

ANNUAL

Report  Junction.com

2006-07

**ELLENBARRIE
INDUSTRIAL GASES LTD**



ELLENBARRIE INDUSTRIAL GASES LTD

DIRECTORS

Shri Shanti Prasad Agarwala, *Managing Director*
Shri Padam Kumar Agarwala, *Executive Director*
Shri Indrajit Mookerjee, *Director, Technical and Planning*
Shri Ajit Khandelwal
Shri Samindra Kumar Gupta
Shri Manas Kumar Dutta
Shri Sovan Kumar Dutta, *Nominee of WBFC*

AUDITORS

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

SECRETARY

Shri Anjan Kumar Bandyopadhyay

REGISTERED OFFICE

3A, Ripon Street
Kolkata-700 016

FACTORY

Kalyani Works
Block 'D', Plot 25
Kalyani Industrial Estate
P.O. Kalyani, Dist. Nadia
West Bengal

Uluberia Works

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

PRINCIPAL BANKER

Bank of Baroda



NOTICE

Notice is hereby given that Thirty Third Annual General Meeting of the Company will be held at the Registered Office at 3A, Ripon Street, Kolkata-700 016 on Saturday the 29th September, 2007 at 11.00 A. M.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2007 and also the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in place of Shri Ajit Khandelwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Samindra Kumar Gupta who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s. A. K. Kumar & Company, Chartered Accountant as Statutory Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.
5. To declare dividend on Equity Shares for the year ended 31st March, 2007.

SPECIAL BUSINESS

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

"RESOLVED that Mr. Manas Kumar Dutta who was appointed by the Board of Directors as an Additional Director of the Company with effect from 5th October 2006 and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act and in respect of whom the Company has received a Notice in writing under section 257 of the Companies Act from a member proposing his candidature for the office of Director be and is hereby appointed as a director liable to retire by rotation."

Registered Office :

3A, Ripon Street

Kolkata - 700 016

Dated : 1st day of September, 2007

By Order of the Board

S. P. AGARWALA

Managing Director

NOTES :

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a Member of the Company.
Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time for holding this Annual General Meeting.
- b. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 2007 to 29th September, 2007 (both days inclusive).
- c. The Dividend for the year ended 31st March, 2007 if sanctioned at the meeting will be payable to those Members whose names appear in the Company's Register of Members as on 29th September, 2007.
- d. The Equity Shares of the Company can be dematerialised by the Shareholders under IS IN INE236E with National Securities Depository LTD (NSDL) or Central Depository Services (India) LTD (CDSL) for which they may contact the depository participant of either of the above depositories.
- e. Shareholders who hold Shares in dematerialised form may please note that Company mandatorily will be printing on the dividend warrants as advised by the Securities and Exchange Board of India

NOTICE (Contd.)

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

- f. Shareholders who continue to hold shares in physical form are requested to intimate any change in their address to the Registrars and Share Transfer agent immediately. Shareholders holding shares in dematerialised form are required to get their change of address recorded with their Depository participant.
- g. The relative explanatory Statement, pursuant to Section 173(2) of the Companies Act 1956 in respect of the business under Item No. 6 is attached herewith.
- h. Information regarding reappointment of Directors as required under Clause 49 of the listing agreement :-

MR. AJIT KHANDELWAL is a Director of several Public Limited Companies and Private Limited Companies. He is the Managing Director of BNK Capital Markets Ltd. He has extensive training and experience in the basics of financial management and has 27 years of experience to his credit in Stock broking, investment advisory, merchant Banking and equity research.

Except Mr. Ajit Khandelwal, none of the other Directors is interested in the proposed resolution. Directors recommend the resolution for approval.

MR. SAMINDRA KUMAR GUPTA is a honours graduate in Economics from Calcutta University and also a Law Graduate from the same University. He had held responsible position in State Bank of India in his Service Career. Later he became a finance Consultant and handled the problems of small and large industrial houses. He is a Director of several Companies and has 60 years of experience to his credit in areas of Banking and finance.

Except Mr. Samindra Kumar Gupta, none of the other Directors is interested in the proposed resolution. Directors recommend the resolution for approval.

EXPLANATORY STATEMENT**Item No. 6**

MR. MANAS KUMAR DUTTA who was appointed by the Board as an additional Director at its meeting held on 5th October 2006, will hold office upto the date of this Annual General Meeting in accordance with Section 260 of the Companies Act.

The Company has received a Notice in writing from a member under Section 257 of the Companies Act proposing his candidature for the office of Director. Mr. Manas Kumar Dutta is a fellow member of the Institute of Chartered Accountant of India since 1969 and he has wide experience in diverse nature of Industries. He is on the Board of 1) SHIMANSU VYAPARIKENDRA LTD. 2) KRICO TRADERS LTD.

Except Mr. Manas Kumar Dutta, no other Director is interested in the resolution.

Directors recommend the resolution for approval.

Registered Office :
3A, Ripon Street
Kolkata - 700 016

Dated : 1st day of September, 2007

By Order of the Board

S. P. AGARWALA
Managing Director



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors are pleased to present their Thirty third Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

(Rs. in lacs)

| | <u>2006-07</u> | <u>2005-06</u> |
|--|----------------|----------------|
| Total Revenue | 4,766.69 | 3,181.34 |
| Turnover | 4,366.63 | 2,757.76 |
| Other Income | 400.06 | 423.58 |
| Profit before Taxation | 640.55 | 209.89 |
| Provision for Taxation | 106.60 | 16.00 |
| Deferred Tax | 25.40 | 108.07 |
| Fringe Benefit Tax | 2.60 | 2.48 |
| Balance brought forward from Previous year | 46.93 | 23.92 |
| Profit available for appropriation | 552.87 | 107.25 |

APPROPRIATION

| | | |
|-----------------------------|--------|-------|
| Dividend | 65.47 | 32.73 |
| Dividend Tax | 11.13 | 4.59 |
| Transfer to General Reserve | 450.00 | 23.00 |
| Balance carried forward | 26.27 | 46.93 |

BUSINESS PERFORMANCE

Your company completed a highly successful period of operations in 2006-2007. During this period profit before Taxation was increased to Rs. 640.55 lacs as compared to Rs. 209.89 lacs in the previous year. The Company is aggressively pursuing various growth opportunities in existing/and allied area of activity. Higher capacity utilisation, better operational efficiency and strategic direction were responsible for achieving highly successful year.

FUTURE PROSPECTS

Date to growth of Industrial activities in India, there will be steady increase in market demand for Industrial gases particularly in Industries such as Steel, metallurgical, glass, oil, electronics, fibre optics, Food and healthcare segment.

In view of rising demand for Industrial gases and expected enhancement of activities of the Company

**ELLENBARRIE
INDUSTRIAL GASES LTD****DIRECTORS' REPORT (Contd.)**

Sri Indrajit Mookerjee, B.Tech (Hons) M.S. U.S.A. who had 36 years of experience in India and abroad at a very senior level including the position of Managing Director of Praxair India and India Foils, has been appointed as Director (Technical and Planning) of the Company with effect from 27.3.2007.

The Company has an ambitious plan for future expansion of manufacture of Industrial gases. Of late the Company has purchased land at Vishakapatnam for installation of large tonnage plant which will cater to the requirements of Southern part of India. Thus the Company hitherto concentrating on business in Eastern part of India will expand its horizon in Southern Part in the near future.

DIVIDENDS

Your directors are pleased to recommend dividend @ 10% which together with dividend tax will absorb Rs. 76.60 lacs. On your approval, the dividend will be disbursed to the members whose names will appear on the register of members of the Company on 29th September 2007.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on representations received from the operating management confirm :

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departure.
2. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the financial year ended on 31st March, 2007.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Annual Accounts have been prepared on a going concern basis.

EMPLOYEE RELATIONS

Relation between Employees and management continued to be cordial during the year. There being no employees of the Company exceeding the limit specified under Section 217 (2A) of the Companies Act, 1956 read with rules thereunder, the Company is not required to furnish such information.

DIRECTORS

In accordance with provisions of Companies Act, 1956 read with Articles of Association of the Company — Shri Samindra Kumar Gupta and Shri Ajit Khandelwal retire by rotation and being eligible, offer themselves for re-appointment.



DIRECTORS' REPORT (Contd.)

AUDITORS

The observations made in the Auditors report are self explanatory and do not call for any further comments. M/s. A. K. Kumar & Co., Chartered Accountants and Auditors of the Company, retire, and being eligible, offer themselves for appointment.

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

1. The Company has been able to improve the power factor by installing capacitor at Uluberia plant.
2. On-going energy conservation measures such as demand management by close monitoring of Finished Goods inventory level and market offtake.
3. Foreign Exchange Earning — Nil
Foreign Exchange Expenditure — Rs. 20,91,132

MD/CFO CERTIFICATION

As per the requirements of Clause 49 of the listing agreement on Code of Corporate Governance, the certification made in the prescribed format in respect of the financial Statements and Cash Flow Statements for the financial year ended 31st March 2007 is annexed herewith as Annexure 'A'.

MANAGEMENT DISCUSSION AND ANALYSIS

The Annexed Management discussion and Analysis form a part of this report and covers, amongst other matters, the performance of the Company during the financial year as well as future outlook.

CORPORATE GOVERNANCE REPORT FOR THE YEAR

Corporate Governance report for the period ended 31st March 2007 as required by Clause 49 of the listing agreement together with the certificate of the Statutory Auditor is annexed herewith.

ACKNOWLEDGMENT

Your Directors wish to place on record their appreciation of the support provided by Companies Bankers. We deeply acknowledge the dedication and commitment of employees at all levels. We take this opportunity to thank all valued customers.

Your Directors convey their grateful thanks to the Government Authorities, Shareholders, Distributors and Dealers for their Continued Assistance, Co-operation and patronage.

For and on behalf of the Board

Kolkata - 700 016

Dated : 1st day of September, 2007

S. P. AGARWALA
Managing Director

ANNEXURE - 'A' TO THE DIRECTORS' REPORT

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

MD/CFO Certification

- (a) We have reviewed financial statements and the Cash Flow Statement for the year and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially unfare statement or any material fact or Statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable Laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of conduct.
- (c) We accept responsibility for establishing and maintaining internal control and that we have evaluated the effectiveness of the Internal Control Systems of the Company and have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :
 - (i) Significant changes in internal Control during the year.
 - (ii) Significant changes in Accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein if any of the management or an employee having a significant role in the Company's internal Control System, if any.

Kolkata - 700 016
Dated : 1st day of September, 2007

S. P. AGARWALA
Managing Director

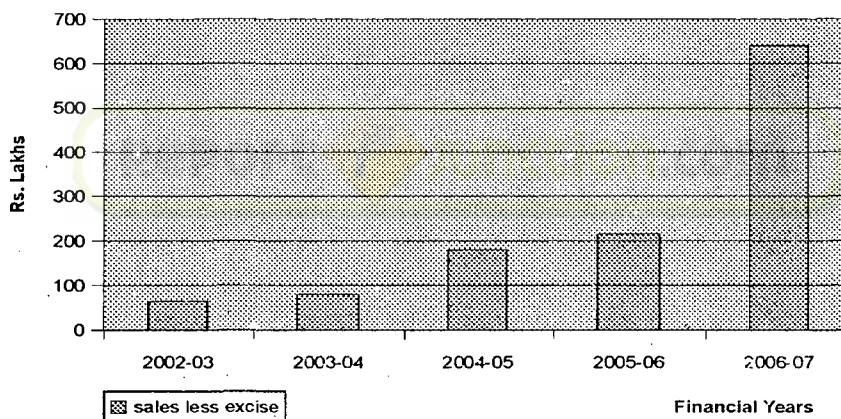
T. GHOSH



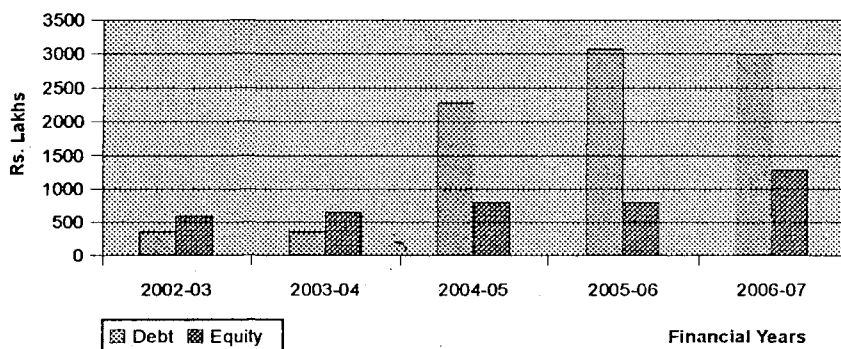
Sales less Excise



Profit before Tax



Debt Equity Chart



**ELLENBARRIE
INDUSTRIAL GASES LTD****MANAGEMENT DISCUSSION AND ANALYSIS**

We submit here management discussion and analysis on the business of the Company.

MANAGEMENT PHILOSOPHY

Our philosophy is to supply high quality product and provide the best possible service to our customers. Continuous effort is made to upgrade plant efficiency through modern and latest technology. Management focus is given on reduction of cost and improvement of productivity.

PRODUCTIVE PERFORMANCE

| | | <u>2006-07</u> | <u>2005-06</u> |
|---------------------|------------|----------------|----------------|
| | | cum | cum |
| Oxygen | Production | 2,39,29,144 | 1,28,73,468 |
| | Sales | 2,39,31,038 | 1,28,72,838 |
| Nitrogen | Production | 38,32,182 | 17,07,641 |
| | Sales | 38,21,584 | 17,05,738 |
| Argon | Production | 1,89,403 | 1,05,179 |
| | Sales | 1,89,701 | 1,02,684 |
| Dissolved Acetylene | Production | 1,16,749 | 1,15,932 |
| | Sales | 1,17,063 | 1,16,384 |
| Medical Oxygen | Production | 1,11,045 | 96,721 |
| | Sales | 1,11,267 | 96,709 |

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has an adequate System of Internal Control commensurate with its size and nature of operations in order to ensure that all assets are safeguarded and transactions are recorded in accordance with applicable laws. The Board of Directors and Audit Committee of the Board monitors the performance of the Company and reviews the implementation of recommended suggestions. Your Company's Auditors have confirmed the adequacy of internal control system of the Company.

HUMAN RESOURCES AND SAFETY

The Company recognises the importance of dedicated Human resources and believes that there is a linkage between organisation performance and employees engagement. The company makes continuous endeavour to improve the computer literacy among employees. At the same time the Company gives prime importance to employees safety. The Company seeks to attract best talent through recruitment and selection process. The Industrial relations scenario has remained very peaceful throughout the year.

OUTLOOK

Due to growth of Industrial activities in India there will be steady increase in market demand for Industrial