NATIONAL OXYGEN LIMITED

SCHEDULE '12'

SCHEDULE TO BALANCE SHEET & PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010.

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.

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2 Revision of Financial Statements:
The Board of Directors, at its meeting held on 30th July 2010 have recommended a Dividend of 10% for the F.Y. 2009-10 which has been incorporated in these revised accounts together with the Dividend tax thereon . Except for this change, no other changes have been made to the Original Financial statements approved by the Board of Directors at its meeting held on 28th May 2010.

3 Contingent Liabilities not provided for :

i) Outstanding Bank Guarantees - Rs. 12366709/- (Previous Year – Rs.3462101/-).

ii) Demands raised by Central Excise, Customs ,Sales Tax & other Departments to the tune of Rs.19046901/- (Previous Year Rs.25337466/-) which are being contested by the company . Advance Paid Rs.272250/- (Previous Year Rs.7021972/-)

4 Particulars of Managerial Remuneration :

	2009-10	2008-09
	Rs.	Rs.
Salary	1680000	1470000
Contribution to Provident Fund	201600	176400
Rent (Net)	312000	333000
Staff Welfare Expenses	90588	58018
Insurance (Personal Accident Insurance)	2992	3640
Value of perquisites as per Income Tax Act.1961	85002	78524
	2372182	**2119582**

5 **RELATED PARTY DISCLOSURES :**

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

a) Key Management Personnel of the Company :-

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

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

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

c) Relatives of Key Management Personnel of the Company

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

d) Particulars of transactions during the year :

Nature of Transactions	Transactions with enterprises over which K.M.P exercise significant influence.		Transactions with Key Management Personnel & Realtives to Key Management Personnel	
	2009-10	**2008-09**	**2009-10**	**2008-09**
Interest paid				
Purchase of goods	62039	4548311	-	-
Sale of goods	2770432	1403062	-	-
Rental Charges	120000	120000	-	-
Transportation Charges	646831	462227	-	-
Purchase of Fixed Assets	-	-	-	-
Sale of Fixed Assets	-	450036	-	300000
Remuneration of Directors (See Note No.4)	-	-	2372182	2119582
Rent Paid	-	-	480000	480000
Closing Balances				
Unsecured Loans	-	-	-	-
Sundry Creditors	73317	11278	-	-
Loans & Advances	-	-	-	-
Investment	90000	90000	-	-
Sundry Debtors	256078	12508	-	-

6 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.

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

		2009-10 (Rs in Lacs)	2008-09 (Rs in Lacs)
(i)	**Net Employee Expense /(benefit)**		
	Current service cost	1.35	1.46
	Interest cost on benefit obligation	1.58	1.65
	Expected return on plan assets	-	-
	Net Actuarial (gain) /loss recognised in the year	2.33	(2.74)
	Total employer expense recognised in Profit and Loss Account	**5.26**	**0.37**
(ii)	**Actual return on plan assets**	-	-
(iii)	**Benefit Asset/(Liability)**		
	Defined benefit obligation	27.86	22.60
	Fair value of Plan Assets		-
	Benefit Asset/(Liability)	**(27.86)**	**(22.60)**
(iv)	**Movement in benefit liability**		
	Opening defined benefit obligation	22.60	23.60
	Interest cost	1.58	1.65
	Current service cost	1.35	1.46
	Benefits paid	(1.50)	(1.37)
	Actuarial (gains)/losses on obligation	3.83	(2.74)
	Closing benefit obligation	27.86	22.60
(v)	**Movement in fair value of plan assets**		
	Opening fair value of plan assets	-	-
	Expected Return on plan assets	-	-
	Contribution by employer	1.50	1.37
	Actuarial (gains)/losses on obligation	-	-
	Benefits paid	(1.50)	(1.37)
	Closing fair value of plan assets	-	-
(vi)	**The principal actuarial assumptions are as follows**		
	Discount rate	7.00%	7.00%
	Salary increase	4.00%	4.00%
(vii)	**Amount incurred as expense for defined contribution plans**		
	Contribution to Provident / Pension fund	8.40	7.78
(viii)	Major categories of plan assets as a percentage of the fair value of total plan asset	Nil	Nil

(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

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

7 Earnings per share :

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

(In Rupees)

Particulars	2009-10	2008-09
Profit / (Loss) after taxation	(1338373)	10166994
Weighted average number of shares outstanding during the year (Nos)	3116550	3116550
Basic & diluted Earnings per share	(0.43)	3.26
Nominal Value per share	10	10

8 Deferred Taxation

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

	2009-10 Rs.	2008-09 Rs.
Deferred tax Assets:		
i) Unabsorbed Losses	4422000	-
ii) Expenses allowable against taxable income in future years	1083000	904000
	5505000	**904000**
Deferred Tax Liability:		
i) Excess of Net block as per Accounts over the written down value as per the provisions of the Income Tax Act 1961	(44661000)	(39943000)
Net Deferred Tax Liability	**(39156000)**	**(39039000)**

9 Disclosure required by Accounting Standard (AS) 29 " Provisions, Contingent Liabilities and Contingent Assets"

	Income Tax (Rs. In Lacs)
Balance as at 1st April 2009	67.00
Additional Provisions created during the year	Nil
Provision used during the year	Nil
Provision reversed during the year	Nil
Balance as at 31st March 2010	67.00

10 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.