

ANNUAL REPORT 2011-2012

GAGAN
GASES LIMITED

Registered Office :
602, Sector III, Pithampur Distt. Dhar (M.P.) 454774

NOTICE

Notice is hereby given that the 26th Annual general meeting of the member of Gagan Gases Limited will be held on Saturday, the 29th of September 2012 at 10 AM at the Registered office of the Company at 602, Sector 3, Pithampur, Distt. Dhar to transact the following business:

ORDINARY BUSINESS

1. To consider, approve and adopt Audited Profit & Loss Account for the year ended 31st March, 2012 and Balance Sheet as on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Gagan Maheshwary who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution.
" Resolved that M/s Dilip K Neema & Associates, Chartered Accountants be and are hereby appointed as Auditors of the company, to hold office from the conclusion of this annual general meeting until the conclusion of the next annual general meeting of the company on such remuneration as will be fixed by the Board of Directors."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.
" Resolved that pursuant to the provision of section 198, 269, 309, 310 & 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, consent of the members be and is hereby accorded to the appointment of Shri Gagan Maheshwary as a whole time Director of the Company for a period of five years w.e.f. 9th August 2012 on the terms and conditions and remuneration as set out here below.

REMUNERATION

Salary of Rs 57,000 per month in pay scale of Rs 57,000--3000 plus allowances as per prevailing rules of the company.

PERQUISITIES

In addition to the above salary, the whole time director shall also be entitled to the following perquisites.

1. Reimbursement of all medical expenses, leave travel assistance incurred for self and family.
2. A suitable personal accident/medical insurance cover.
3. Telephone, Telefax and other communication facilities at residence.
4. Contribution to PF, Superannuation Fund, Annuity Fund as per the prevailing rules of the company.
5. Gratuity/leave or any other statutory benefit as per rules of the company. Leave not availed may be encashed.
6. Subject to over all ceiling on remuneration mentioned herein, the whole time director may be given any other allowance, benefits, perquisites from time to time as per rules of the company or as the Board of Directors may decide from time to time.

NOTES

1. A member entitled to attend and vote at the annual general meeting is also entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should be deposited at the registered office of the company not less than forty eight hours before the time fixed for the meeting.
2. Members / Proxies should bring the attendance slip duly filled in for attending the meeting.
3. Members are also requested to notify the share transfer agent M/s Link Intime India Pvt Limited, C-13 Panna Lal Silk Mill Compound, LBS Marg, Bhandup West, Mumbai 400078 about the change of address correction, if any, in name, address, pin code.
4. The register of the members of the company will remain closed from Friday, the 21st September 2012 to Saturday the 29th September 2012 (both days inclusive)

Explanation Statement as required u/s 173(2) of the Companies Act 1956

ITEM No 4

Appointment of Shri Gagan Maheshwary as whole time director.

The Board of Directors has recommended the reappointment of Shri Gagan Maheshwary as whole time director with effect from 9th August 2012 for a period of 5 years. Shri Gagan Maheshwary is holding post graduate degree in Management Science and looking after the business of the company as a whole time director for the last 15 years. None of the directors except Shri K.R.Maheshwary and Gagan Maheshwary are interested in the resolution.

By Order of the Board of Directors

Place : Indore
Dated : 26.5.2012

K.R. Maheshwary
Chairman

GAGAN GASES LTD. Regd office :602 Sector 3 Pithampur Distt Dhar

DIRECTORS' REPORT

Dear members

Your Directors have pleasure in presenting the 26th Annual Report together with audited accounts for the year ended on 31st March, 2012.

FINANCIAL RESULTS	(Rs in lacs)	(Rs. in lacs)
	2011-12	2010-11
Income from operation	351	417
Other income	--	---
Profit / (Loss) before interest,		
Depreciation and tax	6	14
Less : Interest	--	1
Depreciation	(13)	12
Taxation	--	--
Profit/ (Loss) during the year	(7)	1

OPERATIONS

The company has earned net loss of Rs 7lac (Profit of Rs.1 lac) during previous year. Since Govt. Oil Companies are still supplying LPG at subsidised rates, the company could not compete in selling LPG to the consumers. It is because of such adverse circumstances, the business of the company is very much affected. There is loss of Rs.37 lac (Rs.23 lac) in LPG segment. The company has also undertaken marketing of industrial lubricants in the state of M.P. The total LPG sale amounted to Rs.41 lacs(26 lacs) .

As per the reports appearing in the news papers, GOI is likely to revise policy to sell LPG at subsidised rates. If it materializes, the LPG plants in private sector will get an opportunity to revive their business. LPG plant was set up in the year 1995 and it needs major maintenance. Also keeping in mind the likely opportunities, the directors have decided to carry out the major repair/maintenance of the plant for which services of consultants are being hired.

DIVIDEND

In view of the accumulated losses, the Directors regret to recommend any dividend for the year 2011-2012.

DIRECTOR and WHOLE TIME DIRECTOR

Shri Gagan Maheshwary, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. The Board of Directors recommend his re-appointment as director. Shri Gagan Maheshwary is associated with the company as director for the last more than 15 years.

Shri Gagan Maheshwary was appointed as whole time director for a period of 5 years w.e.f 8th August 2007. He is looking after the whole business of the company for the last 15 years. The board of directors have recommended the reappointment of Shri Gagan Maheshwary as a whole time director for a further period of five years with effect from 9th August 2012. The terms of appointment are approved by the remuneration committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act,1956, the Directors indicate that they have taken reasonable and bonafide care that :

1. In preparation of the annual accounts, the applicable accounting standards have been followed, and in case of any deviation, necessary explanation has been given and incorporated in director's report to the members.

2. The directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. Directors have prepared the Annual Accounts on a going concern basis.

CORPORATE GOVERNANCE

The company has ensured that the Corporate Governance requirements as stipulated in clause 49 of the Listing Agreement with the Stock Exchange are complied with. A separate report on corporate governance is annexed.

The Corporate Governance Compliance Certificate obtained from M/s Dilip K Neema & Associates, Chartered Accountants, the Statutory Auditors of the Company is also attached to the report.

PUBLIC DEPOSITS

The company did not accept any deposit from the public during the year as such there is no unpaid or unclaimed deposit.

AUDITORS

The present auditors of the company M/s Dilip K Neema & Associates, Chartered Accountants are retiring at the conclusion of the annual general meeting and being eligible offer themselves for reappointment. The Board of Directors also recommend the reappointment of M/s Dilip K Neema & Associates, Chartered Accountants as statutory auditors to hold office till the conclusion of next annual general meeting.

AUDITORS' REPORT, ACCOUNTING STANDARDS, POLICIES AND DISCLOSURES.

The Audit Committee and the Board of Directors have considered and approved the accounting policy, Deviation if any from the applicable Accounting Standards in the preparation of the Annual Statement, necessary observations/ explanation of the Board are given.

The accumulated losses as on 31.3.12 are Rs 276.92 lacs which exceed 50 % of the capital of Rs 452 lacs, but the company has not incurred any cash loss during the current year as well as immediate financial year. The accumulated losses are on account of losses incurred in LPG business. To cover up these losses the company has continued trading activities during the year.

Under Udyog Mitra Yojna introduced by M.P.Govt for SSI units in the year 2008, the company made application for the restoration of lease deed and remittance of 50 % interest for non payment of lease charges. Under orders from the higher authorities, MPAKVN was asked to give the benefit of Udyog Mitra Yojna to our unit treating it as SSI unit. Since we have not received any communication of rejection of our application from MPAKVN, it is assumed that our application stands accepted. However the company has not received any communication regarding the amount of arrears of lease charges payable by the company. As and when our account is settled by MPAKVN, necessary provision will be made in the accounts.

PERSONAL RELATIONS

Your company continues to enjoy cordial relations with its employees.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO

1. Conservation of energy
Because of limited use of electricity, no additional step was taken for the conservation of energy.
Power consumption during the was 19252 units (21096 units)
2. Technology absorption, adoption & innovation:
For the company's existing product line there is no technical collaboration, either indigenous or imported. No new technology was absorbed or adopted during the year.
3. Foreign exchange earning and outgo:
There is no foreign exchange earning or out go during the year.

PARTICULARS OF EMPLOYEE

No person in the employment of the company was in receipt of remuneration which attracted provisions of Section 217 (2A) and Companies (particulars of employee) Rule, 1975.

For and behalf of the Board of Directors

Place : Indore
Dated : 26.5.2012

K.R.Maheshwary
Chairman

ANNEXURE

REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

Management's discussion & analysis report

1. Industry Structure and development.

The company's main business was that of LPG marketing after bottling into cylinders and trading of lubricants. LPG business is in the hands of Govt. owned oil companies who are placed at advantageous position because of sale at a subsidised price.

2. Opportunities & Threats

A huge amount of subsidy is given on the sale of LPG by public sector oil companies resulting into a direct threat to the business of LPG bottling plants in private sector. The Govt. was committed to abolish subsidy on LPG upto March 05 in a phased manner but the period is being extended from time to time. The sale prices of LPG and kerosine are controlled by the Govt. of India. This policy of the Govt. is a threat towards the business opportunities of LPG Bottling Plants in private sector.

Regarding business activity of marketing of lubricants there is no major increase in sales. The major threat in the line of business is the number of companies marketing lubricants and the company is facing competition from other manufactures of lubricants. The company was marketing the lubricants of Exxon Mobil as per agreement which expired on 31st March, 2012. After 31st March, 2012, there is no sale of Exxon Mobil lubricants. However, the company is making efforts to continue marketing business in other industrial products.

3. Outlook

Private sector LPG bottling plants can not compete with Govt. oil companies who sell LPG at subsidised and Govt. controlled rates. Since Govt owned oil companies sell at a much cheaper rate, people have tendency to take new connection and refilling from them.

The future of LPG bottling plants is linked with Govt. policies. It is only when subsidy is completely abolished, and Govt. control over sale rate of LPG by public sector oil companies is lifted, the LPG bottling plants in private sector can look for some business. Until that time, it is not possible to forecast any future prospects. Govt. has its own political compulsions to take decision for abolishing subsidy and allow the gov't. owned oil companies to fix prices in line with international rates.

4. Risk & Concerns

Govt. decision to continue price control and allowing subsidy on LPG to Govt. owned oil companies and fluctuations in prices of petroleum products in international market are matters of great risk and concern to the company.

1. CORPORATE GOVERNANCE PHILOSOPHY

Your company believes that good corporate governance measures and the disclosure of the same to the investors will besides improving the organizational efficiency, enhance long term share holder's value.

2. BOARD OF DIRECTORS.

The compositions of the Board and number of meetings attended by the Directors.

Name of the Director	Category of Directorship	Other Directorships #	Membership of other committees	Attendance	
				Board Meetings	AGM
Shri K.R.Maheshwary	Executive, Promoter	Nil	Nil	5	1
Shri Gagan Maheshwary	Executive, Promoter	Nil	1	5	1
Shri R.L.Chhabra	Non-executive, Independent	Nil	3	5	1
Shri V.K Khanna	Non-executive, Independent	Nil	3	5	1

This excludes directorship held in private limited companies.

The Board of the Company met 5 times during the financial year, on the following dates :

(1) 20th April, 11 (2) 30th May, 11 (3) 29th July, 11 (4) 29th Oct, 11 (5) 25th Jan., 12

3. COMMITTEE OF DIRECTORS

i) Audit Committee

The audit committee is constituted of Shri.R.L.Chhabra as Chairman, Shri.V.K.Khanna as member. The terms of reference and powers are those as prescribed under clause 49 of listing agreement. All the members are non-executive and independent. During the year 5 meetings of audit committee were held on 20-4-11 (attended by 2 members), 30-5-11 (attended by 2 members), 29-7-11 (attended by 2 members) and 29-10-11 (attended by 2 members), 25-1-12 (attended by 2 members).

ii) Investors/shareholders grievance committee.

This committee is headed by Shri V.K.Khanna as Chairman and Shri R.L.Chhabra and Shri.Gagan Maheshwary as members. The terms of reference and powers are those prescribed under clause 49 of the

listing agreement. Complaints received from the share-holders have been properly attended to by the share transfer agent. There are no unattended pending complaints. Mr. Gagan Maheshwary is compliance officer.

iii) Remuneration Committee .

This committee is headed of Shri R.L.Chhabra as Chairman, and Shri V.K.Khanna as members. All the members are independent and non-executives. There was proposal of the reappointment of shri Gagan Maheshwary as Executive Director and as such meeting was held on 26-5-2012. The remuneration committee approved the remuneration and other terms of appointment payable to Gagan Maheshwary if and when appointment is approved by the Board of Director and members of the company.

4. **CODE OF CONDUCT.**

The Board of Directors has laid down/ adopted a Code of Conduct for all the Board Members and senior management as per the requirements of the clause 49 of the listing agreement. All the directors have affirmed compliance of code of conduct.

5. **REMUNERATION PAID TO DIRECTORS DURING 11-12.**

Director	Relationship with other Directors	Salary Rs.
Shri K.R Maheshwary	Gagan Maheshwary	534000 (432000)
Shri Gagan Maheshwary	K.R.Maheshwary	622600 (432000)

None of the directors has taken loan or advance from the company nor sitting fee has been paid.

In case of Gagan Maheshwary, PF contribution is Rs 9360.

6 **GENERAL BODY MEETINGS**

The location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual Meeting	General	Date	Time	Venue	No. of special resolution passed
23rd		30th September, 2009	10 a.m.	Registered office	2
24th		30th September, 2010	10 a.m.	Registered office	Nil
25th		30th September, 2011	10 a.m.	Registered office	Nil

7. **DISCLOSURES**

- There are no transactions with any of the related parties except that the company is having intercorporate deposit from the related parties .
- BSE suspended trading in the equity shares of the company for five days upto April 26, 2012 on account of non-compliance with the provision of the listing agreement. The company has since filed/refiled all the information/documents in compliance with the requirements of BSE. Suspension order has since been revoked.
- Company's application for delisting of shares from MP Stock Exchange was filed in 2003, but no decision was taken by MP Stock Exchange. The Board of Director have decided to continue listing in MP Stock Exchange and taking benefit of amnesty scheme. The shares of company are also listed on the MP Stock Exchange.

8. **MEANS OF COMMUNICATION**

Results are communicated through publication on the website of the company.(www.gagangases.com)

9. **SHARE HOLDERS INFORMANTION**

9.1 Annual General meeting will be held on Saturday, 29th September 2012, at Registered office of the Company at 602, Sector 3, Pithampur, Distt. Dhar at 10.00 AM .

9.2 Financial calender: financial reporting for

Quarter ending 30th June	(unaudited)	last week of July	2012
Quarter ending 30th Sept.	(unaudited)	last week of Oct.	2012
Quarter ending 31st Dec.	(unaudited)	last week of Jan.	2013
Year ending 31st March	(audited)	last week of May	2013

9.3 Date of Book closure is 21.9.12 to 29.9.12 (both days inclusive.)

9.4 Dividend payment date :- None

9.5 Listing of stock exchanges : The equity shares of the company are listed on The Stock Exchange, Mumbai. & The M.P. Stock Exchange, Indore.

9.6 Stock Code : B.S.E . 524624.

9.7 Dematerialisation of share : In order to enable the shareholders to hold their shares in electronic form and to Facilitate scrip less trading, the company has enlisted its share with National Securities Depository Ltd. (NSDL) and Central Depository Securities Ltd. (CDSL) No. of shares dematerialized are 3482825 (3474375) as on 31st March 12 which is 77.08%(76.89%) of total capital.

9.8 Plant Location : The plant is located at 602, 602 A & 603, sector 3, Pithampur, Distt. Dhar, M.P.

9.9 Address for correspondance : Gagan Gases Ltd., 602, Sector 3 Pithampur Distt Dhar M.P.

9.10 Registered office : Plot No. 602, Sector 3, Pithampur, Distt. Dhar, M.P.

9.11 Market Price Data

Monthly High and Low of Company's Equity Share (Rs.10 per share) for the year ended March 2012 at the Stock Exchange, Mumbai:

Month	Low (Rs.)	High(Rs.)
April 2011	4.04	4.66
May, 2011	3.85	5.00
June,2011	3.72	5.60
July,2011	4.99	6.02
August,2011	4.85	6.20
September,2011	5.44	6.75
October,2011	4.20	5.67
November,2011	3.32	4.55
December,2011	3.28	3.93
January,2012	3.21	3.75
February,2012	3.30	4.73
March,2012	4.10	4.85

9.12 Address for correspondence for share transfer and related matters :

LINK INTIME INDIA PVT. LIMITED are Registrar & Share Transfer Agent for both physical shares and electronic connectivity . Application for the transfer of shares and dematerialisation of share and other related matters may be sent to them at the following address:

Link Intime India Pvt Limited, C-13 Panna Lal Silk Mill Compound, LBS Marg Bhandup West, Mumbai 400078.

9.13 Shareholding pattern as on 31 st March,2012

Category	No.of Share held	% of Shareholding
Promoters	1387268	30.70
Bank,Financial Institutions & Insurance Company	3200	0.07
Private Bodies Corporate	794260	17.58
Indian Public	2279835	50.47
NRI/OCBs	38706	0.85
Clearing Member	15231	0.33
Total	4518500	100

9.14 .Distribution of Shareholding as on 31 st March,2012

Shareholding of nominal value of Rs.	No of Holders	%	No of Shares	%
Upto 5000	5335	87.88	1018949	22.55
5,001 to 10,000	419	6.90	356777	7.90
10,001 to 20,000	149	2.45	234023	5.18
20,001 to 30,000	57	0.94	144828	3.21
30,001 to 40,000	29	0.48	102228	2.26
40,001 to 50,000	25	0.41	114448	2.53
50,001 to 1,00,000	29	0.48	224169	4.96
Above 1,00,001	28	0.46	2323078	51.41
Total	6071	100	4518500	100

Designated e-mail ID. The company is having e- mail ID gagan.lubes @ gmail.com for Investor Grievance Redressal Division

For and on behalf of the Board of Directors

Place: Indore
Dated: 26.5.2012

K.R. Maheshwary
Chairman

DECLARATION BY THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT BY THE DIRECTORS.

I hereby confirm that all the directors have as on 31st March 12 affirmed compliance to their respective code of conduct adopted by the company and confirmation to that effect has been given by each of them.

Place: Indore
Dated : 26.5.2012

K.R.Maheshwary
Managing Director

CA. DILIP K. NEEMA

B. COM., FCA



DILIP K. NEEMA & ASSOCIATES

Chartered Accountants

406, Rounak Plaza

8-B, South Tukoganj

Opp. Nath Mandir

Indore (M.P.)-452001

Tele. No.-0731-4064243

Cell: 9425062556

e-mail: cadkneema@yahoo.co.in

TO,

The Members of

GAGAN GASES LIMITED

INDORE (M.P.)

We have examined the compliance of Corporate Governance by GAGAN GASES LIMITED, INDORE (M.P.) for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representation made by the Directors and the Management, we certify that the Company has complied with the condition of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountant of India, we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency with the management has conducted the affairs of the Company.

**For M/s Dilip K. Neema & Associates
Chartered Accountants**

(Dilip K. Neema)

Proprietor

M. No. 074067

FRN : 005279C

Place : Indore

Date : 26.05.2012

CA. DILIP K. NEEMA

B. COM. ,FCA



DILIP K. NEEMA & ASSOCIATES

Chartered Accountants

406, Rounak Plaza

8-B, South Tukoganj

Opp. Nath Mandir

Indore (M.P.)-452001

Tele. No.-0731-4064243

Cell: 9425062556

e-mail: cadkneema@yahoo.co.in

AUDITORS REPORT

TO,
THE MEMBERS OF GAGAN GASES LIMITED

- 1) We have audited the attached Balance Sheet of **GAGAN GASES Limited** (the Company) as at March 31 , 2012, and the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. 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 have conducted our audit in accordance with auditing standards generally accepted in India. These 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 (Auditors Report) order, 2003 , as amended by the companies (Auditors Report) (Amendment) order 2004 (together the "order") issued by the Government of India Ministry of Finance 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 in paragraph 3 above, we report that :
 - a. 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 ;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from examination of those books ;
 - c. The Balance Sheet , Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Act;

- e. On the basis of the written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2012 from being appointed as Director in terms of section 274 (1)(g) of the Act;
- f. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement together with the notes thereon and annexed thereto give in the prescribed manner, the information required by the Act and also 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 on March 31, 2012 and
 - (ii) in the case of the Profit and Loss account, of the **loss** of the company for the year ended on that date; and
 - (iii) in the case of the cash Flow Statement, of the cash flows for the year ended on that date.

For M/s Dilip K. Neema & Associates
Chartered Accountants

(Dilip K. Neema)
Proprietor
M.No. 74067
FRN: 005279C

Place : INDORE
Date : 26.05.2012

ANNEXURE TO AUDITOR'S REPORT

Statement as required by Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, (together the "Order") issued by the central government of India in terms of Sub Section (4A) of Section 227 of the Companies Act, 1956, of India (the 'Act') :

1.
 - i. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
 - ii Fixed assets except LPG cylinders have been physically verified by the management at reasonable intervals during the year. LPG cylinders being in the physical possession of consumers and dealers which are verified in routine as and when these pass through the company for refilling. We have not noted any discrepancies on such verification.
 - iii No substantial part of fixed assets have been disposed off during the year.
2.
 - i. As per records produced before us and in accordance with Management representation Physical verification of inventory has been conducted at reasonable intervals by the management.
 - ii The procedures of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - iii The company is maintaining proper records of inventory. No Material discrepancies noticed on physical verification .
3. The company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. The company has taken loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Terms and conditions were prima facie not prejudicial to the interest of the company.
- 4 There is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory fixed assets and for the sale of goods and services. There is no continuing failure to correct major weakness in internal controls.
- 5 We are informed that transaction during the year that need to be entered into a register in pursuance of section 301 of the Act have been so entered. The transaction have been made at prices which are prima facie reasonable having regard to the prevailing market prices at relevant time.
- 6 The company has not accepted deposits from the public where the directives issued by RBI and the provisions of sec. 58A, 58AA or any other relevant provision of the Act and rule framed there under where applicable.
- 7 The company have followed in-house internal audit system commensurate with its size and nature of its business as applicable to it.
- 8 On the basis of information given to us by management of the company , maintenance of cost records has not prescribed by the central government under clause (d) of sub section (I) of section 209 of the Act.
- 9 As per the books and records as produced before us and in accordance with Management representation , the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty for the year 2011-2012 (whichever is applicable) which have not been deposited on account of dispute.
- 10 The company has accumulated losses as at march 31, 2012 exceeds 50% of net worth of the company but the company has not incurred any cash losses during the current year as well as immediately preceding financial year .

- 11 As per the books and records as produced before us and in accordance with Management representation the Company has not defaulted in repayment of any dues to bank .
- 12 The company is not involved in business of granting loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The company is not involved in business of chit fund.
- 14 The company is not dealing or trading in shares, securities, debentures and other investment.
- 15 The company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 On the basis of books of accounts and declaration given by the management, the company has not taken terms loans during the year under audit hence clause not applicable for comment.
- 17 On the basis of books of accounts and declaration given by the management, the company has not utilized the funds raised on short terms basis for long term investment
- 18 As per the books and records as produced before us and in accordance with Management representation the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 19 As per the books and records as produced before us and in accordance with Management representation no debentures were issued during the year by the company.
- 20 The company has not raised capital through public issue during the year.
- 21 To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

INDORE, 26.05.2012	For M/s Dilip K. Neema & Associates Chartered Accountants (Dilip K. Neema) Proprietor M.No.074067 FRN: 005279C
--------------------	---

GAGAN GASES LIMITED
BALANCE SHEET
AS AT 31.03.2012

	Particulars	Note No.	Figures as at current reporting period as at 31.03.2012		Figures as at previous reporting period as at 31.03.2011	
I	<u>EQUITY AND LIABILITIES</u>					
	(1) Shareholders' funds					
	Share					
	(a) Capital	A	45185000		45185000	
	(b) Reserves and Surplus	B	-27667119		-26608165	
	(c) Share warrants			17517881		18576835
	(2) Share Application Money pending allotment			0		0
	(3) Non Current Liabilities					
	Long Term Borrowings	C		897718		1855613
	(4) Current Liabilities					
	(a) Trade payables		2172274		5199200	
	(b) Other current Liabilities	D	315839		2395138	
	(c) Short Term Provisions	E	1337350	3825463	1031331	8625669
	TOTAL			22241062		29058117
II	<u>ASSETS</u>					
	(1) Non Current Assets					
	(a) Fixed Assets					
	Tangible Assets	F	13558455		14832450	
	(b) Deferred Tax Assets (net)		287621		64796	
	(c) Long Term loans and advances	G	359435	14205511	532182	15429428
	(2) Current Assets					
	(a) Inventories	H	568466		4039621	
	(b) Trade receivables	I	4979479		7564045	
	(c) Cash and Cash equivalents	J	2101378		1498112	
	Short term Loans and					
	(d) Advances	K	33473		340182	
	(e) Other current assets	L	352755	8035551	186729	13628689
	TOTAL			22241062		29058117

See accompanying notes to the financial statements
As per our report of even date annexed

FOR GAGAN GASES LIMITED

For Dilip K. Neema & Associates
Chartered Accountants

(K.R. MAHESHWARY)
MANAGING DIRECTOR

(GAGAN MAHESHWARY)
DIRECTOR

(CA. Dilip Neema)
Prop.
M. No. 074067
FRN : 005279C

Indore

Dated : 26.05.2012

GAGAN GASES LIMITED
STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED ON 31.03.2012

	Particulars	Note No.	Figures as at the end of current reporting period 31.03.2012		Figures as at the end of previous reporting period 31.03.2011	
I	Revenue from Operations	1	35020091		41676406	
II	Other Income	2	45434		0	
III	Total Revenue (I+II)			35065525		41676406
IV	Expenses					
	Cost of materials consumed			1523248		2052824
	Purchases of Stock in Trade			24573065		34682587
	Change in Inventories of Stock in trade			3454070		-1112743
	Employee benefit Expenses	3		2899387		2579804
	Finance Cost	4		92293		96017
	Depreciation			1273995		1228139
	Other expenses	5		1898946		2044658
	Total Expenses			35715004		41571286
V	Profit before exceptional and extraordinary items and Tax			-649479		105120
VI	Exceptional Items			-632300		-160240
VII	Profit before extraordinary items and Tax			-1281779		-55120
VIII	Extraordinary Items			0		0
IX	Profit before Tax (VII-VIII)			-1281779		-55120
X	Tax Expenses					
	(1) Current Tax			0		-20000
	(2) Deferred Tax (Assets)			222825		201371
XI	Profit (Loss) for the period from continuing operation			-1058954		126251
XII	Profit (Loss) from discontinuing operation			0		0
XIII	Tax Expenses of discontinuing operation			0		0
XIV	Profit(Loss) from discontinuing operation (After tax) (XII-XIII)			0		0
XV	Profit (Loss) for the period (XI+XIV)			-1058954		126251
XVI	Earning Per Equity Share					
	(1) Basic			-0.23		0.03
	(2) Diluted					

See accompanying notes to the financial statements
As per our report of even date annexed

FOR GAGAN GASES LIMITED

For Dilip K. Neema & Associates
Chartered Accountants

(K.P. MAHESHWARI)
MANAGING DIRECTOR

(GAGAN MAHESHWARI)
DIRECTOR

(CA. Dilip Neema)
Prop.
M. No. 074067
FRN : 005279C

Indore
Dated : 26.05.2012

CASH FLOW STATEMENT

	2011-12 (Rs.In Lacs)	2010-11 (Rs.In Lacs)
"A" CASH FLOWS FORM OPERATING ACTIVITIES		
Net Profit before tax	-6.49	1.05
Add: Prior Year adjustment	-6.32	-1.60
	-12.81	-0.55
Adjustments for :		
Depreciation	12.74	12.28
Interest received	-0.01	-0.65
	-0.08	11.08
Operating profit before working capital changes adjustment for:		
(Increase) / Decrease in sundry debtors	25.85	-6.81
(Increase) / Decrease in inventories	34.71	-11.13
(Increase) / Decrease in loan & advances	4.76	-2.55
(Increase) / Decrease in other Current assets	-1.66	0.00
Increase / (Decrease) in Other Current liabilities	-17.73	20.71
Increase / (Decrease) in creditors	-30.26	0.00
	15.59	11.30
Cash generated from operations		
Interest paid	0.86	0.69
Direct Taxes & FBT	0.00	-0.20
Net Cash from operating activities (A)	16.45	11.79
"B" CASH FLOWS FORM INVESTING ACTIVITIES		
Purchase of fixed assets	0.00	-7.73
Sales of fixed assets	0.00	0.00
Interest received	0.01	0.65
NET CASH USED IN INVESTING ACTIVITIES (B)	0.01	-7.08
"C" CASH FLOWS FORM FINANCING ACTIVITIES		
Interest on borrowings	-0.86	-0.69
Proceeds from new borrowings	-2.19	4.43
Unsecured Loans	-7.38	-19.69
NET CASH USED IN FINANCING ACTIVITIES (C)	-10.43	-15.95
NET CASH FLOWS DURING THE YEAR (A+B+C)	6.03	-11.24
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	14.98	26.22
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	21.01	14.98
	21.01	14.98

For M/s Dilip K. Neema & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

(Dilip K. Neema)
Proprietor

(K.R.Maheshwary)
Managing Director

(Gagan Maheshwary)
Director

M. No. 074067

FRN: 005279C

Indore, Date : 26/05/2012

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING:

The financial statements are prepared under historical cost convention on accrual basis and comply with Accounting Standards referred to in Section 211 (3c) of the Companies Act, 1956.

2. INVENTORIES :

I. Raw Material, Stores & Spares & other trading products are valued at cost determined on FIFO basis .

II. Finished goods are valued at cost or net realizable value whichever is lower.

3. FIXED ASSETS AND DEPRECIATION

i) Fixed assets are stated at historical cost of acquisition and installation.

ii) Depreciation is provided on all depreciable assets on straight-line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act ,1956 except in case of furniture & fixture depreciation is provided at written down value basis at the rates and in the manner provided in schedule XIV to the Companies Act, 1956. Depreciation on addition / deletion is charged on pro rata basis.

4. RETIREMENT BENEFITS :

i) The Company's contribution to recognized provident fund and employee's state insurance contribution is charged to revenue.

ii) Provision for gratuity liability has been made as per revised limit.

5. CASH FLOW STATEMENT

Cash flow statement has been prepared under indirect method .

6. TAXATION

Current Tax is determined as per the current tax provisions applicable for Income Tax. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets/liabilities on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

7. IMPAIRMENT :

The management assesses, using external and internal recourses whether there is an indication that any asset may be impaired If an asset is impaired ,the company recognizes an impairment loss as excess of the carrying amount of the asset over recoverable amount.

GAGAN GASES LIMITED

NOTES TO BALANCE SHEET

NOTE A

SHARE CAPITAL

	<u>As at</u> <u>31.03.2012</u>	<u>As at</u> <u>31.03.2011</u>
1 <u>Authorised Share Capital</u> 7500000 Equity Shares Share capital of Rs. 10/- each	75000000	75000000
2 <u>Issued, Subscribed and Paid up Share Capital</u> 4518500 Equity Shares Share capital of Rs. 10/- each Share Holders holding more than 5% Equity Shares	45185000	45185000

No of shares	Name	% Held
641775	Redhil Iron & Steel Pvt.Ltd.	14.20%
405750	Gagan Investment Pvt.Ltd.	8.98%
243530	K.R.Maheshwary	5.39%

TOTAL 45185000 45185000

NOTE B

RESERVES AND SURPLUS

	Opening balance	Addition	Deduction	Closing Balance		
Profit and Loss Account	-26608165	-1058954	0	-27667119	-27667119	-26608165
	TOTAL				-27667119	-26608165

Figure of addition is inclusive of exceptional items and differed tax assets as per Profit and loss account

NOTE C

LONG TERM BORROWINGS

	Secured	Unsecured		
a From Bank HDFC Bank TATA 407 Loan	0	406753	406753	625716
b From Other parties				
i <u>Deposits</u>				
Dealers deposits	0	198567	198567	198567
ii Loans and advances from related parties	0	292398	292398	1031330
	TOTAL		897718	1855613

- 1 HDFC bank loan is secured against Hypothecation of vehicle financed by the bank. The loan is repayable in 48 monthly installments of Rs. 16331/- inclusive of interest.
- 2 Dealers deposits are in the nature of interest free business security deposit payable on termination of dealership.
- 3 Loans and advances from related parties is interest free Inter corporate deposit .

NOTE D

OTHER CURRENT LIABILITIES

Other payables

Creditors for expenses	43158	1755886
Statutory liabilities	272681	639252
	TOTAL	
	315839	2395138

NOTE E**SHORT TERM PROVISIONS**

- i Provision for employee benefit
Gratuity
- ii Others

1337350 1011331

Income tax provision

0 20000

TOTAL

1337350 1031331

**NOTE-F
Tangible Assets**

SR. No.	Particulars	Gross Block Cost as on 31.03.2011				Depreciation				Net block	Net Block
		on 01.04.11	Additions	Deletions	Total	As on 01.04.11	Additions	Deletions	Total	31.03.2012	31.03.11
1	Land (leasehold)	2490520.00	0.00	0.00	2490520.00	383511.00	0.00	0.00	383511.00	2107009.00	2107009.00
2	Building	16970284.00	0.00	0.00	16970284.00	8622136.00	543106.00	0.00	9165242.00	7805042.00	8348148.00
3	P&M	9030517.00	0.00	0.00	9030517.00	6712671.00	411805.00	0.00	7124476.00	1906041.00	2317846.00
4	F&F	1181053.00	0.00	0.00	1181053.00	1157395.00	11556.00	0.00	1168951.00	12102.00	23658.00
5	Vehicles	1643737.00	0.00	0.00	1643737.00	390730.00	174404.00	0.00	565134.00	1078603.00	1253007.00
6	Others										
	Gas Cylinders	74893750.00	0.00	0.00	74893750.00	74893749.00	0.00	0.00	74893749.00	1.00	1.00
	Fire Fighting Equip.	1303038.00	0.00	0.00	1303038.00	861747.00	61894.63	0.00	923641.63	379396	441291.00
	Computers	934954.00	0.00	0.00	934954.00	877384.00	15341.00	0.00	892725.00	42229.00	57570.00
	Electric Installation	1751334.00	0.00	0.00	1751334.00	1467414.00	55888.00	0.00	1523302.00	228032.00	283920.00
		110199187.00	0.00	0.00	110199187.00	95366737.00	1273994.63	0.00	96640731.63	13558455.37	14832450.00
	PREVIOUS YEAR	109425177.00	774010.00	0.00	110199187.00	94138598.00	1228139.00	0.00	95366737.00	15286579.00	14832450.00

NOTE G**LONG TERM LOANS AND ADVANCES**

	Secured considered Good		Unsecured considered Good	Doubtful		
Security Deposits	359435	0	0	0	359435	532182
				TOTAL	359435	532182

Security deposit given to parties against services .

-172747

NOTE H**INVENTORIES**

1 Raw Materials (LPG)	36301	1666967
4 Trading stocks (lubricants)	517165	2357654
5 Stores	15000	15000
TOTAL	568466	4039621

Inventories of LPG are valued at cost on FIFO basis.

Inventories of Trading Stocks are valued at cost or net realisable value whichever is less.

NOTE I**TRADE RECEIVABLES**

1 Debtors more than 6 months	840685	1154006
2 Debtors less than 6 months	4138794	6410039
Out of which :		
a Secured , considered good	0	0
b Unsecured considered good	4979479	7564045
c Doubtful	0	0
Provision for Bad and Doubtful debts	Nil	Nil
Debts due by directors or officers of the company	Nil	Nil
Debts due by firms or Private companies in which director is a partner/director/member	261830	Nil
TOTAL	4979479	7564045

NOTE J**CASH AND CASH EQUIVALENTS**

1 Balances with Banks	775576	937982
3 Cash on hand	1325802	560130
TOTAL	2101378	1498112
Earmark balances with banks against Bank guarantee issued	601073	600000

NOTE K**SHORT TERM LOANS AND ADVANCES**

Advance to employees	3686	7230
Advance to suppliers	29787	332952
Out of which :		
a Secured , considered good	0	0
b Unsecured considered good	33473	340182
c Doubtful	0	0
TOTAL	33473	340182
Provision for Bad and Doubtful debts	0	0
Debts due by directors or officers of the company	0	0
Debts due by firms or Private companies in which director is a partner/director/member	0	0

NOTE L**OTHER CURRENT ASSETS**

TDS	56936	16453
Income Tax Refundable	132544	132544
VAT Refundable	158710	5471
Prepaid expenses	4565	32261
TOTAL	352755	186729

NOTE M**CONTINGENT LIABILITIES AND COMMITMENTS****Contingent Liabilities**

1 <u>Claims against the company not acknowledged as debt</u>	5822707	5822707
Dena bank has filed claim of interest against the company before DRT Jabalpur on Sep.2010 for Rs. 58,22,707/- for the period 01.04.2003 to 30.06.2010. As reported earlier, the company has already informed the bank that there is no liability to pay interest in view of the decision of their higher authorities. The company is contesting the claim of the bank before competent authority.		

2	<u>Bank Guarantees</u> Rs. 7.50 lacs bank guarantee issued by bank in favor of BPCL (PY Rs. 12.50) against fixed deposits of Rs. 6 lacs (PY Rs. 6.00 lacs)	750000	7250000
3	Other money for which the company is contingently liable	NIL	NIL
<u>Commitments</u>			
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL
2	Other commitments	NIL	NIL

NOTES TO PROFIT AND LOSS ACCOUNT

NOTE 1

REVENUE FROM OPERATION

1	Sale of Products	32068134	41112780
2	Sale of Services -Cylinder Test Shop receipts)	2951957	563626
TOTAL		<u>35020091</u>	<u>41676406</u>

NOTE 2

OTHER INCOME

1	Interest Income	660	0
4	Other	44774	0
TOTAL		<u>45434</u>	<u>0</u>

NOTE 3

EMPLOYEE BENEFIT EXPENSES

1	Salary and wages	2346972	2327946
2	Cont. to PF & other funds	479691	221458
3	Staff welfare expense	37142	5900
4	Bonus	35582	24500
TOTAL		<u>2899387</u>	<u>2579804</u>

NOTE 4

FINANCE COST

1	Interest expenses	86316	68538
2	other borrowing costs	0	27479
3	Bank charges	5977	0
TOTAL		<u>92293</u>	<u>96017</u>

NOTE 5**OTHER EXPENSES**

1	Stores and spares	0	780
2	Power and fuel	193996	184942
3	Rent	151232	115200
4	Repair to Building	220600	820
5	Repair to Machinery	625	5987
6	Insurance	50223	41805
7	Rates and Taxes	103000	275560
8	<u>Miscellaneous expenses</u>		
	Advertisement	7019	22970
	Audit fee	25000	25000
	Conveyance	12719	33085
	Freight outward expenses	54872	208478
	Lease Rent	96898	31750
	Listing fee to stock exchange	140000	0
	Market development expenses	63601	277248
	Office electric expenses	29623	34264
	Other expenses	18497	61356
	Plant Security charges	213220	199650
	Postage	33777	41360
	Printing and stationery	42256	55392
	Rebate and discount	7566	77044
	Repair others	14472	23488
	Telephone	78207	94460
	Traveling	77325	124346
	Vehicle running and Maintenance	117543	109673
	Bad debts w/off	139273	0
	Cylinder filling charges	7200	0
	Interest on TDS	202	0
	TOTAL	1898946	2044658

DISCLOSURE REGARDING PROFIT AND LOSS ACCOUNT

Disclose in detail :

1	Value of imports calculated on CIF basis for RM, Stores, spares and capital goods	NIL	NIL
2	Expenditure in foreign currency	NIL	NIL
3	Value of imported and indigenous RM, Stores, Spares consumed and % of each to total	NIL	NIL
4	Earning in foreign exchange on account of :		
	a Export calculated on FOB basis	NIL	NIL
	b Fee	NIL	NIL
	c Interest and dividend	NIL	NIL
5	Payment to auditors for :-		
	a Audit fee	25000	25000
	b Taxation matters	3000	3000
	c Company law matters	NIL	NIL
	d Management services	NIL	NIL
	e Other services	NIL	NIL
	f Reimbursement of expenses	NIL	NIL

6 Quantitative information:

A) Capacity & Production -- LPG Bottling Plant (as certified by the management)

Lic./regd. Capacity (p.a.)	Installed Capacity (p.a)	Actual Production
4800 M.T.(4800 M.T.)	4800 M.T.(4800 M.T.)	37 M.T.(24 M.T.)

B) Quantitative information in respect of stocks, sales of goods and consumption of raw materials
 .Figures in bracket represent previous year figure.

Product	Opening Stock		Purchase		Sale		Closing Stock	
	Qty.	Value (Rs.'000)	Qty.	Value (Rs.'000)	Qty.	Value (Rs.'000)	Qty.	Value (Rs.'000)
LPG (MT)	38	1667	0	0	37	971	1	0.36
	(33)	(1539)	(29)	(1261)	(24)	(1270)	(38)	(1667)
Lubricants (Lt/Kg)	18591	2358	161139	24624	174302	30952	5428	517
	(10456)	(1372)	(271326)	(34242)	(263502)	(38490)	(18591)	(2358)

7. Managerial Remuneration:

Details of payment and provisions on account of remuneration to the managing director and director

PARTICULARS	K.R.Maheshwary (M D.)	Gagan Maheshwary (Director)
Salary	Rs. 534000	Rs. 622600
Contribution to PF	Nil	Rs. 9360

8. Balances of Sundry debtors, creditors and advances are subject to confirmation & reconciliation.

9. Related party disclosures as required by AS – 18

A. Transactions between the Company and related parties and the status of outstanding balances as at March 31, 2012

Rs in lac

Name of party	Nature of transactions	Opening Balance	Received during the year	Repayment during the year	Closing balance
Gagan Investment P. Ltd	unsecured loan	10.31 Cr.	0	7.39	2.92 Cr.

10. Segment reporting –AS 17

There are two product wise segments of the company:-

Sr. no.	Particulars		31.03.2012	31.03.2011
			Rs. lacs	Rs. Lacs
1	SEGMENT REVENUE	LPG	41.00	26.00
		LUBRICANTS	310.00	385.00
		TOTAL	351.00	411.00
2	SEGMENT RESULTS (Profit/loss)	LPG	-37.00	-23.00
		LUBRICANTS	30.00	24.00
		TOTAL	-7.00	1.00
3	TAX		0.00	0.00
4	PROFIT AFTER TAX	LPG	-37.00	-23.00
		LUBRICANTS	30.00	24.00
		TOTAL	-7.00	1.00

Note :The entire assets and liabilities are not allocable between these two segments because of nature of business.

11. Previous year's figures have been regrouped and rearranged wherever considered to make them comparable and in lines with the requirement of presentation. Figures are rounded to nearest rupees.
12. There are no transactions with SSI units, hence reporting for SSI units not required.
13. A Sum of Rs. 596770/- of Cylinder security deposit credited as income in earlier year had to be refunded during the year hence debited as exceptional item in Profit and Loss account below the line .

FOR DILIP K NEEMA & ASSOCIATES
Chartered Accountants

FOR & ON BEHALF OF BOARD OF DIRECTORS

(CA Dilip K. Neema)
Proprietor
M.N.074067
FRN NO 005279 C

(K.R Maheshwary) (Gagan Maheshwary)
Managing Director Director

Place : INDORE
Dated : 26.05.2012

GAGAN GASES LIMITED

Registered Office : 602, Sector III, Pithampur Distt. Dhar (M.P.)

ADMISSION SLIP

To be handed over at t entrance of the metting Hall

Member's Folio Number

Name of the attending Member
(In Block Letters)

Number of Shares

Name the proxy in block letters
(To be filled in if proxy attends instead of the Member)

I hereby record my presence at the 26th Annual General Meeting at Regd. Office 602, Sector III, Pithampur Distt. Dhar (M.P.)
On 29th September 2012 at 10.00 am.

Signature of Member/Proxy

GAGAN GASES LIMITED

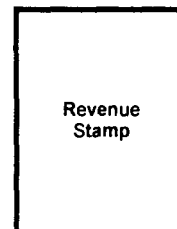
Registered Office : 602, Sector III, Pithampur Distt. Dhar (M.P.)

PROXY

I/We
Of being members (s)
of Gagan Gases Limited, hereby appoint Mr.
of
or Failing him, Mr.
of
as my/our proxy to vote for me/us on my/our behalf at the 26th Annual General Meting of the company to be held on 29th September, 2012
at 10.00 am and at any adjoumment thereof.

As Witness. My/our hand this day of 2012

Folio No. Signature



Note : The Proxy must reach the company's Registered Office not less than 48 hours before the meeting.

BOOK - POST

To,

If Underlivered Please return to :
GAGAN GASES LIMITED
Registered Office :
602, Sector III, Pithampur Distt. Dhar (M.P.) 454774