

**LETTER OF OFFER****Dated: June 30, 2012**

For Equity Shareholders of the Company only

NATIONAL OXYGEN LIMITED**Breathing Life into Industry**

The Company was originally incorporated as 'National Oxygen Private Limited' in the state of Tamil Nadu on December 23, 1974 under the Companies Act, 1956. The name of the Company was changed to 'National Oxygen Limited' and a fresh certificate of incorporation consequent on change of name was obtained on September 29, 1975.

Registered Office: 80, (Old No. 141), Greams Road, Chennai - 600 006.**Tel. No.:** +91 44 2829 0707, **Fax No.:** +91 44 2829 0770**E-mail:** contact@nolgroup.com, **Website:** www.nolgroup.com**Contact Person:** K. Venkateswaran, Company Secretary and Compliance Officer**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF THE COMPANY ONLY**

ISSUE OF 18,69,930 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. 50 EACH INCLUDING A PREMIUM OF RS. 40 PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF RS. 934.97 LAKHS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 3 EQUITY SHARES FOR EVERY 5 EQUITY SHARES HELD ON RECORD DATE, I.E. JUNE 27, 2012. THE ISSUE PRICE IS 5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or the adequacy of this document. **Investors are advised to refer to the section entitled "Risk Factors" beginning on page 12 of this Letter of Offer before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in context of the Issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE), and are permitted to trade on National Stock Exchange (NSE) w.e.f. June 30, 2010. The Company has received in-principle approvals from BSE and MSE vide their letter nos. DCS/PREF/SI/IP-RT/795/11-12 and MSE/LD/PSK/738/508/11 dated February 09, 2012 and December 12, 2011 respectively for listing of the Equity Shares being issued in terms of this Letter of Offer. For the purposes of the Issue, the Designated Stock Exchange shall be BSE.

LEAD MANAGER TO THE ISSUE

Karn Merchant Bankers Limited
EC-41, Sector- 1, Salt Lake City,
Kolkata- 700 064.
Tel. No.: +91 33 2334 3922/ 23
Fax No.: +91 33 2334 3924
E-mail: rights.issue@karnbanker.com
Website: www.karnbanker.com
Contact Person: Mr. Amit Kumar Mishra
SEBI Registration No.: INM 000011153

REGISTRAR TO THE ISSUE

Cameo Corporate Services Ltd.
Subramanian Building, # 1, Club House Road,
Chennai -600 002.
Tel. No.: +91 44 2846 0390 (5 Lines)
Fax No.: +91 44 2846 0129
E-mail: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: Mr. R.D. Ramasamy
SEBI Registration No.: INR 000003753

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR SPLIT FORMS	ISSUE CLOSURES ON
July 11, 2012	July 20, 2012	July 30, 2012

TABLE OF CONTENTS

TITLE	PAGE
SECTION I – GENERAL	3
DEFINITIONS AND ABBREVIATIONS	3
PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA	10
FORWARD LOOKING STATEMENTS	11
SECTION II – RISK FACTORS	12
INTERNAL RISK FACTORS	12
RISKS IN RELATION TO THE ISSUE	21
EXTERNAL RISK FACTORS	21
PROMINENT NOTES	23
SECTION III – INTRODUCTION	25
THE ISSUE	25
SUMMARY OF FINANCIAL INFORMATION	26
GENERAL INFORMATION	31
CAPITAL STRUCTURE	38
SUMMARY OF INDUSTRY	44
SUMMARY OF BUSINESS	46
SECTION IV – PARTICULARS OF THE ISSUE	48
OBJECTS OF THE ISSUE	48
KEY INDUSTRY REGULATIONS AND POLICIES	75
STATEMENT OF TAX BENEFITS	76
SECTION V – ABOUT THE COMPANY	82
INDUSTRY OVERVIEW	82
BUSINESS OVERVIEW	86
HISTORY & CORPORATE STRUCTURE	99
THE MANAGEMENT	106
GROUP COMPANIES	115
SECTION VI – FINANCIAL INFORMATION	124
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012	124
FINANCIAL INDEBTEDNESS	148
MARKET PRICE INFORMATION	157
ACCOUNTING RATIOS AND CAPITALISATION STATEMENT	160
SECTION VII – LEGAL AND OTHER INFORMATION	161
OUTSTANDING LITIGATIONS	161
MATERIAL DEVELOPMENTS	164
GOVERNMENT AND OTHER APPROVALS	165
OTHER REGULATORY AND STATUTORY DISCLOSURES	168
SECTION VIII – OFFERING INFORMATION	176
TERMS OF THE ISSUE	176
SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	201
SECTION X – STATUTORY AND OTHER INFORMATION	212
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	212
DECLARATION	214

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, the terms “we”, “us”, “the”, “the Company” or “NOL”, unless the context otherwise implies, refers to National Oxygen Limited. All references to “Re”, “Rs.”, “INR” refer to Rupees, the lawful currency of India, references to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable. The words “Lakh” or “Lac” means “100 thousands” and the word “million” or “mn” means “10 Lakhs” and the word “crore” means “10 million” or “100 Lakhs” and the word “billion” means “1000 million” or “100 Crores”. Any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

1. Conventional/ General Terms

Term	Description
Act / Companies Act	The Companies Act, 1956 and amendments thereto
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	The statutory auditors of the Company, being M/s. Singhi & Company
BIFR	Board for Industrial and Financial Reconstruction
Board of Directors/ Board	The Board of Directors of the Company or a Committee thereof, duly Constituted
Demat.	Dematerialized
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act
Director(s)	Director(s) of the Company unless otherwise specified
Employees’ State Insurance Act / ESIA	Employees’ State Insurance Act, 1948, as amended from time to time.
Environment Protection Act / EPA	The Environment Protection Act, 1986, as amended from time to time
EPS	Earnings Per Share
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time,
Financial/Fiscal Year/F.Y.	The period of 12 months beginning from April 1 and ending on March 31 of that particular year, unless otherwise stated
FIPB	Foreign Investment Promotion Board
Indian GAAP	Generally Accepted Accounting Principles In India
IT Act	The Income Tax Act, 1961 and amendments thereto
Memorandum / Memorandum of Association	The Memorandum of Association of the Company
MoU	Memorandum of Understanding
NAV	Net Asset Value
NOC	No Objection Certificate
Non Resident Indian	A “person resident outside India”, as defined under FEMA including FIIs
PAT	Profit After Tax
PBT	Profit Before Tax
Person Resident outside India	Shall have the same meaning as ascribed to the term under the FEMA
RBI Act	The Reserve Bank of India Act 1934

Registered Office	80, (Old No. 141), Greams Road, Chennai-600 006
Registrar of Companies / RoC	Registrar of Companies, Tamil Nadu, Chennai
SEBI (Prohibition of Insider Trading) Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications as issued by SEBI from time to time
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto
SEBI Regulations / SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto
SEBI Takeover Regulations/ Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Self Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994
Workmen's Compensation Act	The Workmen's Compensation Act, 1923, as amended from time to time.

2. Issue Related Terms

Terms	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders as on the Record Date with respect to this Issue in accordance with SEBI ICDR Regulations
Allotment/ Allotment of Equity Shares	Unless the context requires, the allotment of Equity Shares pursuant to the Issue
Allottees	Persons to whom Equity Shares are issued pursuant to the Issue
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the amount payable on application in their specified bank account
ASBA Investor	An applicant who: a) holds the Equity Shares of the Company in dematerialized form as on the record date and has applied for entitlements and / or additional Equity Shares in dematerialized form; b) has not renounced his/her entitlements in full or in part; c) is not a Renouncee; d) is applying through a bank account maintained with SCSBs e) have not split the CAF Please Note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors, complying with the above conditions, must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process.
Bankers to the Company	Punjab National Bank, HDFC Bank Limited
Bankers to the Issue	The banks which are clearing members and registered with SEBI, in this case being HDFC Bank Limited and Punjab National Bank
CDSL	Central Depository Services (India) Limited
Composite Application Form / CAF	The form used by an Investor to apply for the Allotment of Equity Shares in the Issue and for application by Renouncees.
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that the Company would issue for the Equity Shares Allotted to one folio

Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on, http://www.sebi.gov.in/pmd/scsb.pdf		
Designated Stock Exchange	Bombay Stock Exchange		
Draft Letter of Offer/ DLOF	The Draft Letter of Offer of the Company dated December 02, 2011 filed with SEBI		
ECS	Electronic Clearing Services		
Eligible Equity Shareholder(s)	A holder(s) of Equity Shares as on the Record Date		
Equity Shareholder / Shareholder	A holder of Equity Shares of the Company		
Equity Shares	The Equity Shares of face value Rs. 10/- each of the Company offered and to be issued and allotted pursuant to the Issue.		
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount and refunds (if any) of the amount collected to the Bidders		
Group Company/ ies/ Firm	1	Pondicherry Agro Foods Private Limited	
	2	East Coast Acetylene Private Limited	
	3	Saraf Housing Development Private Limited	
	4	e Investments Private Limited	
	5	SGI Trading Private Limited	
	6	Approch Marketing Private Limited	
	7	Goodwill International	
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue		
Issue / Rights Issue	Issue of 18,69,930 Equity Shares of Rs. 10/- each for cash at a price of Rs. 50 each including a premium of Rs. 40 per Equity Share aggregating to an amount of Rs. 934.97 Lakhs to the Equity Shareholders on rights basis in the ratio of 3 Equity Shares for every 5 Equity Shares held on Record Date i.e. June 27, 2012. The Issue Price is 5 times of the Face Value of the Equity Share.		
Issue Closing Date	July 30, 2012		
Issue Opening Date	July 11, 2012		
Issue Price	Rs.50 per Equity Share		
Issue Proceeds	The gross proceeds of the Issue that are available to the Company		
Issue Size	Rs. 934.97 Lakhs		
Lead Manager(s)	Karn Merchant Bankers Limited		
Letter of Offer	This letter of offer dated June 30, 2012 filed with the Stock Exchanges after incorporating SEBI observations and comments on the Draft Letter of Offer		
Listing Agreement	The listing agreements entered into between the Company and the Stock Exchanges		
Management	For details, please see “The Management” beginning on page 106 of this Letter of Offer		
MICR	Magnetic Ink Character Recognition		
Non-Institutional Investors	All Investors including the sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an cumulative amount more than Rs 0.20 million.		

Non Retail Investors	Investors who are QIBs or Non- Institutional Investors.
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see the “Objects of the Issue” beginning on page 48 of this Letter of Offer
NSDL	National Securities Depository Limited
Objects of the Issue	(a) Part Finance the Project, for setting of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu; and (b) General Corporate Purposes.
Project	Setting of new manufacturing unit with the manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu
Promoter	1. Mr. Gajanand Saraf, 2. Mr. Rajesh Kumar Saraf 3. Mrs. Veena Devi Saraf
Promoter Group	1. M/s. East Coast Acetylene Private Limited 2. Mrs. Sarita Saraf 3. M/s. Saraf Housing Development Private Limited 4. M/s. Pondicherry Agro Foods Private Limited 5. Mrs. Mamtha Gupta 6. Mrs. Sarita Gupta 7. Mrs. Banitha Agarwal 8. Ms. Savitha Kainya 9. Mr. Arun Kumar Kainya
QIBs/ Qualified Institutional Investors	Public Financial Institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual fund registered with SEBI, FIIs and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of Rs 250 million, pension fund with minimum corpus of Rs 250 million, National Investment Fund set up by the Government of India and insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.
Record Date	June 27, 2012
Refund through electronic transfer of funds	Refunds through ECS, Direct Credit, RTGS or NEFT, as applicable
Registrar to the Issue/ Registrar	Cameo Corporate Services Ltd
Renouncees	Any persons, other than ASBA Investor who have acquired Rights Entitlements from the Equity Shareholders
Retail Individual Investor (s)	Individual Investors who have applied for Equity Shares for an amount not more than Rs 0.20 million (including HUFs applying through their Karta)
Rights Entitlement	3 Equity Share(s) that an Equity Shareholder is entitled to under the Issue for every 5 fully paid-up Equity Share(s) held on the Record Date
RTGS	Real Time Gross Settlement
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at http://www.sebi.gov.in/pmd/scsb.pdf

Share Certificate	The certificate in respect of the Equity Shares allotted to a folio with a split Performance.
Stock Exchange(s)	BSE and MSE where the Equity Shares are presently listed
Working Days	Any day, other than Saturday or Sunday, on which commercial banks are open for business

3. Business/ Industry Related Terms and Abbreviations

Terms	Description
AGM	Annual General Meeting
Approx.	Approximately
AS	Accounting Standard notified by Companies (Accounting Standards) Rules, 2006 (as amended)
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
BPLR	Benchmark Prime Lending Rate
BR	Bank Rate
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
Capex	Capital Expenditure
CDSL	Central Depository Services (India) Limited
Cents	In <u>India</u> , a cent is a measure of area and equals $\frac{1}{100}$ <u>acre</u> (40.468 m ²)
Cenvat	The Central Value Added Tax
CEPS	Cash Earnings Per Share
CESTAT	The Customs, Excise, Service Tax, Appellate Tribunal
CIN	Corporate Identification Number
CNG	Compressed Natural Gas
CST	Central Sales Tax Act, 1956, as amended
CUM	Cubic Metres
CWR	Cooling Water Running
CWS	Cooling Water Supply
DIN	Director Identification Number
DP	Depository Participant
DPID	Depository Participant Identification Number
DR	Depository Receipts
EBITDA	Earnings Before Depreciation, Interest, Tax and Amortization
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per Share
FCCB(s)	Foreign Currency Convertible Bond(s)
FDI	Foreign Direct Investment

FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations promulgated there under and any amendments thereto
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
FRP	Fair and Remunerative Price
FVCI	Foreign venture capital investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
FY/Fiscal	Financial Year/ Fiscal Year
GDP	Gross Domestic Product
GO	Government Order
GOI	Government of India
HUF	Hindu Undivided Family
I T Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
ICAI	The Institute of Chartered Accountants of India
INR	Indian Rupee, the legal currency of the Republic of India
Insurance Act	Insurance Act, 1938, as amended from time to time.
ISIN	International Securities Identification Number
IT	Information Technology
Kg	Kilo Gram
KL	Kilo Litres
Kwh	Kilo Watt Hour
LIC	Life Insurance Corporation of India
Litrs	Litres
Ltd	Limited
Mfg	Manufacturing
MoU	Memorandum of Understanding
MSE	Madras Stock Exchange
N ₂	Nitrogen
NAV	Net Asset Value
NBFC	Non Banking Finance Corporation
Nos.	Numbers
NPA	Non Performing Assets
NR	Non Resident
NRI(s)	Non Resident Indian(s) as defined under Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, as amended
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
O ₂	Oxygen
p.a.	Per Annum

P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act
PAT	Profit After Tax
PBT	Profit Before Tax
PL	Poor Liquid
PLR	Prime Lending Rate.
Pvt.	Private
R & D	Research & Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
Re./Rs./Rupees/INR	Indian Rupees
Rm	Running metre
RoC	Registrar of Companies
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCSB	Self Certified Syndicate Bankers
SEBI	Securities and Exchange Board of India
Sq.mm	Square Millimetres
SqM	Square Metres
Stock Exchange(s)	BSE and/ or MSE as the context may refer to
TAN	Tax deduction Account Number allotted the IT Act.
TIN	Taxpayers Identification Number
UIN	Unique Identification Number
USD/\$	US Dollar
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
w.e.f.	With effect from
WDV	Written Down Value

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information and data in this Letter of Offer is derived from the Company's audited financial statements for the year ended March 31, 2012 and March 31, 2011, prepared in accordance with Indian GAAP, applicable accounting standards and guidance notes issued by the ICAI, the applicable provisions of the Companies Act and other statutory and/or regulatory requirements, and are included in this Letter of Offer as required under the SEBI ICDR Regulations. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, industry data used throughout this Letter of Offer has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Letter of Offer is reliable, it has not been independently verified.

Currency of Presentation

All references to "India" contained in this Letter of Offer are to the Republic of India, all references to the "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

Market Data

Market and industry data used throughout this Letter of Offer has been obtained from publications (including websites) available in public domain and internal Company reports. These publications generally state that the information contained in those has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that the market data used in this Letter of Offer is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

FORWARD LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “will”, “may”, “aim”, “is likely to result”, “believe”, “expect”, “continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, factors affecting:

- General economic, political and business conditions in India and other countries.
- Changes in laws and regulations relating to the industry in which the Company operates;
- Regulatory changes relating to the industry / sector in India and the ability to respond to them;
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Increased competition in the sectors/areas in which we operate;
- The ability to successfully implement the strategy, growth and expansion plans and technological Changes;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest Rates, foreign exchange rates, changes in domestic and foreign laws, regulations and taxes.
- Occurrence of natural disaster or calamities;
- Uncertainty in global financial markets.

For a further discussion of factors that could cause the Company’s actual results to differ, please refer to the section entitled “Risk Factors” beginning on page 12 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Neither the Company nor the Lead Manager nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI / Stock Exchanges’ requirements, the Company and Lead Manager will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Equity Shares by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, the business, results of operations and financial condition could suffer, the price of the Equity Shares could decline and you may lose all or part of your investment.

Investors are advised to read the risk factors described below carefully before making an investment decision in this offering. This Letter of Offer also contains forward looking statements that involve risks and uncertainties. The actual results could differ materially from those anticipated in these forward-looking statements at page 11 as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have a material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may have material impacts in the future.*

Internal Risk Factors:

1. The Company has certain contingent liabilities which, if materialized, may adversely affect its financial condition.

As on March 31, 2012, the Company had the following contingent liabilities that have not been provided for in the Company's restated consolidated financial statements.

Sl. No.	Particulars	Amount as on March 31, 2012 (Rs In Lakhs)
1.	Outstanding Bank Guarantees	260.11
2.	Outstanding Letter of Credit	1,129.83
3.	Demands raised by Central Excise, Customs, Sales tax, & other Departments.	147.98

The detail of the demands raised by Central Excise, Customs, Sales tax, & other Departments are given below:

Sl. No.	Authority where the case is pending	No. Of Cases	Amount as on March 31, 2012 (Rs In Lakhs)
1	Central Excise	9	37.54
2	Customs	1	88.23
3	Service Tax	2	18.27
4	Employee State Insurance	1	0.72
	Total	13	144.76
	Advance Paid	1	3.22
	Total Demand Raised	13	147.98

2. The Company had negative cash flow from financing activities for FY 2010-11 and FY 2011-12. Any negative cash flows in the future could have an adverse effect on the results of operations.

The negative cash flow from the financing activities for FY 2010-11 and FY 2011-12 is mainly due to repayment of long term borrowings and dividend paid. All payments of financing and investing were effected

from the cash generated from the Company's operating activities. For further details, please refer to the section titled, 'Financial Information' beginning on page 124 of this Letter of Offer.

3. Statutory and regulatory permits and approvals required for continuous operations of the plant or business may not be renewed, on time or at all, thereby affecting the future business operations of the Company.

The Company requires certain statutory and regulatory permits and approvals for its business. There can be no assurance that the relevant authorities will issue such permits or renewals in the time frame anticipated by the Company or at all. Failure by the Company to renew, maintain or obtain the required permits or approvals or renewals may result in the interruption of operations and may have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, the Company is required to adhere to certain terms and conditions provided for under the statutory and regulatory permits and approvals and any failure in adhering to such terms may result in the revocation of such approvals.

There are certain material approvals for which applications have been made to the relevant authorities. For further details, please refer to the section titled 'Government and Other Approvals' beginning on page 165 of this Letter of Offer. Failure or delay in obtaining the above approvals may have a material adverse effect on the business, financial condition and profitability. There are no past instances of non-renewal of regulatory permits and approvals in the Company.

4. Restrictive Covenants of the loan (Fund Based and Non Fund Based) taken from Punjab National Bank and other loans.

The Company has availed fund based as well as non- fund based facilities from Punjab National Bank. There are certain restrictive covenants in the sanction letter for various loans which requires the Company to obtain the approval of the lender or provide restrictions namely for, transfer of controlling interest, change in capital structure, formulating any scheme of amalgamation, undertaking any capital expenditure, entering into borrowing arrangement, undertaking guarantee obligations, disposing of any asset charged, making further investments, undertaking activities other than those assigned in the object clause, declaring dividend at a time while the Company is in default etc. Although the Company has received consents from its lender for the Issue, these restrictive covenants may affect some of the rights of its shareholders. For details of these restrictive covenants, see section titled "Financial Indebtedness" on page 148.

5. Company has failed to utilize the installed capacity of its existing manufacturing facility.

The Company has failed to utilize its installed capacity. In addition to that, there was a reduction in capacity utilization of Oxygen/ Nitrogen, Dissolved acetylene and windmill in comparison to the previous years.

Installed Capacity

Product	Present Installed Capacity
Oxygen / Nitrogen gases	2,500 m ³ per hour
Dissolved Acetylene gas	2,00,000 m ³ per annum
Windmill	1.65 MW

Given below is a table depicting the details yearly production and capacity utilization (in %).

Details of Capacity Utilisation of Plant

Year	Oxygen/ Nitrogen		Dissolved Acetylene		Windmill	
	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In Kwh)	% of Full Capacity
2008-09	81,02,339	54.02 %	52,789	26.39 %	25,90,646	58.88 %
2009-10	81,77,591	32.71 %	52,138	26.07%	26,86,762	61.06 %
2010-11	1,64,47,689	65.79 %	45,874	22.94%	26,78,467	60.87%
2011-12	1,75,28,136	70.11%	49,101	24.55%	28,27,780	64.27%

There was a reduction in capacity utilization of Oxygen/ Nitrogen in the year 2009-10 due to the low productivity of old plant that had become obsolete.

6. Loss Making Group Companies.

The losses made by the Group Companies during one or more of the last three financial years are as given below:

Name of the company	Amount of Loss (Rs. In Lakhs)		
	March 31, 2011	March 31, 2010	March 31, 2009
East Coast Acetylene Private Limited	1.06	-	-
Saraf Housing Development Private Limited	25.99	35.53	-

7. Weaknesses and threats arising out of the PNB Appraisal Report (PATC).

Weaknesses

1. Since the Company is supplying its products to automobiles, steel and general engineering industries, any recession in these industries will adversely affect its performance.
2. The liquid air separation process consumes lot of power and sanction of adequate power sanction is vital for this industry.

Threats

1. The industrial gases industry is capital intensive because of the need for significant investment in new capacities and distribution resources.

8. There has not been any trading of the equity shares of the Company on Madras Stock Exchange (MSE)

There has not been any trading of the equity shares of the Company listed on Madras Stock Exchange (MSE) for

the period from March 24, 1999 to May 15, 2012. However, the equity shares of the Company are permitted to trade on National Stock Exchange (NSE) w.e.f June 30, 2010 pursuant to an arrangement with MSE. For details regarding the trading please refer to the section titled, 'Market Price Information' beginning on page 157 of this Letter of Offer.

9. The liquidity of the scrip of our Company is low on both the stock exchanges i.e., BSE and NSE.

The Company's equity shares are listed on BSE & MSE. The equity shares are also traded on NSE. During the last twelve calendar months, the total trading turnover on BSE and NSE has been 5.22% and 4.66% of the total number of equity shares listed, respectively.

10. Restrictive Covenants of the Lease agreement entered into with SIPCOT Industrial Growth Centre.

The Company has entered into a lease agreement with SIPCOT Industrial Growth Centre for the allotment of land on lease for 99 years. As per the Lease agreement, SIPCOT can cancel the allotment of land made and forfeit the amount paid by the Company in case the Company does not comply with the terms and conditions mentioned in the agreement, land is not used or excessively used for the purpose for which it is allotted, non-payment of dues and such other conditions as mentioned in the agreement. The Company shall not be entitled to any compensation if the lease stand cancelled. The Company may incur an additional liability by way of an additional interest if it delays in the payment of Annual Maintenance charges. In case of additional development facilities being taken up or in case of escalation in cost of development works, SIPCOT may charge an additional plot deposit and development charge from the Company on pro-rata basis, which will in turn increase the overall cost of the Company. Therefore, the aforesaid conditions in the lease agreement may impose certain hardships on the Company in the future. For details of these restrictive covenants, see section titled "History and Corporate Structure" on page 99.

11. The Promoters have significant control over the Company, and have the ability to direct its business and affairs; their interests may conflict with your interests as a shareholder.

As on date, the Promoters, together with the members of the Promoter Group, own 53.44% of the Company's pre-Issue paid up share capital. The Promoters, together with the members of the Promoter Group, will continue to hold significant control post completion of the Issue. The Promoters have the ability to control the business of the Company, including matters relating to any sale of all or substantially all of our assets, timing and distribution of dividends, election of officers and directors and change of control transactions. Promoter's control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. Promoters and members of the Promoter Group may influence the material policies of the Company in a manner that could conflict with the interests of its other shareholders.

12. Company's inability to manage growth may lead to loss of opportunities and may hamper its future growth plans.

While the Company has generally been successful in execution of its business strategy in the past, the same may not hold true in future. The Company may be subject to growth-related risks including capacity constraints and pressure on internal systems and controls. Company's inability to deal with such issues could have a material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, it will need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support its operations or that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with such growth. Any failure on its part to scale up infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects.

13. Mishaps or accidents at the manufacturing facilities could result in a loss or shut down of operations and could also cause damage to life and property thereby leading to the operations and profitability being affected adversely.

The Company's facilities are subject to operating risks, such as breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, natural disasters and industrial accidents. Various production hazards such as explosions, discharge of hazardous substances, storage tank leaks could also result in personal injury and property damage. The occurrence of any of these risks could also affect the Company's operations by causing production at the facilities to shut down or slow down. Although the Company has taken reasonable precautions to minimize the risk of any significant operational problems at the facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on the results of operations and financial condition.

14. The Company's business is dependent on its manufacturing facilities. The loss or shutdown of operations at any of the Company's manufacturing facilities or any accidents or damages to the Company's manufacturing equipment and plant and machinery may have a material adverse effect on its business, financial condition and results of operations.

The Company's manufacturing facilities are subject to operating risks, such as the breakdown or accidents or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour, the disputes, strikes, lock-outs, continued loss of services of the Company's external contractors and industrial accidents. The Company's manufacturing facilities are also subject to operating risk arising from compliance with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect the Company's operating results.

15. The future results of operations of the Company could be adversely affected by strikes, work stoppages or increased wage demands by the employees.

As of March 31, 2012, the Company had 93 full-time employees, located at the plant and at various marketing offices. While the Company considers the relations with the employees to be good, there is no assurance that the Company will not experience future disruptions to the operations due to problems with the workforce, which can adversely affect the business and financial condition of the Company. However, there are no past instances of strikes, work stoppages or increased wage demands by the employees or any other kind of disputes with the employees in the Company.

16. Increased cost of raw materials including utilities and their non availability on time may affect the operations.

The business is significantly affected by the availability, supply, cost and quality of raw materials including utilities, which exposes the Company to market demands and supply fluctuations. The price and the supply of the raw materials including utilities depend on factors beyond the control of the Company, which include economic conditions, consumer demand, production levels, transportation costs and import duties. Moreover, if the Company is unable to increase the cost of the products/ services commensurate with the increase in the cost of the raw materials including utilities, the profitability may be adversely affected.

Furthermore, in the event that the primary suppliers curtail or discontinue the supply of such materials to the Company in the quantities that it needs or at prices that are competitive, the operations and financial condition may be adversely affected.

17. If the Company is unable to adapt to technological changes, its business could suffer.

The Company is the manufacturer and supplier of Industrial Gases in both, Liquid and Gaseous forms. To maintain the competitiveness, the Company needs to keep pace with technological development in this field. If the Company is unable to adequately respond to the technological development and in the event the technology currently employed by the Company becomes obsolete, the Company's business, financial condition and results of operations may be materially and adversely affected. The Company's future success will depend in part on its ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

18. The Company's growth depends on its ability to attract and retain skilled personnel. Failure of the Company to attract and retain skilled personnel could adversely affect its growth prospects.

The Company's ability to meet future business prospects depends on its ability to attract and recruit talented and skilled personnel. While the Company strives to take steps to arrest attrition, if any, it cannot be guaranteed that the key personnel would continue to be under the employment for a prolonged period of time. High attrition may be detrimental to the operations and financial performance.

19. The Company faces competition from other manufacturers based in South India.

The Company operates in a competitive environment as its principal products; liquid & gaseous oxygen, nitrogen, commercial grade argon gas and dissolved acetylene gas are produced by other manufacturers based in south India. Players in this market generally compete with each other on key attributes such as continuous and uninterrupted supply, services, pricing and track record. It competes with the competitors on the basis of the track record of continuous and uninterrupted supply and logistical facilities and after sales relationships. There is however no assurance that it will continue to compete successfully in future.

20. Increasing intense competition in the industrial gas industry could affect our margins, and could also reduce our market share and may adversely impact our revenues and profitability.

The industrial gas market is highly competitive. The competitors of the Company include Inox Air products Limited, Bhuruka Gases Limited, Praxair India Private Limited etc. in south India. In addition to that, there are presently over 300 small & medium size plants and approximately 25 large tonnage plants all over the country. Gases are supplied through pipelines to captive customers in adjacent factories; in cryogenic transport tanks for bulk deliveries to long distance customers; or filled in cylinders. The industrial gas industry is experiencing rapid changes that are affecting the competitive landscape, including acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. The larger players like BOC India Limited, Gujarat Gas Company Limited etc. have the advantage of technology and scale. The industry has been fairly consolidated with the large players accounting for around 85-90 per cent of total market share in India. While the Company believes that it has historically been able to provide its products and services to its principal markets in South India at competitive prices and on a cost-efficient basis, there can be no assurance that it will be able to do so in the future. The Company cannot be reasonably certain that it will be able to compete successfully against such competitors, or that it will not lose buyers to such competitors. Additionally, the Company believes that its ability to compete also depends in part on factors outside its control, such as the price at which its competitors offer comparable products and services, and the extent of its competitors' responsiveness to buyer's needs. Growing competition may force the Company to reduce the prices of its products and services, which may reduce the revenues and margins and/or decrease the market share of the Company, any of which could have a material adverse effect on the business, financial condition and results of operations of the Company.

21. The Company is not using onsite plants/ pipeline for the distribution of industrial gases, as are being used by its competitors.

The Company is not using onsite plants/ pipeline for the distribution of industrial gases to its customers. The competitors of the Company use this technique for the supply of gases, which turns out cheaper as compared to road transportation. However, installation of onsite plants / pipeline for the distribution of industrial gases to the customers is highly capital intensive. Growing competition and not using onsite plants/ pipeline for the distribution of industrial gases may reduce the revenues and margins and/or decrease the market share of the Company.

22. The Company is dependent on transporters for the distribution of industrial gases to the customers.

Presently, the Company is highly dependent upon its transporters for the distribution of industrial gases to the customers. Any strike, shutdown of road or rail transport, diesel price hike or railway fare hike will be detrimental to the revenue of the Company. This large dependency on transporters for the distribution of industrial gases to the customers may affect the operational capability and subsequently hurt the profitability of the Company in the future.

23. *The growth of industrial gas industry is dependent on the growth of various other industries.*

The Company caters to the need of different categories of customers belonging to different industries. The liquid nitrogen produced by the Company is mainly supplied to the chemical industry, oil refineries and Space Research Organisation. The liquid oxygen produced by the Company is mainly supplied to the steel industry. The liquid medical oxygen is mainly supplied to the hospitals. Thereby, the growth of the Company is also dependent on the growth of chemical industry, oil refineries, steel industry and hospitals as these industries constitute the major clientele of the Company. Therefore, any slowdown in the growth of the aforesaid industries could directly impact the growth of the Company, and may reduce revenues and margins.

24. *The Company faces the threat of new entrants, resulting in a decrease in market share.*

In the industrial gas sector, the threat of new entrants is closely associated with the access to the grid. Further intensity of internal rivalry depends on the degree of and the potential for customized product. The big players in the oxygen gas manufacturing business have captured the market and require the heavy promotional charges and some orders already in hand. Though the Company competes with its competitors on the basis of its track record of quality, technical competence, distribution channels, and logistical facilities and after sales relationships yet there is no assurance that it will continue to compete successfully in future. Therefore, the introduction of new entrants could lead to decrease in the market share of the Company.

25. *The Company's coverage may not adequately protect it against certain operating hazards and this may have a material adverse effect on the Company's business.*

The Company generally takes insurance policies to cover fire, earthquake, floods etc in respect of its business. While the Company believes that the insurance coverage that it maintains would be reasonably adequate to cover the risks, there can be no assurance that any claim under the insurance policies maintained by the Company will be honored fully, in part or on time. To the extent that the Company suffers loss or damage that is not covered by insurance or which exceeds the insurance coverage, the results of operations or cash flows may be affected.

26. *The Company's operations are subject to environmental and health related laws and regulations in India and compliance with such laws and regulations may be expensive.*

The production operations are subject to laws and regulations, in particular environmental and health related laws and regulations in India and abroad. Under these laws and regulations the Company is required to control the use of as well as restrict the discharge or disposal of hazardous or environmentally objectionable by products of the production process. If there is a breach or failure to comply with these laws and regulations, penalties or fines may be imposed on us, the directors and officers responsible for such breach or non compliance may also be subjected to imprisonment.

Further the manufacturing licenses may be suspended, withdrawn or terminated in the event of such breach or non-compliance thereby disrupting or production operations. Should these penalties or fines be significant or should any of the manufacturing licenses be suspended, withdrawn or terminated, the financial performance will be adversely affected.

If there are new regulations or laws imposed, then the Company may incur additional expenditure or costs or it may be required to acquire additional equipment in order to comply with such new laws or regulation. Where such expenditure or costs are significant, the profitability will be adversely affected. However, there are no past instances of failure to comply with pollution / environmental laws in the Company.

27. *The Company has entered into number of related party transactions which may involve conflicts of interest.*

The Company has entered into certain transactions with related parties, including the Company's associate companies. These transactions or any future transactions with related parties could potentially involve conflicts of interest.

Related Party Transactions entered into by National Oxygen Limited for the period ended on 31st March, 2012 are as follows:

Name of Entity	Relationship	Nature of Transaction	Value of the Transaction (Rs. In Lakhs)
Mr Gajanand Saraf	Chairman and Managing Director	Remuneration Paid	27.32
		Rent Paid	1.14
Mr. Rajesh Kumar Saraf	Joint Managing Director	Remuneration Paid	9.83
		Rent Paid	1.26
Mrs. Veena Devi Saraf	Director	Rent Paid	1.14
Mrs. Sarita Saraf	Relative of Director	Rent Paid	1.26
M/s. East Coast Acetylene Private Limited	Enterprise over which certain Directors exercise significant influence	Sale of Goods	0.37
		Purchase of Goods	0.57

Related Party Transactions entered into by National Oxygen Limited for the year ended on 31st March, 2011 are as follows:

Name of Entity	Relationship	Nature of Transaction	Value of the Transaction (Rs. In Lakhs)
Mr. Gajanand Saraf	Chairman and Managing Director	Remuneration Paid	20.37
		Rent Paid	1.14
Mrs. Veena Devi Saraf	Director	Rent Paid	1.14
Mrs. Sarita Saraf	Relative of Director	Rent Paid	1.26
Mr. Rajesh Kumar Saraf	Joint Managing Director	Remuneration Paid	10.32
		Rent Paid	1.26
East Coast Acetylene Private Limited	Enterprise over which certain Directors exercise significant influence	Sale of Goods	0.34
		Purchase of Goods	0.64

28. The Company's ability to pay dividends in the future will depend upon the future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in the financing arrangements.

The Company's future ability to pay dividends will depend on the earnings, financial condition and capital requirements of the Company. Dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. The Company cannot assure that it will generate sufficient income to cover the operating expenses and pay dividends to the Shareholders, or at all. The ability to pay dividends could also be restricted under certain financing arrangements that it may enter into. In addition, dividends that it has paid in the past may not be reflective of the dividends that it may pay in a future period. The Company may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements, financing arrangements, results of operations and financial condition.

Details of Dividend declared from the financial year 2003-2004 onwards are 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
2010-2011	03.09.2011	10%	Re.1.00
2011-2012	03.05.2012	10%	Re. 1.00 (Interim Dividend)

29. Sale of Company's Equity Shares by the Promoters/ Promoter Group or other significant Shareholders may adversely affect the trading price of the Equity Shares.

Any instance of disinvestments of Equity Shares by the Promoters/ Promoter Group or by other significant shareholders, or any future issuance of convertible securities by the Company, may significantly affect the trading price of its Equity Shares. Such issuances of Equity Shares and convertible securities may dilute the positions of investors in the Equity Shares and could adversely affect the market price of the Equity Shares.

30. The Equity Shareholders will not be able to sell immediately on an Indian stock exchange any of the Equity Shares purchased in the Issue.

The Equity Shares will be listed on the BSE and MSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or demat accounts with depository participants in India are expected to be credited within two working days of the date of allotment. Thereafter, upon receipt of final approval from the BSE and MSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. The Company cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

31. Post Issue, the price of the Equity Shares may fluctuate or an active trading market for the Equity Shares may not develop.

Post Issue, the price of the Equity Shares of the Company may be volatile. Fluctuations in global and Indian securities markets, performance of Gas industry, performance of the Company, financial analysts' recommendations, perception of the Indian Gas sector, changes in economic and regulatory policies can impact the volatility of the price of the Equity Shares of the Company. An active trading market for the Equity Shares may not develop post Issue. The price at which the Equity Shares are initially traded may not correspond to the prices at which the Equity Shares will trade post Issue.

32. If the Company makes any future further issuance of Equity Shares, the trading price of the Equity Shares may be adversely affected.

If the Company issues Equity Shares or convertible securities in the future, the trading price of its Equity Shares may be negatively affected. These future issuances might dilute earnings per share in the short term, and impact adversely the market price of the Equity Shares.

33. The Company is yet to initiate the process of recruiting the manpower required for the proposed Project and any delay in recruiting the suitable personnel or the required number of people to operate the plants effectively may result in time and cost overruns.

The Company is yet to recruit and has not taken steps to recruit the requisite manpower required to undertake and execute operations at the proposed manufacturing facility at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu. In the event, the Company is unable to recruit the suitable personnel or the required number of people to operate the plants effectively and in time, it may face time and cost overruns, which may have an adverse effect on the business and results of operations.

- 34. *The completion of the Project is dependent on performance of external agencies. Any shortfall in the performance of these external agencies may adversely affect the expansion plans and consequently, the results of operation of the Company.***

The completion of the Project is dependent on performance of external agencies, which are responsible for construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. The Company cannot assure that the performance of external agencies will meet the required specifications or performance parameters. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns, which in turn may adversely affect the expansion plans of the Company.

Risks in relation to the Issue:

- 35. *The Company is in the process of obtaining statutory approvals and has not entered into any definitive agreements for the purchase of indigenous components of the Project.***

The Company intends to use the Net Proceeds of the Issue for the purposes described in the section titled 'Objects of the Issue' beginning on page 48 of this Letter of Offer. The Company has purchased land for the proposed Project. The Company is yet to place orders for a substantial part of indigenous components required for the Project. To the extent that the orders have not been placed, the Project cost may change at the time of placing the final orders.

- 36. *The deployment of funds is entirely at the discretion of the Company and no independent agency has been appointed to monitor its deployment.***

As per SEBI (ICDR) Regulations, appointment of monitoring agency is required only for Issues where the amount raised through allotment is over Rs. 500 Crore. Since the amount raised by the Company in the Issue is below Rs. 500 Cr., it is not mandatory for us to appoint a monitoring agency. Hence, the Company has not appointed any monitoring agency to monitor the utilization of Issue proceeds. The deployment of funds towards the Objects of the Issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. However, the deployment of funds towards the Objects of the Issue will be monitored by the audit committee and the Company shall inform about material deviations in the utilization of Issue Proceeds, if any, to the Stock Exchange and provide the details in the balance sheet about the same.

- 37. *There is no guarantee that the Equity Shares proposed to be issued will be listed on the BSE and MSE in a timely manner or at all.***

In accordance with Indian law and practice, final approval for the listing of the Equity Shares in the Issue will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorising the issuing of Equity Shares to be submitted. The shares of the Company have to be listed within 12 working days from the bid/issue closing date in terms of the ICDR Regulations. There could be a failure or a delay in listing the Equity Shares being offered under Rights Issue on the BSE and MSE. Any failure or delay in obtaining the approval would restrict the Company's ability to dispose of the Equity Shares.

- 38. *Any delay in Issue will impact the implementation of the Project.***

The proposed project is to be funded partially from the Issue proceeds. Any delay/ cancellation of the proposed Rights Issue may lead to delay/ cancellation of the proposed expansion plans of the Company.

External Risk Factors:

- 39. *Force Majeure events such as terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets, result in loss of customer's confidence, and adversely affect the business, financial condition and results of operations.***

The business may be adversely affected by, terrorist attacks, war, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us, affecting the customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relationship of India with its neighboring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on the ability to develop the

operations. As a result, the business, prospects, results of operations and financial condition could be materially and adversely affected by any such events.

40. Political instability or changes in the Government could adversely affect economic conditions in India generally and the business in particular.

Changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments in and affecting India may have an adverse effect on the results of operations.

India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government of India and that of the state governments in the Indian economy and their effect on producers, consumers, service providers and regulators has remained significant over the years. Both state and central governments have, in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions in the private sector. Nevertheless, the role of the Government of India and state governments in the Indian economy as producers, consumers and regulators has remained significant. The current coalition-led Government came into power in May 2009. There can be no assurance that the Government's past liberalisation policies or political stability will continue in the future. Any significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and the business in particular.

41. A slowdown in economic growth in India could cause the business to suffer.

Substantially all of the assets are located in India and substantial portion of the total income originated from India for the fiscal year 2011. Consequently, the performance and growth are dependent on the health of the Indian economy. Various factors, such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices, could adversely affect the Indian economy. Any slowdown in the Indian economy may adversely affect the business and financial performance and the price of the Equity Shares.

42. Taxes and other levies imposed by the Central Government or State Governments may have a material adverse effect on the future results of operations of the Company.

The Central or State Governments may impose taxes and other levies such as Custom duties, Excise duty and Central and State sales tax / value added tax. An increase in taxes or levies, or the occurrence of new taxes or levies in future, may have a negative effect on the future financial condition of the Company.

43. The Company may be subject to Indian taxes arising out of capital gains.

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian Company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares in an Indian Company held for more than 12 months that are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Further, Indian tax on capital gains may be relieved under certain tax treaties. For details, see 'Statement of Tax Benefits' beginning on page 76 of this Letter of Offer.

44. Any downgrade of India's debt rating by an independent agency may adversely affect the ability to raise financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on the capital expenditure plans, business, financial condition and the price of the Equity Shares.

45. If the rate of price inflation in India increases, the business and results of operations may be adversely affected.

In the recent past, due to the global economic downturn, India has experienced fluctuating wholesale price inflation, as compared to historical levels. However, in recent months, India has experience high rates of inflation. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that the Company may incur. If this trend continues, it may be unable to accurately estimate or control the costs of production and this could have an adverse effect on the business and results of operations.

46. Fluctuation in the exchange rate between the Rupee and any other currency could have a material adverse effect on the value of the Equity Shares, independent of the Company's operating results.

The Company's Equity Shares are quoted in Rupees on the BSE and the NSE (w.e.f. June 30, 2010). Any dividends in respect of the Equity Shares will be paid in Rupees and may subsequently be converted into other currencies for repatriation to any non-resident Shareholder. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by shareholders. Further any fluctuations in the exchange rates between the Rupee and any other currency may adversely affect the value of the Equity Shares.

Prominent Notes

- i) Investors may note that in case of oversubscription, allotment shall be as per the procedure stated under the Para "Basis of Allotment" given on Page No. 184.
- ii) Net Worth of the Company for the year ended March 31, 2012 and March 31, 2011 is Rs.1,434.84 and Rs. 1,392.32 Lakhs respectively as per the audited financials for the year ended March 31, 2012 and March 31, 2011.
- iii) The Book Value per Equity Share as on March 31, 2012 and March 31, 2011 is Rs. 46.04 and Rs. 44.68 respectively as per the Audited Financial Statements for the year ended March 31, 2012 and March 31, 2011, included in this Letter of Offer. For further information, see the section "Financial Information" beginning on page 124
- iv) Except as stated on page 38 of notes to Share Capital Structure, there have been no transactions in the Company's Equity Shares by the Promoters, Promoter Group, Directors of the Issuer Company during a period of one year preceding the date of filing of this Letter of Offer with SEBI.
- v) All information is being made available by the Lead Manager and the Company to the existing shareholders of the Company, public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
- vi) For details on related party transactions, please refer to the section titled 'Related Party Transaction' on page 145 of this Letter of Offer.
- vii) The Company, its promoters/Directors, Company's Associates or Group Companies/ Firm has not been prohibited from accessing the Capital Market under any order or direction passed by SEBI. The Promoters, their relatives, Issuer, Group Companies/ Firm, associate companies are not declared as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed in the past or pending against them except as mentioned in Section "Outstanding Litigations" beginning on page 161.
- viii) No loans and advances have been granted to the Directors.
- ix) The Lead Manager and the Company shall update this Letter of Offer and keep the shareholders/public informed of any material changes till the listing and trading commencement and the Company shall continue to make all material disclosures as per the terms of the listing agreement.

- x) There are no relationships with statutory auditors to the Company other than auditing and certification of financial statements.
- xi) Investors may contact the Lead Manager or the Compliance Officer for any complaint/clarification/Information pertaining to the Issue.
- xii) All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, along with complete details of the application in the Issue such as name, address of the applicant, Rights Entitlement, number of Equity Shares applied for, ASBA account number and the Designated Branch of the SCSB where the application was submitted by the ASBA Investor.
- xiii) There has been no financing arrangements made whereby the Promoter Group, the Directors of the Company and their relatives have financed the purchase by any other persons of securities of the Company other than in the normal course of business of the financing entity, during the period of six months immediately preceding the date of filing of this Letter of Offer with SEBI.
- xiv) The Company satisfies the following conditions as prescribed under Regulation 57 (2) (b) of Part E of Schedule VIII of the ICDR Regulations.
 - a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the designated stock exchange.
 - b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE) one of the recognized stock exchange with nationwide trading terminal.
 - c. The Company has investor grievance handling mechanism which includes meeting of the Shareholder's or Investor's Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.
- xv) The contact detail of the Compliance Officer is hereunder:

Mr. K. Venkateswaran ,
National Oxygen Limited,
80, (Old No. 141), Grems Road,
Chennai - 600 006.
Tel. No.: +91 44 2829 0707
Fax No.: +91 44 2829 0770
E-mail: compliance@nolgroup.com

SECTION III – INTRODUCTION

THE ISSUE

The Board of Directors of the Company has pursuant to a resolution passed at their meeting held on July 27, 2011 authorized the Issue.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “Terms of the Issue” beginning on page 176 of this Letter of Offer.

Equity Shares being offered by the Company	18,69,930 Equity Shares
Rights Entitlement for Equity Shares	3 Equity Shares for every 5 Equity Shares held on the Record Date
Record Date	June 27, 2012
Face Value of each Equity Share	Rs. 10/-
Issue Price per Equity Share	Rs. 50 at a premium of Rs. 40 per Equity Share
Equity Shares outstanding prior to the Issue	31,16,550 Equity Shares
Issue Size	Rs. 934.97 Lakhs
Equity Shares outstanding after the Issue	49,86,480 Equity Shares
Terms of the Issue	For more information, please refer to the section entitled “ <i>Terms of the Issue</i> ” beginning on page 176 of this Letter of Offer.

SUMMARY OF FINANCIAL INFORMATION

The following table set forth below indicates a summary of the financial information derived from our financial statements as of and for the years ended March 31, 2012 and 2011 prepared in accordance with Indian GAAP and the SEBI (ICDR) Regulations, 2009 and are presented in the section titled 'Financial Information' beginning on page 124 of this Letter of Offer. The summary financial information presented below should be read in conjunction with the financial statements and the notes thereto.

STATEMENT OF ASSETS AND LIABILITIES

(In Rupees)		
Particulars	As at 31/03/2012	As at 31/03/2011
<u>EQUITY AND LIABILITIES</u>		
Shareholders' Funds		
Share Capital	3,11,65,500	3,11,65,500
Reserves and Surplus	11,23,18,522	10,80,66,840
	14,34,84,022	13,92,32,340
Share Application Money pending allotment	3,00,00,000	-
Non-Current Liabilities		
Long-term Borrowings	8,53,39,068	10,70,28,882
Deferred Tax Liabilities (Net)	4,20,04,000	4,12,56,000
Other Long-term Liabilities	99,71,302	1,14,75,052
Long-term Provisions	36,06,000	28,77,000
	14,09,20,371	16,26,36,934
Current Liabilities		
Short-term Borrowings	53,12,721	39,96,955
Trade Payables	1,09,96,653	1,12,46,855
Other Current Liabilities	4,10,63,443	4,22,81,344
Short-term Provisions	48,64,312	53,83,176
	6,22,37,129	6,29,08,330
Total ::	37,66,41,521	36,47,77,604
<u>ASSETS</u>		
Non-Current Assets		
Fixed Assets		
Tangible Assets	29,43,62,202	31,15,57,884
Intangible Assets	20,94,261	15,92,813
Capital Work-in-Progress ¹	93,38,037	-
Non-Current Investments	95,500	95,500
Long-term Loans and Advances ²	47,08,939	14,03,009
	31,05,98,939	31,46,49,206
Current Assets		
Inventories	34,12,363	39,41,088
Trade Receivables ³	3,10,35,426	2,64,83,154
Cash and Bank Balances	2,32,01,881	72,19,720
Short-term Loans and Advances	67,21,701	1,15,56,091
Other Current Assets	16,71,211	9,28,345
	6,60,42,582	5,01,28,398
Total::	37,66,41,521	36,47,77,604

Notes:

1. For details about Capital Work-in-Progress, please refer section 'Financial Information' on page 138.
2. Loans and advances for the year ended March 31, 2012 and March 31, 2011 does not include any related parties.
3. Increase in Trade Receivable for the year ended 31.03.2012 as compared to the year ended 31.03.2011 is due to the fact that there was an increase in sales during the period ended 31.03.2012. And in commensurate to the sales, the trade receivable have also increased during the corresponding period. The sales of the Company had increased in financial year 20010 -11 and financial year 2011-12 due to installation and commission of a new plant imported from China with production capacity of 70 TPD from March 2010.

All the trade receivable belonging to year ended March 31, 2012 and March 31, 2011 are good trade receivable and none of trade receivable are going to turn bad.

None of the trade receivable involves related parties

STATEMENT OF PROFIT AND LOSS ACCOUNTS

(In Rupees)		
Particulars	As at 31/03/2012	As at 31/03/2011
REVENUES		
Gross Revenue from Operations ¹	23,11,03,880	20,50,88,103
Less: Excise Duty	1,61,54,838	1,45,21,726
Net Revenue from Operations	21,49,49,042	19,05,66,377
Other Income ²	35,35,807	9,06,211
Total Revenues	21,84,84,849	191,472,676
EXPENSES		
Cost of Materials Consumed	64,91,531	64,45,414
Changes in Inventories	57,417	(6,51,849)
Employee Benefits Expenses	2,35,58,657	1,88,43,691
Power and Fuel	8,56,93,231	7,62,73,478
Finance Costs	1,97,03,364	1,92,79,479
Depreciation and Amortization	3,58,73,801	3,23,36,672
Other Expenses	3,77,64,537	2,84,44,411
Total Expenses	2,091,42,538	18,09,71,296
Profit before Tax	93,42,311	1,05,01,380
Tax Expenses:		
Current Tax	7,20,498	21,00,000
Deferred Tax	7,48,000	21,00,000
Profit/ (Loss) for the period	78,73,814	63,01,380
Earnings per Equity Share:		
Basic (Rs.)	2.53	2.02
Diluted (Rs.)	2.53	2.02

Notes:

1. For details about segment reporting with regard to the Sales of industrial Gas and Wind Energy, please refer section 'Financial Information' on page 144.
2. For details about other sources of income, please refer section 'Financial Information' on page 140.

CASH FLOW STATEMENT

(In Rupees)

Sl. No.	Particulars	Year ended 31/03/2012	Year ended 31/03/2011
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	93,42,311	1,05,01,380
	Adjustment for :		
	Finance Costs	1,97,03,364	1,92,79,479
	Depreciation and Amortization Expenses	3,58,73,801	3,23,36,672
	Profit / (Loss) on sale of Fixed Assets (Net)	(18,98,612)	(6,18,847)
	Interest & Dividend Income	(10,18,348)	(2,87,452)
	Operating profit before working capital changes	6,20,02,517	6,12,11,232
	<u>Changes in working Capital:</u>		
	Inventories	5,28,725	(1,74,458)
	Trade and other Receivables ¹	(4,60,749)	4,12,773
	Long Term Liabilities and Provisions	(7,74,750)	-
	Trade and other Payables	(16,12,674)	(32,76,425)
	Cash generation from Operations	5,96,83,070	5,81,73,122
	Payment of Direct Taxes	(17,13,637)	(8,19,529)
	Net Cash generated/ (used) - Operating Activities	5,79,69,433	5,73,53,593
B.	CASH FLOW FROM INVESTMENT ACTIVITIES		
	Purchase of Fixed Assets ²	(2,86,44,401)	(3,60,87,964)
	Long term Advances made	(33,05,930)	-
	Sale of Fixed Assets	26,44,255	10,26,306
	Interest Received	10,18,348	2,87,452
	Dividend Received	-	-
	Net Cash Generated/ (Used) - Investing Activities	(2,82,87,728)	(3,47,74,206)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Application Money pending allotment ³	3,00,00,000	-
	Proceeds from Long-term Borrowings	95,79,182	2,05,93,963
	Repayment of Long-term Borrowings	(3,12,68,996)	(2,08,76,844)
	Proceeds/ Repayment of Short-term Borrowings (Net)	13,15,766	13,22,291
	Finance Cost Paid	(1,97,03,364)	(1,92,79,479)
	Dividend Paid (including Dividend Distribution Tax)	(36,22,132)	(36,34,170)
	Net Cash Generated/ (Used) - Financing Activities	(1,36,99,544)	(2,18,74,239)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	1,59,82,161	7,05,148
	Add : Opening Cash and Cash Equivalents	72,19,720	65,14,572
	Closing Cash and Cash Equivalents	2,32,01,881	72,19,720

Notes:

1. "Trade and Other Receivables" consist of adjustments for (i) Sundry Debtors, (ii) Loans and Advance to Staff and Others, (iii) Prepaid Expenses, (iv) Balances with Customs & Excise Department, (v) Deposits with Govt. Departments & Others and (vi) Interest Accrued but not due.

2. For details regarding purchase of fixed assets up to March 31, 2012, please refer Audited Financial Statements for the year Ended 31.03.2012 on page 136 and page 137.
3. For details regarding advance towards share application money, please refer “Sources and Deployment of Fund” on page 72.

GENERAL INFORMATION

Pursuant to the resolution under section 81 (1) of the Companies Act, approved by the Board of Directors at its meeting held on July 27, 2011, it has been decided to make the following offer to the Equity Shareholders, with a right to renounce:

ISSUE OF 18,69,930 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF RS. 50 EACH INCLUDING A PREMIUM OF RS. 40 PER EQUITY SHARE AGGREGATING TO AN AMOUNT OF RS. 934.97 LAKHS TO THE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF 3 EQUITY SHARES FOR EVERY 5 EQUITY SHARES HELD ON RECORD DATE I.E. JUNE 27, 2012. THE ISSUE PRICE IS 5 TIMES OF THE FACE VALUE OF THE EQUITY SHARE.

For further details please refer to “Terms of the Issue” beginning on page 176 of this Letter of Offer.

Registered Office of the Company

New No. 80 (Old No. 141), Greaves Road,
Chennai – 600 006.

Tel. No.: +91 44 2829 0770

Fax No.: +91 44 2829 0770

E-Mail: contact@nolgroup.com

Website: www.nolgroup.com

CIN: L24111TN1974PLC006819

For details regarding change in the Registered Office, see the Section “History & Corporate Structure” beginning on page 99.

Address of the Registrar of Companies

RoC-Chennai

Block No. 6, B' Wing, 2nd Floor, Shastri Bhawan,
26, Haddows Road,
Chennai - 600 034,
Tamil Nadu,
INDIA.

Board of Directors

The Board of Directors of the Company comprises of:

Sl. No.	Name of Director, Age and Address	Designation	DIN
1.	Mr. Gajanand Saraf Age: 76 years Address: 3C “Tangy Apartments” 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105.	Chairman & Managing Director	00007320
2.	Mr. Rajesh Kumar Saraf Age: 49 years Address: 3C “Tangy Apartments” 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105.	Joint Managing Director	00007353
3.	Mrs. Veena Devi Saraf Age: 71 years Address: 3C “Tangy Apartments” 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105.	Non Executive Director	00007376
4.	Dr. Dev Mohan Mohunta Age: 76 years Address: 45, Taylors Road, Kilpauk, Chennai - 600 010	Non Executive Independent Director	01233780
5.	Mr. Perumal Siva Age: 76 years Address: No. 2A, Sadasivam Street, Rayapettai, Chennai - 600 006	Non Executive Independent Director	00007475

6.	Mr. Anil Kumar Seth Age: 58 years Address: No.106, 10 th Main Road, Shanti Colony, Anna Nagar, Chennai – 600 040.	Non Executive Independent Director	00832674
----	--	---------------------------------------	----------

For detailed profiles of our Directors, please refer to the chapter titled “The Management” beginning on page 106 of this Letter of Offer.

Compliance Officer

Mr. K. Venkateswaran,
National Oxygen Limited,
80, (Old No. 141), Greams Road,
Chennai - 600 006.
Tel. No.: +91 44 2829 0707
Fax No.: +91 44 2829 0770
E-mail: compliance@nolgroup.com

Lead Manager to the Issue

KARN MERCHANT BANKERS LTD.

EC-41, Sector – 1,
Salt Lake City,
Kolkata – 700 064.
Tel. No.: +91 33 2334 3922/ 23;
Fax No.: +91 33 2334 3924;
E-mail: rights.issue@karnbanker.com
Website: www.karnbanker.com
Contact Person: Mr. Amit Kumar Mishra
SEBI Registration No.: INM 000011153

Registrar to the Issue

CAMEO CORPORATE SERVICES LTD.

Subramanian Building,
1, Club House Road,
Chennai -600 002.
Tel. No.: +91 44 2846 0390 (5 Lines)
Fax No.: +91 44 2846 0129
E-mail: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: R. D. Ramasamy
SEBI Registration No.: INR 000003753

Legal Advisor to the Issue

Lakshmmi Subramanian & Associates

“Murugesu Naicker Office Complex”,
81, Greams Road,
Chennai – 600 006
Tel No.: +91 44 2829 2272/ 2829 2273
Fax No.: +91 44 4214 2061
E-mail: srisecadmin@rediffmail.com
Contact Person: Mrs. Lakshmmi Subramanian

Statutory Auditor to the Company

Singhi & Company

No.1 Philips Street
Chennai – 600 001
Tamil Nadu, India

Tel. No.: +91 44 4262 1416
Fax No.: +91 44 2538 4536
E-mail: Chennai@singhico.com
Website: www.singhico.com
Contact Person: Mr. Sudesh Choraria
Membership No: 204936
Firm Registration No.: 302049E

Bankers to the Company

Punjab National Bank
No. 9, Nungambakkam High Road,
Chennai - 600 034
Tamil Nadu, India
Tel. No.: +91 44 2827 9965/ 2827 0364/ 2827 0094
Fax No.: +91 44 2827 8543
E-mail: bo2543@pnb.co.in
Website: www.pnbindia.in
Contact Person: Mr. A. P. Garg

HDFC Bank Limited
BTI Ops Department
Lodha i Think Techno Campus
Level O-3, Next to Kanjurmarg Railway Station,
Kanjurmarg (East),
Mumbai – 400 042.
Tel. No.: + 91 22 3075 2927
Fax No.: + 91 22 2579 9801
E- mail: uday.dixit@hdfcbank.com, btiops@hdfcbank.com
Contact Person: Mr. Uday Dixit

Bankers to the Issue

HDFC Bank Limited
FIG-OPS Department, Lodha I-Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East),
Mumbai – 400 042.
Tel. No.: +91 22 3075 2928
Fax No.: +91 22 2579 9801
E-mail: udaydixit@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. Uday Dixit
SEBI Registration No.: INBI00000063

Punjab National Bank
Capital Market Service Branch,
2nd Floor, PNB House
Sir P. M. Road, Fort, Mumbai – 01
Phone No.: + 91 22 2262 1123
Fax No.: + 91 22 2262 1124
E-Mail: pnbcapsmumbai@pnb.co.in
Website: www.pnbindia.in
Contact Person: Mr. K.K. Khurana
SEBI Registration No.: INBI00000084

Refund Banker**HDFC Bank Limited**

FIG-OPS Department, Lodha I-Think Techno Campus,
O-3 Level, Next to Kanjurmarg Railway Station,
Kanjurmarg (East),
Mumbai – 400 042.

Tel. No.: +91 22 3075 2928

Fax No.: +91 22 2579 9801

E-mail: udaydixit@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Mr. Uday Dixit

SEBI Registration No.: INBI00000063

Self Certified Syndicate Banks

All Equity Shareholders who hold Equity Shares in dematerialized form may apply in this Issue through the ASBA process. The Equity Shareholders are required to fill the CAF and submit the same to their Self Certified Syndicate Banks (“SCSB”) which in turn will block the amount as per the authority contained in the CAF and undertake other tasks as per the specified procedure. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Equity Shares allotted.

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount (“ASBA”) Process are available at the SEBI website (URL reference: <http://www.sebi.gov.in/pmd/scsb.pdf>). Details relating to designated branches of SCSBs collecting the CAF are available at the above mentioned link.

For further details on the ASBA process, please refer to details given in CAF and also refer to the section “Terms of the Issue” beginning on page 176 of this Letter of Offer.

Investors may please contact the Registrar to the Issue or the Compliance Officer or the Lead Managers for any pre-issue / post-issue related matter such as non-receipt of Abridged Letter of Offer / CAF / letter of allotment / share certificate(s) / credit of allotted shares in the respective beneficiary account / refund orders etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Securities applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

Inter-se allocation of responsibilities of the Lead Manager

Karn Merchant Bankers Limited is the sole Lead Manager to this Issue and shall be responsible for and shall coordinate all activities mentioned below:

Sl. No.	Activity
1	Capital Structuring with relative components and formalities such as composition of Structuring of the offer document.
2	Due diligence of the Company’s operations/ management/ business plan/ legal documents. Drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document. Liaison with stock exchanges and SEBI, including obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.
3	Drafting, Design and approval of Abridged Letter of Offer, CAF, all publicity material such as statutory and non-statutory advertisements / publicity material including newspaper advertisements, brochure, corporate film, etc.
4	Selection and appointment of intermediaries namely Registrar, printers, advertising agency, Banker(s) to the Issue, Monitoring Agency and review of agreement appointing these agencies.
5	Follow-up with the Bankers to the Issue to get quick estimates of collection and advising such Banks about closure of the Issue, based on the correct figures.

6	Marketing of the Issue, which will cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres of holding conferences (iii) collection centres, (iv) distribution of publicity and issue material including application form, Letter of Offer, Abridged Letter of Offer; and (v) Brochure and deciding on quantum of issue material.
7	Institutional marketing strategy which will cover, inter alia: ▪ Finalising the list and division of investors for one to one meetings; ▪ Finalising road show schedule and investor meeting schedules; and ▪ Preparation of Investor Presentation and FAQ's.
8	Assisting in the listing of the Equity Shares issued pursuant to the Issue on the BSE and MSE.
9	The post-Issue activities will involve essential follow-up steps, which include finalization of basis of allotment or weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as the Registrar to the Issue, the Bankers to the Issue, and the bank handling refund business.

Listing

The Equity Shares of the Company are listed on the Bombay Stock Exchange (BSE) and Madras Stock Exchange (MSE).

Issue Schedule

Issue Opening Date	July 11, 2012
Last date for Receiving requests for split forms:	July 20, 2012
Issue Closing Date	July 30, 2012

Monitoring Agency

Since the Issue size does not exceed Rs.50,000.00 Lakhs, the appointment of a monitoring agency as per Regulation 16 of the SEBI Regulations is not required. The Board of Directors of the Company will monitor the use of the proceeds of this Issue.

Appraisal Reports

The requirement and proposed utilization of proceeds of the Issue have been appraised by Punjab National Bank, Project Appraisal and Technical Consultancy Cell (PATC), dated October 22, 2011. The contact details of appraising entity are as under,

Punjab National Bank

Project Appraisal and Technical Consultancy Cell (PATC),
Circle Office, Rayala Towers, III Floor,
New No. 158, Anna Salai, Chennai – 600 002
Tamil Nadu, India
Tel. No.: +91 44 6678 5753
Fax No.: +91 44 6678 5754
E-mail: cochnsme@pnb.co.in

Standby Underwriting Agreement / Subscription to the Issue by the Promoter & Promoter Group

The Issue is not underwritten. The Promoters and the members of the Promoter Group holding Equity Shares in the Company have vide their letter dated .December 01, 2011 undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement either by themselves and/or through one or more entities controlled by them, including by subscribing for Equity Shares pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. They have also

undertaken to apply for the Equity Shares in addition to their rights entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining approvals required under applicable law, if any. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Such subscription and acquisition of such additional equity shares by our Promoters and Promoters Group, if any, will not result in change of control of the management of the Company and the Promoters and Promoters Group shall, subject to compliance of the conditions stipulated under 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) Regulations 2011, be exempt from making an open offer as stipulated under 3(2) of SEBI (SAST) Regulations, 2011.

Allotment to the Promoters and Promoters Group of any unsubscribed portion in the Issue, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. The Company hereby confirms that, in case the Issue is completed with our Promoters and Promoters Group subscribing to Equity Shares over and above their entitlement, the public shareholding in the Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement.

If the Company does not receive minimum subscription of 90% of the Issue including devolvement of underwriting and participation by the Promoters of the undersubscribed portion of the Issue, the entire subscription shall be refunded to the Applicants within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), the Company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act.

Principal Terms of Loan and Assets charged as security

For details of the principal terms of loans and assets charged as security, please see “Financial Indebtedness” on page 148 of this Letter of Offer.

Credit Rating

This being a rights issue of Equity Shares, no credit rating is required.

Issue Grading

As the Issue is a rights offering, grading of this Issue is not required.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of Section 68A of the Act which is reproduced below:

“Any person (a) who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or (b) any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

Allotment Letters / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

In case of those applicants who have opted to receive their Rights Entitlement in physical form, the Company will issue the corresponding share certificates under section 113 of the Companies Act or other applicable provisions if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information see, ‘Terms of the Issue’ beginning on page 176.

Declaration by Board on creation of separate account

The Board declares that funds received against this Issue will be transferred to a separate bank account, subject to compliance with Regulation 56 of the SEBI ICDR Regulations.

Minimum Subscription

If the company does not receive the minimum subscription of 90% of the amount payable on application upto the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account lot the cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of the issue. If there is any delay in the refund of application money by more than 8 days after the company becomes liable to pay the amount (i.e. 15 days after the closure of issue), the company will pay interest for the delayed period as per Section 73 of the Companies Act. 1956.

CAPITAL STRUCTURE

Particulars		Aggregate Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A	AUTHORIZED CAPITAL		
	50,00,000 Equity Shares of Rs. 10 each	5,00,00,000	-
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	31,16,550 Equity shares of Rs. 10 each	3,11,65,500	-
C	PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS LETTER OF OFFER		
	Issue of 18,69,930 Equity Shares of Rs.10 each, at a premium of Rs 40 per Equity Share for cash fully paid-up	1,86,99,300	9,34,96,500
D	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
	49,86,480 Equity Shares of Rs. 10 each	4,98,64,800	24,93,24,000
E	SHARE PREMIUM ACCOUNT		
	Existing Share Premium Account (In Rs.)	1,04,10,050	
	Share Premium Account after the Issue assuming allotment of all Equity Shares offered (In Rs.)	8,52,07,250	

Notes to the Capital Structure:

The share capital statement is prepared on the assumption that the Proposed Rights Issue of 18,69,930 Equity Shares at a price of Rs. 50 will be fully subscribed.

The Company does not have any outstanding warrant, option, convertible loan, debenture or any other securities convertible at a later date into equity, which would entitle the holders to acquire further Equity Shares of the Company.

1. Shareholding Pattern of the Company as per Clause 35 of the Listing Agreement as on March 31, 2012:

Category of Shareholders	No. of Share Holders	Total number of Shares	Total number of Shares held in Dematerialized form	Total Shareholding as a % of total number of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of Shares	As a % of total number of
(A) Shareholding of Promoter and Promoter Group							
1. Indian							
Individuals/Hindu Undivided Family	13	11,50,404	11,50,404	36.91	36.91	-	-
Bodies Corporate	6	5,15,056	5,15,056	16.53	16.53	-	-
Sub Total (A) (1)	19	16,65,460	16,65,460	53.44	53.44	-	-
2. Foreign							
Individuals (Non Resident Individuals/Foreign	-	-	-	-	-	-	-
Bodies Corporate	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-
Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	19	16,65,460	16,65,460	53.44	53.44	-	-
(B)Public Shareholding							
1. Institutions							
Mutual Funds/ UTI	-	-	-	-	-	-	-
Financial Institutions/ Banks	-	-	-	-	-	-	-
Central Government/ State Government (S)	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-
Foreign Venture Capital Investors	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-
Sub Total (B) (1)	-	-	-	-	-	-	-
2. Non- Institutions							
Bodies Corporate	87	1,35,729	1,33,729	4.36	4.36	-	-
Individuals							
Individual shareholding holding nominal share capital upto Rs 1 Lakh	4,231	10,39,440	6,58,754	33.35	33.35	-	-

Individual shareholding holding nominal share capital in excess of Rs 1 Lakh	8	2,47,153	2,47,153	7.93	7.93	-	-
Any others (Specify)							
Clearing Members	4	2,127	2,127	0.07	0.07	-	-
Hindu Undivided Family	64	13,419	13,419	0.43	0.43	-	-
Non Resident Indians	28	11,872	11,872	0.38	0.38	-	-
Others	4	1,350	-	0.04	0.04	-	-
Sub Total (B) (2)	4,426	14,51,090	10,67,054	46.56	46.56	-	-
Total Public Shareholding (B) =(B) (1) + (B) (2)	4,426	14,51,090	10,67,054	46.56	46.56	-	-
Total (A)+(B)	4,445	31,16,550	27,32,514	100	100	-	-
(C) Shares held by Custodians and against which Depository Receipts have been issued							
(1) Promoter and Promoter Group	-	-	-	-	-	-	-
(2) Public	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-
Grand Total (A)+(B)+(C)	4,445	31,16,550	27,32,514	100	100	-	-

2. Shareholding of Promoters and Promoters Group as on March 31, 2012:

Sl. No.	Name of Shareholders	As on 31.03.2012	
		Number of Shares	% Shareholding
1	Mr. Rajesh Kumar Saraf	2,31,024	7.4127
2	Mr. Gajanand Saraf IND	2,18,142	6.9994
3	East Coast Acetylene Private Limited	1,84,346	5.9150
4	Mrs. Sarita Saraf	1,78,874	5.7394
5	Saraf Housing Development Private Limited	1,68,885	5.4189
6	Pondicherry Agro Foods Private Limited	1,61,825	5.1923
7	Mrs. Veena Devi Saraf	1,57,040	5.0389
8	Mr. Gajanand Saraf BHUF	1,08,954	3.4959
9	Mr. Gajanand Saraf (SHUF)	80,972	2.5981
10	Mrs. Mamtha Gupta	62,784	2.0145
11	Mr. Rajesh Kumar Saraf HUF	41,700	1.3380
12	Mrs. Sarita Gupta	28,014	0.8988
13	Mrs. Banitha Agarwal	21,000	0.6738
14	Mrs. Savitha Kainya	21,000	0.6738
15	Mr. Arun Kumar Kainya	900	0.0288
	TOTAL	16,65,460	53.4392

The entities belonging to the Promoter/Promoter Group have undertaken to subscribe to their rights entitlement in full and collectively to subscribe to the unsubscribed portion from public shareholders. It will be ensured that in the event of such subscription by the promoters, their post rights issue holding in the Company does not result

in the public shareholding of the Company falling below the requisite levels as prescribed under clause 40A of the Listing Agreement.

Presuming no subscription is received from other shareholders and Promoters(s)/Promoter Group as mentioned above subscribing to the unsubscribed portion as mentioned above, their shareholding may increase to **70.90%** of the post Issue equity capital of the Company. As a result of this subscription and consequent allotment, the Promoters/ Promoter Group may acquire shares over and above their entitlement in the Issue which may result in their shareholding in the Company being above their current holding. This subscription and acquisition of additional equity shares by the Promoters/Promoter Group, if any, will not result in change of control of the management of the Company and shall be exempt from the requirements of making a public offer in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

3. **As on the date of this Letter of Offer there are no equity shares of the Company that are locked in.**
4. **As on the date of this Letter of Offer there are no equity shares of the Company that are pledged or otherwise encumbered**
5. **None of the Promoters of the Company, their relatives and associates, and entities belonging to the Promoter Group have purchased or sold directly or indirectly, any equity shares during a period of one year proceeding the date of this Letter of Offer filed with SEBI.**
6. **The Issue being a rights issue, provisions of Promoters' contribution and lock-in are not applicable as per Regulation 34 (c) of SEBI (ICDR) Regulations, 2009.**
7. **As on the date of this Letter of Offer, the Company has not allotted any Equity Shares to employees pursuant to any ESOP/ ESOS scheme.**
8. **The details of the shareholders holding more than one per cent of the Share Capital of the Issuer:**

Sl. No.	Name of Shareholders	As on 31.03.2012	
		Number of Shares	% Shareholding
A	Promoters and Promoters Group		
1	Mr. Rajesh Kumar Saraf	2,31,024	7.4127
2	Mr. Gajanand Saraf IND	2,18,142	6.9994
3	East Coast Acetylene Private Limited	1,84,346	5.9150
4	Mrs Sarita Saraf	1,78,874	5.7394
5	Saraf Housing Development Private Limited	1,68,885	5.4189
6	Pondicherry Agro Foods Private Limited	1,61,825	5.1923
7	Mrs Veena Devi Saraf	1,57,040	5.0389
8	Mr. Gajanand Saraf BHUF	1,08,954	3.4959
9	Mr. Gajanand Saraf (SHUF)	80,972	2.5981
10	Mrs Mamtha Gupta	62,784	2.0145
11	Mr. Rajesh Kumar Saraf HUF	41,700	1.3380
	TOTAL (A)	15,94,546	51.1631
B	PUBLIC		
1	F L Dadabhoy	69,182	2.2198
2	N F Dadabhoy	53,550	1.7182
3	R F Dadabhoy	55,500	1.7808
	TOTAL (B)	1,78,232	5.7188
	GRAND TOTAL (A) + (B)	17,72,778	56.8819

- The Company has not made any public offering, preferential allotment or QIP Placement of the Equity Shares in last five years
- The Company confirms that there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner will be made by the Company during

the period commencing from submission of the Letter of Offer with SEBI till the securities referred to in this Letter of Offer have been listed, or application money is refunded on account of failure of the Issue.

- As on the date of this Letter of Offer, the Company has 4,482 shareholders.
- At any given point of time there shall be only one denomination for Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms as may be prescribed by SEBI.
- The Equity Shares of the Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Letter of Offer.
- The Company or the Lead Manager has not entered into any buyback or standby arrangements for the purchase of Equity Shares of the Company.
- The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine but not exceeding 30 days from the Issue Opening Date
- The Promoter, Directors and Lead Manager to the Issue have not paid any amount, whether direct or indirect and in cash or kind, in the nature of discount, commission, allowance or otherwise to any person.
- The Lead Manager to the Issue and their associates do not hold any Equity Shares in the Company.

9. Details of increase in Authorized Share Capital

Sl. No.	Date	Increased from (Rs.)	Increased to (Rs.)	Remarks
1.	23.12.1974	-	50,00,000	On Incorporation (50,000 ordinary shares of Rs 100/- each)
2.	01.09.1975	50,00,000	1,00,00,000	Increase in Authorised Capital from Rs.50,00,000 divided into 50,000 equity shares of Rs. 100 each to Rs.1,00,00,000 divided into 7,50,000 equity shares of Rs.10 each & 25,000 preference shares of Rs.100 each.
3.	03.08.1985	-	-	Authorised Capital of Rs.1,00,00,000 divided into 7,50,000 equity shares of Rs.10 each & 25,000 preference shares of Rs.100 each reclassified into 10,00,000 equity shares of Rs.10 each.
4.	14.10.1985	1,00,00,000	2,00,00,000	By creation of 10,00,000 Equity shares of Rs.10/- each
5.	09.09.1993	2,00,00,000	5,00,00,000	By creation of 30,00,000 Equity shares of Rs.10/- each at AGM held on 09.09.1993

10. Build-up of Equity Share Capital:

The existing Equity Share Capital has been subscribed and allotted as under:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Consideration	Nature of Allotment	Cumulative Share Capital
23.12.1974	20	100	Cash	Initial subscription	2,000
12.10.1979	41,300	10	Cash	Allotment	4,15,000
17.12.1980	45,000	10	Cash	Allotment	8,65,000
30.09.1981	63,500	10	Cash	Allotment	15,00,000
29.10.1982	10,000	10	Cash	Allotment	16,00,000
21.08.1985	1,60,000	10	Bonus Issue (1:1)	Bonus Issue out of profit	32,00,000
09.12.1985	7,18,850	10	Cash	Allotment of shares through public issue	1,03,88,500
12.08.1994	20,77,700	10	Cash	rights issue, 2 equity shares for every 1 equity share held	3,11,65,500
After the rights issue brought in 1994 and till date, the capital of the Company is Rs. 3,11,65,500 divided into 31,16,550 equity shares of Rs. 10 each.					

11. Equity Shares allotted for consideration other than cash:

Except as given in the table below, the Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Persons to whom Allotted	Number of Equity Shares	Face Value (Rs.)	Nature of Allotment	Benefits accrued to the Company
21.08.1985	Existing Shareholders	1,60,000	10	Bonus in the ratio of 1:1	Nil

SUMMARY OF INDUSTRY

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

Industrial Gases

Industrial gas is a group of gases that are commercially manufactured and sold for uses in other applications. The most common industrial gases are: air gases - oxygen (O₂), nitrogen (N₂) and argon (Ar); rare gases - such as helium (He), krypton (Kr), xenon (Xe) and neon (Ne) and other gases like hydrogen (H₂), carbon monoxide (CO), carbon dioxide (CO₂) and nitrous oxide (N₂O), chlorine (Cl₂), hydrogen chloride (HCl) and sulphur dioxide (SO₂), acetylene (C₂H₂), methane (CH₄) and propane (C₃H₈).

Global Scenario

The industrial and medical gases industry serves a very large number of customers in the whole community. Industrial gases are essential for almost all manufacturing. Large quantities of oxygen, nitrogen and argon are used in the steel and metal industry. Shipyards and the automotive industry use acetylene, propane, mixtures of fuel gases and oxygen for cutting and welding. Liquid nitrogen is vital in recycling plastics, packaging and scrap tyres. The chemical industry employs all major industrial gases as a raw material or for inerting. The other smaller market segment consists of cylinder gas and mixtures.

The industrial gas industry has been in the midst of consolidation for the past ten years and is now highly concentrated. The top five producers account for 70–80% of the global market. In 2007, the following four companies dominated the industry worldwide—Air Products and Chemicals, Inc. (United States); L'Air Liquide, S.A. (France); The Linde Group PLC (United Kingdom); and Praxair, Inc. (United States). According to the Freedonia group, inc., a Cleveland-based industry research firm, world demand for industrial gases is forecast to increase 6.9% annually to \$36.8 billion in 2011, with volume exceeding 300-bcm (billion cubic meters). Asia-Pacific is the largest consuming region because of rapid growth in developing industrial markets, especially those of China and India.

(Source: <http://www.niir.org/profiles/profiles/industrial-gases/z..23.0.a/index.html>, Dated April 2011)

Indian Scenario

Coming back to India, there are presently over 300 small & medium size plants and approximately 25 large tonnage plants all over the country. These gases are supplied through pipelines to captive customers in adjacent factories; in cryogenic transport tanks for bulk deliveries to long distance customers; or filled in cylinders.

The present annual turnover of the gas industry, excluding captive production is about Rs. 3,000 crores (\$650 million). With increased industrialization, the demand pattern of industrial gases is also changing fast. Modern application in the food processing industry, agro industries, healthcare and technology are growing at a tremendous pace. This has driven the industry to adopt stringent quality control systems and an efficient distribution network.

Major players in India include BOC India, INOX Air Products Ltd., Jindal Praxair Oxygen Co. Ltd., Air Liquide India Holding P. Ltd., Aims Industries Ltd etc. The Indian gas industry is growing at an average rate of 12 per cent per annum during the last couple of years, with the industrial oxygen growing consistently at 15-17 per cent per annum. The growth of industrial gas industry can be easily forecast on the basis of projections of the steel and other metallurgical industry. Steel demand is seen rising by 10% in the fiscal year to march 2011, helped by higher spending on infrastructure will continue to drive growth of the gas industry. Natural gas comprises 9 % of India's primary energy consumption and it will be 14% of energy mix by 2010. Demand for natural gas is also likely to increase at an average annual growth rate of 7.3%. Metals production and fabrication will continue to be the largest market for industrial gases, accounting for 31% of total demand in value terms in coming years. The second largest market will be the chemical processing/petroleum refining segment. The medical/healthcare market, though smaller in size, will be the fastest growing and record gains from the

expansion of healthcare services in developing nations and rapidly increasing use of home healthcare respiratory therapies in advanced economies. Hydrogen is gaining prominence and most companies are striving to develop technologies that can efficiently exploit the potential of hydrogen. Increased use of natural gas will create an opportunity for higher production of argon and carbon dioxide.

(Source: <http://www.niir.org/profiles/profiles/industrial-gases/z,,23,0,a/index.ht>, Dated May 2011)

Future Demand for Industrial Gases to Reach \$52 Billion by 2014

World demand for industrial gases will increase eight percent annually to \$52 billion in 2014. Volumetric consumption will expand five percent per year to 530 billion cubic meters in the same year. Industrial gases are used throughout the world in numerous applications, but the nations of fastest growth will be the emerging industrial economies of the Asia-Pacific region, especially China and India. Countries with advanced, highly developed industrial economies will grow more slowly. Other developing regions (Central & South America and Africa/ Mideast) will also experience above average growth.

Key Growth Drivers

- Industrial gases used by the chemical processing and petroleum refining industries comprise the largest gas consuming category, accounting for 40 percent of merchant industrial gas consumption. The chemical manufacturing sector uses industrial gases as feed stocks or process gases for the production of a huge array of chemicals and petrochemicals. In petroleum refining, the drive towards cleaner burning, low-sulfur fuels will stimulate demand for hydrogen. Countries with strict mandates for clean fuel are already using voluminous amounts of hydrogen. Those where clean fuel standards are still to be implemented will require similar amounts of hydrogen, as they strive to reduce harmful environmental emissions. Much of this incremental hydrogen will be supplied by merchant producers of the gas, and the supply of merchant hydrogen to refiners represents the largest growth opportunity for this industry.
- Metal production and fabricating is the second-largest market segment for industrial gas consumption, and will account for 24 percent of total demand value in 2014. Global recession caused steel output to fall drastically in recent years in many mature economies. However, as the steel industry recovers and returns to normal production levels, industrial gas demand in the metal market will register the fastest growth of any other segment. Geographically, the best growth opportunities will exist in China, Japan, the US, Germany and India.
- The electronics and health care industries will exhibit the most rapid market gains. Advances in electronics applications will benefit from rising demand for semiconductors and integrated circuits used in a growing number of smart electronic devices such as cellular phones.
- The industry's move toward the production of 300mm semiconductor wafers will benefit industrial gases, as will the recent focus on photovoltaic technologies. Bulk gases are used by the industry primarily as inert blanketing atmospheres. Geographically, the highest growth for electronics applications will be in China and Taiwan, although the US, Japan and South Korea also represent significant markets.
- In medical and health care applications, demand will be driven by the expansion of health care services in developing nations, rapidly increasing use of home health care respiratory therapies in advanced economies, and technological advancement in medical imaging, surgical and other practices.

(Source: <http://www.aiigma.org/newsdisplay.aspx?pgid=7&nid=70>)

SUMMARY OF BUSINESS

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about the financial statements, including the notes thereto, the 'Risk Factors' beginning on page 12 of this Letter of Offer.

National Oxygen Limited, an ISO 9001:2008 certified Company, was formed in 1974 and engaged in the trading of industrial/medical gases. In 1980 the Company installed and commissioned the first oxygen plant of 63 cubic metres per hour (cum per hour) capacity at Mathur Village, Pudukkottai District, Tamil Nadu.

The registered office of the Company is at 80, Greaves Road, Opp Greaves Road Post Office Chennai – 600 006. The Company currently has a capacity of 2500 m³ per hour of oxygen / nitrogen gases and 2,00,000 m³ per annum capacity of dissolved acetylene gas. In addition to oxygen, it has installed an additional facility for compressing waste nitrogen into commercial grade nitrogen at Pudukkottai Road, Mathur – 622 515, Tamil Nadu and Villupuram Road, Thiruvandhar Koil, Pondicherry – 605 102. The Company has installed a windmill with a capacity of 1.65 MW at Dhule, Maharashtra in December 2005.

The Company supplies oxygen and nitrogen in liquid and gaseous forms to industries and hospitals through its own sales network.

The Company's clients mainly consist of Government workshops, public sector units, space and petrochemical units. It also serves to steel sector, pharmaceutical sector, refrigeration units, hospitals, ship making & repairing units other than fabrication sector. The Company has 293 corporate clients up to March 31, 2012, which belong to all parts of Tamil Nadu and Pondicherry.

For the financial year ended March 31, 2011 and 2012, the Company had total income of Rs. 1,912.98 Lakhs and Rs. 2,184.85 Lakhs respectively and a net profit, as restated, of Rs. 63.01 Lakhs and Rs. 78.74 Lakhs respectively.

The Company has embarked upon an expansion plan to expand its existing facilities and for setting up of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu. For further information, please see — 'Objects of the Issue' beginning on page 48 of this Letter of offer.

The Competitive Strengths

1. Experienced Management and Promoters

Mr. Gajanand Saraf has been managing the Company efficiently for more than three decades. Under his leadership the Company has scaled great heights in the field of Industrial gases. The promoters bring with them their vast knowledge and experience, which shall help the Company achieve better operational efficiency. The non-independent directors have substantial experience of managing various functions of the oxygen industry.

2. Successfully installed the same air separation plant in the Past

The Company had successfully installed the air separation plant with the manufacturing capacity of 70 TPD at Pondicherry, which is commissioned and production was started in March 2010. The plant is sourced from the same supplier with similar technology.

3. Ability to utilize marketing channels

The Company can supply oxygen and nitrogen in liquid and gaseous forms to Industries and Hospitals through its own sales network. The Company's clients mainly consist of Government workshops, public sector units, space and petrochemical units. It also serves to steel sector, pharmaceutical sector, refrigeration units, hospitals, ship making & repairing units other than fabrication sector.

4. Focus on Customer Satisfaction

Another important aspect in the industrial gas market is customer satisfaction. In addition, it is a critical input for the employee'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.

The Strategy

1. Achieve maximum capacity utilization of the Plant

Detail of Capacity Utilisation of Plant is as follows:

Year	Oxygen/ Nitrogen		Dissolved Acetylene		Windmill	
	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In Kwh)	% of Full Capacity
2008-09	81,02,339	54.02 %	52,789	26.39 %	25,90,646	58.88 %
2009-10	81,77,591	32.71 %	52,138	26.07%	26,86,762	61.06 %
2010-11	1,64,47,689	65.79 %	45,874	22.94%	26,78,467	60.87%
2011-12	1,75,28,136	70.11%	49,101	24.55%	28,27,780	64.27%

In the near future, the Company shall endeavor to increase the capacity utilization of its plants to 90%.

2. Implement measures to reduce cost

The Company shall try and minimize the cost of the operations through optimising various parameters and procurement of raw materials from suitable locations so that the purchase price and transportation cost, taken together is the lowest and cost of production is reduced. Simultaneously, the Company shall also try to minimize wastage in the production process.

3. Continue to explore opportunities to expand the capacity, either through establishing new plants or through mergers and acquisitions

The Company shall continue to explore opportunities to increase the installed capacity of oxygen through various expansion plans and may even consider acquisition of other plants, if deemed appropriate.

SECTION IV- PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue are (a) Part Finance the Project, for setting of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu; and (b) General Corporate Purposes.

The main objects clause of the Company's Memorandum of Association enable us to undertake the existing activities and the activities for which funds are being raised by the Company pursuant to the Issue.

The Company intends to utilize the proceeds of the Issue after deducting expenses relating to the Issue ("Net Proceeds") which is estimated at Rs. 879.49 Lakhs for the above mentioned objects.

(Rs. In Lakhs)

Particulars	Estimated Amount
Issue Proceeds (upto)	934.97
Issue related expenses	55.48
Net Proceeds of the Issue	879.49

The Company intends to utilize term loan received from Punjab National Bank, internal accruals and the proceeds of the Issue, as provided below:

Sl. No.	Particulars of Expenditure	Term Loan From Punjab National Bank (Rs. In Lakhs)	Internal Accruals (Rs. In Lakhs)	Issue Proceeds (Rs. In Lakhs)	Total Expenditure (Rs. In Lakhs)
1	For setting of new manufacturing unit with the manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu	1,795.00	119.00	750.00	2,664.00
2	General Corporate Expenses	-	-	129.49	129.49
3	Issue Expenses	-	-	55.48	55.48
	TOTAL	1,795.00	119.00 *	934.97	2,848.97

* The Company has Rs. 437.48 Lakh as internal accruals, as on March 31, 2012, as certified by Singhi & Co., chartered accountants vide certificated dated 22.06.2012, which is adequate to meet the amount earmarked as internal accruals contributed by the Company for the Objects to the Issue.

The fund requirement set out in the table above is based on the current business plan of the Company. In view of the dynamic and competitive environment of the industry in which the Company operates, it needs to revise the business plan from time to time and consequently the fund requirements may also change. The Company may have to revise the estimated costs, funding allocation and fund requirements owing to factors such as economic and business conditions, increased competition, and other external factors which may not be within the control

of the management and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of the management.

It is confirmed that the entire Objects of the Issue could be met through the Net Proceeds of the Issue and the loan sanctioned. In case of any increase in the actual utilisation of funds earmarked for the above objects, such additional funds for a particular activity will be met by way of such means available to the Company, including from internal accruals. If the actual utilisation towards any of the aforesaid objects is lower than what is stated above, such balance will be used for future growth opportunities, including funding existing objects, if required, general corporate purposes and/or any other project, activity or initiative the Company may undertake.

MEANS OF FINANCE

The aforesaid requirement of funds is proposed to be financed by the Proceeds of the Issue, Internal Accruals and Term Loan from Punjab National Bank. Thus, provisions of the SEBI Regulations in connection with firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed Issue, does not apply to the Company.

Particulars	Amount (Rs. In Lakhs)
Proceeds of the Issue of 18,69,930 Equity Shares of 10/- each for cash at a price of 50 each including a premium of 40 per Equity Share.	934.97
Internal Accruals **	119.00
Term Loan from Punjab National Bank*	1,795.00
Total	2,848.97

* Punjab National Bank, Nungambakkam, Chennai has vide sanction letter no. Nil dated November 03, 2011, sanctioned a term loan of Rs.1,795.00 Lakh. For details of the terms and conditions of the loan, please refer section titled, 'Financial Indebtedness' beginning on page 148 of this Letter of Offer.

** The Company has Rs. 437.48 Lakh as internal accruals, as on March 31, 2012, as certified by Singhi & Co., chartered accountants vide certificated dated 22.06.2012, which is adequate to meet the amount earmarked as internal accruals contributed by the Company for the Objects to the Issue.

In case of a shortfall in the Net Proceeds, the Company may explore options including utilizing the internal accruals.

REQUIREMENT OF FUNDS

The detailed breakup of the Requirement of funds is as under:

- For setting of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu:**

Sl. No.	Particulars	Amount (Rs. In Lakhs)
A	Land	82.40
B	Land Development	22.60
C	Building & Civil Work	172.00
D	Electrical System	195.10
E	Cooling Water System	19.50
F	RO Plant/ Water Softener	11.10
G	Plant & Machinery	1,205.00
H	Indigenous Purchases	532.30
I	Other Misc. Expenses	104.00
J	Contingency	172.00
K	Interest during Construction	148.00
	Total	2,664.00

A. Cost of Land:

The land is located in Erode district, this is centrally located in Tamil Nadu and has all the major and potential customers within a radius of 200 to 300 Kms. The following plot in SIPCOT Industrial Growth Centre, Perundurai is allotted on lease for a period of ninety nine years for setting up unit for the manufacture of liquid oxygen, liquid nitrogen, gaseous oxygen and gaseous nitrogen vide allotment order dated 20.09.2011.

i. Plot No.:	R-5
ii. Total Extent (in acres):	5.49 acres
iii. Amount payable per acre :	Rs 15.00 Lakhs per acre
a. Towards plot deposit :	Rs 3.00 Lakhs per acre
b. Towards development charges :	Rs 12.00 Lakhs per acre
iv. Total amount payable: Rs 82,35,000/-	
(For entire extent)	
Less: Initial Deposit: Rs 30, 000/-	
Balance Amount Payable: Rs 82,05,000/-	
Total Amount- Rs 82,35,000/- (Approx Rs 82.40 Lakhs)	

B. Land Development:

Sl. No.	Description	Amount (In Rs)
(I)	Cost for development work	9,15,000.00
(II)	Cost for boundary wall	7,55,485.20
(III)	Cost for rain water drain	5,87,000.00
	Total	22,57,485.20
	Total (Approx) (Rs. In Lakhs)	22.60

The Company has received quotation from R. Baskaran with regard to the expenditure on development work, boundary wall and rain water and the same has been finalized for selection by the Management.

(I) Estimated cost for development work

Sl. No.	Description	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1	Earthwork leveling in all types of soils excluding rock requires, chiseling and blasting. The rate to include cost of centering, strutting, bailing of water wherever required, strutting the sides with planks etc complete	1,400	SqM	40	56,000.00
2	Filling in basement with good filling sand/pit sand quarried from a good quarry, free from clays, lumps, vegetation roots, pebbles and other foreign impurities. The sample of filling/ sand is to be approved by Architects.	400	CuM	500	2,00,000.00
3	PLAIN CEMENT CONCRETE 1: 4: 8, one part of cement, four parts of sand and eight parts of good approved 40mm HBG jelly. The rate includes cost of hire charges for mixer machine and vibrator etc.	10	CuM	3000	30,000.00
4	Laying kerb stone	150	Rm	210	31,500.00

5	Supply gravel 250 mm	1,400	CuM	80	1,12,000.00
6	Rolling with roller	1,400	M ²	50	70,000.00
7	W B M	1,400	M ²	100	1,40,000.00
8	Tack coat using bitumin	1,400	M ²	90	1,26,000.00
9	Seal coat	1,400	M ²	80	1,12,000.00
10	Landscaping	150	M ²	250	37,500.00
	Total Amount				9,15,000.00

(II) Estimated cost for boundary wall

Sl. No.	Description	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1	Earthwork excavation in all types of soils excluding rock requires chiseling and blasting. The rate to include cost of centering, strutting, bailing of water wherever required, strutting the sides with planks etc complete.	25	CuM	120	3,000.00
2	Filling in basement with good granular river sand in layer in 150 mm well water rammed and consolidated etc. complete. The rate to include cost of centering if any.	20	CuM	1,000	20,000.00
3	PLAIN CEMENT CONCRETE 1:4: 8, one part of cement, four parts of sand and eight parts of good approved 40mm HBG jelly. The rate of include cost of hire charges for mixer machine and vibrator etc.	10	CuM	3,000	30,000.00
4	Providing and laying in position concrete using 12 mm to 20 mm graded metal and good river sand and cement 53 grade OPC, including lead sand lifts, scaffolding wherever required, excluding formwork and cost of steel reinforcement placed in position(paid for separately) etc all as per the drawing/ specification etc complete.				
4.01	R.C.C. in plinth beam	10	CuM	3,900	39,000.00
4.02	R.C.C. columns concrete in basement	5	CuM	3,900	19,500.00
5	STEEL REINFORCEMENT				
5.01	Providing, cutting, bending and tying and position including straightening, Tor Steel deformed bars of Grade Fe- 415 for steel reinforcement in R.C.C. work, including cost of two strands of 18 SWG GI binding wire etc. complete. The rate to be quoted is for finished item of work.	3000	Kg	50	1,50,000.00

6	PILLING 300 MM	344.96	Rm	400	1,37,985.20
7	Providing and laying solid blocks work with First quality table moulded SOLID BLOCKS of designation 50 in cement motor 1:5 (1 cement : 5 coarse sand) in superstructure at all heights(230mm and above thickness). The rate to be quoted will include cost of scaffolding, racking the joints to make key for plastering, instantaneous curing for a period of not less than 10 days and rate to include all tools and plants, materials all required for first quality work etc. complete.				
7.01	Solid block 200mm work	20	CuM	3,500	70,000.00
7.02	Solid block 100 mm work	250	M2	520	1,30,000.00
8	Prepare surface and plaster the inner and outer surfaces of wall with cement mortar 1:5, 12mm thick using good river sand, including patch plaster etc. The rate to include apart from the above the cost of scaffolding, curing, tools and plants etc complete.				
8.01	Inner wall at all level	780	SqM	120	93,600.00
9	Preparing the surface and applying 2 coats of EXTERIOR EMULSION (ACE from Asian brand) for all inside and Outside Plastered area over one coat of primer of approved quality, make etc. to get even shade for all walls including necessary scaffolding in all floors complete as directed by Engineer- in -charge				
9.01	Exterior walls painting	780	SqM	80	62,400.00
	Total Amount				7,55,485.20

(III) Estimated cost for rain water drain work

Sl. No.	Description	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1	Earthwork excavation in all types of soils excluding rock requires chirseling and blasting. The rate to include cost of centering, strutting, bailing of water wherever required, strutting the sides with planks etc complete.	90	CuM	150	13,500.00
2	Filling in basement with good granular river sand in layer in 150 mm well water rammed and consolidated etc. complete. The rate to include cost of centering if any.	30	CuM	1,250	37,500.00
II	PLAIN CEMENT CONCRETE 1 : 4 : 8				

3	PLAIN CEMENT CONCRETE 1: 4 : 8 on part of cement four part of sand and eight parts of good approved 40mm HBG jelly. The rate of include cost of hire charges for mixer machine and vibrator etc.	35	CuM	3,000	1,05,000.00
4	Providing and laying solid brick work with First quality table moulded SOLID BLOCKS of designation 50 in cement motor 1:5 (1 cement : 5 coarse sand) in superstructure at all heights (230mm and above thickness). The rate to be quoted will include cost of scaffolding, racking the joints to make key for plastering, instantaneous curing for a period of not less than 10 days and rate to include all tools and plants, materials all required for first quality work etc. complete.				
4.01	Solid block 200mm work	90	CuM	3,500	3,15,000.00
5	Prepare surface and plaster the inner and outer surfaces of wall with cement mortar 1:5, 12mm thick using good river sand, including patch plaster etc. The rate to include apart from the above the cost of scaffolding, curing, tools and plants etc complete.				
5.01	Inner wall at all level	200	SqM	165	33,000.00
5.02	Exterior walls at all level	200	SqM	165	33,000.00
6	Providing and laying in position concrete using 12 mm to 20 mm graded metal and good river sand and cement 53 grade OPC, including lead sand lifts, scaffolding wherever required, excluding formwork and cost of steel reinforcement placed in position(paid for separately) etc all as per the drawings/ specification etc complete.(M 25)				
6.01	R.C.C. IN COVER SLAB FOR TRENCH WORK	200	SqM	250	50,000.00
	Total Amount				5,87,000.00

C. Building & Civil Work:

The cost of the buildings mostly technical constructions is estimated at Rs 171.96 Lakhs. The total cost would include the following:

Sl. No.	Particulars	Amount (Rs. In Lakhs)
(I)	Main Factory Building, Perundurai	80.18
(II)	Machinery Foundation	25.57
(III)	Filling Station Building, Perundurai	66.21
	Total	171.96
	Total (Approx) (Rs. In Lakhs)	172.00

The Company has received quotation from R. Baskaran with regard to the expenditure on plant building, cylinder filling deck and machinery foundation and the same has been finalized for selection by the Management.

(I) Cost for factory building, Perundurai

Sl. No.	Description of Work	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1	Earthwork excavation in all types of soils excluding rock requires chiseling and blasting. The rate to include cost of centering, strutting, bailing of water wherever required, strutting the sides with planks etc complete.	385	CuM	180.00	69,300.00
2	Refilling in foundation with good excavated earth in layer of 150mm well watered rammed and consolidated etc. complete.	280	CuM	80.00	22,400.00
3	Filling in basement with good granular river sand in layer in 150 mm well water rammed and consolidated etc. complete. The rate to include cost of centering if any.	370	CuM	1,250.00	4,62,500.00
4	Filling in basement with good filling sand/pit sand quarried from a good quarry, free from clays, lumps, vegetation roots, pebbles and other foreign impurities. The sample of filling/ sand is to be approved by Architects.	330	CuM	600.00	1,98,000.00
5	Providing and laying pre - construction anti termite chemical treatment using chemical of approved manufactures, for white anti treatment as per IS 6313 PART II 1971. Spraying with hand pump for foundation trenches, floor, and surface treatments directed & specified. Payment once as per plinth area.	1,220	SqM	65.00	79,300.00
6	PLAIN CEMENT CONCRETE 1: 4: 8, one part of cement, four parts of sand and eight parts of good approved 40mm HBG jelly. The rate of include cost of hire charges for mixer machine and vibrator etc.	120	CuM	3,000.00	3,60,000.00
7	Providing and laying in position				

	concrete using 12 mm to 20 mm graded metal and good river sand and cement 53 grade OPC, including lead sand lifts, scaffolding wherever required, excluding formwork and cost of steel reinforcement placed in position(paid for separately) etc all as per the drawings/ specification etc complete.(M 25)				
7.01	R.C.C. in footings	50	CuM	3,800.00	1,90,000.00
7.02	R.C.C. in plinth beam	25	CuM	4,000.00	1,00,000.00
7.03	R.C.C. in Ground floor beam upto 3.6 m level.	22	CuM	4,200.00	92,400.00
7.04	R.C.C. in Ground floor beam upto 3.6m to 7.5m level	15	CuM	4,600.00	69,000.00
7.05	R.C.C.in beam at cable wall at top level	1.5	CuM	5,500.00	8,250.00
7.06	R.C.C. in column concrete in basement	9	CuM	4,650.00	41,850.00
7.07	R.C.C. in column in ground floor upto 3.6 m level	17	CuM	4,650.00	79,050.00
7.08	R.C.C. in columns in ground floor 3.6m to 7.5m level	15	CuM	5,000.00	75,000.00
7.09	R.C.C. in Bracket at 7.0 m level	1.5	CuM	6,250.00	9,375.00
7.1	R.C.C. in sunshade in ground floor	8	CuM	6,250.00	50,000.00
8.01	Providing, cutting, bending and tying and position including straightening, Tor Steel deformed bars of Grade Fe-415 for steel reinforcement in R.C.C. work, including cost of two strands of 18 SWG GI binding wire etc. complete. The rate to be quoted is for finished item of work.	17,500.00	kg	50.00	8,75,000.00
8.02	Providing, cutting, welding in position of structural steel in roof truss, purlin, gusset plate, base plate, cleat, bracing etc complete. The rate to quoted is for finished item of work.	22,500.00	Kg	55.00	12,37,500.00
9.00	Providing and laying solid brick work with First quality table moulded SOLID BLOCKS of designation 50 in cement motor 1:5 (1 cement : 5 coarse sand) in superstructure at all heights(230mm and above thickness). The rate to be quoted will include cost of scaffolding, racking the joints to make key for plastering, instantaneous curing for a period of not less than 10 days and rate to include all tools and plants, materials all required for first quality work etc. complete.				
9.01	Basement	23.00	Cu M	3,500.00	80,500.00
9.02	Ground floor up to 3.6 m height	90.00	Cu M	3,800.00	3,42,000.00
9.03	3.6 m to 7.5 m height	120.00	Cu M	3,800.00	4,56,000.00
9.04	Cable Wall	8.00	Cu M	4,200.00	33,600.00

10.00	The rate quoted should not include cost of supplying and fixing, door frame and shutters the door frame will be of size 100* 40 mm including supplying and fixing all hinges, tower bolts, aldrops, etc of approved brand , hold fasts, etc. complete. Fixed in position including applying one coat of termite proof paint on the surface of wood in contact with masonry as directed, including necessary rebate, plaster grooves and moulding details etc. at all levels complete in best quality seasoned country wood as approved and sizes.				
10.01	Door	15.75	Sq M	5,000.00	78,750.00
11.00	STEEL WINDOWS				
11.01	Windows and ventilators fabricated from z type section made of mild steel and 5 mm thick float glass panel with grills fixed. The rate includes the concrete into the box section of frame. The sample to be approved by development manager/ client engineer in charge.	122.00	Sq M	3,000.00	3,66,000.00
12.00	Prepare surface and plaster the inner and outer surfaces of wall with cement mortar 1:5, 12mm thick using good river sand, including patch plaster etc. . The rate to include apart from the above the cost of scaffolding, curing, tools and plants etc complete.				
12.01	Inner wall at all levels	1,580.00	Sq M	180.00	2,84,400.00
12.02	Exterior walls at all levels	1,250.00	Sq M	180.00	2,25,000.00
13.00	Plastering the sides and soffits of slabs and beams with cement mortar 1:3, 12mm thick using good screened river sand, including patch plaster etc. The rate to include apart from the above the cost of scaffolding, curing etc complete.				
13.01	Sunshade	220.00	Sq M	200.00	44,000.00
13.02	Column	90.00	Sq M	300.00	18,000.00
14.00	Granolithic Flooring				
	Providing Granolithic Floor finish 50 mm thick in C.C 1 : 2 : 4 using 20 mm HBG jelly over already provided base concrete of C.C 1 : 2 : 4	1,100.00	Sq M	300.00	3,30,000.00
15.00	Preparing the surface and applying 2 coats of EXTERIOR EMULSION (ACE from Asian brand) for all inside and Outside Plastered area over one coat of primer of approved quality, make etc. to get even shade for all walls including necessary scaffolding in all floors complete as directed by Engineer- in -charge				
15.01	Exterior Walls	1,250.00	Sq M	100.00	1,25,000.00
15.02	Inner Wall	1,580.00	Sq M	100.00	1,58,000.00

15.03	Sunshade	310.00	Sq M	100.00	31,000.00
17.00	Rolling Shutter:				
	Supplying and fixing Rolling Shutter comprising of rolling shutter of are made out of 75 mm* 18 Gauge bright C.R.C.A lath sections with rolling centers of 75 mm and effective bridge depth of 12 mm without any welded joint interlocked with each other and ends locked with 20 mm * 30 mm nylon belt with rivets.	65.00	Sq M	3,000.00	1,95,000.00
18.00	Rain Water Pipes				
	Providing and fixing P. V.C Pipe 160 mm outer dia., to withstand a pressure of 4 kg/ Cm. The rate to include of cost of necessary bend, collar, shoe etc with standard batter clamps for fixing it.(Finolex/ Trubore/Wavin)	60.00	RM	500.00	30,000.00
19.00	Metal Sheet Roofing				
	Supply and fixing the Metal sheet roofing with ISI brand the rate including necessary scaffolding , J bolt , washer etc to complete	1,120.00	Sq M	525.00	5,88,000.00
20.00	Supply and fixing Metal Sheet ridge	48.00	RM	600.00	28,800.00
21.00	Supply and fixing GI Sheet Rain water Gutter	96.00	RM	600.00	57,600.00
22.00	Supply and Fixing the AC roof exhaust	8.00	Each	12,500.00	1,00,000.00
23.00	Shuttering for all RCC Work with water tight work with true level in vertical and horizontal				
23.01	Footing	85.000	Sq M	250.00	21,250.00
23.02	Plinth beam	275.000	Sq M	250.00	68,750.00
23.03	Beam at 2.4m and 3.6m level	325.000	Sq M	250.00	81,250.00
23.04	Beam at 7.0m level	250.000	Sq M	250.00	62,500.00
23.05	Bracket at 7.5m level	40.000	Sq M	250.00	10,000.00
23.06	Beam at cable top level	75.000	Sq M	250.00	18,750.00
23.07	Column in basement	120.000	Sq M	250.00	30,000.00
23.08	Column upto 3.6m level	220.000	Sq M	250.00	55,000.00
23.09	Column 3.6m to 7.5m level	200.000	Sq M	250.00	50,000.00
23.10	Sunshade	120.000	Sq M	250.00	30,000.00
	Total Amount				80,18,075.00
	Total Amount (Approx) (Rs. In Lakhs)				80.18

(II) Cost for machinery foundation, Perundurai

Sl. No.	Description of Work	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1	Earthwork excavation in all types of soils excluding rock requires, chiseling and blasting The rate to include cost of centering, strutting, bailing of water wherever required. Strutting the sides with planks etc complete.	320.00	Cu M	180.00	57,600.00

2	PLAIN CEMENT CONCRETE 1: 4: 8 on part of cement four part of sand and eight parts of good approved 40mm HBG jelly. The rate of include cost of hire charges for mixer machine and vibrator etc	55.00	Cu M	3,000.00	1,65,000.00
3	Providing and laying in position concrete using 12 mm to 20 mm graded metal and good river sand and cement 53 grade OPC, including lead sand lifts, scaffolding wherever required, excluding formwork and cost of steel reinforcement placed in position(paid for separately) etc all as per the drawings/ specification etc complete.(M 25)				
3.1	R.C.C. in footings.	290.00	Cu M	3,800.00	11,02,000.00
4	STEEL REINFORCEMENT:				
4.1	Providing, cutting, bending and tying and position including straightening, Tor Steel deformed bars of Grade Fe-415 for steel reinforcement in R.C.C. work, including cost of two strands of 18 SWG GI binding wire etc. complete. The rate to be quoted is for finished item of work.	19,500.00	Kg	50.00	9,75,000.00
5	Providing and laying brick work with First quality table moulded stock bricks of designation 50 in cement motor 1:5 (1 cement : 5 coarse sand) in superstructure at all heights(230mm and above thickness). The rate to be quoted will include cost of scaffolding, racking the joints to make key for plastering, instantaneous curing for a period of not less than 10 days and rate to include all tools and plants, materials all required for first quality work etc. complete.				
5	Basement	27.00	Cu M	3,800.00	1,02,600.00
6	Plastering the sides and soffits of slabs and teams with cement mortar 1: 3, 12mm thick using good screened river sand including providing patch plaster etc. The rate to include apart from above the cost of all scaffolding, curing. etc. complete.				
6.1	Machinery foundation side & top	315.00	Sq M	200.00	63,000.00
7	Shuttering for all RCC work with water tight work with true level in vertical and horizontal				
7.1	For all Machinery Foundation	150.000	Sq M	280.00	42,000.00
8	Foundation bolt Fixing the foundation bolt in the machinery foundation, the bolt will be supplied by client the rate should be include	125.000	Each	400.00	50,000.00

	the necessary scaffolding & shuttering				
	Total Amount				25,57,200.00
	Total Amount (Approx) (Rs. In Lakhs)				25.57

(III) Cost for filling station building, Perundurai

Sl. No.	Description of Work	Quantity	Unit	Rate (In Rs.)	Amount (In Rs)
1.00	Earthwork excavation in all types of soils excluding rock requires, chiseling and blasting The rate to include cost of centering, strutting, bailing of water wherever required. strutting the sides with planks etc complete.	430.00	Cu M	180.00	77,400.00
2.00	Refilling in foundation with good excavated earth in layer of 150mm well watered and consolidate etc complete.	280.00	Cu M	80.00	22,400.00
3.00	Filling In Basement with good granular river sand In layer of 150 mm well watered rammed and consolidated etc. complete. The rate to include cost of centering if any.	230.00	Cu M	1,250.00	2,87,500.00
4.00	Filling In basement with good filling sand / pit sand quarried from a good quarry, free from clays, lumps, vegetation roots, pebbles and other foreign impurities. The sample of filling / sand is to be approved by Architects.	340.00	Cu M	600.00	2,04,000.00
5.00	Providing and laying pre - construction anti termite chemical treatment using chemical of approved manufactures, for white anti treatment as per IS 6313 PART II 1971. Spraying with hand pump for foundation trenches, floor, and surface treatment as directed & specified. Payment once as per plinth area.	1,060.00	Sq M	65.00	68,900.00
II	PLAIN CEMENT CONCRETE 1: 4: 8				
6.00	PLAIN CEMENT CONCRETE 1: 4: 8 on part of cement four part of sand and eight parts of good approved 40mm HBG jelly. The rate of include cost of hire charges for mixer machine and vibrator etc	100.00	Cu M	3,000.00	3,00,000.00
7.00	Providing and laying in position concrete using 12 mm to 20 mm graded metal and good river sand and cement 53 grade OPC, including lead sand lifts, scaffolding wherever required, excluding formwork and cost of steel reinforcement placed in				

	position(paid for separately) etc all as per the drawings/ specification etc complete.				
7.01	R.C.C. in footings.	55.00	Cu M	3,800.00	2,09,000.00
7.02	R.C.C. in plinth beams.	25.00	Cu M	4,000.00	1,00,000.00
7.03	R.C.C. in Ground floor beam upto 3.6 m level.	22.00	Cu M	4,200.00	92,400.00
7.04	R.C.C. in Ground floor beam 3.6 m to 7.5m level.	15.00	Cu M	4,600.00	69,000.00
7.05	R.C.C. in beam at cable wall top level.	1.50	Cu M	5,500.00	8,250.00
7.06	R.C.C. in column concrete in basement.	10.00	Cu M	4,650.00	46,500.00
7.07	R.C.C. in Columns in ground floor upto 3.6 m level	19.00	Cu M	4,650.00	88,350.00
7.08	R.C.C. in Columns in ground floor 3.6 m to 7.5 m level	11.00	Cu M	5,000.00	55,000.00
7.09	R.C.C. in sunshade in ground floor.	3.00	Cu M	6,250.00	18,750.00
8.00	STEEL REINFORCEMENT:				
8.01	Providing, cutting, bending and tying and position including straightening, Tor Steel deformed bars of Grade Fe-415 for steel reinforcement in R.C.C. work, including cost of two strands of 18 SWG GI Binding wire etc. complete. The rate to be quoted is for finished item of work.	21,000.00	Kg	50.00	10,50,000.00
8.02	Providing, cutting, welding in position of structural steeling roof truss, purling, gusset plate, base plate, cleat, bracing etc. Complete. The rate to be quoted is for finished item of work.	16,500.00	Kg	55.00	9,07,500.00
9.00	Providing and laying brick work with First quality table moulded stock bricks of designation 50 in cement motor 1:5 (1 cement : 5 coarse sand) in superstructure at all heights(230mm and above thickness). The rate to be quoted will include cost of scaffolding, racking the joints to make key for plastering, instantaneous curing for a period of not less than 10 days and rate to include all tools and plants, materials all required for first quality work etc. complete.				
9.01	Basement	34.00	Cu M	3,500.00	1,19,000.00
9.02	Ground Floor upto 3.6 m height	75.00	Cu M	3,800.00	2,85,000.00
9.03	3:6 m to 7.5 m height	105.00	Cu M	3,800.00	3,99,000.00
9.04	Cable wall	6.00	Cu M	4,200.00	25,200.00

10.00	The rate quoted should include cost of supplying and fixing, door frame and shutters the door frame will be of size 100 x 75mm and shutter frame of size 100 x 40mm including supplying and fixing all hinges, tower bolts, aldrops. etc. of approved brand, hold fasts etc. complete. fixed in position including applying one coat of termite proof paint on the surface of wood in contact with masonry as directed including necessary rebate, plaster grooves and moulding details etc. at all levels complete in best quality seasoned country wood as approved and sizes.				
10.01	Door	16.00	Sq M	5,000.00	80,000.00
11.00	STEEL WINDOWS				
11.01	Windows and ventilators fabricated from Z type section made of mild steel and 5mm thick float glass panel with grills fixed. The rate includes the concrete into the box section of frame. The sample to be approved by development manager/client engineer in charge.	100.00	Sq M	3,000.00	3,00,000.00
12.00	Prepare surface and plaster the inner and outer surfaces of walls with cement mortar 1: 5, 12mm thick using good river sand, including patch plaster etc. The rate to include apart from the above the cost of scaffolding, curing, tools and plants etc. complete.				
12.01	Inner wall at all level	1,050.00	Sq M	180.00	1,89,000.00
12.02	Exterior wall at all level	870.00	Sq M	180.00	1,56,600.00
13.00	Plastering the sides and soffits of slabs and beams with cement mortar 1 : 3, 12mm thick using good screened river sand including providing patch plaster etc. The rate to include apart from above the cost of all scaffolding, curing etc. complete.				
13.01	Sunshade Plastering	220.00	Sq M	200.00	44,000.00
13.02	Column Plastering	100.00	Sq M	200.00	20,000.00
14.00	Granolithic Flooring				
	Providing Granolithic floor finish 50mm thick in C.C 1:2:4, Using 20MM HBG jelly over all ready provided base concrete of C.C 1:4:8.	760.00	Sq M	300.00	2,28,000.00
15.00	Preparing the surface and applying 2 coats of EXTERIOR EMULSION (ACE from Asian brand) for all inside and Outside Plastered area over one coat of primer of approved quality, make etc. to get even shade for all walls including necessary scaffolding in all floors complete as directed by Engineer- in -charge				

15.01	Exterior walls Painting	870.00	Sq M	100.00	87,000.00
15.02	Inner Wall Painting	1,050.00	Sq M	100.00	1,05,000.00
15.03	Sunshade Painting	220.00	Sq M	100.00	22,000.00
18.00	Rain Water pipes				
	Providing and fixing P.V.C Pipe 160mm outer dia., to withstand a pressure of 4 Kg/Crn2. The rate to include of cost of necessary bend, collar, shoe etc with standard battery clamps for fixing it.[Finolex/Trubore/Wavin]	60.00	RM	500.00	30,000.00
19.00	METAL sheet roofing				
	Supply and fixing the Metal sheet roofing with ISI brand the rate including necessary scaffolding, J bolt, washer etc to complete	820.00	Sq M	525.00	4,30,500.00
20.00	Supply and fixing Metal sheet ridge	48.00	RM	600.00	28,800.00
21.00	Supply and fixing GI sheet Rain water Gutter	96.00	RM	680.00	65,280.00
22.00	Supply and fixing the AC roof exhaust	8.00	Each	12,500.00	1,00,000.00
23.00	Shuttering for all RCC work with water tight work with true level in vertical and horizontal				
23.01	Footing	60.000	Sq M	250.00	15,000.00
23.02	Plinth beam	225.000	Sq M	250.00	56,250.00
23.03	Beam at 2.4 m and 3.6m level	200.000	Sq M	250.00	50,000.00
23.04	Beam at 7.0 m level	130.00	Sq M	250.00	32,500.00
23.05	Beam at cable top level	20.000	Sq M	250.00	5,000.00
23.06	Column in basement	80.000	Sq M	250.00	20,000.00
23.07	Column upto 3.6 m level	200.000	Sq M	250.00	50,000.00
23.08	Column 3.6 m to 7.5 m level	120.000	Sq M	250.00	30,000.00
23.09	Roof at ground floor level	100.000	Sq M	300.00	30,000.00
23.10	Sunshade	50.000	Sq M	250.00	12,500.00
	Total Amount				66,20,580.00
	Total Amount (Approx) (Rs. In Lakhs)				66.21

D. Electrical System:

The Company has received quotations from various vendors with respect to Electrical Systems and finalized the cost as given below:

Sl. No.	Description	Name of the Vendor	Quantity	Amount (Rs In Lakhs)
A	Transformer			
	3000 KVA –Kirloskar Electric make oil filled transformer with all standard accessories and fittings	Kirloskar Electric	1 No.	25.00
	500KVA - Kirloskar Electric make oil filled transformer with all standard accessories and fittings		1 No.	5.06

	Total			30.06
B	Breaker			
	11KV800A, 25KA Outdoor VCB as per the Bill of Materials enclosed	Megawin	1 No	3.25
	11KV 800A,25KA indoor VCB 4 panel(1 IC VCB+1 OG VCB+2 OG LBS) as per the Bill of Materials enclosed.		1 Set	7.94
	33KV 630A,25KA Outdoor VCB as per the Bill of Materials enclosed.		1 No	6.12
	Total			17.31
C	(i) H.T.Yard			
1	Supply of 33 KV two double pole structure comprising of the following. a) 30 feet 200*100 RSJ poles- 2 Nos b) 400A vertical mounting type Double break AB switch- 1 set c) HG fuse Unit – Set d) 33 KV Lighting Arrestor -3 Nos e) 33 KV Disc Insulator- 1 Set f) 33 KV Pin Insulator - 1 Set g) Stay Set with Guy Insulator - 2 Set h) 100 x 50 Channel- 7 Nos i) 0' Copper-21 Mtrs j) 2 Coates of premier and 2 coats Aluminium Paint with necessary color identification and all complete	Electro Tech Engineers	1 No	1.75
2	Supplying of 25 x 3 cu flat for earthing		100 Metres	0.45
3	Supply of 33KV outdoor type 800A Cubical Draw out Type VCB with necessary accessories and tripping relays, voltmeter, ammeter , Demand controller necessary PT and CT, cable marshlling box and all complete.		1 No	7.00
4	Erection of indoor type 4000KVA, 33KV/11KV Step down Transformer with On load tap changer, Tripping arrangements and all complete.		1 No	0.30
5	Supply of 11KV outdoor type 800A Cubical Draw out Type VCB with necessary accessories and tripping relays, voltmeter, ammeter , necessary PT and CT, cable marshlling box for both incoming outgoing with RTCC arrangement for transformer and all complete.		1 No	4.90
6	Supply of 11KV Indoor type 800A Cubical Draw out Type group control VCB panel comprising of the following 800A draw out Type of VCB as incomer- 1 no Outgoing 11KV 630A LBS with fuse protection - 2 nos 11KV 630A draw out type VCB with accessories – 1no Panel made of 16 SWG CRCA sheet		1 No	8.75

	with suitable busbar arrangements necessary tripping arrangements, meters and all complete.			
7	Erection of indoor type 500KVA, 11KV/433KV distribution Transformer with Off load tap changer necessary cable marshalling box and all complete.		1 No	0.15
8	Supply of dust and verim proof free floor mounting type cubical MV panel comprising of the following 1250A 4 pole MDO type ACB with all its accessories and tripping arrangements as EB incomer- 1 no 400A 4 pole switch with fuse link and accessories and interlocking provision - 1 set Outgoing Feeders 400A TPN switch with fuse link- 1no 400A TPN switch 100KW star delta starter arrangements with fuse link and electronic control CT operated relays- 3 nos 63ATPN switch with fuse link with 20KW star delta starter - 5nos 63ATPN switch with fuse link - 1no 150KVAR compartmental ABFC arrangements of 25 KVAR- 4 nos 20KVAR- 1no, 10KVAR- 2nos, 5KVAR- 2nos with 12 stage APFC relay Digital voltmeter, digital ammeter counter type energy meter with required CTS in both EB and DG compartments Panel made of 16 SWG CRCA sheet with suitable Alu Busbar arrangements. Provision arrangements made for panel to be extendable for both ends, powder coated with simmens with grey colour and all complete.		1 No	8.40
	(ii) EARTHING			
9	Supply of copper plate Earth station as per IE Standards with necessary civil & masonry works		6 Nos	0.72
10	Supply of GI Plate earth station as per IE standards with necessary civil & masonry works		20 Nos	0.95
11	Supply of 50 x 6 mm GI Tape for Earthing		400 Metrs	1.00
12	Supply of 25 x 6 mm GI Tape for Earthing		100 Metrs	0.13
13	Supply of 25 x 6 mm Copper tape for neutral Earthing		50 Metrs	0.45
14	Supply of 8SWG Copper wire for fencing earth		75 Metrs	0.06
	(iii) CABLES & TERMINATIONS			
15	Supply of 33KV HT 240 Sq.mm indoor joint kit with all its accessories with		3 Nos	0.41

	HT boot for insulation			
16	Supply of 33KV 240 Sq.mm HT outdoor joint kit with all its accessories		1 No	0.17
17	Supply of 11KV HT 240 Sq.mm indoor joint kit with all its accessories with HT boot for insulation		4 Nos	0.34
18	Supply of 11KV HT 185 Sq.mm indoor joint kit with all its accessories with HT boot for insulation		10 No	0.65
	(iv) LIGHTING			
19	Supply of 8way VTPN double door with 63A 4 pole MCB and 32A 3 Pole MCB-8 Nos as lighting incomer		1 No	0.13
20	Supply of 12 way double door seven segment DB with 32A 4 Pole MCB as incomer-1 no., 25A 2 pole ELMCB-3 Nos 6A Single pole MCB-36 Nos.		2 Nos	0.36
21	Supply of 250w MH medium bay fitting with bulb		20 Nos	1.08
22	Supply of 2 x 36 industrial twin tube light fitting with bulb with reflector necessary hardware and consumables		20 Nos	0.31
23	Supply of 250W MH Flood light fitting with wall supporting bracket and bulb		10 Nos	0.56
24	Supply 1" MS conduit pipe with accessories		500 Mtrs	0.40
25	Supply of 3 runs of 1.5 Sq.mm wire		750 Mtrs	0.27
26	Supply of 3 runs of 2.5 Sq.mm wire		540 Mtrs	0.30
27	Supply of 3 x 1.55 Sq.mm Flexible wire		100 Mtrs	0.04
	(v) MISCELLANEOUS WORKS			
28	Supply of Rubber Mat		15 Nos	0.19
29	Supply of First Aid Box		4 Nos	0.06
30	Supply of first aid chart		4 Nos	0.02
31	Supply of Hand gloves		1 Nos	0.01
32	Supply and erection fire bucket sets with stand and all its accessories		3 Nos	0.12
33	Supply and erection of 4.5 KG Fire extinguisher with all its accessories		12 Nos	0.78
34	Preparation of drawing submission of drawing getting approval for erection from CEIG		1 job	0.50
35	Charges for submission completion report and getting safety certificate from CEIG for energisation		1 job	0.75
36	Erection Charges			2.74
	Total			45.20
D	Soft starters 11KV- 2 Panels			
	HFSR-2014-LS-H-C-F	Jayashree Electron Pvt. Ltd	1	7.40
	DYCO		1	8.60
	HFSR-2014-LS-H-C-F		1	7.10
	DYCO		1	8.10
	VCB PANEL		1	10.00

	Total			41.20
E	(i) H.T & L.T Cables			
	<u>Polycab Gloster Make</u>			
	Stranded Compaq circular aluminium conductor, Conductor screened with extruded semi conducting compound XLPE insulated, insulation screened with extruded semi conducting compound in combination with copper tape (0.3 KA for one sec), cores laid up, inner sheath of taped PVC, Galvanized flat strip armored and overall ext. PVC outer sheath cable conforming to IS 7098/II/85 Latest amend			
	3 core x 240 Sq.mm 33KV (E) HT XLPE Cable		30 Metre	0.43
	3 core x 95 Sq.mm 11KV (E) HT XLPE Cable		900 Metre	4.64
	<u>Polycab Gloster Make</u> Cable with Stranded Compact Sector Shaped Copper conductor XLPE insulated cores laid, Inner sheath taped, G.I.flat strip armored & overall PVC outer sheath, of 1.1 KV grade, confirm to IS 7098/II/185 with Latest amendments – ISI	Power Cable Corporation		
	3.5 core x 95 Sq.mm		200 Metre	4.56
	4 core x 16 Sq. mm		200 Metre	0.93
	3.5 core x 50 Sq.mm		300 Metre	3.49
	<u>Polycab Gloster Make</u> Cable with Copper Conductor, PVC Insulated cores laid Extruded inner sheath, G.I. Round Wire armored and overall PVC outer sheath, of 1.1KV grade confirm to IS 1554 part 1/1988 with ISI			
	4 core x 1.5 Sq.mm		10000 Metre	6-7
	<u>Polycab Gloster Make</u> Cable with Aluminium Conductor, PVC insulated, cores laid. Inner sheath			

	tapped, G.I. flat strip armored & overall PVC outer sheath, of 1.1 KV grade, confirm to IS 1554/II/1988 with latest amendments-ISI		
	4 core x 4 Sq. mm Rolex make: ISO 9001 Cable with ATC tinned copper conductor, PVC insulated pair twisted, pair individual shielded with Alu. Mylar tape ATC drain wire tapped inner sheathed, G.I. round wire armored & overall PVC outersheathed.	700 Metre	0.34
	6 Pair*0.75 Sq.mm	500 Metre	0.82
	36 pair*0.75 Sq.mm	1000 Metre	7.85
	<u>ORBIT MAKE:ISO 9001</u> Cable with multi standard copper conductor, conductor XLPE Insulated cores laid, Inner sheath Extruded/tapped, G.I. Round wire/ flat strip armored & overall FRLS Extruded PVC outer sheath, of 1.1 KV grade, confirm to IS 7098/II/85 with latest amendments-ISI.		
	19 core *1.5 Sq.mm	700 Metre	1.91
	37 core *1.5 Sq.mm	500 Metre	2.55
	<u>JEF ECO SAFE:</u> 17MM 3 METR ELECTRODE MADE OF HIGH Tensile- quality low carbon steel circular rod, molecularly bonded copper- thickness of 250 microns on the outer surface conforming to US 467-2007 and 1 bag of Loresco Powerfill compound	36 Nos	2.81
	Total(a)		37.03
	(ii) H.T & L.T Cable Termination		
	INDOOR- 3 core x 240 Sq.mm	2 Nos	0.29
	INDOOR- 3 core x 95 Sq.mm	16 Nos	0.82
	Total(b)		1.11
	Total (a) + (b)		38.14

F	Income line & Substation with Poles, insulators, conductors and erection charges payable to TNEB			10.00
G	All duties and taxes			13.23
	Grand Total (A+B+C+D+E+F+G)			195.14
	Total (Approx) (Rs. In Lakhs)			195.10

E. Cooling Water System

The Company has received quotations from various vendors with respect to Cooling Water Systems and finalized the cost as given below:

Sl. No.	Description	Name of the Vendor	Quantity	Amount (Rs In Lakhs)
1.	Cooling Water Tower			
	Single Cell Model			
	HSS 018.018	Himgiri Cooling Towers	1 No.	6.60
	Price of FRP Basin		1No.	0.60
	Add: Installation Charges on Ground Floor			0.24
	Total			7.44
	Add: Excise Duty@ 10.3%			0.76
	Add: Service Tax on Installation @ 10.03%			0.81
	Total			9.01
2.	Pipes & Fittings			
	Seamless Steel Tube MSL MAKE ASTM A106 GR.B- 12" X 7.1 mm W/T	Shree Mahaveer Tube Co. Chennai	72 Metrs	2.76
	Seamless Steel Tube MSL MAKE ASTM A106 GR.B- 10" X 7.1 mm W/T		90 Metrs	2.64
	Seamless Steel Tube MSL MAKE ASTM A106 GR.B- 8" SCH 20		54 Metrs	1.13
	Seamless Steel Tube MSL MAKE ASTM A106 GR.B- 2 1/2" SCH 40		156 Metrs	0.80
	Total			7.33
	Add: CST@ 2%			0.14
	Total			7.47
3.	MS Seam Less Long Bends 90 Degrees (Different Sizes)	Tubes & Valves Manufacturing Company	111 Nos	2.88
	Add: VAT@ 4%			0.12
	Total			3.00
	Grand Total			19.48
	Total (Approx) (Rs. In Lakhs)			19.50

F. R.O. Plant/ Water Softener

The Company has received the following quotation from Adyar Water Systems for the requirement of water treatment plant for purified packaged drinking water production.

Sl. No.	Description	Quantity	Amount (Rs. In Lakhs)
1	20,000 Liters. Water Purification System		
	Raw Water Pump 7HP (Branded)	1 No.	2.91
	Sand Filter (950 Dia x 1500 Hos)	1 Set	
	Carbon Filter (950 Dia x 1500 Hos)	1Set	
	S.S. Micron Filter (30 x 3) big Blow	1 No.	
	Dosing Pump	1 No.	
2.	10, 000 Liters. R.O.Plant		
	R.O. Electronic Panel Board with Skid	1 No.	6.85
	Low pressure switch, High Pressure Switch, MCB, Contactor Relay, Pressure Gauge, Flow Meter	2 No.	
	R.O. Housing FRP 5 Element	2 No.	
	R.O Membrane (USE)	10 No.	
	R.O. High Pressure Pump	1 No.	
3	S.S Pump Multi Stage 1.5 HP (Ground Fos) (For Chemical Cleaning)	1 No.	0.25
4	S.S Pipe Lines (After Micron Filter to R.O. only)	1 Lot	0.35
5	Erection & Commissioning		0.20
	Total		10.56
	Add: CST@ 5%		0.52
	Total		11.08
	Total (Approx) (Rs. In Lakhs)		11.10

G. Plant & Machinery

The Company has received and accepted the quotation for the supply of Liquid Air Separation Plant from M/S Suzhou Xinglu Air Separation Plant Science and Technology Development Company Limited, China and has entered into a sales contract on 20.07.2011. The total cost would include the following:

Sl. No.	Particulars	Amount (Rs In Lakhs)
1.	Imported Machinery from China CIF Chennai	1,000.00
2.	Duty and Port Clearance Expenses- Under Project Import	180.00
3.	Crane hire Charges for Loading/ unloading and project site erection work	25.00
	Total	1,205.00

H. Indigenous Purchases

The total cost of Indigenous Purchases would include the following:

Sl. No.	Description	Name of the Vendor	Quantity	Amount (Rs In Lakhs)
1.	Gas Cylinders			
	Euro' Brand New Empty High Pressure Seamless Industrial Cylinders As PER IS 7285 With Valve and With Valve guard for 47 Ltrs W.C.O2	S. Vaidya & Company	5,000 Nos.	322.50
	Add: TNVAT @ 5%			16.13
	Total			338.63

2.	Pipes & Fittings			45.00
3.	Fabrication and Erection Charges			30.00
4.	Hot & Cold Insulation	Chennai Pipeline Systems Pvt. Limited		12.00
5.	Perlite Insulation of Pipes & installations	Keltech Energies Limited	50004 Kgs	18.00
6.	Cryogenic Liquid Transport Tanks			
	Cryogenic Liquid Transport Tank-Capacity-6000Ltrs. Design Pressure- 16 Kg/Cm2g including all valves, fittings and safeties.	Super Cryogenic Systems Private Limited	6,000 Liters x 2	24.00
	Cryogenic Liquid Transport Tank-Capacity- 11000 Ltrs. Design Pressure- 17 Kg/Cm2g including all valves, fittings and safeties.		11,000 Liters x 2	34.00
	Cryogenic Liquid Transport Tank-Capacity- 14000 Ltrs. Design Pressure- 16.4 Kg/Cm2g including all valves, fittings and safeties.		14,000 Liters	21.00
	Total			79.00
	Add: Excise Duty @ 10.3%			8.00
	CST @2 %			1.60
	Total			88.60
	GRAND TOTAL			532.23
	Total (Approx) (Rs. In Lakhs)			532.30

I. Other Miscellaneous Expenses

Other Miscellaneous Expenses include the following:

Sl. No.	Particulars	Amount (Rs. In Lakhs)
1	Inland Transport Expenses For Plant & Machinery	25.00
2	Transport Expenses of 100 KL X 2 Tanks from Pondy works to Perundurai site	8.00
3	Consumables	6.00
4	Expert (Chinese) fees 200 Man days	20.00
5	Indigenous Expertise and Supervisory Charges	25.00
6	Logistics for Staff and Personnel for Project Works	20.00
	Total	104.00

J. Contingencies

The Company has made a provision of Rs. 172.00 Lakhs towards contingency for land development, civil works, plant & machinery, other fixed assets and Misc. Assets.

K. Interest during Construction:

The interest during construction has been estimated at Rs. 148.00 Lakhs considering draw down schedule as under:

Period	Rs. In Lakhs
December, 2011	50.00
March, 2012	100.00
June, 2012	50.00

September, 2012	1,150.00
December, 2012	250.00
March, 2013	195.00
Total	1,795.00

Note: Interest during Construction period is as per excerpts from the appraisal report

2. General Corporate Expenses

The Company intends to use approximately Rs. **129.49** Lakhs from the Net Proceeds of the Issue towards general corporate purposes. The Board of Directors will have the flexibility in sanctioning the utilization of these proceeds for general corporate purpose including assessment of new opportunities, expansion of the operations domestically, and / or internationally through the organic / inorganic route and other strategic initiatives.

The Board of Directors will review various requirements from time to time and in response to the competitive and dynamic nature of the industry, the management will have the discretion to revise the business plan from time to time.

To the extent that the Company seeks to advance on any of the above mentioned fronts, it will utilize part of the funds raised in this Issue towards this purpose. In the interim, if opportunities for inorganic growth or any other strategic initiatives arise these funds will be utilized for the said initiatives.

3. Issue Expenses

The expenses of the Issue includes, amongst others, lead manager's fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. All expenses with respect to the Issue will be borne out of Issue Proceeds. The breakup of the issue expenses is as under:

Sl. No.	Nature of Expenses	Amount (In Rupees)	% of the Issue Expenses	% of the Issue Size
1.	Lead Manager's Fees, Underwriting Commissions and Selling Commissions, SCSB's commission	20,91,268	37.69	2.24
2.	Advertising and Marketing Expenses	5,30,563	9.56	0.57
3.	Printing and Stationery	1,63,905	2.95	0.18
4.	Registrars fees, Legal Counsel	9,00,000	16.22	0.96
5.	Fees payable to SEBI, Stock Exchanges etc.	14,84,738	26.76	1.59
6.	Others / Miscellaneous	3,77,780	6.81	0.40
	Total	55,48,254	100.00	5.93

Schedule of Implementation

The proposed schedule of implementation is detailed below:

Sl. No.	Activities	Commencement	Completion
1	For setting of new manufacturing unit with the manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu		

i	Land Allotment	Completed	
ii	Land Leveling and other Preparatory Works	December-2011	January-2012
iii	Statutory Approvals	October-2011	January-2012
iv	Civil Works, Machinery Foundation, Cooling Water Tanks, Electrical Substation	December-2011	June-2012
v	Supply of Machinery Imported -Opening of LC	October-2011	
vi	Arrival of Complete Machinery	July-2012	
vii	Machinery Erection and other Works	August-2012	November-2012
viii	Insulation of Piping, Pre Commissioning Test etc.	December-2012	January-2013
ix	Cold Test, Perlite Power Filing and Commissioning	February 2013	
x	Commissioning of the Project	March 2013	
xi	Commencement of Commercial production	April 2013	
2	General Corporate Expenses	August - 2012	December - 2012

Sources & Deployment of Funds

As per Certificate from our Statutory Auditor, Singhi & Co., Chartered Accountants, dated 22nd June, 2012, we have incurred an expenditure of Rs. 439.70 Lakhs (Rupees Four Hundred Thirty Nine Lakhs and Seventy Thousand only) towards the objects mentioned in this Letter of Offer up to 31st May, 2012. The breakup of the expenditure incurred is given as under:

PARTICULARS	Amount (Rs. In Lakhs)
<u>SOURCES OF FUNDS</u>	
ADVANCE TOWARDS SHARE APPLICATION MONEY	
MR. GAJANAND SARAF - CHAIRMAN & MD	75.00
MR. GAJANAND SARAF - BHUF	40.00
MR. GAJANAND SARAF - SHUF	50.00
MR. RAJESH KUMAR SARAF - JMD	37.50
MR. RAJESH KUMAR SARAF HUF	75.00
M/S. SARAF HOUSING DEVELOPMENT PRIVATE LIMIT	22.50
TERM LOAN FROM PNB (254300IC03441419)	139.70
TOTAL	439.70
<u>DEPLOYMENT OF FUNDS</u>	
FOR LAND ALLOTTMENT BY SIPCOT,PERUNDURAI	
PLOT DEPOSIT and DEVELOPMENT CGS	82.36
REGISTRATION CHARGES	1.92
BUILDING IN PROGRESS	102.96
SUB - TOTAL A	187.24
CAPEX - FLC FOR IMPORT OF MACHINERY	
FLC MARGIN 15%	160.00
DOC.CGS	0.28

PROCESSING FEE FOR FLC	1.03
FLC COMMISSION	24.70
SUB - TOTAL B	186.01
UPFONF FEE FOR TL INCLUDING TL CHRG - C	19.11
ISSUE EXPENSES -ADVANCE	13.12
OUT OF POCKET EXPENSES	8.17
SUB - TOTAL D	21.29
TECHNICAL APPRAISAL REPORT SHARING FEE E	3.22
Project Import Security Deposit - F	22.83
GRAND TOTAL (A+B+C+D+E+F)	439.70

Appraisal

The requirement and proposed utilization of proceeds of the Issue have been appraised by Punjab National Bank, Project Appraisal and Technical Consultancy Cell (PATC), dated October 22, 2011.

Excerpts from the appraisal report are given below:

Cost of the Project

For setting of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu:

Sl. No.	Particulars	Amount (Rs. In Lakhs)
A	Land	82.40
B	Land Development	22.60
C	Building & Civil Work	172.00
D	Electrical System	195.10
E	Cooling Water System	19.50
F	RO Plant/ Water Softener	11.10
G	Plant & Machinery:	
	(i) Imported Air Separation Plant	1,000.00
	(ii) Duty and Port Expenses	180.00
	(iii) Loading / Unloading of Plant	25.00
H	Indigenous Purchases	
	(i) Gas Cylinders (5000 Nos.)	338.70
	(ii) Pipes & Fittings etc.	45.00
	(iii) Fabrication, erection	30.00
	(iv) Hot & Cold Insulation & Perlite Insulation of Pipes and installations.	30.00
	(v) Cryogenic Liquid Transport Tanks	88.60
I	Other Misc. Expenses (Inland Transport expenses of Plant & Machinery, Transportation of 2 Tanks from Pondy, Consumables, Expert fees, Supervisory charges, Logistics for Personnel)	104.00
J	Contingency	172.00
K	Interest during Construction	148.00
	Total	2,664.00

Means of Finance

Particulars	Amount (Rs. In Lakhs)
Promoters' Equity Contribution	750.00
Internal Accruals	119.00
Term Loan from Punjab National Bank	1,795.00
Total	2,664.00

Weaknesses given under risk factors in appraisal report

1. Since the Company is supplying its products to automobiles, steel and general engineering industries, any recession in these industries will adversely affect its performance.
2. The liquid air separation process consumes lot of power and sanction of adequate power sanction is vital for this industry.

Threats given under risk factors at appraisal report

The industrial gases industry is capital intensive because of the need for significant investment in new capacities and distribution resources.

Bridge Loan

The Company has not raised any bridge loan which will be repaid from the issue proceeds.

Monitoring of Utilization of Funds

The Board will monitor the utilization of the Net Proceeds of the Issue and will disclose the details of the utilization of the Net Proceeds, including interim use, under a separate head in the financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of the listing agreements with the Stock Exchanges.

The Company shall disclose to the Audit Committee, the uses and application of funds under the heads as specified above, on a quarterly basis as a part of the quarterly declaration of financial results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee. Such disclosure shall be made only till such time that the full money raised through the Issue has not been fully spent. This statement shall be certified by the Statutory Auditors of the Company. The Audit Committee shall make appropriate recommendations to the Board to take up steps in this matter.

Interim use of Funds

Pending utilization of the proceeds of the Issue for the purposes described above, the funds would be temporarily invested in high quality interest bearing liquid instruments including fixed deposits with scheduled commercial banks. Such investments would be in accordance with the investment policies approved by the Board or a duly authorized committee from time to time.

Interest of the Promoters and Directors to the Objects of the Issue

No part of the Issue proceeds will be paid by the Company as consideration to Promoters, Directors, Key Managerial Personnel, Associates, Affiliates or members of the Promoter Group except in the normal course of business.

None of the Promoters and Directors has any interest in the Project or Objects of the Issue except to the extent of their share holding in the Company.

There is no strategic or financial partner to the Project / Objects of the Issue.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice.

No new regulations are applicable for the proposed Objects of the Issue.

STATEMENT OF TAX BENEFITS

Statement of Possible Direct Tax Benefits available to National Oxygen Limited and its Shareholders

To,
The Board of Directors
National Oxygen Limited,
80, Greams Road,
Chennai – 600 006.
India.

Dear Sirs,

We hereby report that the enclosed statement states the possible direct tax benefits available to **National Oxygen Limited, (the “Company”)** and its shareholders under the current direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant direct tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. Investors should also note that the Draft of the Direct Tax Code has been issued for public comments, and if the same is passed in present form by both houses of Indian Parliament and approved by the President of India and then notified in the Gazette of India, there could be an impact on the tax provisions mentioned below.

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. Neither we are suggesting nor advising the investor to invest money based on this.

We do not express any opinion or provide any assurance as to whether:

- i. the Company or its shareholders will continue to obtain these benefits in future; or
- ii. the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner
Firm Registration No. 302049E
Membership No. 204936
Place: Chennai
Date: 31st March, 2012

The following key tax benefits are available to the Company and to its shareholders under the current direct tax laws in India:

A. Special Tax Benefits

No special tax benefits are available to the Company

No special tax benefits are available to the Shareholders of the Company

B. General Tax Benefits

Benefits available under the Income-Tax Act, 1961 (hereinafter referred to as “the Act”) to the Company and Shareholders of the Company

1. As per Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115(O) of the Act is exempt from tax. However as per the section 94(7), the losses arising from sale/ transfer, where such shares are purchased within three months prior to record date and sold within three months from record date, will be disallowed to the extent of such loss does not exceed the amount of dividend claimed exempt.
2. As per Section 10(38) of the Act, long-term capital gain on sale of equity shares or units of an equity oriented fund will be exempt provided that the transaction of such sale is chargeable to Securities Transaction Tax.
3. The long-term capital gains accruing otherwise than as mentioned in 2 above shall be chargeable to tax at the rate of 20 % (plus applicable surcharge and education cess) in accordance with and subject to the provisions of Section 112 of the Act. However, if the tax on long term capital gain resulting on sale of listed securities or unit or zero coupon bond, calculated at the rate of 20% with indexation benefit exceeds the tax calculated at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess)
4. As per Section 111A of the Act, short-term capital gain on sale of equity shares or units of an equity oriented fund where the transaction of such sale is chargeable to Securities Transaction Tax, shall be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess). In case of non chargeability of Securities Transaction Tax, such short term gain will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).
5. In accordance with and subject to the condition specified in Section 54EC of the Act, long term capital gain [other than those exempt U/S 10(38) and 10 (36)] shall not be chargeable to tax to the extent such capital gain is invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisitions, the amount of capital gain exempted earlier would become chargeable to tax as long term capital gain in the year in which the bonds are transferred or converted into money. Investment made on or after April 1, 2007 in the long term specified asset by an assessee during any financial year should not exceed Rs. 50 Lakhs.

In addition to the General Tax Benefit mentioned above, other benefits available to the Company are as follows:

1. The Company is entitled to claim depreciation at the prescribed rates on specified tangible and intangible assets under section 32 of the Act.

As per section 32(2) of the Act, Unabsorbed depreciation if any, for an Assessment Year (AY) can be carried forward & set off against any source of income in subsequent AYs ,subject to the provisions of sub-section (2) of section 72 and sub-section (3) of section 73.

2. In accordance with and subject to the conditions specified in Section 80-IA of the Act, the Company would be entitled for a deduction of an amount equal to hundred per cent of profits or

gains derived from industrial undertaking engaged in generation and/or distribution or transmission of power for any ten consecutive assessment years out of fifteen years beginning from the year in which the undertaking has started its operation, which should be on or before 31st day of March, 2012.

3. As per Section 35 of the Act, the Company is eligible for a deduction of the entire amount of the revenue or capital expenditure incurred (other than expenditure on the acquisition of any land) on scientific research related to the business of the Company, in the year in which such expenditure is incurred.

Where the assessee does not himself carry on scientific research but makes contributions to other institutions for this purpose, a weighted deduction is allowed of

- one and one-fourth times of payment if;
 - the payment is made to an approved Company registered in India and having its main object of scientific research and development, or
 - the payment is made to an approved university, college or institution for the use of research for social science or statistical research related or unrelated to the business of the assessee
- one and three-fourth times of payment w.e.f 1.04.2011 if;
 - the payment is made to an approved research association which has, as its object, undertaking of scientific research related or unrelated to the business of the assessee; or
 - the payment is made to an approved university, college or institution for the use of scientific research related or unrelated to the business of the assessee; or

As per Section 35 (2AB) of the Act, Company is eligible for a weighted deduction of a sum equal to two times of the expenditure incurred on in-house research and development, if it satisfies the following conditions:

- the tax payer is a Company
 - it is engaged in the business of manufacture or production of an article or thing except those specified in the Eleventh Schedule of the Act;
 - it incurs any expenditure on scientific research and such expenditure is of capital nature (other than land or building) or revenue nature
 - the above deduction is allowed up to March 31, 2012 on in-house research and development facility;
 - the research and development facility is approved by the prescribed authority (prescribed authority is Secretary, Department of Scientific and Industrial Research);
 - the Company has entered into an agreement with the prescribed authority for cooperation in such research and development facility and for audit of the accounts maintained for that facility.
4. As per Section 35D, the Company is eligible for deduction in respect of specified preliminary expenditure incurred by the Company in connection with extension of its industrial undertaking or in connection with setting up a new industrial unit for an amount equal to one-fifth of such expenditure for each of the five successive previous years subject to conditions and limits specified in that section.
 5. As per Section 35DDA, the Company is eligible for deduction in respect of payments made to its employees in connection with their voluntary retirement for an amount equal to one-fifth of the amount so paid for that previous year, and the balance shall be deducted in equal installments for

each of the four immediately succeeding previous years subject to conditions specified in that section.

6. As per Section 115JAA of the Act, credit is allowed in respect of any tax paid (MAT) under Section 115JB of the Act for any assessment year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall be carried forward and set off in the year in which tax computed as per normal provision of the Act exceeds tax payable under section 115JB to the extent of such excess. Such carried forward shall be allowed upto ten assessment years immediately succeeding the assessment year in which tax credit becomes allowable.
7. The domestic Company is required to pay Dividend Distribution Tax ('DDT') at the rate of 15% (plus applicable surcharge and education cess) on distributed profits. As per section 115-O (1A) of the Act, while computing the DDT payable by a domestic Company on Dividend, the amount of dividend paid by it would be reduced by the amount of dividend received by it from its subsidiary Company during the financial year if,
 - The subsidiary Company has paid DDT on such dividend
 - The domestic Company itself is not a subsidiary of any other Company

In addition to the General Tax Benefit mentioned above, other benefits available to the Shareholders of the Company are as follows:

1. Resident Shareholders

- a) According to the provision of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), capital gain arising on transfer of long term assets [other than a residential house and those exempt U/S 10(38)] are not chargeable to tax if the entire net consideration is invested within the prescribed period in a residential house. If only a part of such net consideration is invested, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of capital asset as reduced by any expenditure incurred, wholly and exclusively in connection with such transfer.

Such benefit will not be available if the individual or Hindu Undivided Family –

- owns more than one residential house, other than the new asset on the date of transfer of the original asset; or
- purchase any residential house, other than the new asset, within a period of one year before or two year after the date of transfer of the original asset; or
- constructs any residential house, other than the new asset, within a period of three years after the date of transfer of the original asset; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head —Income from house property

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head —Capital Gains of the year in which the residential house is transferred.

- b) As per the provision of section 71(3), if there is loss under the head —Capital Gain it cannot be setoff with the income under any other head. Section 74 provides that the Short term capital loss can be setoff against both short term capital gain and long term capital gain whereas long term capital loss can only be set off against long term capital gain. The unabsorbed capital loss can be carried forward for eight assessment years.

2. Non-Resident Shareholders

- i. As per the first proviso to Section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares/ Debentures of the Indian Company

acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- ii. As per the provision of Section 90(2) if the provision of Double taxation Avoidance Agreement (DTAA) between India and the country of Residence of Non Resident are more beneficial, then the provision of DTAA shall be applicable.
- iii. As per provisions of Section 115G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both, arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax has been deducted at source from such income.
- iv. Under Section 115-I of the Act, a non resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case his total income shall be charged as per normal provisions of the Act.

3. Mutual Funds

In terms of Section 10(23D) of the Act, mutual funds registered under the Securities and Exchange Board of India Act, 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

4. Foreign Institutional Investors (FIIs)

- i. As per Section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a Company, are taxed as follows:
 - a. Short term capital gain on transfer of equity shares/units of equity oriented fund entered in a recognized stock exchange which are subject to securities transaction tax shall be taxed @ 15% (plus applicable surcharge and education cess); and
 - b. Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable surcharge and education cess).
- ii. As per Section 115AD capital gain arising on transfer of long term capital assets [other than those exempt U/S 10 (38)], being shares and debentures in a Company, are taxed @ 10% (plus applicable surcharge and education cess).

Such capital gains would be computed without giving effect to the first and second proviso to Section 48.

5. Venture Capital Companies/ Funds

As per the provisions of Section 10(23FB) of the Act, income from investment is exempt from income tax of:

- i. Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 (SEBI) and notified as such in the Official Gazette; and
- ii. Venture Capital Fund, operating under a registered trust deed or a venture capital scheme

made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette from investment in a Venture Capital Undertaking.

Benefits available under the Wealth Tax Act, 1957

Shares in a Company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth tax Act, 1957, hence wealth tax is not leviable on shares held in the Company.

Benefits available under the Gift Tax Act, 1957

Gift of shares of the Company made on or after October 1, 1998 are not liable to Gift Tax.

However any transfer of shares made on or after October 1, 2009 without adequate consideration to an Individual or HUF will be taxable in the hands of receiver under clause (vii) of section 56(2) of the Income Tax Act 1961 subject to the prescribed condition and valuation rules.

NOTES:

- A. All the above benefits are as per the current direct tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- B. In respect of non-residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile.
- C. In view of the individual nature of tax consequence, each investor is advised to consult his/ her own tax advisor with respect to specific tax consequences of his/ her participation in the scheme.
- D. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- E. Tax Benefits available to the Company and its shareholders will be varied/change upon applicability of Direct Taxes Code Bill, 2009 which is proposed to be made applicable w.e.f. 1st April, 2012

SECTION V – ABOUT THE COMPANY

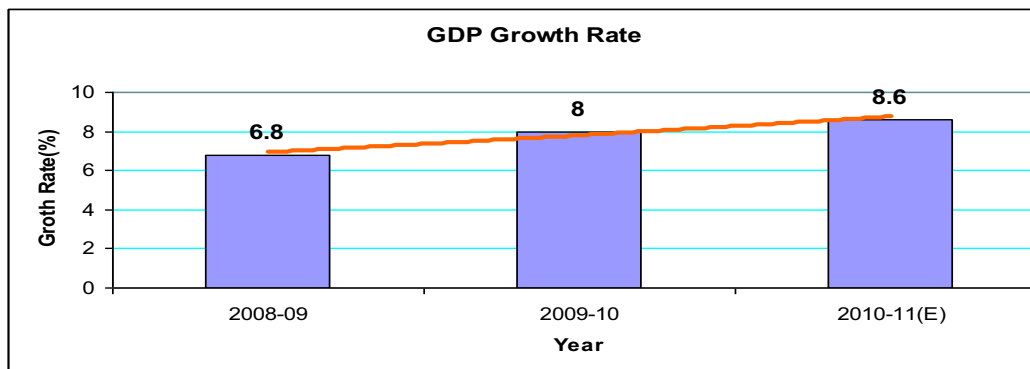
INDUSTRY OVERVIEW

The information in this section has been extracted from the websites of and publicly available documents from various sources. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

The Indian Economy

India is the world's largest democracy by population size and one of the fastest growing economies in the world. According to the CIA World Factbook, India's estimated population was approximately 1.16 billion people as of July 2009. India had an estimated GDP on a purchasing power parity basis of approximately USD 4,046 billion in 2010, making it the fifth largest economy in the world after the European Union, United States of America, China and Japan. The overall growth of GDP at factor cost at constant prices, as per Advance Estimates, was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10. Exports, in US dollar terms and customs basis, during February 2011 increased by 49.7 per cent and imports increased by 21.2 per cent over February 2010.

According to a McKinsey Global Institute (MGI) study titled 'Bird of Gold: The Rise of India's Consumer Market', the total consumption in India is likely to quadruple making India the fifth largest consumer market by 2025. Urban India will account for nearly 68 per cent of consumption growth while rural consumption will grow by 32 per cent by 2025. Despite the global economic decline in fiscal 2008, India continues to be one of the fastest growing countries in the world and is showing positive signs of recovery following the global financial downturn. India's growth is expected to outperform advanced and developing economies. The GDP trend of India over last few years is reflected in the table given below:



(Source: http://www.ibef.org/artdispview.aspx?in=36&art_id=29000&cat_id=140&page=3, Dated: May, 2011)

World real GDP growth is forecast to be about 4½ percent in 2011 and 2012, down modestly from 5 percent in 2010. Real GDP in advanced economies and emerging and developing economies is expected to expand by about 2½ percent and 6½ percent, respectively. Moreover, reform of the global financial system remains very much a work in progress. The challenge for many emerging and some developing economies is to ensure that present boom-like conditions do not develop into overheating over the coming year.

(Source: <http://www.imf.org/external/pubs/ft/weo/2011/01/pdf/text.pdf>, Dated: April, 2011)

Industrial Gases

Industrial gas is a group of gases that are commercially manufactured and sold for uses in other applications. The most common industrial gases are: air gases - oxygen (O₂), nitrogen (N₂) and argon (Ar); rare gases - such

as helium (He), krypton (Kr), xenon (Xe) and neon (Ne) and other gases like hydrogen (H₂), carbon monoxide (CO), carbon dioxide (CO₂) and nitrous oxide (N₂O), chlorine (Cl₂), hydrogen chloride (HCl) and sulphur dioxide (SO₂), acetylene (C₂H₂), methane (CH₄) and propane (C₃H₈).

Global Scenario

In addition, there are many different mixtures of these and other gases to meet the needs of specific applications. The industrial and medical gases industry serves a very large number of customers in the whole community. Industrial gases are essential for almost all manufacturing. Large quantities of oxygen, nitrogen and argon are used in the steel and metal industry. Shipyards and the automotive industry use acetylene, propane, mixtures of fuel gases and oxygen for cutting and welding. Liquid nitrogen is vital in recycling plastics, packaging and scrap tyres. The chemical industry employs all major industrial gases as a raw material or for inerting. The other smaller market segment consists of cylinder gas and mixtures.

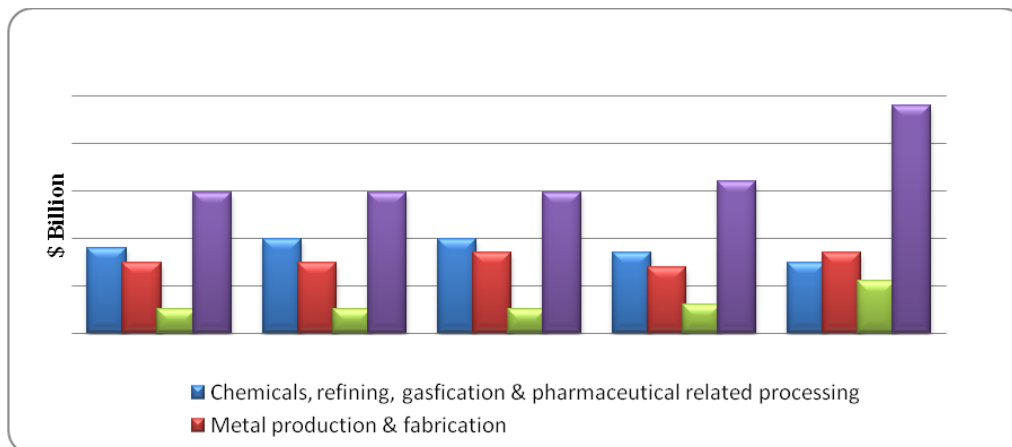
The industrial gas industry has been in the midst of consolidation for the past ten years and is now highly concentrated. The top five producers account for 70–80% of the global market. In 2007, the following four companies dominated the industry worldwide—Air Products and Chemicals, Inc. (United States); L' Air Liquide, S.A. (France); The Linde Group PLC (United Kingdom); and Praxair, Inc. (United States).

According to the Freedonia group, inc., a Cleveland-based industry research firm, world demand for industrial gases is forecast to increase 6.9% annually to \$36.8 billion in 2011, with volume exceeding 300-bcm (billion cubic meters). Asia-Pacific is the largest consuming region because of rapid growth in developing industrial markets, especially those of China and India.

(Source: <http://www.niir.org/profiles/profiles/industrial-gases/z,,23,0,a/index.html> , Dated: April, 2011)

Trends

The following chart presents world industrial gas demand by end-use market segment from the year 2000 to 2008 in \$ Billions:



(Source: <http://www.industrialgasplants.com/industry-overview.html>)

World Dry Natural Gas Production (Trillion Cubic Feet)

Countries/ Regions	2000	2003	2005
United States	19.182	19.099	18.074
United Kingdom	3.826	3.632	3.099
Russia	20.631	21.768	22.623

Middle East	7.570	9.184	11.205
Asia & Oceania	9.486	11.387	12.991
World Total	88.300	95.388	101.528

(Source: <http://www.industrialgasplants.com/industry-overview.html>)

Indian Scenario

Coming back to India, there are presently over 300 small & medium size plants and approximately 25 large tonnage plants all over the country. These gases are supplied through pipelines to captive customers in adjacent factories; in cryogenic transport tanks for bulk deliveries to long distance customers; or filled in cylinders.

The present annual turnover of the gas industry, excluding captive production is about Rs. 3,000 crores (\$650 million). With increased industrialization, the demand pattern of industrial gases is also changing fast. Modern application in the food processing industry, agro industries, healthcare and technology are growing at a tremendous pace. This has driven the industry to adopt stringent quality control systems and an efficient distribution network.

Major players in India include BOC India, INOX Air Products Ltd., Jindal Praxair Oxygen Co. Ltd., Air Liquide India Holding P. Ltd., Aims Industries Ltd etc. The Indian gas industry is growing at an average rate of 12 per cent per annum during the last couple of years, with the industrial oxygen growing consistently at 15-17 per cent per annum. The growth of industrial gas industry can be easily forecast on the basis of projections of the steel and other metallurgical industry. Steel demand is seen rising by 10% in the fiscal year to march 2011, helped by higher spending on infrastructure will continue to drive growth of the gas industry. Natural gas comprises 9 % of India's primary energy consumption and it will be 14% of energy mix by 2010. Demand for natural gas is also likely to increase at an average annual growth rate of 7.3%. Metals production and fabrication will continue to be the largest market for industrial gases, accounting for 31% of total demand in value terms in coming years. The second largest market will be the chemical processing/petroleum refining segment. The medical/healthcare market, though smaller in size, will be the fastest growing and record gains from the expansion of healthcare services in developing nations and rapidly increasing use of home healthcare respiratory therapies in advanced economics. Hydrogen is gaining prominence and most companies are striving to develop technologies that can efficiently exploit the potential of hydrogen. Increased use of natural gas will create an opportunity for higher production of argon and carbon dioxide.

(Source: <http://www.niir.org/profiles/profiles/industrial-gases/z,,23,0,a/index.ht>, Dated: May, 2011)

Future Demand for Industrial Gases to Reach \$52 Billion by 2014

World demand for industrial gases will increase eight percent annually to \$52 billion in 2014. Volumetric consumption will expand five percent per year to 530 billion cubic meters in the same year. Industrial gases are used throughout the world in numerous applications, but the nations of fastest growth will be the emerging industrial economies of the Asia-Pacific region, especially China and India. Countries with advanced, highly developed industrial economies will grow more slowly. Other developing regions (Central & South America and Africa/ Mideast) will also experience above average growth.

Key Growth Drivers

- Industrial gases used by the chemical processing and petroleum refining industries comprise the largest gas consuming category, accounting for 40 percent of merchant industrial gas consumption. The chemical manufacturing sector uses industrial gases as feed stocks or process gases for the production of a huge array of chemicals and petrochemicals. In petroleum refining, the drive towards cleaner burning, low-sulfur fuels will stimulate demand for hydrogen. Countries with strict mandates for clean fuel are already using voluminous amounts of hydrogen. Those where clean fuel standards are still to be implemented will require similar amounts of hydrogen, as they strive to reduce harmful environmental emissions. Much of this incremental hydrogen will be supplied by merchant producers of the gas, and the supply of merchant hydrogen to refiners represents the largest growth opportunity for this industry.

- Metal production and fabricating is the second-largest market segment for industrial gas consumption, and will account for 24 percent of total demand value in 2014. Global recession caused steel output to fall drastically in recent years in many mature economies. However, as the steel industry recovers and returns to normal production levels, industrial gas demand in the metal market will register the fastest growth of any other segment. Geographically, the best growth opportunities will exist in China, Japan, the US, Germany and India.
- The electronics and health care industries will exhibit the most rapid market gains. Advances in electronics applications will benefit from rising demand for semiconductors and integrated circuits used in a growing number of smart electronic devices such as cellular phones.
- The industry's move toward the production of 300mm semiconductor wafers will benefit industrial gases, as will the recent focus on photovoltaic technologies. Bulk gases are used by the industry primarily as inert blanketing atmospheres. Geographically, the highest growth for electronics applications will be in China and Taiwan, although the US, Japan and South Korea also represent significant markets.
- In medical and health care applications, demand will be driven by the expansion of health care services in developing nations, rapidly increasing use of home health care respiratory therapies in advanced economies, and technological advancement in medical imaging, surgical and other practices.

(Source: <http://www.aiigma.org/newsdisplay.aspx?pgid=7&nid=70>)

BUSINESS OVERVIEW

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about the financial statements, including the notes thereto, the 'Risk Factors' beginning on page 12 of this Letter of Offer.

National Oxygen Limited, an ISO 9001:2008 certified Company, was formed in 1974 and engaged in the trading of industrial/medical gases. In 1980 the Company installed and commissioned the first oxygen plant of 63 cubic metres per hour (cum per hour) capacity at Mathur Village, Pudukkottai District, Tamil Nadu.

The registered office of the Company is at 80, Greams Road, Opp Greams Road Post Office Chennai – 600 006. The Company currently has a capacity of 2500 m³ per hour of oxygen / nitrogen gases and 2,00,000 m³ per annum capacity of dissolved acetylene gas. In addition to oxygen, it has installed an additional facility for compressing waste nitrogen into commercial grade nitrogen at Pudukkottai Road, Mathur – 622 515, Tamil Nadu and Villupuram Road, Thiruvandar Koil, Pondicherry – 605 102. The Company has installed a windmill with a capacity of 1.65 MW at Dhule, Maharashtra in December 2005.

The Company supplies oxygen and nitrogen in liquid and gaseous forms to industries and hospitals through its own sales network.

The Company's clients mainly consist of Government workshops, public sector units, space and petrochemical units. It also serves to steel sector, pharmaceutical sector, refrigeration units, hospitals, ship making & repairing units other than fabrication sector. The Company has 293 corporate clients up to March 31, 2012, which belong to all parts of Tamil Nadu and Pondicherry.

For the financial year ended March 31, 2011 and 2012, the Company had total income of Rs. 1,912.98 Lakhs and Rs. 2,184.85 Lakhs respectively and a net profit, as restated, of Rs. 63.01 Lakhs and Rs. 78.74 Lakhs respectively.

The Company has embarked upon an expansion plan to expand its existing facilities and for setting up of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu. For further information, please see — 'Objects of the Issue' beginning on page 48 of this Letter of offer.

THE COMPETITIVE STRENGTHS

1. Experienced Management and Promoters

Mr. Gajanand Saraf has been managing the Company efficiently for more than three decades. Under his leadership the Company has scaled great heights in the field of Industrial gases. The promoters bring with them their vast knowledge and experience, which shall help the Company achieve better operational efficiency. The non-independent directors have substantial experience of managing various functions of the oxygen industry.

2. Successfully installed the same air separation plant in the Past

The Company had successfully installed the air separation plant with the manufacturing capacity of 70 TPD at Pondicherry, which is commissioned and production was started from March 2010. The plant is sourced from the same supplier with similar technology.

3. Ability to utilize marketing channels

The Company can supply oxygen and nitrogen in liquid and gaseous forms to Industries and Hospitals through its own sales network. The Company's clients mainly consist of Government workshops, public sector units, space and petrochemical units. It also serves to steel sector, pharmaceutical sector, refrigeration units, hospitals, ship making & repairing units other than fabrication sector.

4. Focus on Customer Satisfaction

Another important aspect in the industrial gas market is customer satisfaction. In addition, it is a critical input for the employee'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.

THE BUSINESS STRATEGIES

1. Achieve maximum capacity utilization of the Plant

Detail of Capacity Utilisation of Plant is as follows:

Year	Oxygen/ Nitrogen		Dissolved Acetylene		Windmill	
	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In m ³)	% of Full Capacity	Yearly Production (In Kwh)	% of Full Capacity
2008-09	81,02,339	54.02 %	52,789	26.39 %	25,90,646	58.88 %
2009-10	81,77,591	32.71 %	52,138	26.07%	26,86,762	61.06 %
2010-11	1,64,47,689	65.79 %	45,874	22.94%	26,78,467	60.87%
2011-12	1,75,28,136	70.11%	49,101	24.55%	28,27,780	64.27%

In the near future, the Company shall endeavor to increase the capacity utilization of its plants to 90%.

2. Implement measures to reduce cost

The Company shall try and minimize the cost of the operations through optimising various parameters and procurement of raw materials from suitable locations so that the purchase price and transportation cost, taken together is the lowest and cost of production is reduced. Simultaneously, the Company shall also try to minimize wastage in the production process.

3. Continue to explore opportunities to expand the capacity, either through establishing new plants or through mergers and acquisitions

The Company shall continue to explore opportunities to increase the installed capacity of oxygen through various expansion plans and may even consider acquisition of other plants, if deemed appropriate.

CAPACITY AND CAPACITY UTILISATION

Installed Capacity

Product	Present Installed Capacity
Oxygen / Nitrogen gases	2,500 m ³ per hour
Dissolved Acetylene gas	2,00,000 m ³ per annum
Windmill	1.65 MW

Capacity Utilization

The details of utilized capacity for the previous three years and the year ended March 31, 2012 are given as under:

Oxygen / Nitrogen gases

FY 2009		FY 2010		FY 2011		FY 2012	
<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%
81,02,339	54.02	81,77,591	32.71	1,64,47,689	65.79	1,75,28,136	70.11%

Dissolved Acetylene gas

FY 2009		FY 2010		FY 2011		FY 2012	
<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%	<i>Production (In m³)</i>	%
52,789	26.39	52,138	26.07	45,874	22.94	49,101	24.55%

Windmill

FY 2009		FY 2010		FY 2011		FY 2012	
<i>Production (Kwh)</i>	%	<i>Production (Kwh)</i>	%	<i>Production (Kwh)</i>	%	<i>Production (Kwh)</i>	%
25,90,646	58.88	26,86,762	61.06	26,78,467	60.87	28,27,780	64.27%

The Proposed capacities of Oxygen / Nitrogen gases are as under:

The installed capacity of the Liquid Air Separation Plant proposed at Erode, Tamil Nadu would be as given below:

Mode	Product	Output Nm ³ / h *	Purity	Delivery pressure (barg)/ temperature K
Design	Liquid Oxygen	935	≥ 99.6 %	2.0 /90
	Gas Oxygen	240	≥ 99.6 %	147 / 285
	Liquid Nitrogen	495	≤ 3 PPM O ₂	8 / 81
Option A	Liquid Oxygen	850	≥ 99.6 %	2.0 /90
	Gas Oxygen	400	≥ 99.6 %	147 / 285
	Liquid Nitrogen	450	≤ 3 PPM O ₂	8 / 81

*Nm³/ h is measured under condition of 0 deg C, 760mm Hg, Output and purity are Data at Ex Cold Box., Liquid Pressure is at Zero Level of Cold Box

INFRASTRUCTURE FACILITIES AND UTILITIES

Manufacturing Infrastructure

The Company currently has a capacity of 2,500 m³ per hour of oxygen / nitrogen gases and 2,00,000 m³ per annum capacity of dissolved acetylene gas. In addition to oxygen, the Company has installed an additional facility for compressing waste nitrogen into commercial grade nitrogen at Pudukkottai Road, Mathur – 622 515, Tamil Nadu and Villupuram Road, Thiruvandar Koil, Pondicherry – 605 102. The Company has installed a windmill with a capacity of 1.65 MW at Dhule, Maharashtra in December 2005.

Electricity

The source for the electricity consumed is from Pondicherry Electricity Board, Government of Pondicherry. The details of electricity consumption for the past 4 years are as follows:

Year	Electricity Consumption (in KWH)
2008-09	1,29,52,360
2009-10	1,63,06,240
2010-11	2,20,04,700
2011-12	2,38,64,580
Total	7,51,27,880

The Electricity Board Substation at SIPCOT Industrial Area has sufficient capacity to cater to the requirement of 3,000 KVA.

Water

The source for the water consumed is bore well installed within the factory premises. The details of water consumption for the past 4 years are as follows:

Year	Water Consumption (in CU.M)
2008-09	21,076
2009-10	21,090
2010-11	19,859
2011-12	22,046
Total	84,071

For the Project, 140 KL per day for process cooling, gardening and domestic use shall be made available by SIPCOT.

Manpower

The total manpower directly employed by the Company as on date of filing of this Letter of Offer is 93 personnel. The existing distribution of the manpower is as follows:

Sl. No.	Category	Existing
1.	Senior management	10
2.	Middle management	20
3.	Junior management	59
4.	Operators/Helpers	4
	Total	93

Manpower requirements for the proposed Project are as follows:

Sl. No.	Category	Proposed
1	Manager	1
2.	Shift In charge	4
3.	Operator	4
4.	Helper	4
5.	Filler & Loaders	12
6.	Maintenance Staff	3
7.	Despatch Clerk	4
8.	Accountant/ Administrator	1
9.	Security	5
	Total	38

MARKETING STRATEGY

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 costs, 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 two-fold. One is the Company 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, this will optimize distribution expenses for both the plants. 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 sectors so that there will not be a marked effect on the sales even if one or the other sectors reduce their consumption.

National Oxygen Limited has been catering to the needs of the sectors which include Space, Petro Chemicals, steel, pharmaceuticals, refrigeration, hospitals, ship building and repairing, fabrication, food processing and marine.

The major clientele of the Company includes PSUs like ISRO, ONGC, CPCL, Sothorn Railway, NLC, BHEL Kalpakkam, MFL, Cochin Shipyards, JIPMER Hospital, General Hospital, Pondicherry, Animal Husbandry Dept, Govt. of Tamil Nadu. NOL is also a supplier of industrial gases to Madras Cements, Marmagoa Steels Limited, TVS Group of companies, Kerala Minerals and Metals, L&T, etc..

The Company plans to markets its ultra high purity Nitrogen in Mother boards for auto components industry, and ultra high purity Oxygen in thermal plants and space technology.

An important aspect in the industrial gas market is management of vacuum insulated transport tankers for liquid distribution. The Company has incorporated satellite-monitoring facility for the tankers to have instantaneous data on the location of tankers. In order to have efficient usage of cylinders the Company monitors cylinder-wise customer-wise utilization by using special cylinder management software.

Distribution Strategy:

The finished product of the Company i.e nitrogen and oxygen are distributed in liquid form and compressed form. Under the liquid form, the supply is executed in the form of liquid and transported through the vacuum insulated transport tank to the customer's premises either by the Company's storage tank or customer-owned tank. Under the compressed form, the supply is executed in the form of compressed gas form in the Company's owned cylinders and transported to customer's premises and after the consumption of the gas the empty cylinders are returned back to the Company. The mode of transport being road, the vehicles used in transportation is both Company owned as well as sourced from third party.

THE PRODUCTS

1. Industrial Liquid Oxygen

Oxygen (O_2) is an active, life-sustaining component of the atmosphere; making up 20.94% by volume or 23% by weight of the air we breathe. It is colorless, odorless and tasteless. Because of its cryogenic nature, liquid oxygen can cause the materials it touches to become extremely brittle. Liquid oxygen is also a very powerful oxidizing agent: organic materials will burn rapidly and energetically in liquid oxygen.

In commerce, liquid oxygen is classified as an industrial gas and is widely used for industrial and medical purposes. Liquid oxygen is obtained from the oxygen found naturally in air by fractional distillation in a cryogenic air separation plant. Liquid oxygen is used in liquid-fueled rockets as the oxidizer for fuels such as hydrogen and liquid methane.

2. Industrial Gaseous Oxygen

Oxygen has a low boiling/ condensing point: $-297.3^{\circ}F$ ($-183^{\circ}C$). The gas is approximately 1.1 times heavier than air and is slightly soluble in water and alcohol. Below its boiling point, oxygen is a pale blue liquid slightly heavier than water. Oxygen has numerous uses in steelmaking and other metals refining and fabrication processes, in chemicals, pharmaceuticals, petroleum processing, glass and ceramic manufacture, and pulp and paper manufacture. Oxygen is used with fuel gases in gas welding, gas cutting, oxygen scarfing, flame cleaning, flame hardening, and flame straightening. In gas cutting, the oxygen must be of high quality to ensure a high cutting speed and a clean cut.

3. Industrial Liquid Nitrogen

Nitrogen (N_2) is a colorless, odorless and tasteless gas that makes up 78.09% (by volume) of the air we breathe. It is nonflammable and it will not support combustion. Nitrogen gas is slightly lighter than air and slightly soluble in water. Nitrogen condenses at its boiling point, $-195.8^{\circ}C$ ($-320.4^{\circ}F$), to a colorless liquid that is lighter than water. Gaseous nitrogen is valued for inertness. It is used to shield potentially reactive materials from contact with oxygen.

Liquid nitrogen is valued for coldness as well as inertness. When liquid nitrogen is vaporized and warmed to ambient temperature, it absorbs a large quantity of heat. The combination of inertness and its intensely cold initial state makes liquid nitrogen an ideal coolant for certain applications such as food freezing. Liquid nitrogen is also used to cool materials which are heat sensitive or normally soft to allow machining or fracturing.

Examples: Used tires, plastics, certain metals and even pharmaceuticals. Liquid nitrogen is also used in some MRI (Magnetic Resonance Imaging) devices to pre-cool the low temperature magnets prior to using much more expensive liquid helium for final cooling. Liquid nitrogen is used in cryo-surgery to destroy diseased tissue.

4. Medical Grade Oxygen Liquid

Medical Grade Liquid Oxygen is used to manufacture products that provide a vitamin supplement. These supplements provide oxygen to the body in the form of digestion rather than the natural process, respiration. Not only this but vitamin supplements also help prevent diseases, detoxify the body, maintain cellular function and fight off infections and diseases that are already existing. These supplements are ideal for athletes and people who work in areas of high altitude. There are also oxy rich spray products in the market. These products have a number of applications such as healing minor cuts and scratches, relieving itching and the effect of insect bites.

5. Medical Grade Oxygen Gas

Medical Oxygen is oxygen used for medical purposes, such as oxygen given to a patient during surgery or after an accident until the patient can breathe without a respirator.

The minimum purity for medical oxygen is 99 percent oxygen with only 1 percent other gases mixed into the container. Medical oxygen cannot have an odor. Oxygen is naturally an odorless gas. If it has an odor, it is not pure enough oxygen for medical use. An odor indicates that there is another gas mixed in with the oxygen.

6. High purity Nitrogen Gas

Refineries, petrochemical plants and marine tankers use High Purity Nitrogen to purge equipment, tanks and pipelines of dangerous vapors and gases (for example, after completing a pipeline transfer

operation or ending a production run) and to maintain an inert and protective atmosphere in tanks storing flammable liquids. Cold nitrogen gas is used to cool reactors filled with catalyst during maintenance work. Nitrogen is also used to maintain pressure in oil and natural gas producing formations. Nitrogen has little affinity for liquid hydrocarbons, thus it builds up in and remains in the gas cap.

Nitrogen is used as an inert gas to push liquids through lines, to clear lines and to propel "pigs" through pipelines to sweep out one material before using the line to transport another material.

7. Commercial grade argon gas

Argon (Ar) is a monatomic, colorless, odorless, tasteless and nontoxic gas, present in the atmosphere at a concentration of just under 1% (0.934%) by volume. Argon is a member of a special group of gases known as the "rare," "noble," or "inert" gases.

Argon's normal boiling point is a very cold -302.6°F (-185.9°C). The gas is approximately 1.4 times as heavy as air and is slightly soluble in water. Argon's freezing point is only a few degrees lower than its normal boiling point, -308.8°F (-199.3°C).

Argon is used in critical industrial processes such as the manufacturing of high quality stainless steels and production of impurity-free silicon crystals for semi-conductor manufacture.

8. High purity Argon Gas

Used in various analytical instrument applications; Optical Spectrometry - Inductive Coupled Plasma, Graphite Furnace Atomic Absorption, Fourier Transform Infrared; Gas Chromatography - High Efficiency Discharge Detector, Ultrasonic detector, carrier gas when analyzing hydrogen in helium. Used in semiconductor manufacturing processes as a carrier/purge gas.

9. Instrumentation Argon Gas

Argon is valued for its total inertness, in particular at high temperatures. Argon is also used as an inert filler gas for light bulbs and as dry, heavier-than-air-or-nitrogen filler for the space between glass panels in high-efficiency multi-pane windows.

10. Dissolved Acetylene Gas

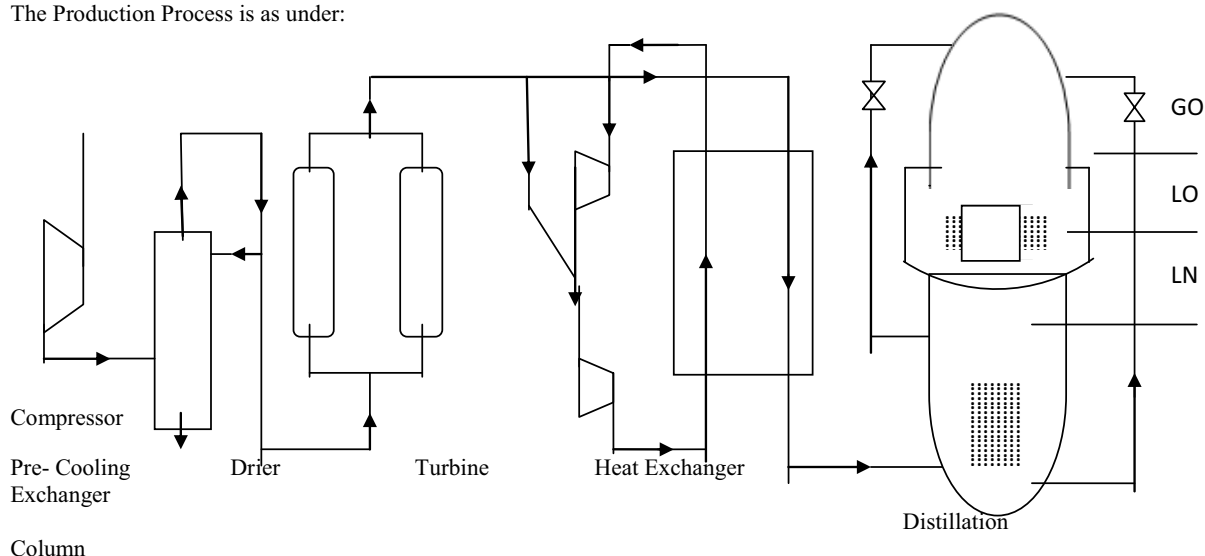
Acetylene is a colorless, combustible gas with a distinctive odor. Acetylene is a hydrocarbon consisting of two carbon atoms and two hydrogen atoms. Its chemical symbol is C_2H_2 .

The most common use of acetylene is as a raw material for the production of various organic chemicals including 1, 4-butanediol, which is widely used in the preparation of polyurethane and polyester plastics. The second most common use is as the fuel component in oxy-acetylene welding and metal cutting.

Production Process for O2 & N2 from Air

Air sucked by air compressor from atmosphere upto 10 bar. Compressed air pre-cooled in Pre-cooling system using water circulation and impurities like carbon dioxide, ethane, methane, moisture content in air can be removed in drier system using molecular sieves bed. The dried air sent into two streams. One stream directly enters into distillation column through heat exchanger. Another column separated to recycle air system through expansion turbine, which gives the cooling effect for the distillation feed air upto -175 degree Celsius. Air enters into the distillation column distilled to liquid nitrogen at the bottom column and liquid oxygen and gaseous oxygen at the top column.

The Production Process is as under:



*GO- Gaseous Oxygen
*LO- Liquid Oxygen
*LN- Liquid Nitrogen

Manufacturing Process of Oxygen & Nitrogen

The atmospheric air which after purification to remove moisture and carbon di-oxide has the following major components:

Oxygen	20.95% v/v
Nitrogen	78.0% v/v
Argon	0.94% v/v

All the above components of air can be separated as high purity products but due to the quality of power available and its effect on argon recovery and quality, it was not considered for selection and only oxygen and nitrogen are in the product list.

- The atmospheric air is filtered for removal of solid and suspended particulate impurities by a self cleaning air filter system.
- This air is compressed in multi stage centrifugal compressor to a final pressure of 9.8 kg/cm² (g) and then cooled by after cooler to about 40 degrees C.
- This air is further cooled through a chilled water spray tower / waste nitrogen cold recovery system and the process air is this cooled to about 8 to 10 degrees C.

- iv. The compressed, cooled air is then purified off moisture, carbon dioxide and any other gas impurities by molecular sieve drier which is of regenerative type and the purified, dry air is further cooled by outgoing waste process gases to -110 degrees C.
- v. This cold air is further compressed and then expanded to get a very low temperature of -180 degrees C in turbo expander.
- vi. The cold is used to liquefy the process air into the high pressure bottom distillation column.
- vii. The distillation liquid air is done in double column rectification unit. The lower column operates at 9.5 kg/cm² and liquid nitrogen of very high purity (less than 3 ppm of oxygen) is drawn out from the top portion of the top portion of the lower column. From the bottom of this column oxygen rich (34% oxygen) liquid air is drawn out and further rectified into high purity liquid oxygen which is drawn out from the bottom of low pressure top column which in turn works at 2.2 kg / cm² (g) pressure.

Both liquid nitrogen and liquid oxygen are sub-cooled and then taken into storage tanks. A part of the liquid oxygen is pumped as high pressure liquid back into the heat exchangers and converted into high pressure gaseous oxygen and filled in high pressure oxygen gas cylinders.
- viii. The unrecovered gases which are mainly nitrogen are used to cool the incoming process air for liquefaction and then released back into the atmosphere through a cold recovery chilling water tower.
- ix. The quality of process air, the product liquid oxygen and nitrogen, the outgoing gases are monitored for quality through online analyzers and continuously recorded.

COMPETITION

The Company's products face competition from other manufactures such as Inox Air products Limited, Bhuruka Gases Limited and Praxair India Private Limited. We plan to manage the competition by offering better quality products and providing continued after sale services. The brief description about the competitors is as follows:

Inox Air Products Ltd.:

- The company was founded in 1963 and is based in Mumbai, it manufactures and supplies industrial gases in India.
- Inox Air Products Ltd. operates as a joint venture between Air Products & Chemicals Inc. and Inox Leasing and Finance Limited.
- The company's product portfolio includes oxygen, nitrogen, helium, argon, carbon dioxide, hydrogen, and specialty gas mixtures.
- It offers cylinder gases for low to medium volume users through a network of agents and sales centers; a range of special gases for users who require high purity gases and gas mixtures; and bulk gases for medium to large volume users.
- The company is fully integrated from gas manufacturing to distribution and operates all across India with an asset base in excess of Rs 1300 crores.
- It serves customers in industrial, energy, technology and healthcare markets with a unique portfolio of atmospheric gases, process and specialty gases, equipment and services.

Bhuruka Gases Limited:

- Bhuruka Gases, formerly known as Karnataka Oxygen, was established in 1974. It has been in operation since then as a manufacturer of industrial gases with its manufacturing facilities in Bangalore and a branch in Chennai.
- The company has installed a 120 TPD air separation plant which enables to Bhuruka Gases produce cryogenic products and argon. It produces mainly three types of gases, namely special gases, general gases and calibration gases.
- The product range of the company includes argon, hydrogen, nitrogen, argon oxygen mixture (AOM), argon carbon dioxide mixture (ACM), ethane, air-zero grade ethylene, xenon, helium. These gases are used by organizations like HAL, ISRO, Widia, and Tagutec etc.
- First company in this line of business to get accreditation from ISO-IEC 17025 in India.

Praxair India Pvt. Ltd.:

- Praxair, Inc., set up its Indian operations through its 100% subsidiary, Praxair India Pvt. Ltd., in 1996. Since that time, Praxair has emerged as India's largest industrial gas supplier.
- Headquartered in Bengaluru, Praxair India has a national presence and serves its esteemed clients through a variety of supply modes such as on-site gas through pipeline, liquid bulk installation at client premises, and packaged gas cylinders.
- In addition to producing and marketing industrial gases, Praxair India offers patented and proprietary technologies that help customers gain a competitive edge.

INSURANCE

The Company has taken insurance to cover different risks which it believes is sufficient to cover all material risks to operations and revenues. The operations are subject to hazards inherent to manufacturing units, such as risks relating to work accidents, fire, earthquake, burglary and transit. This includes hazards that may cause injury and loss of life, damage and destruction of property and equipment. The Company has taken insurance to cover different risks the details of which are as under:

Sl. No.	Name of the policy/ Assets Insured	Insurer	Policy No.	Period	Sum Assured (In Rs.)	Net Premium (In Rs.)
A	VEHICLES					
1	PY-01-AA 2565	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002610	07.03.2012 to 06.03.2013	7,86,080	19,282
2	PY-01-AK -3336	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002745	19.03.2012 to 18.03.2013	6,25,000	18,488
3	PY-01-AJ-9936	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002744	19.03.2012 to 18.03.2013	9,90,000	19,971
4	PY-01-AK-7767	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002743	19.03.2012 to 18.03.2013	6,25,000	16,477
5	PY-01-AF-6126	United India Insurance Company Limited, Mylapore	012502/31/11/01/00 001363	19.08.2011 to 18.08.2012	14,000	627
6	PY-01-AG-6336	United India Insurance Company Limited, Mylapore	010702/31/11/01/00 001249	07.09.2011 to 06.09.2012	5,10,000	18,318
7	PY-01-AG-5679	National Insurance Company Limited	506562/31/11/6300 063861	27.09.2011 to 26.09.2012	6,00,000	5,569
8	TN-01-AJ-0099-MERCEDES BENZ	Bajaj Allianz General Insurance Company	OG-12-1501-1801-00025089	09.12.2011 to 07.12.2012	15,39,000	25,002

		Limited, Chennai				
9	HERO HONDA - PY-01A-8269	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002004	20.12.2011 to 19.12.2012	5,000	415
10	HEROHONDA SPLANDOR PRO DRS- PY01BH2457	United India Insurance Company Limited, Chennai	010702/31/11/01/00 002674	14.03.2012 to 13.03.2013	35,000	986
11	TN01AX6666 NISSAN X- TRIAL	Future Generali India Insurance Company Limited	2012-V1686663- FPV	09.03.2013 to 08.03.2013	19,00,000	58,638
B	PERSONAL					
12	Ind Medclaim Policy Mr G.N Saraf	UIIC Mylapore	012502/48/11/20/00 001244	03.02.2012 to 02.02.2013	6,00,000	32,851.00
13	Ind Medclaim Policy - Mr & Mrs RKS	UIIC Greams Road	010702/48/11/41/00 001235	03.02.2012 to 02.02.2013	5,00,000	7,182
14	Individual personal accident Mr.Gajanand Saraf	UIIC Mylapore	012502/42/11/01/00 000038; 012502/42/12/01/00 000034 (Renewed)	02.07.11 to 01.07.12; 02.07.2012 to 01.07.2013	18,00,000; 18,00,000	3,297; 3,526
15	Individual personal accident Mr. Rajesh Kumar Saraf	UIIC Mylapore	010702/42/11/01/00 000129	27.01.2012 to 26.01.2013	18,00,000	2,445
C	STANDARD FIRE& SPECIAL PERILS					
16	Std.- Fire Policy Stock of liquid Oxygen Nitrogen, Boiler Pressure Plant and Earthquake	Bharti AXA General Insurance Company Limited	PFC/10916479/31/0 6/C1314G	04.06.2012 to 03.06.2013	1,60,00,000	9,215
17	Standard Fire and Special Policy- RO,Furniture, AC, Computer	United India Insurance Company Limited, Greams Road	010702/11/11/11/00 000218	28.11.2011 to 27.11.2012	5,00,000	226
18	Public liability non-industrial Risk Policy	United India Insurance Company Limited, Greams Road	010702/46/11/37/00 000208	29.07.2011 to 28.07.2012	1,00,000	331
19	Standard Fire and Special Perils Policy	United India Insurance Company Limited, Greams Road	010702/11/11/11/00 000188	02.11.2011 to 01.11.2012	25,25,000	4,025
20	Standard Fire and Special Perils	Bharti AXA General	PFC/10913491/31/0 5/C1314G	01.06.2012	40,00,00,000	1,52,002

	Policy, Building and Plant & Machineries and Earthquake	Insurance Company Limited		to 31.05.2013		
21	Standard Fire and Special Perils Policy, Building & Plant & Machinery at Pondicherry	United India Insurance Company Limited, Greams Road	010702/11/11//11/0000117	06.08.11 to 05.08.12	44,00,000	5,765
D	WINDMILL					
22	Standard Fire and Special Perils Policy, Windmill, Brahmanvel, Dhule Dist, Maharastra	Future Generali India Insurance Company Limited	2012-F0048887-FIR	16.03.2012 to 15.03.2013	9,00,00,000	67,007.25
23	Machinery Insurance *	-	-	-	-	-
24	Burglary & House breaking	Future Generali India Insurance Company Limited	2012-B0012467-FBG	16.03.2012 to 15.03.2012	68,00,000	1,876
25	Public liability non-industrial Risk Policy	Future Generali India Insurance Company Limited	2012-L0016421-LBP	16.03.2012 to 15.03.2013	5,00,000	1,499
E	CYLINDER & THIRD PARTY LIABILITY					
26	Money Insurance Policy	United India Insurance Company Limited, Mylapore	012502/48/11/07/0000336; 012502/48/12/07/0000341 (Renewed)	01.07.2011 to 30.06.2012; 01.07.2012 to 30.06.2013	10,00,000; 10,00,000	331; 337

* For machinery of wind mill, the Company has entered into an annual maintenance agreement (AMC) with M/s. Vestas Wind Technology India Pvt. Ltd. on May 10, 2011 for the maintenance and cover the risk of breakdown of the machineries of wind mill.

PROPERTIES

Owned Property

The Details of properties owned by the Company are as under:

Location of the Property	Date of Sale Deed	Area	Consideration Paid	Purpose
Survey Nos. 206/1-F and 221/6 Mathur Village, Kulathur Taluk, Pudukkottai District, Tamil Nadu – 622 515	08.10.1980	1 Acre and 56 Cents	Rs. 68,580	Factory
Survey No.126/4A, Thiruvandar Koil Village, Pondicherry – 605 102	08.10.1985	2.47 Acres	Rs. 2,09,950	Factory
Survey No. 41/14, No. 80 (Old No. 141), Greams Road, Chennai, Tamil Nadu – 600 006	25.03.1996	6,528 Sq. Ft.	Rs. 4,66,750	Registered Office

Leasehold Property

The Company has entered into a 99 years Lease agreement dated October 13, 2011 with the State Industrial Corporation of Tamil Nadu (SIPCOT), a Company registered under the Companies Act, 1956 and having its registered office at No-19-A, Rukmani Lakshmi pathy Road, Chennai-600 008. As per the Lease Deed, SIPCOT proposes to allot the land to the Company on lease for a period of 99 years on an application made by the Company for the purpose of setting up the Project for the manufacture of liquid oxygen, liquid nitrogen, gaseous oxygen and gaseous nitrogen. SIPCOT has allotted plot No R-5 in the said industrial growth centre by the Order of Allotment dated 20.09.2011. Plot No R-5 in the SIPCOT Industrial Growth Centre is situated within the village limits of Perundurai and Ingur, Taluk of Perundurai Sub-Registration district of Perundurai in Revenue District of Erode containing by admeasurements 5.49 acres. In consideration of the allotment of land made by SIPCOT, the Company has paid a sum of Rs 16, 47,000/- towards plot deposit, Rs 65, 88,000/- towards development charges and Rs 100/- towards Lease rent as advance being 100% payment in full. The plot deposit is refundable on the expiry of the lease period.

The Details of leasehold property owned by the Company are as under:

Location of the Property	Date of lease Deed	Area	Consideration Paid	Purpose
Survey No. 110 and 111, R – 5, SIPCOT Industrial Growth Centre, Perundruai, Erode District, Tamil Nadu	13.10.2011	5.49 Acres	Rs. 82,35,000	New Factory

HISTORY AND CORPORATE STRUCTURE

National Oxygen Limited, an ISO 9001:2008 certified Company, was incorporated as a private limited company, namely 'National Oxygen Private Limited' on December 23, 1974 vide certificate of incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai.

In order to facilitate expansion and growth in the field of industrial and medical gases industry and to raise resources for the same the Company converted into public limited company, namely 'National Oxygen Limited' on September 29, 1975 vide fresh certificate of incorporation issued by the Registrar of Companies, Tamil Nadu, Chennai. Upon conversion the Company was allotted CIN: L24111TN1974PLC006819.

The registered office of the Company is at 80, Greams Road, Opp Greams Road Post Office Chennai – 600 006. The Company currently has a capacity of 2500 m³ per hour of oxygen / nitrogen gases and 2, 00,000 m³ per annum capacity of dissolved acetylene gas. In addition to oxygen, it has installed an additional facility for compressing waste nitrogen into commercial grade nitrogen at Pudukkottai Road, Mathur – 622 515, Tamil Nadu and Villupuram Road, Thiruvandar Koil, Pondicherry – 605 102. The Company has installed a windmill with a capacity of 1.65 MW at Dhule, Maharashtra in December 2005.

The Company came out with its public issue of 5, 80,000 equity shares of 10 each at par aggregating to Rs. 58.0 Lakhs on September 16, 1985 to part finance its expansion to set up a 165-cu mtr ph capacity plant at Pondicherry.

In June 02, 1994, the Company came out with a rights issue of 20, 77, 700 equity shares of Rs. 10 each at a premium of Rs. 5 per share aggregating to 311.66 Lakhs to set up a liquid oxygen / liquid nitrogen / liquid argon tonnage plant with a capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen.

For the financial year ended March 31, 2011 and 2012, the Company had total income of Rs. 1,912.98 Lakhs and Rs. 2,184.85 Lakhs respectively and a net profit, as restated, of Rs. 63.01 Lakhs and Rs. 78.74 Lakhs respectively.

Key Events

Year	Key Events, Milestones and Achievements
1975	The Company was converted into a public limited company.
1980	Installed and commissioned its first oxygen plant of 63 cubic metre per hour capacity at Mathur Village, Pudukkottai district.
1981	Installed a dissolved acetylene plant at Mathur Village, Pudukkottai district.
1982	Installed and commissioned its second oxygen plant of 63 cubic metre per hour capacity at Mathur Village, Pudukkottai district.
1985	Installed additional plant for compressing waste nitrogen into commercial grade nitrogen.
1985	Made an initial public offering for setting up of 165 Cum per hour capacity at Pondicherry.
1985	Made a bonus issue.
1994	Made a rights issue in the ratio of 2 equity shares for every 1 equity share held
2010	Increased the production capacity to 2500 cubic metre per hour capacity at Pondicherry
2011	- SIPCOT has allotted land for the new Project at Perundurai - Company gets ISO 9001:2008 certificate registration No. 99 100 02672/01 from TUV SUD South Asia Private Limited for Quality Management System for Manufacture and Supply of Industrial Oxygen, Medical Oxygen, Nitrogen (In Liquid and Gaseous form) and Compressed Air

Main Objects of the Company

A. Objects for which the Company is incorporated (Initially incorporated with the following objects)

1. To manufacture, buy, sell, improve, treat, refine, preserve or deal in carbonic acid gas, oxygen, hydrogen, acetylene or any other gas or chemicals or combinations or derivatives thereof.
2. To manufacture, buy sell, import, export, and deal in plant, machinery and equipment for manufacturing, collecting, compressing, purifying and solidifying oxygen, acetylene and carbonic gas or other gases and combinations and derivatives thereof.
3. To manufacture, buy, sell, export and import and deal in equipments for welding and allied operations, welding electrodes and to undertake and execute contracts involving welding operations of all descriptions.
4. To manufacture, produce, buy, sell, dispose of and deal in gas, coke, tar and all other residual products resulting from the manufacture of gas and to carry on all business that are usually or may be conveniently carried on by gas companies.
5. To undertake and carry on the business of designing, manufacturing, fabricating, operating, owning and transferring of power generating plants through Hydel, Thermal, Natural gas, Bio-energy, Bio-generation, Bio-mass and through various other means of conventional and non-conventional energy and renewable energy sources and setting of Wind farm and Solar Power Energy and Instruments thereof, in one or more location and to carry on the business of energy plantation, contract farming, bio mass briquette procurement and supply of fuel to small and medium scale power plant.
6. To manufacture and erect machinery for producing power under conventional/non-conventional and renewable energy sources including wind energy and distribution/sale of the same and to establish the business of an electric power, light and supply Company in all its aspects, and in particular to construct, lay down, establish, operate, manage, maintain, fix and carry out all necessary or appropriate power stations, boiler houses, steam turbines, switch yards, transformer yards, sub-stations, transmission lines, accumulators, work shops, fuel handling, washing and transportation equipment, machinery and facilities, cables, wires, lines, lamps and works , and to generate, acquire by purchase in bulk, accumulate, distribute and supply electricity, and to light cities, towns, streets, docks, markets, theaters, buildings and places both public and private.

Amendments in Memorandum of Association

Date	Nature of Amendment
01.09.1975	Increase in authorized capital from Rs 50 Lakhs (50,000 shares at Rs 100 per share) to Rs. 1 Crore divided into Rs 75 Lakhs (7.5 Lakh shares at Rs 10 per share) and Rs. 25 Lakhs (25,000 preference shares at Rs. 100 each share).
29.09.1975	Change from private limited company to public limited company i.e. National Oxygen Private Limited to National Oxygen Limited.
03.08.1985	Authorized cap reclassified i.e. Rs 100 Lakhs divided into 10 Lakh shares at Rs 10 each
14.10.1985	Increase in authorized capital from 100 Lakhs to 200 Lakhs.
09.09.1993	Increase in authorized capital from Rs. 200 Lakhs to Rs. 500 Lakhs.
19.09.2005	Alteration of main object clause of Memorandum of Association.

Amendments in Articles of Association

Sl. No.	Date of Shareholders' Approval (AGM / EGM)	Amendment in the Articles of Association
1.	EGM on 1 st September 1975	Article 4 has been substituted, authorised share capital of the Company is Rs.1,00,00,000 divided into 7,50,000 equity shares of Rs.10 each & 25,000 preference shares of Rs.100 each.
2.	EGM on 1 st September 1975	Status of the Company changed from private limited to public limited and subsequently change of name from National Oxygen Private Limited to National Oxygen Limited

3.	EGM on 3rd August 1985	Article 4 has been substituted with regard to the reclassification of authorised Capital of Rs.1,00,00,000 into 10,00,000 equity shares of Rs.10 each.
4.	EGM on 14 th October 1985	Article 4 has been substituted with regard to the increase in authorised capital from Rs.1,00,00,000 to Rs.2,00,00,000
5.	AGM on 9 th September 1993	Article 4 has been substituted with regard to the increase in authorised capital from Rs.2,00,00,000 to Rs.5,00,00,000
6.	AGM held on 4 th September 1991	Addition of Sub-Article (6) and Sub-Article (7) following after Article 30(5)
7.	AGM held on 24 th September 2004	Definition “Member” in appearing in Article 2(h) has amended along with the inclusion of Sub-Articles (p), (q), (r), (s) following after Article 2(o) and Article 14A has inserted after Article 14.

Change in Registered Office

Date	Previous Address	New Address
Incorporation	-	5/1E, Kellys Road, Kilpauk, Chennai – 600 010
23.08.1982	5/1E, Kellys Road, Kilpauk, Chennai - 600 010	234, Kilpauk Garden Road, Kilpauk, Chennai – 600 010
09.01.1984	234, Kilpauk Garden Road, Kilpauk, Chennai – 600 010	16, Rajaratnam Street, Chennai – 600 010
01.09.1985	16, Rajaratnam Street, Chennai – 600 010	21, Armenian Street, Chennai – 600 001
04.04.1990	21, Armenian Street, Chennai – 600 001	No 149 'AlsaMall' 3 rd Floor, Montieth Road, Egmore, Chennai - 600008
25.03.1999	No 149 'Alsamall' Montieth road, Egmore, Chennai – 600 008	No 141, Greams Road, Opp Greams Store Post Office Chennai - 600 006

Subsidiaries

As on the date of this Letter of Offer, the Company has no subsidiary.

Business Interest

None of the Group Companies/ Firm/ associates companies has business interests in the Company.

Common Pursuits

The Promoters and Directors do not have any interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Promoter Group. The Company shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as on when they may arise.

For further details on the related party transactions, to the extent of which the Company is involved, please refer to part titled “Related Party Disclosure” in “Financial Information” on page 145.

Changes in the activities of the Company during the last five years

The Company has not changed any of its activities, which has had a material effect on the statement of profit/loss for the preceding five years.

Defaults or rescheduling of borrowings with Financial Institutions/Banks

The Company has not defaulted or rescheduled its borrowings since the date of incorporation.

Shareholders' Agreements

There is no separate agreement between any shareholder and the Company as on date of filing of this Letter of Offer which are inconsistent with the provisions of the Listing Agreement in general and Clause 49 in particular.

Sales or Purchase between companies in the Promoter Group

There are no sales or purchase between companies in the promoter group exceeding 10 % in value in the aggregate of the total sales or purchase of the Company.

Object of the previous Rights Issue

All the objects of the rights issue which came in 1994 were met.

Lock-Out or Strikes

There have been no lock-outs or strikes in the Company since inception.

Lease Agreement

The Company has entered into a Lease agreement with State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT). Brief details of which are given herein under:

Memorandum of Lease deed has been entered between State Industrial Corporation of Tamil Nadu (SIPCOT), a Company registered under the Companies Act, 1956 and having its registered office at No-19-A, RukmaniLakshmiPathy Road, Chennai-600 008 and the Company, National Oxygen Limited on October 13, 2011.

Main Provisions

As per the Lease Deed, SIPCOT proposes to allot the land to the Company on lease for a period of 99 years on an application made by the Company for the purpose of setting up the Project for the manufacture of liquid oxygen, liquid nitrogen, gaseous oxygen and gaseous nitrogen. SIPCOT has allotted plot No R-5 in the said Industrial growth Centre by the Order of Allotment dated 20.09.2011 subject to certain terms and conditions. In consideration of the allotment of land made by SIPCOT, the Company has paid a sum of Rs 16, 47,000/- towards plot deposit, Rs 65, 88,000/- towards development charges and Rs 100/- towards Lease rent as advance being 100% payment in full.

The lease agreement contains the following terms and conditions:

1. The receipts towards amenities i.e development charges amounting to Rs 65,88,000/- in addition to any development charges collected from the Company during the currency of the lease will be adjusted towards the development Expenditure incurred and or to be incurred towards the development of the Industrial growth centre.
2. SIPCOT shall not pay any interest for the amount remitted by the Company.

3. The Company shall pay such amount that may be fixed by SIPCOT towards capital cost of water supply system before the execution of water supply agreement and also pay annual water charges at the rate fixed by SIPCOT.
4. The Company takes possession of the allotted land as lessee on payment of 100% of plot deposit and development charges and lease rent.
5. The Lessee to take the possession within 120 days from the date of allotment order. Failure to do so will entitle SIPCOT to cancel the allotment and lease.
6. In the event of addition development facilities being taken up or in case of escalation in cost of development works in future, SIPCOT may demand additional plot deposit and development charges on pro-rata basis from the Company.
7. SIPCOT reserves the right to cancel the allotment, disconnect the water supply and forfeit the amount remitted for the plot allotted in case of non-compliance of terms and conditions of the allotment order or lease deed. On cancellation the Company shall have no right to claim the amount paid towards the plot or the interest already paid.
8. Annual maintenance charges for the common amenities and facilities will be from time to time be apportioned among the allottees in Industrial Growth centre. The Company shall pay the same without any demur within the period prescribed. Non-payment on due date would automatically entail an interest of 15.5% per annum or such other rate as may be prescribed from time to time.
9. The SIPCOT can take the possession of the allotted land, the factory and other building and fixtures located on the same during the currency of the lease period, for any violation of any conditions of this deed or the terms and conditions of allotment.
10. The interest of the Company in the land shall not be sold or attached and sold in satisfaction of attachment of any debt(s) and if it so happens, the SIPCOT shall be entitled to determine the lease and take possession of the land with all the consequences mentioned above.
11. The SIPCOT can initiate proceedings under the provisions of the Tamil Nadu Public Premises (Eviction of unauthorized Occupants) Act, 1975 or under any statute for the time being in force for eviction as well as recovery of the amount due under this deed from the Company without prejudice to resort to any other mode of recovery that may be available.
12. If in the opinion of SIPCOT, it is found that the land has not been put to use for the purpose for which it is allotted or is in excess of the actual requirements of the Company for the purpose for which it is allotted, the SIPCOT at any time has the right to cancel the allotment in respect of the land or excess land, as the case may be and resume the same under the provision of TNPPE Act.
13. The plot deposit of Rs 16, 47,000/- alone is refundable on the expiry of the lease period. In the event of surrender by the Company the plot deposit shall be refunded in full after forfeiting the initial deposit and processing fees by the SIPCOT. The development charges shall be refundable after forfeiting an amount of 5% per year or part thereof for the no. of years the plot was held by the Company subject to the minimum deduction of 15% and no compensation for improvement of building or other structures erected in the plot shall be made by SIPCOT.
14. The SIPCOT will take possession of the plot in 'as is where is' condition and no further demand for any development, such as earth filling, raising the level etc, shall be entertained. Any other improvements or developments inside the allotted plot is purely at the discretion of the Company.
15. The Company shall utilize the allotted plot only for the purpose for which it was allotted.
16. The allottee shall commence commercial production/trial production within 30 months from the date of allotment order. Failure will entail cancellation of allotment and forfeiture of total amount paid towards the extent allotted.

17. The Company shall have to commence construction of buildings within 6 months of the date of allotment order and be completed within 24 months of the date of allotment order. Before commencing such construction of works on the allotted plot, the allottees should strictly follow the prescribed building regulations.
18. The Company shall, at its own cost, construct and main access roads leading from Industrial Growth centre to the said plot in strict accordance with the specifications and detail prescribed by the SIPCOT.
19. The Company shall insure all the fixed assets in the plot and renew the insurance periodically.
20. The Company shall keep the SIPCOT indemnified against any and all claims for damages, which may be caused to any adjoining buildings and industrial installations by the Company.
21. With the consent of the Company. The SIPCOT shall have the right to access into and utilizing any portion of the allotted plot, as required at all times, for the purpose of laying pipe lines, cables, under ground drainages, channels, or providing such other common facility.
22. The Company shall not at any time during the currency of lease, cause or permit any nuisance in or upon the said land and in particular shall not use or permit the said land to be used for any purpose, which may be obnoxious or injurious or offensive. The SIPCOT shall have full right to prohibit or regulate these matters at all times.
23. The Company shall keep the buildings, premises and the structure clean, free from defect and in good condition during the period of lease.
24. The Company shall pay all existing and future rates and taxes, charges, claims, assessment and out goings of every description, chargeable against the owner or occupier in respect of the allotted land.
25. The Company shall bear all expenses with respect to drawing of power from the main lines to the plot and for the supply of electricity. The Company shall also execute an agreement for water supply and comply with all the terms and conditions of the agreement. The Company shall also bear the maintenance charges for the common amenities and facilities.
26. The Company shall not assign, sub-let or part with his interest in the allotted plot either in whole or in part except with the prior written consent of the SIPCOT.
27. The SIPCOT shall have the right to enter upon and inspect the said premises, during the currency of lease at all times.
28. Ten percent of the jobs in the industrial units coming up in the Industrial Growth centre shall be reserved to the member of the families of land owners whose lands have been acquired for the Industrial Growth Centre, subject to eligibility as per qualification prescribed for the jobs.
29. The SIPCOT shall have the power to grant extension of time, subject to such conditions as may be imposed to the Company in all matters.
30. Any change of directors causing change of ownership or management of the Company shall be made only with the prior approval of SIPCOT. Further, any change in address of the registered office or administrative office shall be intimated to the SIPCOT first.
31. During the currency of the lease, any question of dispute or difference in relation to or in connection with the terms of the lease deed shall not be raised by the Company and if at all it is raised then the same shall be referred to an Arbitrator appointed by Government of Tamil Nadu.
32. Only the courts situated in City of Chennai shall have jurisdiction to decide upon any dispute or litigations between the parties to this lease deed.
33. The SIPCOT reserves the right to impose any further conditions and stipulations, or alterations in the regulations which are reasonable, justified and necessary at any time for the establishment of Industrial

Growth centre, to implement the conditions of this deed and for the benefit of the Industrial Growth Centre as a whole.

34. The SIPCOT, reserves to itself the right to sell, lease or otherwise deal with any land unleased or unsold in any manner it deems suitable.
35. It shall be open to the SIPCOT to ask for in writing and SIPCOT to grant a "No Objection Certificate" with or without conditions, to enable the Company to mortgage its interest in the said allotted land, at any time after taking possession for obtaining financial assistance from financial institutions and banks for implementing the project and for the projects implemented under the same legal entity of the Company. The Company shall not offer this property as a collateral security to avail loan for other purposes/ sister concern etc.
36. During the currency of the lease, the ownership of the leased property which is vested in the SIPCOT shall not be liable to be questioned in any manner and if at all any such question is raised by the Company, the lease will be terminated forthwith and the SIPCOT will enter the land including the buildings and other appurtenances situated thereon and resume possession of the plot at any time.
37. The SIPCOT, at the request and cost of the Company at the end of 99 years may execute a new lease of the schedule mentioned plot by way of renewal for a similar period of ninety nine years on such covenants and provisions as may be mutually agreed to.

THE MANAGEMENT

Board of Directors

The Board of Directors are responsible for the overall management and supervision of the Company. The Chairman and Managing Director and the Executive Directors are responsible for the day-to-day management under the supervision, direction and control of the Board of Directors.

The Company is currently managed by a Board of Directors comprising Six (6) Directors. As per the Articles of Association, the Board shall consist of not less than three (3) Directors and not more than fifteen (15) Directors. As on date of filing this Letter of Offer with SEBI, the Company has Six (6) Directors. Details of the Directors are given below:

Sl. No.	Name, Father's name, Designation, Address, Qualification, Occupation, Terms of Appointment, Nationality and DIN	Age	Date of Appointment as Director	Other Directorships / Partnerships/ Proprietorship
1	Mr. Gajanand Saraf S/O Mr. Gopi Ram Saraf, Designation: Chairman & Managing Director Address: 3C "Tangy Apartments" 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105 Qualification: M.Com, LLB Occupation: Industrialist Terms of Appointment: Appointed as a chairman and Managing director for a period of 3 years in AGM dated 17.09.2010 and no sitting fees are payable Nationality: Indian DIN: 00007320	76	23.12.1974	• Saraf Housing Development Private Limited. • Pondicherry Agro Foods Private Limited. • Approach Marketing Private Limited. • e Investment Private Limited. • SGI Trading Private Limited.
2	Mr. Rajesh Kumar Saraf S/O Mr. Gajanand Saraf Designation: Joint Managing Director Address: 3C "Tangy Apartments" 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105 Qualification: B.Com Occupation: Industrialist Terms of Appointment: Appointed as a Joint Managing director for a period of 5 years in AGM dated 19.09.2008 and no sitting fees are payable Nationality: Indian DIN: 00007353	49	30.11.1992	• Saraf Housing Development Private Limited. • Pondicherry Agro Foods Private Limited. • East Coast Acetylene Private Limited. • Approach Marketing Private Limited. • e Investment Private Limited. • SGI Trading Private Limited. • Goodwill International.

3	Mrs. Veena Devi Saraf D/O Mr. Sita Ram ji Gupta Designation: Non Executive Director Address: 3C "Tangy Apartments", 43, Dr. P B Chenian Crescent, Egmore, Chennai – 600 105 Occupation: Industrialist Terms of Appointment: Liable to retire by rotation Nationality: Indian DIN: 00007376	71	11.10.1989	Nil
4	Dr. Dev Mohan Mohunta S/O Mr. Brij Mohan Mohunta Designation: Non Executive, Independent Director Address: 45, Taylors Road, Kilpauk, Chennai - 600 010 Qualification: B. Sc (Tech) Chemical Engineer with Ph.d, M.I.I.I. Ch. E Terms of Appointment: Liable to retire by rotation Occupation: Industrialist Nationality: Indian DIN: 01233780	76	10.11.1987	Nil
5	Mr. Perumal Siva S/O Mr. Perumal, Designation: Non Executive, Independent Director Address: No. 2A, Sadasivam Street, Rayapettai, Chennai- 600 006 Qualification: MBA Terms of Appointment: Liable to retire by rotation Occupation: Industrialist Nationality: Indian DIN: 00007475	76	10.01.1994	Nil
6	Mr. Anil Kumar Seth S/O Mr. Dharamchand Seth, Designation: Non Executive, Independent Director Address: No.106, 10 th Main Road, Shanti Colony, Anna Nagar Chennai – 600 040. Qualification: B.E Terms of Appointment: Liable to retire by rotation Occupation: Industrialist Nationality: Indian DIN: 00832674	58	21.08.1985	• Seth Electricals Private Limited. • Shantiniketan Property Foundation Private Limited. • S.I. Property (Chennai) Private Limited. • Aston Constructions Private Limited. • Efficiency Aids Private Limited. • S.I. Property (Karnataka) Private Limited. • Uni Wears Limited. • Icegein RCM Services Private Limited. • Adinath Foundations Private Limited.

* **Sri Ganapati Impex** with which the Promoter Mr. Rajesh Kumar Saraf was associated in the past has been closed as of now.

None of the above mentioned Directors are on the RBI List of willful defaulters as on date.

Neither the Company nor the Promoters, persons forming part of the Promoter Group, Directors or persons in control of the Company are debarred from accessing the capital market by SEBI.

None of the Promoters, Directors or persons in control of the Company has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI.

There is no service contracts entered into by the Directors with the Company providing for benefits or payments of any amount upon termination of employment.

Brief Profile of the Directors

Mr. Gajanand Saraf

Mr. Gajanand Saraf, M.Com. LLB, aged 76 years, is the Promoter Director of the Company. Mr. Gajanand Saraf has been managing the Company efficiently for more than three decades. He is on the board of Saraf Housing Development Private Limited, Pondicherry Agro Foods Private Limited, Approach Marketing Private Limited, e Investment Private Limited and SGI Trading Private Limited. The Board of Directors has recommended the reappointment of Mr. Gajanand Saraf as Managing Director for a further period of 3 years w.e.f 01.09.2010 after the expiry of 5 years of his term as Managing Director ending on 30.08.2010.

Mr. Rajesh Kumar Saraf

Mr. Rajesh Kumar Saraf, B.Com, aged 49 years, is one of the key functionaries in the top management team and has been associated with the Company for the last fifteen years. He is on the board of Saraf Housing Development Private Limited, Pondicherry Agro Foods Private Limited, East Coast Acetylene Private Limited, Approach Marketing Private Limited, e Investment Private Limited and SGI Trading Private Limited.

Mrs. Veena Devi Saraf

Mrs. Veena Devi Saraf, aged 71 years, has been on the Board of Directors for the last two decades and possesses knowledge of various aspects of administration and is conversant with management of companies. She is the chairman of the Shareholder /Investors' grievance and Share Transfer Committee of National Oxygen Limited.

Dr. Dev Mohan Mohunta

Dr. Dev Mohan Mohunta, chemical engineer with Ph.d, aged 76 years, was appointed on the board of directors of the Company on 10.11.1987. He is having varied experience in industrial fields. He is the chairman of the Remuneration Committee and member of the Audit Committee of National Oxygen Limited.

Mr. Perumal Siva

Mr. Perumal Siva, aged 76 years, retired as General Manager of SIPCOT. He was appointed as Director of the Company on 10.01.1994. He also functioned as Whole time director (Finance) of the Company for the period of 3 years from 1995-1998. He does not hold any directorship in any other company/ partnership firms. He is the chairman of the Audit Committee of the Company and he is also the member of Remuneration Committee, Shareholder /Investors' grievance and Share Transfer Committee of National Oxygen Limited.

Mr. Anil Kumar Seth

Mr. Anil Kumar Seth, aged 58 years, was appointed as the additional director on the Board of Directors of the Company in 1985. He has been on the Board for over 2 decades with the Company with wide accounting and management experience. He is also a director of Seth Electricals Private Limited, Shantiniketan Property Foundation Private Limited, S.I. Property (Chennai) Private Limited, Aston Constructions Private Limited, Efficiency Aids Private Limited, S.I. Property (Karnataka) Private Limited, Uni Wears Limited, Icegein RCM Services Private Limited, Adinath Foundations Private Limited.

Relationship between the Directors

Family relationship exists amongst Directors in the following way:-

Name of directors	Relationship with other directors
Mr. Gajanand Saraf	Husband of Mrs. Veena Devi Saraf and father of Mr. Rajesh Kumar Saraf.
Mr. Rajesh Kumar Saraf	Son of Mr. Gajanand Saraf and Mrs. Veena Devi Saraf.
Mrs. Veena Devi Saraf	Wife of Mr. Gajanand Saraf and mother of Mr. Rajesh Kumar Saraf.

Arrangements with major shareholders, customers, suppliers or others

Except the Share Purchase Agreement with the Erstwhile Promoters, there is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Director was appointed as a Director or member of senior management of the Company.

Terms of the appointment and compensation of the Executive Directors

Name and Designation	Terms of Appointment and Remuneration
Mr. Gajanand Saraf	Appointed as Managing Director for a period of 3 years from 01/09/2010 at the Board Meeting held on 30/10/2010 and confirmed at the subsequent Annual General Meeting of the Company held on 17/09/2010 for Rs. 2, 00,000 per month along with the perquisites provided by the Company.
Chairman & Managing Director	The Managing Director shall be in charge of the management of the Company and to perform such duties and exercise such powers as entrusted by the Board. Further, no sitting fees are payable to the Managing Director for attending Board meetings.

Name and Designation	Terms of Appointment and Remuneration
Mr. Rajesh Kumar Saraf	Appointed as Joint Managing Director for a period of 5 years from 01/10/2008 at the Board meeting held on 31/07/2008 and confirmed at the Annual General Meeting of the Company held on 19/09/2008 for Rs. 65,000 per month along with the perquisites provided by the Company.
Joint Managing Director & Whole Time Director	The Joint Managing Director shall be in charge of the management of the Company and to perform such duties and exercise such powers as entrusted by the Board. Further, no sitting fees are payable to the Managing Director for attending Board meetings.

Compensation of Directors and their Shareholdings in the Company for the financial year 2011-12 is as under:

Name of the Director	Salary and Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.03.2012
Mr. Gajanand Saraf	28,13,244	0	2,18,142
Mr. Rajesh Kumar Saraf	10,77,260	0	2,31,024
Mrs. Veena Devi Saraf	0	12,500	1,57,040
Dr. Dev Mohan Mohunta	0	7,000	750

Mr. Perumal Siva	0	14,500	600
Mr. Anil Kumar Seth	0	7,000	4,400

Compensation of Directors and their Shareholdings in the Company for the financial year 2010-11 is as under:

Name of the Director	Salary and Perquisites (Rs.)	Sitting Fees (Rs.)	No. of shares held as on 31.03.2011
Mr. Gajanand Saraf	18,07,400	-	2,18,142
Mr. Rajesh Kumar Saraf	8,27,515	-	2,31,024
Mrs. Veena Devi Saraf	-	13,000	1,57,040
Dr. Dev Mohan Mohunta	-	7,750	750
Mr. Perumal Siva	-	16,750	600
Mr. Anil Kumar Seth	-	7,750	4,400

Borrowing Powers of Directors

The borrowing powers of the Company's Directors are regulated by Articles 89 of the Articles of Association of the Company. The Board of Directors have been authorised by a resolution passed at the Annual General Meeting of the Company held on September 03, 2011 to borrow up to a sum of Rs.100 Crores in excess of the aggregate of the paid up capital and free reserves of the Company except for reserves set apart for any specific reason for the conduct of the Company's business.

Policy on Disclosure and internal procedure for prevention of Insider Trading

K. Venkateswaran, Company Secretary and Compliance Officer, is responsible for monitoring and adherence to the rules, policies and procedures for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

Interest of Directors

All of the Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board, commission payable to the Non-executive Directors and reimbursement of expenses payable to them under the Articles of Association or paid in future. All the Directors may also be deemed to be interested to the extent of Equity Shares, already held by them or their relatives or bodies corporate in which they have interest in the Company, or Equity Shares that may be subscribed for and allotted to them, out of the present Issue in terms of this Letter of Offer and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, save and except as stated otherwise in the chapters titled 'Business Overview' and 'The Management' and the section titled 'Financial Information' beginning on page nos. 86, 106 and 124, respectively, of this Letter of Offer, the Directors do not have any other interests in the Company as on the date of filing of this Letter of Offer with SEBI. The Directors are not interested in the appointment of or acting as Registrar or Bankers to the Issue or any such intermediaries registered with SEBI.

Changes in the directors in the last 3 years

There are no changes in the Board of Directors during the last three years.

Corporate Governance

The Company has complied with the requirements of corporate governance contained in Clause 49 of the Listing Agreement, especially with respect to broad basing of Board, constituting the Committees such as Shareholders/ Investors Grievance Committee, adoption of Code of Conduct for members of the Board and the employees in the grade of Manager and above.

Board of Directors

The details of the Board Meetings held and attendance of the Directors are given below for the period from April 01, 2011 to March 31, 2012:

Name of Directors	Number of meetings held	Number of meetings attended
Mr. Gajanand Saraf	4	4
Mr. Rajesh Kumar Saraf	4	4
Mrs. Veena Devi Saraf	4	4
Dr. Dev Mohan Mohunta	4	4
Mr. Perumal Siva	4	4
Mr. Anil Kumar Seth	4	4

The details of the Board Meetings held and attendance of the Directors are given below for the period from April 01, 2010 to March 31, 2011:

Name of Directors	Number of meetings held	Number of meetings attended
Mr. Gajanand Saraf	4	4
Mr. Rajesh Kumar Saraf	4	4
Mrs. Veena Devi Saraf	4	4
Dr. Dev Mohan Mohunta	4	4
Mr. Perumal Siva	4	4
Mr. Anil Kumar Seth	4	4

Code of Conduct

The Board of Directors has adopted a code of conduct for the Board towards the Company.

Committees of the Board

Audit Committee

The Audit Committee has been constituted on October 29, 2002. The Audit Committee is re constituted on June 29, 2005.

The composition of the Audit Committee and the attendance of the members at the meetings for the period April 2011 to March 2012, are as follows:

Name of Directors	Category of Membership	Number of meetings held	Number of meetings attended
Mr. Perumal Siva	Chairman	4	4
Dr. Dev Mohan Mohunta	Member	4	4
Mr. Anil Kumar Seth	Member	4	4

During the financial year the four Audit Committee meetings held on the following dates:

1. May 30, 2011
2. July 27, 2011
3. October 21, 2011
4. January 27, 2012

The composition of the Audit Committee and the attendance of the members at the meetings for the period April 2010 to March 2011, are as follows:

Name of Directors	Category of Membership	Number of meetings held	Number of meetings attended
Mr. Perumal Siva	Chairman	4	4
Dr. Dev Mohan Mohunta	Member	4	4
Mr. Anil Kumar Seth	Member	4	4

During the financial year the four Audit Committee meetings held on the following dates:

1. May 28, 2010
2. July 30, 2010
3. October 25, 2010
4. January 28, 2011

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 statutory auditors and ensuring suitable follow up thereon.

Remuneration Committee

The Remuneration Committee has been constituted on October 29, 2002. The Remuneration Committee is recently re constituted on June 29, 2005. The composition of the Remuneration Committee is as follows:

Name of Directors	Designation held
Dr. Dev Mohan Mohunta	Chairman
Mr. Perumal Siva	Member
Mr. Anil Kumar Seth	Member

One meeting of the remuneration committee was held on July 30, 2010 to consider and recommend the reappointment of Mr. Gajanand Saraf and the remuneration payable to him. All the members of the committee attended the meeting.

The terms of reference of the Remuneration Committee are as follows:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors.
- Framing and implementing on behalf of the Board and on behalf of the shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment.
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors.
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors.
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of the Company and the shareholders.

Shareholders' / Investor Grievances and Share Transfer Committee

The Shareholders' / Investors' Grievance Committee has been reconstituted on October 29, 2002 to comply with provisions of Clause 49 of the Listing Agreement. The composition of the Shareholders'/Investors' Grievance Committee are as follows:

Name of Directors	Designation held
Mrs. Veena Devi Saraf	Chairman
Mr. Gajanand Saraf	Member
Mr. Perumal Siva	Member

The shareholders/investors grievance and share transfer committee specifically looks into redressing of shareholders and investors 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. The committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service. The said Committee met 10 and 11 times during the year 2011-2012 and 2010-2011 respectively.

Details of Complaints received for the period April 2011 to March 2012 are as follows:

Sl. No.	Details of Investor Complaints	Number of complaints
1	Complaints pending as on April 01, 2011	0
2	Complaints received during the year	4
3	Complaints redressed during the year	4
4	Complaints pending as on March 31, 2012	0

Details of Complaints received for the period April 2010 to March 2011 are as follows:

Sl. No.	Details of Investor Complaints	Number of complaints
1	Complaints pending as on April 01, 2010	0
2	Complaints received during the year	3
3	Complaints redressed during the year	3
4	Complaints pending as on March 31, 2011	0

Details of Complaints received for the period April 2009 to March 2010 are as follows:

Sl. No.	Details of Investor Complaints	Number of complaints
1	Complaints pending as on April 01, 2009	0
2	Complaints received during the year	5
3	Complaints redressed during the year	5
4	Complaints pending as on March 31, 2010	0

Details of Complaints received for the period April 2008 to March 2009 are as follows:

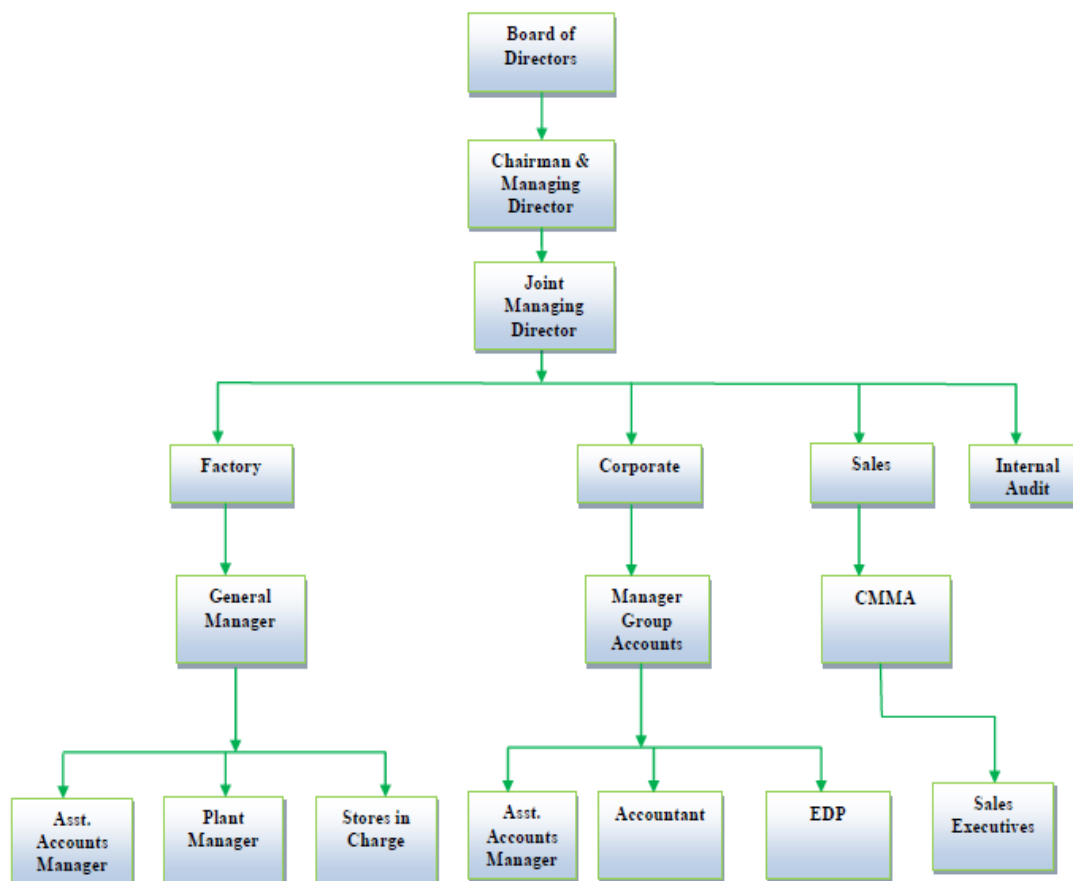
Sl. No.	Details of Investor Complaints	Number of complaints
1	Complaints pending as on April 01, 2008	0
2	Complaints received during the year	13
3	Complaints redressed during the year	13
4	Complaints pending as on March 31, 2009	0

General Body Meetings:

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

Year	Date and Time	Venue
2007-2008	19 th September 2008 at 9.30 am	Hotel Kanchi, 28,Commander-in-chief Road, Egmore, Chennai – 600 105
2008-2009	18 th September 2009 at 9.30 am	Hotel Kanchi, 28,Commander-in-chief Road, Egmore, Chennai – 600 105
2009-2010	17 th September 2010 at 9.30 am	Hotel Kanchi, 28,Commander-in-chief Road, Egmore, Chennai – 600 105
2010-2011	3 rd September 2011 at 9.30 am	Hotel Kanchi, 28,Commander-in-chief Road, Egmore, Chennai – 600 105

Organizational Structure



GROUP COMPANIES

The Companies that are part of the Group Companies and Firm are as follows:

Sl. No.	Name of the Group Company/Firm
1	Pondicherry Agro Foods Private Limited
2	East Coast Acetylene Private Limited
3	Saraf Housing Development Private Limited
4	e Investments Private Limited
5	SGI Trading Private Limited
6	Approch Marketing Private Limited
7	Goodwill International

The details of Group Companies and Firm are as follows:

1. Pondicherry Agro Foods Private Limited

Corporate Information

The company was incorporated on July 21, 1981 as Pondicherry Flour Mills Private Limited with The Registrar of Companies Tamil Nadu, Chennai. The name of the company was changed to Pondicherry Agro Foods Private Limited ('PAF') vide fresh certificate of incorporation granted on July 19, 2004 with CIN: U15314TN1981PTC008887. Its registered office is situated at No. 80 (Old No. 141), Greams Road, Chennai – 600 006.

Business Activities

The company is engaged in the business of manufacture of flour products since 1981. The product line in the Flour Division includes Wheat Flour (Maida & Atta), Semolina or Cream of Wheat (Rava) and Bran to the regional markets in Southern India.

Board of Directors

The board of directors of consists of:

Sr. No.	Name
1.	Mr. Gajanand Saraf
2.	Mr. Rajesh Kumar Saraf
3.	Mrs. Sarita Saraf

Shareholding Pattern

The details of the shareholding pattern as on September 30, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares
1.	Mr. Rajesh Kumar Saraf	95,700
2.	Mr. Gajanand Saraf (SHUF)	1,19,530
3.	Mrs. Veena Devi Saraf	129,220
4.	Mrs. Saritha Gupta	1,000

5.	M/s. National Oxygen Ltd	9,000
6.	Mrs. Sarita Saraf	54,170
7.	Ms. Aarti Saraf	19,127
8.	Ms. Rutika Saraf	42,100
9.	Mr. Rajesh Kumar Saraf (HUF)	46,500
10.	Mr. Gajanand Saraf (BHUF)	93,633
11.	M/s. East Coast Acetylene Pvt. Ltd	70,000
12.	Mrs. Mamta Gupta	5
13.	Mr. Kanchan Choraria	5
14.	M/s. Mahaveer Trading Company	10
15.	Mr. Gajanand Saraf	50,000
16.	M/s. Saraf Housing Development Pvt. Ltd	70,000
	TOTAL	8,00,000

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Total Income	5,163.47	4,688.23	4,045.68
Profit After Tax	3.35	16.25	25.53
Equity Share Capital	80.00	80.00	80.00
Reserves & Surplus	380.91	377.56	370.64
EPS (Rs.)	0.42	2.03	3.19
Book Value per Share (Rs.)	57.61	57.19	56.33

Pondicherry Agro Foods Private Limited has not made any public or rights issue during last three years.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

2. East Coast Acetylene Private Limited

Corporate Information

The company was incorporated on October 17, 1986 as East Coast Acetylene Private Limited with The Registrar of Companies Tamil Nadu, Chennai. Its Corporate Identification Number is U45309TN1986PTC013580. Its registered office is situated at 141, Greams Road, Opp. Greams Road Post Office, Chennai – 600 006.

Business Activities

The company is engaged in the manufacturing of dissolved acetylene gas to supply to industrial sector. Acetylene gas is the main raw material for cutting and welding in any industry. Its client list includes government workshops, several large public and private sector units in south India.

Board of Directors

The board of directors consists of:

Sr. No.	Name
1.	Mr. Rajesh Kumar Saraf
2.	Mrs. Sarita Saraf

Shareholding Pattern

The details of the shareholding pattern as on September 30, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares
1.	Mr. Rajesh Kumar Saraf	61,000
2.	Mr. Gajanand Saraf (SHUF)	30,000
3.	Mrs. Veena Devi Saraf	37,667
4.	Mrs. Sarita Saraf	60,600
5.	Ms. Aarti Saraf	31,000
6.	Ms. Rutika Saraf	78,000
7.	Mr. Rajesh Kumar Saraf (HUF)	50,267
8.	Mr. Gajanand Saraf (BHUF)	46,666
9.	M/s. Pondicherry Agro Foods Pvt. Ltd	40,000
10.	Mrs. Mamta Gupta	24,800
	TOTAL	460,000

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Total Income	276.47	268.99	254.70
Profit After Tax	(1.06)	32.43	31.50
Equity Share Capital	46.00	46.00	46.00
Reserves & Surplus	187.82	188.88	183.27
EPS (Rs.)	(0.23)	7.05	6.85
Book Value per Share (Rs.)	50.83	51.06	49.84

East Coast Acetylene Private Limited has not made any public or rights issue during last three years.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

The company has made loss of Rs. 1.06 Lakhs in the financial year 2010-11.

3. Saraf Housing Development Private Limited

Corporate Information

The company was incorporated on June 1, 2000 as Saraf Housing Development Private Limited with The Registrar of Companies Tamil Nadu, Chennai. Its Corporate Identification Number is U70101TN2000PTC045086. Its registered office is situated at 141, Greams Road, Chennai – 600 006.

Business Activities

Saraf Housing Development Private Limited is engaged in the real estate development business.

Board of Directors

The Board of Directors consists of:

Sr. No.	Name
1.	Mr. Gajanand Saraf
2.	Mr. Rajesh Kumar Saraf
3.	Mrs. Sarita Saraf

Shareholding Pattern

The details of the shareholding pattern as on September 30, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares
1.	Mr. Rajesh Kumar Saraf	69,000
2.	Mr. Gajanand Saraf	69,900
3.	Mr. Gajanand Saraf (SHUF)	1,000
4.	Mrs. Veena Devi Saraf	63,000
5.	Mrs. Sarita Saraf	62,000
6.	Ms. Aarti Saraf	1,000
7.	Ms. Rutika Saraf	1,000
8.	Mr. Rajesh Kumar Saraf (HUF)	1,000
9.	Mr. Gajanand Saraf (BHUF)	1,000
10.	M/s. Pondicherry Agro Foods Pvt. Ltd	30,000
11.	Mrs. Mamta Gupta	50
12.	M/s. East Coast Acetylene Pvt. Ltd	30,000
13.	Mrs. Sarita Saraf, Partner, M/s. Mahaveer Trading Company	50
	TOTAL	3,29,000

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Total Income	28.60	29.50	24.05
Profit After Tax	(25.99)	(35.53)	12.53
Equity Share Capital	32.90	32.90	32.90

Reserves & Surplus	81.5	107.49	143.02
EPS (Rs.)	(7.90)	(10.79)	3.81
Book Value per Share (Rs.)	34.77	42.67	53.47

Saraf Housing Development Private Limited has not made any public or rights issue during last three years.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

The company has made loss of Rs. 25.99 Lakhs and Rs. 35.53 Lakhs in the financial year 2010-11 and 2009-10 respectively.

4. e Investments Private Limited

Corporate Information

The company was incorporated on February 14, 2011 as e Investments Private Limited with The Registrar of Companies, Pondicherry. Its Corporate Identification Number is U65100PY2011PTC002552. Its registered office is situated at PFM Quarters, Pondy Villupuram Road T.V. KOIL, Pondicherry – 605102, India.

Business Activity

e Investments Private Limited was established to monitor and manage cash resources of the Group Companies/ Firm and to act as advisors for investment in shares, debentures and bonds of any company, government or any other bodies.

Board of Directors

The Board of Directors consists of:

Sr. No.	Name
1.	Mr. Gajanand Saraf
2.	Mr. Rajesh Kumar Saraf

Shareholding Pattern

The details of the shareholding pattern as on February 24, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares
1.	Mr. Gajanand Saraf	5,000
2.	Mr. Rajesh Kumar Saraf	5,000

e Investments Private Limited has not made any public or rights issue since inception.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

5. SGI Trading Private Limited

Corporate Information

The company was incorporated on May 24, 2011 as SGI Trading Private Limited with The Registrar of Companies, Chennai, Andaman and Nicobar Islands. Its Corporate Identification Number is U51504TN2011PTC080760. Its registered office is situated at 80, old No. 141, Greams Road, Chennai – 600 006, India.

Business Activity

SGI Trading Private Limited was established to import, buy, and sell and to deal with chemical and chemical based products.

Board of Directors

The Board of Directors consists of:

Sr. No.	Name
1.	Mr. Gajanand Saraf
2.	Mr. Rajesh Kumar Saraf

Shareholding Pattern

The details of the shareholding pattern as on September 30, 2011 is as follows:

Sr. No.	Name of the Shareholder	No. of Equity Shares
1.	Mr. Gajanand Saraf	5,000
2.	Mr. Rajesh Kumar Saraf	5,000

SGI Trading Private Limited has not made any public or rights issue since inception.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

6. Approch Marketing Private Limited

Corporate Information

The company was incorporated on October 1, 2004 as Approch Marketing Private Limited with The Registrar of Companies Kolkata, West Bengal. Its Corporate Identification Number is U51909WB2004PTC100031. Its registered office is situated at Asha Chambers, 6B, Bentick Street, Kolkata – 700 001. Mr. Gajanand Saraf and Mr. Rajesh Kumar Saraf have been inducted as director in the company w.e.f. 04.02.2011.

Business Activities

The company has been engaged in business of trading of commodities & equipment.

Board of Directors

The Board of Directors of the company consists of:

Sr. No.	Name
1.	Mr. Gajanand Saraf
2.	Mr. Rajesh Kumar Saraf
3.	Mr. Nilkantha Sengupta
4.	Mr. Krishnendu De

Shareholding Pattern

The details of the shareholding pattern of the company as on September 30, 2011 is as follows:

Sr. No.	Name of the shareholder	No. of equity shares
1.	Abacus Dealers Private Limited	206,700
2.	Mr. Vikash Bhuwalika	100
	TOTAL	206,800

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended
	March 31, 2011
Total Income	1.18
Profit After Tax	0.08
Equity Share Capital	20.68
Reserves & Surplus	963.07
EPS (Rs.)	0.04
Book Value per Share (Rs.)	475.66

Approch Marketing Private Limited has not made any public or rights issue during last three years.

The company is not listed in any stock exchange in India or abroad.

The company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1995 nor is under winding up.

7. Goodwill International

Goodwill International was incorporated as a Partnership firm on September 13, 1999.

Business Activities

Goodwill International is involved in buying and selling of Polypropylene (PP)/ Polyethylene (PE) products from M/s Reliance Industries Limited and Indian Petrochemical Corporation Ltd. The company is now one of the major procurement and supplier of PP/PE material in Tamilnadu and Pondicherry.

Partners

The partners of the firm are:

Sr. No.	Name
1.	Mr. Rajesh Kumar Saraf
2.	Mrs. Sarita Saraf

Profit Sharing Ratio

The profit sharing ratio of the firm:

Sr. No.	Name	Profit Sharing Ratio
1.	Mr. Rajesh Kumar Saraf	50%
2.	Mrs. Sarita Saraf	50%

Financial Performance

(Rs. in Lakhs)

Particulars	For the year ended		
	March 31, 2011	March 31, 2010	March 31, 2009
Total Income	2,377.80	2,169.98	2,886.32
Net Profit After Tax	2.31	3.44	14.27
Partners' Capital Account	58.84	56.53	53.09

Dividend Policy

The Company does not have a stated dividend policy. However, interim dividends as and when decided by the Board are declared after considering the interim financial statement for the period for which interim dividends are declared. Interim financial statements are prepared considering the profit, depreciation for the full year, taxation including the deferred tax and any anticipated losses for the year. Final dividends as and when declared at the AGM of the shareholders are based on the recommendations by the Board. Under the Companies Act, dividends may be paid out of profits of a Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous financial years subject to compliance of Companies (Declaration of Dividend out of Reserves) Rules, 1975, Companies (Transfer of Profits to Reserves) Rules, 1975 or out of both.

The table below sets forth the details of the dividends declared by the Company on its Equity Shares during the last five financial years:

Financial Year	Declared on	Rate of Dividend	Amount of Dividend per share
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
2010-2011	03.09.2011	10%	Re.1.00
2011-2012	03.05.2012	10%	Re. 1.00 (Interim Dividend)

SEBI has by its letter no. SMDRP/NSDL/3254/00 dated February 18, 2000 issued a directive that shares issued by companies should rank *pari passu* in all respects with the existing equity shares of the company including rights in respect of dividends.

The amounts paid as dividends in the past are not necessarily indicative of the dividend amounts, if any, that may be payable in future. The form, frequency and amount of future dividends will depend on the revenues, cash flows, financial condition (including capital position), capital requirements, profit earned during the financial year, liquidity, future expansion plans and applicable taxes on dividend in hands of recipients including dividend distribution tax and other factors and shall be at the discretion of the Board and subject to the approval of the shareholders.

SECTION VI – FINANCIAL INFORMATION

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2012

We have audited the attached Balance Sheet of **NATIONAL OXYGEN LIMITED** as at 31st March 2012, 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 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act' 1956.
6. In our opinion, and to the best of our information and according to the explanations given to us, the said Financial Statements, 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, 2012.
 - 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.

For SINGHI & CO.,
Chartered Accountants

(SUDESH CHORARIA)
Partner
Membership No. 204936
Firm Regn. No. 302049E
Chennai,
Dated : 30th May 2012.

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in our Report of even date on the Accounts of NATIONAL OXYGEN LIMITED as at and for the year ended 31st March 2012)

- 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 Company has maintained proper Cost records as prescribed by the Central Government under Section 209 (1)(d) of the Companies Act 1956 for the products manufactured by it, but no detailed examination of such records have been carried out by us.
- 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;

- 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' 2012 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;
- 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 Lakhs)	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'2001	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	CESTAT, Southern Bench
Central Excise Act, 1944	Excise duty demanded on the Cylinder Repair charges being charged	4.09	2002-03 to 2004-05	CESTAT, Southern Bench
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	CESTAT, Southern Bench
Customs Act, 1961	Differential Customs Duty on Import of Second hand	88.23	1994-95	CESTAT, Southern Bench

	Plant (including Interest & Penalty)			
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.

For SINGHI & CO.,
Chartered Accountants
Firm Regn. No. 302049E

(SUDESH CHORARIA)
Partner
Membership No. 204936

Chennai,
Dated: 30th May 2012.

Balance Sheet as at 31st March, 2012

(In Rupees)

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	'2'	3,11,65,500	3,11,65,500
Reserves and Surplus	'3'	11,23,18,522	10,80,66,840
		14,34,84,022	13,92,32,340
Share Application Money pending allotment	'4'	3,00,00,000	-
Non-Current Liabilities			
Long-term Borrowings	'5'	8,53,39,068	10,70,28,882
Deferred Tax Liabilities (Net)	'6'	4,20,04,000	4,12,56,000
Other Long-term Liabilities	'7'	99,71,302	1,14,75,052
Long-term Provisions	'8'	36,06,000	28,77,000
		14,09,20,371	16,26,36,934
Current Liabilities			
Short-term Borrowings	'9'	53,12,721	39,96,955
Trade Payables	'10'	1,09,96,653	1,12,46,855
Other Current Liabilities	'11'	4,10,63,443	4,22,81,344
Short-term Provisions	'12'	48,64,312	53,83,176
		6,22,37,129	6,29,08,330
Total ::		37,66,41,521	36,47,77,604
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	'13'	29,43,62,202	31,15,57,884
Intangible Assets	'14'	20,94,261	15,92,813
Capital Work-in-Progress	'15'	93,38,037	-
Non-Current Investments	'16'	95,500	95,500
Long-term Loans and Advances	'17'	47,08,939	14,03,009
		31,05,98,939	31,46,49,206
Current Assets			
Inventories	'18'	34,12,363	39,41,088
Trade Receivables	'19'	3,10,35,426	2,64,83,154
Cash and Bank Balances	'20'	2,32,01,881	72,19,720
Short-term Loans and Advances	'21'	67,21,701	1,15,56,091
Other Current Assets	'22'	16,71,211	9,28,345
		6,60,42,582	5,01,28,398
Total::		37,66,41,521	36,47,77,604
Summary of Significant policies	'1'		

The accompanying notes are an integral part of the financial statements.

Statement of Profit and Loss for the year ended 31st March, 2012

(In Rupees)

Particulars	Note No.	As at 31/03/2012	As at 31/03/2011
REVENUES			
Gross Revenue from Operations	'23'	23,11,03,880	20,50,88,103
Less: Excise Duty		1,61,54,838	1,45,21,726
Net Revenue from Operations		21,49,49,042	19,05,66,377
Other Income	'24'	35,35,807	9,06,211
Total Revenues		21,84,84,849	191,472,676
EXPENSES			
Cost of Materials Consumed	'25'	64,91,531	64,45,414
Changes in Inventories	'26'	57,417	(6,51,849)
Employee Benefits Expenses	'27'	2,35,58,657	1,88,43,691
Power and Fuel	'28'	8,56,93,231	7,62,73,478
Finance Costs	'29'	1,97,03,364	1,92,79,479
Depreciation and Amortization	'30'	3,58,73,801	3,23,36,672
Other Expenses	'31'	3,77,64,537	2,84,44,411
Total Expenses		2,091,42,538	18,09,71,296
Profit before Tax		93,42,311	1,05,01,380
Tax Expenses:	'32'		
Current Tax		7,20,498	21,00,000
Deferred Tax		7,48,000	21,00,000
Profit/ (Loss) for the period		78,73,814	63,01,380
Earnings per Equity Share:			
Basic (Rs.)		2.53	2.02
Diluted (Rs.)		2.53	2.02
Summary of Significant policies	'1'		

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement for the year ended 31st March, 2012

(In Rupees)

Sl. No.	Particulars	Year ended 31/03/2012	Year ended 31/03/2011
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before Tax	93,42,311	1,05,01,380
	Adjustment for :		
	Finance Costs	1,97,03,364	1,92,79,479
	Depreciation and Amortization Expenses	3,58,73,801	3,23,36,672
	Profit / (Loss) on sale of Fixed Assets (Net)	(18,98,612)	(6,18,847)
	Interest & Dividend Income	(10,18,348)	(2,87,452)
	Operating profit before working capital changes	6,20,02,517	6,12,11,232
	<u>Changes in working Capital:</u>		
	Inventories	5,28,725	(1,74,458)
	Trade and other Receivables	(4,60,749)	4,12,773
	Long Term Liabilities and Provisions	(7,74,750)	-
	Trade and other Payables	(16,12,674)	(32,76,425)
	Cash generation from Operations	5,96,83,070	5,81,73,122
	Payment of Direct Taxes	(17,13,637)	(8,19,529)
	Net Cash generated/ (used) - Operating Activities	5,79,69,433	5,73,53,593
B.	CASH FLOW FROM INVESTMENT ACTIVITIES		
	Purchase of Fixed Assets	(2,86,44,401)	(3,60,87,964)
	Long term Advances made	(33,05,930)	-
	Sale of Fixed Assets	26,44,255	10,26,306
	Interest Received	10,18,348	2,87,452
	Dividend Received	-	-
	Net Cash Generated/ (Used) - Investing Activities	(2,82,87,728)	(3,47,74,206)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Share Application Money pending allotment	3,00,00,000	-
	Proceeds from Long-term Borrowings	95,79,182	2,05,93,963
	Repayment of Long-term Borrowings	(3,12,68,996)	(2,08,76,844)
	Proceeds/ Repayment of Short-term Borrowings (Net)	13,15,766	13,22,291
	Finance Cost Paid	(1,97,03,364)	(1,92,79,479)
	Dividend Paid (including Dividend Distribution Tax)	(36,22,132)	(36,34,170)
	Net Cash Generated/ (Used) - Financing Activities	(1,36,99,544)	(2,18,74,239)
	Net Increase/ (Decrease) in Cash and Cash Equivalents	1,59,82,161	7,05,148
	Add : Opening Cash and Cash Equivalents	72,19,720	65,14,572
	Closing Cash and Cash Equivalents	2,32,01,881	72,19,720

Notes:

1. The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified in the Companies (Accounting Standard) Rule 2006.
2. Figures have been regrouped/ rearranged wherever necessary.

Notes to the Financial Statements

Nature of Operations:

National Oxygen Limited was incorporated on 23rd December 1974 and is engaged in manufacturing of Industrial Gases and Wind Energy generation.

Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the accounting principles generally accepted in India, including mandatory Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 (as amended) under the historical cost convention and on an accrual basis. The accounting policies, in all material respects, have been consistently applied by the Company and are consistent with those used in the previous year except for changes in the presentation and disclosures of the financial statements in accordance with the Revised Schedule -VI.

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. Share Capital

A. Authorized, Issued, Subscribed and Paid-up Share Capital

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Authorized:		
50,00,000 (Previous year 50,00,000) Equity Shares of Rs.10/- each.	5,00,00,000	5,00,00,000
	5,00,00,000	5,00,00,000
Issued:		
31,16,550 (Previous year 31,16,550) Equity Shares of Rs.10/- each	3,11,65,500	3,11,65,500
	3,11,65,500	3,11,65,500
Subscribed and Paid-up:		
31,16,550 (Previous year 31,16,550) Equity Shares of Rs.10/- each fully paid-up	3,11,65,500	3,11,65,500
	3,11,65,500	3,11,65,500

B. Reconciliation of Shares outstanding at the beginning and at the end of year are given below:

Particulars	2011-12		2010-11	
	Nos.	Rs.	Nos.	Rs.
Equity Shares outstanding at the beginning of the year	31,16,550	31,16,550	31,16,550	31,16,550
Add: Equity Shares Issued during the year	-	-	-	-
Less: Equity Shares bought back/ redeemed during the year	-	-	-	-
Equity Shares outstanding at the end of the year	31,16,550	31,16,550	31,16,550	31,16,550

C. Detail of shareholder holding more than 5 percent shares of the Company as on reporting date are given below:

Name of shareholder	As at 31/03/2012		As at 31/03/2011	
	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1. Mr. Rajesh Kumar Saraf	2,31,034	7.41%	2,31,034	7.41%
2. Mr. Gajanand Saraf	2,18,142	7.00%	1,81,842	5.83%
3. Mrs. Sarita Saraf	1,78,874	5.74%	1,78,874	5.74%
4. Mrs. Veena Devi Saraf	1,57,040	5.04%	1,57,040	5.04%
Total	785,090	25.19%	748,790	24.02%

3. Reserves and Surplus:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Capital Reserve	40,00,000	40,00,000
Securities Premium Account	1,04,10,050	1,04,10,050
General Reserve	6,69,88,248	6,49,88,248
	8,13,98,298	7,93,98,298
Surplus i.e. balance in Statement of Profit and Loss - (b)	3,09,20,224	2,86,68,542
Total::	11,23,18,522	10,80,66,840

(a) Additions and deductions since the last Balance Sheet under each head of Reserve are as under:

(In Rupees)

Particulars	As at 31/03/2010	Additions	Deductions	As at 31/03/2011	Additions	Deductions	As at 31/03/2012
Capital Reserve	40,00,000	-	-	40,00,000	-	-	40,00,000
Securities Premium Account	1,04,10,050	-	-	1,04,10,050	-	-	1,04,10,050
General Reserve	5,99,88,248	50,00,000	-	6,49,88,248	20,00,000	-	6,69,88,248
Total::	7,43,98,298	50,00,000	-	7,93,98,298	20,00,000	-	8,13,98,298

(b) Allocations and appropriations in Surplus i.e. balance in Statement of Profit and Loss are as under:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Opening Balance	2,86,68,542	3,09,89,294
Add: Profit for the period	78,73,814	63,01,380
	3,65,42,356	3,72,90,674
Less: Interim Dividend on Equity Shares (including Dividend Distribution Tax)	36,22,132	36,22,132
Less: Transfer to General Reserve	20,00,000	50,00,000
Closing Balance	3,09,20,224	2,86,68,542

4. Share Application Money pending allotment

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Share Application Money pending allotment (From Promoters)	3,00,00,000	-
Total::	3,00,00,000	-

5. Long-term Borrowings

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Secured		
Term Loans:		
From Banks	11,79,70,749	13,91,09,268
Less Current Portion disclosed under current liabilities	3,26,31,681	3,28,03,947
	8,53,39,068	10,63,05,321
Vehicle Loan	7,23,561	14,55,415
Less Current Portion disclosed under current liabilities	7,23,561	7,31,854
	-	7,23,561

	8,53,39,068	10,70,28,882
Total::	8,53,39,068	10,70,28,882

(a) Nature of security for secured borrowings are given below:

Term Loans are 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.

Vehicle Loans are secured by hypothecation of the specific Vehicles.

6. Deferred Tax Liabilities (Net)

Major components of Deferred Tax arising on account of temporary timing differences are given below:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Deferred Tax Liabilities		
Timing difference in depreciable assets	4,31,12,000	4,51,76,000
Other Timing Differences	-	-
	4,31,12,000	4,51,76,000
Deferred Tax Assets		
Expenses Allowable against taxable income in future years	11,08,000	11,08,000
Unabsorbed Losses	-	28,12,000
	11,08,000	39,20,000
Deferred Tax Liabilities (Net)	4,20,04,000	4,12,56,000

7. Other Long-term Liabilities

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Trade Payables	-	-
Security and other Deposits	99,71,302	1,14,75,052
Total::	99,71,302	1,14,75,052

8. Long-term Provisions

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Provision for Employee Benefits	36,06,000	28,77,000
Other Provisions	-	-
Total::	36,06,000	28,77,000

9. Short-term Borrowings

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Secured		
Loans repayable on demand		
From Banks (a)	53,12,721	39,96,955
Total::	53,12,721	39,96,955

(a) Nature of security for secured borrowings are given below:

Cash Credit Loans from Bank are 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.

10. Trade Payables

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Payable to Micro, Small and Medium Enterprises	-	-
Payable to Other Entities	1,09,96,653	1,12,46,855
Total::	1,09,96,653	1,12,46,855

11. Other Current Liabilities

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Current maturities of long-term borrowings	3,33,55,242	3,35,35,801
Unpaid Dividends	16,88,257	15,43,685
Customers' Credit Balances and Advances against orders	3,48,775	18,46,778
Statutory dues Payables	14,53,264	12,91,985
Other Liabilities	42,17,905	40,63,095
Total::	4,10,63,443	4,22,81,344

12. Short-term Provisions

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Proposed Dividend (including Dividend Distribution Tax)	36,22,132	36,22,132
Provision for Current Tax (Net of Advance Tax)	12,42,180	17,61,044
Total::	48,64,312	53,83,176

13. Tangible Assets

A. Summary of cost and net carrying amount of each class of tangible assets are given below:

(In Rupees)

Asset description	Cost		Accumulated Depreciation		Accumulated Impairment		Net Carrying Amount	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Leasehold Land	1,20,37,345	36,08,645	9,96,825	8,51,593	-	-	1,10,40,520	27,57,052
Freehold Land	26,13,022	26,13,022	-	-	-	-	26,13,022	26,13,022
Buildings	3,48,35,476	3,38,22,514	88,95,064	78,62,378	-	-	2,59,40,412	2,59,60,136
Plant and Equipment	45,74,82,347	45,47,62,970	21,47,91,196	18,58,90,469	-	-	24,26,91,151	26,88,72,501
Furniture and Fixtures	12,37,781	12,47,402	6,54,885	6,04,861	-	-	5,82,896	6,42,541
Vehicles	1,25,52,853	1,24,94,271	64,15,466	51,18,404	-	-	61,37,387	73,75,867
Office Equipment	86,73,471	60,31,016	33,16,656	26,94,251	-	-	53,56,815	33,36,765
Total::	52,94,32,295	51,45,79,840	23,50,70,092	20,30,21,956	-	-	29,43,62,202	31,15,57,884

(a) Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31/03/2012 are as under:

(In Rupees)

Cost	As at 31/03/2011	Additions	Disposals	Other Adjustments	As at 31/03/2012
Leasehold Land	36,08,645	84,28,700	-	-	1,20,37,345
Freehold Land	26,13,022	-	-	-	26,13,022
Buildings	3,38,22,514	10,56,162	43,200	-	3,48,35,476
Plant and Equipment	45,47,62,970	62,51,963	35,32,586	-	45,74,82,347
Furniture and Fixtures	12,47,402	18,089	27,710	-	12,37,781
Vehicles	1,24,94,271	58,582	-	-	1,25,52,853
Office Equipment	60,31,016	26,42,455	-	-	86,73,471
	51,45,79,840	1,84,55,951	36,03,496	-	52,94,32,295
Previous Year	48,14,09,654	3,45,31,174	13,60,988	-	51,45,79,840

(In Rupees)

Accumulated Depreciation	As at 31/03/2011	Additions	Deductions/ Other Adjustments	As at 31/03/2012
Leasehold Land	8,51,593	1,45,232	-	9,96,825
Freehold Land	-	-	-	-
Buildings	78,62,378	10,32,686	-	88,95,064
Plant and Equipment	18,58,90,469	3,23,77,427	34,76,700	21,47,91,196
Furniture and Fixtures	6,04,861	50,024	-	6,54,885
Vehicles	51,18,404	12,97,062	-	64,15,466
Office Equipment	26,94,251	6,22,405	-	33,16,656
	20,30,21,956	3,55,24,836	34,76,700	23,50,70,092
Previous Year	17,18,04,364	3,21,71,120	9,53,528	20,30,21,956

14. Intangible Assets

Summary of cost and net carrying amount of each class of tangible assets are given below:

(In Rupees)

Particulars	Cost		Accumulated Amortization		Accumulated Impairment		Net Carrying Amount	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Computer Software	26,08,778	17,58,365	5,14,517	1,65,552	-	-	20,94,261	15,92,813
Total::	26,08,778	17,58,365	5,14,517	1,65,552	-	-	20,94,261	15,92,813

(a) Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31/03/2012 are as under:

(In Rupees)

Cost	As at 31/03/2011	Additions	Disposals	Other Adjustments	As at 31/03/2012
Computer Software	17,58,365	8,50,413	-	-	26,08,778
Total::	17,58,365	8,50,413	-	-	26,08,778
Previous Year	-	17,58,365	-	-	17,58,365

(In Rupees)

Accumulated Depreciation	As at 31/03/2011	Additions	Deductions/ Other Adjustments	As at 31/03/2012
Computer Software	1,65,552	3,48,965	-	5,14,517
Total::	1,65,552	3,48,965	-	5,14,517
Previous Year	-	1,65,552	-	1,65,552

15. Capital Work-in-Progress*Capital Work-in-Progress consists of the following:*

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Construction Work-in-Progress	63,47,706	-
Expenditure during Construction pending allocation - (a)	29,90,331	-
Total::	93,38,037	-

(a) Detail of expenditure during construction pending allocation are given below:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Expenditure during the year:		
Employee Benefits Expenses	83,481	-
Power and Fuel	1,77,580	-
Other Expenses:		-
Rates & Taxes	1,35,110	-
Travelling & Conveyance	1,67,833	-
Miscellaneous Expenses	81,104	-
Finance Cost	23,45,223	-
	29,90,331	-
Add: Balance brought forward from previous year	-	-
	29,90,331	-
Less: Amount allocated to Fixed Assets	-	-
Balance pending allocation	29,90,331	-

16. Non-Current Investments

(In Rupees)

Particulars	Face value per Unit	3/31/2012 Nos.	3/31/2011 Nos.	As at 31/03/2012	As at 31/03/2011
Investments - Other than Trade					
i. Investments in Equity Instruments Unquoted:					
Pondicherry Agro Foods Pvt Ltd	Associates	10	9,000	9,000	90,000
Total::				90,000	90,000
ii. Investments in Government Securities Unquoted:					
National Savings Certificate				5,000	5,000
Indira Vikas Patra				500	500

Total::					5,500	5,500
Aggregate amount of Unquoted Investments					95,500	95,500

17. Long-term Loans and Advances:

Unsecured, Considered Good

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Capital Advances	44,21,470	12,05,000
Security Deposits	2,87,469	1,98,009
Other loans and advances	-	-
Total::	47,08,939	14,03,009

18. Inventories:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Raw Materials	12,66,455	12,04,944
Finished Goods	10,16,460	10,61,156
Stores and Spares	11,29,448	16,74,988
Total::	34,12,363	39,41,088

19. Trade Receivables:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Outstanding for a period exceeding six months (from the due date)		
Unsecured, Considered Good	56,76,668	17,32,659
Outstanding for a period less than six months		
Unsecured, Considered Good	2,53,58,758	2,47,50,495
Total::	3,10,35,426	2,64,83,154

20. Cash and Bank Balances:

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Cash and Cash Equivalents		
Balance with Banks:		
Current Accounts	8,66,627	17,49,397
Cash on hand	2,57,113	61,008
Total::	11,23,740	18,10,405
Other Balances		
Balance with Banks:		
Unpaid Dividend Accounts	16,95,754	15,51,182
Margin Money Deposit Accounts	2,03,82,387	38,58,133
Total::	2,20,78,141	54,09,315
Grand Total::	2,32,01,881	72,19,720

21. Short-term Loans and Advances:*Unsecured, Considered Good*

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Loans and advances to related parties	-	-
Security Deposits	20,67,950	23,13,919
Other loans and advances (a)	46,53,751	92,42,172
Total::	67,21,701	1,15,56,091

(a). Other loans and advances mainly include prepaid expenses, advances to suppliers and service providers, advance and loans to employees, CENVAT/ VAT/ Service Tax credit receivable, etc.

22. Other Current Assets

(In Rupees)

Particulars	As at 31/03/2012	As at 31/03/2011
Interest Accrued on Deposits	16,71,211	9,28,345
Total::	16,71,211	9,28,345

23. Revenue from Operations:*Revenue from Operations consists of the following:*

(In Rupees)

Particulars	Year ended	
	31/03/2012	31/03/2011
a) Sale of Products		
Sale of Industrial Gases	21,20,53,978	19,05,41,179
Sale of Wind Energy	1,34,96,510	1,18,05,708
Sales of other products	8,11,125	3,62,223
	22,63,61,613	20,27,09,110
Less: Excise Duty	1,61,54,838	1,45,21,726
	21,02,06,775	18,81,87,384
b) Facility Charges/ Cylinder holding charges etc.	31,88,732	22,74,801
c) Other Operating Revenues		
Liabilities/ Provisions no longer required written back	8,75,542	-
Miscellaneous Receipts and Claims	6,77,993	1,04,192
Net Revenue from Operations	21,49,49,042	19,05,66,377

24. Other Income:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Interest Income		
On Deposits etc (a)	10,18,348	2,78,452
Profit/ (Loss) on Fixed Assets sold/ discarded (Net)	25,17,459	6,18,847
Dividend Income	-	9,000
Total::	35,35,807	9,06,299

(a) Interest Income is gross of tax deducted at source amounting Rs.99,588 (Previous year Rs.27,829 lakhs).

25. Cost of Materials Consumed:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Raw Material		
- Calcium Carbide	64,91,531	50,44,468
- Industrial Gases	-	14,00,946
Total::	64,91,531	64,45,414

26. Changes in Inventories:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Opening Inventories		
Finished Goods - Industrial Gases	10,61,156	3,42,214
	10,61,156	3,42,214
Less: Closing Inventories		
Finished Goods - Industrial Gases	10,16,460	10,61,156
	10,16,460	10,61,156
	44,696	(7,18,942)
Add: Increase/ Decrease of Excise Duty on Inventories	12,721	67,093
Total::	57,417	(6,51,849)

27. Employee Benefits Expenses:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Salaries and Wages	1,94,21,148	1,46,99,349
Contribution to Provident and other Funds	17,84,835	15,26,252
Employees Welfare Expenses	24,36,155	26,18,090
	2,36,42,138	1,88,43,691
Less: Transfer to Capital Work-in-Progress	83,481	-
Total::	2,35,58,657	1,88,43,691

28. Power and Fuel:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Power and Fuel	8,58,70,811	7,62,73,478
Less: Transfer to Capital Work-in-Progress	177,580	-
	8,56,93,231	7,62,73,478
Total::	8,56,93,231	7,62,73,478

29. Finance Costs:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Interest Expenses	2,07,04,553	1,85,33,831
Other Borrowing Costs	13,44,034	7,45,648
	2,20,48,587	1,92,79,479
Less: Transfer to Capital Work-in-Progress	23,45,223	-
Total::	1,97,03,364	1,92,79,479

30. Depreciation and Amortization Expenses:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Depreciation	3,55,24,836	3,21,68,664
Amortization Expenses	3,48,965	1,68,008
Total::	3,58,73,801	3,23,36,672

31. Other Expenses:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Consumption of Stores and Spares	67,34,434	66,11,539
Repairs to Buildings	20,38,483	12,22,749
Repairs to Machinery	29,04,882	7,34,077
Rates and Taxes	6,03,370	2,25,694
Rent	4,92,000	3,27,500
Insurance	9,17,585	5,15,603
Auditors' Remuneration - (a)	1,54,340	77,762
Travelling & Conveyance Expenses	52,87,845	18,73,193
Freight and Forwarding Expenses (Net)	76,10,161	52,05,469
Bad Loans, Advances and Debts written off/ (written back) (Net)	7,37,932	4,112
Prior Period Items (Net)	17,252	1,98,314
Donation	11,00,000	26,00,000
Directors' Remuneration	31,80,000	25,55,000
Directors' Sitting Fees	37,000	46,250
(Gain)/ Loss on foreign currency transactions and translation (Net)	1,33,715	(1,04,211)
Miscellaneous Expenses	61,99,586	63,51,360
	3,81,48,584	2,84,44,411
Less: Transfer to Capital Work-in-Progress	3,84,047	-
Total::	3,77,64,537	2,84,44,411

(a) Details of Auditors' Remuneration are as follows:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Statutory Auditors:		
Audit Fees	95,506	49,635
Taxation matters	33,708	19,854
Company Law matters	25,126	8,273
Total::	1,54,340	77,762

32. Tax Expenses

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Current Tax		
Current Tax for the year	21,00,000	21,00,000
Less: MAT Credit Entitlement	-	-
	21,00,000	21,00,000
Current Tax adjustments for earlier years (Net)	(13,79,502)	-
	7,20,498	21,00,000
Deferred Tax		
Deferred Tax for the year	7,48,000	21,00,000
Deferred Tax adjustments for earlier years (Net)	-	-
Total::	7,48,000	21,00,000

33. Disclosure required by Accounting Standard (AS) 15 (Revised) on "Employee Benefits": 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.

A. Gratuity - Defined Benefit Scheme (based on actuarial valuation):

(Rs. in Lakhs)

Sl. No.	Particulars	Year Ended	
		31/03/2012	31/03/2011
(a).	Change in Defined Benefit Obligations:		
	Present value of Defined Benefit Obligations at the beginning of the year	28.77	27.86
	Current Service Cost	2.09	2.21
	Interest Cost	2.01	1.95
	Actuarial Gain/ (Loss)	7.96	0.28
	Benefits Paid	(4.77)	(3.53)
		36.06	28.77
(b).	Change in Fair value of Plan Assets:		
	Fair value of Plan Assets at the beginning of the year	-	-
	Actuarial Gain/ (Loss)	-	-
	Contributions	4.77	3.53
	Benefits Paid	(4.77)	(3.53)
	Fair value of Plan Assets at the year end	-	-
(c).	Amount recognised in Balance Sheet:		
	Fair value of Plan Assets at the year end	-	-
	Present value of Defined Benefit Obligations at year end	36.06	28.77
	Amount recognised in Balance Sheet at year end	(36.06)	(28.77)
(d).	Expenses recognised in Statement of Profit and Loss:		
	Current Service Cost	2.09	2.21
	Interest Cost	2.01	1.95
	Actuarial Gain/ (Loss)	7.96	0.28
	Expenses recognised in Statement of Profit and Loss during the year	12.06	4.44
(e).	Investments details of Plan Assets:		
	Government Securities	-	-
		-	-
(f).	Principal Actuarial Assumptions:		
	Discount rate	8.00%	7.00%
	Salary increase	4.00%	4.00%

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.

34. Contingent Liabilities and Commitments

(In Rupees)

Sl. No.	Particulars	Year Ended	
		31/03/2012	31/03/2011
A.	Contingent Liabilities		
	(a) Claims against the company not acknowledged as debt:		
	Excise Duty / Service Tax	59,03,781	59,03,781
	Customs Duty	88,23,578	88,23,578
	Others (specify nature)	72,100	72,100
	(b) Outstanding Letters of Credit and Bank Guarantees	2,60,11,183	1,32,83,063
B.	Commitments		
	(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	11,29,82,500	-

35. Segment Reporting

A. Primary Segment Reporting (by Business Segment):

(a). Segments 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.

(b). The details of the revenue, results, assets, liabilities and other information from operations by reportable business segments are follows:

(In Rupees)

Particulars	Year ended 31-03-2012			Year ended 31-03-2011		
	Industrial Gases	Wind Mill	Total	Industrial Gases	Wind Mill	Total
REVENUE						
External	19,98,98,997	1,34,96,510	21,33,95,507	17,86,56,477	1,18,05,708	19,04,62,185
Inter Segment	-	-	-	-	-	-
Total	19,98,98,997	1,34,96,510	21,33,95,507	17,86,56,477	1,18,05,708	19,04,62,185
RESULTS						
Segment Results	3,20,12,239	6,41,778	3,26,54,017	3,07,43,041	14,28,015	3,21,71,056
Unallocated Corporate Income			(25,17,459)			(26,68,762)
Unallocated Corporate Expenses			12,54,340			-
Finance Costs			(2,20,48,587)			(1,90,01,027)
Tax Expenses			(14,68,497)			(42,00,000)
Profit for the period			78,73,814			63,01,267
OTHER INFORMATION						
Assets:						
Segment Assets	33,59,44,209	3,80,55,736	37,39,99,944	31,54,68,293	4,79,84,729	36,34,53,022
Unallocated Corporate Assets			26,41,577			1,61,00,532
Total Assets			37,66,41,521			37,95,53,554
Liabilities:						
Segment	24,36,67,771	-	24,36,67,771	3,28,00,426	-	3,28,00,426

Liabilities						
Unallocated Corporate Liabilities			13,29,73,750			16,62,64,459
Total Liabilities			37,66,41,521			19,90,64,885
Capital Expenditure	1,93,06,364	-	1,93,06,364	3,60,87,964	-	3,60,87,964
Depreciation and Amortization	2,54,94,037	1,03,79,764	3,58,73,801	2,19,56,908	1,03,79,764	3,23,36,672
Other Non-Cash Expenses	-	-	-	-	-	-

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

36. Earning per Share (EPS)

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2012
Profit/ (Loss) for the period Rs.	78,73,814	63,01,380
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of Basic Equity Shares outstanding	31,16,550	31,16,550
Weighted average number of Diluted Equity Shares outstanding	31,16,550	31,16,550
Face value of per share	10	10
Basic EPS (Rs.)	2.53	2.02
Diluted EPS (Rs.)	2.53	2.02

37. 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.

38. Related Party Disclosures:

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

- a) Key Management Personnel of the Company:-
 - i) Mr. Gajanand Saraf - Managing Director
 - ii) Mr. Rajesh Kumar Saraf - Joint Managing Director
 - iii) Mrs. Veena Devi Saraf
- b) Enterprises over which certain Key Management Personnel (K.M.P) exercise significant influence:-
 - i) Pondicherry Agro Foods Pvt. Ltd. (PAF)
 - ii) East Coast Acetylene Pvt. Ltd. (ECA)
- c) Relatives of Key Management Personnel of the Company

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

(In Rupees)

Particulars	2012			2011		
	PAF	ECA	TOTAL	PAF	ECA	TOTAL
Transactions for year ended 31st March:						
Sales of Products	-	37,109	37,109	-	33,981	33,981
Purchase of Goods	-	56,877	56,877	-	63,651	63,651
Outstanding balances as at 31st March:						
Trade Receivables	-	-	-	-	1,77,227	1,77,227
Trade Payables	-	17,193	17,193	-	1,36,968	1,36,968
Investments	90,000	-	90,000	90,000	-	90,000

C. Key Managerial Personnel:

(In Rupees)

Particulars	Year Ended	
	31/03/2012	31/03/2011
Managerial Remuneration (including perquisites) *	39,55,304	30,68,798
* Excluding gratuity, leave encashment provisions		
Rent paid	4,80,000	4,80,000

39. For the year ended 31st March, 2012, the Board of Directors of the Company have recommended interim dividend of Re.1 per share (Previous year Re.1 per share) to equity shareholders aggregating to 31,16,550 (Previous year 31,16,550). Together with the Corporate Dividend Distribution Tax of Rs.5,05,582 (Previous year Rs. 5,05,582), the total payout will be Rs.36,22,132 (Previous year Rs.36,22,132).

40. Additional information pursuant to paragraphs 5 (viii) of Part II of Schedule VI to the Companies Act, 1956 are follows:

(In Rupees)

Particulars	Year Ended			
	31/03/2012		31/03/2011	
A. C.I.F. value of imports by the Company				
Raw Materials			50,04,382	44,41,804
B. Expenditure in foreign currency during the year:				
Travelling Expenses			9,03,738	14,85,889
C. Value of Raw Materials, Coal and Fuel and Stores and Spares consumed during the year ended:	Value Rs.		Percentage (%)	Percentage (%)
	31/03/2012	31/03/2011	31/03/2012	31/03/2011
Raw Materials:				
Imported	46,92,630	50,44,468	72.29%	78.26%
Indigenous	17,98,901	14,00,946	27.71%	21.74%
	64,91,531	64,45,414		
Stores and Spares:				
Imported	-	-	-	-
Indigenous	6,188,894	6,611,539	100.00	100.00
	6,188,894	6,611,539		
D. Earnings in Foreign Exchange:				
Export of Goods on F.O.B. basis			-	-

41. The previous figure has been reclassified/ rearranged / regrouped in compliance of Revised Schedule VI to correspond with current year figures.

Information as required by Government of India, Ministry of Finance, Circular No. F2/5/SE/76 dated February 5, 1977 as amended vide their circular of even number dated March 8, 1977 is given below:

Working Results of the Company

PARTICULARS	For the Period from April 1, 2012 to April 30, 2012 (Rs in Lakhs)
Net Sales/Income from operations	166.08
Other Income	0.08
Total Income	166.16
Gross Profit excluding exceptional items, depreciation and taxes	38.34
Less: Depreciation	29.89
Profit / (Loss) Before Tax excluding exceptional items	8.45
Less: Exceptional Items	0
Profit / (Loss) Before Tax after exceptional items	8.45
Less: Provision for Taxation	1.22
Less: Provision for Deferred Tax	0
Estimated Profit / (Loss) for the period	7.23

FINANCIAL INDEBTEDNESS

DETAILS OF SECURED BORROWINGS OF THE COMPANY:

Set forth below is a brief summary of the Company's various facilities from Punjab National Bank, Nungambakkam, Chennai vide sanction letter no. Nil dated November 03, 2011 with a brief description of certain significant terms of such financing arrangements:

1. Cash Credit Facility

Particulars	Terms and Condition
Nature	Cash Credit
Limit	Rs.150.00 lakh
Security	Hypothecation of raw materials viz., Calcium Carbide, Finished Goods viz., Liquid oxygen, Liquid Nitrogen, argon with container and consumable stores and book debts arising out of genuine trade transactions.
Margin	25%
Interest	BR + 4.25% i.e.15.00% p.a. presently. The rate of interest is subject to change as per Bank's guidelines from time to time.
Processing Fee	Rs. 187.50 per lakh + Service Tax + Education Cess (i.e. 75% of the normal charges)
Submission of Stock statements	Company to Submit statement of stocks and book debts hypothecated to the Bank along with the list of sundry creditors and sundry debtors every month as on the last day before 10 th of the succeeding month.
Valuation of stock	- Raw materials, packing materials and consumables stores should be valued at invoice price or market price whichever is lower. - Finished goods should be valued at cost of sales or market price, whoever is less. - Stores and spares at realizable value
Stock Verification	Stocks shall be checked/ verified by the Bank's officials once in a Quarter at irregular intervals from the books of the borrower and also physically.
Drawing Power	No DP will be allowed against unpaid for stocks, stocks more than one year old, returned stocks, stocks received under LC unless they are fully paid for and against obsolete stocks. No DP will be allowed against Book Debts exceeding 90 days/invoices on returned stocks.
Insurance	Hypothecated stocks/security shall be insured for full value covering all the relevant risks except the risk of burglary in the joint names of the Bank and the borrower with agreed bank clause at the borrower's cost and the policy in original should be held on Bank record.
Amount of Loan Outstanding as on March 31, 2012	Rs.53.13 Lakhs

Other Conditions

- Bank's name board "Hypothecation to PNB" should be prominently and permanently displayed at places where the stocks are held/ stored.
- All sales realizations should be routed through the CC account with the bank.
- With respect to sales made to Government Departments in the absence of a Registered Power of Attorney, the Company shall undertake to deposit the sale proceeds directly to the CC A/c.
- Book Debts should be valued at invoice value less discount, if any allowed.

2. Bank Guarantee

Particulars	Terms and Condition
Nature	Letter of Guarantee
Limit	Rs. 225.00 Lakh (Rupees Two Hundred and Twenty Five Lakhs only)
Security	Counter Indemnity
Margin	15% in Cash or FDR. Disputed Guarantee: 100%
Purpose	For issue of guarantee in favour of Government Departments/ Companies/ PSU etc. towards performance/EMD/Security Deposit etc.
Period of LG	5 Years + claim period of 6 months
Processing Fee	Rs.93.75 per lakh + Service Tax + Education Cess (i.e. 75% of the normal charges)
Commission	75% of the applicable charges

Other Conditions

1. Guarantees should not contain any onerous clause.
2. Guarantees must contain standard limitation clause with reference to the amount and the period and conform to Bank's guidelines.
3. LGs for disputed liabilities should issued against 100% margin only.
4. The Company's should undertake to indemnify the bank, in case of invocation, to the extent of actual liability under this guarantee even if the liability exceeds the value of sanctioned ILG Limit.
5. The Company should give letter of authority to the bank for debiting the account in case of need to meet the claim under this guarantee.

3. ILC/FLC

Particulars	Terms and Condition
Nature	ILC/FLC (DP/DA)- Fresh- Sub limit under LG Limit
Limit	Rs.25.00 lakh (Rupees Twenty Five Lakhs Only)
Margin	15%
Usage Period	Maximum of 90 days
Commission	75% of the normal commission
Processing Fee	As per HO guidelines
Purpose	For procurement of Imported/ Indigenous raw materials.
Security	Hypothecation of goods received under the LC on DA Terms. <u>FLC</u> : Bills payable on demand/ usance bills payable with tenor up to 120 days accompanied by full set of shipping documents. <u>ILC</u> : Sight/ Usance bills payable with tenor of 90 days accompanied by signed commercial invoices, RR/ MTR of approved transport companies made to the order of Punjab National Bank (PNB).

Note: - Outstanding under facilities No. 2 and 3 not to exceed Rs. 225.00 Lakhs at any point of time.

4. Term Loan-III

Particulars	Terms and Condition
Nature	TERM LOAN- III- Fresh
Project	Setting up new production facilities for manufacture of oxygen (Gaseous & Liquid) and Nitrogen in liquid form at SIPCOT, Perundurai, near Erode, TN with the technology from M/s Suzhou Xinglu Air Separation Plant Science & Technology Development Co Limited, China
Project Cost	Rs. 2,664.00 Lakh
Project Debt	Rs.1,795.00 Lakh
Total Required Equity	Rs.869.00 Lakh
DE Ratio	2.07:1
Facility amount	Rs.1,795.00 Lakh (Rs. One Thousand Seven Hundred Ninety Five lakhs)
Security	First charge by way of EM of lease hold rights of land and proposed buildings at Plot no; R-5, measuring 5.49 Acres at SIPCOT, Perundurai, near Erode, TN. First Charge by way of hypothecation of all present and future Movable Fixed

	Assets of the Company. First Charge by way of hypothecation of all present and future Receivables of the Company. Maintenance of Debt Service Reserve covering 1-Quarter TL Principle and Interest servicing obligation (to be maintained after commencement of commercial operation but before commencement of repayment) Assignment of all rights, titles, interest of the borrower into and all project related contracts.																											
Margin	32.36% or the difference between the cost of project and loan amount, whichever is higher.																											
Interest	BR+TP+4.25% i.e.15.50% p.a. presently. The rate of interest is subject to change as per Bank's guidelines from time to time.																											
Interest During Construction (IDC)	IDC i.e. from October 2011 to 31.03.13 (18 months) to be capitalized and treated as part of Project cost and to be serviced by the Company in the same debt to equity ratio as and when charged in the loan account.																											
Interest During Repayment Moratorium & during Repayment Period	The Company is to service the monthly interest during repayment moratorium period i.e. 01-04-13 to 30-09-13(6 months.) and thereafter during the repayment period i.e. from 01-10-13 to 30-09-18 (60 months) as and when charged in its term loan account.																											
Upfront Fee	0.9375% of loan amount(i.e. 25% concession)																											
Documentation Charges	Rs. 400/- per lakh with max. of Rs.25000/-																											
Availability Period /Drawdown Period	Pursuant to execution of documents and the establishment of FLC, Project Milestones such as COD, the Draw down schedule, Repayment Schedule etc will be crystallized. The tentative draw down period will be from QE 2011 to QE March 2013(6 quarters)																											
Draw down schedule	<table><tr><th colspan="3">(Rs. In Lakh)</th></tr><tr><th>Period Draw Down</th><th>Amount of draw down</th><th>Cum. Draw down</th></tr><tr><td>Quarter Ending December 2011</td><td>50.00</td><td>50.00</td></tr><tr><td>Quarter Ending March 2012</td><td>100.00</td><td>150.00</td></tr><tr><td>Quarter Ending June 2012</td><td>50.00</td><td>200.00</td></tr><tr><td>Quarter Ending Sep 2012</td><td>1,150.00</td><td>1,350.00</td></tr><tr><td>Quarter Ending December 2012</td><td>250.00</td><td>1,600.00</td></tr><tr><td>Quarter Ending December 2013</td><td>195.00</td><td>1,795.00</td></tr><tr><td>Total</td><td>1795.00</td><td></td></tr></table>	(Rs. In Lakh)			Period Draw Down	Amount of draw down	Cum. Draw down	Quarter Ending December 2011	50.00	50.00	Quarter Ending March 2012	100.00	150.00	Quarter Ending June 2012	50.00	200.00	Quarter Ending Sep 2012	1,150.00	1,350.00	Quarter Ending December 2012	250.00	1,600.00	Quarter Ending December 2013	195.00	1,795.00	Total	1795.00	
(Rs. In Lakh)																												
Period Draw Down	Amount of draw down	Cum. Draw down																										
Quarter Ending December 2011	50.00	50.00																										
Quarter Ending March 2012	100.00	150.00																										
Quarter Ending June 2012	50.00	200.00																										
Quarter Ending Sep 2012	1,150.00	1,350.00																										
Quarter Ending December 2012	250.00	1,600.00																										
Quarter Ending December 2013	195.00	1,795.00																										
Total	1795.00																											
Repayment	Repayment of term loan of Rs. 1795.00 Lakh to commence from the month of October 2013 after a moratorium period of 6 months from the commencement of commercial operations to be repaid in 60 equal monthly installments of Rs. 29.92 Lakhs each, as detailed hereunder: <table><tr><td>Zero date</td><td>October 2011</td></tr><tr><td>Construction Period</td><td>18 months</td></tr><tr><td>CoD</td><td>April 2013</td></tr><tr><td>Moratorium (in months)- From Date of CoD</td><td>6 Months</td></tr><tr><td>Repayment period in months/ quarters/ Half year/ Annual</td><td>Monthly</td></tr><tr><td>No. of Installments</td><td>60 (equal installments)</td></tr><tr><td>Starting Date (First Installment)</td><td>October 2013</td></tr><tr><td>End Date (Last Installment)</td><td>September 2018</td></tr><tr><td>Door to door tenor (from date of first disbursement)</td><td>7 Years.</td></tr></table> In case of any change in the Zero date, the repayment schedule will shift accordingly	Zero date	October 2011	Construction Period	18 months	CoD	April 2013	Moratorium (in months)- From Date of CoD	6 Months	Repayment period in months/ quarters/ Half year/ Annual	Monthly	No. of Installments	60 (equal installments)	Starting Date (First Installment)	October 2013	End Date (Last Installment)	September 2018	Door to door tenor (from date of first disbursement)	7 Years.									
Zero date	October 2011																											
Construction Period	18 months																											
CoD	April 2013																											
Moratorium (in months)- From Date of CoD	6 Months																											
Repayment period in months/ quarters/ Half year/ Annual	Monthly																											
No. of Installments	60 (equal installments)																											
Starting Date (First Installment)	October 2013																											
End Date (Last Installment)	September 2018																											
Door to door tenor (from date of first disbursement)	7 Years.																											
Disbursement	a) TL to be disbursed in stages depending on the progress of implementation of the project and in proportion to the margin money brought in by the Company, maintaining DER of 2.07:1 at any point of time. b) As far as possible, TL for land development and construction of the																											

	factory building together with margin is to be released direct to the suppliers of materials, contractors based on the detailed estimates/ quotations certified by approved valuer of the bank by way of bankers Cheque/ DD. Bills/ invoices/ Receipts to be obtained and kept on record. c) TL for imported machinery together with margin money of 15% obtained at the time of establishment of FLC and balance amount of margin of 15% to be brought in by the borrower at the time of retirement of bill to be released immediately on receipt of documents drawn under the FLC (DP). d) TL for other indigenous machineries, electrical etc to be disbursed along with margin money directly to the suppliers/ contractors and bills/ receipts to be obtained and kept on record
Prepayment Penalty	The Borrower has the option to prepay part or full of the facility amount with one month's notice and without any prepayment premium. <i>Prepayment penalty of 2% will be levied if the Term Loan is prematurely liquidated by resorting to loan availed from other banks/FLs/Credit Agency.</i>
Commitment Fees	1% PA payable quarterly in arrears and is payable if facility is drawn later than as per agreed drawn down schedule and on the un-drawn and un-cancelled amount under the Facility during the Availability Period.
Project Monitoring	The Borrower shall submit the report about the status of progress of Project in quarterly intervals during the construction period and in half yearly intervals after construction till the Term Loan is repaid fully and AGM(Br) to ensure inspection of the securities and monitoring of the project implementation on quarterly basis till CoD and thereafter inspect on half yearly basis
Conditions Precedent to disbursement	Prior to the current disbursement under the Facility, the Borrower to shall, to the satisfaction of Lenders shall comply with following: • To execute all finance and security documents in respect of the Facility; • To pass necessary Board Resolutions for availing credit facilities from Banks and for extending pari-passu first charge on its assets as security cover and a copy of the resolution shall be submitted. • Have confirmed that its approved borrowing powers are in line with proposed funding structure; • Agree and undertake that any preference shares issued by it shall be subordinated to servicing of senior as well as subordinate term debt of the Project and shall not be redeemed during the currency of the rupee term loan;
Conditions to be complied within 6 months from the date of opening of LC	Obtain all relevant statutory & non -statutory approvals and clearances and approvals in relation to Project asunder: • Approval of building plan and plan for all structures from Project Officer • Clearance from Inspectorate of Factories, Pollution Control Board etc., • Consent from Tamil Nadu Pollution Control Board for the proposed project • Sanction of necessary power supply • Sanction of necessary water supply • Establishment of zero discharge effluent treatment plant (RO) as per PCB norms and obtain PCB approval before commencement of production.
Financing Conditions Related	Borrower shall seek reduction of Facility amount to the extent of savings in the Project cost, while the entire equity as envisaged in the Business Plan shall be brought in irrespective of reduction in Project cost.
Insurance	All assets charged to the Bank should be comprehensively insured against all risks covering the risks of fire, thefts, burglary, SRCC (Strikes, Riots, Civil Commotion) earthquake, terrorist risks, floods ,riots etc. in the joint names of the Financing Banks &the borrower for full value with Agreed Bank Clause ,at Company's cost. A copy of the valid insurance policy should be submitted to the lenders. • Materials and Plant & Machinery / Equipments in transit will be insured against all transit risks • The Company to obtain comprehensive insurance over as per Bank clause and equipments to bead quarterly insured while in transit and also during construction period.

5. One Time Specific Foreign Letter of Credit (FLC)

Particulars	Terms and Condition
Nature	FLC(DP-CAPEX) (Within TL)- Fresh
Limit	Rs.1,000.00 lakh (Rupees One Thousand Lakhs Only) equivalent to USD 21.50 Lakhs
Beneficiary	M/s Suzhou Xinglu Air Separation Plant Science & Technology Development Co Ltd, Jiangsu, China
	Import of Liquid Air Separation plant
Security	Bill of Exchange covering import of machineries accompanied by Bills of lading and other shipping documents evidencing dispatch of the machineries.
Margin	15% upfront at the time of opening of LC and balance 15% within six months from the date of opening of LC by way of FDR lien marked and to be held on record.
Payment Tenor	At sight to be retired from the Term Loan sanctioned in favour of the Company
Processing Fees	Rs. 93.75 per lakh (i.e.75% of normal charges) +Service tax +education cess.
Commission	75% of applicable commission/ charges
Validity Period	21 months

Other Conditions

- The Company should produce Exchange Control copy of Import Licence at the time of opening of Letter of Credit for necessary endorsement, if any.
- The Company should give an undertaking to meet the exchange difference if any at the time of retirement of bills out of its own resources.
- All Exchange Control Regulations should be complied with before opening of Letter of Credit.
- The FLC is irrevocable, non-revolving on DP basis.

General Conditions

- The Company should pass necessary resolution for borrowing the additional term loan and a copy of the same should be kept on bank's record.
- Bank's charge by way of mortgage/ hypothecation of plant & machinery, equipments and other fixed assets both moveable and immovable present and future and current assets to be got registered with ROC within the stipulated period.
- The Company should deal with us exclusively. However, it will be permitted to maintain Current Accounts with the sister branches at Madurai, Salem, Trichy and Pondicherry. All other accounts with other branches/bank have to be closed.
- Processing fee/Upfront fee, Documentation charges, Inspection charges and other charges shall be levied as approved by the bank.
- The bank or its authorized officials will have the right to carry out periodical inspection or examine the books of accounts of the borrower and to have their factories / offices / assets inspected from time to time by officers of the bank and / or outside consultants and the expenses incurred by the bank in this regard will be borne by the borrower.
- The bank shall have the right to withdraw or modify all / any of the sanctioned conditions or stipulate fresh conditions, under intimation to the borrower. Borrower shall undertake to give their acceptance to these stipulations.
- Margins/ Rates of interest and service charges are subject to revision from time to time at the sole discretion of the bank.
- Forms QMS-I and QMS II to be submitted by the Company within the stipulated time. Financial information to be submitted at the end of each quarter and papers for review/renewal to be submitted by the Company at the end of 11th month.

9. The Company/Directors of the Guarantors to
- (a) Give consent for disclosure of information/ data to CIBIL as per LA No. 153/2004 dated 25.10.04 and/ or any other agency authorized in this behalf by RBI regarding credit facility availed by them/ to be availed by them.
 - (b) Undertake to furnish the required information to CIBIL and any other agency, so authorized to process the information/ data disclosed by the Bank in the manner as deemed fit by them.
10. In case the Company/Directors and/ or Guarantors commit default in the repayment of the Loan/ Advance or in the repayment of interest thereon or any of the agreed installment of the loan on due date, the Bank/CIBIL and/or the RBI will have an unqualified right to disclose or publish the name of the Company and its Directors/Guarantors as defaulters in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.
11. During the currency of bank's credit facilities, the borrower shall not, without the prior approval of the bank in writing:
- (a) Declare dividends for any year, if the account (s) of the borrowers with the bank is/ are running irregular or in any of the terms and conditions of the sanction remain un-complied with by the borrower.
 - (b) Permit any transfer of the controlling interest or make any drastic change in the management set up
 - (c) Divert / utilize bank's funds to other sister / associate / group concerns or for purpose other than those for which the credit facilities have been sanctioned.
 - (d) Effect any change in their capital structure
 - (e) Formulate any scheme of amalgamation or reconstruction
 - (f) Undertake any modernization schemes or make any capital expenditure without obtaining the bank's prior consent.
 - (g) Enter into borrowing arrangements either on secured or unsecured basis with any other bank/ Financial institution.
 - (h) Undertake guarantee obligations on behalf of any other borrower / organization.
 - (i) Sell assign, mortgage, alienate or otherwise dispose of any of the assets of the borrower charged to the bank.
 - (j) Enter into any contractual obligations of long-term nature affecting the borrower financially to a significant extent.
 - (k) Undertake any activity other than those indicated in the Object clause of the Memorandum of association of the borrower.
 - (l) Permit any transfer of the controlling interest or make any drastic change in the management set up
 - (m) Make further investments in group/allied/sister concerns or any other companies / firms.
12. The bank shall charge penal interest under the following circumstances:
- (a) Default in repayment of Term Loans/DPG installments.
 - (b) Irregularities/over drawings in cash credit account(s).
 - (c) Non-submission/ delayed submission of stock statements after the 10th of the following month.
 - (d) Non-submission/delayed submission of quarterly review sheet information after 10 days from the close of the quarter concerned.
 - (e) Non/delayed submission of renewal proposal with audited Balance Sheet, CMA data and statement of assets and liabilities of the guarantors after 9 months from the date of sanction.
 - (f) Default in observance of borrowing covenants/terms and conditions of the sanction.
 - (g) Any other eventuality/situation to be decided by the bank
13. Search Certificate is to be obtained to confirm that the registration of charges with ROC is done and held on record.
14. Common seal of the Company should be affixed on the documents to be executed in terms of the provisions of the Memorandum & Articles of Association of the Company.
15. Borrower shall give acceptance of terms and conditions as per letter sanction, which will form part of documentation and be placed on bank records.

16. The Company should furnish to the bank, the required financial information the prescribed proforma, within 10-days/ specified period to enable submission of the quarterly review sheet/PMS to higher authorities.
 17. Documents will be got vetted from legal counsel as per the HO guidelines.
 18. Branch to submit Legal Compliance Certificate as per HO guidelines.
 19. Quarterly PMS report to be submitted to CO.
 20. As per L&A Cir.63/04, CM(Br) to send a Certificate to the sanctioning authority, within one month of the receipt of sanction that the advances were disbursed only after fulfilling the terms and conditions laid down in the sanction.
 21. The credit facilities granted are subject to lending norms/ guidelines/ precautions/ directives/ safeguards circularized by RBI/the bank from time to time and should be complied with meticulously.
- 6. Set forth below is a brief summary of the Company's Term Loan from Punjab National Bank , Nungambakkam, Chennai vide sanction letter no nil dated October 03, 2008 a brief description of certain significant terms of such financing arrangements:**

Particulars	Terms and Condition		
Nature	TERM LOAN-II- Fresh		
Limit	Rs.1,550.00 Lakhs		
Security	Charge by way of EM of Land & Building and hypothecation of Plant & Machineries and other Fixed Assets to be acquired at a total project cost of Rs 2,065.87 Lakh.		
Margin	25%		
Interest	BPLR +TP-1.50% i.e.13.00% p.a. presently with monthly rest payable monthly. The Rate of interest is subject to change as per Bank's guidelines from time to time.		
Repayment	60 Equal Monthly Instalments of Rs 25.83 Lakh commencing from April, 2010. Interest to be serviced as and when charged.		
Upfront Fee	0.625% of loan amount		
Drawn Down Schedule	(Rs. In Lakh)		
	Year	Draw down Period	Amount (Rs in Lakhs)
	2009-10	March/ April 2009	800.00
		May 2009	300.00
		June 2009	300.00
		July 2009	150.00
	Total		1,550.00
Disbursement	a. TL to be disbursed in stages depending on the progress of implementation of the project. b. Loan amount including margin towards the land cost to be disbursed direct to the seller of the land at the time of registration of the land and documents in original to be obtained under authority from the borrower direct from the SRO and EM of the property to be created in favour of the bank immediately thereafter. c. As far as possible, TL for land development and construction of the factory building together with margin is to be released direct to the suppliers of materials, contractors based on the detailed estimates/quotations certified by approved valuer of the bank by way of bankers cheque/DD Bills/ invoices/ Receipts to be obtained and kept on record. d. TL for imported machinery together with margin money of 17% obtained at the time of establishment of FLC and balance amount of margin of 8% to be brought in by the borrower at the time of retirement of bill, to be released immediately on receipt of documents drawn under the FLC(DP). e. TL for other indigenous machineries, electrical etc to be disbursed along with margin money directly to the suppliers/contractors and bills/ receipts to be		

	obtained and kept on record.
Date of Commercial Operation (COD)	October 2009
Prepayment Penalty	Prepayment Penalty of 2% will be levied if the Term Loan is prematurely liquidated by resorting to loan availed from other banks/ FIs/ Credit Agency.
Documentation Fee	As per bank's schedule of charges.
Amount of Loan Outstanding as on March31, 2012	Rs. 1,077.37 Lakhs

Other Conditions

- Before release of TL for purchase of land, legal opinion from bank's approved legal counsel will be obtained to the effect that valid EM can be created in favor of the bank by the borrower Company on execution of sale deed in their favor.
- Before release of TL for land development and construction of building:
 - The Company to submit estimates prepared by the architects/ Chartered Engineer for the land development and building construction and that there should be no variation in the estimated cost. In case, if the actual cost is less than the estimate, TL will be reduced proportionately to that extent.
 - The Company to confirm having obtained building plan approval from the competent local authority and copy of the same be held on record.
- Before availment of TL for other indigenous machineries, the Company to submit quotations/proforma invoices and that there should be no variation in the estimated cost. In case, if the actual cost is less than the estimate, TL will be reduced proportionately to that extent
- Any escalation in cost of project including machineries, exchange rate fluctuations, and difference in Import Duty will be borne by the Company and no separate loan will be given for the same.
- All assets charged to the Bank under the TL should be comprehensively insured against all risks covering the risks of fire, thefts, burglary, SRCC (Strikes, Riots, Civil Commotion) earthquake, terrorist risks, floods, riots etc. in the joint names of the our Bank & the borrower for full value with Agreed Bank Clause, at Company's cost. A copy of the valid insurance policy should be submitted to the bank.
- Materials and Plant & Machinery / Equipments in transit to be insured against all transit risks.
- Company to submit a confirmation that all Plant & machinery and equipments procured/ to be procured in relation to Project are new Plant & machinery and equipments.
- Chartered Accountant's certificate for the amount spent on various items of the cost of project, sources of funds etc. to be submitted every quarter regularly during the project implementation period. The Company has to submit progress report on implementation of the project and other information data at quarterly intervals to the bank for review of physical and financial progress of the project supported by Chartered Accountant Certificate.
- After implementation of the project, the assets financed by our bank shall be inspected by bank officials once in six months and inspection report shall be kept on bank record.
- The Company to undertake to service the interest and instalments of the term loan as per the sanction notwithstanding satisfactory or unsatisfactory performance of the machinery or completion or non-completion of project within the stipulated time.
- Bank name board evidencing bank charge on assets shall be displayed.
- As entire block assets of the Company are presently charged to the Bank, Company to obtain prior permission from the bank before sale of the Old Plant/ any other asset.

7. Set forth below is a brief summary of vehicle loan of Rs.22.00 Lakhs taken from ICICI Bank, Chennai.

Particulars	Terms and Condition
Fund Based Facility	Loan of Rs. 22.00 Lakhs
Purpose	Auto Loan
Rate of Interest	8.28%
EMI	Rs. 68,750.00
EMI Start Date	05.03.2010
EMI Ending Date	01.02.2013
Tenor	36 Months
Amount of Loan Outstanding as on March 31, 2012	Rs.7.24 Lakhs

MARKET PRICE INFORMATION

The Equity Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and Madras Stock Exchange (MSE) and are permitted to trade on National Stock Exchange Ltd. (NSE) w.e.f. June 30, 2010.

A. The details relating to the high and low of closing prices of our Equity Shares on the Bombay Stock Exchange (BSE) along with the volume of Equity Shares traded on such days and the average closing price of Equity Shares for last three years are stated below:

Year	Date of High	High (Rs.)	Volume on Date of High (No. of Shares)	Date of Low	Low (Rs.)	Volume on Date of Low (No. of Shares)
2011	13/04/2011	77.00	50,008	22/08/2011	36.20	2,069
2010	13/09/2010	83.20	65,013	11/02/2010	32.20	3,518
2009	31/12/2009	44.25	3,958	13/03/2009	20.20	869

#Based on calendar year

(Source: www.bseindia.com)

B. The details relating to the high and low prices recorded on the Bombay Stock Exchange (BSE) for the six months preceding the date of this Letter of Offer, the volume of Equity Shares traded on the days, the high and low prices were recorded, average price of our Equity Shares during each such month, the volume of Equity Shares traded during each month and the average number of Equity Shares traded during such trading days, are stated below:

Month	High (Rs.)	Date of High	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Average price for the month (Rs.)	Volume (No. of Shares)	No. of Trading Days	Average no. of shares traded during trading days
May -12	48.95	30-May-2012	1,173	40.05	09-May-2012	868	44.50	10,093	18	560.72
April-12	50.45	24-April-12	502	42.10	20-April-12	205	46.28	1,706	12	142.17
Mar-12	50.35	12-March-12	5,938	40.10	06-March-12	2	45.23	36,458	20	1,822.90
Feb-12	44.75	03-Feb-12	530	40.25	21-Feb-12	3,804	42.50	14,454	19	760.74
Jan-12	45.90	17-Jan-12	855	40.00	03-Jan-12	221	42.95	5186	17	305.06
Dec-11	44.00	08-Dec-11	25	38.30	19-Dec-11	695	41.15	6117	17	359.82

(Source: www.bseindia.com)

C. The details relating to the week end prices of Equity Shares of the Company for the last four weeks on the Bombay Stock Exchange are as below:

Week Ended on	High (Rs.)	Low (Rs.)	Closing Rate (Rs.)
08- June- 12	47.30	45.25	47.30

15-June-12	46.00	44.10	44.15
22-June -12	50.00	48.00	49.85
29- June-12	48.80	48.80	48.80

#Based on calendar week

(Source: www.bseindia.com)

The Board of Directors approved the Letter of Offer on June 30, 2012. However the shares of the Company were not traded on June 30, 2012, on the Bombay Stock Exchange (BSE), it being a Saturday. The market price of the share of the Company was Rs. 48.80 on June 29, 2012 on the Bombay Stock Exchange (BSE).

The market price of the equity shares of the Company as on July 27, 2011 (the date of meeting of Board of Directors where decision of proposed rights issue was taken) was Rs. 47.25. On September 03, 2011 (the date of AGM of the Shareholders where they authorized the Issue), the markets were closed, it being a Saturday. The price of the shares was Rs.39.20 on 06.09.2011, the latest day on which shares of the Company were traded on BSE post AGM.

The cum-rights closing price of the shares of our Company as on June 28, 2012 was Rs. 48.30 on BSE. The ex-rights closing price of the shares of our Company as on June 26, 2012 was Rs. 49.60 on BSE.

The equity Shares of our company are permitted for trading on NSE w.e.f. June 30, 2010.

The stock market data for the equity shares on the NSE are as follows;

- A. The details relating to the high and low of closing prices of our Equity Shares on the National Stock Exchange (NSE) along with the volume of Equity Shares traded on such days and the average closing price of Equity Shares for last three years are stated below:**

Year* Ending Mar 31	High (Rs.)	Date of High	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Average price for the year (Rs. per share)
2011	76.40	13- April-11	37,323	34.50	13- Sept-11	1,861	55.45
2010	83.9	16-Sep-10	33,758	51	28-Jul-10	432	67.45

*Based on calendar year.

(Source: www.nseindia.com)

- B. The details relating to the high and low prices recorded on the National Stock Exchange (NSE) for the six months preceding the date of this Letter of Offer, the volume of Equity Shares traded on the days, the high and low prices were recorded, average price of our Equity Shares during each such month, the volume of Equity Shares traded during each month and the average number of Equity Shares traded during such trading days, are stated below:**

Month	High (Rs.)	Date of High	Volume on date of high (No. of Shares)	Low (Rs.)	Date of Low	Volume on date of low (No. of Shares)	Average price for the month (Rs.)	Volume (no. of shares)	No. of Trading Days	Average no. of shares traded during trading days
May -12	53.00	31-May- 2012	56	36.80	11-May- 2012	475	44.90	13,102	20	655.10

April-12	48.05	11- April-12	55	40.75	03-April-12	331	44.40	4,224	10	422.40
Mar-12	51.50	31-March -12	50	40.00	06-March-12	2	45.75	22,483	17	1,322.53
Feb-12	44.35	15-Feb-12	1,782	40.40	08-Feb-12	1,482	42.38	18,895	14	1,349.64
Jan-12	45.10	19-Jan-12	605	39.40	12-Jan-12	1,006	42.25	4,037	11	367
Dec-11	42.00	05-Dec-11	1,414	37.50	30-Dec-11	1,050	39.75	6,129	12	510.75

(Source: www.nseindia.com)

C. The details relating to the week end prices of Equity Shares of the Company for the last four weeks on the National Stock Exchange is as below:

#Week Ended on	High Price (Rs.)	Low Price (Rs.)	Closing Price (Rs.)
08- June- 12	45.10	45.10	45.10
15-June-12 *	46.70	44.15	44.15
22-June -12	50.40	46.15	46.50
29- June- 12	47.45	47.45	47.45

#Based on calendar week

(Source: www.nseindia.com)

* We have taken the price of 14 – June - 12 as the equity shares were not traded on 15-June-12 at National Stock Exchange.

The Board of Directors approved the Letter of Offer on June 30, 2012. However the shares of the Company were not traded on June 30, 2012, on the National Stock Exchange (NSE), it being a Saturday. The market price of the share of the Company was Rs. 47.45 on June 29, 2012 on the National Stock Exchange (NSE).

The market price of the equity shares of the Company as on July 27, 2011 (the date of meeting of Board of Directors where decision of proposed rights issue was taken) was Rs. 44.70. On September 03, 2011 (the date of AGM of the Shareholders where they authorized the Issue), the markets were closed, it being a Saturday. The price of the shares was Rs. 37.40 on 05.09.2011, the latest day on which shares of the Company were traded on NSE post AGM.

The cum-rights closing price of the shares of our Company as on June 28, 2012 was Rs. 46.10 on NSE. The ex-rights closing price of the shares of our Company as on June 26, 2012 was Rs. 44.20 on NSE.

The Issue Price of Rs. 50 has been arrived at by our Company in consultation with the Lead Manager.

As per the letter dated May 16, 2012 as received from Madras Stock Exchange (MSE) there has been no trading of the shares of the Company on MSE from March 24, 1999 to May 15, 2012. The last transaction took place at Rs. 2.60 per share on March 23, 1999 on MSE.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

A. Accounting Ratios

The following table presents certain accounting and other ratios in accordance to AS-20 as issued by ICAI derived from Company's audited financial statements as at March 31, 2011 and at March 31, 2012, respectively, included in the section titled 'Financial Information' beginning on page no. 124 of this Letter of Offer.

Particulars	March 31, 2012	March 31, 2011
Weighted average number of equity shares outstanding during the period for basic and diluted EPS (Rs in Lakhs)	31,16,550	31,16,550
Basic and Diluted EPS (Rs per Share)	2.53	2.02
Return on Net worth (%)	5.49	4.53
NAV per Share (Rs per Share)	46.04	44.68

The above ratios have been computed as below:

Basic EPS: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Number of Equity Shares outstanding at the end of the year.

Diluted EPS: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Number of diluted Equity Shares outstanding at the end of the year.

Return on Net worth: Net profit attributable to Equity Shareholders (excluding extraordinary items, if any) / Net Worth at the end of the year (excluding revaluation reserves).

NAV per Share: Net worth at the end of the year (excluding revaluation reserves) / Number of Equity Shares outstanding at the end of the year

CAPITALISATION STATEMENT

Particulars	(Rs. In Lakhs)	
	Pre- Issue (As at 31 st March, 2012)	As Adjusted Post Issue
Debt		
Short Term Debt	53.13	53.13
Long Term Debt	853.39	853.39
Total Debt	906.52	906.52
Shareholders Fund		
Share Capital	311.66	498.65
Reserves and Surplus	1,123.19	1,871.17
Less: Debit Balance in Profit and Loss Account	-	-
Total Shareholders Fund	1,434.85	2,369.82
Long Term Debt / Equity Ratio	0.59	0.36
Total Debt / Equity Ratio	0.63	0.38

SECTION VII- LEGAL AND OTHER INFORMATION

Except as stated below:

- a. There are no other outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, Directors, Promoters and Group Companies/ Firm
- b. There are no defaults, non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, default in creation of full security as per terms of issue/other liabilities,
- c. There are no amounts owed to small scale undertakings exceeding Rs 1 Lakh, which is outstanding for more than 30 days,
- d. There are no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act, 1956) other than unclaimed liabilities of the Company and
- e. No disciplinary action has been taken by SEBI or any stock exchanges against the Company, Promoters, Directors and Group Companies/ Firm.

Outstanding Litigations

The Company, the Directors and companies in which the Directors are associated as directors, the Promoters and Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI and have not been detained as willful defaulters by the RBI or any government authority and there have been no violation of securities laws in the past or pending against them.

The disclosures in relation to the Promoters and the Promoter Group Companies/ Firm are based on the information provided by the respective companies.

Contingent liabilities of the Company

For information in relation to the contingent liabilities of the Company as at March 31, 2012, see the section 'Financial Information - Contingent Liabilities as at March 31, 2012 on page 144 of this Letter of Offer.

Litigations involving the Company

Sl. No.	Name of the Statute	Brief Facts of the Case	Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute pending
1	Employees State Insurance Act	ESI being demanded for the period 1984 to 1989 due to failure of contribution as required by law.	0.72	1983-84 to 1988-89	Principal Labour Court
2	Customs Act, 1961	Imposition of Differential Customs Duty on Import of Second hand plant along with interest and penalty.	88.23	1994-95	CESTAT, Southern Bench
3	Central Excise Act, 1944	Departmental appeal against the partial favorable order passed by Commissioner (Appeals) for Excise duty demanded on the rental/facility charges being charged by the Company.	4.91	Sept'2000 to Aug'2001	CESTAT, Southern Bench
4	Central Excise Act, 1944	Departmental appeal against the favorable order passed by CESTAT in respect of 8% duty demanded on supply to ISRO under Nil rate of duty while availing Cenvat Credit of duty paid on at the rate of 50% on	5.71	2000-01	Madras High court

		Lubricating Oil, Water Treatment chemicals and Trichloro ethylene treating them as capital goods whereas the said goods are disputed as to be only inputs.			
5	Central Excise Act.1944	Excise duty demanded on the Cylinder Repair charges being charged by the Company from their customers for the rectification of defects/ repairs of such cylinders as the same is not included in the Transaction value of the gases supplied in cylinders.	4.09	2002-03 to 2004-05	CESTAT, Southern Bench
6	Central Excise Act.1944	Excise duty demanded on the Cylinder Holding charges charged by the Company on delay in return of cylinders, in which gases are being supplied, by the customers beyond the stipulated time and Facility charges are collected from the customers who avail the facility of storage of tanks in their premises.	1.67	May'2006 to Aug'2006	Commissioner (Appeals)
7	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 by the Company as the same is not included in the assessable value.	13.11	Aug'2002 to June'2004	CESTAT, Southern Bench
8	Central Excise Act.1944	Cenvat credit availed on Cryogenic Tank being disputed by the department as a capital good used outside the factory whereas as per the Company the same is not used outside because the tank was brought back to the factory.	5.98	Mar'2005 to Nov'2005	CESTAT, Southern Bench
9	Central Excise Act.1944	Excise duty demanded on the facility charges collected by the Company from the customers who avail the facility of storage of tanks in their premises.	1.06	Sept.2000 to Aug'2001	CESTAT, Southern Bench
10	Central Excise Act.1944	Excise duty demanded on the Cylinder Repair charges being charged by the Company from the customer for rectification of defects/ repairs of such cylinders, as the same is not included in the assessable value.	0.20	Sept'2006 to Mar'2007	CESTAT, Southern Bench
11	Central Excise Act.1944	Excise duty demanded on the Cylinder Repair charges being charged by the Company from the customer for rectification of defects/ repairs of such cylinders, as the same is not included in the assessable value.	0.81	Nov'2005 to Aug'2006	CESTAT, Southern Bench
12	Service Tax	Service Tax demanded on the	11.32	2002-03 & 2003-	CESTAT, Southern

		Lease charge income received by the Company on leasing out some of there cryogenic tankers to other parties.		04	Bench
13	Service Tax	Service Tax demanded on the Lease charge income received by the Company on leasing out some of there cryogenic tankers to other parties.	6.95	2004-05 & 2005-06	Commissioner (Appeals)
TOTAL			144.76		

MATERIAL DEVELOPMENTS

Save as disclosed hereinafter, there have been no developments since March 31, 2012 which effect the operations, performance, prospects or financial condition of the Company:

1. The Board of Directors of the Company at their meeting held on May 03, 2012 declared an Interim Dividend of 10% (i.e. Re. 1 per share) on the paid-up equity share capital of the Company comprising of 31,16,550 shares of Rs. 10 each aggregating to Rs. 31,16,550 for the Financial Year 2011-12.

GOVERNMENT AND OTHER APPROVALS

Government Approvals and Licenses

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for the present business and except as mentioned below, no further approvals are required for carrying on the present business.

It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for the financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

In view of the approvals listed below, we can undertake this Issue and the current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue the business activities. Unless otherwise stated, these approvals are all valid as of the date of this Letter of Offer.

I. Approvals for the Issue

- Approval of the Board dated July 27, 2011 for the Issue, subject to the approval of the Shareholders of the Company
- Approval of the Shareholders of the Company dated September 3, 2011.
- In- principle approval from the Bombay Stock Exchange of India Limited dated February 09, 2012.
- In- principle approval from the Madras Stock Exchange dated December 12, 2011.

II. Incorporation details

- Certificate of Incorporation: Registration No: 18-006819 dated December 23, 1974 issued by Registrar of Companies, Tamil Nadu, Chennai.
- Fresh Certificate of Incorporation: Registration No: 18-006819 dated September 29, 1975 issued by Registrar of Companies, Tamil Nadu, Chennai consequent upon change of name from “National Oxygen Private Limited” to “National Oxygen Limited”. CIN: L24111TN1974PLC006819.

III. General Approvals

The Company requires various approvals for it to carry on its business and the approvals that the Company requires include the following.

Sl. No.	Name of Registration	License/ Registration No. and Date	Name of Issuing Authority/ Department
1	Company's PAN (Permanent Account Number)	AAACN1483D	Commissioner of Income Tax
2	Company's TAN (Tax Deduction Account Number)	CHEN00217A dated August 8, 2008	Income Tax Department, GOI
3	Central Excise Registration Certificate	AAACN1483DXM001- Trichy Factory AAACN1483DXM002- Pondicherry Factory AAACN1483DEM003- Perundurai Factory	Central Excise & Custom Department
4	Service Tax Registration under Section 69 of the Finance Act, 1994 (32 of 1994)	AAACN1483DS7001	Service Tax Commission
5	Central Sales tax	58680 dated March 17, 1973	Commercial Tax Officer,

	registration Certificate		Egmore- Assmt Circle
6	Tamil Nadu Value Added Tax, Tax Identification Number	33460541050 dated January 1, 2007	Commercial Taxes Officer, Tamil Nadu, registering National Oxygen Limited as a dealer under the Tamil Nadu VAT Act, 2006.
7	Pondicherry Value Added Tax, Tax Identification Number	34190000019 dated July 1, 2007	Commercial Taxes Department, Government of Pudukherry, registering National Oxygen Limited as a dealer under the Pudukherry Value Added Tax Ordinance, 2007.
8	Employee Provident Fund Registration under the Provident Fund Scheme, 1952	TNI7227	Regional Office, Tamil Nadu
9	Employee State Insurance Registration under the Employee State Insurance Act, 1948	55510367100010906 – Trichy Factory 57510367100010906 – Pondicherry Factory	Regional Office, Tamil Nadu

IV. Other Approvals

Sl. No.	Name of Registration	License/ Registration No. and Date	Valid Upto	Name of Issuing Authority/ Department
1	Registration & License to work a Factory	License No. PMC 031, Registration No. PY 1134 and NIC CODE: 24111 dated 1997	31/12/2012	Chief Inspectorate of Factories, Government of Pondicherry
2.	Factory License- Trichy Factory	License No: 54405 Reg No: PK 94	31/12/2012	Chief Inspector of Factories, Methur
3	Import Export Code	IEC No 0488025486, Date of issue 19.08.1988.	One Time Registration	Office of the Foreign Trade Development officer, Ministry of Commerce, Tamil Nadu
4	Licence to fill compressed gas (Nitrogen, Oxygen) in cylinders- Pondicherry Factory	License No.: G/HO/PY/05/4 (G175)	30/09/2012	Jt. Chief Controller of Explosives, Chennai
5	Licence to Store compressed gas (Nitrogen, Oxygen) in cylinders- Pondicherry Factory	License No.: G/HO/PY/06/4 (G175)	30/09/2012	Jt. Chief Controller of Explosives, Chennai
6	Licence to fill compressed gas (Dissolved Acetylene Gas) in cylinders- Trichy Factory	License No.: G/HO/TN/05/2 (G211)	30/09/2014	Jt. Chief Controller of Explosives, Chennai
7	Licence to Store compressed gas (Dissolved Acetylene Gas) in cylinders- Trichy Factory	License No.: G/HO/TN/06/2 (G211)	30/09/2014	Jt. Chief Controller of Explosives, Chennai
8	Panchayat Licence	License No: 33-45/MCP92/W2	Valid till March 2013	Commissioner, Mannadipet Commune Panchayat, Thirubuvanaai, Pondicherry
9	Consent under section 25 of the Water (Prevention and Control of Pollution)	Consent Order No: 1281	30/09/2012	Tamil Nadu Pollution Control Board

	Act, 1974- Trichy factory			
10	Consent under section 25 of the Water (Prevention and Control of Pollution) Act, 1974- Trichy factory	Consent Order No: 7396	30/09/2012	Tamil Nadu Pollution Control Board
11	Acknowledgement for manufacturing of Industrial Gases	Ref No: 2524/SAIMO/2008, Date of Issue: 06.08.2008	One Time Registration	Public, Relation & complaints Section, Secretariat for Industrial Assistance, Ministry of Commerce & Industry
12	Water(Prevention and control of Pollution) Act,1974- SIPCOT Perundurai Factory (New Project)	Consent Order No : DEE/PND/06/W/Estt, Date of Issue: 05.03.2012	04.03.2014	District Environmental Engineer, Tamil Nadu Pollution Control Board, Perundurai.
13	Air(Prevention and control of Pollution) Act,1981- SIPCOT Perundurai Factory (New Project)	Consent Order No : DEE/PND/06/A/Estt, Date of Issue: 05.03.2012	04.03.2014	District Environmental Engineer, Tamil Nadu Pollution Control Board, Perundurai.

Pending Approvals

Sl. No.	Name of Registration	License/ Registration No. and Date	Valid Upto	Name of Issuing Authority/ Department
1	Water(Prevention and control of Pollution) Act,1974-Pondicherry Factory	Reference for Initial Consent Order: PPCC/CON/MCP/JE-III/99/2285	Valid till 30.12.2010 Applied for renewal for the current year	Pondicherry Pollution Control Committee
2		Application bearing No. 2141170 has been made for registering the company's logo, with the Trade Marks Registry on 09.05.2011		Government of India Trademark Registration
3.	Licence to fill compressed gas (Liquid Argon, Liquid Nitrogen, Liquid Oxygen) in cylinders- Perundurai, SIPCOT Industrial Growth Centre, Erode. Tamilnadu	Application bearing no. A/S/HO/TN/03/877 (S50991) has been made dated 16.11.2011		Ministry of Commerce & Industry, Petroleum and Explosive Safety Organization (PESO)

Approvals which are required for the new Project will be obtained in time. The Company undertakes to fund the additional cost of overrun due to delay in receipt of the licenses, if any.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Pursuant to the resolution passed by the Board of Directors of the Company at its meeting held on July 27, 2011, it has been decided to make the offer to the Eligible Equity Shareholders of our Company, with a right to renounce. The Shareholders of the Company have, pursuant to special resolution passed at its Annual General Meeting held on September 03, 2011 authorized the Issue.

Prohibition by SEBI

Neither the Company, nor the Promoters, Promoter group, Directors or person(s) in control of the Promoter, have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further neither the Company, nor its Directors Promoters, Group Companies/ Firm, the relatives (as per Companies Act, 1956) of Promoters have been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by them in the past or no such proceedings are pending against them for violation of securities laws.

Securities Related Business

1. None of the Directors/ Group/ Associate company/ entity of the Company, and/ or any company/ entity with which any of the above is associated as promoter/ director/ partner/ proprietor that is/ was associated with securities related business and registered with SEBI. Further, the SEBI has not initiated any action against the aforesaid entities.

2. There are no other entities related to the Company or the Directors with which any of the above are associated as promoter/ director/ partner/ proprietor that is/ was associated with securities related business and registered with SEBI.

Eligibility for the Issue

National Oxygen Limited is an existing listed Company. It is eligible to offer this Rights Issue in terms of Chapter IV of ICDR Regulations 2009.

The promoters, their relatives, The Company, Group Companies/ Firm are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

The Company is in compliance with conditions as prescribed under Regulation 1 of Part E of Schedule VIII of the ICDR Regulations. It satisfies the following conditions

- a. The Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange.
- b. The reports, statements and information referred to sub-clause (a) above are available on the website of Bombay Stock Exchange Limited (BSE) one of the recognized stock exchange with nationwide trading terminals.
- c. The Company has investor grievance-handling mechanism which includes meeting of the Shareholder's/ Investor's Grievance Committee at frequent intervals, appropriate delegation of power by the Board of Directors of the Company as regards share transfer and have clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

The Company has also complied with the following provisions:

- a. Provisions of the Listing Agreement with respect to reporting and compliance under Clauses 35, 40A, 41 and 49,

- b. Provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, with respect to reporting in terms of Regulation 8 (3) pertaining to disclosure of changes in shareholding and Regulation 8A pertaining to disclosure of pledged shares;
- c. Provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992, with respect to reporting in terms of Regulation 13.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MANAGER, KARN MERCHANT BANKERS LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER KARN MERCHANT BANKERS LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 02, 2011 WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a. THE DRAFT LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b. ALL THE LEGAL REQUIREMENTS TO THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUBREGULATION (2) OF REGULATION 8 OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
11. WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

- a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**
- b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISEMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATIONWISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME; WITH THE LEAD MANAGER ANY IRRREGULARITIES OR LAPSES IN OFFER DOCUMENT”.

Disclaimer from the Company and the Lead Manager

The Company and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his own risk.

The Lead Manager and the Company shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports *etc.* after filing of this Letter of Offer with Stock Exchanges and SEBI.

Investors who invest in the issue will be deemed to have been represented by the Company and Lead Manager and the respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire equity shares of the Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Laws and the applicable rules and regulations there under. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai, Tamil Nadu, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be the BSE.

Disclaimer Clause of the BSE

Bombay Stock Exchange Limited (BSE) ("the Exchange") has vide its letter no. DCS/PREF/SI/IP-RT/795/11-12 dated February 09, 2012 given permission to the Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- I. warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- II. warrant that the Company's securities will be listed or will continue to be listed on the Exchange; or
- III. take any responsibility for the financial or other soundness of the Company, its Promoters, its Management or any scheme or project of the Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Disclaimer Clause of the MSE

"Madras Stock Exchange Limited (MSE), has, vide their letter no. MSE/LD/PSK/738/508/11 dated December 12, 2011 given permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. "Madras Stock Exchange Limited" does not in any manner-

- a. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, or
- b. Warrant that the Company's securities will be listed or will continue to be listed on the Madras Stock Exchange, or
- c. Take any responsibility for the financial or other soundness of the Company, its Promoters, its Management or any scheme or project of the Company;

It should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Madras Stock Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Letter of Offer has been filed with **SEBI** at Primary Market and Issue Management Division, D' Monte Building, 3rd Floor, 32 D' Monte Colony, TTK Road, Alwarpet, Chennai : 600018., **Bombay Stock Exchange Limited (BSE, the Designated Stock Exchange)** at Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai, and with **Madras Stock Exchange Limited (MSE)** at Exchange Building, 30, Second Line Beach, Chennai-600 001, Tamil Nadu, India. Pursuant to SEBI's observations vide their Letter No. SEBI/ SRO/ DIL/2012 dated April 14, 2012; this Letter of Offer has been filed with the Designated Stock Exchange as per the provisions of the SEBI (ICDR) Regulations and the Companies Act.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”

Expert Opinion, if any

Except in the sections titled “Financial Information” and “Statement of Tax Benefits” beginning on page 124 and 76 of this Letter of Offer, respectively, no other expert opinion has been obtained by the Company in relation to this Letter of Offer.

Issue related expenses

The Issue related expenses include, among others, fees to intermediaries such as lead manager, registrar to the issue, registrar and depository fees and listing fees etc, fees to SEBI and Stock Exchanges, printing and distribution expenses, statutory advertisement expenses, legal fees.

Sl. No.	Nature of Expenses	Amount (In Rupees)	% of the Issue Expenses	% of the Issue Size
1.	Lead Manager’s Fees, Underwriting Commissions and Selling Commissions, SCSB’s commission	20,91,268	37.69	2.24
2.	Advertising and Marketing Expenses	5,30,563	9.56	0.57
3.	Printing and Stationery	1,63,905	2.95	0.18
4.	Registrars fees, Legal Counsel	9,00,000	16.22	0.96
5.	Fees payable to SEBI, Stock Exchanges etc.	14,84,738	26.76	1.59
6.	Others / Miscellaneous	3,77,780	6.81	0.40
	Total	55,48,254	100.00	5.93

Investor Grievances and Redressal System

The Company has adequate arrangements for redressal of Investor complaints as well as a well arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for the Company is being handled by the Registrar and Share Transfer Agent, Cameo Corporate Services Ltd. Letters are filed category wise after being attended to. The Redressal norm for response time for all correspondence including shareholders complaints is within 7 (seven) days.

The Shareholders/Investors Grievances Committee consists of 3 (three) directors comprising of Mrs. Veena Devi Saraf, as Chairman of the committee, Mr. Gajanand Saraf and Mr. Perumal Siva as members of the said committee. All investor grievances received by the Company has been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Status of Complaints

a. No. of shareholders complaints outstanding as of March 31, 2012	:	NIL
b. Total number of complaints received during the period from April 1, 2011 to March 31, 2012	:	4
c. Total number of complaints received during the period from April 1, 2008 to March 31, 2012	:	25
d. Status of the complaints	:	All complaints received by our Company from April 1, 2008 to March 31, 2012 have been resolved
e. Time normally taken for disposal of various types of investor grievances	:	Within 10-15 days

Investor Grievances arising out of this Issue

The investor grievances arising out of the Issue will be handled by Mr. K. Venkateswaran, Company Secretary and Compliance Officer, and Cameo Corporate Services Ltd., the Registrars to the Issue.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact telephone / cell numbers, email id of the first Investors, number and type of shares applied for, application form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the details of the Renouncees should be furnished.

The average time taken by the Registrar to the Issue for redressal of routine grievances will be seven days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. The Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Compliance Officer / Registrar to the Issue in case of any pre-Issue/ post - Issue related problems such as non-receipt of letters of allotment/share certificates/demat credit/refund orders etc. Their contact details are as follows:

Mr. K. Venkateswaran,
National Oxygen Limited,
80, (Old No. 141), Greams Road,
Chennai - 600 006.
Tel. No.: +91 44 2829 0707
Fax No.: +91 44 2829 0770
E-mail: compliance@nolgroup.com

The contact details of the Registrar and Share Transfer agent to the Company are as follows:

CAMEO CORPORATE SERVICES LTD.

Subramanian Building,
1, Club House Road,
Chennai -600 002.
Tel. No.: +91 44 2846 0390 (5 Lines)
Fax No.: +91 44 2846 0129
E-mail: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: R. D. Ramasamy
SEBI Registration No.: INR 000003753

Changes in Auditors during the last three years

There has been no change in the Auditor of the Company during the last three years.

Capitalisation of Reserves or Profits

The Company has not capitalized any of its reserves or profits for the last five years.

Revaluation of Fixed Assets

There has been no revaluation of the Company's fixed assets for the last five years.

Minimum Subscription

If the company does not receive the minimum subscription of 90% of the amount payable on application upto the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account lot the cheques having been returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received within 15 days from the date of closure of the issue. If there is any delay in the refund of application money by more than 8 days after the company becomes liable to pay the

amount (i.e. 15 days after the closure of issue), the company will pay interest for the delayed period as per Section 73 of the Companies Act. 1956.

Standby Underwriting Agreement / Subscription to the Issue by the Promoter & Promoter Group

The Issue is not underwritten. The Promoters and the members of the Promoter Group holding equity shares in the Company have vide their letter dated December 01, 2011 undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement either by themselves and/or through one or more entities controlled by them, including by subscribing for Equity Shares pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. They have also undertaken to apply for the Equity Shares in addition to their rights entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining approvals required under applicable law, if any. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Such subscription and acquisition of such additional equity shares by our Promoters and Promoters Group, if any, will not result in change of control of the management of the Company and the Promoters and Promoters Group shall, subject to compliance of the conditions stipulated under 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) Regulations 2011, be exempt from making an open offer as stipulated under 3(2) of SEBI (SAST) Regulations, 2011. Allotment to the Promoters and Promoters Group of any unsubscribed portion in the Issue, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. The Company hereby confirms that, in case the Issue is completed with our Promoters and Promoters Group subscribing to Equity Shares over and above their entitlement, the public shareholding in the Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement.

If the Company does not receive minimum subscription of 90% of the Issue including devolvment of underwriting and participation by the Promoters of the undersubscribed portion of the Issue, the entire subscription shall be refunded to the Applicants within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), the Company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act.

SECTION VIII- OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares proposed to be issued are subject to the terms and condition contained in the Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the enclosed CAF, the Memorandum of Association and Article of Association of the Company, the provisions of the Companies Act, the terms and condition as may be incorporated in the Foreign Exchange Management Act, 1999, as amended ("FEMA"), applicable guidelines and regulations issued by SEBI, or other statutory authorities and bodies from time to time, the Listing Agreement entered into by the Company, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee (s) as well.

Authority for the Issue

The Issue is authorized by a board resolution dated July 27, 2011 and shareholders' approval accorded by way of special resolution under section 81 of the Companies Act declared on September 3, 2011.

Basis for the Issue

The Securities are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the shares held in the electronic form and on the Register of Members of the Company in respect of shares held in the physical form at the close of business hours on the Record Date i.e. June 27, 2012 fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as beneficial owner in respect of Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of the Company as on the Record Date, i.e., June 27, 2012, you are entitled to the number of Securities as set out in Part A of the enclosed CAFs.

The eligible Equity Shareholders are entitled to apply for the following:

3 Equity Shares for every 5 Equity Share held on the Record Date

Principle Terms of the Equity Shares

Face Value

Each Equity Share shall have the face value of Rs. 10/-.

Issue Price

Each Equity Share shall be offered at an issue price of Rs 50 for cash at a premium of Rs 40 per Equity Share. The Issue Price has been arrived at by the Company in consultant with the Lead Manager prior to the determination of the Record Date.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders of the Company in the ratio of 3 Equity Shares for every 5 Equity Share held as on the Record Date.

Terms of Payment

The full amount of Rs. 50 per Equity Share payable on application.

Fractional Entitlements

For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Equity Shareholders is less than 5 equity shares or not in the multiple of 5 equity shares then the fractional entitlement of such Equity Shareholders shall be ignored.

An illustration stating the Rights Entitlement for number of Equity Shares is set out below:

Number of Equity Shares	Rights Entitlement
1	0
2	1
3	1
4	2

Those Equity Shareholders holding less than 2 equity shares and therefore entitled to 0 (Zero) Equity Shares under the Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

Equity Shareholders whose fractional entitlements are being ignored and those entitled to 0 (Zero) Equity Shares would be given preferential allotment of 1 (One) additional Equity Share each if they apply for additional Equity Shares as per the Basis of Allotment mentioned in the Letter of Offer.

Ranking of the Equity Share

The Equity Shares issued shall be subject to the provisions of the Memorandum of Association and Article of Association. The Equity Shares shall rank pari passu, in all respects including dividend, with the existing Equity Shares.

Listing of Trading of Equity Shares proposed to be issued

The Company's existing Equity Shares are currently listed and traded on BSE (Scrip Code: 507813) under the ISIN – INE296D01010, the Company is also listed in MSE and its Equity Shares are permitted to trade on NSE w.e.f. June 30, 2010.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

The Company has made an application for “in-principle” approval for listing of the Equity Shares respectively to BSE and MSE through letters dated December 07, 2011 and dated December 07, 2011 and has received such approval from BSE and MSE pursuant to the letter no. DCS/PREF/SI/IP-RT/795/11-12 dated February 09, 2012 and MSE/LD/PSK/738/508/11 dated December 12, 2011 respectively. The Company will apply to the Stock Exchange for final approval for the listing and trading of the Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken within seven working days from the finalization of the basis of allotment. The fully paid up Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges under the existing ISIN for fully paid up Equity Shares of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders of the Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and

- Such other rights as may be available to a shareholder of a listed public Company under the Companies Act and Memorandum of Association and Articles of Association.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the section titled "Main Provisions of the Articles of Association" of this Letter of Offer.

General Terms of the Issue

Option to subscribe

Other than the Issue, and except as disclosed in the section "Terms of the Issue" beginning on page 176 of this Letter of Offer, the Company has not given any person any option to subscribe to the Equity Shares.

The investor shall have an option either to receive the security certificates or to hold the securities in dematerialised form with a depository.

Market Lot

The market lot for the Equity Shares of the Company in dematerialized mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, the Company would issue to the allottees one certificate for the Equity Shares allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, the Company will upon receipt of a request from the respective holder of Equity Shares, split such Consolidated Certificates into smaller denominations within one week's time from the receipt of the request in respect thereof. The Company shall not charge a fee for splitting any of the Share Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 109A of the Companies Act, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity

Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of the Company or such other person at such addresses as may be notified by the Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days,

the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with the Company, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Notices

All notices to the Equity Shareholder(s) required to be given by the Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state within which the Company’s registered office is located or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares from time to time.

Additional Subscription by the Promoter

The Promoters’ vide their undertaking dated December 01, 2011 have undertaken to:

- (a) Apply for the Securities being offered pursuant to the Issue to the extent of their respective Rights Entitlement (as applicable);
- (b) Apply for any Securities renounced in favour of either of them by others; and
- (c) Apply for any additional Securities in the Issue, subject to applicable law, to ensure that 100% of the Issue is subscribed.

Such subscription and acquisition of such additional equity shares by our Promoters and Promoters Group, if any, will not result in change of control of the management of the Company and the Promoters and Promoters Group shall, subject to compliance of the conditions stipulated under 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) Regulations 2011, be exempt from making an open offer as stipulated under 3(2) of SEBI (SAST) Regulations, 2011. Allotment to the Promoters and Promoters Group of any unsubscribed portion in the Issue, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. The Company hereby confirms that, in case the Issue is completed with our Promoters and Promoters Group subscribing to Equity Shares over and above their entitlement, the public shareholding in the Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement.

As such, other than meeting the requirements indicated in the section “Objects of the Issue”, there is no other intention/purpose for this Issue, including any intention to delist the Company, even if, as a result of allotments to the Promoters and Promoter Group, in this Issue, the cumulative public shareholding of the Company falls below the minimum level as prescribed under the Listing Agreement and, in such an event, we undertake to comply with the Listing Agreement, including the provisions of clause 40A thereof and other applicable laws.

Procedure for Application

The CAF for Equity Shares would be printed for all Equity Shareholders. In case the original CAFs are not received by the Investor or is misplaced by the Investor, the Investor may request the Registrars to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID Number, Client ID Number and their full name and address. In case the signature of the Equity Shareholder(s) does not match with the specimen registered with the Company, the application is liable to be rejected.

The CAF consists of four parts:

Part A: Form for accepting the Equity Shares and for applying for additional Equity Shares;

Part B: Form for renunciation of Equity Shares;

Part C: Form for application for renunciation of Equity Shares by Renouncee(s);

Part D: Form for request for split Application forms.

Acceptance of the Issue

You may accept the offer to participate and apply for the Equity Shares offered, either in full or in part, by filling Part A of the enclosed CAFs and submit the same along with the application money payable to the collection branches of the Bankers to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard. Investors at centres not covered by the branches of collecting banks can send their CAFs together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, see “Mode of Payment for Resident Equity Shareholders / Investors” and “Mode of Payment for Non-Resident Equity Shareholders/Investors” of this Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” of this Letter of Offer. If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to. If the Equity Shareholder applies for an investment in Equity Shares, then he can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that the Company shall not allot and / or register Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold equity shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders of the Company who do not wish to

subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to the Company at the Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for the Company of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares. The Renouncees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

a) To renounce the whole offer in favour of one Renouncee

If you wish to renounce the offer indicated in Part A, in whole, please complete Part B of the CAF. In case of joint holding, all joint holders must sign Part B of the CAF. The person in whose favour renunciation has been made should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign this part of the CAF.

b) To renounce in part or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer in favour of two or more Renouncees, the CAF must be first split into requisite number of forms.

Please indicate your requirement of split forms in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for split forms. On receipt of the required number of split forms from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Investor(s), who has renounced the Securities, does not agree with the specimen registered with the Company, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/or introduction of additional holders

If you wish to apply for Equity Shares jointly with any other person(s), not more than three, who is / are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of the Company shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Equity Shareholder is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the enclosed CAF:

Sl. No.	Option Available	Action Required
A	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
B	Accept your entitlement in full and apply for additional Securities.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Securities (All joint holders must sign).
C	Renounce your entitlement in full to one person (Joint renounees not exceeding three are considered as one renounee).	Fill in and sign Part B (all joint holders must sign) indicating the number of Securities renounced and hand over the entire CAF to the Renounee. The Renounees must fill in and sign Part C of the CAF (All joint renounees must sign).
D	Accept a part of your entitlement and renounce the balance to one or more Renounee(s). OR Renounce your entitlement to all the Securities offered to you to more than one Renounee.	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below: For the Securities you wish to accept, if any, fill in and sign Part A of one split CAF (only for option 1). For the Securities you wish to renounce, fill in and sign Part B indicating the number of Securities renounced and hand over the split CAFs to the Renounees. Each of the Renounees should fill in and sign Part C for the Securities accepted by them.
E	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renounees must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms / SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof and one SAF for the balance Equity Shares, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before July 20, 2012.
- Only the Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor (s) by post at the applicant's risk.
- Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Investor, the Registrar to the Issue will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number / DP and Client ID number and his / her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he / she shall face the risk of rejection of both the applications.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with demand draft (after deducting banking and postal charges) payable at Chennai which should be drawn in favour of **“National Oxygen Limited – Rights Issue - R”** in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of **“National Oxygen Limited – Rights Issue – NR”** in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed **“National Oxygen Limited – Rights Issue - R”** in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and **“National Oxygen Limited – Rights Issue – NR”** in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with the Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being National Oxygen Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of Rs. 50 per Equity Share;
- Particulars of cheque/demand draft/pay order;
- Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand that this application should not be forwarded to or transmitted in or to the United States at any time, except to Qualified Institutional Buyers (as defined in the US Securities Act). I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company has reason to believe is in the United States and is not a Qualified Institutional Buyer (as defined in the US Securities Act), or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of the residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. The Company shall refund such application amount to the Investor without any interest thereon.

Last date of Application

The last date for submission of the duly filled in CAF is July 30, 2012. The Issue will be kept open for a minimum of 15 (fifteen) days and the Board or any committee thereof will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/Committee of Directors, the offer contained in this Letter of Offer shall be deemed to have been declined and the Board/Committee of Directors shall be at liberty to dispose off the Securities hereby offered, as provided under “Basis of Allotment” below.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Articles of Association of the Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Equity Shares in the following order of priority:

(a) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part;

(b) Allotment pertaining to fractional entitlements, in the manner discussed under “Fractional Entitlements” of this Letter of Offer;

(c) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an under-subscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board / Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential Allotment;

(d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The allotment of such Equity Shares will be at the sole discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not preferential allotment;

(e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full Allotment under (a), (b) (c) and (d) above.

After taking into account Allotment to be made under (a) and (b) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'. The Promoters and Promoter Group have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue.

Such subscription and acquisition of such additional equity shares by our Promoters and Promoters Group, if any, will not result in change of control of the management of the Company and the Promoters and Promoters Group shall, subject to compliance of the conditions stipulated under 10(4)(a), 10(4)(b)(i) and 10(4)(b)(ii) of SEBI (SAST) Regulations 2011, be exempt from making an open offer as stipulated under 3(2) of SEBI (SAST) Regulations, 2011. Allotment to the Promoters and Promoters Group of any unsubscribed portion in the Issue, over and above their entitlement shall be done in compliance with the listing agreements and other applicable laws prevailing at that time relating to continuous listing requirements. The Company hereby confirms that, in case the Issue is completed with our Promoters and Promoters Group subscribing to Equity Shares over and above their entitlement, the public shareholding in the Company after the Issue will not fall below the minimum level of public shareholding as specified in Clause 40 A of the listing agreement.

The Company hereby certifies that such subscription to any undersubscribed portion of the Issue by the Promoters and the Promoter Group, in the manner contemplated above, shall be subject to compliance with the provisions of Rule 19(2)(b) of the SCRR and clause 40A of the Listing Agreement with respect to the requirement of minimum public shareholding of 25% of the post-Issue paid-up capital of the Company.

Underwriting

The Issue is not underwritten. The Promoters and the members of the Promoter Group holding Equity Shares in the Company have vide their letter dated December 01, 2011 undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement either by themselves and/or through one or more entities controlled by them, including by subscribing for Equity Shares pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. They have also undertaken to apply for the Equity Shares in addition to their rights entitlement to the extent of any undersubscribed portion of the Issue, subject to obtaining approvals required under applicable law, if any. Such subscription for Equity Shares over and above their rights entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Further, such acquisition by them of additional Equity Shares shall (i) not result in a change of control of the management of the Company; and (ii) be exempt from the applicability of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, the Company, its Directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/pmd/scsb.pdf>

For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Equity Shares through the ASBA Process is available only to the Equity Shareholders of the Company on the Record Date. To qualify as ASBA Applicants, eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF;
- should not be Renouncees; and
- should apply through blocking of funds in bank accounts maintained with SCSBs.

Please note that pursuant to the SEBI circular dated April 29, 2011 all Equity Shareholders who are QIBs or are applying in this Issue for Equity Shares for an amount exceeding Rs 2,00,000 shall mandatorily make use of ASBA facility and applications accompanied by payments made by such persons through cheques/ demand drafts are liable to be rejected.

CAF

The Registrar will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

Acceptance of the Issue

You may accept the Issue and apply for the Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar to the Issue, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of the Company in this regard.

Mode of Payment

The Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the bank account maintained with the SCSB, as mentioned by the Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by the Company as per the provisions of section 73(3) of the Companies Act. The balance amount remaining after the finalization of the basis of allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, the Company would have a right to reject the application only on technical grounds.

Options available to the Equity Shareholders applying under the ASBA Process

The summaries of options available to the Equity Shareholders are presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available		Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders)
2.	Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block

The Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” of this Letter of Offer.

If you desire to apply for additional Equity Shares please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper.

The envelope should be super scribed “National Oxygen Limited – Rights Issue”. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with the Company, must reach the SCSBs before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being National Oxygen Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be blocked at the rate of Rs. 50 per Equity Share;
- Except for applications on behalf of the Central or State Government and the officials appointed by the courts, PAN number of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; and
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of the Company.
- Additionally, all such applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the

territories or possessions thereof (the “United States”), except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand that this application should not be forwarded to or transmitted in or to the United States at any time, except to Qualified Institutional Buyers (as defined in the US Securities Act). I/we understand that none of the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company has reason to believe is in the United States and is not a Qualified Institutional Buyer (as defined in the US Securities Act), or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of the residence.

I/We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or Lead Manager to the Issue.
- (d) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.**

(e) All payments will be made by blocking the amount in the bank account maintained with the SCSB. Cash payment or payment by cheque / demand draft / pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company and/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository / the Company. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

(i) Only the person or persons to whom the Equity Shares have been offered shall be eligible to participate under the ASBA Process.

(j) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.

(k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

(l) Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

Do's:

(a) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted (i) with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(k) Apply and accept as a Renouncee, only if you are a Qualified Institutional Buyer (as defined under the US Securities Act) in the United States or are eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

Don'ts:

- (a) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- (b) Do not pay the amount payable on application in cash, by money order or by postal order.
- (c) Do not send your physical CAFs to the Lead Managers to Issue / Registrar / Collecting Banks (assuming that such Collecting Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (e) Do not apply if the ASBA account has been used for five applicants.

Grounds for Technical Rejection under the ASBA Process:

In addition to the grounds listed under "Grounds for Technical Rejection for non-ASBA Investors" of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- (a) Application on a SAF.
- (b) Application for allotment of Rights Entitlements or additional shares which are in physical form.
- (c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar to the Issue.
- (d) Sending CAF to a Lead Manager / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- (e) Insufficient funds are available with the SCSB for blocking the amount.
- (f) Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.
- (g) Account holder not signing the CAF or declaration mentioned therein.
- (h) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- (i) CAFs which have evidence of being executed in/dispatched from restricted jurisdiction.
- (j) A Renouncee applying under the ASBA process.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account

number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository, demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation (“Demographic Details”). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of bank account of the respective Equity Shareholder. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the bank account utilised under the ASBA process to the extent equity shares are not allotted to such shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the funds.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of the Company, the SCSBs or the Lead Manager shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	July 11, 2012
Last date for receiving requests for SAFs:	July 20, 2012
Issue Closing Date:	July 30, 2012

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Allotment Advices / Refund Orders

The Company will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through Electronic Clearing Service (“ECS”) except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and the Company issues letter of allotment, the corresponding share certificates will be kept ready within three months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates. For more information, please see the chapter “Terms of the Issue” of this Letter of Offer.

The letter of allotment / refund order would be sent by registered post/speed post to the sole/first Investor’s registered address. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favour of the sole/first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. ECS – Payment of refund would be done through ECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where ECS facility has been made available (subject to availability of all information for crediting the refund through ECS).
2. NEFT – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the registrar to the Company or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by the Company.
4. RTGS – If the refund amount exceeds Rs. 2 Lakhs, the investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through ECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by the Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor’s bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. The Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue

Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. The Company has signed a tripartite agreement with NSDL on August 03, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. The Company has also signed a tripartite agreement with CDSL on September 06, 2004 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF THE COMPANY CAN BETRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of the Company.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Equity Shares in physical form.

The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the enclosed CAF carefully.

(b) Application should be made on the printed CAF, provided by the Company except as mentioned under the head "Application on Plain Paper" of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's / husband's name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/Collecting Bank or to the Registrar to the Issue and not to the Company or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorized by the Company for collecting applications will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.

(c) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN number allotted under the I.T. Act, 1961, irrespective of the amount of the application. **CAFs without PAN will be considered incomplete and are liable to be rejected.**

(d) Investors, holding Equity Shares in physical format, are advised that it is mandatory to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(e) All payment should be made by cheque/demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with the Company.

(g) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with the Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the Company. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(i) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and

possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

(j) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to the Registrar and Transfer Agents of the Company, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

(k) SAFs cannot be re-split.

(l) Only the person or persons to whom Equity Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(m) Investors must write their CAF number at the back of the cheque /demand draft.

(n) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(o) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such outstation cheques / outstation demand drafts / money orders or postal orders will be rejected.

(p) No receipt will be issued for application money received. The Bankers to the Issue / Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(q) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;

(b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;

(c) In the event you hold Equity Shares in dematerialized form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;

(d) Ensure that your Indian address is available to the Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialized form;

(e) Ensure that the CAFs are submitted at the collection centres of the syndicate only on forms bearing the stamp of the Lead Managers;

(f) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be) before submission of the CAF;

(g) Ensure that you receive an acknowledgement from the collection centers of the collection bank for your submission of the CAF in physical form;

(h) Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;

(i) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;

(j) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are in the United States, unless you are a Qualified Institutional Buyer (as defined under the US Securities Act), or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection center of the collection bank;

(c) Do not pay the amount payable on application in cash, by money order or by postal order;

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;

(e) Do not submit Bid accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

Amount paid does not tally with the amount payable;

- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Age of Investor(s) not given (in case of Renounees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN number not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/joint Investors;
- CAFs by OCBs without specific RBI approval;
- CAFs accompanied by Stock invest / outstation cheques / post-dated cheques / money order / postal order / outstation demand draft;
- In case no corresponding record is available with the depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that, among other thing, the subscriber is not located in restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws);
- CAFs where the Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors; and
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application. Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques / drafts accompanying the CAF should be drawn in favour of the Collecting Bank (specified on the reverse of the CAF), crossed 'A/c Payee only' and marked "National Oxygen Limited – Rights Issue";
- Investors residing at places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges favoring the Bankers to the Issue, crossed 'A/c Payee only' and marked "National Oxygen Limited – Rights Issue" payable at Chennai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Investment by FIIs

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

- No single FII can hold more than 10% of the Company's post-Issue paid-up share capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 5% of the total paid-up share capital of the Company, in case such sub-account is a foreign corporate or an individual.
- However, as per RBI letter dated June 12, 2009, the total purchases of FIIs shall not exceed the applicable overall ceiling limits of 74% of the total paid-up equity capital of the Company.
- Applications will not be accepted from FIIs in restricted jurisdictions (other than QIBs resident in the United States).

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from FIIs in restricted jurisdictions.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Mode of payment for Non-Resident Equity Shareholders/ Investors

As regards the application by non-resident Equity Shareholders, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can obtain application forms from the following address:

Cameo Corporate Services Ltd
Subramanian Building,
1, Club House Road,
Chennai – 600002, India
Tel. No: +91 44 2846 0390 (5 lines)
Fax No: +91 44 2846 0129
E-mail: investor@cameoindia.com

- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque/draft on a Non-Resident External Account (NRE) or FCNR Account maintained in India; or
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable in Mumbai; or FIIs registered with SEBI must remit funds from special non-resident rupee deposit account.
- Non-resident investors applying with repatriation benefits should draw cheques/drafts in favour of 'National Oxygen Limited – Rights Issue - NR' and must be crossed 'account payee only' for the full application amount.
- Non-resident Indian applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The non-resident Indians who intend to make payment through NRO accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Application without repatriation benefits

- As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-patriation basis.
- All cheques/drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of National Oxygen Limited – Rights Issue - NR and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation:

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of subsection (1) of section 68A of the Companies Act which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Payment by Stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stock invest Scheme has been withdrawn. Hence, payment through Stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by the Company. However, the Bankers to the Issue / Registrar to the Issue / SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. If such money is not repaid within eight days from the day the Company becomes liable to repay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act.

For further instructions, please read the CAF carefully.

Undertakings by the Company

The Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock exchanges where the Equity Shares are to be listed will be taken within seven working days of finalization of basis of Allotment.
3. The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by the Company.
4. The Company undertakes that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalizing the basis of Allotment.
6. The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
7. No further issue of securities affecting equity capital of the Company shall be made till the securities issued/offered through the Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
8. At any given time there shall be only one denomination of equity shares of the Company.
9. The Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
10. All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
11. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Utilization of Issue Proceeds

The Board of Directors declares that:

- (i) All monies received out of this Issue shall be transferred to a separate bank account referred to subsection (3) of Section 73 of the Companies Act;
- (ii) Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- (iii) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested; and
- (iv) The Company may utilize the funds collected in the Issue only after listing and trading permission is received from the Stock Exchanges in respect of this Issue.

Minimum Subscription

If the Company does not receive minimum subscription of 90% of the Issue including devolvement of Underwriting and participation by the Promoters of the undersubscribed portion of the Issue, the entire subscription shall be refunded to the Applicants within 15 days from the Issue Closing Date. If there is delay in the refund of subscription by more than 8 days after the Company becomes liable to pay the subscription amount (i.e., 15 days after the Issue Closing Date), the Company will pay interest for the delayed period, at prescribed rates in sub-sections (2) and (2A) of Section 73 of the Companies Act.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed 'National Oxygen-Rights Issue' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Cameo Corporate Services Ltd
Subramanian Building,
1, Club House Road,
Chennai – 600002, India
Tel. No: 91-44 - 2846 0390 (5 lines)
Fax No: 91-44 - 2846 0129
E-mail: investor@cameoindia.com

- It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in the section "Risk Factors" on page 12 of this Letter of Offer.
- The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IX- MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

SHARES

Capital

4. The Authorized Share Capital of the Company is Rs. 5, 00, 00,000/-divided into 50, 00,000 Equity Shares of Rs.10/- each.

Dividend and other rights of shares

5(a) The Board of Directors may at their discretion and at any time and from time to time to time issue any portion of the Share Capital of the Company not already issued, as Equity Shares or as Preference Shares or Redeemable Preference Shares and from time to time convert any Preference Shares or Redeemable Preference Shares, Shares or Equity Shares (not being shares already subscribed and allotted) into shares of any other class.

(b) The Board of Directors may, at their discretion when issuing any portion of the Preference Share Capital of the Company, determine the rate of fixed cumulative preferential dividend to be paid out of the profits of the Company but at a rate not exceeding 12% p.a. subject to such deductions as may be prescribed from year to year by the Finance Act or any other Law for the time being in force in priority to the Equity Shares with a right to the Company to redeem such preference shares not earlier than 12 years and not later than 15 years from the date of issue.

Allotment of Shares

6. Subject to the provisions of the Act and these presents, the shares in the Capital of the Company shall be under the control of the Board Who may allot or otherwise dispose of the same at such times and to such persons and in such manner and upon such terms as they may think proper.

Variation of Shares

7. The rights attached to any class of shares (unless otherwise provided by the terms of the issue of that class) may be subject to provisions of Sections 106 and 107 of the Act, be varied with the consent in writing of the holders of three fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting the provisions of these Articles relating to meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of that class in question. Provided that an option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.

Commission for Placing Shares

8. The Company may at any time pay a commission to any person for subscribing or for placing or agreeing to subscribe (whether absolutely or condition ally) for any shares. Shares debentures or debenture stock of the Company or procuring or agreeing to procure subscription (whether absolute or conditional) for shares, debenture or debenture stock of the Company but so that if the commission in respect of shares shall be paid the provisions of Sections 76 and 79 and other statutory requirements shall be observed and complied with and the amount or rate of commission shall not exceed 5 percent of the issue price of shares and 216% of the issue price of debenture or debenture stocks in each case subscribed or to be subscribed.

Liability of joint holders shares

9. The joint holders of a share shall severally as well as jointly be liable for the payment of all installments and calls due in respect of such share.

Trust not recognized

10. No person shall be recognized by the Company as holding any shares upon trust and the Company shall not be bound by or recognize any equitable, contingent, future or partial interest in any share or any other rights in respect of any share except an absolute right to the entirety thereof in the registered holders.

Issue and Return of allotments

11. The Board may issue and allot shares in the Capital of the Company as payment or part payment for any property sold or goods transferred or machinery or appliances supplied, for cash or for services rendered or to be rendered to the Company; as regards all allotments from time to time, made, the Board shall duly comply with Section 75 of the Act.

Acceptance of shares

12. An application signed by or on behalf of the applicant for shares in the Company, followed by an allotment of any shares therein, shall be acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purpose of these Articles be a shareholder.

Member's rights to shares

13. Every person whose name is entered as a member in the Register of Members shall, without payment, be entitled to a Certificate under the Common Seal specifying the share or shares held by him and the amount paid thereon; provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and the delivery of Certificate for the share to one of several joint holders shall be sufficient delivery to all.

Assignability of Securities Duty to maintain registers, etc

14. If a share certificate be defaced, lost or destroyed a fresh one may be issued in its stead in accordance with the Issue of Share Certificate Rules and on payment of such fee, if any, as may be determined by the Board, not exceed Rupee One and on such terms as to evidence and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence as the Board may think fit, but the purchaser of any share sold by the Company in exercise of its powers on forfeiture of or lien on shares shall not be required to pay any fee for the fresh certificate that may have to be issued by the Board in default of the original holder of such shares returning the certificate to the Company.

No fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized, similarly no fees shall be charged if new certificates are issued as a result of sub-division and/or consolidation of shares.

14A (i) Dematerialization of securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

(ii) Options for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed issue to the beneficial owner the required certificates of the securities in respect of his holding.

(iii) Securities in depositories to be in fungible form.

All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sec. 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners.

(iv) Rights of depositories and beneficial, owners:

(a) Notwithstanding anything contained in these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of securities on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

(v) Transfer of Securities:

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transfer or both of whom are entered as beneficial owners in the records of a depository.

(vi) Allotment of securities dealt within a depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

(vii) Register and Index of beneficial Owners:

The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of the Members and security holders for the purpose of these Articles and the provision relating to distinctive numbering shall not apply to the shares of the Company which have been dematerialized.

LIEN

Company's lien on shares

15. The Company shall have a first and paramount lien upon all the shares (not being fully paid shares) registered in the name of each member (either solely or jointly with others) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of these shares and upon the proceeds of sale of thereof for his debts, liabilities and engagements solely or jointly with any other person, to or with the Company whether the period of the payment, fulfillment or discharge thereof shall have actually arrived at or not. Any such lien shall extend to all dividends and Bonus from time to time declared in respect of such shares provided that the Board of Directors may at any time declare to be wholly or in part exempt from the provisions of this clause. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

As to enforcing lien sale

16. The Company may sell in such manner as the Board thinks fit by any shares on which the Company has a lien but no sale shall be made until the expiration of fourteen days after a notice in writing, stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holder for the time being of the shares or to the person entitled to the share by reason of his death or insolvency. The Board may appoint a person to effect the sale and transfer.

Application Proceeds of Sale

17. The proceeds of the sale shall be applied in or towards payment of the amount in respect of which the lien exists and (subject to a like lien) for sums not presently payable as existed upon the shares at the date of sale. The purchaser shall be registered as the holder of the shares and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

CALLS

Calls

18. The Board may, on a uniform basis on all shares falling under the class, from time to time, make such calls as they think fit upon the members in respect of all money unpaid on the shares held by them respectively and not by the conditions of allotment thereof, made payable at fixed times and each member shall pay the amount of every call so made to him to the persons and at the time and places appointed by the Board.

A call may be made payable by installments.

When interest on call payable

19. If a sum called in respect of the shares is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate fixed by the Board, not exceeding 12 percent per annum from the day appointed for the payment thereof to the time of actual payment, but the Board shall be at liberty to waive payment of that interest wholly or in part.

Sums payable fixed at time to be treated as calls

20. The provision of the above Article as to the payment of interest shall apply in the case of the non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the share or by way of premium, as if the same had become payable by virtue of call duly made and notified.

Payments of Calls in Advance

21. The Board may if it thinks fit, receive from any member willing to advance the same all or parts of the moneys uncalled and unpaid upon any shares held by him and upon all or any of the money so advanced may (until the same would, but for such advance become presently payable) by interest at such rate (not exceeding without the sanction of the Company in General Meeting 12 (percent per annum) as may be agreed upon between the member paying the sum in advance and the Board.

Money paid in advance of calls shall not confer in respect thereof a right of dividend or to participate in profits.

Partial Payment not to preclude forfeiture

22. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any share nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any share either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such moneys shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

TRANSFER AND TRANSMISSION OF SHARES

Transfer

23. The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee and the transferor shall be deemed to remain holder of the shares until the names of the transferee is entered in the Register of Members in respect thereof. The Instrument of transfer shall be presented in the manner prescribed under Section 108 of the Act.

Form of Transfer

24. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.

Board's right to refuse to register

25. The Board may, subject to the right of appeal conferred by section 111 of the Act, at any time in their absolute discretion and without assigning any reason, decline to register any proposed transfer of shares whether fully paid up or not and whether the transferee is a member of the Company or not and may also decline to register any transfer of shares on which the Company has a lien. No instrument of transfer shall be recognised by the Board unless:

a) No transfer fee shall be charged for registration of transfers or for effecting transmission or for registering any letters of probate, letters of administration and similar other documents.

b) The instrument of transfer duly stamped is accompanied by the certificate of the shares to which it relates and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the same, and

c) The instrument of transfer is in respect of one class of shares only.

Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other persons indebted to the Company on any account whatsoever except a lien on shares.

Register of Transfers and Closure

26. a) The Company shall keep a book to be called the 'Register of Transfers' wherein shall be entered the particulars of every transfer or transmission of any shares and all other particulars of shares required by the Act to be entered in such Register.

b) The Transfer Books and Register of Members may be closed during such time as the Board thinks fit, not exceeding in the whole forty-five days in each year, but not exceeding thirty days at a time after giving not less than seven days previous notice by advertisement in some newspaper circulating in the State of Tamil Nadu.

Transmission of registered shares

27. The executors or administrators of a deceased member (not being one of registered several joint holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and in the case of death of any or more of the joint holders of any registered shares, the survivors shall be the only persons recognized in such shares. Provided that if the member should have been a member of a joint Hindu family, the Board on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family may recognize the survivors or the Karta thereof as having title to the shares registered in the name of such member. Provided further, that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of probate or letters of administration or other legal representation upon such terms as to indemnity or otherwise as to the Board may seem just.

As to Transfer of shares to deceased or bankrupt members

28. Any person becoming entitled to shares in consequence of death or bankruptcy of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title as the Board thinks sufficient may, with the consent of the Board (which it shall not be under any obligation to give), be registered as a member in respect of such shares or may, subject to the Articles as to the transfer hereinbefore contained, transfer such shares.

Rights of successor

29. Any person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not before being registered as a member in respect of the share be entitled in respect of it to exercise any right conferred by membership in regard to the meeting of the Company.

Application

30. 1. An application for the registration of the transfer of shares may for transfer be made either by the transferor or the transferee provided that where such application is made by the transferor no registration shall, in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of sub clause (4) the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

2. For the purpose of sub-clause (1) notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

3. It shall not be lawful for the Company to register the transfer of any shares unless the proper instrument of transfer duly stamped and executed by the transferor and the transferee specifying the name, address and occupation, if any, of the transferee has been delivered to the Company along with the certificate and if no such certificate is in existence along with the letter of allotment. Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit.

4. If the Company refuses to register the transfer of any shares, the Company shall, within two months from the date on which the instrument of transfer is lodged with the Company, send to the transferee and the transferor notice of refusal.

5. Nothing in sub-clause (1) shall prejudice any power of the Company to refuse to register the transfer of any shares, but in no case the Company shall affect transfer of the shares in favour of a minor or a person of unsound mind.

6. Notwithstanding anything contained in Sub-Article the Board shall not accept applications for Sub division or consolidation of Share Certificates into denominations of less than the market unit of trading except when such a sub division or consolidation is required to be made to comply with a statutory order or an order of a competent court of Law or a request from a member to convert his holding of odd lots of shares into transferable / marketable lots, subject, however to verification by the Company.

7. The Company shall give effect to a transmission of Shares and consolidation or sub-division of Share certificates as provided in Article 27 and shall issue Share Certificates in pursuance thereof within 30 days of lodgment of a proper application for such transmission, consolidation or sub division.

Company's right to register transfer to apparent legal owner

31. The Company shall incur no liability or responsibility whatever in shares consequence of their registering or giving effect to transfer to be made by any apparent legal owner thereof appearing in the (as shown or Register of Members) to the prejudice of persons having or claiming any equitable right, title or notice of such equitable right, title or interest or notice prohibiting registration of transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable right or title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in the books of the Company but the Company shall, nevertheless, be at liberty to have regard to and attend to any such notice and give effect thereto, if the Board shall think fit.

FORFEITURE OF SHARES

If call or Installment paid notice may be given

32. If a member fails to pay any call or installment thereof, of a call on the day appointed for the payment thereof, the Board may at any time thereafter during such time as any part of such call of installment, remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid together with

any interest which may have accrued. The Board may accept in the name of and for the benefit of the Company and upon such terms and conditions as may be agreed, the surrender of any shares liable to forfeiture and in so far as the law permits of any other shares.

Forms of notice

33. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made and shall state that in the event of non payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

If notice not complied with Shares may be forfeited

34. If the requirements of any such notice as aforementioned are not complied with any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made be forfeited the by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared In respect of the forfeited shares and not actually paid before forfeiture. However, no forfeiture of unclaimed dividend shall be made before the claim thereto becomes barred by limitation.

Sale of Forfeited shares

35. A forfeited or surrendered share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Board may think fit.

Liability after Forfeiture

36. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the share, but his liability shall cease if and when the Company receives payment in full of the nominal amount of shares.

Declaration of Forfeiture

37. A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and that declaration and the receipts of the Company for consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to, whom the share is sold or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or disposal of the share.

Non payment of Sums payable at Fixed times

38. The provisions of these presents as to forfeiture shall apply in the case of non payment of any sum which by the terms of a share become payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been repayable by virtue of a call duly made and notified.

ALTERATION OF CAPITAL

Power to Increased Capital

39. The Board may, with the sanction of the Company, by an ordinary resolution in General Meeting, increase the authorized share capital by such sums to be divided into shares of such amount as the resolution shall prescribe.

New shares to be offered to members

40. 1) where at any time it is proposed to increase the subscribed capital of the Company by allotment of further shares, then,

a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the Capital paid by on those shares at that date;

b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer if not accepted, will be deemed to have been declined;

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (b) shall contain a statement of this right;

d) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

2) Notwithstanding anything contained in Clause (1) above, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in sub-clause (a) of Clause (1) above) in any manner whatsoever if a special resolution to that effect is passed by the Company in general meeting.

In what Condition new shares may be issued

41. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the share in the original share capital.

Division and subdivision of Shares

42. The Company may by ordinary resolution:

a) Consolidate and divide all or any of its share capital into share of larger amount than its existing shares.

b) Subdivide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association subject nevertheless to the provisions of clause (d) of Sub Section (1) of the Section 94 of the Act.

c) Cancel any shares which at the date of the passing of resolution, have not been taken or agreed to be taken by any person.

Reduction of capital

43. The Company may, by Special Resolution, reduce its Share Capital or Capital Redemption Fund, or Share Premium Account in any manner and subject to any incident authorized and consent required by law.

Vote of Members

60. 1. a. On show of hands every member holding equity shares present in person shall have one vote.

b. On a poll every member holding an equity share therein shall have voting right, in proportion to his share of the paid up equity share capital.

1. A member holding preference share capital shall not be entitled to vote at any resolution unless;
 - i. The dividend due on such capital or any part of such dividend (whether declared or not has remained unpaid in respect of an aggregate period of not less than two years preceeding the date of announcement of the meeting), or
 - ii. Such a resolution directly affects the rights attached to preference shares, or
 - iii. Such a resolution is for winding up of the Company.

On a poll, his voting right, when he is entitled to, will be in the same proportion as the amount paid up in respect of preference shares held by him bears to total paid up equity capital of the Company.

Joint Holders

61. In the case of joint holders, the vote of the first named of such joint holders who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

Members of Unsound mind

62. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on poll, by his committee or other legal guardian and any such committee or guardian, on a poll, may vote by proxy.

No member shall entitled to vote while call due to the Company

63. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of his shares in the Company have been paid.

Proxies permitted on polls

64. On a poll, votes may be given either personally or by proxy.

Instrument of Proxy

65. The instruments appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of its attorney duly authorised in writing. Any person whether or not he is a member of the Company may be appointed as proxy.

Proxy to be deposited at the office

66. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarially certified copy of that power of authority shall be deposited at the registered office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instruments propose to vote and in default the instrument of proxy shall not be treated as valid.

Form of proxy

67. An instrument appointing a proxy may be in any one of the forms prescribed Under Schedule IX of the Act or in any other form as near thereto as circumstances admit.

Corporation acting by representative at meeting

68. Any corporation which is a member of the Company may by resolution of its Board of Directors or other governing body authorise such person as it thinks fit to acts as its representative at any meeting of the Company and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

DIVIDENDS AND RESERVES

Dividend

107. The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

Interim Dividends

108. The Board may from time to time pay the members such interim dividends as appear to it to be justified by the profits of the Company.

Reserve Fund

109. 1. The Board may, before recommending any dividend, set aside out of the profits of the Company, such sum as it thinks fit proper as reserve which shall, at the discretion of the Board, be applicable for any purpose for which the profit of the Company, may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investment (other than the share of this Company) as the Board, from time to time.
2. The board may carry forward any profit which it may think prudent not to divide, without setting them aside as a reserve.

Dividend how Calculated

110. 1. Subject to the rights of persons if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid upon the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividend may be declared and paid according to the nominal amounts of the shares
2. No amounts paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Articles as paid on the share.
3. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any is issued on terms providing that it shall rank or dividend as from a particular date such share shall rank for dividend accordingly

Appropriations of dividends towards calls in arrears

111. The Board may deduct from any dividend payable to any member, all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Dividends

112. 1. Any General Meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets; and the Board shall give effect to the resolution of the meetings.
2. Where any difficulty arises in regard to such distribution the Board may settle the same as it thinks expedient and in particular may issue fractional certificates and fix the value for the distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.

Dividends how paid

113. 1. Any dividend interest or other moneys payable in cash in respect of shares may paid by cheque or warrant sent through the post directed to the registered address of the holder or in the case of joint holders to the address of that one of the joint holders who is first named on the register of members or to such person and to such address as the holder or joint holders may in writing direct.
2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
3. No unclaimed dividends shall be forfeited by the Board and Company shall comply with the provisions of Sec 205(a) of the Companies Act, 1956 in respect of such dividends. Any one of two or more joint

holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.

Joint holders

114. Any one or two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.

Notice of declaration of dividend

115. Notice of any dividend that may have been declared shall be given to the person entitled to share there in the manner mentioned in the act.

SECTION X– STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by the Company) which are or may be deemed material have been entered or are to be entered into by the Company.

The contracts together with the documents referred to in para (B) below may be inspected at the registered office of the Company situated at 80, Greams Road, Opposite Greams Road Post Office, Chennai – 600 006 between 11.00 a.m. to 2.00 p.m. on any working day from the date of this Letter of Offer until the Issue Closing Date.

(A) MATERIAL CONTRACTS

1. Memorandum of Understanding dated October 10, 2011 entered into between the Issuer Company and Karn Merchant Bankers Limited, Lead Manager to the Rights Issue.
2. Memorandum of Understanding dated November 10, 2011 entered into between the Issuer Company and Cameo Corporate Services Ltd, Registrar to the Rights Issue.
3. Tripartite Agreement dated August 3, 2004 between the Company, National Securities Depository Limited (NSDL) and Cameo Corporate Services Limited.
4. Tripartite Agreement dated September 6, 2004 between the Company, Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited.
5. Escrow Agreement dated June 12, 2012 between the Company, the Lead Manager, the Registrar to the Issue, and Bankers to the Issue.

(B) DOCUMENTS FOR INSPECTION

6. Memorandum and Articles of Association of the Company;
7. Certificate of incorporation of the Company dated December 23, 1974 and subsequent fresh certificate of incorporation consequent on change of name dated September 25, 1975;
8. Contracts of appointment and every contract approving or fixing the remuneration of a Director/ Whole time Member/ Managing Director or Manager.
9. Copy of Resolution of the Board of Directors under section 81(1) of Companies Act passed in its meeting dated July 27, 2011 authorizing the Issue and related matters;
10. Copy of Shareholders' resolution passed at the AGM held on September 03, 2011 approving this Issue;
11. Consents of the Directors, Compliance Officer, Statutory Auditors, Bankers to the Company, Lead Managers to the Issue, Legal Advisor to the Issue, Bankers to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
12. Copy of Appraisal Report of Punjab National Bank, Project Appraisal and technical consultancy cell (PATC), for setting of new manufacturing unit with a manufacturing capacity of 54 TPD Liquid Air Separation Plant at a capacity of 31.70 TPD of Liquid Oxygen, 8.10 TPD of Gaseous Oxygen and 14.20 TPD of Liquid Nitrogen at SIPCOT Industrial Growth Centre, Perundurai, Erode District, Tamil Nadu.
13. Annual reports of the Company for the year ended March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011;
14. Copy of Auditors Report, for the year ended on March 31, 2012, of the Issuer Company by the Statutory Auditors, M/S Singhi & Company, Chartered Accountants, as set out herein dated May 30, 2012.

15. A statement of tax benefits dated March 31, 2012 received from M/S Singhi & Company, Chartered Accountants & Statutory Auditors of the Company regarding tax benefits available to the Company and its shareholders;
16. Certificate from the M/s. Singhi & Company, Chartered Accountants, dated June 22, 2012 regarding the sources and deployment of funds as on May 31, 2012.
17. Letter of Offer dated June 02, 1994 in respect of immediately preceding rights issue made by the Company;
18. Copy of the prospectus of the initial public offering made in September, 1985.
19. Certificate dated December 01, 2011 from the Company as regards compliance with conditions enumerated in Regulation 1 of Part E under Schedule VIII of SEBI Regulations;
20. Copy of the undertaking dated December 01, 2011 for the subscription to rights entitlement and unsubscribed portion, received from the Promoters.
21. Lease Agreement dated October 13, 2011 between the Company and State Industrial Promotion Corporation of Tamil Nadu Limited (SIPCOT).
22. Due Diligence Certificate dated December 02, 2011 to SEBI from the Lead Manager to the Issue.
23. In-principle listing approval(s) dated February 09, 2012 and December 12, 2011 from BSE and MSE respectively;
24. Observation letter no. SEBI/ SRO/ DIL/2012 dated April 14, 2012 received from SEBI.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956 and the rules made there under as applicable. All the legal requirements connected with this Issue as also the guidelines, instructions, etc., issued by SEBI, Government and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

Name	Designation	Signature
Mr. Gajanand Saraf	Chairman & Managing Director	
Mr. Rajesh Kumar Saraf	Joint Managing Director	
Mrs. Veena Devi Saraf	Non Executive Director	
Dr. Dev Mohan Mohunta	Non Executive Independent Director	
Mr. Perumal Siva	Non Executive Independent Director	
Mr. Anil Kumar Seth	Non Executive Independent Director	

Signed by Compliance Officer

Mr. K. Venkateswaran

Place: Chennai

Date: June 30, 2012

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK