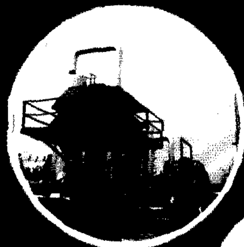
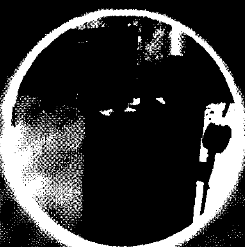
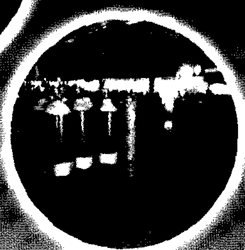
# ELLENBARRIE INDUSTRIAL GASES LTD

# 38th Annual Report


## 2011-2012

# ELLENBARRIE INDUSTRIAL GASES LTD

**DIRECTORS**

Shri Shanti Prasad Agarwala, *Managing Director*
Shri Padam Kumar Agarwala, *Joint Managing Director*
Shri Indrajit Mookerjee, *Joint Managing Director*
Shri Varun Agarwal, *Executive Director*
Shri Ajit Khandelwal, *Director*
Shri Manas Kumar Dutta, *Director*
Dr. Ranesh Bhowmick, *Director*
Shri Sovan Kumar Dutta, *Nominee of WBFC*

**AUDITORS**

M/s. A. K. Kumar & Co.
*Chartered Accountant*

**SECRETARY**

Shri Anjan Kumar Bandyopadhyay

**REGISTERED OFFICE**

3A, Ripon Street
Kolkata - 700 016

**FACTORY**

**Kalyani Works**
Block 'D', Plot No. - 25
Kalyani Industrial Estate
P.O. : Kalyani, Dist. : Nadia
West Bengal

**Uluberia Works**

NH-6, Bombay Road, P.O. : Uluberia
Dist. : Howrah
West Bengal

**Parwada Works**

Plot No. 57A, J.N. Pharmacity, Parwada
Visakhapatnam, Andhra Pradesh

**PRINCIPAL BANKER**

Bank of Baroda

**SHARE TRANSFER AGENT**

ABS Consultant Pvt. Ltd.
99, Stephen House, 6th Floor
4, B.B.D. Bag (East)
Kolkata - 700 001

## NOTICE

Notice is hereby given that Thirty Eighth Annual General Meeting of the Company will be held at THE CONCLAVE (Rose Room), 216, Acharya Jagadish Chandra Bose Road, Kolkata - 700 017 on Friday the 28th September, 2012 at 3.30 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2012 and also the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in place of Shri Manas Kumar Dutta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Ajit Khandelwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. A. K. Kumar & Company, Chartered Accountants as Statutory Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
5. To declare dividend on Equity Shares for the year ended 31st March, 2012.

SPECIAL BUSINESS BY SPECIAL RESOLUTION

6. To consider and if though fit, to pass the following Resolution with or without modification(s), if any as a special Resolution.

   "RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any of the Companies Act 1956 read with Schedule XIII of the said Act, approval be and is hereby granted to the appointment of Mr. Shanti Prasad Agarwala as Managing Director of the Company for a period of five years with effect from 28th February, 2012.

   "RESOLVED FURTHER THAT subject to the limits contained in Section 198 and 309 of the Companies Act 1956, Mr. Shanti Prasad Agarwala as Managing Director be paid remuneration as set out in the Explanatory Statement annexed to the notice.

   RESOLVED FURTHER THAT

   a) The total remuneration including perquisites, if any, as contemplated in Schedule XIII of the Companies Act 1956 payable to all the Managing / Joint Managing / Executive Director of the Company shall not exceed 10% of the profits of the Company computed in the manner referred to in Section 198 and Section 309 of the Companies Act 1956.
   b) In the absence or inadequacy of profits in any financial year, remuneration payable to the Managing Director shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act 1956.
   c) In the event of any reenactment or recodification of the Companies Act 1956 or the Income tax Act 1961 or the Amendment thereto, this resolution shall continue to remain in force and the reference to various provisions of the Companies Act 1956 or the Income Tax Act 1961 shall be deemed to be substitued by the corresponding provisions of the new Act or the amendments thereto or the Rules and Notifications issued thereunder."

## **NOTICE** (Contd.)

SPECIAL BUSINESS BY ORDINARY RESOLUTION

7. To consider and if thought fit, to pass the following Resolution with or without modification(s), of any, as an ordinary Resolution :

   "RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any of the Companies Act 1956 read with Schedule XIII of the said Act, approval be and is hereby granted to the appointment of Mr. Padam Kumar Agarwala as Joint Managing Director of the Company for a period of five years with effect from 9th August, 2012.

   RESOLVED FURTHER THAT subject to the limits contained in Section 198 and 309 of the Companies Act 1956, Mr. Padam Kumar Agarwala as Joint Managing Director be paid remuneration as set out in the Explanatory Statement annexed to the notice.

   RESOLVED FURTHER THAT

   a) The total remuneration including perquisites, if any, as contemplated in Schedule XIII of the Companies Act 1956 payable to all the Managing / Joint Managing / Executive Director of the Company shall not exceed 10% of the profits of the Company computed in the manner referred to in Section 198 and Section 309 of the Companies Act 1956.

   b) In the absence or inadequacy of profits in any financial year, remuneration payable to the Joint Managing Director shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act 1956.

   c) In the event of any reenactment or recodification of the Companies Act 1956 or the Income Tax Act 1961 or the Amendment thereto, this resolution shall continue to remain in force and the reference to various provisions of the Companies Act 1956 or the Income Tax Act 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and Notifications issued thereunder."

8. To consider and if, thought fit, to pass the following Resolution with or without modification(s), if any, as an Ordinary Resolution :-

   "RESOLVED THAT pursuant to Section 269 and other applicable provisions, if any, of the Companies Act 1956, read with Schedule XIII of the said Act, approval be and is hereby given to the appointment of Mr. Indrajit Mookerjee as Joint Managing Director of the Company for a period of five years with effect from 9th August, 2012.

   RESOLVED FURTHER THAT subject to the limits contained in Section 198 and 309 of the Companies Act 1956, Mr. Indrajit Mookerjee as Joint Managing Director be paid remuneration as set out in the Explanatory Statement annexed to the notice.

   RESOLVED FURTHER THAT

   a) The total remuneration including perquisites, if any, as contemplated in Schedule XIII of the Companies Act 1956 payable to all the Managing / Joint Managing / Executive Director of the Company shall not exceed 10% of the profits of the Company computed in the manner referred to in Section 198 and Section 309 of the Companies Act 1956.

   b) In the absence or inadequacy of profits in any financial year, remuneration payable to the Joint Managing Director shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act 1956.

## NOTICE (Contd.)

c) In the event of any re-enactment or recodification of the Companies Act 1956 or the Income Tax Act 1961 or the Amendment thereto, this resolution shall continue to remain in force and the reference to various provisions of the Companies Act 1956 or the Income Tax Act 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and Notifications issued thereunder."

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

"RESOLVED that Dr. Ranesh Bhowmick who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office at this Annual General Meeting under Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing from a member of the Company proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation."

| | |
|---|---|
| Registered Office : | By Order of the Board |
| 3A, Ripon Street | |
| Kolkata - 700 016 | S. P. AGARWALA |
| Dated : 29th day of August, 2012 | Managing Director |

NOTES :

a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting. Blank proxy form is enclosed.

b. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th September, 2012 to 28th September, 2012 (both days inclusive) for determining the name of the members eligible to payment of dividend, if declared at the meeting.

c. The Dividend for the year ended 31st March, 2012, if declared at the meeting will be payable to those Members whose names appear in the Company's Register of Members as on 28th September, 2012 and in respect of Shares held in dematerialised form to the beneficial owners whose names appear in the Statements to be furnished by the depositories for this purpose as at the end of the business hours on 19th September, 2012. The dividend declared at the Annual General Meeting shall be paid on or after 5th October, 2011.

d. The Equity Shares of the Company can be dematerialised by the Shareholders under ISIN NO. INE236E01014 with National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) for which they may contact the depository participant of either of the above depositories.

e. Shareholders who hold Shares in dematerialised form may please note that Company mandatorily will be printing on the dividend warrants as advised by the Securities and Exchange

## NOTICE (Contd.)

Board of India (SEBI), the Shareholder's Bank Account details as furnished by the respective Depositories to the Company. The Company will not act on any request received directly from the Shareholders for any changes in their bank account details.

f. Shareholders who continue to hold shares in physical form are requested to intimate any changes in their address to the Registrar and Share Transfer agent immediately. Shareholders holding shares in dematerialised form are requested to get their change of address recorded with their Depository participant.

g. Shareholders holding shares in more than one account are requested to intimate to the Registrar of the Company Ledger folios to enable the Company to consolidate the same into one account.

h. Members are requested to bring their Attendance Slips together with their copies of the Annual Report at the meeting.

i. No Brief Case or Bag or Mobile Phone will be allowed to be taken inside the meeting room.

j. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, as amended, the dividend amounts which remain unpaid / unclaimed for a period of 7 (Seven) years, are required to be transferred to the Investors Education and Protection Fund of the Central Government. After that there remains no claim of the members whatsoever on the said amount. Accordingly, the Dividend for the financial year 2004 - 2005 which remains unclaimed is due to be transferred to the said account after 30th September, 2012 and for further years commencing from 2005 - 2006 onwards on their respective due dates.

   Members who have not claimed / encashed their final Dividend so far for the financial year ended 31st March, 2006 or any subsequent financial year(s) may approach the Company for obtaining payments thereof before expiry of the stipulated 7 years period.

k. Members are requested to register their e-mail addresses in respect of electronic holdings with the depository participant and members who hold shares in physical form are requested to intimate e-mail address to SHARE TRANSFER AGENT, ABS Consultant Pvt. Ltd., 99, Stephan House, 6th Floor, 4, B. B. D. Bag (East), Kolkata - 700 001.

l. Members may avail facility of nomination in terms of Section 109A of the Companies Act 1956, by nominating in the Form 2B (given elsewhere in the Annual Report) any person to whom their shares in the Company shall vest in the event of their death.

m. A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the Corporate member send certified true copy of the Board Resolution / Power of Attorney authorising the representative to attend and vote at the Annual General Meeting.

n. Members who hold shares in dematerialised form are requested to write their client ID and DP ID Numbers and those who hold shares in physical form are requested to write their folio Number in the attendance Slip for attending the Meeting.

o. All correspondence with regard to Share Transfer / dividend and matters related therewith may directly be addressed to the Company's Registrar and Share Transfer Agent ABS CONSULTANT PVT. LTD., 99, Stephen House, 6th Floor, 4, B.B.D. Bag (East) Kolkata - 700 001.

p. The securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market, Members holding shares in electronic form are, therefore requested to submit the PAN details to their depository participants Members holding shares in physical form can submit their PAN details to the Company.

## NOTICE (Contd.)

q. Pursuant to Clause 49(IV) (G)(i) of the listing Agreement with the Stock Exchanges, the details of the Directors seeking appointment / reappointment at the forthcoming Annual General Meeting are provided as under :

| | | | |
|---|---|---|---|
| Name of Director | Mr. Shanti Prasad Agarwala | Mr. Padam Kumar Agarwala | Mr. Indrajit Mookerjee |
| Date of Birth | 7th August, 1942 | 14th November, 1960 | 19th September, 1947 |
| Date of Appointment | 01-01-2001 | 31-10-2001 | 05-10-2006 |
| Expertise in specific functional area | Project Management and Finance | Marketing | Production and Technical |
| Qualification | B.Com | B.Com | B.Tech (Hons.) MS (USA) |
| Shareholding in the Company | 5,35,320 Equity Shares | 12,88,800 Equity Shares | Nil |
| List of other Public Limited Companies in which Directorship held | 1) Varun Tea Plantations Ltd.<br>2) The Eilenbarrie Tea Co. Ltd.<br>3) Ellenbarrie Real Estate Ltd.<br>4) Eilenbarrie Steel Ltd.<br>5) Ellenbarrie Food Products Ltd.<br>6) Ellenbarrle Properties Ltd. | 1) Ellenbarrie Cryogenics Ltd.<br>2) Varun Tea Plantations Ltd.<br>3) Boulevard Properties Ltd.<br>4) Limelight Trade and Commerce Ltd.<br>5) Gradation Enterprises Ltd. | Nil |
| Chairman/Member of the Committees of the Board across all Public Companies in which he is Director | Nil | Nil | Nil |
| Chairman/Member of the Committees of the Board of Directors of the Company | Member of the Audit Committee | Member of the Shareholders Grievance Redressal Committee | Nil |

## **NOTICE** (Contd.)

| Name of Director | Mr. Manas Kumar Dutta | Mr. Ajit Khandelwal | Dr. Ranesh Bhowmick |
|---|---|---|---|
| Date of Birth | 1st September, 1933 | 10th November, 1957 | 9th March, 1936 |
| Date of Appointment | 28-09-2007 | 15-12-2003 | 28-05-2012 |
| Expertise in specific functional area | Accounting and related Financial Management | Stock Broking, Investment Advisory, Merchant Banking and Equity Research | Medical and Health Care |
| Qualification | M.Com, FCA | B.Com | MBBS, DCH |
| Shareholding in the Company | Nil | Nil | Nil |
| List of other Public Limited Companies in which Directorship held | 1) Kirco Traders Ltd.<br>2) Sutodiya Investments & Trading Co. Ltd.<br>3) Varun Tea Plantations Ltd. | 1) Bharat Fritz Werner Ltd.<br>2) BNK Capital Markets Ltd.<br>3) Kothari Phytochemicals & Industries Ltd.<br>4) Nucent Estate Ltd.<br>5) The Calcutta Stock Exchange Ltd. | Nil |
| Chairman/Member of the Committees of the Board across all Public Companies in which he is Director | Nil | BNK Capital Markets Ltd. (Member of Shareholders Grievance Redressal Committee)<br>Kothari Phytochemicals and Industries Ltd. (Member of Audit Committee and shareholders Grievance Redressal Committee)<br>Nucent Estate Ltd. (Member of Audit Committee and shareholders Grievance Redressal Committee) | Nil |
| Chairman/Member of the Committees of the Board of Directors of the Company | Chairman of the Audit Committee, remuneration Committee and Shareholders Grievance Redressal Committee | Member of the Remuneration Committee and Member of the Audit Committee | Nil |

## ANNEXURE TO THE NOTICE

## Explanatory Statement

## Pursuant to Section 173(2) of the Companies Act 1956

### Item No. 6

The Board of Directors of the Company at their meeting held on 3rd September, 2012, have subject to the approval of the members in Annual General Meeting, appointed Mr. Shanti Prasad Agarwala for a period of five years commencing from 28th February, 2012 as Managing Director of the Company. The terms and conditions of the appointment and remuneration fulfills the condition for eligibility contained in Schedule XIII of the Companies Act 1956.

Terms of Remuneration are specified below :

| | | |
|---|---|---|
| Basic Salary | : | Rs. 1,00,000 p.m. |
| House Rent Allowance | : | Rs. 20,000 p.m. |
| Perquisites : | | |
| (a) Reimbursement of Medical Expenses | : | Rs. 60,000 p.a. |
| (b) Reimbursement of Premium on Health Insurance | : | Rs. 12,000 p.a. |
| (c) Leave Travel Allowance for self and family member | : | Rs. 1,00,000 p.a. |
| (d) Telephone facility at Residence | | |
| (e) Fees for two Clubs other than entrance fees | | |
| (f) Use of Company's Car for official purpose | | |

The Board of Directors recommend the resolution as set out in Item No. 6 of the accompanying Notice for approval of the members.

None of the Directors except Mr. Shanti Prasad Agarwala are interested in the said resolution.

### Item No. 7

The Board of Directors of the Company at their meeting held on 3rd September, 2012, have subject to the approval of the members in Annual General Meeting, appointed Mr. Padam Kumar Agarwala for a period of five years commencing from 9th August, 2012 as Joint Managing Director of the Company. The terms and conditions of the appointment and remuneration fulfills the condition for eligibility contained in Schedule XIII of the Companies Act 1956.

## **ANNEXURE TO THE NOTICE** (Contd.)

Terms of Remuneration are specified below :

| | | |
|---|---|---|
| Basic Salary | : | Rs. 1,00,000 p.m. |
| House Rent Allowance | : | Rs. 20,000 p.m. |

Perquisites :

| | | |
|---|---|---|
| (a) Reimbursement of Medical Expenses | : | Rs. 60,000 p.a. |
| (b) Reimbursement of Premium on Health Insurance | : | Rs. 12,000 p.a. |
| (c) Leave Travel Allowance for self and family member | : | Rs. 1,00,000 p.a. |

(d) Telephone facility at Residence

(e) Fees for two Clubs other than entrance fees

(f) Use of Company's Car for official purpose

The Board of Directors recommend the resolution as set out in Item No. 7 of the accompanying Notice for approval of the members.

None of the Directors except Mr. Padam Kumar Agarwala are interested in the said resolution.

**Item No. 8**

The Board of Directors of the Company at their meeting held on 3rd September, 2012, have subject to the approval of the members in Annual General Meeting, appointed Mr. Indrajit Mookerjee for a period of five years commencing from 9th August, 2012 as Joint Managing Director of the Company. The terms and conditions of the appointment and remuneration fulfills the condition for eligibility contained in Schedule XIII of the Companies Act 1956.

Terms of Remuneration are specified below :

| | | |
|---|---|---|
| Basic Salary | : | Rs. 1,00,000 p.m. |
| House Rent Allowance | : | Rs. 20,000 p.m. |

Perquisites :

| | | |
|---|---|---|
| (a) Reimbursement of Medical Expenses | : | Rs. 60,000 p.a. |
| (b) Reimbursement of Premium on Health Insurance | : | Rs. 12,000 p.a. |
| (c) Leave Travel Allowance for self and family member | : | Rs. 1,00,000 p.a. |

## ANNEXURE TO THE NOTICE (Contd.)

(d) Telephone facility at Residence

(e) Fees for two Clubs other than entrance fees

(f) Use of Company's Car for official purpose

The Board of Directors recommend the resolution as set out in Item No. 8 of the accompanying Notice for approval of the members.

None of the Directors except Mr. Indrajit Mookerjee are interested in the said resolution.

**Item No. 9**

Dr. Ranesh Bhowmick was appointed as an Additional Director of the Company on 28th May, 2012 by the Board of Directors of the Company. According to the provisions of Section 260 of the Companies Act 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose his appointment as a director along with a deposit of Rupees Five Hundred. The Board considers it desirable that the Company should continue to avail itself of his service. Except Dr. Ranesh Bhowmick none of the other Directors are interested in the resolution.

Dr. Ranesh Bhowmick is not holding any shares of the Company as on 31st March, 2012.

Directors recommend the resolution for your approval.

Registered Office :
3A, Ripon Street
Kolkata - 700 016
Dated : 29th day of August, 2012

By Order of the Board

S. P. AGARWALA
Managing Director

## DIRECTORS' REPORT (Contd.)

2. That 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 true and fair view of the state of affairs of the Company as at the financial year ended on 31st March, 2012.
3. That 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. That the Annual Accounts have been prepared on a going concern basis.

### PARTICULARS OF EMPLOYEES

Your Company has not paid any remuneration attracting the provisions of the Companies (Particulars of Employee) Rules 1975 read with Section 217(2A) of the Companies Act, 1956. Hence, no information is required to be appended to this report in this regard.

### DIRECTORS

In accordance with provisions of Companies Act, 1956 read with Articles of Association of your Company, Shri Manas Kumar Dutta and Shri Ajit Khandelwal retire by rotation and being eligible, offer themselves for re-appointment. A brief resume / details relating to Shri Manas Kumar Dutta and Shri Ajit Khandelwal are furnished in the notice of the ensuing Annual General Meeting.

The Board of Directors has approved reappointment of Sri Shanti Prasad Agarwala, Managing Director, Sri Padam Kumar Agarwala, Jt. Managing Director and Sri Indrajit Mookerjee, Joint Managing Director subject to the approval in Annual General Meeting. A brief resume together with their shareholding in the Company are provided in notice of the ensuing Annual General Meeting.

### AUDITORS AND AUDITORS REPORT

M/s. A. K. Kumar & Co., Chartered Accountants, the retiring Auditors have furnished to the Company the required certificate under Section 224(1B) of the Companies Act 1956 and are therefore eligible for reappointment as Auditors of the Company.

As regards Auditor's comment on non-compliance of AS-22 relating to deferred Tax prescribed by the Institute of Chartered Accountants of India, the Board considers it prudent to set off net cumulative deferred Tax liability of Rs. 4.73 Crores against deferred Tax on cumulative carry forward loss of Rs. 15,46,85,620 as per Income Tax Return upto the Assessment Year 2011-12 keeping in view of anticipated growth of revenue and Taxable profit in future assessment years.

## DIRECTORS' REPORT (Contd.)

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Increase in the installation of capacitors at Uluberia and Visakhapatnam Plant has reduced significantly power consumption per c.u.m. of liquid production.

b) Continuous effort is made for conservation of energy through production planning, inventory management etc.

c) Foreign Exchange Earning : Rs. 32,21,549 on FOB Basis.

d) Foreign Exchange Expenditure : Rs. 9,94,58,209

### MD / CFO CERTIFICATION

As per the requirements of Clause 49 of the listing agreement on Code of Corporate Governance, the certification made in the prescribed format in respect of the Financial Statements and Cash Flow Statements for the financial year ended 31st March, 2012 is annexed herewith as Annexure 'A'.

### MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under Clause 49 of the listing Agreement with the Stock Exchange, it is presented in a separate Section as Annexure - B.

### CORPORATE GOVERNANCE REPORT FOR THE YEAR

Corporate Governance is set out as annexure for the report.

### ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, Banks, Government Authorities, Customers, Vendors and members during the year under review. Your Directors also wish to acknowledge the dedication and commitment of employees at all levels.

For and on behalf of the Board of Directors

Kolkata - 700 016 | S. P. AGARWALA
Dated : 29th day of August, 2012 | Chairman

# ANNEXURE - 'A' TO THE DIRECTORS' REPORT

The Board of Directors
ELLENBARRIE INDUSTRIAL GASES LTD.
3A, Ripon Street
Kolkata - 700 016

**MD / CFO Certification**

(a) We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :

 (i) These statements do not contain any materially unfair statement or any material fact or statements that might be misleading.

 (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal control and that we have evaluated the effectiveness of the Internal Control Systems of the Company and have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

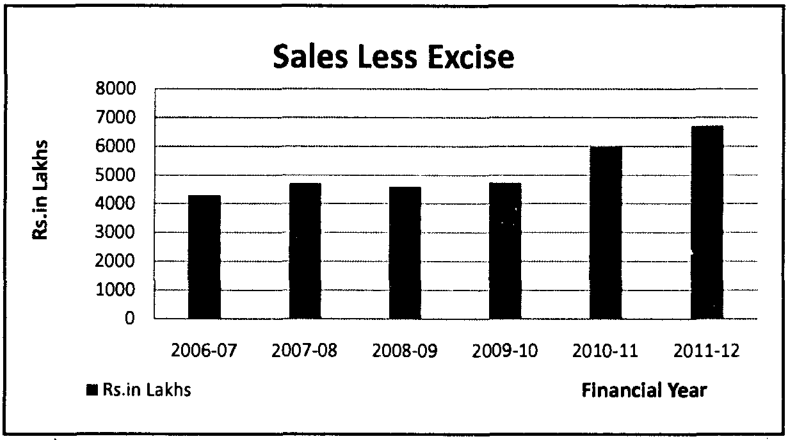
(d) We have indicated to the Auditors and the Audit Committee :

 (i) Significant changes in internal control during the year.

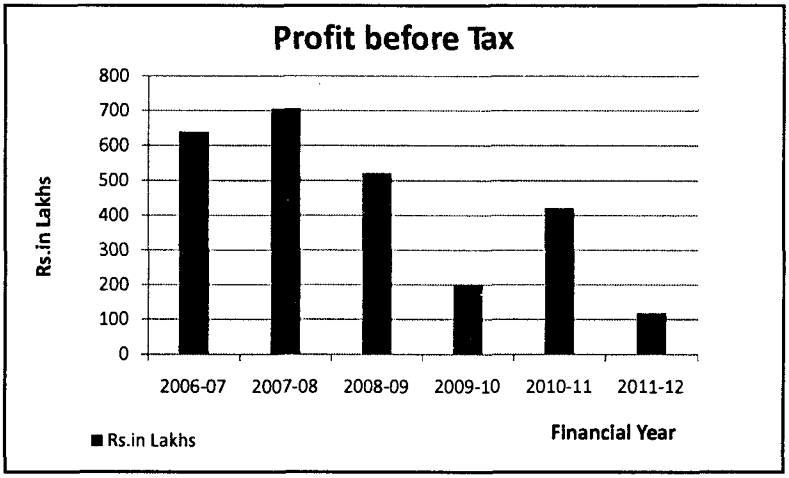
 (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and

 (iii) There are no instances of significant fraud of which we have become aware and the involvement therein if any of the management or an employee having a significant role in the Company's internal control system, if any.

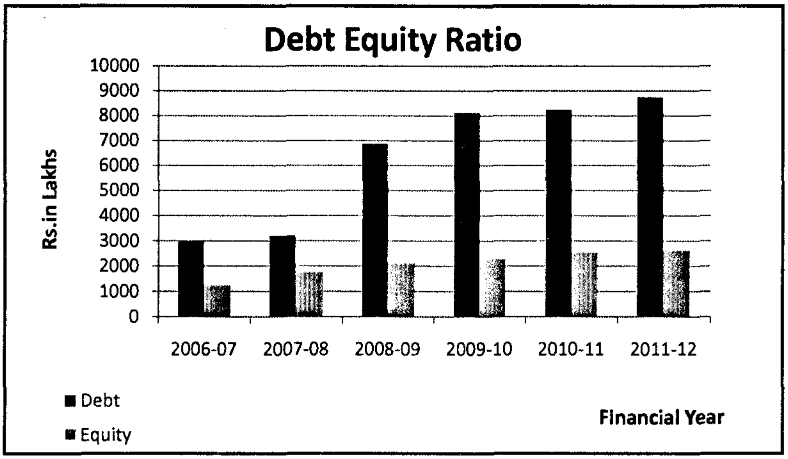
| | | |
|---|---|---|
| Kolkata - 700 016 | S. P. AGARWALA | P. K. GHOSH |
| Dated : 29th day of August, 2012 | Managing Director | Chief Financial Officer |



Sales Less Excise
8000
7000
6000
5000
4000
3000
2000
1000
0
Rs.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Rs.in Lakhs
Financial Year

Profit before Tax
800
700
600
500
400
300
200
100
0
Rs.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Rs.in Lakhs
Financial Year

Debt Equity Ratio
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
Rs.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Debt
Equity
Financial Year

# ANNEXURE - 'B' TO THE DIRECTORS' REPORT

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Eilenbarrie Industrial Gases Ltd. presents its analysis covering performance and forward looking statements based on certain assumptions and expectations of future event :

### MANAGEMENT OUTLOOK

The present scenario of the industry depicts supply demand mismatch owing to tardy growth of Industry which, by and large, may be attributed to overall downward trend of the economy of the country. Inflation remains a big threat to the overall growth of the economy. Financial year 2011-2012 witnessed continuous increase in energy cost which could not be compensated by increase in price in competitive market.

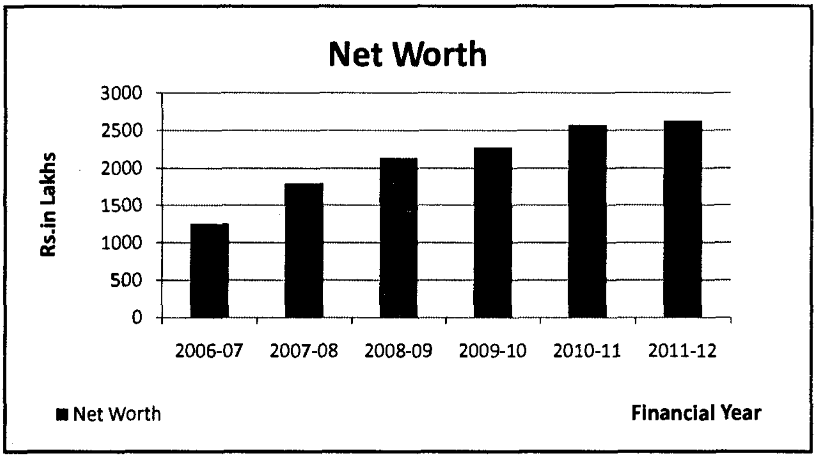
**Production and Sales Performance :**

Particulars of goods manufactured and sold during the last two years are given in the following table :

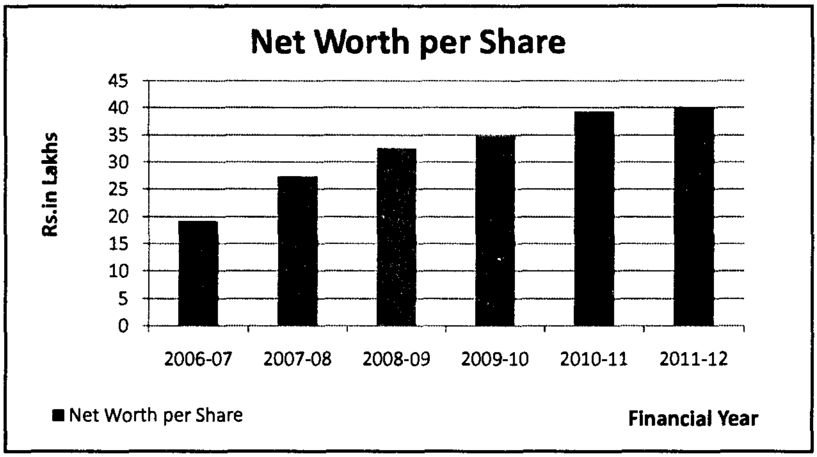
| | | Financial Year 2011-2012 | | Financial Year 2010-2011 | | %Increase/Decrease | |
|---|---|---|---|---|---|---|---|
| Products | Units | Production | Sales | Production | Sales | Production | Sales |
| Oxygen | cu.m | 3,62,49,553.35 | 3,61,02,550.00 | 3,33,14,455.69 | 3,21,46,095.00 | 8.81 | 12.31 |
| Nitrogen | cu.m | 2,97,88,613.70 | 2,96,44,032.50 | 2,34,35,594.25 | 2,31,13,424.10 | 27.11 | 28.25 |
| Argon | cu.m | 5,85,958.61 | 5,80,935.99 | 2,07,668.84 | 2,09,655.41 | 182.16 | 177.09 |
| Acetylene | cu.m | 86,382.80 | 85,707.90 | 87,864.46 | 87,145.16 | (1.69) | (1.65) |
| Medical Oxygen | cu.m. | 2,85,509.01 | 2,72,817.28 | 2,73,348.82 | 2,73,076.21 | 4.45 | (0.09) |
| Carbon-di-Oxide | kg. | 12,18,206.00 | 11,74,084.00 | 9,76,706.10 | 9,12,572.00 | 24.73 | 28.65 |
| Gas Mixture | cu.m | 60,075.50 | 58,215.50 | 52,119.50 | 51,728.50 | 15.26 | 12.54 |

### OPPORTUNITIES AND THREATS

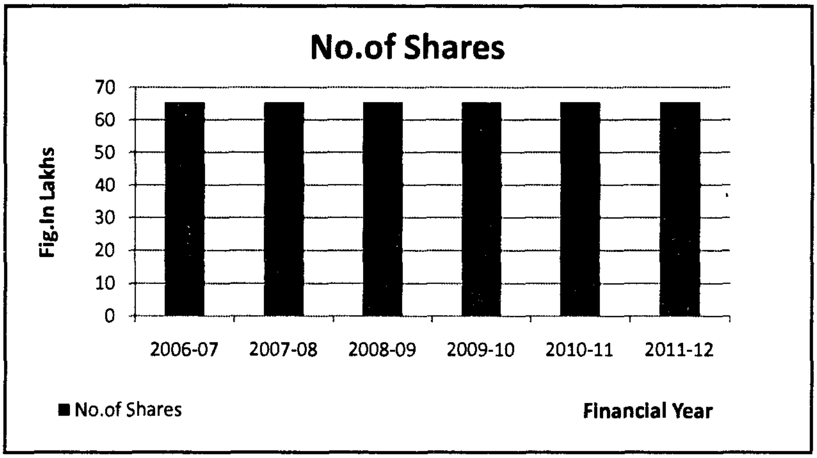
National and State Governments have renewed trusts in the direction of health for all. With the large population base of India, there is definitely going to be demand for gases for health care. Promotion of technologies in the direction of increased application of gases has been identified as key areas for growth of the Company. Prominent areas are waste and processed water treatment and participation in cold chain. Production of Hi purity Argon has already commenced at Visakhapatnam plant since July, 2012.



Net Worth
3000
2500
2000
1500
1000
500
0
Rs.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Net Worth
Financial Year

Net Worth per Share
45
40
35
30
25
20
15
10
5
0
Rs.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
Net Worth per Share
Financial Year

No.of Shares
70
60
50
40
30
20
10
0
Fig.in Lakhs
2006-07
2007-08
2008-09
2009-10
2010-11
2011-12
No.of Shares
Financial Year

# MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Your Company had taken action for increasing the price of the product but was unable to match with unprecedented hike in power tariff particularly with respect to our units in Eastern region.

## MANAGEMENT STRATEGY

Management continues to follow a strategy of diversifying its customer base and its product portfolio. Products involving higher value addition have been introduced. Actions have been taken to optimise distribution cost through introduction of modern tankers to improve pay load, effective scheduling and use of cylinders with lower weight. Transportation cost being more than 30% of ex-factory value of products of the Company, the Company has drawn up a programme for keeping the cost under control by scheduling and updating the fleet of tankers. The Company aims at achieving increased market share in the health care Sector in terms of Service and Quality which remains the Company's Strength from the very inception.

## SAFETY

The Company's manufacturing units have implemented measures for safety management objectives. A set of safety rules have been introduced in Financial Year 2011-2012. The Company aims at ingraining safety culture for all employees of the Company as well as for employees of contractors.

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Our outlook is to establish Systems and Practices for establishing transparency, accountability and satisfy Shareholders aspirations and meet social objectives. In terms of Clause 49 of listing agreement with the Calcutta Stock Exchange Ltd. the details of compliance by the Company with the norms of Corporate Governance are as under :

## BOARD OF DIRECTORS

Your Company's Board comprises of four Independent Directors and four Executive Directors. The Chairman of the Board is an Executive Director. Details of the Board of Directors are given below :

| Sl. No. | Name of the Directors | Category | No. of Board meeting attended | No. of Directorship in other Public Limited Companies | Whether attended last AGM |
|---|---|---|---|---|---|
| 1. | Shri Shanti Prasad Agarwala | Managing Director | 13 | 06 | Yes |
| 2. | Shri Padam Kumar Agarwala | Joint Managing Director | 12 | 05 | Yes |
| 3. | Shri Indrajit Mookerjee | Joint Managing Director | 10 | — | No |
| 4. | Shri Varun Agarwal | Executive Director | 01 | 01 | No |
| 5. | Shri Ajit Khandelwal | Independent Director | 13 | 05 | No |
| 6. | Shri Manas Kumar Dutta | Independent Director | 13 | 03 | Yes |
| 7. | Shri Sovan Kumar Dutta | Independent Director | — | — | No |
| 8. | Dr. Ranesh Bhowmick | Independent Director | — | — | — |

## CODE OF CONDUCT

The Board of Directors have laid down a code of conduct for all the members of the Board and Senior Management of the Company. The code of conduct has been posted on the Company's website www.ellenbarrie.com

All Board Members and Senior Executives have confirmed compliance of the Code of Conduct.

## AUDIT COMMITTEE

a) The Terms of reference :

The terms of reference of the Audit Committee of the Company include the Power as referred to in Sub paragraph (C) of the paragraph II of Clause 49 of the listing Agreement and the role as stipulated in Sub paragraph (D) of paragraph II of Clause 49 of the listing Agreement of the Company with the Stock Exchange.

b) Composition of the Audit Committee :

As on 31-03-2012 the composition of the Audit Committee was as under :

i) Shri Manas Kumar Dutta (Chairman)
ii) Shri Shanti Prasad Agarwala (Member)
iii) Shri Ajit Khandelwal (Member)

## REPORT ON CORPORATE GOVERNANCE (Contd.)

Except Shri Shanti Prasad Agarwala, all other Directors are Independent Directors. The Company Secretary acts as Secretary to the Audit Committee. There were five Meetings of the Audit Committee held during the year on 10th May, 2011, 12th August, 2011, 3rd September, 2011, 31st October, 2011, 10th February, 2012.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 30th September, 2011.

### REMUNERATION COMMITTEE

Shri Manas Kumar Dutta is the Chairman of the Committee. The role of the Remuneration Committee include the following :

1. Examining and suggesting the remuneration policy for Executive Directors.
2. Examining, reviewing and modifying the Human Resource Development Policy including all personnel related matters.

The details of remuneration paid to all the Wholetime functional Directors during the year ended 31st March, 2012 are given below :

| Name of the Directors | Salary Rs. | Perquisite Rs. | Total Rs. |
|---|---|---|---|
| Shri Shanti Prasad Agarwala | 14,40,000 | — | 14,40,000 |
| Shri Padam Kumar Agarwala | 14,40,000 | — | 14,40,000 |
| Shri Indrajit Mookerjee | 14,40,000 | — | 14,40,000 |
| Shri Varun Agarwal | 14,40,000 | — | 14,40,000 |

Remuneration paid to Part Time Independent Directors for attending the Board Meeting consisted of Sitting Fees :

| Name of the Directors | Sitting Fees (Rs.) |
|---|---|
| Shri Manas Kumar Dutta | 26,000 |
| Shri Ajit Khandelwal | 26,000 |
| Shri Sovan Kumar Dutta | — |

### SHAREHOLDERS GRIEVANCE REDRESSAL COMMITTEE

The matter relating to redressal of Shareholders complaints i.e. transfer / transmission of shares, non-receipt of Annual Report etc. are being looked after by the Committee. The Committee comprised of (a) Shri Manas Kumar Dutta (b) Shri Ajit Khandelwal (c) Shri Padam Kumar Agarwala. Shri Manas Kumar Dutta is the Chairman of the Committee. During the period under review no complaints were received from investors. As on 31st March, 2012 there was no pending investor complaints.

### RISK MANAGEMENT

The Company has an integrated approach to managing risk inherent in various aspects of the business.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### DISCLOSURE

The details of the related Party Relationship and Transactions under Accounting Standard (AS-18) issued by ICAI are given under Note No. 33 of the Annual Audited Accounts as on 31st March, 2012. There were no instances of (i) non-compliance by the Company (ii) penalties, stricture imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority during the last three years.

### GENERAL INFORMATION FOR SHAREHOLDERS

| | | |
|---|---|---|
| CIN of the Company | : | L 24112 WB 1973 PLC 029102 |
| Date of Annual General Meeting & Time | : | 28th September, 2012 Friday, at 3.30 P.M. |
| Venue | : | THE CONCLAVE (Rose Room) 216, Acharya Jagadish Chandra Bose Road, Kolkata - 700 017 |
| Financial Year | : | 2011 - 2012 |
| Book Closure | : | From 20th September, 2012 to 28th September, 2012 |
| Dividend payment date | : | Within 6th October, 2012 |
| ISIN | : | INE 236 E 01014 |
| Listing on Stock Exchange | : | The Shares of the Company are listed on The Calcutta Stock Exchange Ltd. and permitted for Trading on the Bombay Stock Exchange with effect from 03.07.2008. |

ADDRESS FOR CORRESPONDENCE

| | | |
|---|---|---|
| Registered Office | : | ELLENBARRIE INDUSTRIAL GASES LTD.<br>3A, Ripon Street, Kolkata - 700 016 |
| Registrar and Share Transfer Agent | : | ABS Consultant Pvt. Ltd.<br>Stephen House, 6th Floor, Room No. 99<br>4, B.B.D. Bag (East) Kolkata - 700 001 |
| Plant Locations | : | Kalyani Works<br>Block 'D' Plot No. - 25, Kalyani Industrial Estate<br>P.O. : Kalyani, District : Nadia (W.B.)<br>Uluberia Works<br>NH-6, Bombay Road, P.O. Uluberia<br>Dist. Howrah (W.B.)<br>Parwada Works<br>Plot No. 57A, J.N. Pharmacity, Parwada<br>Visakhapatnam, Andhra Pradesh |

# REPORT ON CORPORATE GOVERNANCE (Contd.)

## GENERAL BODY MEETING

Details of the Meeting held in last three years.

I) ANNUAL GENERAL MEETING :

| Financial Year | Date and Time | Venue |
|---|---|---|
| 2010 - 2011 | 30-09-2011 at 03.00 P.M. | THE CONCLAVE (ROSE ROOM) 216, A.J.C. BOSE ROAD, KOLKATA - 700 017 |
| 2009 - 2010 | 30-09-2010 at 04.00 P.M. | THE CONCLAVE (ROSE ROOM) 216, A.J.C. BOSE ROAD, KOLKATA - 700 017 |
| 2008 - 2009 | 30-09-2009 at 03.00 P.M. | 3A, RIPON STREET, KOLKATA - 700 016 |

II) EXTRA ORDINARY GENERAL MEETING :

| Financial Year | Date and Time | Venue |
|---|---|---|
| 2010 - 2011 | — | — |
| 2009 - 2010 | — | — |
| 2008 - 2009 | 23-12-2008 at 11.15 A.M. | 3A, RIPON STREET, KOLKATA - 700 016 |

## SHARE PRICE DATA

There was no trading of the Equity Shares of the Company with The Calcutta Stock Exchange for the period from 01-04-2011 to 31-03-2012, we give hereunder market information on Equity Share prices recorded with Bombay Stock Exchange during April, 2011 - March, 2012. Trading on The Bombay Stock Exchange was permitted with effect from 03-07-2008.

| Month | Bombay Stock Exchange | | Volume |
|---|---|---|---|
| | High (Rs.) | Low (Rs.) | No. of Shares |
| April | 560.00 | 560.00 | 199 |
| May | — | — | — |
| June | 540.00 | 540.00 | 2 |
| July | 540.00 | 496.00 | 8 |
| August | 471.00 | 447.00 | 56 |
| September | 460.00 | 427.00 | 14 |
| October | 430.00 | 423.00 | 14 |
| November | 442.00 | 419.00 | 53 |
| December | 440.00 | 440.00 | 11 |
| January | — | — | — |
| February | 462.00 | 450.00 | 244 |
| March | — | — | — |

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012

| No. of Shares | No. of Shareholders | % of Shareholders | No. of Shares held | Value of Shares | % of Shareholding |
|---|---|---|---|---|---|
| 1-500 | 131 | 75.29 | 9,547 | 95,470 | 0.15 |
| 501-1,000 | 8 | 4.60 | 7,117 | 71,170 | 0.11 |
| 1,001-2,000 | 6 | 3.45 | 10,600 | 1,06,000 | 0.16 |
| 2,001-3,000 | — | — | — | — | — |
| 3,001-4,000 | — | — | — | — | — |
| 4,001-5,000 | 1 | 0.57 | 4,266 | 42,660 | 0.07 |
| 5,001-10,000 | 3 | 1.72 | 22,200 | 2,22,000 | 0.34 |
| 10,001-50,000 | 5 | 2.87 | 1,15,950 | 11,59,500 | 1.77 |
| 50,001-1,00,000 | 8 | 4.60 | 5,15,200 | 51,52,000 | 7.87 |
| 1,00,001 and above | 12 | 6.90 | 58,61,900 | 5,86,19,000 | 89.53 |
| **TOTAL** | **174** | **100.00** | **65,46,780** | **6,54,67,800** | **100.00** |

### STATEMENT SHOWING SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012

| Category | No. of Shareholders | No. of Shares | % of Shareholding |
|---|---|---|---|
| **PROMOTER HOLDING** | | | |
| Individual / HUF | 04 | 27,91,080 | 42.63 |
| Bodies Corporate | — | — | — |
| **Total No. of Promoter Holding** | **04** | **27,91,080** | **42.63** |
| **NON PROMOTER HOLDING** | | | |
| Institution | — | — | — |
| Mutual Fund / UTI | — | — | — |
| Financial Institution/Bank | — | — | — |
| **NON-INSTITUTION** | | | |
| Bodies Corporate | 14 | 12,74,608 | 19.47 |
| Indian Public | 155 | 24,40,592 | 37.28 |
| NRI / OCB / Foreign National | — | — | — |
| Central Govt. / State Govt. | 01 | 40,500 | 0.62 |
| **Total No. of Non promoter Holding** | **170** | **37,55,700** | **57.37** |
| **Grand Total** | **174** | **65,46,780** | **100.00** |

# REPORT ON CORPORATE GOVERNANCE (Contd.)

## DEMATERIALISATION OF SHARES AND LIQUIDITY

The Equity Shares of the Company are tradable in dematerialisation form .75% of Equity Shares are held in dematerialised form.

## MEANS OF COMMUNICATIONS

In terms of Clause 41 of the listing agreement, quarterly results are published in Business Standard (English edition) and Arthik Lipi (Bengali edition).

## COMPANY WEBSITE

The Company has its Website namely www.ellenbarrie.com providing information about the Company, its products and services, registered office, present locations, etc.

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I declare that the Company has received affirmation of compliance with the "Code of Business Conduct of Directors and Senior Executives" laid down by the Board of Directors from all the Directors and Senior Management Personnel of the Company to whom the same is applicable for the financial year ended 31st March, 2012.

For and on behalf of the Board
S. P. AGARWALA
Chairman

Kolkata
Dated : 29th day of August, 2012

# AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

**TO THE MEMBERS OF**
**ELLENBARRIE INDUSTRIAL GASES LTD.**

I have examined the compliance of conditions of Corporate Governance by Ellenbarrie Industrial Gases Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchange of India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by The Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

I 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 A. K. KUMAR & CO.
*Chartered Accountant*
*(Regn. No. 308013E)*
**ANJAN KUMAR**
*Proprietor*
*(Regn. No. 013166)*

9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012

# AUDITORS' REPORT

## TO THE MEMBERS

I have audited the attached Balance Sheet of ELLENBARRIE INDUSTRIAL GASES LIMITED as at 31st March, 2012 and also the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, I report that :

i) a) The Company maintains proper records showing full particulars, including quantitative details and situation of Fixed Assets. However, the same has not been updated for the Vizag Plant.

   b) The fixed assets have been physically verified by the management at the end of the year and there have been no material discrepancy.

   c) A substantial part of the fixed assets have not been disposed of during the year.

ii) a) Physical verification of inventory has been conducted by the management at the end of the year.

   b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

   c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

iii) There is an adequate internal control system 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. There is no continuing failure to correct major weaknesses in internal control system.

## AUDITORS' REPORT (Contd.)

iv) a) Transaction that need to be entered into a register in pursuance of Section 301 of the Act have been so entered.

b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

v) The Company has not accepted deposits from the public.

vi) The Company has an internal audit system commensurate with its size and nature of its business.

vii) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess or any other statutory dues with the appropriate authorities and there is no arrear of more than six months as at the last day of the year.

viii) The Company has not defaulted in repayment of dues to a bank or financial institution.

ix) The Company is dealing in shares, debentures and other investments and proper records have been maintained of the transactions and contracts and timely entries have been made. The shares, securities and debentures have been held by the Company in its own name.

x) The term loans were applied for the purpose for which the loans were obtained.

xi) The funds raised on short term basis have not been used for long term investment.

xii) In the circumstances of the case, other clauses of the order are not applicable.

Further to my comments, I report that :

i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit ;

ii) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books ;

iii) The Balance Sheet and Statement of Profit & Loss dealt with by this report are in agreement with the books of account ;

iv) **In my opinion, Subject to non compliance of AS 22: Re: Deferred Tax, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;**

## AUDITORS' REPORT (Contd.)

v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, I report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956 ;

vi) In my opinion and to the best of my information and according to the explanations given to me, the said accounts 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 :

a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 ;

b) in the case of Statement of Profit & Loss, of the profit for the year ended on that date.

c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For A. K. KUMAR & CO.
*Chartered Accountant*
*(Regn. No. 308013E)*
**ANJAN KUMAR**
*Proprietor*
*(Regn. No. 013166)*

9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012

# BALANCE SHEET AS AT 31ST MARCH, 2012

| | Note No. | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **SHAREHOLDERS' FUND** | | | |
| Share Capital | 1 | 6,54,67,800 | 6,54,67,800 |
| Reserves and Surplus | 2 | 19,72,67,620 | 19,17,17,589 |
| | | 26,27,35,420 | 25,71,85,389 |
| **NON-CURRENT LIABILITIES** | | | |
| Long Term Borrowings | 3 | 60,37,01,285 | 62,00,17,881 |
| Deferred Tax Liabilities (Net) | 4 | 89,80,267 | 89,80,267 |
| | | 61,26,81,552 | 62,89,98,148 |
| **CURRENT LIABILITIES** | | | |
| Short Term Borrowings | 5 | 27,12,27,836 | 19,73,23,847 |
| Trade Payables | 6 | 6,47,10,169 | 5,77,81,684 |
| Other Current Liabilities | 7 | 10,09,68,784 | 8,80,81,962 |
| Short Term Provisions | 8 | 5,42,34,944 | 5,17,55,523 |
| | | 49,11,41,733 | 39,49,43,016 |
| **TOTAL** | | 1,36,65,58,705 | 1,28,11,26,553 |
| **ASSETS** | | | |
| **NON CURRENT ASSETS** | | | |
| Fixed Assets | 9 | | |
| Tangible Assets | | 89,70,96,277 | 91,74,51,359 |
| Intangible Assets | | 24,86,743 | 27,95,439 |
| Capital Work-in-Progress | | 2,82,15,002 | 85,47,008 |
| | | 92,77,98,022 | 92,87,93,806 |
| Non Current Investments | 10 | 24,60,000 | 83,40,000 |
| **CURRENT ASSETS** | | | |
| Inventories | 11 | 5,13,72,506 | 5,82,81,098 |
| Trade Receivables | 12 | 12,76,54,538 | 14,30,08,548 |
| Cash and Cash Equivalents | 13 | 5,76,54,062 | 3,50,76,761 |
| Short Term Loans and Advances | 14 | 19,96,19,577 | 10,76,26,340 |
| | | 43,63,00,683 | 34,39,92,747 |
| **TOTAL** | | 1,36,65,58,705 | 1,28,11,26,553 |

NOTES TO ACCOUNTS 22 to 35

Notes 1 to 14 are an integral part of the Financial Statements

In terms of my Report of even date annexed herewith

For A. K. Kumar & Co.
Chartered Accountant
(Firm No. 308013E)
Anjan Kumar
Proprietor
(M. No. 013166)
9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012

On behalf of the Board of Directors

SHANTI PRASAD AGARWALA
*Managing Director*

PADAM KUMAR AGARWALA
*Joint Managing Director*

INDRAJIT MOOKERJEE
*Joint Managing Director*

VARUN AGARWAL
*Executive Director*

MANAS KUMAR DUTTA
*Director*

A. K. BANDYOPADHYAY
*Secretary*

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

| | Note No. | For the Year Ended 31.03 2012 Rs. | For the Year Ended 31.03.2011 Rs. |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from Operations | 15 | 71,52,52,641 | 64,46,83,449 |
| Other Income | 16 | 2,72,08,139 | 1,45,46,587 |
| **Total Revenue** | | 74,24,60,780 | 65,92,30,036 |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 17 | 4,09,88,906 | 1,92,73,903 |
| Material Purchased for Trading | | 9,71,66,571 | 9,04,59,183 |
| Changes in Inventories of Stock-in-Trade | 18 | 95,62,458 | 1,45,92,108 |
| Employee Benefits Expense | 19 | 4,11,82,524 | 3,78,50,105 |
| Finance Cost | 20 | 9,26,50,420 | 7,84,43,757 |
| Depreciation and Amortization Expense | 9 | 7,52,99,998 | 3,86,30,465 |
| Other Expenses | 21 | 37,39,15,651 | 33,79,89,435 |
| **Total Expenses** | | 73,07,66,528 | 61,72,38,956 |
| **Profit before Tax** | | 1,16,94,252 | 4,19,91,080 |
| **Tax Expense :** | | | |
| Current Tax | | 23,39,805 | 84,90,000 |
| Deferred Tax | | — | — |
| **Profit for the year** | | 93,54,447 | 3,35,01,080 |
| Earnings Per Share | | | |
| Basic and Diluted earning per share (in Rs.) | | 1.43 | 5.12 |

NOTES TO ACCOUNTS 22 to 35

Notes 15 to 21 are an integral part of the Profit & Loss Statement

In terms of my Report of even date annexed herewith

For A. K. Kumar & Co.
Chartered Accountant
(Firm No. 308013E)
Anjan Kumar
Proprietor
(M. No. 013166)
9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012

On behalf of the Board of Directors

SHANTI PRASAD AGARWALA
*Managing Director*

PADAM KUMAR AGARWALA
*Joint Managing Director*

INDRAJIT MOOKERJEE
*Joint Managing Director*

VARUN AGARWAL
*Executive Director*

MANAS KUMAR DUTTA
*Director*

A. K. BANDYOPADHYAY
*Secretary*

# NOTES TO BALANCE SHEET as at 31st March, 2012

| | | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|---|
| **1. SHARE CAPITAL** | | | |
| **Authorised** | | | |
| 2,10,00,000 | Equity Shares of Rs. 10 each | 21,00,00,000 | 21,00,00,000 |
| 4,00,000 | 9% Cumulative Redeemable Preference Shares of Rs. 100 each | 4,00,00,000 | 4,00,00,000 |
| | | 25,00,00,000 | 25,00,00,000 |
| **Issued, Subscribed and Paid-up** | | | |
| 65,46,780 | Equity Shares of Rs. 10 each | 6,54,67,800 | 6,54,67,800 |
| | | 6,54,67,800 | 6,54,67,800 |

a) There is no change in number of shares outstanding as at 31st March, 2012 and 31st March, 2011

b) The Company does not have any holding company

c) Details of Shareholders holding more than 5% shares in the company :

| | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| Equity Shares of Rs. 10 each fully paid | No. of Shares | % Holding | No. of Shares | % Holding |
| Mr. Shanti Prasad Agarwala | 5,35,320 | 8.18 | 5,54,040 | 8.46 |
| M/s. Shanti Prasad Agarwala (HUF) | 7,86,960 | 12.02 | 7,68,240 | 11.73 |
| Mr. Padam Kumar Agarwala | 12,88,800 | 19.69 | 12,88,800 | 19.69 |
| M/s. Heaven Commercial Pvt. Ltd. | 10,13,568 | 15.48 | 9,89,640 | 15.12 |
| Ms. Pushpa Devi Todi | 4,41,000 | 6.74 | 4,41,000 | 6.74 |
| Ms. Pushpa Devi Agarwala | 5,77,150 | 8.82 | 5,77,150 | 8.82 |
| Mr. Varun Agarwal | 5,76,000 | 8.80 | 5,76,000 | 8.80 |
| Ms. Aradhita Agarwal | 3,28,000 | 5.01 | — | — |

d) No shares have been allotted other than cash or has been bought back by the company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.

e) No convertible securities has been issued by the company during the year.

f) No calls are unpaid by any Director and Officer of the Company during the year.

# NOTES TO BALANCE SHEET as at 31st March, 2012 (Contd.)

| | | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|---|
| **2.** | **RESERVES AND SURPLUS** | | |
| | **Capital Reserve** | | |
| | As per last Financial Statements | 14,41,644 | 14,41,644 |
| | | 14,41,644 | 14,41,644 |
| | **Capital Redemption Reserve** | | |
| | As per last Financial Statements | 6,00,000 | 6,00,000 |
| | | 6,00,000 | 6,00,000 |
| | **General Reserve** | | |
| | As per last Financial Statements | 15,13,17,243 | 13,73,17,243 |
| | Add : Transferred from Profit and Loss Account | — | 1,40,00,000 |
| | Add : Deferred Tax | 85,29,815 | 85,29,815 |
| | | 15,98,47,058 | 15,98,47,058 |
| | **Surplus** | | |
| | As per last Financial Statements | 2,98,28,887 | 1,41,32,223 |
| | Add : Profit for the year | 93,54,447 | 3,35,01,080 |
| | | 3,91,83,334 | 4,76,33,303 |
| | **Less : Appropriations** | | |
| | Proposed Dividend | 32,73,390 | 32,73,390 |
| | Tax on Proposed Dividend | 5,31,026 | 5,31,026 |
| | General Reserve | — | 1,40,00,000 |
| | | 38,04,416 | 1,78,04,416 |
| | **Net Surplus** | 3,53,78,918 | 2,98,28,887 |
| | **Total** | 19,72,67,620 | 19,17,17,589 |
| **3.** | **LONG-TERM BORROWINGS** | | |
| | **Term Loans (Secured)** | | |
| | A) From Bank - Term Loan (Secured by hypothecation & mortgage of all movable and immovable assets including Plant & Machinery and Cryogenic Tanks at Uluberia and Vizag and collateral security of all movable and immovable assets at Kalyani Plant, hypothecation of Book-debts and charges on current movable assets of trading business.) | 48,74,48,671 | 50,75,91,963 |
| | B) From WBFC (Secured by hypothecation & mortgage of movable assets procured under Equipment Refinance Scheme) | 3,80,00,000 | 5,00,00,000 |
| | C) Car Loan from Banks | — | 1,44,081 |
| | D) Truck Loan from Tata Motors Finance Ltd. (Secured by hypothecation of vehicles purchased under Equipment Refinance Scheme.) | 26,52,614 | 33,74,706 |
| | **Unsecured** | | |
| | Loan from Body Corporates | 7,56,00,000 | 4,86,57,131 |
| | Loan from Directors | — | 1,02,50,000 |
| | | 60,37,01,285 | 62,00,17,881 |

# NOTES TO BALANCE SHEET as at 31st March, 2012 (Contd.)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|
| **5. SHORT TERM BORROWINGS** | | |
| Cash Credit from Bank of Baroda | 27,12,27,836 | 19,73,23,847 |
| (Secured by hypothecation of Stocks and Book Debts and personal guarantee of three Directors.) | | |
| **There is no default in repayment of loan or interest** | | |
| | 27,12,27,836 | 19,73,23,847 |
| **6. TRADE PAYABLES** | | |
| For Goods | 4,80,56,690 | 4,54,39,640 |
| For Services | 1,66,53,479 | 1,23,42,044 |
| | 6,47,10,169 | 5,77,81,684 |
| **7. OTHER CURRENT LIABILITIES** | | |
| Deposit from Customers | 10,06,22,647 | 7,97,08,512 |
| Duties & Taxes Payable | 3,46,137 | 27,07,438 |
| Interest due on Term Loans | — | 56,66,012 |
| | 10,09,68,784 | 8,80,81,962 |
| **8. SHORT TERM PROVISIONS** | | |
| Bonus | 5,00,000 | 4,00,000 |
| Gratuity | 26,67,419 | 25,82,241 |
| Proposed Dividend | 32,73,390 | 32,73,390 |
| Tax on Proposed Dividend | 5,31,026 | 5,31,026 |
| Central Excise Duty | 12,34,637 | 12,80,199 |
| Provisions for Taxation | 4,52,21,256 | 4,28,81,451 |
| Provisions for FBT | 8,07,216 | 8,07,216 |
| | 5,42,34,944 | 5,17,55,523 |

# NOTES TO BALANCE SHEET as at 31st March, 2012 (Contd.)

## 9. DETAILS OF FIXED ASSETS

| DESCRIPTION | COST | | | | DEPRECIATION | | | | BALANCE | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01-04-2011 Rs. | Additions Rs. | Adjustment Rs. | As at 31.03.2012 Rs. | As at 01.04.2011 Rs. | Additions Rs. | Adjustment Rs. | As at 31.03.2012 Rs. | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
| Freehold Land | 3,65,02,036 | — | — | 3,65,02,036 | — | — | — | — | 3,65,02,036 | 3,65,02,036 |
| Leasehold Land | 1,62,328 | — | — | 1,62,328 | 1,793 | — | — | 1,793 | 1,60,535 | 1,60,535 |
| Factory Building & Compound | 5,41,23,738 | — | — | 5,41,23,738 | 75,04,425 | 17,16,651 | — | 92,21,076 | 4,49,02,662 | 4,66,19,313 |
| Furniture | 38,43,191 | — | — | 38,43,191 | 15,10,556 | 3,51,325 | — | 18,61,881 | 19,81,310 | 23,32,635 |
| Plant & Machinery | 79,42,72,960 | 2,46,14,816 | 27,10,844 | 81,61,76,932 | 15,72,92,573 | 3,78,07,800 | 27,08,438 | 19,23,91,935 | 62,37,84,997 | 63,69,80,387 |
| Motor Car | 67,99,351 | — | 3,82,850 | 64,16,501 | 40,53,707 | 7,07,893 | 3,42,242 | 44,19,358 | 19,97,143 | 27,45,644 |
| Electric Installation | 6,40,78,739 | 35,799 | — | 6,41,14,538 | 79,05,004 | 29,84,077 | — | 1,08,89,081 | 5,32,25,457 | 5,61,73,735 |
| Office Equipment | 15,88,535 | 1,18,366 | — | 17,06,901 | 8,46,309 | 1,06,323 | — | 9,52,632 | 7,54,269 | 7,42,226 |
| Truck | 62,85,195 | — | — | 62,85,195 | 18,87,734 | 8,59,567 | — | 27,47,301 | 35,37,894 | 43,97,461 |
| Cylinder | 15,69,54,055 | — | 1,31,883 | 15,68,22,172 | 10,83,74,785 | 1,24,32,801 | 1,34,718 | 12,06,72,868 | 3,61,49,304 | 4,85,79,270 |
| Tanker | 17,76,53,923 | 1,05,09,294 | — | 18,81,63,217 | 11,12,77,535 | 1,60,21,541 | — | 12,72,99,076 | 6,08,64,141 | 6,63,76,388 |
| Storage Tank | 1,43,32,302 | 1,88,84,065 | — | 3,32,16,367 | 7,37,766 | 11,37,417 | — | 18,75,183 | 3,13,41,184 | 1,35,94,536 |
| Computer | 45,68,774 | 1,31,662 | — | 47,00,436 | 31,68,772 | 4,77,132 | — | 36,45,904 | 10,54,532 | 14,00,002 |
| Howrah Shed | 16,22,675 | — | — | 16,22,675 | 12,59,881 | 36,279 | — | 12,96,160 | 3,26,515 | 3,62,794 |
| Howrah Flat | 1,70,817 | — | — | 1,70,817 | — | — | — | — | 1,70,817 | 1,70,817 |
| Motor Cycle | 1,44,035 | 69,407 | — | 2,13,442 | 73,216 | 15,230 | — | 88,446 | 1,24,996 | 70,819 |
| Tube well | 5,13,974 | — | — | 5,13,974 | 2,71,213 | 24,276 | — | 2,95,489 | 2,18,485 | 2,42,761 |
| Capital Work-in-progress (Hyd) | 85,47,008 | 1,96,67,994 | — | 2,82,15,002 | — | — | — | — | 2,82,15,002 | 85,47,008 |
| **Total** | 1,33,21,63,636 | 7,40,31,403 | 32,25,577 | 1,40,29,69,462 | 40,61,65,269 | 7,46,78,312 | 31,85,398 | 47,76,58,183 | 92,53,11,279 | 92,59,98,367 |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software | 27,95,439 | 3,12,990 | — | 31,08,429 | — | 6,21,686 | — | 6,21,686 | 24,86,743 | 27,95,439 |
| Total as on 31 03.2012 | 1,33,49,59,075 | 7,43,44,393 | 32,25,577 | 1,40,60,77,891 | 40,61,65,269 | 7,52,99,998 | 31,85,398 | 47,82,79,869 | 92,77,98,022 | — |
| Total as on 31.03.2011 | 1,27,60,51,859 | 6,10,17,212 | 21,09,996 | 1,33,49,59,075 | 36,86,27,067 | 6,79,29,741 | 3,03,91,539 | 40,61,65,269 | — | 92,87,93,806 |

| | | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|---|
| **10. NON CURRENT INVESTMENTS** | | | |
| **OTHER INVESTMENTS - AT COST** | | | |
| (UNQUOTED - UNDER THE SAME MANAGEMENT) | | | |
| 5,88,000 | Fully paid Equity Shares of Rs. 10 each in Lorch Ellenbarrie Welding Products Pvt. Ltd. | — | 58,80,000 |
| 4,500 | Fully paid Equity Shares of Rs. 10 each in Gunjan Properties Pvt. Ltd. | 45,000 | 45,000 |
| 24,000 | Fully paid Equity Shares of Rs. 10 each in Varun Tea Plantations Ltd. | 24,00,000 | 24,00,000 |
| 100 | Fully paid Equity Shares of Rs. 100 each in Superior Tea & Allied India Pvt. Ltd. | 15,000 | 15,000 |
| | | 24,60,000 | 83,40,000 |

# NOTES TO BALANCE SHEET as at 31st March, 2012 (Contd.)

| | | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|---|---|---|
| **11.** | **INVENTORIES** | | |
| | (As taken, Valued & certified by the Management) | | |
| | Raw Materials (At cost) | 24,51,670 | 35,33,375 |
| | Finished Goods (At lower of cost or net realisable value) | 1,11,41,493 | 2,26,49,031 |
| | Trading Goods (At cost) | 2,57,64,225 | 2,38,19,145 |
| | Shares & Securities (At lower of cost or net realisable value) | 7,74,907 | 7,74,907 |
| | Stores & Spares (At cost) | 1,12,40,211 | 75,04,640 |
| | | 5,13,72,506 | 5,82,81,098 |
| **12.** | **TRADE RECEIVABLES** | | |
| | **Unsecured, Considered good** | | |
| | Outstanding for a period exceeding six months | 1,52,35,210 | 2,25,92,738 |
| | Others | 11,24,19,328 | 12,04,15,810 |
| | | 12,76,54,538 | 14,30,08,548 |
| **13.** | **CASH AND CASH EQUIVALENTS** | | |
| | Balance with Banks : | | |
| | In Current Account | 31,20,348 | 19,84,844 |
| | In Unpaid Dividend Account | 1,25,594 | — |
| | In Margin Deposit Account | 5,39,48,152 | 3,26,48,152 |
| | Cash in hand | 4,59,968 | 4,43,765 |
| | | 5,76,54,062 | 3,50,76,761 |
| **14.** | **SHORT TERM LOANS & ADVANCES** | | |
| | **(Unsecured, considered good)** | | |
| | Capital Advances | 87,62,836 | — |
| | Security Deposits | 2,56,43,208 | 1,80,53,788 |
| | Advances to related party (Ellenbarrie Cryogenics Ltd.) | — | 27,26,158 |
| | Advance against supply of Goods and Services | 9,28,19,090 | 5,13,91,192 |
| | Prepaid Expenses | 21,01,097 | — |
| | Loans & Advances to Employees | 52,237 | — |
| | Advance Income Tax & TDS | 4,59,22,800 | 3,54,55,202 |
| | Subsidy Receivable | 2,43,18,309 | — |
| | | 19,96,19,577 | 10,76,26,340 |

# NOTES TO PROFIT & LOSS STATEMENT for the year ended 31st March, 2012

| | Year Ended 31.03.2012 Rs. | Year Ended 31.03.2011 Rs. |
|---|---|---|
| **15. REVENUE FROM OPERATIONS** | | |
| Sale of Products | 61,77,56,414 | 50,82,73,337 |
| Sale of Traded Goods | 10,32,97,158 | 13,22,70,204 |
| | 72,10,53,572 | 64,05,43,541 |
| Other Operating Revenues | 4,47,56,257 | 4,79,09,616 |
| Total Revenue | 76,58,09,829 | 68,84,53,157 |
| Less : Excise Duty | 5,05,57,188 | 4,37,69,708 |
| | 71,52,52,641 | 64,46,83,449 |
| **16. OTHER INCOME** | | |
| **Interest Income** | | |
| On Banks Deposits | 34,63,914 | 25,22,506 |
| On Others | 5,53,077 | — |
| | 40,16,991 | 25,22,506 |
| **Net gain on sale of Investments** | 39,20,000 | — |
| **Other Non Operating Income** | | |
| Profit on sale of Fixed Assets (Net) | 12,86,684 | (45,460) |
| Dividend | 241 | 9,211 |
| Excess Liabilities and Unclaimed Balances written back | 1,32,88,519 | 1,19,54,684 |
| Sundry Receipts | 42,56,404 | 97,156 |
| Insurance Claim Received | 4,39,300 | 8,490 |
| | 1,92,71,148 | 1,20,24,081 |
| | 2,72,08,139 | 1,45,46,587 |
| **17. COST OF MATERIAL CONSUMED** | | |
| Calcium Carbide | 1,31,97,244 | 26,75,378 |
| Gases | 2,77,91,662 | 1,64,98,525 |
| | 4,09,88,906 | 1,92,73,903 |
| **18. (INCREASE) / DECREASE IN INVENTORIES** | | |
| **Inventories at the beginning of the year** | | |
| Finished Goods | 2,26,49,031 | 40,75,993 |
| Trading Goods | 2,38,19,145 | 5,69,84,291 |
| Shares | 7,74,907 | 7,74,907 |
| | 4,72,43,083 | 6,18,35,191 |
| **Inventories at the end of the year** | | |
| Finished Goods | 1,11,41,493 | 2,26,49,031 |
| Trading Goods | 2,57,64,225 | 2,38,19,145 |
| Shares | 7,74,907 | 7,74,907 |
| | 3,76,80,625 | 4,72,43,083 |
| | 95,62,458 | 1,45,92,108 |

## NOTES TO PROFIT & LOSS STATEMENT for the year ended 31st March, 2012 (Contd.)

| | Year Ended 31.03.2012 Rs. | Year Ended 31.03.2011 Rs. |
|---|---|---|
| **19. EMPLOYEE BENEFITS EXPENSES** | | |
| Salaries, Bonus & Wages | 3,39,24,728 | 3,02,02,240 |
| Contribution to Provident & Other Funds | 5,11,774 | 4,55,486 |
| Director Remuneration | 57,60,000 | 57,60,000 |
| Staff Welfare Expenses | 9,86,022 | 14,32,379 |
| | 4,11,82,524 | 3,78,50,105 |
| **20. FINANCE COST** | | |
| **Interest Expenses** | | |
| On Term Loans | 4,93,72,639 | 4,52,93,541 |
| On Cash Credit | 2,48,36,312 | 1,84,89,123 |
| On Unsecured Loan | 1,17,92,636 | 1,46,17,306 |
| On Others (Statutory) | 59,61,525 | 43,787 |
| On Truck Loan | 6,87,308 | — |
| | 9,26,50,420 | 7,84,43,757 |
| **21. OTHER EXPENSES** | | |
| Consumable Stores - Consumed | 44,22,179 | 50,95,553 |
| Excise Duty | 12,34,637 | 12,80,199 |
| Power (Net off Subsidy) | 29,96,27,133 | 26,49,07,890 |
| Repair Building | 1,19,023 | 4,89,536 |
| Repair Machinery | 1,05,34,490 | 63,80,079 |
| Repiar Others | 28,52,111 | 49,18,799 |
| Selling Expenses | 76,87,574 | 1,06,40,098 |
| Rent | 4,62,560 | 4,93,680 |
| Rates & Taxes | 14,01,586 | 10,16,890 |
| Insurance | 26,44,674 | 25,89,524 |
| Travelling & Conveyance | 42,93,230 | 34,85,701 |
| Auditor's Remuneration | | |
| As Statutory Audit Fees | 84,270 | 77,210 |
| In Tax Audit Fees | 13,483 | 12,360 |
| Others | 1,979 | 21,067 |
| Bank Charges | 27,67,688 | 48,18,292 |
| Write off of computer softwares | — | 5,87,273 |
| Directors Sitting Fees | 54,000 | 54,000 |
| Other Misc. Expenses | 3,57,15,034 | 3,11,21,284 |
| | 37,39,15,651 | 33,79,89,435 |

# NOTES TO ACCOUNTS as at and for the year ended 31st March, 2012

## 22. SIGNIFICANT ACCOUNTING POLICIES

a) **Accounting Convention**

The accompanying financial statements had been prepared in accordance with historical cost convention and as a going concern.

b) **Fixed Assets**

Fixed Assets are stated at cost less depreciation.

c) **Depreciation**

**In respect of Kalyani Plant**

Depreciation has been provided on written down value method as per Schedule XIV of the Companies Act, 1956 of assets acquired upto 31.03.1992 and from 01.04.1994 onwards. For assets acquired between 01.04.1992 to 31.03.1994 depreciation had been provided on straight line method as per Schedule XIV of the Companies Act, 1956.

**In respect of Uluberia & Visakhapatnam Plant**

Depreciation has been provided on straight line method as per Schedule XIV of the Companies Act, 1956.

d) **Investments**

Investments are stated at cost.

e) **Inventories**

i) Raw Material and Trading Goods are valued at cost.

ii) Finished Goods are valued at lower of cost or net relisable value.

iii) Stores and spares are valued at cost using the weighted average cost formula.

iv) Quoted shares and securities are valued at lower of cost or market value.

v) Unquoted shares are valued at cost.

f) **Foreign Exchange Transaction**

Transactions in foreign currency are accounted for at the equivalent rupee value on the date of credit by the bank.

g) **Retirement Benefit**

The accrued liability for gratuity payable to employees has been calculated on the basis of an actuarial valuation made by LIC and the amount is deposited under the LIC Group Gratuity Scheme. In respect of Providend Fund, the contribution is paid to the fund administered by the Government and is charged to revenue.

h) **Borrowing Cost**

Interest and other cost in connection with the borrowing of the fund to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalized up to the state when such assets are ready for its intended use and other borrowing costs are charged to Profit and Loss Account.

i) **Revenue Recognition**

Revenue from the sale of products are recognized on despatch of goods to customer which corresponds to transfer of significant risks and rewards of ownership.

# NOTES TO ACCOUNTS as at and for the year ended 31st March, 2012 (Contd.)

j) **Provisions**

A provision is recognized when there is 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to current management estimates.

23. **Particulars of Raw Materials Consumed :**

| | | 2011 - 2012 | | 2010 - 2011 | |
|---|---|---|---|---|---|
| | | Quantity | Value (Rs.) | Quantity | Value (Rs.) |
| Indigenous | (Cu.m.) | 24,77,644 | 2,20,16,600 | 4,36,596 | 79,91,758 |
| | (Kg.) | 12,74,285 | 57,75,062 | 10,98,695 | 86,06,767 |
| Imported | (Kg.) | 3,42,500 | 1,31,97,244 | 90,000 | 26,75,378 |

24. **Value of stores & spares consumed :**

| | Value (Rs.) | Percentage | Value (Rs.) | Percentage |
|---|---|---|---|---|
| Indigenous | 1,21,54,188 | 81.26% | 78,84,832 | 68.71% |
| Imported | 28,02,481 | 18.74% | 35,90,800 | 31.29% |

| | 2011-2012 Rs. | 2010-2011 Rs. |
|---|---|---|
| 25. **Value of Import on CIF basis :** | | |
| a) Capital Goods | 26,64,559 | 74,23,074 |
| b) Trading Goods | 8,43,34,487 | 6,71,68,065 |
| c) Spares | 29,88,484 | 70,90,495 |
| d) Raw Material | 1,20,04,046 | 25,36,052 |
| 26. **Earning in Foreign Currency** | | |
| Revenue from Export on F.O.B. basis | 32,21,549 | 24,74,640 |
| 27. **Expenditure in Foreign Currency** | | |
| Travelling Expenses | 1,31,192 | 1,34,435 |
| Trading Goods | 8,43,34,487 | 6,71,68,065 |
| Raw Materials | 1,20,04,046 | 25,36,052 |
| Spares | 29,88,484 | 70,90,495 |
| Capital Goods | 26,64,559 | 74,23,074 |
| 28. Dividend remittance to Non-resident shareholders | Nil | Nil |

29. There is no undisclosed item of Income and Expenditure which exceeds 1% of the Revenue from operations or Rs. 1,00,000, whichever is higher.

30. Wherever information has been received from the suppliers of their being small scale units, no amount exceeding rupees one lac is due to them for a period exceeding thirty days.

## NOTES TO ACCOUNTS as at and for the year ended 31st March, 2012 (Contd.)

31. **EARNING PER SHARE**

| | | 2011-2012 Rs. | 2010-2011 Rs. |
|---|---|---|---|
| (i) | Weighted average number of Equity Shares of Rs. 10 each outstanding during the period | 65,46,780 | 65,46,780 |
| (ii) | Profit after Tax attributable to Equity Shareholders (Rs.) | 93,54,447 | 3,35,01,080 |
| (iii) | Basic Earnings per Share (in Rs.) [(ii)/(i)] | 1.43 | 5.12 |

32. In accordance with Accounting Standards 22 viz. "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, for the current year, in view of investment in the new Unit, viz. Vizag Plant, resulting in an abnormal disproportionate difference in depreciation, the extent of deferred tax liability has not been recognised in these accounts.

33. **Related Party disclosure :**
Information in accordance with the requirement of Accounting Standard 18 on Related Party Disclosures issued by The Institute of Chartered Accountants of India.

a) List of Related Parties :

Superior Tea & Allied Industries Pvt. Ltd.
Gunjan Suppliers Pvt. Ltd.
Varun Tea Plantations Ltd.
Eilenbarrie Cryogenics Ltd.

b) Key Management Personnel :

Shri Shanti Prasad Agarwala - Managing Director
Shri Padam Kumar Agarwala - Joint Managing Director
Shri Indrajit Mookerjee - Joint Managing Director
Shri Varun Agarwal - Executive Director

c) **Transactions with Related Parties :**

| Nature of Transaction | Related Party | Key Management Personnel (Rs. in Lakhs) |
|---|---|---|
| Managerial Remuneration | | 57,60,000 (57,60,000) |
| Outstanding Balances as on 31.03.2012 Receivables | Nil (52,12,158) | |

Figure in brackets relates to corresponding previous year.

34. **Segment Reporting :**
Information in accordance with the requirement of Accounting Standard - 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

a) The Company has two primary business segments :
(i) Gases and related products
(ii) Sheets

Gases and related products comprise manufacture and sale of Industrial, Medical and Special gases as well as related products.

b) Other represents unallocable items not included in the segments.

c) The Company operates predominantly within the geographical limits of India, and accordingly secondary segment has not been considered.

## NOTES TO ACCOUNTS as at and for the year ended 31st March, 2012 (Contd.)

| Segment Reporting | Year Ended 31.03.2012 Rs. | Year Ended 31.03.2011 Rs. |
|---|---|---|
| **REVENUE EXTERNAL (NET OF EXCISE DUTY)** | | |
| Gases and related products | 58,06,63,941 | 47,17,13,575 |
| Sheets | 8,98,32,443 | 12,50,60,258 |
| **TOTAL** | 67,04,96,384 | 59,67,73,833 |
| **DEPRECIATION** | | |
| Gases and related products | 7,52,63,719 | 3,84,34,612 |
| Sheets | 36,279 | 1,95,853 |
| **TOTAL** | 7,52,99,998 | 3,86,30,465 |
| **PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS** | | |
| Gases and related products | 1,04,78,613 | 3,66,19,670 |
| Sheets | 12,15,639 | 35,71,410 |
| **TOTAL** | 1,16,94,252 | 4,19,91,080 |
| **NET FIXED ASSETS** | | |
| Gases and related products | 92,63,12,980 | 90,59,03,471 |
| Sheets | 14,85,042 | 15,21,321 |
| **TOTAL** | 92,77,98,022 | 90,74,24,792 |
| **CURRENT ASSETS** | | |
| Gases and related products | 41,18,88,746 | 32,02,56,422 |
| Sheets | 2,44,11,937 | 2,37,36,325 |
| **TOTAL** | 43,63,00,683 | 34,39,92,747 |
| **CURRENT LIABILITIES** | | |
| Gases and related products | 46,27,71,657 | 35,09,07,368 |
| Sheets | 2,83,70,076 | 4,40,35,648 |
| **TOTAL** | 49,11,41,733 | 39,49,43,016 |
| **CAPITAL EXPENDITURE** | | |
| Gases and related products | 7,43,44,393 | 6,10,17,212 |
| Sheets | — | — |
| **TOTAL** | 7,43,44,393 | 6,10,17,212 |

35. Previous year's figures are re-grouped and re-arranged, wherever necessary.
Signature to Schedules 1 to 35

In terms of my Report of even date annexed herewith

For A. K. Kumar & Co.
Chartered Accountant
(Firm No. 308013E)
Anjan Kumar
Proprietor
(M. No. 013166)
9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012

SHANTI PRASAD AGARWALA
*Managing Director*

PADAM KUMAR AGARWALA
*Joint Managing Director*

INDRAJIT MOOKERJEE
*Joint Managing Director*

On behalf of the Board of Directors

VARUN AGARWAL
*Executive Director*

MANAS KUMAR DUTTA
*Director*

A. K. BANDYOPADHYAY
*Secretary*

# CASH FLOW STATEMENT for the year ended 31st March, 2012

(Rs. in lakhs)

| | | Year Ended 31.03.2012 | Year Ended 31.03.2011 |
|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Net Profit before Tax | 1,16,94,252 | 4,19,91,080 |
| | **Adjustments For :** | | |
| | - Depreciation | 7,52,99,998 | 3,86,30,465 |
| | - Interest Expenses | 9,26,50,420 | 7,84,43,757 |
| | - Interest Income | (40,16,991) | (25,22,506) |
| | - Sundry Balance w/off | (1,32,88,519) | (1,19,54,684) |
| | - Loss / (Profit) on Sale of Fixed Assets | (12,86,684) | 45,460 |
| | - Write off Intangible Assets - Computer Software | — | 5,87,273 |
| | - Dividend | (241) | (9,211) |
| | **Operating profit before working capital changes** | 16,10,52,235 | 14,52,11,634 |
| | Movements in working capital : | | |
| | - Increase/(decrease) in trade payables | 2,02,17,004 | 1,49,60,898 |
| | - Increase/(decrease) in short-term borrowings | 7,39,03,989 | 2,74,11,652 |
| | - Increase/(decrease) in other current liabilities | 1,28,86,822 | — |
| | - Increase/(decrease) in short term provisions | 24,79,421 | — |
| | - (Increase)/decrease in trade receivables | 1,53,54,010 | (4,14,83,774) |
| | - (Increase)/decrease) in inventories | 69,08,592 | 1,26,32,627 |
| | - (Increase)/(decrease) in short-term loans & advances | (8,88,92,088) | — |
| | CASH GENERATED FROM OPERATIONS | 20,39,09,985 | 15,87,33,037 |
| | - Direct Taxes Paid (Net) | (92,45,370) | (32,89,411) |
| | Net Cash Flow from Operating Activities | 19,46,64,615 | 15,54,43,626 |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | - Purchases of Fixed Assets | (5,46,76,399) | (4,96,74,765) |
| | - Increase in CWIP | (1,96,67,994) | (85,47,008) |
| | - Sale of Fixed Assets | 13,26,863 | 3,85,000 |
| | - Interest Received | 40,16,991 | 25,22,506 |
| | - Sale of Non current Investment | 58,80,000 | — |
| | - Dividend Received | 241 | 9,211 |
| | Net Cash used in Investing Activities | (6,31,20,298) | (5,53,05,056) |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | - Proceeds from Long term borrowings | 1,66,92,869 | 5,94,50,829 |
| | - Repayment of Long term borrowings | (3,30,09,465) | (7,54,87,681) |
| | - Payment of Gratuity & Leave Encashment | — | (2,21,147) |
| | - Payment of Dividend | — | (32,73,390) |
| | - Payment of Dividend Distribution Tax | — | (5,56,313) |
| | - Payment of Interest | (9,26,50,420) | (7,84,43,757) |
| | Net Cash used in Financing Activities | (10,89,67,016) | (9,85,31,459) |
| | Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C) | 2,25,77,301 | 16,07,111 |
| | Opening Cash and Cash Equivalents | 3,50,76,761 | 3,34,69,650 |
| | Closing Cash and Cash Equivalents | 5,76,54,062 | 3,50,76,761 |
| | | 2,25,77,301 | 16,07,111 |

SHANTI PRASAD AGARWALA
*Managing Director*

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MANAS KUMAR DUTTA
*Director*

A. K. BANDYOPADHYAY
*Secretary*

Dated : 29th day of August, 2012

This is the Cash Flow Statement referred to in my Report of even date.

For A. K. Kumar & Co.
Chartered Accountant
(Firm No. 308013E)
Anjan Kumar
Proprietor
(Regn. No. 013166)

9/15, Fern Road
Kolkata - 700 019
Dated : 29th day of August, 2012