

ANNUAL REPORT

FOR THE YEAR ENDED 31ST MARCH, 2006



Asiatic Oxygen Ltd.

REGD. OFFICE : 8. B. B. D. BAG (EAST), KOLKATA - 700 001



Board of Directors

SMT. PADMA JALAN, Chairperson & Managing Director
 SHRI SUKHENDU RAY
 SHRI A. K. KANORIA
 SHRI A. C. MUKHERJI
 SHRI A. K. DALMIA
 SHRI H. P. KALIKA

Company Secretary

SHRI SHAMBHU SINGH

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Asiatic Oxygen Ltd.

NOTICE

TO THE MEMBERS

Notice is hereby given that the 44th ANNUAL GENERAL MEETING of the Members of Asiatic Oxygen Limited will be held at the Registered Office of the Company at 8, B.B.D. Bag (East), Kolkata - 700001 on Friday the 8th September, 2006 at 10.30 A.M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive and adopt the Profit & Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date together with the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. C. Mukherji who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sukhendu Ray, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors of the Company and to fix their remuneration.

Registered Office :

8, B.B.D. Bag (East)

Kolkata - 700 001

31st July, 2006

By Order of the Board

SHAMBHU SINGH

Company Secretary

NOTES :

1. A MEMBER, ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective, must be received by the Company not less than 48 hours before the time for holding the Meeting.
2. The Share Transfer Book and the Register of Members of the Company will remain closed from 30th August, 2006 to 8th September, 2006 both days inclusive.
3. Members are requested in their own interest :
 - a) To notify the Company about any change in address with correct Pin code, mandate/bank details.
 - b) To quote correct Folio No./Client I.D. No. and DP I.D. No. in all correspondence with the Company to facilitate better service to the Members.
 - c) To furnish particulars of Share Certificate(s) and Distinctive No. of Shares held by them, if not already sent to the Company.



Asiatic Oxygen Ltd.

- d) To dematerialise the Equity Shares of the Company.
 - e) To make/change nomination in respect of their shareholdings.
4. Members who hold shares in the electronic mode are requested to send the intimation for change of address, to their respective depository participant.
 5. Members holding shares in multiple folios in identical names or joint names are requested to consolidate their shareholdings into one folio.
 6. Appointment / Re-appointment of Directors :

Shri A. C. Mukherji and Shri Sukhendu Ray, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Pusuant to Clause 49 of the Listing Agreement with the stock Exchange(s), following information is furnished about the Directors proposed to be re-appointed.

Brief particulars of Shri A. C. Mukherji :

Shri A. C. Mukherji is a Post Graduate - M.A. (1st Class), Fellow of the Insurance Institute of India (F.I.I.I.) and had attended Senior Management Course at the Administrative Staff College of India, Hyderabad. He retired as Chairman-cum-Managing Director of the New India Assurance Co. Limited (A Central Government owned undertaking) and is about 81 years of age and very active. He has several decades of wide experience and exposure in Management, Finance, Investment, Marketing etc. He has participated in many International Conferences, Seminars and Workshops and served as Chairman / member on several Government - appointed Committees and was a Member of the Advisory Committee of the Insurance Regulatory and Development Authority of India (IRDA) for 5 years. He is presently on the Boards of 8 Public Limited Companies in India and One abroad.

Directorships

Company	Position	Committee Membership held
Titan Industries Ltd.	Director	Audit Committee - Chairman
Kirloskar Pneumatic Co. Ltd.	Director	Audit Committee - Member
Birla VXL Limited	Director	Audit Committee - Chairman
		Share Transfer and Shareholders/Investors' Grievance Committee - Member
Sahara India Life Insurance Co. Ltd.	Director	—
VXL Technologies Limited	Director	—
Aekta Limited	Director	Audit Committee - Member
U. T. Limited	Director	Audit Committee - Chairman
NPR Finance Limited	Director	Audit Committee - Member

Shri A. C. Mukherji does not hold any shares in Asiatic Oxygen Ltd. as on 31st March, 2006



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Brief particulars of Shri Sukhendu Ray

Shri Sukhendu Ray is a Graduate in Science from the University of Calcutta and later qualified as a Chartered Accountant from England. He is presently a Fellow Member of the Institute of Chartered Accountants of England & Wales - FCA (England & Wales).

He has over 33 years experience in corporate finance and general management and his age is about 83 years. For about seven years before his retirement he was the Chief Executive and the Managing Director of Guest Keen Williams Limited, then a major engineering concern, and an associate of the British Multinational GKN Group of UK.

He had been for six years a Member of the India Advisory Board of Standard Chartered Bank, had sat on the Governing bodies of the Indian Institute of Management, Calcutta and the Indian Institute of Social Welfare & Business Management, Calcutta. He had been a Member of the Central Council of the Association of Indian Engineering Industries (now CII) and the Committee of the Bengal Chamber of Commerce & Industry.

Post retirement he had been a Director of many Public Limited Companies and presently is on the Boards of Eight Companies.

Directorships

Company	Position	Committee Membership held
Henkel India Limited	Director	Audit Committee - Member
Nagarjuna Agrichem Limited	Director	Audit Committee - Member
Stone India Limited	Director	Audit Committee - Chairman Share Transfer and Shareholders / Investors' Grievance Committee - Chairman
Consolidated Fibers & Chemicals Ltd.	Director	Audit Committee - Member Share Transfer and Shareholders / Investors' Grievance Committee - Chairman
Unimers India Limited	Director	Audit Committee - Chairman
International Combustion (India) Ltd.	Director	Share Transfer and Shareholders / Investors' Grievance Committee - Member
Henkel Marketing India Ltd.	Director	—

Shri Sukhendu Ray does not hold any shares in Asiatic Oxygen Ltd. as on 31st March, 2006.

Registered Office :
8, B.B.D. Bag (East)
Kolkata - 700 001
31st July, 2006

By Order of the Board
SHAMBHU SINGH
Company Secretary



Asiatic Oxygen Ltd.

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Report together with the Audited Accounts of the Company, for the year ended 31st March, 2006.

FINANCIAL RESULTS

(Rs in lacs)

Surplus for the year before Interest, Depreciation and Taxation	231.48
Interest	(0.11)
Gross Profit before Depreciation & Taxation	231.37
Depreciation for the year	(5.66)
Profit before Taxation for the year	225.71
Provision for Taxation - Current	(11.65)
Provision for Taxation -Deferred	26.90
Provision for Taxation - Fringe Benefit Tax	(2.26)
Profit after Taxation	238.70
Balance Brought forward from the previous year	2.69
Balance available for appropriation	241.39
Transferred to General Reserve	230.00
Balance Carried to Balance Sheet	11.39

DIVIDEND

In order to conserve resources for growth, your Directors have decided not to recommend any dividend.

OPERATIONS

Sales and Other Income for the year were Rs. 642.23 Lacs as against the previous year of Rs. 527.81 Lacs. Surplus before Interest, Depreciation and Taxation was Rs. 231.48 Lacs compared to Rs. 107.91 Lacs for the previous year. Net Profit for the year before Taxation was Rs. 225.71 Lacs as against Profit of Rs. 100.64 Lacs for the previous year.



Asiatic Oxygen Ltd.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Public during the year under review.

PARTICULARS OF EMPLOYEES

No employee of the Company is in receipt of the remuneration prescribed under Section 217(2A) of the Companies Act, 1956.

LISTING OF SHARES

The Equity shares of the Company are listed with Calcutta Stock Exchange. The Listing Fee for the Current Year has been paid.

CODE OF CONDUCT

In terms of requirement of Clause 49 of the Listing Agreement, the Company, its Management Personnel and the Members of the Board have complied with the Code of Conduct as laid down by the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, Directors state and confirm :-

- i) that in preparation of the Accounts for the year ended 31st March, 2006, the applicable accounting standards have been followed ;
- ii) that they selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state-of-affairs of the Company at the end of aforesaid financial year and of the Profit/Loss of the Company for the year ended on that date ;
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) that the Directors have prepared the Accounts for the year ended 31st March, 2006 on a going concern basis.



CORPORATE GOVERNANCE

A separate report on Corporate Governance is included in the Annual Report and a certificate from the Company's Auditors' certifying the compliance of conditions on Corporate Governance as stipulated in the said Clause 49 of the Listing Agreement is annexed thereto. Relevant provisions of the Companies Act, 1956 are also complied with.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sarvashree A. C. Mukherji and Sukhendu Ray, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS

M/s S B Dandekar & Co., Auditors of the Company, retire and are eligible for re-appointment.

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

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

APPRECIATION

The Directors wish to place on record their appreciation of the co-operation received from all the employees and wish to thank them for their sincere efforts and loyalty.

Kolkata,
The 31st day of July, 2006

For & On behalf of the
Board of Directors
PADMA JALAN
Chairperson



Asiatic Oxygen Ltd.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2006.

A. CONSERVATION OF ENERGY

Energy Conservation measures taken

The Company has been making continuous efforts to bring the power, fuel and furnace oil consumption per unit to a possible minimum per unit.

B. TECHNOLOGY ABSORPTION

(1) Research & Development (R&D)

- (a) The Company is not carrying out any Research and Development
- (b) Future Plan and Action - None
- (c) Expenditure on R&D - Nil

(2) Technology absorption.

The company has not imported any technology.

C. FOREIGN EXCHANGE

The total Foreign Exchange outgo during the year ended 31st March, 2006 was Rs. 4.28 Lacs.



Asiatic Oxygen Ltd.

CORPORATE GOVERNANCE REPORT**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company believes and is committed to good Corporate Governance and has complied with all the material aspects of the requirement specified in Listing Agreement with the Stock Exchange.

2. BOARD OF DIRECTORS :

A) The Board of Directors of the Company consists of 6 members comprising :

- a) One Chairperson and Managing Director
- b) Five Non-Executive Independent Directors

B) Attendance of each Director at the Board of Directors' Meetings :

In all 5 Board Meetings were held during the financial year 2005-06 on 22.04.05, 28.07.05, 08.09.05, 22.10.05 and 21.01.06

The attendance of the Directors is as under :

Name of the Director	Category	No. of Board Meetings Attended	Attendance at the last AGM	No. of other Directorship	No. of Membership/Chairmanship of other Companies mandatory Committees	
					Membership	Chairmanship
Smt. Padma Jalan	Chairperson & Managing Director	5	YES	1	NIL	NIL
Shri A K Kanoria	Non Executive Independent Director	5	YES	4	NIL	NIL
Shri A.C. Mukherji	-do-	4	YES	8	4	3
Shri Sukhendu Ray	-do-	5	YES	7	4	4
Shri Arun Kr. Dalmia	-do-	5	YES	2	NIL	NIL
Shri H.P. Kalika	-do-	5	YES	1	NIL	NIL

3. AUDIT COMMITTEE :

The Audit Committee consists of 3 Non-Executive Independent Directors viz. Shri Sukhendu Ray, Shri A.C. Mukherji and Shri H.P. Kalika. The Company Secretary acts as Secretary to the Committee.

During the financial year ended 31st March, 2006 four meetings were held on 22.04.05, 28.07.05, 22.10.05 and 21.01.06.

The attendance was as under :

Name of the Director		Meetings attended
Shri Sukhendu Ray	Chairman	4
Shri A.C. Mukherji	Member Director	3
Shri H.P. Kalika	Member Director	4

4. SHARE TRANSFER AND SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE :

The Chairman and the Members of the Committee named below are all Non-Executive and Independent Directors.