

BOARD OF DIRECTORS

Shri. G.N. SARAF

Chairman

Smt. VEENA DEVI

Director

Shri. RAJESH KUMAR SARAF

Managing Director

Shri. S. SHANMUGAVADIVEL

Independent Director

Dr. D.M. MOHUNTA

Independent Director

Shri. ANIL SETH

Independent Director

REGD. & ADMINISTRATIVE OFFICE

CIN No.L24111TN1974PLC006819
80, (Old No.141), Greams Road, Chennai – 600 006.
Phones:28290707 Fax: (044) 28290770
E-mail: contact@nolgroup.com
Website: www.nolgroup.com

FACTORIES

1. Trichy – Pudukkottai Road,
Mathur - 622515
2. Pondy – Villupuram Road,
Thiruvandar Koil, Puducherry-605102.
3. R.5, Sipcot industrial Growth Centre,
Perundurai-638052

REGISTRAR AND SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICE LIMITED
“Subramanian Buildings”, 1, Club House Road, Chennai-600 002. Phone: 28460390.
Mail : cameo@cameoindia.com

AUDITORS

M/s. SINGHI & CO.,
Chartered Accountants
Unit-II-D, 11th Floor,
EGA Trade Centre,
809, Poonamallee High Road,
Kilpauk, Chennai - 600 010.

BANKERS

Punjab National Bank
No.9, Nungambakkam High Road,
Nungambakkam,
Chennai-34

National Oxygen Limited
CIN:L24111TN1974PLC006819
NO.80 (OLD No.141), GREAMS ROAD, OPP. GREAMS ROAD POST OFFICE
CHENNAI-6

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 42nd Annual General Meeting of National Oxygen Limited will be held at 'North Madras AryaVysyaSangam' VasaviKalyanMahal, 43-A, Bharathiar Street, Vivekananda Nagar, Chennai-600118 on Monday, 28th August, 2017 at 10.00 a.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and the Auditors thereon,
2. To appoint a Director in the place of Mr. Rajesh Kumar Saraf (having DIN00007353) who retires from office by rotation and being eligible offers himself for reappointment.
3. To appoint of Auditors of the Company and to fix their remuneration
Explanation:- The Companies Act 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. Pursuant to section 139 of the Act and rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, M/s. Singhi & Co, Chartered Accountants (Firm registration number: 302049e) have served the company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 42nd AGM.

The Audit committee of the company has proposed and on May 20, 2017, The Board has recommended the appointment of Jitendra K. Agarwal & Associates, Chartered Accountants (Firm registration number: 318086E) as statutory auditors of the company. Jitendra K. Agarwal & Associates will hold office for a period of five consecutive years from the conclusion of the 42nd Annual General Meeting of the company till the conclusion of the 47th Annual General Meeting to be held in 2022. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements for the year.

Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as ordinary resolution

RESOLVED THAT pursuant to Sections 139,142 and other applicable provisions, if any, of the Companies Act 2013 and the rules made thereunder, as amended from time to time, pursuant to the proposal of the audit committee of the Board and recommendation of the Board M/s.Jitendra K. Agarwal & Associates. Chartered Accounts (Registration No.318086E) be and is hereby appointed as statutory auditors of the Company, to hold office for a period of five consecutive years commencing from the financial year 2017-18, on a remuneration that may be determined by the audit committee in consultation with the auditors and that such remuneration may be paid on a progressive billing basis.

SPECIAL BUSINESS

4. To consider the appointment of Mr.S.Shanmugavadivel, Independent Director

To consider and if thought fit to pass with or without modification, the following resolution as an ordinary resolution

RESOLVED THAT pursuant to the provisions of Sections 149,150 152 and any other applicable provisions of the companies act 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) thereof for the time being in force), Schedule IV to the companies Act 2013, Mr. S.Shanmugavadivel (Din:07732134), Additional Director of the company be and is hereby appointed as an independent Director of the Company, not liable to retire by rotation, to hold office for 5 consecutive years.

**By and on behalf of Board of Directors
For National Oxygen Limited**

**Sd/-
Rajesh Kumar Saraf
Managing Director**

Place: Chennai

Date : 28.07.2017

NOTES :

1. A member entitled to attend and vote at AGM is entitled to appoint a proxy to attend and vote in the meeting instead of himself/herself and the proxy need not be a member of the company. A person can act as a proxy on behalf of a maximum of 50 members and holding in aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy, provided that the person does not act as proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution to the company or upload it on the e-voting portal, authorizing their representative to attend and vote on their behalf at the meeting.
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
4. During the period beginning 24 hours before the time fixed for the commencement of the AGM and until the conclusion of the meeting, a member would be entitled to inspect the proxies lodged during the business hours of the company, provided that not less than three days of notice in writing is given to the company.
5. Members / proxies / authorized representatives should bring the duly filled attendance slip enclosed herewith to attend the meeting.
6. The register of Directors and Key Managerial Personnel and their shareholding, maintained under section 170 of the Companies Act, 2013 (the Act), and the Register of contracts or arrangements in which the directors are interested, maintained under section 189 of the Act, will be available for inspection by the members at the AGM.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd August, 2017 to Monday, 28th August, 2017 (both days inclusive) for the purpose of AGM.
8. Members are requested to notify immediately any change in their address to the Registrar and Share transfer Agent – M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002.
9. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents as mentioned above. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's unpaid dividend account, will, as per section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per section 124 of the Act and the applicable rules.

10. Details of Dividend declared from the financial year 2009-2010 onwards is as follows:

| Financial Year | Declared on | Rate of Dividend | Amount of Dividend per share |
|----------------|-------------|-----------------------|-------------------------------|
| 2009-2010 | 17.09.2010 | 10% | Re.1.00 |
| 2010-2011 | 03.11.2011 | 10% | Re.1.00 |
| 2011-2012 | 03.05.2012 | 10% | Re.1.00 (Interim Dividend) |
| 2012-2013 | 25.09.2013 | 10% | Re.1.00 |
| 2013-2014 | | Dividend not declared | |
| 2014-2015 | | Dividend not declared | |
| 2015-2016 | | Dividend not declared | |
| 2016-2017 | | Dividend not declared | |

Members who have not en-cashed their dividend warrants pertaining to the aforesaid years may approach the company or Registrar for obtaining payment thereof.

11. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively) has undertaken a Green Initiative in Corporate Governance and allowed Companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email addresses for the said purpose. Hence Members are requested to register their e-mail addresses with the Company by sending their details relating to name, folio no./DP Id/Client Id to the company's email id : grievancesredressal@nolgroup.com
12. Members who hold shares in physical form are requested to dematerialize their holdings to make the Company's shares traded in normal segment.
13. Information about Directors retired by rotation.

| | |
|--|------------------------|
| Name of the Director | Mr. Rajesh Kumar Saraf |
| Din | 00007353 |
| Age | 55 years |
| Date of appointment | 30.11.1992 |
| Experience | 25 years |
| No.of shares as on 31.03.2017 | 484362 |
| Directorship in other public companies | Nil |

| | |
|--|--|
| Chairman/Member of committees of company | 0 |
| Relationship with any other Director | S/o Mr. Gajanand Saraf&Ms.Veena Devi Saraf |
| Brief History | He was inducted to the Board initially on 30.11.1992. Thereafter he was elevated to the post of Joint Managing Director. As a JMD, he oversees the Key function of Manufacture , Marketing & Administration. He drives the continuous renewal of Key process systems and policies across the company in client relationship management, Sales effectiveness, delivery excellence, quality, talent management and leadership development. During the year 2016 he was elevated to the post of Managing Director. Since, he is a director retire by rotation and being eligible, he offers himself for reappointment. Further he will continue in the post of Managing Director. |

14. Electronic copy of the AGM Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the Company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy form is being sent in the permitted mode.

15. Voting through Electronic Means

In compliance with provisions of Section 108 of the Companies Act 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer E-Voting facility as an alternate, for its shareholders to enable them to cast their votes electronically at the 42nd Annual General Meeting (AGM) through e-voting service provided by Central Depository Services (India) Limited. E-Voting is optional. The procedure and instructions for the same are as follows:

The Company will provide the e-voting facility through CDSL. The e-voting procedures are set out below:

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 25.08.2017 at 9.00 a.m. and ends on 27.08.2017 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) 21.08.2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on the e-voting website www.evotingindia.com
- (iii) Click on " Shareholders " tab

- (iv) Now, select the “NATIONAL OXYGEN LIMITED” from the drop down menu and click on “SUBMIT”
- (v) Now enter your user ID
- For CDSL: 16 digits beneficiary ID
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the image verification as displayed and click on Login
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used

| | |
|---|--|
| (viii) If you are a first time user follow the steps given below: | |
| | For Members holding shares in Demat Form and Physical Form |
| PAN* | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v) |

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN for National Oxygen Limited
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Non-Individual Shareholders and Custodians
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Question (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com
16. Please note that by virtue of providing the e-voting facility by the company as per Rule 20 of Companies (Management and Administration) Rules, 2014 the following will be applicable:
- (i) The manner of voting for the members being present in the General Meeting will be on “proportion principle” ie one share – one vote unlike one person one vote principle, further, as per the provision of the Companies Act, 2013, demand for poll will not be relevant.
 - (ii) The option of voting by show of hands will not be available for members presenting the General Meeting in view of clear provision of section 107 of the Companies Act, 2013, ie voting by show of hands would not be allowable in cases where Rule 20 of Companies (Management and Administration) Rules, 2014 is applicable.

- (iii) Any member who has voted through e-voting facility provided by the company may also participate in the General Meeting in person, but such a member will not be able to exercise his vote again in the meeting, and the earlier vote casted through electronic means will be treated as final.
- (iv) The facility for voting through ballot form shall be made available to all the shareholders who could not exercise their vote through e-voting. The ballot paper in Form MGT-12 is being sent to all the members, along with this report. The voting rights of Members shall be in proportion their shares of the paid up equity share capital of the Company as on 21.08.2017.

A Member desiring to exercise vote by ballot paper should complete the Ballot Form attached with this report and sent it to : National Oxygen Limited, No.80,(Old No.141), Greams Road, Chennai-600006.

Please return the form duly completed through post or courier, so as to reach the company on or before the close of working hours of between 10.00 a.m and 5.00 p.m on 27.08.2017

The facility of voting through ballot form shall also be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through ballot form

- (v) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares on the cut-off date i.e. 21.08.2017 may obtain the login ID and password by sending an email to investor@cameoindia.com or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID. However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote
- (vi) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days after the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing , who shall countersign the same and declare the result of the voting forthwith.
- (vii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.nolgroup.com and website of CDSL <http://www.evotingindia.com> and also forward the same to the Bombay Stock Exchange Limited simultaneously, where the Company's shares are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM No.5

Mr. S. Shanmugavadivel, a Business Man, aged 56 years, was appointed as an additional director at the Board Meeting held on 10.02.2017. The company has received a notice along with the deposit of requisite amount from a member proposing Mr. S. Shanmugavadivel as a candidate for the office of a director of the company. Also Mr. S. Shanmugavadivel has given declaration under section 149(7) of the companies act, 2013 that he fulfills the conditions specified in section 149(6) of the companies act 2013 read with rules made thereunder for his appointment as an independent

director of the company and is independent of the management

The Board, based on the experience / expertise declared by Mr. S.Sanmugavadivel , is of the opinion that he has the requisite qualification to act as an independent director of the company. Accordingly, the board recommends the resolution for the appointment of Mr.S.Shanmugavadivel as the independent director of the company, for the approval by the shareholders of the company. A brief details of Mr. S.Shanmugavadivel is given below:

| | |
|---|-----------------------|
| Name of the Director | Mr. S.Shanmugavadivel |
| Din | 07732134 |
| Age | 56 years |
| Date of appointment as an additional Director | 10.02.2017 |
| Experience in business field | 25 years |
| No.of shares as on 31.03.2017 | Nil |
| Directorship in other public companies | Nil |
| Chairman/Member of committees of company | 2 |
| Relationship with any other Director | NO |

Mr. S.Shanmugavadivel does not hold by himself or for any other person on a beneficial basis, any shares in the company as per declaration given by her.

Mr.S.Shanmugavadivel holds membership in the Audit committee and Stakeholders Relationship committee of the company.

None of the Directors and Key Managerial Person of the company and their relatives is concerned or interested, financial or otherwise, in this resolution except Mr.S.Shanmugavadivel.

By and on behalf of Board of Directors

Place : Chennai
Date : 28.07.2017

Sd/-
Rajesh Kumar Saraf
Managing Director

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have pleasure in presenting 42nd ANNUAL REPORT of your Company together with the Audited Statement of Accounts and the Auditors' Report for the Financial Year ended 31st March, 2017. The summarized financial results for the Financial Year are as under:

FINANCIAL SUMMARY

| | 2016-2017 (Rs in lakh) | 2015-2016 (Rs in lakh) |
|---|-----------------------------------|-----------------------------------|
| Gross Profit /(Loss) | (125.04) | (293.60) |
| Depreciation | (378.81) | (394.35) |
| Profit / (Loss) before tax | (503.86) | (687.95) |
| Provision / Release of Deferred Tax | 0.00 | 119.47 |
| Net profit for the year | (503.86) | (568.48) |
| Balance brought forward from the earlier year | (1871.23) | (1302.75) |
| Total | (2375.09) | (1871.23) |

PERFORMANCE AND STATE OF COMPANY'S AFFAIRS OF THE COMPANY

During the year under review, the Company has incurred net loss Rs.5.04crore as against loss of Rs 5.68crore in the previous year. The total revenue of the Company has increased while comparing the previous year and hence the loss decreased .

BUSINESS OPERATIONS:

Industrial Gases

The order book position is comfortable since the Company was able to tie up long term contracts with the customers. The plant at Pondicherry and Perundurai is also performing at its rated capacity. Your Company is working at its market front since the supply of oxygen and nitrogen has increased compared to previous year.

Windmill

The power generation is normal and we expect the generation of power will improve in the coming months

DIVIDEND

Considering the current and accumulated losses of your Company, the Board of Directors is not recommending any dividend for the year 2016-2017.

TRANSFER OF PROFIT TO RESERVES

During the year your company has met net loss of Rs . 5.04crore/- . Hence the question of transfer of profit to reserve does not arise.

MATERIAL CHANGES AND COMMITMENTS OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31,2017) and the date of the Report and there is no significant and material orders passed by the regulators or courts or tribute impacting the going concern status and company's operations in future.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186:

Details of loans, guarantees and investments covered under the provision of section 186 of the companies act 2013 are given below:

| Particulars | Number | Amount |
|--|-------------------------------------|----------|
| Loan Given | NIL | NIL |
| Investment made- Unquoted Investments in Equity Instruments | | |
| i) Pondicherry Agro Foods Pvt Ltd | 9000 shares (Face value Rs.10/-) | 90000.00 |
| ii) TCP Limited | 470 shares (Face Value Rs.100/-) | 47000.00 |
| Investment in Govt.Securities | | |
| iv) National Savings Certificate | NIL | 5000.00 |
| v) Indira vikaspatra | NIL | 500.00 |
| Guarantee Given | Nil | Nil |

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Company doesn't have any subsidiaries, associates and joint venture companies

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

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under section 134 (3) (m) of the Companies Act 2013 are attached as Annexure -1:

DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL (KMPs)**Board Composition and Independent Directors**

The Board consists of the Executive Chairman, one Executive director and three Independent Directors.

Independent Directors are appointed for a term of five years and are not liable to retire by rotation.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the SEBI Listing Regulations.

Retirement by Rotation

Pursuant to Section 152 of the Companies Act, 2013 Mr.Rajesh Kumar Saraf who retire by rotation at the forthcoming AGM and is eligible for re-appointment.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are T.Sudakar Chief Financial Officer (Up to 30.06.2017) , P.M.Prasanth (up from 01.07.2017) and Mr.K.Venkateswaran, Company Secretary & Compliance Officer as on date of signing of this report.

DECLARATION OF INDEPENDENT DIRECTORS

As per the Companies Act 2013, your company had appointed three independent directors and they have declared that they meet the criteria of independence in terms of Section 149(6) of the Companies Act 2013 and that there is no change in their status of Independence.

POLICY OF DIRECTORS APPOINTMENT AND REMUNERATION

Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178 of the Act are covered under the Board's policy formulated by the Company.

INFORMATION U/s 197(12) OF THE COMPANIES ACT 2013

The information required under section 197 (12) of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached herewith as Annexure-2.

STATUTORY AUDITORS:

The Companies Act 2013 ('the Act') was notified effective April 1, 2014. Section 139 of the Act lays down the criteria for appointment and mandatory rotation of statutory auditors. Pursuant to section 139 of the Act and rules made thereunder, it is mandatory to rotate the statutory auditors on completion of two terms of five consecutive years. The rules also lay down the transitional period that can be served by the existing auditors depending on the number of consecutive years for which an audit firm has been functioning as auditor in the same company. The incumbent auditors, M/s.Singhi& Co, Chartered Accountants (Firm registration number:302049e) have served the

company for over 10 years before the Act was notified and will be completing the maximum number of transitional period (three years) at the ensuing 42nd AGM.

The Audit committee of the company has proposed and on May 20, 2017, The Board has recommended the appointment of JitendraK.Agarwal& Associates, Chartered Accountants (Firm registration number:318086e) as statutory auditors of the company for the approval of Members in the AGM.

Comment on Statutory Auditor Report

With reference to the remarks made by the Statutory Auditor regarding the erosion of net worth of the company, The Board is of the opinion that in view of the improved business sentiments of late and reduction of cash loss compared to the previous year, the company financials will be improved in future.

SECRETARIAL AUDITOR

Pursuant to the requirements of Section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rule 2014, the company has appointed, MrsLakshmmiSubramanain& Associates , Practicing Company Secretaries to conduct the secretarial audit for the financial year 2016-17,2017-18 and 2018-19.The Secretarial Audit report as received from the secretarial auditor is annexed to this report as Annexure-3

COMMENT ON SECRETARIAL AUDIRTOR REPORT

With reference to the remarks made by the secretarial auditor, Mrs. Lakshmmi Subramanian, Practicing Company Secretary, in her secretarial audit report, the company has taken the corrective measures during the current financial year.

INTERNAL CONTROL AND ITS ADEQUACY

The Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control. The internal auditors of the Company regularly conduct audit and submit his quarterly reports, which are reviewed by the Audit Committee. The Company has an adequate Internal Control system, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

RELATED PARTY TRANSACTIONS U/S 188 (1)

There were some transactions with Related Parties during the financial year 2016-17 which were not in conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note No.38 of the Notes to the financial statements. Details of the transactions are provided in Form AOC-2 which is attached as Annexure – 4

The Board had approved the Related Party Transactions which are not material as defined under clause 23 of the SEBI, LODR 2015

EXTRACT OF THE ANNUAL RETURN:

The details forming part of the extracts of Annual Return in form MGT-9 as provided under sub-section (3) of section 92 of the Companies Act is annexed herewith as Annexure-5 to this report.

RISK MANAGEMENT POLICY

Your Company has an established Enterprise Risk Management function that engages with all the business verticals for risk assessment , ensures that the risk mitigation plans are in place and validates the risk mitigation status regularly . Action plans are incorporated into the corporate plans of your company. The steering committee consisting of core Business vertical Heads oversees the Risk Management process including risk identification, impact assessment, effective implementation of the mitigation plans and risk reporting, The Committee, Chaired by the Managing Director, reviews on a quarterly basis the enterprise risks to the achievement of the business objectives. The steering Committee updates the Risk Management committee comprising of independent directors and non-executive director on the enterprise risks and the action taken thereon

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various interventions and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company aims at prevention of harassment of employees and lays down the guidelines for identification, reporting and prevention of undesired behavior. The Board of Directors are responsible for redressal of complaints related to sexual harassment During the year ended 31 March 2017, the Board did not receive any complaints pertaining to sexual harassment.

DEPOSIT FROM PUBLIC

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on date of the balance sheet.

CORPORATE GOVERNANCE REPORT

Since your company's paid up capital and Net worth is less than Rs.10 Crores and Rs.25 Corers respectively, the provisions of clause 27 of the SEBI LODR,2015 relating to Corporate Governance, vide SEBI circular dated CIR/CFD/POLICY CELL/7 is not applicable to the Company.

BOARD MEETINGS HELD DURING THE YEAR

The Board met four times during the financial year, and the intervening gap between the Meetings was within the period of 120 days as prescribed under the Companies Act, 2013.

ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and in terms of Regulation 17(10) of the SEBI Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Audit and the Nomination and Remuneration Committees.

PERFORMANCE EVALUATION OF BOARD, COMMITTEE AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Audit and Nomination & Remuneration Committees and the same was based on questionnaire and feedback from all the Directors on the Board as a whole, Committees and self-evaluation.

A structured questionnaire was prepared after taking into consideration of the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interests of the Company and its minority shareholders etc.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman of the Board and the Executive Directors was carried out by the Independent Directors.

CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors had adopted a Code of Conduct for the Board Members and employees of the company. This code helps the Company to maintain the standard of business ethics and ensure compliance with the legal requirements of the company

The code is aimed at preventing any wrongdoing and promoting ethical conduct at the Board and employees. The Compliance officer is responsible to ensure adherence to the Code by all concerned

The code lays down the standard of conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders

All the Board Members and the Senior Management personnel have confirmed compliance with the Code

WHISTLE BLOWER POLICY/VIGIL MECHANISM

Pursuant to section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules,2014 and clause 49 of the Listing Agreement, the Board of Directors

had approved the policy on vigil mechanism / whistle blower and the same was hosted on the website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year

BOARD COMMITTEES

The Board had constituted the following committees Viz Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company does not have profits more than Rs. 5 crores in the previous three consecutive financial years and current year also [31.03.2017] and therefore Constituting of a CSR Committee and its compliance in accordance with the provisions of Section 135 of the Act, does not arise.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS/ TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year, there were no such instances of significant and material orders passed by the regulators, courts or tribunals.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and Developments

Our company with its quality policy based on international quality of Standard of ISO 9001:2008 maintained its quality and that has helped to sustain in the competitive market inspite of severe recession affecting our customers. By its wide range of contacts and efficient management, the company could retain its customers and manages efficiently in both Gases and Windmill sectors

Opportunities and Threats

Our company project has resulted in high quality output which has resulted to tie up long term contracts with the customers. The plants at Pondichery and Perundurai are also performing at its rated capacity.

Increase in interest rate on Bank Credit Facilities and variable cost of inputs will affect the margin

Segment wise performance

The performance of the products manufactured by the company namely Industrial Gases are satisfactory and the only problem faced by the company is power interruption and power failure which are beyond control. The overall working and performance of the windmill is satisfactory.

Risks and Concerns:

Our main concern is, continuous competition from MNCs by reducing the price in the market due to which the company has to reduce the price to retain its share in the market. Regarding the windmill,

power generation is depends on the seasonal wind and accordingly power is generated as and when the wind is good.

Internal control system and their adequacy

The company maintains its adequate internal controls to have efficient operations. Also the company maintains all statutory rules, regulations, laws as applicable from time to time and protection of resources and assets.

Financial performance with respect to operational performance

Summary of statement of profit and loss account is given below

| Revenue | 31.03.2017 | 31.03.2016 |
|------------------------------------|-------------------|-------------------|
| Gross Revenue from Operation | 3934.93 | 3629.49 |
| Less: excise duty | 326.04 | 311.78 |
| Net Revenue from operation | 3608.89 | 3317.71 |
| Other income | 32.73 | 35.48 |
| Total revenue | 3641.62 | 3353.19 |
| Expenses | | |
| Cost of material consumed | 94.65 | 136.23 |
| Changes in inventory | 20.66 | (5.93) |
| Employees benefit expenses | 290.91 | 284.00 |
| Power and fuel | 2224.74 | 2144.44 |
| Finance cost | 646.26 | 609.91 |
| Depreciation and amortization | 378.81 | 394.35 |
| Other expenses | 489.46 | 478.14 |
| Total expenses | 4145.48 | 4041.14 |
| Profit / (Loss) before tax | (503.86) | (687.95) |

Revenue:

Your company net revenue improved by 8.78% due to increase of sales while comparing the previous year and other income has decreased by 7.73%

Expenses:

Cost of material consumed decreased by 30.53% due to production of some raw material within the factory.

Changes in inventories decreased by 448.65% due to efficient inventory management

Employees benefit expenses increased by 2.43% due to annual increment provided to employees. Power and fuel expenses increased by 3.74% due to consumption proportionate to production and cost increase.

Finance cost increased by 5.96% due to borrowing and increase of rate of interest.

Depreciation and Amortization cost decreased by 3.94% due to non- installation of any new machinery

Other expenses increased by 2.37% due to cost escalation of various consumptions.

Total expenses increased by 2.58% .which is reasonable while comparing the increase of production.

Material developments in human resources / Industrial relations front:

Being an ISO company, training on all sectors are given to its employees periodically and motivated to work inline with the development of the Industry. The willingness and commitment of the employees help the company to stand tall among its customer in quality and service. The company has the total employee strength of 116.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134 (5) of the Companies Act, 2013, the Board of Directors hereby confirm:-

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial Year and of the profit of the Company for that period;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the Annual Accounts on a going-concern basis;
- (v) That proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (vi) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the business constituents during the year under review.

PLACE : Chennai
DATE : 28.07.2017

By Order of the Board,
Sd/-
G.N.Saraf
Chairman

ANNEXURE-1

Details relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

(A) Conservation of energy

- (i) Introduction of efficient lighting system and special capacitor banks for improvement of power factor
- (ii) Improvements in operating efficiency and reduction of losses at workers level
- (iii) Technology for production of gases is being upgraded continuously. Also distribution technology for cryogenic liquid products is streamlined
- (iv) Capital investment on energy conservation equipment's: NIL

(B) Technology absorption

- (i) The efforts made towards technology absorption: NIL
- (II) Benefits derived
 - Production improvement : NIL
 - Cost Reduction: NIL
 - Product development or Import substitution : NIL
- (III) Imported Technology ; NIL
- (iv) Expenditure Incurred on Research and Development : NIL

(C) Foreign exchange earnings and outgo:

| | 2016-17 | 2015-16 |
|----------------------------------|----------------|----------------|
| Earnings in Foreign Exchange : | NIL | NIL |
| Expenditure in Foreign Exchange: | NIL | NIL |
| CIP Value of imports | 54,03,126/- | 16,53,473/- |

**On behalf of the Board
Sd/-**

Place : Chennai
Date: 28.07.2017

**G.N.Saraf
Chairman**

ANNEXURE- 2

The information under section 197 of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year

| Executive Directors | Ratio to Median Remuneration |
|---|------------------------------|
| Mr. Gajanand Saraf- Director | 16.66 |
| Mr. Rajesh Kumar Saraf- Managing Director | 16.66 |

- b) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

| | |
|---|-----|
| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | Nil |
|---|-----|

- c) The percentage increase in the median remuneration of employees in the financial year:

Nil

- d) The number of permanent employees on the rolls of the company:

115

- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial remuneration:

No major annual increase to employees and Managerial Personnel has been given to for the past two years

- f) Affirmation that the remuneration is as per the remuneration policy of the Company:

The company affirms the remuneration is as per the remuneration policy of the company

- g) None of the other employee is in receipt of remuneration exceeding 500000/- p.m or 6000000/- p.a as prescribed under sub rule 2 of the Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

Place : Chennai
Date : 28.07.2017

Sd/-
Gajanand Saraf
Chairman

ANNEXURE-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To the Members
National Oxygen Limited
No.80(Old No.141), Greams Road
Chennai -600 006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by National Oxygen Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by National Oxygen Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions as applicable to the Company during the period of audit:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations, 2015.
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
- (v) The Listing Agreement entered into by the Company with the Stock Exchanges where the Securities of the Company are listed and the uniform listing agreement with the said stock exchanges pursuant to the provisions of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015.

- (vi) Secretarial Standard with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (vii) In our opinion and as identified and informed by the Management of the Company the following laws as being specifically applicable to the Company
 1. Explosives Act, 1884
 2. Explosives Rules, 2008
 3. Gas Cylinder Rules, 2004
 4. Static & Mobile pressure vessels (unfired) Rules 1981
 5. Drugs & Cosmetics Acts & Rules
 6. The Legal Metrology Act, 2009

It is reported that during the period under review, the Company had complied with the provisions of the Act, Rules, Regulations and Guidelines as mentioned (i) to (vi) above and point no.(vii) reported under separately.

We further report that there were no actions / events in pursuance of

- (a) The Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014 and Employees Stock Option Scheme, 2007 approved under the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (d) Foreign Exchange Management Act, 1999 and the rules and regulations.
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; requiring compliance thereof by the Company during the Financial Year under review

We further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, in our opinion, the Company has adequate systems and control mechanism in the company to monitor and ensure compliance with applicable laws as given under (vii) above, other general laws including Industrial Laws, Human Resources and Labour Laws and Environmental Laws and in certain areas the process is being strengthened.

We further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

We further report that:

The Board of Directors of the Company is generally well constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the period under review, one independent director had resigned and one new independent director had been appointed in the place of the resigned director.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were delivered and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that during the audit period, no events have occurred during the year, which have a major bearing on the Company's affairs except:

1. Company paid up capital is eroded by loss as reported by the Auditor
2. Action initiated for transferring of shares relating to unclaimed dividend for more than seven consecutive years to IEPF authority.

For LAKSHMMI SUBRAMANIAN & ASSOCIATES

Sd/-

Lakshmmi Subramanian

Senior Partner

FCS No. 3534- C.P.No.1087

Place : Chennai.

Date:28.07.2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and form forms an integral part of this report.

ANNEXURE-A

To the Members

NATIONAL OXYGEN LIMITED

No.80(Old No.141), Greams Road

Chennai -600 006

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc..
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For LAKSHMMI SUBRAMANIAN & ASSOCIATES

Sd/-

Lakshmmi Subramanian

Senior Partner

FCS No. 3534

C.P.NO. 1087

Place: Chennai

Date: 28.07.2017

Annexure - 4
Details of Related Party Transactions
Form No. AOC-2

(Pursuant to clause (h) of Sub-section(3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
 - a) Name(s) of the related party and nature of relationship: NIL
 - b) Nature of contracts / arrangements / transactions : NIL
 - c) Duration of the contracts / arrangements / transactions: NIL
 - d) Salient terms of the contracts or arrangements or transactions including the value: NIL
 - e) Justification for entering into such contracts or arrangements or transactions : NIL
 - f) Date(s) of approval by the Board ; NIL
 - g) Amount paid as advances, if any: NIL
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : NIL
2. Details of material contracts or arrangements or transactions at arm's length basis:
 - a) Names of the related party and nature of relationship:
 - i. Pondicherry Agro Foods Pvt.Ltd.
 - ii. Saraf Housing Development Pvt.Ltd
 - iii. ECA Gases Private Limited (ECA)
 - iv. Approach Marketing Pvt.Ltd (AMP)
 - v. G.N.Saraf, Director
 - vi. Rajesh Kumar Saraf, Managing Director
 - vii. Veena Devi Saraf, Director
 - viii. Relative of Key Management Personnel of the Company
 - b) Nature of transaction
 - i) Purchase of Goods from –ECA Gases Private Limited
 - ii) Interest paid to- Approach Marketing Pvt.Ltd and Saraf Housing Development Private Limited
 - iii) Rent paid to directors residence
 - c) Duration of transaction : One year Transaction
 - d) Salient terms of the transaction including the value, if any:
 - i) Purchase of goods from ECA Gases Pvt.Ltd at market value for Rs. 1143975/-
 - ii) Interest paid to Saraf Housing Development Private Limited Rs. 6895557/-
 - iii) Interest paid to Approach Marketing Private Limited Rs. 8890838/-
 - iv) Unsecured Loan from Saraf Housing Development Pvt Ltd. Rs. 76769167/-
 - v) Unsecured Loan from Approach Marketing Pvt Ltd. Rs.101042599/-
 - vi) Trade Payable to ECA Gases Private Limited Nil
 - vii) Rent paid director residence Rs. 100000/-.
 - e) Date of approval by the Board, if any:
 - f) Amount paid as advance, if any : NIL

Place : Chennai
 Date: 28.07.2017

On behalf of the Board of Directors
 Sd/-
G.N.Saraf
Chairman

ANNEXURE – 5
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|---|--|
| CIN | L24111TN1974PLC006819 |
| Registration Date | 23.12.1974 |
| Name of the Company | National Oxygen Limited |
| Category / Sub-Category of the Company | Public |
| Address of the Registered office and contact details | No.80 (Old No.141) Greams Road, Opp. Greams Road Post Office, Chennai, Tamilnadu-600006 |
| Whether listed company Yes / No | Yes |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Cameo Corporate Services Limited "Subramanian Building " 1, Club House Road, Chennai-600 002 Ph:- 044-28460390- 6 Lines Fax:- 044- 28460129 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|--|----------------------------------|------------------------------------|
| 1 | Industrial Gases (Oxygen and Nitrogen | 2011 | 99.10 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No | Name and Address of the company | CIN/GLN | Holding/Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---------------------------------|---------|-------------------------------|------------------|--------------------|
| 1 | 0 | 0 | 0 | 0 | 0 |
| 2 | 0 | 0 | 0 | 0 | 0 |

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|--------|---------|-------|---|--------|---------|-------|--------------------------|
| | | | | | | | | | |
| f) Insurance Companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| g) FIs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| h) Foreign Venture | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Funds | | | | | | | | | |
| i) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 00 | 0 | 0 |
| Sub-total (B)(1):- | 0 | 0 | 0 | 0 | 0 | 0 | 00 | 0 | 0 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 137080 | 2000 | 139080 | 2.90 | 113726 | 2000 | 115726 | 2.41 | -0.48 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital up to Rs 1 lakh | 548244 | 346385 | 894629 | 18.63 | 527464 | 343485 | 870949 | 18.14 | -0.49 |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 919223 | 15320 | 934543 | 19.46 | 966474 | 15320 | 981794 | 20.44 | 0.98 |
| c) Others (specify) | | | | | | | | | |
| (C-i) Clearing member | 940 | 0 | 940 | 0.02 | 213 | 0 | 213 | 0.01 | -0.01 |
| (C-ii) Trust | | | | | | | | | |
| (C-iii) Foreign Nationals | | | | | | | | | |
| (C-iv) HUF | 16172 | 1965 | 18137 | 0.38 | 16467 | 1965 | 18342 | 0.38 | 0.00 |
| (C-v) Non-Resident Indians | 7001 | 0 | 7001 | 0.15 | 7216 | 0 | 7206 | 0.15 | 0.01 |
| Others | 0 | 1710 | 1710 | 0.03 | 0 | 1710 | 1710 | 0.03 | 0 |
| Sub-total (B)(2):- | 1628660 | 367380 | 1996040 | 41.57 | 1631560 | 364480 | 1996040 | 41.57 | 0 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1628660 | 367380 | 1996040 | 41.57 | 1631560 | 364480 | 1996040 | 41.57 | -0.006 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 4434591 | 367680 | 4802271 | 100 | 4437491 | 364780 | 4802271 | 100 | 0 |

ii) Share Holding of Promoters

| SL. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share-holding during the year |
|--------|---------------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|--|---|
| | | No of Shares | % of total Shares of the company | % of Shares Pledged /encumbered to total Shares | No of Shares | % of total shares of the company | % of Shares Pledged /encumbered to total | |
| 1 | Rajesh Kumar Saraf | 484062 | 10.08 | 0 | 484062 | 10.08 | 0 | 0 |
| 2 | Gajanand Saraf | 365227 | 7.60 | 0 | 365227 | 7.60 | 0 | 0 |
| 3 | Veena Devi Saraf | 361871 | 7.53 | 0 | 361871 | 7.53 | 0 | 0 |
| 4 | Sarita Saraf | 286198 | 5.96 | 0 | 286198 | 5.96 | 0 | 0 |
| 5 | Saraf Housing Development Pvt Limited | 252885 | 5.26 | 0 | 252885 | 5.26 | 0 | 0 |
| 6 | Gajanand Saraf-HUF | 229555 | 4.78 | 0 | 229555 | 4.78 | 0 | 0 |
| 7 | Gajanand Saraf-HUF | 199326 | 4.15 | 0 | 199326 | 4.15 | 0 | 0 |
| 8 | East Coast Acetylene Pvt.Ltd | 184346 | 3.84 | 0 | 184346 | 3.84 | 0 | 0 |
| 9 | Pondichery Agro Foods Pvt. Ltd. | 161825 | 3.37 | 0 | 161825 | 3.37 | 0 | 0 |
| 10 | Rajesh Kumar Saraf-HUF | 134338 | 2.79 | 0 | 134338 | 2.79 | 0 | 0 |
| 11 | Mamta Gupta | 62784 | 1.30 | 0 | 62784 | 1.30 | 0 | 0 |
| 12 | Banitha Agarwal | 33600 | 0.70 | 0 | 33600 | 0.70 | 0 | 0 |
| 13 | Saritha Devi Gupta | 28014 | 0.58 | 0 | 28014 | 0.58 | 0 | 0 |
| 14 | Savita Kainya | 21000 | 0.44 | 0 | 21000 | 0.44 | 0 | 0 |
| 15 | Arun Kumar Kainya Jt.1 Savita Kainya | 900 | 0.02 | 0 | 900 | 0.02 | 0 | 0 |
| 16 | Rajesh Kumar Saraf | 300 | 0.00 | 0 | 300 | 0.00 | 0. | 0 |
| | Total | 2806231 | 58.43 | 0 | 2806231 | 58.43 | 0 | 0 |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

No Change during the financial year 2016-17

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 1 | F I Dadabhoy-JT1-P F Dadabhoy At the beginning of the year 01.04.16 At the end of the year-31.03.2017 | 158100 158100 | 3.2921 3.2921 | 158100 158100 | 3.2921 3.2921 |
| 2 | Manoharlal S At the Beginning of the year- 01.04.2016 At the end of the year-31.03.2017 | 177189 177189 | 3.6896 3.6896 | 177189 177189 | 3.6896 3.6896 |
| 3 | Saffiya Banu At the beginning of the year 01.04.2016 At the end of the year-31.03.2017 | 95652 95652 | 1.9918 1.9918 | 95652 95652 | 1.9918 1.9918 |
| 4 | Sicgil India Limited At the beginning of the year 01.04.2016 At the end of the year- 31.03.2017 | 93000 93000 | 1.9365 1.9365 | 93000 93000 | 1.9915 1.9915 |
| 5 | Thakur Prasad At the beginning of the year 01.04.2016 At the end of the year- 31.03.2017 | 92665 92665 | 1.9296 1.9296 | 92665 92665 | 1.9296 1.9296 |
| 6 | S S Sundaram At the beginning of the year 01.04.2016 At the end of the year- 31.03.2017 | 78276 78276 | 1.6299 1.6299 | 78276 78276 | 1.6299 1.6299 |

| Sl. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 7 | S. Dakshayani | | | | |
| | At the beginning of the year 01.04.2016 | 82936 | 1.7270 | 82936 | 1.7270 |
| | At the end of the year- 31.03.2017 | 82936 | 1.7270 | 82936 | 1.7270 |
| 8 | Abdul Rasheed | | | | |
| | At the beginning of the year 01.04.2016 | 64596 | 1.3451 | 64596 | 1.3451 |
| | At the end of the year- 31.03.2017 | 64596 | 1.3451 | 64596 | 1.3451 |
| 9 | R F Dadabhoy Jt.1-F L Dadabhoy | | | | |
| | At the beginning of the year 01.04.2016 | 54000 | 1.1244 | 54000 | 1.1244 |
| | At the end of the year-31.03.2017 | 54000 | 1.1244 | 54000 | 1.1244 |
| 10 | N F Dadabhoy Jt. F L Dadabhoy | | | | |
| | At the beginning of the year 01.04.2016 | 54000 | 1.1244 | 54000 | 1.1244 |
| | At the end of the year- 31.03.2017 | 54000 | 1.1244 | 54000 | 1.1244 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of total shares of the company | No of Shares | % of total shares of the company |
| 1. | Gajanand Saraf | | | | |
| | At the beginning of the year-01.04.16 | 365227 | 7.60 | 365227 | 7.60 |
| | At the end of the year-31.03.2017 | 365227 | 7.60 | 365227 | 7.60 |
| | Gajanand Saraf – HUF | | | | |
| | At the beginning of the year-01.04.16 | 229555 | 4.78 | 229555 | 4.78 |
| | At the end of the year-31.03.2017 | 229555 | 4.78 | 229555 | 4.78 |
| 2. | Gajanand Saraf – HUF | | | | |
| | At the beginning of the year-01.04.16 | 199326 | 4.15 | 199326 | 4.15 |
| | At the end of the Year-31.03.2017 | 199326 | 4.15 | 199326 | 4.15 |
| | Rajesh Kumar Saraf | | | | |
| | At the beginning of the year-01.04.16 | 484062 | 10.07 | 484062 | 10.07 |
| | At the end of they year-31.03.2017 | 484062 | 10.07 | 484062 | 10.07 |
| 3. | Rajesh Kumar Saraf-HUF | | | | |
| | At the beginning of the year-01.04.16 | 134338 | 2.79 | 134338 | 2.79 |
| | At the end of the year-31.03.2017 | 134338 | 2.79 | 134338 | 2.79 |
| | Rajesh Kumar Saraf | | | | |
| | At the beginning of the year-01.04.16 | 300 | 0.006 | 300 | 0.006 |
| | At the end of the year-31.03.2017 | 300 | 0.006 | 300 | 0.006 |
| 4. | Veena Devi Saraf | | | | |
| | At the beginning of the year-01.04.16 | 361871 | 7.53 | 361871 | 7.53 |
| 5. | At the end of the year-31.03.2017 | 361871 | 7.53 | 361871 | 7.53 |
| | P.Siva (up 10.02.2017) | 960 | 0.02 | 960 | 0.02 |
| 6. | Anil Kumar Seth | 0 | 0 | 0 | 0 |
| 7. | Devmohan Mohunta | 0 | 0 | 0 | 0 |
| 8. | S. Shanmugavadivel (From 10.07.2017) | 0 | 0 | 0 | 0 |

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|---|----------------------------|-----------------|-------------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal Amount | 347032539 | 136957433 | 0 | 483989972 |
| ii. Interest due but not paid | | | | |
| iii. Interest accrued but not due | | | | |
| Total (i+ii+iii) | 347032539 | 136957433 | 0 | 483989972 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | 50854333 | 0 | 50854333 |
| Reduction | 44752820 | | | 44752820 |
| Net Change | 44752820 | 50854333 | 0 | 6101513 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 302279719 | 187811766 | 0 | 490091485 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 302279719 | 187811766 | 0 | 490091485 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

| SI.No | Particulars of Remuneration | Name of MD/WTD/ Manager | Total Amount |
|--|--|--|---|
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | Mr.Gajanand Saraf - MD Mr. Rajesh Kumar Saraf- JMD Provident Fund Contribution Mr. Gajanand Saraf- MD Mr. Rajesh Kumar Saraf-JMD Other perquisites Mr.Gajanand Saraf – MD Mr. Rajesh Kumar Saraf- JMD | 12,50,000 30,00,000 1,800 21,600 49,000 1,66,802 |
| 2 | Stock Option | | Nil |
| 3 | Sweat Equity | | Nil |
| 4 | Commission as % of profit - others, specify... | | Nil |
| 5 | Others, please specify | | Nil |
| | Total (A) | | 44,89,202 |
| | Ceiling as per the Act | | |
| B. Remuneration to other directors: | | | |
| SI.No | Particulars of Remuneration | Name of Directors | Total Amount |
| 1 | 3. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify | Sitting fees P.Siva Anil Kumar Seth Devmohan Mohunta | 11500 7000 7000 |
| | Total (1) | | 25500 |
| | 4. Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify | Sitting fees Smt. Veena Deve Saraf | 8500 |
| | Total (2) | | 8500 |
| | Total (B)=(1+2) | | 34000 |
| | Total Managerial Remuneration | | 4523202 |
| | Overall Ceiling as per the Act | | |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| SI.No | Particulars of Remuneration | Key Managerial Personnel | | | |
|-------|--|--------------------------|-------------------|--------|--------|
| | | CEO | Company Secretary | CFO | Total |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | 25000 | 769992 | 794992 |
| | | | Nil | Nil | Nil |
| | | | Nil | Nil | Nil |
| 2 | Stock Option | | Nil | Nil | Nil |
| 3 | Sweat Equity | | Nil | Nil | Nil |
| 4 | Commission - as % of profit - others, specify... | | Nil | Nil | Nil |
| 5 | Others, please specify | | Nil | Nil | Nil |
| | Total (A) | | 25000 | 769992 | 794992 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| B. DIRECTORS | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | Nil | Nil | Nil | Nil | Nil |
| Punishment | Nil | Nil | Nil | Nil | Nil |
| Compounding | Nil | Nil | Nil | Nil | Nil |

PLACE : Chennai
DATE : 28.07.2017

Sd/-
G.N.Saraf
Chairman

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NATIONAL OXYGEN LIMITED**

1. Report on the Standalone Financial Statements :

We have audited the accompanying standalone financial statements of **NATIONAL OXYGEN LIMITED** as at 31st March 2017, which comprise the Balance Sheet as at 31st March 2017 and the Statement of Profit and Loss, the Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility :

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2017, and its Loss and its cash flows for the year ended on that date.

5. Emphasis of Matter :

We draw attention to Note No. 33 of the financial statements regarding the company's net worth being fully eroded during the year. However, in view of the reasons explained therein, the financial statements have continued to be drawn up on a going concern assumption. Our opinion is not qualified in respect of the same.

6. Report on Other Legal and Regulatory Requirements :

As required by the Companies (Auditor's Report) Order ,2016 ('the Order '),issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Further, as required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" .
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 33 A to the financial statements;
 - ii) There is no material foreseeable losses which the company needs to provide, as required under the applicable law or accounting standards, on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv) the requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 has been made by the company. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note No.40.

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

Sd/-
(SUDESH CHORARIA)
Partner

Place: Chennai
Date : 30th May 2017.

Membership No. 204936

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our Report of even date on the financial statements of NATIONAL OXYGEN LIMITED
as at and for the year ended 31st March 2017)

- i) a) The Company has maintained proper records showing 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) According to the information and explanations given by the management, the title deeds of immovable properties included in Fixed Assets are held in the name of the company.
- ii) The management has conducted Physical verification of Inventories, wherever possible, at all its locations at reasonable intervals during the year and 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) As per the information and 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 189 of the Companies Act, 2013 and hence the requirements of sub clauses (a) and (b) of clause (iii) of the Order are not applicable.
- iv) As per the information and explanations provided to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security provided by the company.;
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits to which the directives of the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply;
- vi) The Company has made and maintained proper Cost records pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of the products manufactured by it, but no detailed examination of such records have been carried out by us.

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT (Contd..)

- vii) a) The company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax, cess and other material statutory dues with the appropriate authorities. Further, 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 2017 in respect of the above statutory dues for a period of more than six months from the date they became payable;
- b) According to the records of the company, the dues outstanding (net of Advances) in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value added tax, or Cess on account of any dispute as on 31st March 2017, are as follows :

| Name of the Statute | Nature of Dues | Amount Rs in Lacs | 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 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 |
| 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 | 6.69 | 2004-05 & 2005-06 | CESTAT, Southern Bench |
| Customs Act, 1961 | Differential Customs Duty on Import of Second hand Plant (including Interest & Penalty) | 88.23 | 1994-95 | CESTAT, Southern Bench |
| Service Tax | Service Tax on GTA claimed by the Deptt. which is contested by the company | 3.86 | Apr'2012 to Mar'2013 | Asst Commissioner, Puducherry |

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

- viii) 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 or banks or debenture holders, though there have been delays in repayment in certain cases.
- ix) According to the information and explanations given to us by the management, the term loans availed by the company have been applied for the purpose for which they were raised. Further, no money was raised by the company during the year by way of Initial public offer or further public offer;
- x) Based upon 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;
- xi) According to the information and explanations given to us by the management, the managerial remuneration has been paid / provided by the company in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013;
- xii) The company is not a Nidhi company, hence clause 3 (xii) of the Order is not applicable to the company;
- xiii) According to the information and explanations provided to us and as confirmed by the management, the transactions entered into with the related parties are in compliance with section 177 and 188 of Companies Act, 2013, where applicable, and the details have been disclosed in the Financial Statements in accordance with the applicable accounting standards;
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- xv) According to the information and explanations provided to us and as confirmed by the management, the company has not entered into any non-cash transactions with directors or persons connected with him during the year under review;
- xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934;

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

Sd/-
(SUDESH CHORARIA)
Partner
Membership No. 204936

Place: Chennai
Date : 30th May 2017.

“ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in our Report of even date on the financial statements of NATIONAL OXYGEN LIMITED as at and for the year ended 31st March 2017)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **NATIONAL OXYGEN LIMITED** (“the Company”) as of 31st March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Chennai
Date : 30th May 2017.

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

Sd/-
(SUDESH CHORARIA)
Partner
Membership No. 204936

BALANCE SHEET AS AT 31ST MARCH 2017

| | Note No. | As at 31-03-2017 Rs. | As at 31-03-2016 Rs. |
|---|----------|----------------------------|----------------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Shareholders' Funds | | | |
| Share Capital | '2' | 48,022,710 | 48,022,710 |
| Reserves and Surplus | '3' | (93,882,834) | (43,497,145) |
| | | (45,860,124) | 4,525,565 |
| Non-Current Liabilities | | | |
| Long-term Borrowings | '4' | 378,889,809 | 373,691,524 |
| Deferred Tax Liabilities (Net) | '5' | - | - |
| Other Long-term Liabilities | '6' | 9,835,226 | 10,676,220 |
| Long-term Provisions | '7' | 3,756,044 | 3,385,076 |
| | | 392,481,079 | 387,752,820 |
| Current Liabilities | | | |
| Short-term Borrowings | '8' | 55,842,378 | 59,163,448 |
| Trade Payables | '9' | | |
| - Total outstanding dues of micro and small enterprises | | - | - |
| - Total outstanding dues of creditors other than to micro and small enterprises | | 37,634,180 | 36,916,763 |
| Other Current Liabilities | '10' | 71,085,246 | 68,724,849 |
| Short-term Provisions | '11' | 390,822 | 1,370,397 |
| | | 164,952,626 | 166,175,457 |
| | | 511,573,581 | 558,453,842 |
| <u>ASSETS</u> | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 12' | 410,818,685 | 448,731,624 |
| Intangible Assets | '13' | 1,810 | 23,518 |
| Capital Work-in-Progress | '14' | 264,660 | - |
| Non-Current Investments | '15' | 142,500 | 1,622,904 |
| Long-term Loans and Advances | '16' | 20,155,490 | 23,289,126 |
| | | 431,383,145 | 473,667,172 |
| Current Assets | | | |
| Inventories | 17' | 2,975,545 | 6,552,116 |
| Trade Receivables | '18' | 52,899,564 | 60,439,790 |
| Cash and Bank Balances | '19' | 5,278,601 | 7,969,448 |
| Short-term Loans and Advances | '20' | 17,459,909 | 6,972,454 |
| Other Current Assets | '21' | 1,576,817 | 2,852,862 |
| | | 80,190,436 | 84,786,670 |
| | | 511,573,581 | 558,453,842 |
| Significant Accounting Policies | '1' | | |

The accompanying notes are an integral part of the financial statements

As per our report annexed.,
For SINGHI & CO.,
Chartered Accountants
Firm Regn. No. 302049E
(SUDESH CHORARIA)
Partner
Membership No. 204936

For and on behalf of the Board
for NATIONAL OXYGEN LTD
Sd/-
G.N. SARAF
Chairman

Sd/-
RAJESH KUMAR SARAF
Managing Director

Place : Chennai
Date : 30th May 2017

Statement of Profit and Loss for the year ended 31st March, 2017

| | Note No. | For the year ended 31-03-2017 Rs. | For the year ended 31-03-2016 Rs. |
|---|----------|---|---|
| REVENUES | | | |
| Gross Revenue from Operations | 22' | 393,493,146 | 362,949,030 |
| Less: Excise Duty | | 32,604,329 | 31,178,225 |
| Net Revenue from Operations | | 360,888,817 | 331,770,805 |
| Other Income | 23' | 3,273,376 | 3,547,769 |
| Total Revenues | | 364,162,193 | 335,318,573 |
| EXPENSES | | | |
| Purchases of Stock-in-Trade | | - | - |
| Cost of Materials Consumed | 24' | 9,464,565 | 13,622,995 |
| Changes in Inventories | '25' | 2,066,197 | (592,636) |
| Employee Benefits Expenses | '26' | 29,090,604 | 28,399,557 |
| Power and Fuel | '27' | 222,473,870 | 214,443,668 |
| Finance Costs | '28' | 64,625,834 | 60,990,821 |
| Depreciation and Amortization | '29' | 37,881,303 | 39,435,160 |
| Other Expenses | '30' | 48,945,510 | 47,813,738 |
| Total Expenses | | 414,547,882 | 404,113,303 |
| Profit/ (Loss) before Tax | | (50,385,689) | (68,794,729) |
| Tax Expenses: | 31' | | |
| Current Tax (Including for earlier years) | | - | - |
| Deferred Tax | | - | (11,947,000) |
| Profit/ (Loss) for the year | | (50,385,689) | (56,847,729) |
| Earnings per Equity Share: | | | |
| Basic (') | | (10.49) | (11.84) |
| Diluted (') | | (10.49) | (11.84) |

The accompanying notes are an integral part of the financial statements

As per our report annexed.,
For SINGHI & CO.,
Chartered Accountants
Firm Regn. No. 302049E
(SUDESH CHORARIA)
Partner
Membership No. 204936

Place : Chennai
Date : 30th May 2017

For and on behalf of the Board
for NATIONAL OXYGEN LTD

Sd/-
G.N. SARAF
Chairman

Sd/-
RAJESH KUMAR SARAF
Managing Director

NOTES TO THE FINANCIAL STATEMENTS

Corporate information:

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 Section 133 of the Companies Act, 2013 and the relevant provisions thereof 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.

All Assets and Liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria specified in Schedule III to the Companies Act, 2013. The company has presently determined 12 months as the normal Operating cycle for the purpose of classification of current and non current Assets and Liabilities.

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) The company computes depreciation with reference to the useful life / revised remaining useful life of the assets as specified by and in the manner prescribed in Schedule II of the Companies Act 2013 under Straight Line Method. On Additions / sales the depreciation is prorated to the month of Addition / Sale.
- 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)

| As at | | |
|---|-------------------|-------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| Authorized: 50,00,000' (Previous year '50,00,000') Equity Shares of Rs.10/- each. | 50,000,000 | 50,000,000 |
| Issued: 48,02,271' (Previous year '48,02,271') Equity Shares of Rs.10/- each - (a) | 48,022,710 | 48,022,710 |
| Subscribed : 48,02,271' (Previous year '48,02,271') Equity Shares of Rs.10/- each fully paid-up | 48,022,710 | 48,022,710 |
| Paid-up: 48,02,271' (Previous year '48,02,271') Equity Shares of Rs.10/- each fully paid-up | 48,022,710 | 48,022,710 |
| | 48,022,710 | 48,022,710 |

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

| | 2016-17 | | 2015-16 | |
|--|------------------|-------------------|------------------|-------------------|
| | Nos. | Rs. | Nos. | Rs. |
| Equity Shares outstanding at the beginning of the year | 4,802,271 | 48,022,710 | 4,802,271 | 48,022,710 |
| Add: Shares allotted during the year | - | - | - | - |
| Less: Equity Shares bought back/ redeemed during the year | - | - | - | - |
| Equity Shares outstanding at the end of the year | 4,802,271 | 48,022,710 | 4,802,271 | 48,022,710 |

C. The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of directors is subject to the approval of the share holders in the ensuing Annual General Meeting.

D. The Board of Directors of the Company have not recommended any dividend for the year ended 31st March, 2017 and for the corresponding previous year.

Notes to the Financial Statements (Contd..)

E. Details of shareholders holding more than 5 percent shares of the Company as on reporting date are given below:

| Name of shareholder | As at 31-03-2017 | | As at 31-03-2016 | |
|--------------------------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Numbers of Shares held | Percentage of Holding | Numbers of Shares held | Percentage of Holding |
| 1 Rajesh Kumar Saraf | 618,700 | 12.88% | 618,400 | 12.88% |
| 2 Gajanand Saraf | 794,108 | 16.54% | 794,108 | 16.54% |
| 3 Sarita Saraf | 286,198 | 5.96% | 286,198 | 5.96% |
| 4 Veena Devi Saraf | 361,871 | 7.54% | 361,871 | 7.54% |
| 5 Saraf Housing Development Pvt.Ltd. | 252,885 | 5.27% | 252,885 | 5.27% |
| Total | 2,313,762 | 48.19% | 2,313,462 | 48.19% |

| | As at | |
|--|----------------------------|--------------------------|
| | 31-03-2017 | 31-03-2016 |
| 3. Reserves and Surplus: | Rs. | Rs. |
| i) Capital Reserve | 4,000,000 | 4,000,000 |
| ii) Securities Premium Account : | | |
| Balance at the beginning of the year | 77,838,890 | 77,838,890 |
| Add: Received during the year | - | - |
| | <u>77,838,890</u> | <u>77,838,890</u> |
| iii) General Reserve | | |
| Opening Balance | 61,786,924 | 61,786,924 |
| Add: Created during the year | - | - |
| | <u>61,786,924</u> | <u>61,786,924</u> |
| Less: Transitional adjustment of Depreciation on First time implementation of Schedule -II of Companies Act 2013 | - | - |
| | <u>61,786,924</u> | <u>61,786,924</u> |
| | <u>143,625,814</u> | <u>143,625,814</u> |
| iv) Surplus i.e. balance in Statement of Profit and Loss-(b) | (237,508,648) | (187,122,959) |
| | <u>(93,882,834)</u> | <u>43,497,145</u> |

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

| | As at 31-03-2015 | | | As at 31-03-2016 | | | As at 31-03-2017 | | |
|----------------------------|--------------------|-----------|------------|--------------------|-----------|------------|--------------------|-----------|------------|
| | As at | Additions | Deductions | As at | Additions | Deductions | As at | Additions | Deductions |
| Capital Reserve | 4,000,000 | - | - | 4,000,000 | - | - | 4,000,000 | - | - |
| Securities Premium Account | 77,838,890 | - | - | 77,838,890 | - | - | 77,838,890 | - | - |
| General Reserve | 61,786,924 | - | - | 61,786,924 | - | - | 61,786,924 | - | - |
| | 143,625,814 | - | - | 143,625,814 | - | - | 143,625,814 | - | - |

Notes to the Financial Statements (Contd..)

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

| | As at | |
|-----------------------------------|----------------------|----------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| Opening Balance | (187,122,959) | (130,275,230) |
| Add: Profit / (Loss) for the year | (50,385,689) | (56,847,729) |
| Closing Balance | (237,508,648) | (187,122,959) |

4 Long-term Borrowings :**Secured**

Term Loans:

| | | |
|--|-------------|-------------|
| From Banks | 116,765,130 | 158,479,785 |
| Less Current Portion disclosed under current liabilities | 55,359,298 | 51,135,000 |
| | 61,405,832 | 107,344,785 |

Overdraft from Bank against Tangible Collateral Security (OD TCS)

| | | |
|--|-------------|-------------|
| | 129,672,211 | 129,389,306 |
| | 191,078,043 | 236,734,091 |

Unsecured

Inter Corporate Deposits

| | | |
|--|-------------|-------------|
| | 177,811,766 | 136,957,433 |
|--|-------------|-------------|

Others

| | | |
|--|------------|---|
| | 10,000,000 | - |
|--|------------|---|

| | | |
|--|-------------|-------------|
| | 187,811,766 | 136,957,433 |
|--|-------------|-------------|

| | | |
|--|--------------------|--------------------|
| | 378,889,809 | 373,691,524 |
|--|--------------------|--------------------|

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

Term Loans and Overdraft from Bank against Tangible Collateral Security (OD TCS) are Secured by Equitable Mortgage of Leasehold 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 movable Assets and future receivables of the company, present and future, and guaranteed by the Chairman and the Managing Director of the Company

The Term Loan is repayable in monthly instalments of Rs.34.09 Lacs each upto Sept. 2019 and the present rate of interest is 13.75%

5 Deferred Tax Liabilities (Net) :

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

Deferred Tax Liabilities

| | | |
|--|------------|------------|
| Depreciation and Amortization Expenses | 64,079,787 | 65,337,000 |
| Other Timing Differences | - | - |
| | 64,079,787 | 65,337,000 |

Deferred Tax Assets

| | | |
|---|------------|------------|
| Expenses/ Provisions Allowable | 1,530,000 | 1,108,000 |
| Carry forward Losses (to the extent of unabsorbed depreciation) | 62,549,787 | 64,229,000 |
| Other Timing Differences | - | - |

| | | |
|---|-------------------|-------------------|
| Deferred Tax Liabilities/ (Asset) (Net) (**) | 64,079,787 | 65,337,000 |
|---|-------------------|-------------------|

(**) As a matter of Prudence, deferred tax asset has not been recognized in the Accounts

Notes to the Financial Statements (Contd..)

| | As at | |
|---|-------------------|-------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| 6 Other Long-term Liabilities | | |
| Trade Payables | - | - |
| Trade Deposits / Retention Money received | 9,835,226 | 10,676,220 |
| | 9,835,226 | 10,676,220 |
| 7 Long-term Provisions | | |
| Provision for Employee Benefits | 3,756,044 | 3,385,076 |
| Other Provisions | - | - |
| | 3,756,044 | 3,385,076 |
| 8 Short-term Borrowings : | | |
| Secured | | |
| Loans repayable on demand (a) | | |
| From Banks | 55,842,378 | 54,506,904 |
| Loans against Fixed Deposits | - | 4,656,544 |
| | 55,842,378 | 59,163,448 |
| (a). Nature of security for secured borrowings are given below: | | |
| i) Cash Credit Loan from Bank is 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 Chairman and Managing Director of the Company | | |
| 9 Trade Payables : | | |
| - Total outstanding dues of micro and small enterprises | | |
| - Total outstanding dues of creditors other than to micro and small enterprises | 37,634,180 | 36,916,763 |
| | 37,634,180 | 36,916,763 |
| 10 Other Current Liabilities : | | |
| Current maturities of long-term borrowings | 55,359,298 | 51,135,000 |
| Unpaid Dividend | 330,497 | 477,007 |
| Customers' Credit Balances and Advances against orders | 978,265 | 1,060,004 |
| Statutory dues Payables | 3,728,278 | 6,534,558 |
| Other Liabilities | 10,688,908 | 9,518,280 |
| | 71,085,246 | 68,724,849 |
| 11 Short-term Provisions : | | |
| Employee Benefits | 390,822 | 1,370,397 |
| | 390,822 | 1,370,397 |

Notes to the Financial Statements (Contd..)**12 Tangible Assets**

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

Rs.

| Asset description | Original Cost | | Accumulated Depreciation | | Accumulated Impairment | | Net Carrying Amount | |
|------------------------|--------------------|--------------------|--------------------------|--------------------|------------------------|------------|---------------------|--------------------|
| | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 |
| Leasehold Land | 12,037,345 | 12,037,345 | 3,501,161 | 2,903,682 | - | - | 8,536,184 | 9,133,663 |
| Freehold Land | 2,613,022 | 2,613,022 | - | - | - | - | 2,613,022 | 2,613,022 |
| Buildings | 84,343,278 | 84,343,278 | 20,702,819 | 18,388,218 | - | - | 63,640,459 | 65,955,060 |
| Plant and Equipment | 649,226,392 | 649,608,849 | 315,545,384 | 282,024,776 | - | - | 333,681,008 | 367,584,073 |
| Furniture and Fixtures | 1,609,849 | 1,609,849 | 1,296,231 | 1,208,489 | - | - | 313,618 | 401,360 |
| Vehicles | 8,209,876 | 8,209,876 | 6,837,132 | 6,613,149 | - | - | 1,372,744 | 1,596,727 |
| Office Equipment | 8,319,472 | 11,117,395 | 7,657,823 | 9,669,677 | - | - | 661,649 | 1,447,718 |
| | 766,359,235 | 769,539,615 | 355,540,550 | 320,807,991 | - | - | 410,818,685 | 448,731,624 |

1 Notes to the Financial Statements (Contd.)

(a) Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31-03-2017 are as under:

Original Cost

Rs.

| Asset Description | As at 31-03-2016 | Additions | Disposals | Other Adjustments | As at 31-03-2017 |
|------------------------|---------------------|---------------|------------------|----------------------|---------------------|
| Leasehold Land | 12,037,345 | - | - | - | 12,037,345 |
| Freehold Land | 2,613,022 | - | - | - | 2,613,022 |
| Buildings | 84,343,278 | - | - | - | 84,343,278 |
| Plant and Equipment | 649,608,849 | 44,775 | 427,232 | - | 649,226,392 |
| Furniture and Fixtures | 1,609,849 | - | - | - | 1,609,849 |
| Vehicles | 8,209,876 | - | - | - | 8,209,876 |
| Office Equipment | 11,117,395 | 43,976 | 2,841,899 | - | 8,319,472 |
| | 769,539,615 | 88,751 | 3,269,131 | - | 766,359,235 |
| Previous Year | 769,324,834 | 477,693 | 262,912 | - | 769,539,615 |

Accumulated Depreciation

| Asset Description | As at 31-3-2016 | Additions | Adjusted against Retained earnings | Deductions/ Other Adjst. | As at 31-03-2017 |
|------------------------|--------------------|-------------------|--|-----------------------------|---------------------|
| Leasehold Land | 2,903,682 | 597,479 | - | - | 3,501,161 |
| Freehold Land | - | - | - | - | - |
| Buildings | 18,388,218 | 2,314,601 | - | - | 20,702,819 |
| Plant and Equipment | 282,024,776 | 33,947,840 | - | 427,232 | 315,545,384 |
| Furniture and Fixtures | 1,208,489 | 87,742 | - | - | 1,296,231 |
| Vehicles | 6,613,149 | 223,983 | - | - | 6,837,132 |
| Office Equipment | 9,669,677 | 687,950 | - | 2,699,804 | 7,657,823 |
| | 320,807,991 | 37,859,595 | - | 3,127,036 | 355,540,550 |
| Previous Year | 281,732,389 | 39,338,514 | - | 262,912 | 320,807,991 |

Notes to the Financial Statements (Contd..)**13 Intangible Assets**

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

Rs.

| Asset Description | Original Cost | | Accumulated Amortization | | Accumulated Impairment | | Net Carrying Amount | |
|-------------------|---------------|------------|--------------------------|------------|------------------------|------------|---------------------|------------|
| | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 |
| Computer Software | 3,364,195 | 3,364,195 | 3,362,385 | 3,340,677 | – | – | 1,810 | 23,518 |
| | 3,364,195 | 3,364,195 | 3,362,385 | 3,340,677 | – | – | 1,810 | 23,518 |

(a) Reconciliation of the gross and net carrying amounts of assets at the beginning and year ending 31-03-2017 are as under:

Original Cost

Rs.

| Asset Description | As at 31-03-2016 | Additions | Disposals | Other Adjustments | As at 3/31/2017 |
|-------------------|------------------|-----------|-----------|-------------------|------------------|
| Computer Software | 3,364,195 | – | – | – | 3,364,195 |
| | 3,364,195 | – | – | – | 3,364,195 |
| Previous Year | 3,364,195 | – | – | – | 3,364,195 |

Accumulated Amortization

| Asset Description | As at 31/3/2016 | Additions | Adjusted against Retained earnings | Deductions/ Other Adjst | As at 31-03-2017 |
|-------------------|------------------|---------------|------------------------------------|-------------------------|------------------|
| Computer Software | 3,340,677 | 21,708 | – | – | 3,362,385 |
| | 3,340,677 | 21,708 | – | – | 3,362,385 |
| Previous Year | 3,244,031 | 96,646 | – | – | 3,340,677 |

Note to the Financial Statements (Contd..)**14 Capital Work-in-Progress**

| | As at | |
|--|-------------------|-------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| Construction Work-in-Progress | 264,660 | - |
| Expenditure during Construction pending allocation | - | - |
| | <u>264,660</u> | <u>-</u> |

15 Non-Current Investments

| | Face value per Unit | 31-03-2017 Nos. | 31/03/2016 Nos. | Rs. | Rs. |
|---|------------------------|--------------------|--------------------|----------------|------------------|
| Investments - Other than Trade | | | | | |
| i. Investments in Equity Instruments | | | | | |
| Unquoted: | | | | | |
| Pondicherry Agro Foods Pvt Ltd | Rs.10 | 9,000 | 9,000 | 90,000 | 90,000 |
| Beta Wind Farm Pvt Ltd | Rs.10 | - | 77,916 | - | 1,480,404 |
| Clarion Wind Farm Pvt Ltd | Rs.10 | - | - | - | - |
| TCP Limited | Rs. 100 | 470 | 470 | 47,000 | 47,000 |
| | | | | <u>137,000</u> | <u>1,617,404</u> |

ii. Investments in Government Securities**Unquoted:**

| | | |
|------------------------------|-------|-------|
| National Savings Certificate | 5,000 | 5,000 |
| Indira Vikas Patra | 500 | 500 |

| | | |
|--|--------------|--------------|
| | <u>5,500</u> | <u>5,500</u> |
|--|--------------|--------------|

| | | |
|--|-----------------------|-------------------------|
| | <u>142,500</u> | <u>1,262,904</u> |
|--|-----------------------|-------------------------|

Aggregate amount of Unquoted Investments

| | | |
|--|---------|-----------|
| | 142,500 | 1,622,904 |
|--|---------|-----------|

16 Long-term Loans and Advances:

Unsecured, Considered Good

| | | |
|--------------------------|-------------------|-------------------|
| Capital Advances | - | - |
| Security Deposits | 20,155,490 | 23,289,126 |
| Other loans and advances | - | - |
| | <u>20,155,490</u> | <u>23,289,126</u> |

Notes to the Financial Statements (Contd..)

| | As at | |
|---|-------------------|-------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| 17 Inventories: | | |
| Raw Materials (Stock in Transit Rs. Nil) | 1,045,700 | 1,437,061 |
| Finished Goods | 1,834,154 | 4,158,625 |
| Stores and Spares | 95,691 | 956,430 |
| | 2,975,545 | 6,552,116 |
| 18 Trade Receivables: | | |
| Outstanding for a period exceeding six months (from the due date) | | |
| Unsecured, Considered Good | 10,341,851 | 8,238,487 |
| Outstanding for a period less than six months Unsecured, Considered Good | 42,557,713 | 52,201,303 |
| | 52,899,564 | 60,439,790 |
| 19 Cash and Bank Balances: | | |
| Cash and Cash Equivalents | | |
| Balance with Banks: | | |
| Deposits with less than 3 months initial maturity | -- | -- |
| Current Accounts | 312,444 | 170,323 |
| Cash on hand | 136,508 | 187,186 |
| | 448,952 | 357,508 |
| Other Balances | | |
| Balance with Banks: | | |
| Unpaid Dividend Accounts | 330,497 | 477,007 |
| Margin Money Deposit Accounts | 4,499,152 | 7,134,933 |
| | 4,829,649 | 7,611,940 |
| | 5,278,601 | 7,969,448 |
| 20 Short-term Loans and Advances | | |
| Security Deposits | | |
| Unsecured, Considered Good | 4,606,855 | 3,427,838 |
| Other loans and advances | | |
| Unsecured, Considered Good (a) | 12,233,492 | 3,109,889 |
| Advance Income Tax & TDS (net of provision) | 619,563 | 434,727 |
| | 17,459,910 | 6,972,454 |

(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.

Note to the Financial Statements (Contd..)

| | As at | |
|---|--------------------|--------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| 21 Other Current Assets | | |
| Interest Accrued on Deposits | 1,576,817 | 2,852,862 |
| Other Receivables | - | - |
| | 1,576,817 | 2,852,862 |
| 22 Revenue from Operations: | | |
| a) Sale of Products | | |
| Sale of Industrial Gases | 372,691,699 | 345,251,938 |
| Sale of Wind Energy | 17,857,368 | 14,401,939 |
| Sales of other products | 556,417 | 277,900 |
| | 391,105,484 | 359,931,777 |
| Less: Excise Duty | 32,604,329 | 31,178,225 |
| | 358,501,155 | 328,753,552 |
| b) Facility Charges/ Cylinder holding charges etc | 2,387,662 | 3,017,253 |
| Net Revenue from Operations | 360,888,817 | 331,770,805 |
| 23 Other Income: | | |
| Interest Income | | |
| On Deposits etc (a) | 2,347,597 | 2,220,960 |
| Gain/ (Loss) on foreign currency transactions and translation (Net) | 77,077 | - |
| Profit/ (Loss) on Fixed Assets sold/ discarded (Net) | 380,105 | 373,150 |
| Liabilities/ Provisions no longer required written back | 335,254 | 581,739 |
| Miscellaneous Receipts and Claims | 133,343 | 371,920 |
| | 3,273,376 | 3,547,769 |
| (a). Interest Income is gross of tax deducted at source amounting to Rs.1,85,764 (Previous year Rs. 2,39,617) | | |

Notes to the Financial Statements (Contd..)

| | As at | |
|---|---------------------------|---------------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| 24 Cost of Materials Consumed: | | |
| Opening Stock | 1,437,061 | 990,427 |
| Add: Purchases | 9,073,204 | 14,069,629 |
| | <u>10,510,265</u> | <u>15,060,056</u> |
| Less: Closing Stock | 1,045,700 | 1,437,061 |
| | <u>9,464,565</u> | <u>13,622,995</u> |
| Details of Raw Materials Consumed | | |
| Calcium Carbide | 9,464,565 | 5,523,821 |
| Others | - | 8,545,808 |
| 25 Changes in Inventories: | | |
| Opening Inventories | | |
| Finished Goods | 4,158,625 | 3,491,910 |
| Stock-in-Trade | - | - |
| | <u>4,158,625</u> | <u>3,491,910</u> |
| Less: Closing Inventories | | |
| Finished Goods | 1,834,155 | 4,158,625 |
| Stock-in-Trade | - | - |
| | <u>1,834,155</u> | <u>4,158,625</u> |
| | 2,324,471 | (666,715) |
| Add: Increase/ Decrease of Excise Duty on Inventories | (258,274) | 74,079 |
| | <u>2,066,197</u> | <u>(592,636)</u> |
| 26 Employee Benefits Expenses: | | |
| Salaries and Wages | 25,937,563 | 24,691,293 |
| Contribution to Provident and other Funds | 1,574,324 | 2,103,228 |
| Employees Welfare Expenses | 1,578,717 | 1,605,036 |
| | <u>29,090,604</u> | <u>28,399,557</u> |
| 27 Power and Fuel: | | |
| Power and Fuel | 222,473,870 | 214,443,668 |
| | <u>222,473,870</u> | <u>214,443,668</u> |
| 28 Finance Costs: | | |
| Interest Expenses | 63,799,444 | 58,484,021 |
| Other Borrowing Costs | 826,390 | 2,506,800 |
| | <u>64,625,834</u> | <u>60,990,821</u> |
| 29 Depreciation and Amortization Expenses: | | |
| Depreciation | 37,859,595 | 39,338,514 |
| Amortization Expenses | 21,708 | 96,646 |
| | <u>37,881,303</u> | <u>39,435,160</u> |

Notes to the Financial Statements (Contd..)

| | As at | |
|--|-------------------|---------------------|
| | 31-03-2017 Rs. | 31-03-2016 Rs. |
| 30 Other Expenses: | | |
| Consumption of Stores and Spares | 5,014,153 | 5,450,233 |
| Repairs to Buildings | 1,061,162 | 1,916,518 |
| Repairs to Machinery | 5,791,846 | 5,698,962 |
| Rates and Taxes | 359,998 | 783,838 |
| Rent | 100,000 | 1,201,000 |
| Insurance | 484,604 | 468,376 |
| Auditors' Remuneration - (a) | 149,500 | 148,850 |
| Travelling & Conveyance Expenses | 460,503 | 931,706 |
| Freight and Forwarding Expenses (Net) | 25,081,917 | 17,829,437 |
| Directors' Remuneration | 4,250,000 | 6,000,000 |
| Directors' Sitting Fees | 34,000 | 38,500 |
| Miscellaneous Expenses | 6,157,827 | 7,346,319 |
| | 48,945,510 | 47,813,738 |
| (a). Details of Auditors' Remuneration are as follows: | | |
| Statutory Auditors: | | |
| Audit Fees | 115,000 | 97,325 |
| Taxation matters | 34,500 | 34,350 |
| Others | - | 17,175 |
| | 149,500 | 148,850 |
| 31 Tax Expenses | | |
| Current Tax | | |
| Current Tax for the year | - | - |
| Current Tax adjustments for earlier years (Net) | - | - |
| | - | - |
| Deferred Tax | | |
| Deferred Tax for the year | - | (11,947,000) |
| Deferred Tax adjustments for earlier years (Net) | - | - |
| | - | (11,947,000) |

Notes to the Financial Statements (Contd..)**32** 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):

| | Year ended | |
|---|-------------------|-------------------|
| | 31-03-2017 | 31-03-2016 |
| | (Rs. in Lacs) | |
| (a). Change in Defined Benefit Obligations: | | |
| Present value of Defined Benefit Obligations at the beginning of the year | 47.55 | 47.33 |
| Current Service Cost | 3.06 | 3.00 |
| Interest Cost | 3.51 | 3.55 |
| Actuarial Loss / (Gain) | (8.07) | (0.35) |
| Benefits Paid | <u>(4.58)</u> | <u>(5.98)</u> |
| Present value of Defined Benefit Obligations at year end | <u>41.47</u> | <u>47.55</u> |
| (b). Change in Fair value of Plan Assets: | | |
| Fair value of Plan Assets at the beginning of the year | - | - |
| Actuarial Gain/ (Loss) | - | - |
| Contributions | 4.58 | 5.98 |
| Benefits Paid | <u>(4.58)</u> | <u>(5.98)</u> |
| Fair value of Plan Assets at the year end | <u>-</u> | <u>-</u> |
| (c). Amount recognised in Balance Sheet: | | |
| Fair value of Plan Assets at the year end | - | - |
| Present value of Defined Benefit Obligations at year end | 41.47 | 47.55 |
| Amount recognised in Balance Sheet at year end | <u>(41.47)</u> | <u>(47.55)</u> |
| (d). Expenses recognised in Statement of Profit and Loss: | | |
| Current Service Cost | 3.06 | 3.00 |
| Interest Cost | 3.51 | 3.55 |
| Actuarial Loss / (Gain) | (8.07) | (0.35) |
| Expenses recognised in Statement of Profit and Loss during the year | <u>(1.50)</u> | <u>6.20</u> |

| | Year ended | |
|---|---------------|------------|
| | 31-03-2017 | 31-03-2016 |
| | (Rs. in Lacs) | |
| (e). Investments details of Plan Assets: | | |
| Government Securities | - | - |
| (f). Principal Actuarial Assumptions: | | |
| Discount rate | 7.25% | 8.00% |
| Salary increase | 5.00% | 5.00% |

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.

- 33** The company's net worth has fully eroded during the year. However, in view of the improved business sentiments of late, and the efforts being made, and also the reduction in cash losses compared to the previous year, the management is of the opinion that the company's financials would further improve and hence the financial statements have continued to be drawn up on a going concern assumption.

| | As at Year ended | |
|---|---------------------|------------|
| | 31-03-2017 | 31-03-2016 |
| 34 Contingent Liabilities and Commitments | | |
| A. Contingent Liabilities | | |
| (a) Claims against the company not acknowledged as debt: | | |
| Excise Duty / Service Tax | 3,542,485 | 6,501,633 |
| Customs Duty | 8,823,578 | 8,823,578 |
| (b). Outstanding Letters of Credit and Bank Guarantees | 28,217,435 | 19,762,746 |
| B. Capital Commitments | | |
| (a). Estimated amount of contracts remaining to be executed on capital account and not provided for | Nil | Nil |

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

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:

| | Year ended 31-03-2017 | | | Year ended 31-03-2016 | | |
|-----------------------------------|-----------------------|------------|--------------|-----------------------|------------|--------------|
| | Industrial Gases | Wind Mill | Total | Industrial Gases | Wind Mill | Total |
| REVENUE | | | | | | |
| External | 343,031,449 | 17,857,368 | 360,888,817 | 317,368,866 | 14,401,939 | 331,770,805 |
| Inter Segment | - | - | - | - | - | - |
| Total | 343,031,449 | 17,857,368 | 360,888,817 | 317,368,866 | 14,401,939 | 331,770,805 |
| RESULTS | | | | | | |
| Segment Results | (501,707) | 12,197,650 | 11,695,943 | (19,296,981) | 9,086,313 | (10,210,668) |
| Unallocated Corporate Income | | | (2,727,702) | | | (2,594,110) |
| Unallocated Corporate Expenses | | | 183,500 | | | 187,350 |
| Finance Costs | | | 64,625,834 | | | 60,990,821 |
| Tax Expenses (Net) | | | - | | | (11,947,000) |
| Profit / Loss for the period | | | (50,385,689) | | | (56,847,729) |
| OTHER INFORMATION | | | | | | |
| Assets: | | | | | | |
| Segment Assets | 495,804,460 | 14,723,561 | 510,528,021 | 538,321,051 | 19,125,557 | 557,446,608 |
| Unallocated Corporate Assets | | | 1,045,560 | | | 1,007,234 |
| Total Assets | | | 511,573,581 | | | 558,453,842 |
| Liabilities: | | | | | | |
| Segment Liabilities | 21,151,599 | - | 21,151,599 | 74,463,870 | - | 74,463,870 |
| Unallocated Corporate Liabilities | | | 490,421,982 | | | 483,989,972 |
| Total Liabilities | | | 511,573,581 | | | 558,453,842 |
| Capital Expenditure | 353,411 | - | 353,411 | 477,693 | - | 477,693 |
| Depreciation and Amortization | 35,729,022 | 2,152,281 | 37,881,303 | 37,282,879 | 2,152,281 | 39,435,160 |
| 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.

| | Year ended | |
|---|--------------|--------------|
| | 31-03-2017 | 31-03-2016 |
| | (Rs.) | |
| 36 Earning per Share (EPS) | | |
| Profit/ (Loss) for the period Rs. | (50,385,689) | (56,847,729) |
| Weighted average number of shares used in the calculation of EPS: | | |
| Weighted average number of Basic Equity Shares outstanding | 4,802,271 | 4,802,271 |
| Weighted average number of Diluted Equity Shares outstanding | 4,802,271 | 4,802,271 |
| Face value of per share | 10 | 10 |
| Basic EPS (₹) | (10.49) | (11.84) |
| Diluted EPS (₹) | (10.49) | (11.84) |

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) Shri. G.N. Saraf Chairman
- ii) Shri. Rajesh Kumar Saraf 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. (PAF)
- ii) ECA Gases Pvt. Ltd. (ECA)
- iii) Approach Marketing Pvt. Ltd. (AMP)
- iv) Saraf Housing Development P. Ltd (SHD)

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.

| | 2016-17 | | 2015-16 | |
|--|---|--|---|--|
| | Enterprises over which K.M.P exercise significant influence | Key Management Personnel & their relatives | Enterprises over which K.M.P exercise significant influence | Key Management Personnel & their relatives |
| Transactions for year ended 31st March: | | | | |
| Sales of Products | - | | - | |
| Purchase of Goods | 1,143,975 | | 1,890,000 | |
| Interest paid | 15,786,395 | | 9,764,396 | |
| Managerial Remuneration (incl. perquisites) | | 4,389,202 | | 7,821,156 |
| Director's Sitting Fees | | 34,000 | | 38,500 |
| Rent paid | | 100,000 | | 1,200,000 |
| Outstanding balances as at 31st March: | | | | |
| Trade Receivables | - | | - | |
| Trade Payables & Other Liabilities | - | | 2,123,001 | |
| Investments | 90,000 | | 90,000 | |
| Unsecured Loans received | 177,811,766 | | 136,957,433 | |

| | | |
|---|-------------------|-------------------|
| C Key Managerial Personnel: | <u>31-03-2017</u> | <u>31-03-2016</u> |
| Managerial Remuneration (including perquisites) * | 4,489,202 | 7,821,156 |
| * Excluding gratuity, leave encashment provisions | 100,000 | 1,200,000 |
| Rent paid | | |

39 Foreign Currency exposure in respect of Sundry Creditors amounting to Rs.Nil (Previous Year Rs.Nil) are unhedged as on the Balance Sheet date.

40 Details of specified bank notes held and transacted by company during the period November 8, 2016 to December 30, 2016.

| | SBN | Other Denomination Notes | Total |
|---------------------------------------|---------|--------------------------|----------------|
| Closing Cash in Hand as on 08.11.2016 | 115,500 | 111,564 | 227,064 |
| Add: Permitted Receipts | | 1,176,991 | 1,176,991 |
| Less : Permitted Payments | | 883,899 | 883,899 |
| Less : Amount Deposited in Bank | 115,500 | 267,169 | 382,669 |
| Closing Cash in hand as on 30.12.2016 | | 137,487 | 137,487 |

- 41 Additional information pursuant to paragraphs 5 (viii) of Part II of Schedule III to the Companies Act, 2013 are follows:

| | 31-03-2017 | 31-03-2016 |
|---|-------------------|-------------------|
| A. C.I.F. value of imports by the Company | Rs. | Rs. |
| Raw Materials | | |
| Calcium Carbide | 5,403,126 | 1,653,473 |
| Stores & Spares | - | - |
| B. Expenditure in foreign currency during the year: | - | - |

- C. Value of Raw Materials and Stores and Spares consumed during the year :

| | Value Rs. | | Percentage (%) | |
|--------------------|------------|------------|----------------|------------|
| | 31-03-2017 | 31-03-2016 | 31-03-2017 | 31-03-2016 |
| Raw Materials : | | | | |
| Imported | 7,554,279 | 2,906,827 | 79.82% | 21.34% |
| Indigenous | 1,910,286 | 10,716,168 | 20.18% | 78.66% |
| | 9,464,565 | 13,622,995 | | |
| Stores and Spares: | | | | |
| Imported | - | - | - | 0.12% |
| Indigenous | 5,014,153 | 5,450,233 | 100% | 99.88% |
| | 5,014,153 | 5,450,233 | | |

- 42 The previous figure has been reclassified/ rearranged / regrouped wherever necessary

As per our report annexed.,
For SINGHI & CO.,

Chartered Accountants
Firm Regn. No. 302049E
Sd/-
(SUDESH CHORARIA)
Partner
Membership No. 204936
Place : Chennai
Date : 30th May 2017

For and on behalf of the Board
for NATIONAL OXYGEN LTD

Sd/-
G.N. SARAF
Chairman

Sd/-
RAJESH KUMAR SARAF
Managing Director

Cash Flow Statement for the year ended 31st March, 2017

| A. CASH FLOW FROM OPERATING ACTIVITIES | Year ended 31-03-2017 Rs. | Year ended 31-03-2016 Rs. |
|--|---------------------------------|---------------------------------|
| Profit/ (Loss) before Tax | (50,385,689) | (68,794,729) |
| Adjustment for : | | |
| Finance Costs | 64,625,834 | 60,990,821 |
| Depreciation and Amortization Expenses | 37,881,303 | 39,435,160 |
| (Profit) / Loss on sale of Fixed Assets (Net) | (380,105) | (373,150) |
| Interest & Dividend Income | (2,347,597) | (2,220,960) |
| Operating profit before working capital changes | 49,393,746 | 29,037,142 |
| Changes in working Capital: | | |
| Inventories | 3,576,571 | (995,354) |
| Trade and other Receivables | (1,486,348) | (15,788,844) |
| Long Term Liabilities and Provisions | (470,026) | (853,033) |
| Trade and other Payables | (2,126,059) | 3,908,880 |
| Cash generation from Operations | 48,887,884 | 15,308,791 |
| Payment of Direct Taxes | (184,836) | (434,727) |
| Net Cash generated/ (used) - Operating Activities | 48,703,048 | 14,874,064 |
| B. CASH FLOW FROM INVESTMENT ACTIVITIES | | |
| Purchase of Fixed Assets | (353,411) | (477,693) |
| Purchase of Investment | - | (47,000) |
| Sale of Investment | 1,480,404 | 4,031,115 |
| Long term Advances made | 3,133,636 | (10,593,215) |
| Sale of Fixed Assets | 522,200 | 373,150 |
| Interest Received | 2,347,597 | 2,220,960 |
| Dividend Received | - | - |
| Net Cash Generated/ (Used) - Investing Activities | 7,130,426 | (4,492,683) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long-term Borrowings | 51,137,238 | 111,737,313 |
| Repayment of Long-term Borrowings | (41,714,655) | (47,041,793) |
| Proceeds/ Repayment of Short-term Borrowings (Net) | (3,321,070) | (14,006,550) |
| Finance Cost Paid | (64,625,834) | (60,990,821) |
| Net Cash Generated/ (Used) - Financing Activities | (58,524,321) | (10,301,852) |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | (2,690,847) | 79,530 |
| Add : Opening Cash and Cash Equivalents | 7,969,448 | 7,889,918 |
| Closing Cash and Cash Equivalents | 5,278,601 | 7,969,448 |

Notes:

- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 "Cash flow Statement" as specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Figures have been regrouped/ rearranged wherever necessary.

As per our report annexed.,
For SINGHI & CO.,

Chartered Accountants
Firm Regn. No. 302049E

Sd/-
(SUDESH CHORARIA)
Partner
Membership No. 204936
Place : Chennai
Date : 30th May 2017

For and on behalf of the Board
for NATIONAL OXYGEN LTD
Sd/-
G.N. SARAF
Chairman

Sd/-
RAJESH KUMAR SARAF
Managing Director

NATIONAL OXYGEN LIMITED

Regd. Office: 80(Old No.141), Greams Road, Chennai- 600 006
CIN:L24111TN1974PLC006819

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L24111TN1974PLC006819
Name of the Company : National Oxygen Limited
Registered Office: No.80 (Old No.141, Greams Road,
Opp. Greams Road Post Office, Chennai-6

Name of the Member (s):
Registered address:
E-mail Id:
Folio No. / Client Id:
DP ID:

I/We, being the member(s) of shares of the above named company , hereby appoint

- | | |
|---------------------------|---------------------------|
| 1. Name | 2. Name: |
| Address: | Address: |
| E-mail Id | E-mail Id |
| Signature:.....or failing | Signature:.....or failing |
3. Name:
Address:
E-mail Id
Signature:.....or failing

As my /our proxy to attend and vote (on a poll) for me/us and on my / our behalf at the 42nd Annual General Meeting, to be held on Monday, the 28th August 2017 at 10.00 a.m. at North Madras Arya Vysya Sangam “ Vasavi Kalyan Mahal” No.43-A, Bharathiar Street, Vivekananda Nagar, Chennai- 600118 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Description of Resolution | I/We assent to the Resolution (FOR) | I/We dissent to the Resolution (AGAINST) |
|---|--------------------------------------|--|
| Ordinary Resolution 1. Consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2017, the Reports of the Board of Directors and the Auditors thereon, | | |
| Ordinary Resolution 2. Re-appointment of Mr.Rajesh Kumar Saraf (having DIN 007353) , who retires from office by rotation and being eligible offers herself for reappointment. | | |
| Ordinary Resolution 3 Appointment of M/s JitendraK.Agarwal& Associate, Chartered Accountants as statutory auditors for a period of five years and fixing their remuneration. | | |
| Special Resolution 5 Appointment of Mr. S.Shanmugavadival as the Independent Director of the Company for a period of five years | | |

Signed thisday of2017

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

1 Re
Revenue
Stamp

NATIONAL OXYGEN LIMITED

Regd. Office: 80 (Old No.141), Greams Road, Chennai- 600 006
CIN:L24111TN1974PLC006819

ATTENDANCE SLIP

I hereby record my Presence at the 42nd Annual General Meeting of the Company being held at North Madras Arya Vysya Sangam “ Vasavi Kalyan Mahal “ No.43-A, Bharathiar Street, Vivekananda Nagar, Chennai – 600118 on Monday, the 28th August, 2017 at 10.00 a.m

Full Name of the Member attending / Proxy

Signature

Folio No. / DP.ID / CL.ID
No. of Shares held.

NOTE:

Members attending the meeting in person are requested to complete the attendance slip and hand it over at the entrance of the meeting hall. No attendance slip will be issued at the time of Meeting.

National Oxygen Limited

[CIN L:24111TN1974PLC006819]

Regd. Office: No.80, (Old No.141), Greams Road, Chennai 600006

E-mail: contact@nolgroup.com, Website: www.nolgroup.com

Phone: 044-28290707

BALLOT FORM (In lieu of e-voting)

| | | |
|---|--|--|
| 1 | Name and Registered Address of the sole / First Named Shareholder (In block letters) | |
| 2 | Name(s) of Joint Shareholder(s), if any | |
| 3 | Registered Folio No./ DP ID No. / Client ID No. | |
| 4 | Number of Share held | |

I/We hereby exercise my/ our vote in respect of the Resolutions to be passed at the 42nd Annual General Meeting of the Company to be held on 28th August, 2017 for the business stated in the Notice of the meeting dt.28.07.2017 by conveying my /our assent or dissent to the said Resolutions by placing tick mark at the appropriate box below:

| Resolution No. | Description of Resolution | Type of Resolution | Number of shares held | I/We assent to the Resolution (FOR) | I/we dissent to the Resolution (AGAINST) |
|----------------|--|--------------------|-----------------------|-------------------------------------|--|
| 1 | Adoption of audited financial statements for the financial year ended 31 st March, 2017 | Ordinary | | | |
| 2 | To appoint a director in the place of Mr. Rajesh Kumar Saraf, who retires by rotation and being eligible, offers herself for reappointment | Ordinary | | | |
| 3 | To appoint M/s. Jitendra K. Agarwal & Associates, Chartered Accountants as the statutory auditors of the company | Ordinary | | | |
| 4 | To appoint Mr.S. Shanmugavadivel as the Independent Director of the Company for a period of five years | Special Resolution | | | |

Place

Date:

(Signature of the Shareholder)

