

EASTERN GASES LIMITED

21st Annual Report
2015-2016





CORPORATE OVERVIEW

BOARD OF DIRECTORS:

Mr. Sushil Kr. Bhansali

Chairman, M.D.

Mr. Manish Yadav

Independent Director

Smt. Manika Mukherjee

Independent Director

CHIEF FINANCIAL OFFICER

Mr. Ranjeet Kochar

COMPANY SECRETARY

Ms. Divya Singh

AUDITORS

M/s C B C & ASSOCIATES.,

Chartered Accountants

REGISTERED OFFICE

43 Palace Court, 1 Kyd Street

Kolkata - 700 016

Ph: 033-22299897 / 8606

Fax: 033-22496826

CORPORATE IDENTIFICATION NUMBER

L40200WB1995PLC068251

WEB SITE & E-MAIL

www.eastgas.in

info@eastgas.in

BOTTLING PLANTS

West Bengal

1. Address: De-Gaul Avenue,
Vill: Khairasole, Durgapur,
Dist.: Burdwan (W.B.)

Karnataka

2. Address: Survey no 124/1, Budihal,
Vill: Nelamangala, Taluk
Dist: Bangalore Rural District,
Bangalore-562123

Telangana

3. Address: House No 240, Block 3
Vill: Bibi Nagar, Nalgonda
Dist: Hydrebad -508126
Telangana

BANKERS

DBS Bank

Axis Bank

Central Bank of India

ICICI Bank Ltd.

RETAIL OUTLET

Location: Paschim Medinipur

REGISTRAR & SHARE TRANSFER AGENT

Name of Registrar: S.K. Infosolutions Pvt. Ltd.

Address: 34/1A, Sudhir Chatterjee Street,
Kolkata 700006

Phone: +91-33-22196797 / 4819

Fax: +91-33-22194815

Email: mail@skcomputers.net

CONTENTS

03. Notice
08. Performance at a Glance
09. Directors Report
13. Management Discussion and Analysis
15. Corporate Governance
38. Independent Auditor's Report
45. Balance Sheet
46. Statement of Profit & Loss
47. Cash Flow Statement
49. Notes to Accounts

**NOTICE OF 21st ANNUAL GENERAL MEETING**

Notice is hereby given that the **21st ANNUAL GENERAL MEETING** of the Company will be held on the 30th day of September, 2016 at 10.30 am. at Smriti Charitable Medical Centre, 81, K.P.Roy Lane, Haltu, Kolkata – 700078 to transact the following business:

ORDINARY BUSINESS:**1) ADOPTION OF FINANCIAL STATEMENTS:**

To consider and adopt The Financial Statements of the Company for the year ended 31st March 2016 and Reports of the Board of Directors and Auditors thereon.

2) DECLARATION OF DIVIDEND

To declare a final Dividend of Rs. 0.20 per equity share for the financial year ended March 31st 2016.

3) RE-APPOINTMENT OF AUDITOR:

To consider and, if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, M/s. C B C & Associates., Chartered Accountants, (FRN No. 325794E), retiring auditor of the Company be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of Twenty First (21st) Annual General Meeting until the conclusion of the Twenty Sixth(26th) Annual General Meeting of the Company, subject to ratification of the appointment by the Members of the Company at every Annual General Meeting as per the provisions of the Companies Act, 2013, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors

SPECIAL BUSINESS:**4)REGULARISING THE APPOINTMENT OF MR. MANISH YADAV AS NON EXECUTIVE INDEPENDENT DIRECTOR**

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

Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 160 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, and subject to the approval of shareholders in general meeting, Mr. Manish Yadav who was appointed as an Additional Non Executive Independent Director in the meeting of the Board of Directors held on 11th July '2016 and whose term expires at the ensuing Annual General Meeting of the company and for the appointment of whom the Company has received a notice in writing proposing her candidature for the office of the Non-Executive Independent Director whose period of office will be for next 5 consecutive years w.e.f 1st October' 2016 to 30th September' 2021 not be liable to determination by retirement of directors by rotation."

"RESOLVED FURTHER THAT Sushil Kumar Bhansali, director of the company be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."



NOTES

- 1).The Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
- 2).A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a Poll on his behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be deposited at the Registered Office of the Company not less than Forty Eight Hours before the commencement of this Annual General Meeting. A Person can act as proxy on behalf of the members not exceeding fifty and holding aggregate not more than ten percent of the total share capital of the company carrying voting rights.
- 3).The Register of Members and Share Transfer Books of the Company will be closed from 24th September 2016 to 30th September, 2016 (both days inclusive).
- 4).Members are requested to produce the enclosed Attendance Slip at the entrance of the Hall and bring their copies of Annual Reports to the Meeting.
- 5).Members are requested to notify any change in their address immediately quoting their folio no(s) to the Company's Investor Cell.
- 6).The Notice of the AGM along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. The Annual Report of the Company is also available on the website of the Company - www.eastgas.co.in
- 7).To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with company/depositors.
- 8). In compliance with the provisions of section 108 of the Act and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

The instructions for shareholders voting electronically are as under:

Voting through electronic means

- 1.In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of Listing Agreement the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- I. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- II. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM) but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on 26th September, 2016 (10:00 am) and ends on 29th September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- IV. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.



- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of " Eastern Gases Limited"
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to dksinco@yahoo.com with a copy marked to evoting@nsdl.co.in
- B. In case a Member receives physical copy of the Notice of AGM) [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM):
- | <u>EVEN (Remote e-voting Event Number)</u> | <u>USER ID</u> | <u>PASSWORD/PIN</u> |
|--|-----------------------|----------------------------|
| (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote. | | |
- V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 - VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote
 - VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
 - IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
 - X. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
 - XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
 - XII. Mr. Dilip Kumar Sarawagi, Practicing Company Secretary in whole time practice (Membership No. ACS 13020), has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
 - XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
 - XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's



report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.eastgas.co.in and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai & CSE Kolkata.

Other Instructions:

i. The e-voting period commences on 26th September 2016, (10.00 a.m.) and ends on September 29, 2016 (5.00 p.m). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 23rd September, 2016, may cast their vote electronically. The e-voting module shall be disabled by NDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 23rd Day of September, 2016.

iii.. The results declared along with the Scrutinizer's Report shall be placed on the website of the company www.eastgas.co.in two days of the passing of the resolutions at the 21st AGM of the Company on September 30, 2016 and communicated to the CSE & BSE Limited, where the shares of the Company are listed & traded.

By order of the Board of Directors
For EASTERN GASES LIMITED

Sd/-

S.K BHANSALI

Director

(DIN:00344931)

Place: Kolkata

Dated: 3rd Sept'2016



Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No :4

The Board considered the appointment of Additional director in the board as mentioned in terms of section 161(1) of the Companies Act 2013 and was of the view that the proposed director fulfills the criteria of independence as mentioned in the above provisions and can be appointed as Independent Director. The proposed Director possesses requisite qualifications, appropriate skills experience and knowledge. The Board has recommended her appointment as Non-Executive Independent Director of the Company to hold office for a term of five consecutive years commencing from the date of ensuing Annual General meeting of the Company.

(ANNEXURE TO NOTICE DATED 3RD SEPTEMBER' 2016)

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (PURSUANT TO SEBI (LISTING AND DISCLOSURE REQUIREMENTS), REGULATION 2015

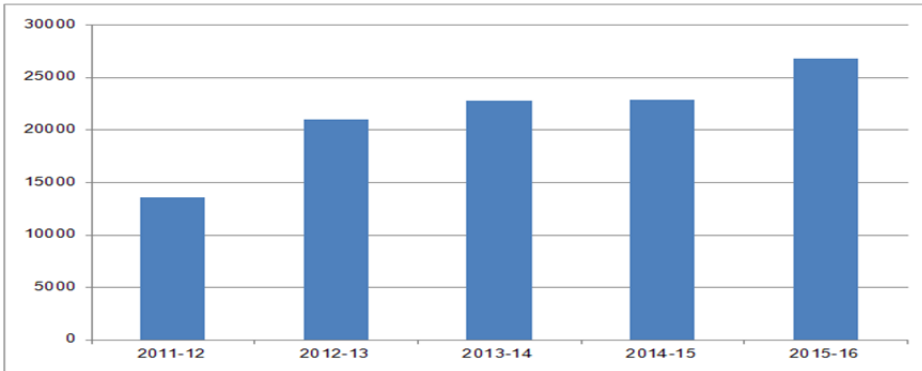
Name of the Director	Manish Yadav
Age	41 Years
Qualifications	Graduate
Appointment Date	11-07-2016
Expertise	He has more than 10 years of experience in this industry.
Directorships held in other public companies (excluding foreign companies)	1
Chairman/Member of the Committee of the Board of Directors of the Company	Nil
Chairman/Member of the Committee of the Directors of other companies in which he is a Directors	Nil
Shareholding of Non-Executive Directors	Nil
Relationship between Directors inter-se	Nil

Place: Kolkata
Dated: 3rd Sept'2016

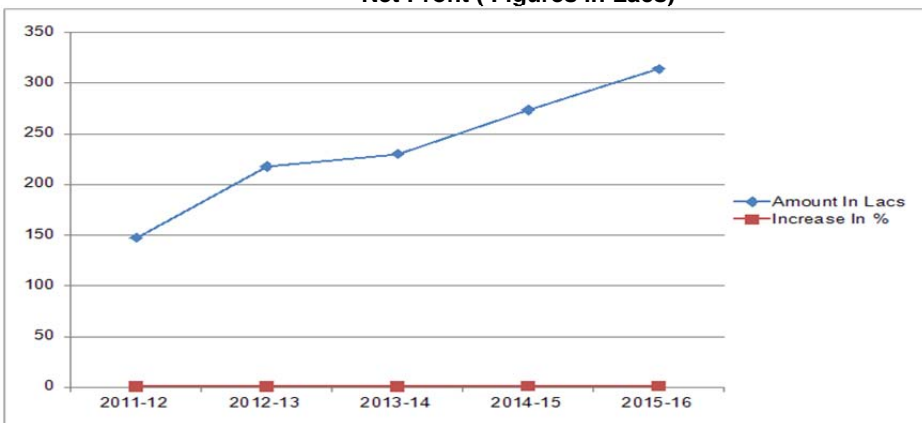
By order of the Board of Directors
For EASTERN GASES LIMITED
S.K BHANSALI
Director
(DIN:00344931)

PERFORMANCE AT A GLANCE

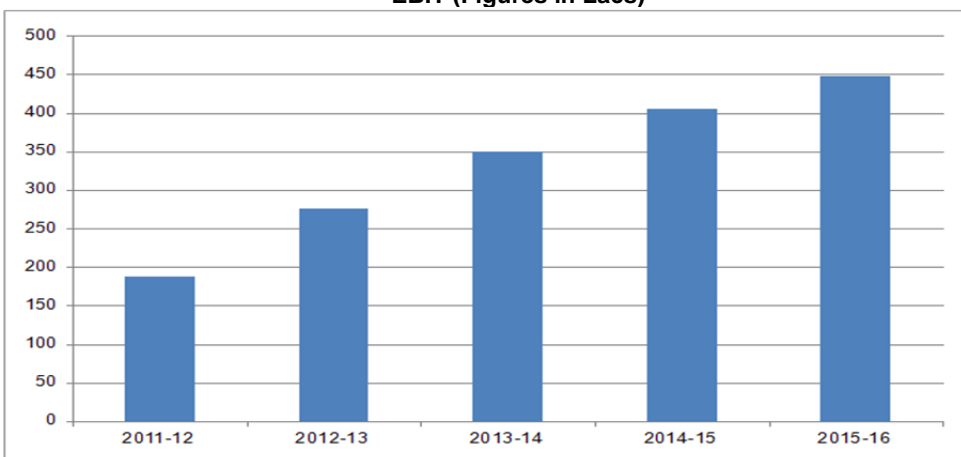
Net Sales (Figures in Lacs)



Net Profit (Figures in Lacs)



EBIT (Figures in Lacs)





DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

On behalf of the Board of Directors, it is my privilege and honor to place before you the 21st Annual Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2016.

	Rs in Lacs	
	2015-16	2014-15
Total Revenue	26882.03	22975.05
Profit before Interest, Depreciation & Taxation	1259.48	1092.39
Interest	699.52	574.85
Depreciation	112.68	112.68
Profit before tax	447.28	404.86
Less: Provision for Taxation	133.20	131.36
Profit after Tax	314.08	273.50
Less: Proposed Dividend on equity Share	30.00	-
Dividend distribution Tax on Proposed Dividend	4.50	-
Add: Balance Brought Forward	1101.53	828.03
Securities Premium	450.11	450.11
Surplus carried to Balance Sheet	1831.22	1551.64

BUSINESS PERFORMANCE:

The financial year 2015-16 witnessed the results of recent internal improvement programs and also reflected the positivity of the macro environment. Your Directors are pleased to report that in spite of being one of the most challenging years in the last decade the company maintained persistent growth in the year. You shall be happy to note that during the period 2015-16, your Company has achieved a substantial growth, both in turnover and profits.

Net Sales increased by.....17.26% to Rs. 268 crs
 PBDIT increased by.....15.25% to Rs. 1259lacs
 Profit before tax increased by.....10.47% to Rs. 447.28 lacs
 Net Profit increased by.....14.84% to Rs.314.08 lacs

FUTURE OUTLOOK

With the new government policy PAHAL (DBTL) Scheme it has able to restrict the black marketing of subsidies LPG and thereby saves Rs 10,000 crores. It has predominantly increased the sale of cylinders at market price and thereby a huge opportunity to the parallel marketers to play. According to Ministry of Petroleum and Natural Gas (MoPNG) demand for non-subsidies cylinders grew 30.82% during this period.

The success of the modified scheme helped fuel parallel marketing companies to gain significance growth in LPG. The Company expects a good growth in this segment as the companies are turning into eco- friendly LPG/CNG/Propane/Butane. The Management has taken adequate steps to cater the future demand for consolidating its position in the market. The new Bottling plants at Bangalore and Hyderabad are adding good gain to the future prospect of the company and your company further planning to set up/or purchase more Bottling Plant/Auto LPG Retail Outlets (Dispensing Stations) which will require substantial investment in future. The company is evaluating all the options to propel its expansion plans.

A. BOTTLING SEGMENT

The company caters the commercial cylinder market of West Bengal, Bihar and Orissa from its own bottling plant situated at Durgapur. The company already set up new LPG bottling plant at strategically potential locations to cover Central and Southern India as well for marketing its "EAST GAS" brand commercial LPG cylinders. Your company has started two new LPG bottling plants at Bangalore & Hyderabad with its vision of pan India presence. This will add to



company's presence in Domestic, Commercial and Industrial segment. With various government checks on Domestic LPG supplies the company expects that the Domestic sector will also open up as Good Avenue in years to come.

B. BULK LPG

The Company expects good growth in this segment due to the conversion of major industries from Coal/ other alternate fuels to LPG/Propane due to Environment concerns. LPG being a cleaner and cheaper fuel is preferred choice of the Industrial Customers. The company is also exploring opportunities throughout India as usage of LPG in Industrial houses is growing.

C. AUTO LPG

The Companies own Auto LPG Retail Outlet (ALRO) is already running in Paschim Medinipur, West Bengal and the company has a plan to start three more ALRO at Bagnan, Delhi Road & Chandannagar in West Bengal by this year and make the chain of 100 ALRO's throughout India in coming years.

DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs. 0.20/- per equity share on face value of Rs. 10/-each for the year ended March 31, 2016.

INSURANCE

The Assets of the Company including building, plant & machinery, etc are adequately insured for all its units.

INDEPENDENT DIRECTORS

The Board considered the appointment of Mr. Manish Yadav, Independent director in the board as mentioned in terms of section 149(1) of the Companies Act 2013 and presently Smt. Manika Mukherjee is the Independent Directors of the Company.

BOARD EVALUATION:

The Board considered the independence of each of the above mentioned Directors in terms of section 149 and schedule IV to the Companies Act 2013 and regulation 25 of SEBI (Listing Obligations & Disclosure Requirements), Regulation 2015 and was of the view that the directors fulfill the criteria of independence as mentioned in the above provisions. A structure of questionnaire was prepared after taking into consideration various aspects of Board's functioning. The performance evaluation of Independent Directors was carried out by the Independent directors and the Board of Directors expressed their satisfaction with the evaluation process.

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s. C B C & ASSOCIATES. Chartered Accountants, were re-appointed for period of 5 years till 31st March, 2021 and their appointed is ratified in the ensuing Annual General Meeting.

AUDITOR'S REPORT

The Board has duly examined the Statutory Auditors' Report to the accounts and clarifications, wherever necessary, have been included in the Notes to the Accounts section of the Annual Report.

FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013, and the rules made there under.

SHARE CAPITAL

During the year 2015-16 there was no further issue of share capital.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed discussion of the industry structure as well as on the financial and operational performance is contained in the ' Management Discussion and Analysis Report'(Annexure - 1)