

National Oxygen Limited

BOARD OF DIRECTORS

Shri. G.N. SARAF
Chairman & Managing Director

Smt. VEENA DEVI

Shri. RAJESH KUMAR SARAF
Joint Managing Director

Shri. P. SIVA

Dr. D.M. MOHUNTA

Shri. ANIL SETH

REGD. & ADMINISTRATIVE OFFICE

80, (Old No.141), Greams Road, Chennai 600 006.
Phones : (044) 28290707 Fax : (044) 28290770
E-mail: contact@nolgroup.com
Website : www.nolgroup.com

FACTORIES

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

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

REGISTRAR AND SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICE LIMITED

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

AUDITORS

M/s. **SINGHI & CO.,**
Chartered Accountants

1, Philips Street, IInd Floor, Chennai - 600 001.

BANKERS

Punjab National Bank
Nungambakkam Branch

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 36th Annual General Meeting of the Company will be held at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai 600 105 on Saturday, 3rd September 2011 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive consider and adopt the Balance Sheet as at 31st March 2011, the Profit and Loss Account for the Year ended 31st March 2011 and the report of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in the place of Dr. D.M. Mohunta, who retires from office by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Smt. Veena Devi, who retires from office by rotation and being eligible offers himself for reappointment.
5. To appoint auditors to hold office until the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring auditors, M/s. Singhi & Co. are eligible for reappointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution as **Special Resolution**
“**RESOLVED THAT**, pursuant to the provisions of section 81, 81(1A) and other applicable provisions, if any, of the companies act, 1956(including any statutory modification(s) or re-enactment; thereof for the time being in force) and in accordance with the provisions of Memorandum and Articles of Association of the Company and listing agreement entered into by the Company with the Stock Exchanges and subject to the guidelines and approvals of the Securities Exchange Board of India (SEBI) and the approval of the Reserve Bank of India (RBI), if necessary, and also subject to such terms and conditions, alterations/deletions and modifications as may be required or prescribed under requisite approvals, consents and guidelines which may be agreed to by the Board of Directors of the Company (hereinafter called the “Board” which term shall be deemed to include any committee constituted/to be constituted by the Board to exercise its power including the powers conferred by this resolution) the consent of the company be and is hereby accorded to the Board to offer, issue and allot up to or as near thereto 18,69,930 (Eighteen Lakhs Sixty Nine Thousand Nine Hundred and Thirty) Equity Shares of Rs.10/- (Rupees Ten) each for cash upto an extent of Rs.10,00,00,000 (Rupees Ten Crores) on Rights basis at a premium which is to be fixed in consultation with Merchant Bankers at a ratio of 3 (Three) Equity Shares for every 5 (Five) Equity share held by share holders (ignoring fractional entitlements, if any) whose names appear on the Register of Members or on the list of depositories as beneficial owners at the end of the business hours on such date as may be fixed for the purpose by the Board (here in after referred to as the “Record Date”) or to such person or persons who may or may not be shareholders of the Company, may be renounees, and others in whose favour (in full or in part), the rights may be renounced by respective shareholders (ignoring fraction entitlements, if any) on such terms and conditions, as the Board may in its absolute discretion think fit, in consultation with the Lead Managers, Auditors, Consultant and/or such other persons as it may think fit.

“RESOLVED FURTHER THAT, the offer shall be made by notice specifying the number of the shares, the amount payable thereon and the time limit from the date of the offer within which offer has to be accepted failing which, it will be deemed to have been declined, if not, so accepted and the Board shall thereafter be at liberty to either extend the time for acceptance as aforesaid from time to time, either generally or in respect of any particular applicants or dispose of the same in its absolute discretion in such manner as the board may deem fit.”

“RESOLVED FURTHER THAT,

- a. The new Equity Shares to be issued / allotted in pursuance of this resolution shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company and shall rank pari-passu in all respects with exiting Equity Shares of the Company including the payment of dividend for 2012, if any, which will be payable on new Equity Shares to be allotted and the existing Equity Shares.
- b. The shareholders shall have rights to renounce any / all the shares to which he/she is entitled and also to apply for additional shares.
- c. The un-subscribed portion, if any, of the above issue of Equity Shares be issued and allotted or otherwise disposed of by the Board in its absolute discretion in such manner as the board may deem fit, but, however, subject to the terms of this resolution and the Letter of Offer
- d. The shares proposed to be issued shall be made in dematerialized form and in respect of shareholders holding shares in physical form, share certificates will be issued.”

“RESOLVED FURTHER THAT, to give effect to these resolutions, the Board be and is hereby authorized inter-alia:

- (i) To settle any question or difficulty including any fractional entitlement, if any, that may arise with regard to the issue and allotment of the aforesaid Equity Shares.
- (ii) To finalize/prescribe the form Letter of Offer / Application Form including Renunciation Form
- (iii) To make requisite adjustment with regard to the issue and allotment of Equity Shares
- (iv) To decide on the terms of payment for the Equity Shares including amount to be paid on application, allotment and calls.
- (v) To submit the requisite applications with such papers / documents to various authorities for securing the necessary approvals that may be required from time to time.
- (vi) To apply to any of the Stock Exchanges for permission to list the Equity Shares as the board may deem fit and to do all such acts, deeds, matters and things and to sign all such papers, documents and agreements, as may be necessary to seek the listing of such shares in one or more Stock Exchanges with power to sign and settle any query, difficulty or doubt that may arise in regard to the issue.
- (vii) To appoint Lead Managers/Managers, Consultants, Legal Advisors, Bankers, Auditors, Registers, etc. and others agencies as may be required for purpose and to give such directions and/or instructions as it may, form time to time deem necessary.

- (viii) To appoint Compliance Officer in terms of SEBI requirements
- (ix) To do all such acts, deeds, matters and things, sign all such papers, documents and agreements and make all such application(s) and take all such actions as may be necessary or considered expedient or deemed fit by the Board for the purpose”.

“RESOLVED FURTHER THAT, the Board be and is hereby specifically authorized to decide, accept, agree to any alteration in the size of the issue, the price of the shares to be issued, the amount of premium on shares or such others terms and conditions of the said issue as may be suggested or decided in consultation with the lead managers or as may be prescribed and suggested by the SEBI or other concerned authorities or as per applicable guidelines from time to time, without requiring any further approval or the Members”.

7. To consider and if thought fit, to pass with or without modification the following resolution as on Special Resolution

“RESOLVED THAT, the consent of the Company be and is hereby accorded pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956 and any other applicable provisions if any, to the Board of Directors of the Company, to borrow money from time to time and at its discretion, either from the Company's bankers or any other bank, financial institutions or any other lending institutions or Bodies Corporate on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate of Rs.100 crores notwithstanding that the money to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from Company's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say any reserve not set apart for any specific purpose”.

“RESOLVED THAT, pursuant to Section 293 (1) (a) and other applicable provisions of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of CXDirectors of the Company to pledge, mortgage, hypothecate on such terms and conditions and at such time or times as they may think fit either the whole or subsequently the whole or any one or more of the Company's undertakings or all its undertakings or major division forming part of whole undertaking including the present and future properties / assets thereto to any Bank / Financial Institution and any other body corporate whether the same be its own subsidiary or otherwise upto an extent of Rs.100 crores.”

“RESOLVED FURTHER THAT, the Board be and is hereby authorized to appoint a Director or Directors or Committee of Directors as they think fit to finalize and execute the above pledge / mortgage / hypothecation and grant power to execute any documents / deeds / papers and writings and to do all such acts, deeds and things as may be necessary or expedient for implementing the same”.

**For and on behalf of the Board
NATIONAL OXYGEN LIMITED
G.N. Saraf
Chairman and Managing Director**

**Place: Chennai
Date: 27.07.2011**

Notes :

- a A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- b. The Instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
- c. The Register of Members and Transfer Books of the Company will remain closed from Friday, 26th August 2011 to Saturday, 3rd September 2011 (both days inclusive).
- d. Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
- e. Members are requested to notify immediately any change in their address to the Registrar and Share transfer Agent M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.
- f. Members who hold shares in physical form are requested to dematerialize their holdings to make the Company's shares traded in normal segment.
- g. After declaration of dividend at the Annual General Meeting, the Dividend warrants are scheduled to be posted on or after 09.09.2011. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership, as per the details to be furnished for this purpose by National Securities Depository Limited and Central Depository Services (India) Limited.
- h. Members who desire to have their Bank Account details incorporated in their Dividend warrants may please furnish the (i) Share Folio No. (ii) Name and address of Sole/First Shareholder (iii) Bank Account No. (iv) Name of the Bank and Branch (v) Full address of the Branch with Pin code. These details may be sent to the Company's Registrar & Transfer Agent, M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.
- i. Details of Dividend declared from the financial year 2004-2005 onwards is as follows:

Financial year	Declared on	Rate of Dividend	Amount of Dividend per share
2004-2005	16.09.2005	20%	Rs.2.00
2005-2006	22.09.2006	20%	Rs.2.00
2006-2007	21.09.2007	20%	Rs.2.00 (Interim Dividend)
2007-2008	19.09.2008	20%	Rs.2.00
2008-2009	18.09.2009	10%	Re.1.00
2009-2010	17.09.2010	10%	Re.1.00

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

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

Particulars	Item No.3	Item No.4
Name of the Director	Dr. D.M.Mohunta	Smt. Veena Devi Saraf
Date of appointment	10.11.1987	11.10.1989
Experience in specific functional area	23yrs	21yrs
Directorships held in other Public Companies	Nil	Nil
Committee Chairmanship/ Membership held in other Companies	Nil	Nil
Number of shares held in the Company as on 31 st March 2011	750	1,57,040

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No: 6

Upon undertaking a detailed market survey and analyzing the need of existing as well as new and potential customers, we realized the huge potential in the market for our products. With the existing production capacity it will be very difficult to meet the customer demand. Hence it is necessary for our Company to expand its business by establishing a new production plant. On consideration of results of further study on customer distribution, geographical locations of market and related logistics for delivery and distribution of product, we have decided to erect a new manufacturing facility at Perundurai near Erode. The estimated cost of proposed expansion and setting of the plant is expected to be Rs.27 crores which is proposed to be funded by way of loan from banks and equity capital from the existing share holders of the Company on Rights Basis. Your Company has already applied for allotment of the land of 5.49 acres of developed industrial plot at SIPCOT Industrial Area, Perundurai and necessary EMD application has been submitted to SIPCOT. The entire project is expected to commence trial procedure by July 2012. Your Directors are hopeful to achieve better results in times to come. The Board seeks consent of the Members to issue and allot the existing shareholders on a Right Basis at such time and on such terms and conditions as the Board may deem fit and appropriate.

The Board recommends the resolution for the approval of the members.

None of the Directors of your Company are interested in the proposed resolution except to the extent they are members of the Company.

Item.7

As the Company is going for its expansion there will be in need of additional funds by way of loans from Banks / Financial Institutions / Lenders and others. Your Directors thought it fit to obtain your approval to borrow funds pursuant to the provisions of Section 293 (1) (d) and to mortgage properties, movable or immovable, as per Section 293 (1) (a) of the Companies Act, 1956 for obtaining such financial assistance from Banks / Financial Institutions and others.

Hence the above resolutions are put forth for your approval.

None of the directors are concerned or interested in the above said resolutions.

DIRECTORS' REPORT

The Directors of your Company present its 36th Annual Report on the functioning of the Company together with the Profit and Loss Account for the year ended 31st March 2011 and the Balance Sheet as at that date together with the Auditor's Report thereon.

Financial Results:

	Current year 31.03.2011 (Rs.in Lakhs)	Previous Year 31.03.2010 (Rs.in Lakhs)
Gross Profit / (Loss)	428.38	189.23
Depreciation	<u>323.37</u>	<u>201.45</u>
Profit / (Loss) before Tax	105.01	(12.21)
Provision for Income Tax	21.00	-
Provision for Fringe Benefit Tax	-	-
Provision/ Release of Deferred Tax	<u>21.00</u>	<u>1.17</u>
Net Profit for the year	63.01	(13.38)
Balance brought forward from the earlier year	<u>372.91</u>	<u>409.62</u>
	<u>435.92</u>	<u>396.23</u>

During the financial year 2010-11, despite the power crisis and increased business competition, your company was able to attain reasonable profit levels and register a net profit of Rs. 63.01 lakhs as compared to loss of Rs. 13.38 lakhs in the previous year.

Business Operations:

Industrial Gases

Since the market is on the path of recovery from the recession, we had experienced an upward trend in the market demand in the recent year. Our newly erected plant became fully functional by the second half of the last financial year. In order to become a key player in this segment and to grab a larger market share, the company is planning to establish an additional manufacturing unit near Erode, having a production capacity of 75TPD.

Windmill:

The Power generation is normal and we expect the generation of power will improve in the coming months.

Dividend:

The Board of Directors recommended a Dividend of 10% (Re. 1 per equity share of Rs. 10/- fully paid up) for the year ended 31st March 2011 on the paid up capital of the Company aggregating to Rs. 31,16,550, which if approved at the forthcoming Annual General Meeting on 3rd September 2011, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 2nd September 2011.

Directors:

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

Fixed Deposits:

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

Particulars of Employees and Labour Relations:

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

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

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

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

Director's Responsibility Statement:

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

- in the preparation of the annual accounts for the financial year ended 31st March 2011, the applicable accounting standards have been followed along with proper explanation related to material departures, if any.
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of affairs of the Company as on 31st March, 2011 and of the profit and loss of the company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts are prepared on a going concern basis.

Corporate Governance:

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

Management Discussion and Analysis Report:

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

Auditors:

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

Compliance Certificate:

In accordance with Section 383A of the Companies Act, 1956, and Companies (Certificate) Rules, 2001, the company has obtained a certificate from M/s. Lakshmmi Subramanian & Associates, Chennai, secretary in the whole time practicing confirming that the company has complied with all the provisions of Companies Act, 1956 and a copy of such certificate is annexed to the report.

Acknowledgement:

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

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

For and on behalf of the Board

Place : Chennai
Date : 27.07.2011

G.N. Saraf
Chairman and Managing Director

Compliance Certificate**Registration No. 18-006819****Authorised Capital: Rs. 5,00,00,000/-****To,****The Members,****M/s. NATIONAL OXYGEN LIMITED**

We have examined the registers, records, books and papers of M/s. NATIONAL OXYGEN LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and information, explanations and declarations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies at the dates specified therein.
3. The company being a public limited company the applicability of Section 3(1) (iii) does not arise.
4. The Board of Directors met 4 (FOUR) times on 28.05.2010, 30.07.2010, 25.10.2010 & 28.01.2011 in respect of which meetings the proceedings were recorded in the Minutes Book maintained for the purpose.
5. The company had opted to close its Register of Members during the financial year under review from 9th September 2010 to 17th September 2010 (both days inclusive) and has complied with the provisions of Section 154 of the Act.
6. The Annual general meeting of the company for the financial year ended on 31.03.2010 was held on 17.09.2010 and the resolutions passed thereat were recorded in Minutes Book maintained for the purpose.
7. No Extraordinary Meeting of members was held during the year under review as per the records provided and information given to us by the management.
8. As per the information and declaration given by the management the company had not granted any loans to directors or persons or firms or companies referred in the provisions of Section 295 of the Act.
9. The company had entered into inter-se transactions with particulars mentioned under Section 301 and has not obtained any approval as required under Section 297 of the Companies Act, 1956, In the opinion of the management such transactions are entered at the prevailing market price and hence doesn't require to make an application to the Central Government.

10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. According to the information, explanations and declaration furnished by the management, there was no instance falling within the purview of section 314 of the Companies Act, 1956 and hence the company was not required to obtain any approval from the Board of Directors, members, Central Government during the financial year under review.
12. The Board of Directors / duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company, during the financial year under review, had:
 - (i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act and there was no allotment.
 - (ii) deposited the amount of dividend declared in a separate Bank Account which is within five days from the date of declaration of such dividend.
 - (iii) paid/posted warrants for dividends to all the members within a period of 30 (Thirty) days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company
 - (iv) transferred the amounts in unpaid dividend account, and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund
 - (v) generally complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is well constituted, and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancy has been made during the financial year under review.
15. The Company has re-appointed Managing Director during the financial year under review and filed the necessary form with Registrar of Companies.
16. The Company had not appointed any sole-selling agents during the financial year under review.
17. Subject to point 9 of this certificate, the Company had no transaction, which necessitated the Company to seek any approval from the Company Law Board, Regional Director, Registrar of Companies, and Central Government during the financial year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company had not issued shares/debentures/other securities during the financial year under review.
20. The company had not bought back any shares during the financial year under review.
21. The company had not issued any redeemable preference Shares/debentures; and hence the question of redeeming any preference shares/debentures does not arise.

22. The Company had not kept in abeyance rights to dividend, rights shares, and bonus shares pending registration of transfer of shares during the financial year under review.
23. According to the information and explanation given by the management, the company had not accepted any deposits from the public, shareholders, Directors and or their relative's and hence compliance with provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 does not arise.
24. The amount borrowed by the Company from bank during the financial year ended 31.03.2011 is within the borrowing limits of the Company and that necessary resolutions as per Section 293 (1) (d) of the Act have been passed in duly convened Annual General Meeting.
25. According to the information and explanation given by the management, the company has not made any loans and investments or given guarantees or provided securities to other bodies corporate during the financial year under review and have made necessary entries in the register for the purpose.
26. The company had not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the financial year under review.
27. The company had not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company had not altered the provisions of the memorandum with respect to name during the year under scrutiny.
29. The company had not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company had not altered its articles of association during the financial year under review.
31. According to the information, explanations and declaration furnished by the management, no prosecution has been initiated against the Company or no show cause notices has been received by the company for any alleged offences under the Act and hence the question of fine or penalties does not arise.
32. The company had not received any amount as security from its employees during the financial year, hence the applicability of the provisions of section 417(1) of the Act does not arise.
33. According to the information and explanations furnished by the management, the Company had not constituted its own Provident Fund pursuant to the provisions of Section 418 of the Companies Act 1956, however the company had generally been regular in depositing both the employers and employees contribution to the Provident Fund with prescribed authorities.

Place: Chennai

Name of Company Secretary : Lakshmmi Subramanian

Date : 26.07.2011

C. P. No. : 1087

Annexure A**Registers as maintained by the Company**

1. Register of Members u/s 150 of the Companies Act, 1956 (Computerized)
2. Register of Directors u/s 303 of the Companies Act, 1956
3. Register of Directors Shareholdings u/s 307 of the Companies Act, 1956
4. Register of Contracts, Companies and Firms in which Directors of the Company are interested u/s 299, 301 and 301(3) of the Companies Act, 1956
5. Minutes of the Annual General Meeting/Extra Ordinary General Meeting & Board Meetings u/s 193 of the Companies Act, 1956.
6. Register of Share Transfers (Computerized).
7. Register of Charges u/s 143 of the Companies Act, 1956.

Annexure B**Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending on 31st March 2011.**

Name of the Document	Date of Event	Date of filing	Due Date	Remarks
Form 20 B	17.09.2010	16.10.2010	16.11.2010	In time
Form 23 AC & ACA	31.03.2010	15.10.2010	17.10.2010	In time
Form 66	17.09.2010	15.10.2010	17.10.2010	In time
Form 32	01.09.2010	01.10.2010	01.10.2010	In time
Form 23	17.09.2010	12.10.2010	17.10.2010	In time
Form 25C	01.09.2010	15.10.2010	29.11.2010	In time
Form 8	06.05.2010	05.07.2010	05.06.2010	Belatedly

ANNEXURE A TO DIRECTORS' REPORT

INFORMATION AS PER SEC.217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2011

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken

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

b. Additional Investment Proposals. ---- NIL

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

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

B. TECHNOLOGY ABSORPTION

e. As per Form B - Not applicable

f. Research and Development (R & D)

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

II Technology, Absorption, Adoption and Innovation

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

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

	2010-11	2009-10
Earnings in Foreign Exchange	Rs. 1,04,211	Nil
Expenditure in Foreign Currency	Rs. 14,85,889	Rs. 92,925
CIF Value of Imports	Rs. 44,41,804	Rs. 13,67,46,631

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

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

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

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

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

As on 31st March 2011, the composition of the Board of Directors of the Company meets the stipulated requirements of Clause 49 of the Listing Agreement of the Stock Exchanges. The Board is responsible for the management of the business and meets regularly for discharging its role and functions.

Number of Board Meetings Held dates on which held:-

During the financial year 2010-2011 viz., from 1st April 2010 to 31st March 2011 four (4) Board meetings were held on the following dates: 28th May 2010, 30th July 2010, 25th October 2010 and 28th January 2011. The Annual General Meeting was held on 17th September 2010.

The composition and membership on other Boards, Committees of Directors and attendance of Directors at the Board of Directors Meetings held during the Financial Year 2010-2010 and the last AGM held on 17.9.2010 is given below.

Name of the Director	Category	Attendance Particulars		Number of Directorships in other Public Companies and committee Memberships/Chairmanships		
		Board Meetings	Last AGM (Yes/ No)	Other Directorships	Committee Memberships (other than NOL)	Committee Chairmanships (other than NOL)
Shri. G.N.Saraf	Chairman and Managing Director - Executive	4	Yes	-	-	-
Shri. R.K.Saraf	Joint Managing Director - Executive	4	Yes	-	-	-
Dr. D.M.Mohunta	Non-Executive Independent	4	Yes	-	-	-
Smt. Veena Devi	Non-Executive Non-Independent	4	Yes	-	-	-
Shri. P.nSiva	Non-Executive Independent	4	Yes	-	-	-
Shri .Anil Seth	Non-Executive Independent	4	Yes	1	-	-

3. BOARD COMMITTEES:-

A. Audit Committee:

Charter:-

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

Composition:-

The company derived immense benefit from the deliberations of Audit Committee with the following three Non-Executive Independent Directors of the company:

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

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

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

Meeting and Attendance of the Committee:-

During the financial year four Audit Committee meetings were held on the following dates 28rd May 2010, 30th July 2010, 25th October 2010 and 28th January 2011 .

The Attendance of Directors at the Audit Committee Meetings held during the year 2010-2011 is given below:

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

B. Remuneration Committee:

The Remuneration Committee comprises of three Non-Executive Directors viz.:

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

Terms of reference:

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

One meeting of the Remuneration Committee was held on 30.07.2010 to consider and recommend the re-appointment of Mr.G.N.Saraf, Manager Director and the remuneration payable to him. All the members of the Committee attended the meeting.

Remuneration Policy:

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

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

The details of the remuneration paid/payable to the Directors during the Financial Year 2010-2011, shareholding and relationship with Directors are as under:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.3.2011	Relationship with Directors
Shri.G.N.Saraf	18,07,400	-	2,18,142	Husband of Smt.Veena Devi Saraf and Father of Shri.R.K.Saraf
Shri.R.K.Saraf	8,27,515	-	2,31,024	Son of Shri.G.N.Saraf and Smt.Veena Devi Saraf
Dr.D.M.Mohunta	-	7,750	750	-
Smt.Veena Devi Saraf	-	13,000	1,57,040	Wife of Shri.G.N.Saraf and Mother of Shri.R.K.Saraf
Shri.P.Siva	-	16,750	600	-
Shri.Anil Seth	-	7,750	2,000	-

C. Shareholders/Investors Grievance and Share Transfer Committee:

Composition:-

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

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

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

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

Meeting and Attendance of the committee:-

The Committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service. The said Committee met 11 times during the year 2010-2011.

Compliance Officer : Mr. K.S. Govindarajan

Shareholders complaints received and replied in 2009-2010.

During the Financial Year 2010-2011, 3 complaints were received from shareholders and were replied/redressed to the satisfaction of the investors. There are no complaints pending as on date of this report. There were no share transfers pending registration as at 31st March 2011.

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

6. General Body Meetings:

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

Year	Date and Time	Venue
2008-2008	19 th September 2008 at 9.30 a.m.	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105
2008-2009	18 th September 200 ⁹ at 9.30 a.m	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105
2009-2010	17 th September 2010 at 9.30 a.m	Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai – 600 105

I) Special Resolution Passed in the Past three AGM's:-**2009-2010:-**

Special Resolution for reappointment of Shri.G.N.Saraf as Managing Director

2008-2009:-

No special resolutions were passed in this annual general meeting.

2007-2008:-

No special resolutions were passed in this annual general meeting.

II) Postal Ballots:

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

7. Disclosures:

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

8. Means of Communication:

The quarterly financial results are usually published in the News Today (English) and Maalai Sudar (Tamil).

9. Management Discussion and Analysis Report:

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

10. General Shareholders Information:

- (i) Date of Annual General Meeting : 3rd September 2011
 Time : 10.00 a.m.
 Venue : Hotel Kanchi,
 28, Commander-in-chief Road,
 Egmore, Chennai - 600 105

(ii) Financial Calendar

Results for the quarter ending June 30, 2011	Within 45 days from the end of the quarter
Results for the quarter ending September 30, 2011	Within 45 days from the end of the quarter
Results for the quarter ending December 31, 2011	Within 45 days from the end of the quarter
Results for the quarter ending March 31, 2012	Audited Results within 60 days from the end of the quarter
Annual General Meeting	September 2012

- (iii) Book-Closure Date : Tuesday, 26th August 2011 to Saturday, 3rd September 2011 (both days inclusive)
- (iv) Dividend Payment Date : Commencing 9th September 2011 to be completed within the mandatory time limit.
- (v) Listing on the Stock Exchanges : The Equity shares of the Company are listed in the Bombay Stock exchange and Madras Stock Exchange. The company confirms that it has paid annual listing fees to all the stock exchanges for the year 2011-2012.
 The share of the company are also traded in National Stock Exchange through MOU between Madras Stock Exchange and National Stock Exchange
- (vi) Stock Code : Bombay Stock Exchange 507813
 Madras Stock Exchange NATOXYGEN
 National Stock Exchange - NOL

vii) Stock Market Data:-

Bombay Stock Exchange: High and Low quotations of the Company's shares during the period 1st April 2010 to 31st March 2011:

Moith	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High	Low	Volume	High	Low	Volume
	(Rs.)		Numbers	(Rs.)		Numbers
Apr-10	62.80	35.45	5,42,486	-	-	-
May-10	64.00	53.00	51,423	-	-	-
Jun-10	62.90	53.30	22,741	57.90	55.60	2,525
Jul-10	63.80	53.65	22,032	53.30	53.00	104
Aug-10	72.20	53.00	1,23,425	58.00	56.00	758
Sep-10	83.20	56.45	1,84,318	60.55	60.55	50
Oct-10	66.90	55.45	24,382	56.60	56.60	836
Nov-10	63.30	55.50	13,658	60.00	56.90	2,980
Dec-10	64.45	56.20	27,507	60.45	59.05	400
Jan-11	64.60	52.25	16,204	59.90	52.00	17
Feb-11	56.95	46.40	41,142	49.00	46.50	52
Mar-11	49.85	42.80	9,230	52.90	45.75	2,840

(viii) Registrar and Share Transfer Agents : M/s.Cameo Corporate Services Limited.
"Subramanian Buildings"
1, Club House Road, Chennai-600 002

(ix) Share Transfer System: Presently the share transfer documents which are received by the Company are processed, approved and kept ready for despatch within 15 days from the date of the receipt.

(x) Distribution of Shareholding as on 31.3.2011:

Share or Debenture holding (Rs.)	No. of shareholders	% to total	Share/ Debenture Amount (Rs.)	% to total
10 – 5000	4087	92.299	69,87,170	22.4195
5001-10000	202	4.5618	15,50,720	4.9757
10001-20000	72	1.6260	10,45,810	3.3556
20001-30000	15	0.3387	3,83,520	1.2305
30001-40000	8	0.1806	2,69,720	0.8654
40001-50000	6	0.1355	2,84,120	0.9116
50001-100000	9	0.2032	6,25,320	2.0064
100001 & above	29	0.6549	2,00,19,120	64.2348
Total	4428	100	3,11,65,500	100

(xi) Shareholding Pattern as on 31.3.2011:

Category	No. of Shares Held	Percentage of Share holding
A. PROMOTER HOLDING		
1. Promoters		
Indian Promoters	16,58,690	53.22%
Foreign Promoters	NIL	
2. Persons acting in concert	NIL	
Sub-Total	16,58,690	53.22%
B. Non-Promoters Holding		
3. Institutional Investors	NIL	NIL
a. Mutual Funds and UTI	NIL	NIL
b. Banks, financial Institutions, Insurance Companies (central/state Govt. Institutions Non-government Institutions)	NIL	NIL
c. FIIs	NIL	NIL
Sub-Total	NIL	NIL
4. a. Private Corporate Bodies	1,62,417	5.214%
b. Indian Public	12,65,493	40.6%
c. Clearing Member	1,904	0.06%
d. Hindu Undivided Family	13,814	0.44%
e. NRI	12,882	0.41%
f. Independent Directors	1,350	0.04%
Sub-Total	14,57,860	46.78%
Grand Total	31,16,550	100.000%

(xii) **Dematerialisation of shares:** The equity shares of the company have been admitted for dematerialization with NSDL and CDSL. The ISIN No. of the Company is INE296D01010. 35.91% of the Company's paid up Equity share capital has been dematerialised upto March 31, 2011.

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

Factories:

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

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

II. Windmill :

Location : Brahmanvel, Dhule District, Maharashtra - 424001

(xiv) Address for Correspondence:

Regd. and Administrative Office:
National Oxygen Limited
80, (Old No.141) Greams Road, Chennai - 600 006.
Phone: 044-28290707 (4 LINES) Fax: (044) 28290770
Email: contact@nolgroup.com
Website : www.nolgroup.com

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

9. Non-Mandatory Requirements:

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

DECLARATION

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

Place: Chennai
Date: 27.07.2011

for National Oxygen Limited,

G.N. SARAF
Managing Director

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

To the Members of

M/S. NATIONAL OXYGEN LIMITED

We have examined the compliance of conditions of corporate governance by M/S. NATIONAL OXYGEN LIMITED for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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

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

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

We further state 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.

Place: Chennai
Date: 27.07.2011

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

Lakshmmi Subramanian
Senior Partner
C.P.No. 1087

ANNEXURE C TO DIRECTORS REPORT --- MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Industry Structure and Developments:**

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

Opportunities:

The customer base is varied, demand in any of the sectors provide Business opportunity which can be exploited.

The implementation of the recently added project has resulted in high quality output, which has resulted in opening of new applications in auto parts and electronics industry.

Threats:

Adverse Exchange Fluctuation may result in increase in Project cost and may result in additional borrowing and may affect the margin.

Continuous increase in Interest rates on Bank Credit Facilities will affect the margin.

Delay in implementation of Project due to Delay in statutory clearances, Shipment of imported plant & machinery may result in Project overrun.

Segmentwise of Productwise Performance:

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

Risks and Concerns:

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

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

Internal Control Systems and their Adequacy:

The company maintains its adequate internal controls to have efficient operations. Also the company maintains all statutory rules, regulations, laws as applicable from time to time and protection of resources and assets.

Weakness:

The smallness of the Organisation undertaking an expansion at a different location immediately after the present expansion, resulting in huge debt exposes Financial Risk.

Strength:

Present strategy was to have a centralized production unit to get the benefit of larger scale of production and lower power tariff. Since the geographical spread of customer has increased and higher demand at longer distance and considering ever increasing transport cost the idea is to establish the additional production capacity plant nearer to the cluster of customers at the furthest marketing area. Accordingly SIPCOT Industrial area at Perundurai near Erode, T.N. has been chosen after detailed market survey. The advantage is twofold. One is we will be able to save in distribution expenses and also cater to the new customer of that area, which presently being not serviced due to capacity constraint. Secondly, additional capacity for marketing to the extent of shifted customer to the new unit i.e. about 30 tpd will be available for the existing plant in Pondicherry, Chennai region and thus optimize distribution expenses for both the plant in addition to market capitalization.

The same Technology established and stabilized successfully has been duplicated in the Further Expansion.

The strategy in marketing is to have a varied customer base across different sector so that there will not be a marked effect on our sales even if one or the other sector has reduced consumption for whatever the reason.

Another important aspect in the industrial gas market is customer satisfaction. In addition, it is a critical input for the customer's productivity. Thus managing the vacuum insulated transport tankers available for liquid distribution is very critical in terms of return for investment and also efficiency of delivery. To have instantaneous data on the location of these tankers, satellite monitoring facility has been incorporated.

The Company is also having expertise in Fabricating Storage Tanks which are cost effective and provide storage at competitive cost.

As for the gaseous oxygen/nitrogen distribution, the strength is not only having huge cylinder population but also their efficient use. This is very important due to heavy investment done on cylinder. Thus cylinder wise and customer wise utilization is monitored continuously by special cylinder management software and it is giving very good results. Nearness to customer results in efficient Cylinder management.

Thus it is the combination of customer satisfaction, best utilization of available capital and human assets and continuously planning strategy for new development, we are always a step ahead of our competitors. And this is the reason; we have 55% of our market share from Government Organization both central and state on long term contract basis.

Material developments in human resources / Industrial relations front:

Being an ISO Company, training on all sectors are given to its employees periodically and motivated to work inline with the development of the industry. The willingness and commitment of the employees help the company to stand toll among its customer in quality and service. The Company has the total employee strength of 116.

**ANNEXURE D TO DIRECTORS REPORT
MANAGING DIRECTOR/ JOINT MANAGING DIRECTOR CERTIFICATION**

Dear Sirs,

In connection with the Audited Financial Results for the Financial Year ended 31st March, 2011, we G.N.Saraf, Chairman cum Managing Director and Rajesh Kumar Saraf, joint Managing Director certify that

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

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

- (b) 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 controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

- (d) We have indicated to the auditors and the audit committee

significant changes in internal control over financial reporting during the year;

significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

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 over financial reporting.

G.N.SARAF
Chairman & Managing Director

RAJESH KUMAR SARAF
Joint Managing Director

AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL OXYGEN LIMITED

We have audited the attached Balance Sheet of **NATIONAL OXYGEN LIMITED** as at 31st March 2011, and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies' Act 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.

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

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. In our opinion, the company has kept proper books of Accounts as required by law so far as appears from our examination of those books;
3. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by the report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of the written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act' 1956.
6. In our opinion, and to the best of our information and according to the explanations given to us, the said Accounts, read together with the 'NOTES' thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India :
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
 - iii) In the case of the Cash Flow Statement of the Cash flows of the Company for the year ended on that date.

Place : Chennai,
Date : 30.05.2011.

**For SINGHI & CO.,
Chartered Accountants
(SUDESH CHORARIA)
Partner
Membership No. 204936
FRNo.302049E**

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date on the Revised Accounts of
NATIONAL OXYGEN LIMITED as at and for the year ended 31st March 2011)

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

ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

- ix) b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 31st March' 2011 in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and other statutory dues for a period of more than six months from the date they became payable;
- ix) c) According to the records of the company and as per the information and explanations provided to us, the dues outstanding (net of Advances) in respect of Sales Tax, Income tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess etc., on account of any dispute, are given below :

Name of the Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute pending
Central Excise Act, 1944	Excise duty demanded on the facility charges being charged	1.06	Sept'2000 to Aug'200	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the partial favourable order passed by Commissioner (Appeals) for Excise duty demanded on the rental / facility charges being charged	4.91	Sept'2000 to Aug'2001	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the favourable order passed by Commissioner (Appeals) for Excise duty demanded on the rental / facility charges being charged	13.11	Aug'2002 to June'2004	CESTAT, Southern Bench
Central Excise Act, 1944	Cenvat credit availed on Cryogenic Tank being disputed	5.98	Mar'2005 to Nov'2005	CESTAT, Southern Bench
Central Excise Act, 1944	Departmental appeal against the favourable order passed by CESTAT in respect of 8% duty demanded on supply to ISRO under Nil rate of duty while availing Cenvat Credit	5.71	2000-01	Madras High Court
Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	0.20	Sept'2006 to Mar'2007	CESTAT, Southern Bench
Central Excise Act, 1944	Excise duty demanded on the Cylinder Holding / facility charges being charged	1.67	May'2006 to Aug'2006	Commissioner (Appeals)
Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	4.09	2002-03 to 2004-05	CESTAT, Southern Bench

ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

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

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

Place : Chennai,
Date : 30.05.2011.

For SINGHI & CO.,
Chartered Accountants
(SUDESH CHORARIA)
Partner
Membership No. 204936
FR No. 302049E

BALANCE SHEET AS AT 31ST MARCH 2011

	Schedule	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCES OF FUNDS			
Share Capital	1	3,11,65,500	3,11,65,500
Reserves & Surplus	2	10,80,66,840	10,53,87,592
		13,92,32,340	13,65,53,092
Loan Funds:			
Loans	3	14,45,61,638	14,42,56,908
Trade Deposits		1,14,75,052	1,07,40,371
Net Deferred Tax Liabilities (Refer Note No.8 of Schedule 12 of Notes)		4,12,56,000	3,91,56,000
TOTAL		33,65,25,030	33,07,06,371
APPLICATION OF FUNDS			
Fixed Assets:			
(a) Gross Block	4	51,63,38,205	48,14,09,654
(b) Less Depreciation		20,31,87,508	17,18,04,364
(c) Net Block		31,31,50,697	30,96,05,290
(d) Capital Work in Progress		-	2,01,575
		31,31,50,697	30,98,06,865
Investments	5	95,500	95,500
Current Assets, Loans & Advances :			
Interest Accrued but not due on Investments & Deposits		9,28,345	8,99,990
Inventories	6	39,41,088	37,66,630
Sundry Debtors	7	2,64,83,154	1,35,82,157
Cash & Bank Balances	8	72,19,720	65,14,572
Loans & Advances	9	2,77,35,050	4,02,57,644
		6,63,07,357	6,50,20,993
Less:			
Current Liabilities & Provisions:			
Current Liabilities	10	1,99,92,398	2,33,59,823
Provisions	11	2,30,36,126	2,08,57,164
		4,30,28,524	4,42,16,987
Net Current Assets		2,32,78,833	2,08,04,006
TOTAL		33,65,25,030	33,07,06,371
NOTES	12		

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

As per our Report annexed,

For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner
Membership No.204936
FR No.302049E

1, Philips Street, Chennai - 600 001.
30.05.2011

G.N.SARAF
Chairman & Managing Director

RAJESH KUMAR SARAF
Joint Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

		<u>For the year ended</u>	
	Schedule	31.03.2011	31.03.2010
		Rs.	Rs.
INCOME			
Gross Sales		19,09,03,402	11,41,84,863
Less: Excise Duty		1,45,21,726	77,28,413
Net Sales		17,63,81,676	10,64,56,450
Sale of Wind Energy		1,18,05,708	1,14,88,332
		18,81,87,384	11,79,44,782
Facility Charges/ Cylinder holding charges etc		22,74,801	12,18,139
Hire charges on Tankers etc.		-	3,00,000
Other Sources	1	8,36,250	55,87,260
TOTAL (A)		19,12,98,435	12,50,50,181
EXPENDITURE			
(Increase)/Decrease in stocks	2	(6,51,849)	8,79,537
Raw Materials consumed	3	64,45,414	1,68,14,121
Manufacturing, Administrative & Selling Expenses	4	12,36,65,791	8,78,81,680
Interest (Net)	5	1,90,01,027	5,51,201
TOTAL (B)		14,84,60,382	10,61,26,539
Balance (A-B) Profit before Depreciation & Taxation		4,28,38,053	1,89,23,642
Depreciation		3,23,36,672	2,01,45,015
Profit /(Loss) before Taxation		1,05,01,381	(12,21,373)
Provision for Income Tax		21,00,000	-
Provision for /(Release of) Deferred Tax		21,00,000	1,17,000
Net Profit/(Loss) for the year		63,01,381	(13,38,373)
Balance brought forward from earlier year		3,09,89,294	4,09,61,837
		3,72,90,675	3,96,23,464
Appropriated as under:			
Transferred to General Reserve		50,00,000	50,00,000
Proposed Dividend (Refer Note No.2 of Schedule 12)		31,16,550	31,16,550
Dividend Tax paid		5,05,582	5,17,620
Balance carried to Balance Sheet		2,86,68,542	3,09,89,294
		3,72,90,675	3,96,23,464
NOTES	12		
Basic & Diluted Earnings per share		2.02	(0.43)

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

As per our Report annexed,
For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner
Membership No.204936
FR No.302049E

1, Philips Street, Chennai - 600 001.
30.05.2011

G.N.SARAF
Chairman & Managing Director

RAJESH KUMAR SARAF
Joint Managing Director

SCHEDULES TO BALANCE SHEET

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1. SHARE CAPITAL		
Authorised		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
Issued & Subscribed		
31,16,550 Equity Shares of Rs.10/- each fully paid up	3,11,65,500	3,11,65,500
Called and Paid up		
* 31,16,550 Equity Shares of Rs.10/- each fully paid up	3,11,65,500	3,11,65,500
* Includes 1,60,000 Equity shares allotted as fully paid up Bonus shares by capitalisation of General Reserve of Rs.16,00,000/-		
	3,11,65,500	3,11,65,500
2. RESERVES & SURPLUS		
Capital Reserve:		
Central outright subsidy As per Last Balance Sheet	40,00,000	40,00,000
Share Premium Account As per Last Balance Sheet	1,04,10,050	1,04,10,050
	1,44,10,050	1,44,10,050
General Reserve:		
As per Last Balance Sheet	5,99,88,248	5,49,88,248
Add: Transferred during the year	50,00,000	50,00,000
	6,49,88,248	5,99,88,248
Profit and Loss Account (As per account annexed)	2,86,68,542	3,09,89,294
	10,80,66,840	10,53,87,592

SCHEDULES TO BALANCE SHEET (Contd...)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
3. LOANS :		
SECURED :		
i) Term Loans :		
From a Bank	13,91,09,268	13,94,50,994
a) Term Loan of Rs.1344.50 Lacs is secured by Equitable Mortgage of Land & Building and hypothecation of the assets acquired for the new Project and further secured by way of first charge on the block of other assets of the company, present and future, and guaranteed by the Managing and Joint Managing Director of the Company		
ii) Cash Credit :		
From a Bank	39,96,955	26,74,664
(Secured by hypothecation of Finished Goods, Raw Materials, Work in Process, Stores & Spares and Book Debts of the Company and second charge on Fixed Assets of the Company and guaranteed by the Managing and Joint Managing Director of the Company)		
iii) Vehicle Loan		
(Secured by hypothecation of specific Vehicles)		
	14,55,415	21,31,250
	14,45,61,638	14,42,56,908

SCHEDULES TO BALANCE SHEET AS AT 31.03.2011 (Contd.)

4. FIXED ASSETS

Particulars of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31.03.2010	Additions during the year	Sale / Adj. during the year	As at 31.03.2011	Upto 31.03.2010	For the year	On Sales / Adj. during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free hold)	2613022			2613022	-	-	-	2613022	2613022	2613022
Land (Lease hold)	3608645			3608645	706361	145232	851593	2757052	2902284	2902284
Buildings	2812144	5701370		33822514	6828215	1034163	7862378	25960137	21292929	21292929
Plant & Machinery & Electrical Installations	330760236	26318154	1295420	355782970	113981958	19046564	890376	223644824	216778278	216778278
Wind Mill	98980000			98980000	43517791	10234532	53752323	45227677	55462209	55462209
Furniture & Fixtures, Office Equipments & Air conditioners	4811457	4225326		9036783	2880547	584117		5572119	1930910	1930910
Motor Lorries, Cars Cycles, Vans etc.	12515149	44690	65568	12494271	3889492	1292064	63152	7375867	8625657	8625657
Total	481409654	36289539	1360988	516338205	171804364	32336672	953528	313187508	309605290	309605290
Capital Work in Progress	201575		201575	-					-	201575
	481611229	36289539	1562563	516338205	171804364	32336672	953528	203187508	313150698	309806865
Previous Year	293868956	187843535	302837	481409654	151962186	20145015	302837	171804364	309806865	

SCHEDULES TO BALANCE SHEET (Contd...)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
5. INVESTMENTS (at cost)		
Long Term :		
Other Than Trade -		
A. In Government Securities :		
(i) National Savings Certificates (Deposited with Government Department)	5,000	5,000
(ii) Indira Vikas Patra	500	500
B. Unquoted:		
9000 Equity Shares of Rs.10/- each of Pondicherry Agro Foods Private Limited.	<u>90,000</u>	<u>90,000</u>
	90,500	90,500
6. INVENTORIES (As certified by the Management)		
Finished Products	10,61,156	3,42,214
Raw Materials	12,04,944	13,75,756
Stores & Spare Parts	16,74,988	20,48,660
	<u>39,41,088</u>	<u>37,66,630</u>
7. SUNDRY DEBTORS (Unsecured)		
More than six months	17,32,659	5,95,004
Other Debts	2,47,50,495	1,29,87,153
	<u>2,64,83,154</u>	<u>1,35,82,157</u>

SCHEDULES TO BALANCE SHEET (Contd...)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
8. CASH & BANK BALANCES		
Cash on Hand (as certified)	61,008	1,31,997
Balances with Nationalised / Scheduled Banks :		
In Current Accounts	17,49,397	5,26,963
In Dividend Warrant Accounts	15,51,182	16,77,021
In Deposit Accounts (Under lien)	38,58,133	41,78,590
	72,19,720	65,14,572
9. LOANS & ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind To Staff and others	1,04,67,966	1,03,06,734
Prepaid Expenses	12,49,935	5,23,588
Advance Income-Tax & Tax Deducted at Source	77,54,128	69,34,597
Balances with Customs & Excise Department	59,49,103	1,81,12,565
Deposits with Government Departments and Others	23,13,919	43,80,161
	2,77,35,050	4,02,57,644
10. CURRENT LIABILITIES		
Sundry Creditors	1,84,48,713	2,16,80,849
<u>Investors Education and Protection Fund</u> Unpaid Dividend	15,43,685	16,78,974
	1,99,92,398	2,33,59,823
11. PROVISIONS		
For Gratuity	28,77,000	27,86,000
For Proposed Dividend (Including Dividend Tax)	36,22,132	36,34,170
For Taxation	1,65,36,994	1,44,36,994
	2,30,36,126	2,08,57,164

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For the year ended	
	31.03.2011	31.03.2010
	Rs.	Rs.
1. OTHER SOURCES		
Dividend Income	9,000	99,068
Profit on sale of Investments	-	14,34,308
Miscellaneous Income & Receipts	1,04,192	1,09,913
Liabilities no longer required written back	-	57,440
Exchange rate differences (Net)	1,04,211	34,26,836
Profit on sale of fixed assets (Net)	6,18,847	4,59,696
	8,36,250	55,87,260
2. (INCREASE)/ DECREASE IN STOCKS		
Closing Stock	10,61,156	3,42,214
Less : Opening Stock	3,42,214	13,14,751
	7,18,942	(9,72,537)
Less :Difference of Excise Duty on Opening and Closing stock	67,093	(93,000)
	6,51,849	(8,79,537)
3. RAW MATERIALS CONSUMED		
Opening Stock	13,75,756	37,32,928
Purchases	62,74,602	1,68,53,199
	76,50,358	2,05,86,127
Less:		
Sales	-	23,96,250
Closing Stock	12,04,944	13,75,756
Balance Consumed	64,45,414	1,68,14,121
4. MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
A) Manufacturing Expenses:		
Stores & Spare parts consumed	66,11,539	38,74,029
Power & Fuel	7,62,73,478	5,47,57,416
Repairs & Maintenance :		
Buildings	12,22,749	6,27,576
Plant & Machinery	7,34,077	17,26,967
Other Assets	-	1,17,071
	8,48,41,843	6,11,03,060

SCHEDULES TO PROFIT & LOSS ACCOUNT (Contd...)

	<u>For the year ended</u>	
	<u>31.03.2011</u>	<u>31.03.2010</u>
	<u>Rs.</u>	<u>Rs.</u>
B) Payments to and Provisions for Employees :		
Salary, Wages, Allowances, Bonus & Gratuity	1,46,99,349	1,08,13,813
Contribution to Provident & Other Funds	15,26,252	12,13,856
Workers & Staff Welfare Expenses	26,18,090	16,83,255
	<u>1,88,43,691</u>	<u>1,37,10,924</u>
C) Other Administrative & Selling Expenses :		
Rent (Net)	3,27,500	3,28,200
Rates & Taxes	2,14,426	2,06,916
Postage Telegram & Telephones	6,02,990	6,62,462
Insurance	5,15,603	3,09,919
Travelling Expenses	18,73,193	6,82,896
Miscellaneous Expenses	54,98,204	33,74,352
Lease Charges	-	1,20,000
Directors' Remuneration	25,55,000	16,80,000
Directors' Sitting Fees	46,250	41,500
Auditors' Remuneration:		
Audit Fees	49,635	49,635
Tax Audit Fees	19,854	19,854
Certification	8,273	8,273
	<u>77,762</u>	<u>77,762</u>
Donation	26,00,000	10,00,000
Previous Year Adjustments (Net)	1,98,314	-
Taxes & duties	11,268	34,109
Transportation Charges (Net)	52,05,469	43,68,768
Advertising & Selling Expenses	2,50,167	1,73,932
Bad Debts written off	4,112	6,880
	<u>1,99,80,257</u>	<u>1,30,67,697</u>
TOTAL(A+B+C)	12,36,65,791	8,78,81,680
5. INTEREST (NET)		
On Term Loan	1,85,33,831	11,09,289
To Bank and Others	7,45,648	2,10,363
	<u>1,92,79,479</u>	<u>13,19,652</u>
Less:		
Interest Income on Deposits etc. (Gross)	2,78,452	7,68,451
(Tax Deducted at Source Rs. 1,38,224/-)		
Previous year Rs. 3,46,564/-)	<u>1,90,01,027</u>	<u>5,51,201</u>

SCHEDULE '12'**SCHEDULE TO BALANCE SHEET & PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2011.****1 SIGNIFICANT ACCOUNTING POLICIES :**

A RECOGNITION OF INCOME & EXPENDITURE: The company follows the Mercantile system of accounting and recognizes Income and Expenditure on accrual basis, except those with significant uncertainties.

B FIXED ASSETS:

- a) Fixed Assets are stated at cost net of cenvat & Value added tax, depreciation and impairment. Cost of acquisition includes duties, taxes, incidental expenses, erection / commissioning expenses and interest etc. upto the date the asset is ready for its intended use.
- b) The Carrying amount of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. The estimated future cash flows considered for determining the value in use, are discounted to their present value at the weighted average cost of capital. Based on the review, the management concluded that there was no indication of any impairment as at the Balance Sheet date.

C DEPRECIATION:

- a) Depreciation is being provided on Straight Line Method as per the rates and the manner specified in Schedule XIV of the Companies Act, 1956. On Addition/Sales Depreciation is being provided on Pro-rata basis. Assets individually costing upto Rs.5000/- are fully charged off in the year of addition.
- b) Lease hold Land is amortized over the lease period.
- c) In case of Impairment, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

D INVESTMENTS:

- a) Quoted / Unquoted Long term Investments are stated at cost unless there is a decline, other than temporary, in the value thereof, which is duly provided for in the Accounts.
- b) Current quoted investments are stated at lower of cost or market value on individual investment basis.

E INVENTORIES:

- a) Finished Goods – At cost (Computed on Annual Weighted Average) or net realisable value which ever is lower
- b) Raw Materials/Stores & Spare Parts – At Cost (Computed on FIFO basis) or net realisable value which ever is lower

F FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded on the basis of exchange rate prevailing at the date of the transaction. Foreign currency monetary items are reported at the year end closing rates. Non monetary items which are carried at historical cost are reported using the exchange rate prevailing at the date of the transaction.

The exchange differences arising on settlement / year end restatement of monetary items are recognized in the Profit & Loss Account in the period in which they arise.

G EMPLOYEE BENEFITS:

Defined Benefits Plans: Gratuity liability is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gain and losses are recognized immediately in the statement of Profit & Loss Account as income or expenses.

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

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

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

J TAXES ON INCOME :

- a) Current Income Tax is provided as per the provisions of the Income tax Act 1961.
- b) Deferred Tax arising on account of timing difference, being the difference between taxable income & accounting income that originate in one period and are capable of reversal in one or more subsequent periods, are recognised at the income tax rates enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realised in subsequent periods.

K PROVISIONS:

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

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

2 Contingent Liabilities not provided for :

- i) Outstanding Bank Guarantees - Rs. 13283063/- (Previous Year – Rs.12366709/-).
- ii) Demands raised by Central Excise, Customs, Sales Tax & other Departments to the tune of Rs.14799767/- (Previous Year Rs.19046901/-) which are being contested by the company. Advance Paid - 322100/- (Previous Year Rs.272250/-)

3 Particulars of Managerial Remuneration :

	2010-11	2009-10
	Rs.	Rs.
Salary	25,55,000	16,80,000
Contribution to Provident Fund	3,06,600	2,01,600
Rent (Net)	76,500	3,12,000
Staff Welfare Expenses	51,498	90,588
Insurance (Personal Accident Insurance)	-	2,992
Value of perquisites as per Income Tax Act.1961	79,200	85,002
	30,68,798	23,72,182

SCHEDULE '12' (Contd...)**4 RELATED PARTY DISCLOSURES :**

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

a) Key Management Personnel of the Company :-

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

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

- i) Pondicherry Agro Foods Pvt. Ltd.
- ii) East Coast Acetylene Pvt. Ltd.

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

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

d) Particulars of transactions during the year :-

Nature of Transactions	Transactions with enterprises over which K.M.P exercise significant influence.		Transactions with Key Management Personnel & relatives of Key Management Personnel	
	2010-11	2009-10	2010-11	2009-10
Purchase of goods	63,651	62,039	-	-
Sale of goods	33,981	27,70,432	-	-
Rental Charges	-	1,20,000	-	-
Transportation Charges	-	6,46,831	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Remuneration of Directors (See Note No.3)	-	-	30,68,798	23,72,182
Rent Paid	-	-	4,80,000	4,80,000
Closing Balances				
Unsecured Loans	-	-	-	-
Sundry Creditors	1,36,968	73,317	-	-
Loans & Advances	-	-	-	-
Investment	90,000	90,000	-	-
Sundry Debtors	1,77,227	2,56,078	-	-

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

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

	2010-11 (Rs. in Lacs)	2009-10 (Rs. in Lacs)
(i) Net Employee Expense /(benefit)		
Current service cost	2.21	1.35
Interest cost on benefit obligation	1.95	1.58
Expected return on plan assets	-	-
Net Actuarial (gain) /loss recognised in the year.	0.28	2.33
Total employer expense recognised in Profit and Loss Account	4.44	5.26

SCHEDULE '12' (Contd...)

	2010-11 (Rs.in Lacs)	2009-10 (Rs.in Lacs)
(ii) Actual return on plan assets	7%	7%
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	28.77	27.86
Fair value of Plan Assets	-	-
Benefit Asset/(Liability)	(28.77)	(27.86)
(iv) Movement in benefit liability		
Opening defined benefit obligation	27.86	22.60
Interest cost	1.95	1.58
Current service cost	2.21	1.35
Benefits paid	(3.53)	(1.50)
Actuarial (gains)/losses on obligation	0.28	3.83
Closing benefit obligation	28.77	27.86
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	-	-
Expected Return on plan assets	-	-
Contribution by employer	3.53	1.50
Actuarial (gains)/losses on obligation	-	-
Benefits paid	(3.53)	(1.50)
Closing fair value of plan assets	-	-
(vi) The principal actuarial assumptions are as follows		
Discount rate	7.00%	7.00%
Salary increase	4.00%	4.00%
(vii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	11.83	8.40
(viii) Major categories of plan assets as a percentage of the fair value of total plan asset	Nil	Nil
(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.		

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

6 Earnings per share :

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

	(In Rupees)	
Particulars	2010-11	2009-10
Profit / (Loss) after taxation	63,01,381	(13,38,373)
Weighted average number of shares outstanding during the year (Nos)	31,16,550	31,16,550
Basic & diluted Earnings per share	2.02	(0.43)
Nominal Value per share	10	10

SCHEDULE '12' (Contd...)**7 Deferred Taxation :**

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

Particulars	2010-11	2009-10
Deferred tax Assets:	Rs.	Rs.
i) Unabsorbed Losses	28,12,000	44,22,000
ii) Expenses allowable against taxable income in future year	11,08,000	10,83,000
	39,20,000	55,05,000
Deferred Tax Liability:		
i) Excess of Net block as per Accounts over the written down value as per the provisions of the Income Tax Act 1961	(4,51,76,000)	(4,46,61,000)
Net Deferred Tax Liability	(4,12,56,000)	(3,91,56,000)

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

9 Segment Reporting**a) Primary segment reporting (by Business Segment)**

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

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

- 2 Information about Business Segments :

[Rs. in Lacs]

Particulars	Industrial Gases		Windmill		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
A Revenue						
Gross Revenue (External)	1786.56	1079.75	118.06	114.88	1904.62	1194.63
Gross Revenue (Internal)	-	-	-	-	-	-
Total Gross Revenue	1786.56	1079.75	118.06	114.88	1904.62	1194.63
B Results						
Segment Result (PBIT)	307.43	(23.14)	14.28	11.11	321.71	(12.04)
Unallocated Corporate Income net of expenses					(26.69)	5.33
Financial Expenses (net)					(190.01)	(5.51)
Profit Before Tax					105.01	(12.21)

SCHEDULE '12' (Contd...)

Particulars	Industrial Gases		Windmill		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Provision for Current Tax					21.00	0.00
Provision for Fringe Benefit Tax					-	0.00
Provision for Deferred Tax					21.00	1.17
Profit after tax					63.01	(13.38)
C Other Information						
i) Total Assets -						
Segment Assets	3154.68	3003.36	479.85	591.81	3634.53	3595.17
Unallocated Corporate assets					161.01	154.07
					3795.54	3749.23
ii) Total Liabilities - (Excluding Deferred Tax Liabilities)						
Segment Liabilities	328.01	351.07	-	-	328.01	352.07
Unallocated Corporate liabilities					1662.64	1640.07
					1990.65	1992.14
iii) Capital expenditure	360.88	1847.60	-	0.89	360.88	1848.49
iv) Depreciation	219.57	97.67	103.80	103.78	323.37	201.45
v) Non cash expenses other than Depreciation						

Note : All Income, Revenue, Assets and Liabilities pertain to a single geographical segment within India. Hence no separate Geographical segment disclosures are required.

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

a. Quantitative Information	For the year		Previous year	
i. Capacity (On Triple Shift basis (in Cum)) Installed (as certified)				
Oxygen / Nitrogen	2,50,00,000		2,50,00,000	
Dissolved Acetylene	2,00,000		2,00,000	
Windmill Energy (in Kwh)	44,00,000		44,00,000	
ii. Production, Sales & Stocks	For the Year		Previous Year	
	Qty. (in CUM)	Value Rs.	Qty. (in CUM)	Value Rs.
OPENING STOCK (NET)				
Oxygen	24,681	1,91,278	55,921	4,19,408
Dissolved Acetylene	706	98,876	1,163	1,55,145
Nitrogen	2,588	20,060	81,353	6,10,148
Others				5,050
		3,10,214		11,89,751
Add : Excise Duty		32,000		1,25,000
PRODUCTION		3,42,214		1314751
Oxygen	98,67,005		51,07,981	
Dissolved Acetylene	45,874		52,138	
Nitrogen	65,80,684		30,69,610	
Windmill Energy (in Kwh)	26,78,467		26,86,762	

SCHEDULE '12' (Contd...)

	For the Year		Previous Year	
	Qty. (in CUM)	Value Rs.	Qty. (in CUM)	Value Rs.
SALES (NET) (*)				
Oxygen	98,45,364	9,33,10,619	51,39,221	5,68,86,195
Dissolved Acetylene	45,543	77,52,334	52,595	95,71,304
Nitrogen	65,30,777	7,49,56,500	31,48,374	3,96,20,252
Others		3,62,223		3,78,700
		<u>17,63,81,676</u>		<u>10,64,56,450</u>
Windmill Energy (in Kwh)	26,78,467	1,18,05,708	26,86,762	1,14,88,332
(*) Includes normal shortage/excess				
CLOSING STOCK (NET)				
Oxygen	46,321	3,68,264	24,681	1,91,278
Dissolved Acetylene	1,037	1,76,457	706	98,876
Nitrogen	52,496	4,17,343	2,588	20,060
Others				-
		<u>9,62,063</u>		<u>3,10,214</u>
Add : Excise Duty		99,093		32,000
		<u>10,61,156</u>		<u>3,42,214</u>
b. Raw Materials Consumed				
Calcium Carbide (kgs.)	1,49,200	50,44,468	1,74,300	52,28,730
Liquid Oxygen (Cu.m)	85,351	9,52,401	4,29,575	37,17,916.25
Liquid Nitrogen (Cu.m)	58,789	4,48,545	8,62,716	78,67,476
Others				
		<u>64,45,414</u>		<u>1,68,14,121</u>
c. C.I.F. Value of Imports				
Capital Goods		-		13,17,15,011
Raw Materials		44,41,804		50,34,620
d. Consumption of Raw Materials, Stores & Spare parts:				
Raw Materials -				
Imported	78%	50,44,468	31%	52,28,730
Indigenous	22%	14,00,946	69%	1,15,85,391
Stores & Spare parts:				
Indigenous	100%	66,11,539	100%	38,74,029
Imported	-	-	-	-
e. Expenditure in Foreign Currency:				
Travelling Expenses		14,85,889		92,925
f. Earnings in Foreign Exchange		NIL		NIL

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

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET & PROFIT & LOSS
ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

	2010-11		2009-10	
A. CASH FLOW FROM OPERATING ACTIVITIES	Rs.	Rs.	Rs.	Rs.
Net Profit / (Loss) before Tax	10501381		(1221373)	
<i>Adjustments for :</i>				
Depreciation	3,23,36,672		2,01,45,015	
Interest Paid	1,92,79,479		13,19,652	
(Profit) /Loss on Sale of Investments	-		(14,34,308)	
(Profit) /Loss on Sale of Fixed Assets	(6,18,847)		(4,59,696)	
Interest & Dividend Income	(2,87,452)		(8,67,519)	
Operating Profit before Working Capital Changes	6,12,11,233		1,74,81,771	
<i>Adjustments for:</i>				
Trade and Other Receivables	4,12,773		(1,90,14,872)	
Inventories	(1,74,458)		32,16,351	
Trade Payable and Provisions	(32,76,425)		1,37,70,513	
Cash Generated from Operations	5,81,73,123		1,54,53,763	
Interest Paid	(1,92,79,479)		(13,19,652)	
Direct Taxes Paid (Net)	(8,19,530)		(6,81,287)	
Net Cash from Operating Activities (A)		3,80,74,114		1,34,52,825
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(3,60,87,964)		(18,48,48,900)	
Sale of Fixed Assets	10,26,306		4,59,696	
Purchase of Investments	-		(3,80,00,000)	
Sale of Investments	-		4,92,01,117	
Interest, Dividend Income	2,87,452		8,67,519	
Net cash from Investing Activities (B)		(3,47,74,206)		(17,23,20,568)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Call in Arrears Realised	-		-	
Proceeds from Long Term Borrowings	1,98,59,283		13,56,07,889	
Proceeds from Short Term Borrowings	13,22,291		26 74 664	
Repayment of Long Term Borrowings	(2,08,76,844)		-	
Repayment of Short Term Borrowings	-		-	
Proceeds /(Repayment) of Trade Deposits	7,34,680		(3,29,977)	
Dividend Paid	(36,34,170)		(36,46,208)	
Net Cash used in Financing Activities (C)		(25,94,760)		13,43,06,368
Net Increase/(Decrease) in Cash and Cash Equivalents		7,05,148		(2,45,61,375)
Cash and Cash Equivalents (opening Balance)		65,14,572		3,10,75,947
Cash and Cash Equivalents (closing Balance)		<u>72,19,720</u>		<u>65,14,572</u>
		<u>7,05,148</u>		<u>(2,45,61,375)</u>

As per our Report annexed,

For SINGHI & CO.,

Chartered Accountants

(SUDESH CHORARIA)

Partner

Membership No. 204936

FR No. 302049E

1, Philips Street, Chennai - 600 001.

30.05.2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Registration No.
 Balance Sheet Date
 Date Month Year

State Code

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

III Position of Mobilisation and Deployment of Fund (Amount in Rs. (Thousands))

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserve & Surplus

Secured Loans

Unsecured Loans

Other Liabilities

Net Deferred Tax Liabilities

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV Performance of Company (Amount in Rs. Thousands)

Turnover & Service Income

Other Income

Total Expenditure

Profit (Loss) Before Tax

Profit (Loss) After Tax

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

Earning Per Share in Rs.

Dividend Rate %

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

Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description
 Item Code No. (ITC Code)
 Product Description

NATIONAL OXYGEN LIMITED

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

PROXY FORM

I / We of being a Member(s) of National Oxygen Limited, hereby appoint of or failing him / her as my / our Proxy to vote for me / us on my / our behalf, at the Thirty Sixth Annual General Meeting of the Company to be held on Saturday, the 3rd September, 2011 at 10.00 a.m. at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai - 600 105 and at any adjournment thereof.

Signed this day of 2011.

Address:

Signature.....

1.Re Revenue Stamp

.....

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

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

NATIONAL OXYGEN LIMITED

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

ATTENDANCE SLIP

I hereby record my Presence at the Thirty Sixth Annual General Meeting of the Company being held at Hotel Kanchi, 28, Commander-in-chief Road, Egmore, Chennai - 600 105 on Saturday, the 3rd September, 2011 at 10.00 a.m.

Full Name of the Member attending / Proxy

Signature

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

NOTE:

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

NATIONAL OXYGEN LIMITED

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

FORM FOR ECS MANDATE / BANK ACCOUNT DETAILS

Members authorization to receive dividends through Electronic Credit Clearing Mechanism :

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

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

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

Yours faithfully

Place:

Date:

(Name and signature of First / Sole Shareholder)

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

Place:

Date:

Signature of the Branch Manager

Note:

- Please send the duly filled in mandate form to :
 - the Depository Participant who is maintaining your demat account in case you hold shares in denaturalized form.
 - the Registrars & Share transfer Agent - M/s. Cameo Corporate Services Ltd., "Subramanian Buildings. 1, Club House Road, Chennai - 600 002, in case you hold shares in physical form.
- Kindly fill in all columns and send if before 22.8.2011 to the Registrar, i.e. M/s. Cameo Corporate Service Ltd. Incomplete forms shall not be entertained.
- The ECS facility is available at present at certain specified cities only.