty. (in CUM)	Value Rs.	Qty. (in CUM)	Value Rs.
PURCHASES				
Oxygen	-	-	-	-
Others	-	-	-	-
		-		-
SALES (NET) (*)				
Oxygen	57,04,429	5,89,55,113	63,22,086	6,37,07,562
Dissolved Acetylene	52,169	91,72,979	46,201	53,00,491
Nitrogen	23,15,870	3,44,61,398	31,38,751	3,40,53,723
Others		4,23,499		6,88,538
		10,30,12,988		10,37,50,314
Windmill Energy (in Kwh)	25,90,646	98,15,575	2571545	93,58,360
(*) Includes normal shortage/excess & Self consumption				
CLOSING STOCK (NET)				
Oxygen	55,921	4,19,408	34,893	2,61,700
Dissolved Acetylene	1,163	1,55,145	542	54,236
Nitrogen	81,353	6,10,148	20,342	1,52,440
Others		5,050		6,720
		11,89,751		4,75,096
Add : Excise Duty		1,25,000		74,893
		13,14,751		5,49,989
b. Raw Materials Consumed				
Calcium Carbide (kgs.)	1,84,575	66,45,968	1,69,725	43,80,474
Liquid Oxygen (Cu.m)	8,28,713	56,45,503	1,40,140	9,73,614
Liquid Nitrogen (Cu.m)	2,63,102	20,66,804	39,569	2,76,536
Others				3,29,975
		1,43,58,275		59,60,599
c. C.I.F. Value of Imports				
Raw Materials		58,66,714		35,06,300
d. Consumption of Raw Materials, Stores & Spare parts:				
Raw Materials -				
Imported	26%	37,07,429	60%	33,54,427
Indigenous	74%	1,06,50,846	40%	22,76,197
Stores & Spare parts:				
Indigenous	100%	46,76,759	100%	24,11,672
Imported	-	-	-	-
e. Expenditure in Foreign Currency:				
Travelling Expenses		1,06,875		NIL
f. Earnings in Foreign Exchange		NIL		NIL

12. Previous year's figures have been regrouped /rearranged wherever found necessary.

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET & PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	2008-09		2007-08	
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.	Rs.	Rs.
Net Profit / (Loss) before Tax	1,09,64,030		1,65,06,878	
<i>Adjustments for :</i>				
Depreciation	1,96,66,004		1,97,83,783	
Interest Paid	8,04,172		21,68,690	
Profit /Loss on Sale of Investments	-		-	
Profit /Loss on Sale of Fixed Assets	(6,10,222)		(15,91,077)	
Interest & Dividend Income	(25,84,603)		(26,42,583)	
Operating Profit before Working Capital Changes	<u>2,82,39,381</u>		<u>3,42,25,691</u>	
<i>Adjustments for:</i>				
Trade and Other Receivables	(75,13,683)		35,97,666	
Inventories	(31,48,396)		14,38,270	
Trade Payable and Provisions	1,70,692		(3,50,250)	
Cash Generated from Operations	<u>1,77,47,993</u>		<u>3,89,11,378</u>	
Interest Paid	(8,04,172)		(21,68,690)	
Direct Taxes Paid (Net)	(42,42,510)		(25,61,488)	
Net Cash from Operating Activities (A)		1,27,01,312		3,41,81,200
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(32,74,198)		(7,42,290)	
Sale of Fixed Assets	12,28,036		15,91,077	
Purchase of Investments	(3,29,00,000)		(96,98,028)	
Sale of Investments	4,30,94,424		-	
Interest, Dividend Income	25,84,603		26,42,583	
Net cash from Investing Activities (B)		1,07,32,865		(62,06,658)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	-		-	
Proceeds from Short Term Borrowings	-		-	
Repayment of Long Term Borrowings	(40,25,645)		(2,00,00,000)	
Repayment of Short Term Borrowings	-		(7,66,581)	
Proceeds /(Repayment) of Trade Deposits	(78,030)		(4,83,511)	
Dividend Paid	(72,92,415)		-	
Net Cash used in Financing Activities (C)		(1,13,96,090)		(2,12,50,092)
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>1,20,38,087</u>		<u>67,24,451</u>
Cash and Cash Equivalents (opening Balance)		<u>1,90,37,860</u>		<u>1,23,13,409</u>
Cash and Cash Equivalents (closing Balance)		<u>3,10,75,947</u>		<u>1,90,37,860</u>
		<u>1,20,38,087</u>		<u>67,24,451</u>

As per our Report annexed,

For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner

1, Philips Street, Chennai - 600 001.
the 29th day of June, 2009

G.N.SARAF
Chairman & Managing Director

RAJESH KUMAR SARAF
Joint Managing Director

I.K. GAYATHRI
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**Registration No. State Code Balance Sheet Date

Date Month Year

II Capital Raised during the year (Amount in Rs.Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Fund (Amount in Rs. (Thousands))**Total Liabilities****Total Assets****Sources of Funds**

Paid-up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

Other Liabilities

Net Deferred Tax Liabilities

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover & Service Income

Other Income

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

(Please tick Appropriate box + for Profit, - for Loss)

Earning Per Share in Rs.

Dividend Rate %

V Generic Names of Principal Products/Services of Company as per monetary terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

NATIONAL OXYGEN LIMITED

Regd. Office: 80 (Old No. 141) Greams Road, Chennai - 600 006.

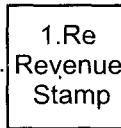
PROXY FORM

I / We of being a Member(s) of National Oxygen Limited, hereby appoint of or failing him / her as my / our Proxy to vote for me / us on my / our behalf, at the Thirty Fourth Annual General Meeting of the Company to be held on Friday, the 18th September, 2009 at 9.30 a.m. at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai - 600 105 and at any adjournment thereof.

Signed this day of 2009.

Address:

Signature



Membership Folio No.
DP. ID / CL.ID
No. of shares held

- Note:**
1. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.
 2. Proxy need not be a member.

NATIONAL OXYGEN LIMITED

Regd. Office: 80 (Old No. 141) Greams Road, Chennai - 600 006.

ATTENDANCE SLIP

I hereby record my Presence at the Thirty Fourth Annual General Meeting of the Company being held at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai - 600 105 on Friday, the 18th September, 2009 at 9.30 a.m.

Full Name of the Member attending / Proxy

Signature

Folio No./DP.ID/CL.ID
No. of shares held

NOTE:

Members attending the meeting in person are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. No attendance slip will be issued at the time of Meeting.

NATIONAL OXYGEN LIMITED

Regd. Office: 80 (Old No. 141) Greams Road, Chennai - 600 006.

FORM FOR ECS MANDATE / BANK ACCOUNT DETAILS

Members' authorization to receive dividends through Electronic Credit Clearing Mechanism

1. First/Sole Shareholder's Name	
2. (a) Registered Folio No. (If shares are not dematerialized)	
(b) DP ID No. Client ID No. (If shares are dematerialized)	
3. Particulars of Bank Account of First/Sole Member	
a. Bank Name	
b. Branch Name	
c. Address of the Branch with PIN Code	
d. Telephone Number and Fax number	
e. 9 digit MICR Code number of the Bank and Branch as appearing on the MICR cheques issued by the Bank.	
f. Account type (Savings/Current/Cash Credit with code 10/11/13)	
g. Account Number as appearing on the Cheque Book.	
h. Ledger No./Ledger Folio No. (if appearing on the cheque book/pass book)	

Please attach a cancelled blank cheque or photocopy of a cheque issued by your Bank for verification of the above details.

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/We would not hold National Oxygen Limited responsible. I/We, understand that the Company also reserves the right to send the dividend payable to me / us by a physical dividend warrant on account of unforeseen circumstances beyond the control of the Company that may affect the payment of dividend through ECS.

Yours faithfully

Place:

Date:

(Name and signature of First / Sole Shareholder)

Certified that the particulars furnished above are correct as per our records.

Place:

Date:

Signature of the Branch Manager

Note:

1. Please send the duly filled in mandate form to:
 - i. the depository participant who is maintaining your demat account in case you hold shares in dematerialized form.
 - ii. the Registrars and Share transfer agent - M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai 600 002, in case you hold shares in Physical form.
2. Kindly fill in all columns and send it before 09.9.2009 to the Registrar, i.e. M/s Cameo Corporate Services Ltd., Incomplete forms shall not be entertained.
3. The ECS facility is available at present at certain specified cities only.

BOOK-POST

TO

If undelivered, please return to:
NATIONAL OXYGEN LIMITED
80 (Old No. 141), Greams Road,
Opp. Greams Road Post Office, Chennai - 600 006.