

**NATIONAL OXYGEN LIMITED**  
**FORTY THIRD (43) ANNUAL REPORT - 2017-2018**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**Shri. GAJANAND SARAF**  
Chairman

**Shri. RAJESH KUMAR SARAF**  
Managing Director

**Shri. DEVMOHAN MOHUNTA**  
Independent Director

**Shri. SHANMUGAVADIVEL SIVA**  
Independent Director

**Company Secretary :**  
**KRISHNASWAMY VENKATESWARAN**

**Smt. VEENA DEVI SARAF**  
Director (up to 10.02.2018)

**Smt. SARITASARAF**  
Additional Director (Since 10.02.2018)

**Shri. ANIL SETH**  
Independent Director (up to 26.05.2018)

**Smt. MONA MILAN PAREKH**  
Additional Director (Since 26.05.2018)

**Chief Financial Officer :**  
**P.M. PRASANTH** (up to 29.11.2017)

**P. RAMALINGA SRINIVASAN**  
(Since 29.11.2017)

**AUDIT COMMITTEE**

**Shri. SHANMUGAVADIVEL SIVA**  
Independent Director (Chairman )

**Shri. ANIL SETH**  
Independent Director (up to 26.05.2018)

**Shri. DEVMOHAN MOHUNTA**  
Independent Director

**Smt. MONA MILAN PAREKH**  
Additional Director (since 26.05.2018)

**STAKE HOLDERS RELATIONSHIP COMMITTEE**

**Shri. GAJANAND SARAF**  
Executive Director (Chairman)

**Smt. VEENA DEVI SARAF**  
Non-Executive Director (up to 10.02.2018)

**Shri. SHANMUGAVADIVEL SIVA** Non-Independent Director

**Smt. MONA MILAN PAREKH**  
Additional Director (Since 26.05.2018)

**NOMINATION & REMUNERATION COMMITTEE**

**Shri. SHANMUGAVADIVEL SIVA**  
Independent Director (Chairman)

**Shri. ANIL SETH**  
Independent Director ( up to 26.05.2018 )

**Shri. DEVMOHAN MOHUNTA**  
Independent Director

**Smt. MONA MILAN PAREKH**  
Additional Director (Since 26.05.2018)

**Statutory Auditors :**

**M/s. Jitendra K.Agarwal & Associates**  
Chartered Accountants  
209-Hans Bhawan  
1,Bahadur Shah Zata Marg  
New Delhi-110002

**Secretarial Auditors :**

**M/s Lakshmmi Subramanian & Associates**

Company Secretaries  
Murugesu Naicker Office Complex,  
No.81, Greams Road, Chennai-600006

**Internal Auditors :**

**R.Siva Subramanian**

Chartered Accountant  
New No.11 ( Old No.15 ) Anand Apartment  
9th Street, R.K.Salai  
Mylapore, Chennai-600004

**Principal Banker :**

Punjab National Bank  
No.9, Nungambakkam High Road,  
Nungambakkam  
Chennai-600034

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**REGISTRARS & SHARE TRANSFER AGENTS :**

M/s. CAMEO CORPORATE SERVICES LIMITED  
Subramanian Building, No.1 Club House Road, Chennai-600 002  
Phone: 044-28460390  
E-mail: [cameo@cameoindia.com](mailto:cameo@cameoindia.com)

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**Stock Exchanges Where Company's Securities are listed**

BSE Limited

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**REGISTERED OFFICE, ADMN OFFICE & WORKS**

No.1B, 1st Floor, Arihant Jashn  
38 (121), Rukmani Lakshmi pathy Salai, Egmore, Chennai- 600008  
**Email:** [contact@nolgroup.com](mailto:contact@nolgroup.com)  
**Website:** [www.nolgroup.com](http://www.nolgroup.com)  
**Investor Relations Email ID:** [grievanceredressal@nolgroup.com](mailto:grievanceredressal@nolgroup.com)  
**Corporate Identity Number: L24111TN1974PLC006819**

**National Oxygen Limited****CIN : L24111TN1974PLC006819**

No.1B, 1st Floor, Arihant Jashn, 38 (121) Rukmani Lakshmi pathy Salai, Egmore  
Chennai-600008

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**NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the 43rd Annual General Meeting of National Oxygen Limited will be held on Wednesday the 19th September, 2018 at "North Madras AryaVysyaSangam" Vasavikalyan Mahal, 43-A, Bharathiar Street, Vivekananda Nagar, Chennai-600118 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, 2018 together with the Reports of the Board of Directors and the Auditors thereon,
2. To appoint a Director in the place of Shri.GajanandSaraf (having Din. 00007320)who retires from office by rotation and being eligible offers himself for reappointment

**SPECIAL BUSINESS**

3. To consider the appointment of Ms.SaritaSaraf, as a Director of the Company

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 152, 160 and other applicable provisions of the Companies Act, 2013, if any, and Articles Of Association of the company, Ms. Sarita Saraf (holding DIN: 01028027), who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 10th February, 2018 and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom a notice has been received from the member in writing and based on the recommendation of the Nomination & Remuneration committee and Board, be and is hereby appointed as the Director of the Company."

"RESOLVED FURTHER THAT Mr. Rajesh Kumar Saraf, Managing Director of the company be and is hereby authorized to do all such acts, deeds and things as may be required for the above resolution."

4. To consider the appointment of Ms.Mona Milan Parekh, as an Independent Director of the Company

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 other applicable provision of the Companies Act, 2013, if any, and Articles Of Association of the company, Ms. Mona Milan Parekh (holding DIN: 08134503), who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 26th May, 2018 and who holds office up to the date of ensuing Annual General Meeting of the Company and in respect of whom a notice has been received from the member in writing and based on the recommendation of the Nomination & Remuneration committee and Board, be and is hereby appointed as an Independent Director of the Company for a period of five years from the date of appointment.”

“RESOLVED FURTHER THAT Mr. Rajesh Kumar Saraf, Managing Director of the company be and is hereby authorized to do all such acts, deeds and things as may be required for the above resolution.”

5. To consider and approve the investment limit u/s 186 of the Companies Act 2013

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

“RESOLVED THAT pursuant to Section 186 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and subject to such approvals as may be necessary, the consent of Company be and is hereby accorded to the Board of Directors of the Company to make investment and acquire by way of subscription, purchase or otherwise, securities of any other body corporate, give loan to any person or body corporate or give guarantee or provide security in connection with a loan to any other person or body corporate, provided that the aggregate amount of such investments, loan, and guarantee outstanding at any time shall not exceeds rupees one hundred crore”

RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and finalize the terms and conditions while making investment, giving loan or guarantee or providing securities within the aforesaid limits including with the power to transfer and dispose of the investments so made, from time to time, and to execute all deeds, documents and other writings and to do all such acts, deeds, matters and things, as may be necessary and expedient for implementing and giving effect to this resolution.”

6. To consider and approve the reappointment of Mr.D.M.Mohunta as an independent director of the company.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of

the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Devmohan Mohunta (holding DIN 01233780), aged 78 years, a non-executive Director of the Company, who is eligible for re-appointment, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and as recommended by the Board, be and is hereby re-appointed as an Independent Director of the Company to hold office for five consecutive years w.e.f. 1st April 2019 and he shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

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

Sd/-  
Rajesh Kumar Saraf  
Managing Director

Place: Chennai  
Date: 11-08-2018

**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 duly certified copy of the Board resolution on the letter head of the company, signed by one of the Directors or Company Secretary or any other authorized signatory and / or duly notarized power of Attorney, authorizing their representatives 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 Wednesday, 12th September, 2018 to Wednesday, 19th September, 2018 ( 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. 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.

SEBI ( LODR ) Regulations 2015 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 : contact@nolgroup.com

10. Members holding shares in physical form and in electronic mode are requested to immediately notify change in their address and updates of savings bank account details, if any, to their respective Depository Participant(s) and to Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Ltd., "Subramanian Buildings", 1, Club House Road, Chennai-600 002 quoting their folio number.
11. Pursuant to section 72 of the Companies Act 2013, Shareholders holding shares in physical form may file nomination in the prescribed form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant
12. Memebbers desirous of obtaining any information concerning the accounts of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the Meeting so that the information required can be readily made available at the meeting.
13. All documents referred to in the accompanying notice and the explanatory statement requiring the approval of the members at the AGM and other statutory registers shall be available for inspection at the Registered office of the Company during business hours on all days, except Saturdays, Sundays and National Holidays from the date hereof up to the date of AGM
14. Profile of Director re-appointment is given below.

Name of the Director	Mr.GajanandSaraf
Din	00007320
Age	83 years
Date of appointment	01.09.2010
Experience	43 years
No. of shares held as on 31.03.2018	794110
Directorship in other public companies	1
Chairman/Member of committees of company	1

Relationship with any other Director	Rajesh Kumar Saraf and Sarita Saraf
Brief History	He is a promoter of the company and is occupying the position of Director from its incorporation. As a Director, 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. Since, he is a director retire by rotation and being eligible, he offer himself for reappointment.

15. With effect from 1st April 2014, inter alia, provisions of Section 149 of Companies Act 2013 has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors.
16. The route map showing directions to reach the venue of the 43rd AGM is annexed
17. 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.
18. **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 43rd 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 16.09.2018 at 9.00 A.M. and ends on 18.09.2018 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) 12.09.2018, 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](http://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
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. 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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
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"> <li>• 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.</li> <li>• 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.</li> </ul>
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"> <li>• 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)</li> </ul>

- (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](http://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](mailto: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](mailto: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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
19. 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, i.e. 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 13.09.2018.

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, Flat No.1B, First Floor, Arihant Jashn (Old No.121) New No.38, Rukmani Lakshmi pathy Salai, Egmore, Chennai-600008.

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 18.09.2018

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. 12.09.2018 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](http://www.nolgroup.com) and website of CDSL <http://www.evotingindia.com> and also forward the same to the Bombay Stock Exchange of India Limited simultaneously, where the Company's shares are listed.

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

Sd/-  
Rajesh Kumar Saraf  
Managing Director

Place: Chennai  
Date: 11-08-2018

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT,2013****Item No.3**

Sarita Saraf aged 50 years, was appointed as an additional director at the Board Meeting held on 10.02.2018 on the basis of the recommendation of the Nomination and Remuneration committee and she holds office upto the conclusion of the ensuing Annual General Meeting. The company has received a notice from a member proposing Ms. Sarita Saraf as a candidate for the office of a director of the company. Ms. Sarita Saraf is not disqualified from being appointed as a director of the company in terms of section 164 of the Companies Act 2013 and has given her consent to act as a director.

Accordingly the Board recommends resolution relating to the appointment of Ms. Sarita Saraf. A brief details of Ms. Sarita Saraf is given below:

Name of the Director	Ms. Sarita Saraf
Din	01028027
Age	50 years
Date of appointment as an additional Director	10.02.2018
Experience in business field	15 years
No. of shares held as on 31.03.2018	286198
Directorship in other public companies	1
Chairman/Member of committees of company	Nil
Relationship with any other Director	Gajanand Saraf, Rajesh Kumar Saraf

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 Ms. Sarita Saraf, Rajesh Kumar Saraf and Gajanand Saraf.

**Item No.4**

Ms. Mona Milan Parekh, aged 53 years, was appointed as an additional director at the Board Meeting held on 26.05.2018. The company has received a notice from a member proposing Ms. Mona Milan Parekh as a candidate for the office of a director of the company. Also Ms. Mona Milan Parekh has given declaration under section 149(7) of the companies act, 2013 that she fulfills the conditions specified in section 149(6) of the companies act 2013 read with rules made there under for her appointment as an independent director of the company and is independent of the management.

The Board, based on the experience / expertise declared by Ms. Mona Milan Parekh, 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 Ms. Mona Milan Parekh as the independent director of the company, for the approval by the shareholders of the company. A brief details of Ms. Mona Milan Parekh is given below:

Name of the Director	Ms. Mona Milan Parekh
Din	08134503
Age	53 years
Date of appointment as an additional Director	26.05.2018
Experience in business field	15 years
No.of shares as on 31.03.2018	Nil
Directorship in other public companies	Nil
Chairman/Member of committees of company	Nil
Relationship with any other Director	NO

Ms.MonaMilan Parekh does not hold by herself or for any other person on a beneficial basis, any shares in the company as per declaration given by her.

Ms.Mona Milan Parekh holds membership in the Audit committee and Stakeholders Relationship committee and Nomination and Remuneration 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 Ms.Mona Milan Parekh.

#### **Item No.5**

In view of sale of wind mill and premises of Greams Road property the company has spare funds. For better utilization of these liquid funds in the hands of company may be invested into securities. It may also require to giving loan, guarantee or provide security during course of business in the interest of company. Board of Directors in their meeting held on 11.08.2018 decided to seek approval of shareholders to make investment or give loan, guarantee or provide security exceeding the sixty percent of paid up capital, free reserves and securities premium account or one hundred per cent of free reserves and securities premium account whichever is more. As per Section 186 of the Companies Act, 2013 your company is required to obtain approval by passing special resolution in general meeting in case it proposes to make investment or give loan, guarantee or provide security exceeding the sixty per cent of paid up capital, free reserves and securities premium account or one hundred per cent of free reserves and securities premium account whichever is more. In view of better

utilization of funds available with the company it is proposed to pass enabling resolution authorizing board of directors of the company to make investment or give loan, guarantee or provide security within the limits as mentioned in proposed resolution.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

By and on behalf of Board of Directors

Sd/-

Rajesh Kumar Saraf  
Managing Director

Place: Chennai  
Date: 11-08-2018

### Route Map



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting 43<sup>rd</sup> Annual Report of National Oxygen Limited along with Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

### FINANCIAL SUMMARY

	<b>2017-2018 (Rs in lakh)</b>	<b>2016-2017 (Rs in lakh)</b>
Profit / (Loss) before interest and depreciation.	780.90	493.64
Less: Interest	589.92	646.25
Profit before depreciation	190.98	(152.61)
Less Depreciation	378.72	391.16
Profit /(Loss) before tax	(187.74)	(543.77)
Exceptional Item	0	0
Tax- current year ( Provision )	0	0
Tax-Deferred tax ( Provision )	(0.77)	(2.61)
MAT Credit Entitlement	0	0
Other Comprehensive Income	(1.60)	(5.45)
Net profit for the year transferred to Reserve account	(185.37)	(535.71)
Profit /(Loss) carried over to Balance Sheet	(185.37)	(535.71)

### PERFORMANCE AND STATE OF AFFAIRS OF THE COMPANY

During the year under review, the Company has incurred loss of Rs.185.37 lakh as against loss of Rs.535.71 lakh in the previous year.

During the year under review there is no change in the nature of activity of the Company

### BUSINESS PERFORMANCE:

The company Manufactures industrial gases both in liquid and gaseous form. 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 full rated capacity. The company is working at its market front since the supply of the companies product has increased compared to the previous year.



## SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2018 was Rs.4,80,22,710. No additions and alterations to the capital were made during the financial year 2017-18

## DIVIDEND

Considering the current and accumulated losses, your Board of Directors do not recommend any dividend to the shareholders for the financial year ended 31.03.2018.

## TRANSFER OF PROFIT TO RESERVES

During the year your company has met net loss of Rs186.97 lakhs. Hence the question of transfer of profit to reserve does not arise.

## MATERIAL CHANGES AND COMMITMENTS OF THE COMPANY

There are no material changes and events during the financial year.

There are no significant and material orders passed by the regulators or courts or tribunals 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:

Particular	Number	Amount
Loan Given	Nil	Nil
Guarantee Given	Nil	Nil
Investment made in Unquoted Equity Instruments & Government bonds 1-Pondicherry Agro Foods Pvt Limited	9000 equity shares of Rs.10/-each	90000.00
2-TCP Limited	470 equity shares of Rs.100/- each	47000.00
3-National Savings Certificate	Nil	5000.00
4-Indira Vikaspatra	Nil	500.00
5-Cauvery Power Trading Chennai Pvt Ltd	100000 equity shares of Rs.10/-each	1000000

## **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 KEY MANAGERIAL PERSONNEL**

### **BOARD COMPOSITION**

The Board is well constituted with composition of three executive and three non- executive independent directors in the meeting

<b>Category</b>	<b>Name of Director</b>
Executive Directors	Shri GajanandSaraf Shri Rajesh Kumar Saraf Ms. SaritaSaraf
Independent Directors	Shri Shanmugavadivel Siva Shri Devmohan Mohunta Ms. Mona Milan Parekh

### **BOARD COMMITTEES**

- a) Audit Committee
- b) Nomination & Remuneration Committee
- c) Stakeholders' Relationship Committee

### **DIRECTORS**

#### **Retirement by Rotation**

In terms of Section 152 of the Companies Act 2013, Mr.Gajanand Saraf, retires by rotation at the forthcoming AGM and is eligible for re-appointment. Mr.Gajanand Saraf offered himself for re-appointment.

Brief profile of Mr. Gajanand Saraf is given in the Notice of forthcoming Annual General Meeting of the Company.

During the month May, 2018 Mr.Anil Seth Independent Director resigned on 26<sup>th</sup> May, 2018

The Board placed on record its appreciation for his services during his tenure as Director of the Company.

#### **Appointment of Ms. Sarita Saraf as Additional Director**

Ms. Sarita Saraf was appointed as an additional director at the Board Meeting held on 10.02.2018 on the basis of the recommendation of the Nomination and Remuneration committee and she holds office upto the conclusion of the ensuing Annual General Meeting. The company has received a notice from a member proposing Ms. Sarita Saraf as a candidate for the office of a director of the company. Ms. Sarita Saraf is not disqualified from being appointed as a director of the company in terms of section 164 of the Companies Act 2013 and has given her consent to act as a director. Brief profile of Ms. Sarita Saraf is given in the Notice of the AGM

#### **Appointment of Ms. Mona Milan Parekh**

Ms. Mona Milan Parekh was appointed as Additional Director in the Independent Category subject to the approval of the shareholders, on 26<sup>th</sup> May, 2018 and her term shall expire at this Annual General Meeting. Pursuant to section 203 of the Companies Act 2013, her term of appointment is for five years. Brief profile of Ms. Mona Milan Parekh is given in the Notice of the AGM

#### **Reappointment of Independent Director**

Dr. Devmohan Mohunta was appointed as an Independent Director of the company pursuant to Section 149 and 152 of the Companies Act 2013 for five years effective from 1<sup>st</sup> April 2014 and his term shall expire on 31<sup>st</sup> March 2019. Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 for reappointment of the independent Director for further term of five years upto 31<sup>st</sup> March 2024, a special resolution is required. Hence, in this regard, a special resolution and explanatory statement are given in the notice of the AGM.

#### **Independent Directors, Declaration**

All independent Directors have given declarations that they meet the criteria of the independence as laid down in section 149 of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulation 2015 in respect of financial year ended 31<sup>st</sup> March 2018 which has been relied on by the Company and placed at the Board Meeting.

#### **KEY MANAGERIAL PERSONAL**

The Key Management Personnel of the company are as under

1. Mr. Rajesh Kumar Saraf - Managing Director
2. Mr. Krishnaswamy Venkateswaran - Company Secretary
3. Mr. P. Ramalinga Srinivasan - Chief Financial Officer

**STATUTORY AUDITORS:**

M/s JitendraK.Agarwal & Associates, Chartered Accountants, (Firm Registration Number:318086E) were appointed as statutory auditors of the company for the term of five years in 42<sup>nd</sup> Annual General Meeting held on 28<sup>th</sup> August 2017, and they continue to be the Auditors.

**COMMENT ON STATUTORY AUDITOR REPORT**

There are no qualifications, reservations, remarks or disclaimers made by M/s. JitendraK.Agarwal& Associates, Statutory Auditor, in their audit report. The Statutory Auditor have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2017-18 and has given unmodified report

**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, Ms. Lakshmmi Subramanian of Mrs Lakshmi Subramanin & Associates, Practicing Company Secretaries (Membership No.3534) was appointed to conduct secretarial audit for the financial year 2017-18.

The Secretarial Audit report as received from the secretarial auditor is annexed to this report as Annexure-2

**COMMENT ON SECRETARIAL AUDITOR REPORT**

The Comments given by the Secretarial Auditor and action taken by the company are given below

1. demating of promoters shares  
Action is being taken
2. There have been a few cases of delay in filing of certain e-forms with MCA due to technical problem  
Action is being taken to avoid such delay in future
3. transfer of shares relating to unclaimed dividend for more than seven consecutive years to IEPF authority due to non reconciliation of shares by RTA  
RTA has been requested to take steps to transfer such shares to IEPF authority
4. Since the net worth eroded, fresh resolution for enhancing the limit u/s 186 is being obtained in the ensuing AGM  
Since complied

**INTERNAL CONTROL AND ITS ADEQUACY**

The internal auditors of the Company regularly conduct audit and submitted their quarterly reports,

which are reviewed by the Audit Committee. The auditor also reported in his IFC report 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. 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)**

During the year 2017-18, the Company had entered into transaction with related parties pursuant to the provisions of section 188 of the Companies Act, 2013. The particulars of contracts or arrangements with related parties are given Annexure-3 (Form AOC-2)

#### **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- 4to this report.

#### **RISK MANAGEMENT POLICY**

The risk management is overseen by the Audit Committee of the company on a continuous basis. Major risks, if any, identified by the business and functions are systematically addressed through mitigating action on a continuous basis. The Risk Management policy is available in the company website [www.nolgroup.com](http://www.nolgroup.com)

#### **PERSONNEL**

The information required under section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, forms part of this report as Annexure-5

The information of employees as per rule 5(2) of the said act for the year is "NIL"

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

The company has not constituted a separate committee under the Sexual Harassment of Woman at Work place (Prevention, Prohibition and Redressal) Act 2013. However the company has Zero tolerance for sexual harassment at work place.

During the financial year 2017-18, the company has not received any sexual harassment complaints

#### **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 equity capital and Net worth is less than Rs.10 Crores and Rs.25 Crores respectively, the provisions of revised clause 49 relating to Corporate Governance vide SEBI Circular Number CIR/CFD/POLICY CELL/7 2014 dt.15<sup>th</sup> September 2014 are not applicable to the Company

**NUMBER OF MEETINGS OF BOARD**

5 ( five ) Meetings of the Board of Directors of the Company were held during the year 2017-18, which were on 20.05.2017( adjourned meetings 23.05.2017 & 30.05.2017 ), 28.07.2017, 28.08.2017 (adjourned meeting 09.09.2017 ), 29.11.2017 and 10.02.2018.

The maximum time gap between any two consecutive meetings did not exceed 120 days

**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 Regulation 34(3), 18(3) and 46 of ( SEBI (LODR) Regulation 2015, 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

#### **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 and is available on the Company website [www.nolgroup.com](http://www.nolgroup.com)

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your company has incurred loss in the year 2017-18 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.

#### **HUMAN RESOURCES**

The well-disciplined workforce which has served the company lies at the very foundation of the company's major achievements and shall well continue for the years to come. The management has always carried out systematic appraisal of performance and imparted training at periodic intervals. The company has always recognized talent and has judiciously followed the principle of rewarding performance.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

##### **Industry structure and Developments**

Presently the company Manufactures industrial gases both in liquid and gaseous form. 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 full rated capacity. The company is working at its market front since the supply of the companies product has increased compared to the previous year.

### **Opportunities and Threats**

Our company project has resulted in high quality output which has resulted to tie up long term contracts with the customers. Our main concern is, continuous competition from other manufacturers in the same line of production

### **Segment wise performance**

Presently the company has one manufacture segment to manufacture industrial gases both in liquid and gaseous form at plants situated at Pondicherry and Perundurai. The plants situated at both places are performing at full rated capacity. The products are very useful to hospitals and industry sector. Our products are in competitive position in the market.

### **Risks and Concerns:**

Our main concern is, continuous competition from other manufacturers in the same line of production by reducing the price in the market due to which the company has to reduce the price to retain its share in the market.

### **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:**

Your company net revenue increased by 7.42% due to increase of sales while comparing the previous year and other income has also increased by 568.9%

#### **Expenses:**

Raw Material consumption increased by 29.67% due to increase of productivity

Purchase of stock in trade -Nil

Change in inventories decreased by 73.27% due to change in the production cycle

Employees benefit expenses increased by 5.32% due to salary increase to existing employees and new recruitment of staffs.

Depreciation cost decreased by 3.18% due to Change of Accounting policy as per the Companies Act, 2013 and inputs of capital assets.

Finance cost decreased by 8.71% due to decrease of borrowings.

Power and fuel increased by 15.80% due to increase of productivity

Other expenses increased by 9.00% due to cost increase of other overheads.



Total expenses increased by 5.49% which is reasonable while comparing the production and cost escalation of variable and fixed overheads

**Material developments in human resources / Industrial relations front:**

Training on all sectors are given to its employees periodically and motivated to work in line 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 102.

**Listing with Stock Exchange**

The shares of the company are listed in the Bombay Stock Exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of 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 they 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 they 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 they had prepared the Annual Accounts on a going-concern basis;
- (v) That they laid down internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating properly.
- (vi) That they have 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 wish to place on record their appreciation of the contributions made by employees at all levels, towards the continued growth and prosperity of your company.

Directors also take this opportunity to convey their thanks to all the valued shareholders of the company and to the Bankers for their valuable services.

By Order of the Board,

PLACE : Chennai  
DATE : 11-08-2018

Gajanand 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 equipments: 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:**

	<b>2017-18</b>	<b>2016-17</b>
Earnings in Foreign Exchange:	NIL	NIL
Expenditure in Foreign Exchange:	NIL	NIL
CIP Value of imports	70,07,459/-	54,03,126/-

On behalf of the Board

Sd/-

**G.N. Saraf**  
ChairmanPlace : Chennai  
Date : 11-08-2018

**ANNEXURE-2**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2018**

***[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.1B, 1<sup>st</sup> Floor, ArihantJashn  
No.38 (121) RukmaniLakshmpathySalai  
Egmore, Chennai -600 008

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, 2018 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, 2018 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 and except the following:

1. demating of promoters shares
2. There have been a few cases of delay in filing of certain e-forms with MCA due to technical problem
3. transfer of shares relating to unclaimed dividend for more than seven consecutive years to IEPF authority due to non-reconciliation of shares by RTA
4. Since the net worth eroded, fresh resolution for enhancing the limit u/s 186 is being obtained in the ensuing AGM

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, proper compliances were made for changes in the Board.

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.

**For LAKSHMMI SUBRAMANIAN & ASSOCIATES**

Sd/-

Lakshmmi Subramanian

Senior Partner

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

Place: Chennai  
Date: 31-07-2018

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.1B, 1<sup>st</sup> Floor, Arihant Jashn  
No.38(121) Rukmani LakshmiPathySalai  
Egmore, Chennai -600 008

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: 31-07-2018

**ANNEXURE-3**  
**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 Pvt. Ltd ( 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 Pvt.Ltd
    - 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.11,93,401/-
    - ii) Interest paid to Saraf Housing Development Private Limited Rs. 99,75,686/-
    - iii) Interest paid to Approach Marketing Private Limited Rs. 90,93,834/-
    - iv) Unsecured Loan from Saraf Housing Development Pvt Rs. 8,11,28,911/-
    - v) Unsecured Loan from Approach Marketing Pvt Ltd. Rs.10,92,27,050/-
    - vi) Trade Payable to ECA Gases Private Limited Rs. Nil
    - vii) Rent paid director residence Rs. Nil
  - e) Date of approval by the Board, if any:
  - f) Amount paid as advance, if any: NIL

Place : Chennai  
Date: 11-08-2018

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

**ANNEXURE-4**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31.03.2018**  
[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	Flat No.1B, First Floor, ArihantJashn (Old No.121) New No.38, Rukmani Lakshmipathy Salai, Egmore, Chennai-600008
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
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	00	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	113726	2000	115726	2.40	83450	2000	85450	1.77	-0.63
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	527464	343485	870949	18.13	539870	332585	872455	18.16	0.03
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	966474	15320	981794	20.44	993480	15320	1008800	21.01	0.56
c) Others (specify)									
(C-i) Clearing member	213	0	213	0.01	350	0	350	0.01	0.01
(C-ii) Trust									
(C-iii) Foreign Nationals	16467	1965	18432	0.38	16644	1965	18609	0.38	0.00
(C-iv) HUF	7216	0	7216	0.15	8666	0	8666	0.18	0.03
(C-v) Non-Resident Indians	0	1710	1710	0.35	0	1710	1710	0.03	0
Others									
<b>Sub-total (B)(2):-</b>	1631560	364480	1996040	41.56	1642460	353580	1996040	41.56	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1631560	364480	1996040	41.56	1642460	353580	1996040	41.56	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	4437491	364780	4802271	100	4448391	353880	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 Purchase-2.3.18 At the end of the year 31.03.18	484362 361871	10.08 7.53	0	846233	17.61	0	7.53
2	GajanandSaraf	365227	7.60	0	365227	7.60	0	0
3	Veena Devi saraf Transmission to Rajesh Kumar saraf	361871 361871	7.53 7.53	0 0	0	0	0	-7.53
4	SaritaSaraf	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	GajanandSaraf-HUF	229555	4.78	0	229555	4.78	0	0
7	GajanandSaraf-HUF	199326	4.15	0	199326	4.15	0	0
8	ECA Gases 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
	Total	2805931	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 2017-18

## 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	<b>F I Dadabhoy-JT1-P F Dadabhoy</b> At the beginning of the year- 01.04.17 At the end of the year-31.03.2018	158100	3.2921	162900	3.39
2	<b>Manoharlal S</b> At the Beginning of the year- 01.04.17 At the end of the year-31.03.2018	177189 177189	3.6896 3.6896	177189 177189	3.6896 3.6896
3	<b>SaffiyaBanu</b> At the beginning of the year- 01.04.17 At the end of the year-31.03.2018	95652 95652	1.9918 1.9918	95652 95652	1.9918 1.9918
4	<b>Sicgil India Limited</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	93000	1.9365	62316	1.29
5	<b>Thakur Prasad</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	92665 92665	1.9296 1.9296	92665 92665	1.9296 1.9296
6	<b>S S Sundaram</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	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	<b>S. Dakshayani</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	82936 82936	1.7270 1.7270	82936 82936	1.7270 1.7270
8	<b>Abdul Rasheed</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	64596 64596	1.3451 1.3451	64596 64596	1.3451 1.3451
9	<b>R F Dadabhoy-Jt.1-F L Dadabhoy</b> At the beginning of the year 01.04.2017 At the end of the year- 31.03.2018	54000	1.1244	55500	1.15
10	<b>N F Dadabhoy Jt. F L Dadabhoy</b> At the beginning of the year 01.04.2017 At the end of the year - 31.03.2018	54000	1.1244	54000 59100	1.1244 1.23

## (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.	GajanandSaraf				
	At the beginning of the year-1.04.17	365227	7.60	365227	7.60
	At the end of the year-31.03.2018	365227	7.60	365227	7.60
	GajanandSaraf – HUF				
	At the beginning of the year1.4.17	229555	4.78	229555	4.78
	At the end of the year-31.03.2018	229555	4.78	229555	4.78
2.	GajanandSaraf – HUF				
	At the beginning of the year-1.04.17	199326	4.15	199326	4.15
	At the end of the Year-31.03.2018	199326	4.15	199326	4.15
	Rajesh Kumar Saraf				
	At the beginning of the year-1.04.17	484362	10.07		
	At the end of they year-31.03.2018	846233	17.61	846233	17.61
	Rajesh Kumar Saraf-HUF				
At the beginning of the year-1.04.17	134338	2.79	134338	2.79	
At the end of the year-31.03.2018	134338	2.79	134338	2.79	
	Veena Devi Saraf				
At the beginning of the year-1.04.17	361871	7.53	0	0	
At the end of the year-31.03.2018					
	Anil Kumar Seth	0	0	0	0
	DevmohanMohunta	0	0	0	0
	S.Shanmugavadivel	0	0	0	0

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

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebtedness</b>
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	246920421	187811766		434732187
ii. Interest due but not paid				
iii. Interest accrued but not due				
<b>Total (i+ii+iii)</b>	246920421	187811766		434732187
Change in Indebtedness during the financial year				
· Addition		12544195		
Reduction	47630799			35086604
<b>Net Change</b>	47630799	12544195		35086604
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	199289622	200355961		399645583
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	199289622	200355961		399645583

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

<b>SI.No</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/WTD/ Manager</b>	<b>Total Amount</b>
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. Rajesh Kumar Saraf- MD  Provident Fund Contribution Mr. Rajesh Kumar Saraf-MD Other perquisites Mr. Rajesh Kumar Saraf- MD	30,00,000  21,600 1,67,306
2	Stock Option		Nil
3	Sweat Equity		Nil
4	Commission - as % of profit - others, specify...		Nil
5	Others, please specify		Nil
	Total (A)		31,88,906
	Ceiling as per the Act		
<b>B. Remuneration to other directors:</b>			
<b>SI.No</b>	<b>Particulars of Remuneration</b>	<b>Name of Directors</b>	<b>Total Amount</b>
1	3. Independent Directors · Fee for attending board / committee meetings · Commission · Others, please specify	Sitting fees Shanmugavadivel Anil Kumar Seth Devmohan Mohunta	10,750 3,500 4,500
	Total (1)		18,750
	4. Other Non-Executive Directors · Fee for attending board / committee meetings · Commission · Others, please specify	Sitting fees Smt. Veena Deve Saraf	6,000
	Total (2)		6,000
	Total (B)=(1+2)		24,750
	Total Managerial Remuneration		32,13,656
	Overall Ceiling as per the Act		



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

Sl.No	Particulars of Remuneration	CEO	Key Managerial Personnel		
			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		60,000  Nil Nil	5,51,235  Nil Nil	6,11,235  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)		60,000	5,51,235	6,11,235

**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)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

PLACE : Chennai  
DATE : 11-08-2018

Sd/-  
**G.N.Saraf**  
Chairman

**ANNEXURE-5**

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. Rajesh Kumar Saraf- Managing Director	18.25

- 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:

- d) The number of permanent employees on the rolls of the company: 102

- 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 850000/- p.m or 10200000 /- p.a as prescribed under sub rule 2 of the Rule 5 of Companies (Appointment & Remuneration) Rules, 2014

Place : Chennai  
Date: 11-08-2018

Sd/-  
Gajanand 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 March 31, 2018, which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including other comprehensive income) , the Cash Flow Statement and the statement of changes in Equity 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 including other comprehensive income , cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 March 31, 2018 , and its Loss(including other comprehensive income) and its cash flows and the changes in equity for the year ended on that date.

#### **5. Emphasis of Matter :**

We draw attention to Note No. 40 of the financial statements regarding the company's net worth being fully eroded . 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 (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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:
  - a) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No. 42 A to the financial statements;
  - b) 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.
  - c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For JITENDRA K AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Regn No. 318086E**

**Camp: Chennai**  
**Date : May 26,2018.**

**(SAJAL GOYAL)**  
**Partner**  
**Membership No. 523903**

## **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 March 31, 2018)

We report that:

- i) In respect of its fixed assets:
  - a) According to information and explanations given to us, the Company has maintained proper Fixed Assets records showing full particulars, including quantitative details and situation of 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 to us and on the basis of our examination of the records of the company, the title deeds of the immovable properties are held in the name of the company.
- ii) As explained to us, physical verification has been conducted by the management, wherever possible, at all its locations at reasonable intervals during the year in respect of inventory of raw materials, work in progress, finished goods and by products. The discrepancies noticed on physical verification of inventories as compared to book records 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;

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

vi) The Company is not covered under the criteria prescribed for maintenance of 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, hence clause 3 (vi) of the Order is not applicable to the company .

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, Goods and service 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 March 31,2018 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, Goods and Service tax or Cess, on account of any dispute as on March 31,2018 , are as follows :

<b>Name of the Statute</b>	<b>Nature of Dues</b>	<b>Amount Rs in Lacs</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute pending</b>
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	CESTAT, Southern Bench

## **ANNEXURE "A" 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;



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

- 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 JITENDRA K AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Regn No. 318086E**

**Camp: Chennai**  
**Date : May 26,2018.**

**(SAJAL GOYAL)**  
***Partner***  
**Membership No. 523903**

## **“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 March 31,2018)

### **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 31<sup>st</sup> Mach 2018 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, 2018 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.

**For JITENDRA K AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Regn No. 318086E**

**Camp: Chennai**  
**Date : May 26,2018.**

**(SAJAL GOYAL)**  
***Partner***  
**Membership No. 523903**

**NATIONAL OXYGEN LIMITED**  
CIN : L24111TN1974PLC006819  
**Balance Sheet as at 31st March,2018**

	Note No.	As at 31-03-2018 Rs.	As at 31-03-2017 Rs.	As at 01-04-2016 Rs.
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant & Equipments	2	35,23,63,729	39,81,31,326	43,72,79,610
Capital Work-in-Progress	3	2,64,660	2,64,660	-
Intangible Assets	4	1,810	1,810	23,518
<b>Financial Assets :</b>				
i) Investments	5	11,42,500	1,42,500	16,22,904
ii) Other financial Assets	6	57,77,615	2,01,55,490	2,32,89,126
<b>Total Non Current Assets</b>		<b>35,95,50,314</b>	<b>41,86,95,786</b>	<b>46,22,15,158</b>
<b>Current Assets</b>				
Inventories	7	21,55,700	29,75,545	65,52,116
<b>Financial Assets:</b>				
i) Trade Receivables	8	3,73,37,592	4,49,49,563	5,44,39,790
ii) Cash and Cash Equivalents	9	3,41,236	4,48,952	3,57,508
iii) Other Bank Balances	10	77,15,758	48,29,649	76,11,940
iv) Other Financial Assets	11	73,79,529	1,49,13,315	65,37,727
Current Tax Assets (Net)	12	4,62,205	6,19,563	4,34,727
Other Current Assets	13	43,27,022	35,03,849	28,52,862
<b>Total Current Assets</b>		<b>5,97,19,042</b>	<b>7,22,40,436</b>	<b>7,87,86,670</b>
<b>Total Assets</b>		<b>41,92,69,356</b>	<b>49,09,36,222</b>	<b>54,10,01,828</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
i) Equity Share Capital	14	4,80,22,710	4,80,22,710	4,80,22,710
ii) Other Equity	15	(13,30,57,460)	(11,45,20,193)	(6,09,49,159)
<b>Total Equity</b>		<b>(8,50,34,750)</b>	<b>(6,64,97,483)</b>	<b>(1,29,26,449)</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities :</b>				
i) Borrowings	16	34,58,80,256	37,88,89,809	37,36,91,524
ii) Other Financial Liabilities	17	89,83,836	98,35,226	1,06,76,220
Provisions-Non Current	19	45,02,408	37,56,044	33,85,076
<b>Total Non-Current Liabilities</b>		<b>35,93,66,500</b>	<b>39,24,81,079</b>	<b>38,77,52,820</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities :</b>				
i) Borrowings	20	5,37,65,327	5,58,42,378	5,91,63,448
ii) Trade Payables	21	2,62,47,846	3,76,34,180	3,69,16,763
iii) Other Current Financial Liabilities	22	5,95,47,398	7,01,06,981	6,76,64,845
Other Current Liabilities	23	47,60,139	9,78,265	10,60,004
Provisions	24	6,16,896	3,90,822	13,70,397
<b>Total Current Liabilities</b>		<b>14,49,37,606</b>	<b>16,49,52,626</b>	<b>16,61,75,457</b>
<b>Total Liabilities</b>		<b>50,43,04,106</b>	<b>55,74,33,705</b>	<b>55,39,28,277</b>
<b>Total Equity and Liabilities</b>		<b>41,92,69,356</b>	<b>49,09,36,222</b>	<b>54,10,01,828</b>
<b>Significant Accounting Policies</b>	'1'			

The accompanying notes are an integral part of the financial statements  
As per our report of even date annexed.,

For JITENDRA K AGARWAL & ASSOCIATES  
Chartered Accountants  
Firm Registration 318086E

For and on behalf of the Board  
for NATIONAL OXYGEN LTD

G.N. SARAF  
Chairman  
DIN: 00007320

(SAJAL GOYAL)  
Partner  
Membership No. 523903  
Camp : Chennai  
Date : 26th May 2018

RAJESH KUMAR SARAF  
Managing Director  
DIN: 00007353

**NATIONAL OXYGEN LIMITED**

CIN : L24111TN1974PLC006819

**Statement of Profit and Loss for the year ended 31st March, 2018**

	Note No.	31-03-2018	31-03-2017
<b>REVENUES</b>		Rs.	Rs.
Revenue from Operations	25	42,26,89,154	39,34,93,146
Other Income	26	48,11,793	32,73,376
Total Revenues		<u>42,75,00,947</u>	<u>39,67,66,522</u>
<b>EXPENSES</b>			
Cost of Materials Consumed	27	1,22,73,435	94,64,565
Changes in Inventories	28	5,52,185	20,66,197
Excise Duty	29	90,67,784	3,26,04,328
Employee Benefits Expenses	30	3,14,87,979	2,98,97,428
Power and Fuel	31	25,76,33,994	22,24,73,870
Other Expenses	32	5,54,78,798	5,08,95,510
Total Expenses		<u>36,64,94,175</u>	<u>34,74,01,898</u>
<b>Profit before interest, tax, depreciation and amortisation</b>		6,10,06,772	4,93,64,624
Finance Costs	33	5,89,91,993	6,46,25,834
Depreciation and Amortization	34	3,78,72,199	3,91,16,648
<b>Profit/ (Loss) before exceptional items and Tax</b>		<u>(3,58,57,420)</u>	<u>(5,43,77,858)</u>
Exceptional items (Refer Note No. 41)		1,70,83,887	-
<b>Profit/ (Loss) before Tax</b>		<u>(1,87,73,533)</u>	<u>(5,43,77,858)</u>
Tax Expenses:	35		
Current Tax (Including for earlier years)		-	-
Deferred Tax		(76,657)	(2,61,774)
<b>Profit/ (Loss) for the year</b>		<u>(1,86,96,876)</u>	<u>(5,41,16,084)</u>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Profit &amp; Loss</b>			
Remeasurement of Post employment benefit obligations		(1,59,609)	(5,45,050)
<b>Other Comprehensive Income for the year, net of tax</b>		<u>(1,59,609)</u>	<u>(5,45,050)</u>
<b>Total Comprehensive Income for the year</b>		<u>(1,85,37,267)</u>	<u>(5,35,71,034)</u>
<b>Earnings per Equity Share:</b>			
Basic (₹)		(3.89)	(11.27)
Diluted (₹)		(3.89)	(11.27)

The accompanying notes are an integral part of the financial statements  
As per our report of even date annexed.,

For JITENDRA K AGARWAL & ASSOCIATES  
Chartered Accountants  
Firm Registration 318086E

For and on behalf of the Board  
for NATIONAL OXYGEN LTD

(SAJAL GOYAL)  
Partner  
Membership No. 523903  
Camp : Chennai  
Date : 26th May 2018

G.N. SARAF  
Chairman  
DIN: 00007320

RAJESH KUMAR SARAF  
Managing Director  
DIN: 00007353

**NATIONAL OXYGEN LIMITED**  
CIN : L24111TN1974PLC006819  
**Statement of changes in Equity as at 31st March 2018**

**A. Equity Share Capital :**

a) Particulars	Note No.	Numbers	Rs.
Equity Shares outstanding as at 01-04-2016		48,02,271	4,80,22,710
Changes in Equity Share Capital		-	-
Equity Shares outstanding as at 31-03-2017		<b>48,02,271</b>	<b>4,80,22,710</b>
Changes in Equity Share Capital		-	-
Equity Shares outstanding at 31-03-2018		<b>48,02,271</b>	<b>4,80,22,710</b>

**B. Other Equity :**

Particulars	Reserves & Surplus				Total -Other Equity
	Capital Reserve	Securities Premium Account	General Reserve	Retained Earnings	
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 01-04-2016</b>	40,00,000	7,78,38,890	6,17,86,924	(18,71,22,959)	(4,34,97,145)
Add/ (Less)- Transitional Impact of Ind AS as on 01-04-2016 adjusted against opening Balance			(1,18,13,452)	(56,38,562)	(1,74,52,014)
<b>Restated Balance as at 01-04-2016</b>	<b>40,00,000</b>	<b>7,78,38,890</b>	<b>4,99,73,472</b>	<b>(19,27,61,521)</b>	<b>(6,09,49,159)</b>
Profit / (Loss) for the year				(5,41,16,084)	(5,41,16,084)
Other Comprehensive Income				5,45,050	5,45,050
Total Comprehensive Income for the year	-	-	-	(5,35,71,034)	(5,35,71,034)
Transfer to General Reserve				-	-
<b>Balance as at 31-03-2017</b>	<b>40,00,000</b>	<b>7,78,38,890</b>	<b>4,99,73,472</b>	<b>(24,63,32,555)</b>	<b>(11,45,20,193)</b>
Profit/ (Loss) for the year				(1,86,96,876)	(1,86,96,876)
Other Comprehensive Income				1,59,609	1,59,609
Total Comprehensive Income for the year	-	-	-	(1,85,37,267)	(1,85,37,267)
Transfer to General Reserve				-	-
<b>Balance as at 31-03-2018</b>	<b>40,00,000</b>	<b>7,78,38,890</b>	<b>4,99,73,472</b>	<b>(26,48,69,822)</b>	<b>(13,30,57,460)</b>

As per our report of even date annexed.,  
For **JITENDRA K AGARWAL & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration 318086E

(SAJAL GOYAL)  
Partner  
Membership No. 523903  
Camp : Chennai  
Date : 26th May 2018

For and on behalf of the Board  
for NATIONAL OXYGEN LTD

G.N. SARAF  
Director  
DIN: 00007320

RAJESH KUMAR SARAF  
Managing Director  
DIN: 00007353

# NATIONAL OXYGEN LIMITED

## Notes to the Financial Statements

### Corporate information:

National Oxygen Limited (CIN : L24111TN1974PLC006819) is a Listed company domiciled in India and was incorporated on 23rd December 1974 and is governed under the Companies Act,2013. The company is primarily engaged in manufacturing of Industrial Gases and Wind Energy generation .

The financial statements of the Company for the year ended 31st March 2018 were authorised for issue by the Board of Directors at their meeting held on 26th May 2018.

## 1 SIGNIFICANT ACCOUNTING POLICIES

These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1.1 Basis of Preparation :

#### a) Compliance with Ind AS:

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 , read with the Companies (Indian Accounting Standards) Rules,2015 and other relevant provisions of the Act as applicable.

The financial statements upto the year ended 31 March 2017 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules,2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer Note . 38 for the particulars of how the transition from previous GAAP to Ind AS has impacted the company's financial position, financial performance and cash flows.

#### b) Historical cost convention :

The financial statements have been prepared on accrual basis under the historical cost basis, except for certain assets and liabilities which are measured at their fair value as indicated in the respective accounting policy.

### 1.2 Significant Accounting Policies

#### A Property Plant & Equipment:

a) Fixed Assets are stated at cost net of Centvat ,Value added tax,Goods and sevice Tax etc, depreciation and impairment. Cost of acquisition includes duties, taxes, incidental expenses, erection and 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.

#### Transition to Ind AS

On transition to Ind AS, the company has opted to continue with the carrying value of all its property, plant and equipment recognized as at 1st April 2016 as the deemed cost of the property, plant and equipment.

#### B 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.

#### Transition to Ind AS

On transition to Ind AS, the company has opted to classify its major plant and equipment based on the component lives of the asset.

#### C INTANGIBLE ASSETS :

Intangible Assets are stated at cost less accumulated amortization and impairment, if any



# NATIONAL OXYGEN LIMITED

## Notes to the Financial Statements

### 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 INVESTMENTS AND OTHER FINANCIAL ASSETS:

#### Classification:

The Investments and other financial assets have been classified as per Company's business model for managing the financial assets and the contractual terms of the cash flows.

#### Measurement :

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income or at fair value through profit and loss .

#### Equity Instruments:

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present the fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses)in the statement of profit and loss. Impairment losses(and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Impairment of financial assets :

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost . The impairment methodology applied depend on whether there has been a significant increase in credit risk.

For trade receivables, as permitted by Ind AS 109 Financial Instruments, the expected lifetime losses are recognised at the time of initial recognition of the receivables.

#### Derecognition of financial assets :

A financial asset is derecognised only when :

- The company has transferred the rights to receive cash flows from the financial asset, or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

### F 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

### G 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.

### H EMPLOYEE BENEFITS:

Defined Contribution Plans: Company's contribution to Provident Fund and other funds are charged to the statement of Profit & Loss during the period during which the employee renders the related service. The Company has no obligations other than the contributions payable to the respective trusts.

Defined Benefit plans : Gratuity liability is provided for based on actuarial valuation made at the end of each financial year using the projected unit credit method in accordance with the Indian Accounting Standard 19. The obligation is measured at the present value of future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans is based on the market yields on government securities as at balance sheet date, having maturity periods approximated to the terms of the related obligations.

Remeasurments gains and losses arising from experience adjustments and changes in actuarial assumption are recognised in the period in which they occur, directly in other comprehensive income , which is included in retained earnings in the statement of changes in equity and in the balance sheet.

# NATIONAL OXYGEN LIMITED

## Notes to the Financial Statements

### I REVENUE RECOGNITION :

Revenue is measured at the fair value of the consideration received or receivable. Revenue disclosed is inclusive of excise duty and net of returns, rebates, Cash incentives ,value added taxes and service tax.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity . The company bases its estimates on past experience, taking into consideration the type of transaction and the specifics of each arrangement.

Revenue from Sale of products are recognised when significant risks and rewards of ownership have been transferred to the customers which generally coincides with delivery. No element of financing is deemed to be present, as the sales are made with normal credit terms which is consistent with market practice.

### J 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.

### K TAXES ON INCOME :

a) Current Income Tax is provided as per the provisions of the Income tax Act 1961.

b) Deferred Tax is provided using the Liability method , providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes . The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities , using tax rates enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss,except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case,the tax is also recognised in other comprehensive income or directly in equity, respectively.

### L EARNINGS PER SHARE :

Basic earnings per share:

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and , the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

### M 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.

### N 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.

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

**2 Property Plant & Equipment**

Summary of cost and net carrying amount of each class of Property Plant & Equipment are given below:

(In Rs.)

Property Plant & Equipment	Freehold Land	Leasehold Land under Finance	Buildings	Plant and Equipment	Furniture & Office Equipment	Vehicles	Total
<b>Year ended 31st March 2017</b>							
<b>Gross Carrying Amount</b>							
Deemed Cost as at April 1, 2016	26,13,023	1,20,37,345	8,43,43,278	64,96,08,849	1,27,27,244	82,09,876	76,95,39,615
Additions	-	-	-	44,775	43,976	-	88,751
Transfer to General Reserve	-	-	-	-	-	-	-
Disposals / Adjustments	-	-	-	4,27,232	28,41,899	-	32,69,131
<b>As at 31st March, 2017</b>	<b>26,13,023</b>	<b>1,20,37,345</b>	<b>8,43,43,278</b>	<b>64,92,26,392</b>	<b>99,29,321</b>	<b>82,09,876</b>	<b>76,63,59,235</b>

**Accumulated Depreciation**

As at April 1, 2016	-	29,03,682	1,83,88,218	28,20,24,776	1,08,78,166	66,13,149	32,08,07,991
Add: Transitional Ind AS adjustment transferred to General Reserve	-	-	-	1,14,52,014	-	-	1,14,52,014
Adjusted Accumulated Depreciation as at April 1, 2016	-	29,03,682	1,83,88,218	29,34,76,790	1,08,78,166	66,13,149	33,22,60,005
Additions	-	5,97,479	23,14,601	3,51,83,185	7,75,692	2,23,983	3,90,94,940
Disposals / Adjustments	-	-	-	4,27,232	26,99,804	-	31,27,036
<b>As at 31st March, 2017</b>	<b>-</b>	<b>35,01,161</b>	<b>2,07,02,819</b>	<b>32,82,32,743</b>	<b>89,54,054</b>	<b>68,37,132</b>	<b>36,82,27,909</b>

**Net Carrying Amount**

<b>As at 1st April 2016</b>	26,13,023	91,33,663	6,59,55,060	35,61,32,059	18,49,078	15,96,727	43,72,79,610
<b>As at 31st March, 2017</b>	26,13,023	85,36,184	6,36,40,459	32,09,93,649	9,75,267	13,72,744	39,81,31,326

Property Plant & Equipment	Freehold Land	Leasehold Land under Finance	Buildings	Plant and Equipment	Furniture & Office Equipment	Vehicles	Total
<b>Year ended 31st March 2018</b>							
<b>Gross Carrying Amount</b>							
As at April 1, 2017	26,13,023	1,20,37,345	8,43,43,278	64,92,26,392	99,29,321	82,09,876	76,63,59,235
Additions	-	-	-	8,89,275	1,31,440	-	10,20,715
Disposals / Adjustments	-	36,08,645	-	10,26,53,111	-	-	10,62,61,756
<b>As at 31st March, 2018</b>	<b>26,13,023</b>	<b>84,28,700</b>	<b>8,43,43,278</b>	<b>54,74,62,556</b>	<b>1,00,60,761</b>	<b>82,09,876</b>	<b>66,11,18,194</b>

**Accumulated Depreciation**

As at April 1, 2017	-	35,01,161	2,07,02,819	32,82,32,743	89,54,054	68,37,132	36,82,27,909
Additions	-	5,51,292	22,38,812	3,45,27,225	3,31,768	2,23,102	3,78,72,199
Disposals / Adjustments	-	17,96,329	-	9,55,49,314	-	-	9,73,45,643
<b>As at 31st March, 2018</b>	<b>-</b>	<b>22,56,124</b>	<b>2,29,41,631</b>	<b>26,72,10,654</b>	<b>92,85,822</b>	<b>70,60,234</b>	<b>30,87,54,465</b>

**Net Carrying Amount**

<b>As at 31st March, 2017</b>	26,13,023	85,36,184	6,36,40,459	32,09,93,649	9,75,267	13,72,744	39,81,31,326
<b>As at 31st March, 2018</b>	<b>26,13,023</b>	<b>61,72,576</b>	<b>6,14,01,647</b>	<b>28,02,51,902</b>	<b>7,74,939</b>	<b>11,49,642</b>	<b>35,23,63,729</b>

**3 Capital Work-in-Progress**

**Capital Work-in-Progress - Property Plant & Equipment**  
**Year ended 31st March 2017**

	Tangible
	Rs.
Deemed Cost as at April 1, 2016	-
Additions	2,64,660
<b>As at 31st March, 2017</b>	<b>2,64,660</b>

**Year ended 31st March 2018**

	Rs.
As at April 1, 2017	2,64,660
Additions	-
Less:- Capitalised	-
<b>As at 31st March, 2018</b>	<b>2,64,660</b>

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd.)**

**4 Intangible Assets**

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

**Year ended 31st March 2017**

Gross Carrying Amount	Computer Software
	Rs.
Deemed Cost as at April 1, 201	33,64,195
Additions	-
Disposals / Adjustments	-
<b>As at March 31, 2017</b>	<b>33,64,195</b>
<b>Amortization</b>	
As April 1, 2016	33,40,677
Additions	21,708
Disposals	-
<b>As March 31, 2017</b>	<b>33,62,385</b>

**Year ended 31st March 2018**

Gross Carrying Amount	Rs.
Deemed Cost as at April 1, 201	33,64,195
Additions	-
Disposals / Adjustments	-
<b>As at 31st March, 2018</b>	<b>33,64,195</b>
<b>Amortization</b>	
As at April 1, 2017	33,62,385
Additions	-
Disposals	-
<b>As March 31, 2018</b>	<b>33,62,385</b>
<b>Net Carrying Amount</b>	
As at 1st April, 2016	<b>23,518</b>
As at 31st March, 2017	<b>1,810</b>
As at 31st March, 2018	<b>1,810</b>

**5 Investments**

	Face value per Unit Fully paid up	31-03-2018 Nos.	31-03-2017 Nos.	01-04-2016 Nos.	As at		
					31-03-2018 Rs.	31-03-2017 Rs.	01-04-2016 Rs.
<b>Investments - Other than Trade</b>							
<b>i. Investments in Equity Instruments</b>							
<b>Unquoted:</b>							
TCP Limited	100	470	470	470	47,000	47,000	47,000
Pondicherry Agro Foods Pvt Ltd	` 10	9,000	9,000	9,000	90,000	90,000	90,000
Beta Wind Farm Pvt Ltd	` 10	-	-	77,916	-	-	14,80,404
Cauvery Power Trading Chennai Pvt Ltd	` 10	100000			10,00,000	-	-
					<b>11,37,000</b>	<b>1,37,000</b>	<b>16,17,404</b>
<b>ii. Investments in Government Securities</b>							
<b>Unquoted:</b>							
National Savings Certificate					5,000	5,000	5,000
Indira Vikas Patra					500	500	500
					<b>5,500</b>	<b>5,500</b>	<b>5,500</b>
<b>Aggregate amount of Investments</b>					<b>11,42,500</b>	<b>1,42,500</b>	<b>16,22,904</b>

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

		As at					
		31-03-2018 Rs.	31-03-2017 Rs.	01-04-2016 Rs.			
<b>6</b>	<b>Other financial Assets</b> Unsecured, Considered Good Security Deposits	57,77,615	2,01,55,490	23289126			
		<b>57,77,615</b>	<b>2,01,55,490</b>	<b>2,32,89,126</b>			
<b>7</b>	<b>Inventories:</b> Raw Materials Finished Goods Stores and Spares	10,03,911 10,78,175 73,615	10,45,700 18,34,154 95,691	1437061 4158625 956430			
		<b>21,55,700</b>	<b>29,75,545</b>	<b>65,52,116</b>			
<b>8</b>	<b>Trade Receivables:</b> Unsecured, Considered Good Unsecured, Considered Doubtful  Less: Provision for Doubtful Debts	3,73,37,592 87,17,147 4,60,54,739 (87,17,147)	4,49,49,563 79,50,000 5,28,99,563 (79,50,000)	5,44,39,790 60,00,000 6,04,39,790 (60,00,000)			
		<b>3,73,37,592</b>	<b>4,49,49,563</b>	<b>5,44,39,790</b>			
<b>9</b>	<b>Cash and Bank Balances:</b> <b>Cash and Cash Equivalents</b> Balance with Banks: Deposits with less than 3 months initial maturity Current Accounts Cash on hand	- 89,466 2,51,770	- 3,12,444 1,36,508	- 1,70,323 1,87,186			
		<b>3,41,236</b>	<b>4,48,952</b>	<b>3,57,508</b>			
<b>10</b>	<b>Other Balances</b> Balance with Banks: Unpaid Dividend Accounts Margin Money Deposit Accounts Deposits maturing within 12 months	1,89,320 75,26,438 -	3,30,497 44,99,152 -	4,77,007 71,34,933 -			
		<b>77,15,758</b>	<b>48,29,649</b>	<b>76,11,940</b>			
<b>11</b>	<b>Other Financial Assets</b> Deposit with Government Departments and Others Advances recoverable in Cash or in kind or for value to be received and/or to be adjusted Others	41,49,397 32,30,132	46,06,855 1,03,06,460	34,27,838 31,09,889			
		<b>73,79,529</b>	<b>1,49,13,315</b>	<b>65,37,727</b>			
<b>12</b>	<b>Current Tax Assets (Net)</b> Advance Income Tax & TDS (net of provision)	4,62,205	6,19,563	4,34,727			
		<b>4,62,205</b>	<b>6,19,563</b>	<b>4,34,727</b>			
<b>13</b>	<b>Other Current Assets</b> Interest Accrued on Deposits Other Current Assets	19,83,591 23,43,431	15,76,817 19,27,032	28,52,862 -			
		<b>43,27,022</b>	<b>35,03,849</b>	<b>28,52,862</b>			
<b>14</b>	<b>Equity Share Capital</b>						
<b>Authorized Equity Share Capital</b>		<b>Numbers</b>	<b>Rs in INR</b>				
As at 01-04-2016		50,00,000	5,00,00,000				
Increase during the year		-	-				
As at 31-03-2017		<b>50,00,000</b>	<b>5,00,00,000</b>				
Increase during the year		-	-				
As at 31-03-2018		<b>50,00,000</b>	<b>5,00,00,000</b>				
<b>a)</b>	<b>Movement in Equity Share Capital</b>						
		<b>Numbers</b>	<b>Rs in INR</b>				
Equity Shares outstanding as at 01-04-2016		48,02,271	4,80,22,710				
Changes in Equity Share Capital		-	-				
Equity Shares outstanding as at 31-03-2017		<b>48,02,271</b>	<b>4,80,22,710</b>				
Changes in Equity Share Capital		-	-				
Equity Shares outstanding at 31-03-2018		<b>48,02,271</b>	<b>4,80,22,710</b>				
<b>b)</b>	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.						
<b>c)</b>	Detail of shareholders holding more than 5 % shares of the Company as on reporting date are given below:						
<b>Name of shareholder</b>		<b>As at 31st Mar 2018</b>		<b>As at 31st Mar 2017</b>		<b>As at 1st April'2016</b>	
		No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
1.	Rajesh Kumar Saraf	9,80,571	20.42%	6,18,700	12.88%	6,18,700	12.88%
2.	Gajanand Saraf	7,94,108	16.54%	7,94,108	16.54%	7,94,108	16.54%
3.	Sarita Saraf	2,86,198	5.96%	2,86,198	5.96%	2,86,198	5.96%
4.	Veena Devi Saraf	-	-	3,61,871	7.54%	3,61,871	7.54%
5.	Saraf Housing Development Pvt.Ltd.	2,52,885	5.27%	2,52,885	5.27%	2,52,885	5.27%
<b>d)</b>	The Company has neither bought back any shares nor issued any bonus shares during five years immediately preceding the Balance Sheet date.						

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

		As at		
		31-03-2018	31-03-2017	01-04-2016
		Rs.	Rs.	Rs.
<b>15</b>	<b>Other Equity :</b>			
	<u>Capital Reserve</u>			
	As per last Account	40,00,000	40,00,000	40,00,000
	<u>Securities Premium Account</u>			
	As per last Account	7,78,38,890	7,78,38,890	7,78,38,890
	<u>General Reserve</u>			
	As per last Account	4,99,73,472	4,99,73,472	6,17,86,924
	Add: Transfer from Statement of Profit & Loss			-
	Add/ (Less)- Transitional Impact of Ind AS as on 01-04-2016 adjusted against opening Balance			(1,18,13,452)
		<b>4,99,73,472</b>	<b>4,99,73,472</b>	<b>4,99,73,472</b>
	<u>Retained Earnings</u>			
	Opening Balance	(24,63,32,555)	(19,27,61,521)	(13,02,75,230)
	Add/ (Less)- Transitional Impact of Ind AS as on 01-04-2016 adjusted against opening Balance	-	-	(56,62,306)
	Restated Opening Balance	<b>(24,63,32,555)</b>	<b>(19,27,61,521)</b>	<b>(13,59,37,536)</b>
	Add: Profit/ (Loss) for the year	(1,86,96,876)	(5,41,16,084)	(5,68,47,729)
	(26,50,29,431)	(24,68,77,605)	(19,27,85,265)	
<i>Items of Other Comprehensive Income recognized directly in Retained Earnings</i>				
Remeasurement of Post employment benefit obligations net of tax	1,59,609	5,45,050	23744	
Less: Transfer to General Reserve	-	-	-	
Closing Balance	<b>(26,48,69,822)</b>	<b>(24,63,32,555)</b>	<b>(19,27,61,521)</b>	
<b>Total Other Equity</b>	<b>(13,30,57,460)</b>	<b>(11,45,20,193)</b>	<b>(6,09,49,159)</b>	
<b>16</b>	<b>Borrowings :</b>			
	<b>Secured</b>			
	Term Loans:			
	From Banks	6,14,26,100	11,67,65,130	15,84,79,785
	Less Current Portion disclosed under current liabilities	4,08,82,128	5,53,59,298	5,11,35,000
		2,05,43,972	6,14,05,832	10,73,44,785
	Overdraft from Bank against Tangible Collateral Security (OD TCS)	12,49,80,323	12,96,72,211	12,93,89,306
		12,49,80,323	12,96,72,211	12,93,89,306
		14,55,24,295	19,10,78,043	23,67,34,091
	<b>Unsecured</b>			
	Inter Corporate Deposits	19,03,55,961	17,78,11,766	13,69,57,433
	Others	1,00,00,000	1,00,00,000	
		20,03,55,961	18,78,11,766	13,69,57,433
		<b>34,58,80,256</b>	<b>37,88,89,809</b>	<b>37,36,91,524</b>
(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 rate of interest was in the range of 13.45% to 13.75%				
<b>17</b>	<b>Other Financial Liabilities</b>			
	Trade Payables	-	-	-
	Trade Deposits - Retention Money received	89,83,836	98,35,226	1,06,76,220
	<b>89,83,836</b>	<b>98,35,226</b>	<b>1,06,76,220</b>	
<b>18</b>	<b>Deferred Tax Liabilities (Net) :</b>			
	Major components of Deferred Tax arising on account of temporary timing differences are given below:			
	<b>Deferred Tax Liabilities</b>			
	Depreciation and Amortization Expenses	5,51,55,834	6,40,79,787	6,53,37,000
	Other Timing Differences	-	-	-
		5,51,55,834	6,40,79,787	6,53,37,000
	<b>Deferred Tax Assets</b>			
	Expenses- Provisions Allowable	18,16,857	15,30,000	11,08,000
	Carry forward Losses (to the extent of unabsorbed depreciation)	5,33,38,977	6,25,49,787	6,42,29,000
	Other Timing Differences	-	-	-
	5,51,55,834	6,40,79,787	6,53,37,000	
<b>Deferred Tax Liabilities- (Asset) (Net) (**)</b>	-	-	-	
(**) As a matter of Prudence, deferred tax asset has not been recognized in the Accounts				

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

		As at		
		31-03-2018 Rs.	31-03-2017 Rs.	01-04-2016 Rs.
<b>19</b>	<b>Provisions-Non Current</b>			
	Provision for Employee Benefits	45,02,408	37,56,044	33,85,076
	Other Provisions	-	-	-
		<b>45,02,408</b>	<b>37,56,044</b>	<b>33,85,076</b>
<b>20</b>	<b>Borrowings :</b>			
	<b>Secured</b>			
	Loans repayable on demand			
	From Banks	5,37,65,327	5,58,42,378	5,45,06,904
	Loans against Fixed Deposits	-	-	46,56,544
		<b>5,37,65,327</b>	<b>5,58,42,378</b>	<b>5,91,63,448</b>
	(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			
	ii) Loan against Fixed Deposits are secured by way of Lien on the respective Fixed Deposits			
<b>21</b>	<b>Trade Payables :</b>			
	- Total outstanding dues of micro and small enterprises	-	-	
	- Total outstanding dues of creditors other than to micro and small enterprises	2,62,47,846	3,76,34,180	3,69,16,763
		<b>2,62,47,846</b>	<b>3,76,34,180</b>	<b>3,69,16,763</b>
<b>22</b>	<b>Other Current Financial Liabilities :</b>			
	Current maturities of long-term borrowings	4,08,82,128	5,53,59,298	5,11,35,000
	Unpaid Dividend	1,89,320	3,30,497	4,77,007
	Statutory dues Payables	83,72,583	37,28,278	65,34,558
	Other Liabilities	1,01,03,367	1,06,88,908	95,18,280
		<b>5,95,47,398</b>	<b>7,01,06,981</b>	<b>6,76,64,845</b>
<b>23</b>	<b>Other Current Liabilities :</b>			
	Customers' Credit Balances and Advances against orders	22,60,139	9,78,265	10,60,004
	Advance Against Properties	25,00,000	-	-
		<b>47,60,139</b>	<b>9,78,265</b>	<b>10,60,004</b>
<b>24</b>	<b>Provisions</b>			
	Employee Benefits	6,16,896	3,90,822	13,70,397
		<b>6,16,896</b>	<b>3,90,822</b>	<b>13,70,397</b>

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

		Year ended	
		31-03-2018 Rs.	31-03-2017 Rs.
<b>25</b>	<b>Revenue from Operations:</b>		
	a) Sale of Products		
	Sale of Industrial Gases	40,73,95,544	37,26,91,699
	Sale of Wind Energy	1,23,53,239	1,78,57,368
	Sales of other products	4,25,396	5,56,417
	<b>42,01,74,180</b>	<b>39,11,05,484</b>	
b) Facility Charges- Cylinder holding charges etc	25,14,974	23,87,662	
Net Revenue from Operations	<b>42,26,89,154</b>	<b>39,34,93,146</b>	
<b>26</b>	<b>Other Income:</b>		
	Interest Income		
	On Deposits etc (a)	8,82,357	23,47,597
	Dividend Received	100	-
	Gain- (Loss) on foreign currency transactions and translation (Net)	80,877	77,077
	Profit- (Loss) on Fixed Assets sold/ discarded (Net)	19,24,923	3,80,105
	Liabilities- Provisions no longer required written back	6,43,656	3,35,254
	Miscellaneous Receipts and Claims	12,79,880	1,33,343
		<b>48,11,793</b>	<b>32,73,376</b>
	(a)- Interest Income is gross of tax deducted at source amounting to Rs.86,656 (Previous year Rs. 1,85,764)		
<b>27</b>	<b>Cost of Materials Consumed:</b>		
	Opening Stock	10,45,700	14,37,061
	Add: Purchases	1,22,31,645	90,73,204
		<b>1,32,77,345</b>	<b>1,05,10,265</b>
	Less: Closing Stock	10,03,911	10,45,700
		<b>1,22,73,435</b>	<b>94,64,565</b>
	<b>Details of Raw Materials Consumed</b>		
	Calcium Carbide	1,11,54,618	94,64,565
	Others	11,18,817	-
	<b>28</b>	<b>Changes in Inventories:</b>	
<b>Opening Inventories</b>			
Finished Goods		18,34,155	41,58,625
<b>Less: Closing Inventories</b>			
Finished Goods		10,78,175	18,34,155
		<b>7,55,980</b>	<b>23,24,470</b>
Add: Increase- Decrease of Excise Duty on Inventories	(2,03,795)	(2,58,274)	
	<b>5,52,185</b>	<b>20,66,196</b>	
<b>29</b>	<b>Excise duty</b>		
	Excise Duty on Sales	90,67,784	3,26,04,328
		<b>90,67,784</b>	<b>3,26,04,328</b>
<b>30</b>	<b>Employee Benefits Expenses:</b>		
	Salaries and Wages	2,81,54,693	2,67,44,387
	Contribution to Provident and other Funds	17,78,870	15,74,324
	Employees Welfare Expenses	15,54,416	15,78,717
		<b>3,14,87,979</b>	<b>2,98,97,428</b>
<b>31</b>	<b>Power and Fuel:</b>		
	Power and Fuel	25,76,33,994	22,24,73,870
		<b>25,76,33,994</b>	<b>22,24,73,870</b>



**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

		Year ended	
		31-03-2018	31-03-2017
		Rs.	Rs.
<b>32</b>	<b>Other Expenses:</b>		
	Consumption of Stores and Spares	49,40,686	50,14,153
	Repairs to Buildings	10,47,213	10,61,162
	Repairs to Machinery	67,27,960	57,91,846
	Rates and Taxes	8,29,007	3,59,998
	Rent	-	1,00,000
	Insurance	5,26,309	4,84,604
	Auditors' Remuneration - (a)	1,30,000	1,49,500
	Travelling & Conveyance Expenses	8,04,672	4,60,503
	Freight and Forwarding Expenses (Net)	3,03,29,979	2,50,81,917
	Bad Debts and Advances written off(Net)	12,82,853	-
	Less: Adjusted against Provision for doubtful debts	(12,82,853)	-
	Provision for doubtful debts	20,50,000	19,50,000
	Directors' Remuneration	30,00,000	42,50,000
	Directors' Sitting Fees	24,750	34,000
	Miscellaneous Expenses	50,68,223	61,57,827
		<b>5,54,78,798</b>	<b>5,08,95,510</b>
	(a). Details of Auditors' Remuneration are as follows:		
	Statutory Auditors:		
	Audit Fees	1,00,000	1,15,000
	Taxation matters	30,000	34,500
	Others	-	-
		1,30,000	1,49,500
<b>33</b>	<b>Finance Costs:</b>		
	Interest Expenses	5,74,97,868	6,37,99,444
	Other Borrowing Costs	14,94,125	8,26,390
		<b>5,89,91,993</b>	<b>6,46,25,834</b>
<b>34</b>	<b>Depreciation and Amortization Expenses:</b>		
	Depreciation	3,78,72,199	3,90,94,940
	Amortization Expenses	-	21,708
		<b>3,78,72,199</b>	<b>3,91,16,648</b>
<b>35</b>	<b>Tax Expenses</b>		
	<b>Current Tax</b>		
	Current Tax for the year	-	-
	Current Tax adjustments for earlier years (Net)	-	-
		-	-
	<b>Deferred Tax</b>		
	Deferred Tax for the year	(76,657)	(2,61,774)
	Deferred Tax adjustments for earlier years (Net)	-	-
		<b>(76,657)</b>	<b>(2,61,774)</b>

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

**36 Financial risk management objectives and policies**

The Company's financial liabilities comprise loans and borrowings, security deposits, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include trade and other receivables, cash and cash equivalents.

The Company is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Company's management ensures that the Company's risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Managing Director, Chief Financial Officer and Business Heads reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include trade payables, trade receivables, borrowings, etc.

**Interest rate risk**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

**Trade receivables**

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the company. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date and write off/provision is made. The calculation is based on losses as per historical data.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Trade Receivable	0 to 180 days	> 180 days	Total
<b>31st March 2018</b>	3,89,50,518	71,04,221	4,60,54,739
<b>31st March 2017</b>	4,25,57,712	1,03,41,851	5,28,99,563
<b>April 1st 2016</b>	5,22,01,303	82,38,487	6,04,39,790

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations. The company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by Senior Management. Management monitors the Company's net liquidity position on the basis of expected cash flows.

**Maturity profile of Financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Financial Liabilities	Within 12 months	Between 1 and 2 years	Between 2 and 5 years	Between 5 and 10 years	Total
<b>31st March 2018</b>					
<b>Non Derivatives</b>					
Borrowings	9,46,47,455	2,05,43,972	32,53,36,284		44,05,27,711
Trade Payables / Trade Deposits	2,62,47,846		89,83,836		3,52,31,683
Other current financial liabilities	1,86,65,270				1,86,65,270
<b>Total Non derivative Liabilities</b>	<b>13,95,60,571</b>	<b>2,05,43,972</b>	<b>33,43,20,120</b>		<b>49,44,24,664</b>
<b>Derivatives</b>					
Foreign Exchange Forward Contracts	-	-	-	-	-
<b>Total derivative Liabilities</b>					
<b>31st March 2017</b>					
<b>Non Derivatives</b>					
Borrowings	11,12,01,676	4,08,61,860	33,80,27,949		49,00,91,485
Trade Payables / Trade Deposits	3,76,34,180		98,35,226		4,74,69,406
Other current financial liabilities	1,47,47,683				1,47,47,683
<b>Total Non derivative Liabilities</b>	<b>16,35,83,539</b>	<b>4,08,61,860</b>	<b>34,78,63,175</b>		<b>55,23,08,574</b>
<b>Derivatives</b>					
Foreign Exchange Forward Contracts	-	-	-	-	-
<b>Total derivative Liabilities</b>					
<b>April 1st 2016</b>					
<b>Non Derivatives</b>					
Borrowings	11,02,98,448	5,53,59,298	31,83,32,226		48,39,89,972
Trade Payables	3,69,16,763		1,06,76,220		4,75,92,983
Other current financial liabilities	1,65,29,845				1,65,29,845
<b>Total Non derivative Liabilities</b>	<b>16,37,45,056</b>	<b>5,53,59,298</b>	<b>32,90,08,446</b>		<b>54,81,12,800</b>
<b>Derivatives</b>					
Foreign Exchange Forward Contracts	-	-	-	-	-
<b>Total derivative Liabilities</b>					

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**Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value and retaining healthy debt equity ratio.

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

**38 First Time Adoption of Ind AS**

These financial statements, for the year ended 31st March 2018, are the first the company has prepared in accordance with Ind AS.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Optional Exemptions Availed :**

- (i) Deemed cost
- (ii) Designation of previously recognised financial instruments:
- (iii) Leases

**B. Mandatory exceptions availed**

Set out below are the applicable Ind AS 101 mandatory exceptions applied in the transition from previous GAAP to Ind AS.

- (i) **Estimates**  
An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP. Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The company made estimates for Investment in equity instruments carried at FVPL or FVOCI, in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

- (ii) **Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliation from previous GAAP to Ind AS.

**i) Reconciliation of Equity**

Particulars	As at 1 April 2016			As at 31 March 2017		
	Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>						
<b>Non-Current Assets</b>						
Property, Plant & Equipments	44,87,31,624	(1,14,52,014)	43,72,79,610	41,08,18,685	(1,26,87,359)	39,81,31,326
Capital Work-in-Progress	-	-	-	2,64,660	-	2,64,660
Intangible Assets	23,518	-	23,518	1,810	-	1,810
Financial Assets :						
i) Investments	16,22,904	-	16,22,904	1,42,500	-	1,42,500
ii) Other financial Assets	2,32,89,126	-	2,32,89,126	2,01,55,490	-	2,01,55,490
Other Non Current Assets	-	-	-	-	-	-
<b>Total Non Current Assets</b>	<b>47,36,67,172</b>	<b>(1,14,52,014)</b>	<b>46,22,15,158</b>	<b>43,13,83,145</b>	<b>(1,26,87,359)</b>	<b>41,86,95,786</b>
<b>Current Assets</b>						
Inventories	65,52,116	-	65,52,116	29,75,545	-	29,75,545
Financial Assets:						
i) Trade Receivables	6,04,39,790	(60,00,000)	5,44,39,790	5,28,99,564	(79,50,000)	4,49,49,564
ii) Cash and Cash Equivalents	3,57,508	-	3,57,508	4,48,952	-	4,48,952
iii) Other Bank Balances	76,11,940	-	76,11,940	48,29,649	-	48,29,649
iv) Other Financial Assets	65,37,727	-	65,37,727	1,49,13,314	-	1,49,13,314
Current Tax Assets (Net)	4,34,727	-	4,34,727	6,19,563	-	6,19,563
Other Current Assets	28,52,862	-	28,52,862	35,03,849	-	35,03,849
<b>Total Current Assets</b>	<b>8,47,86,670</b>	<b>(60,00,000)</b>	<b>7,87,86,670</b>	<b>8,01,90,436</b>	<b>(79,50,000)</b>	<b>7,22,40,436</b>
<b>Total Assets</b>	<b>55,84,53,842</b>	<b>(1,74,52,014)</b>	<b>54,10,01,828</b>	<b>51,15,73,581</b>	<b>(2,06,37,359)</b>	<b>49,09,36,222</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
i) Equity Share Capital	4,80,22,710	-	4,80,22,710	4,80,22,710	-	4,80,22,710
ii) Other Equity	(4,34,97,145)	(1,74,52,014)	(6,09,49,159)	(9,38,82,834)	(2,06,37,359)	(11,45,20,193)
<b>Total Equity</b>	<b>45,25,565</b>	<b>(1,74,52,014)</b>	<b>(1,29,26,449)</b>	<b>(4,58,60,124)</b>	<b>(2,06,37,359)</b>	<b>(6,64,97,483)</b>
<b>LIABILITIES</b>						
<b>Non-Current Liabilities</b>						
<b>Financial Liabilities :</b>						
i) Borrowings	37,36,91,524	-	37,36,91,524	37,88,89,809	-	37,88,89,809
ii) Other Non current Financial Liabilities	1,06,76,220	-	1,06,76,220	98,35,226	-	98,35,226
Provisions	33,85,076	-	33,85,076	37,56,044	-	37,56,044
<b>Total Non-Current Liabilities</b>	<b>38,77,52,820</b>	<b>-</b>	<b>38,77,52,820</b>	<b>39,24,81,079</b>	<b>-</b>	<b>39,24,81,079</b>
<b>Current Liabilities</b>						
<b>Financial Liabilities :</b>						
i) Borrowings	5,91,63,448	-	5,91,63,448	5,58,42,378	-	5,58,42,378
ii) Trade Payables	3,69,16,763	-	3,69,16,763	3,76,34,180	-	3,76,34,180
iii) Other Current Financial Liabilities	-	6,76,64,845	6,76,64,845	-	7,01,06,981	7,01,06,981
Provisions	13,70,397	-	13,70,397	3,90,822	-	3,90,822
Other Current Liabilities	6,87,24,849	(6,76,64,845)	10,60,004	7,10,85,246	(7,01,06,981)	9,78,265
<b>Total Current Liabilities</b>	<b>16,61,75,457</b>	<b>-</b>	<b>16,61,75,457</b>	<b>16,49,52,626</b>	<b>-</b>	<b>16,49,52,626</b>
<b>Total Liabilities</b>	<b>55,39,28,277</b>	<b>-</b>	<b>55,39,28,277</b>	<b>55,74,33,705</b>	<b>-</b>	<b>55,74,33,705</b>
<b>Total Equity and Liabilities</b>	<b>55,84,53,842</b>	<b>(1,74,52,014)</b>	<b>54,10,01,828</b>	<b>51,15,73,581</b>	<b>(2,06,37,359)</b>	<b>49,09,36,222</b>

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**ii) Reconciliation of Total Comprehensive Income for the year ended 31 March 2017**

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
		Rs.	Rs.	Rs.
<b>Revenue</b>				
Revenue from operations		36,08,88,817	3,26,04,329	39,34,93,146
Other income		32,73,376	-	32,73,376
<b>Total income</b>		<b>36,41,62,193</b>	<b>3,26,04,329</b>	<b>39,67,66,522</b>
<b>Total Equity and Liabilities</b>				
<b>Expenses</b>				
Cost of Materials Consumed		94,64,564	-	94,64,564
Purchases of Stock-in-Trade		-	-	-
Changes in Inventories		20,66,197	-	20,66,197
Excise Duty		-	3,26,04,329	3,26,04,329
Employee Benefits Expenses		2,90,90,604	8,06,824	2,98,97,428

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

Power & Fuel	22,24,73,870		22,24,73,870
Finance costs	6,46,25,834		6,46,25,834
Depreciation and amortization expense	3,78,81,303	12,35,345	3,91,16,648
Other expenses	4,89,45,510	19,50,000	5,08,95,510
<b>Total Expenses</b>	<b>41,45,47,882</b>	<b>3,65,96,498</b>	<b>45,11,44,380</b>
<b>Profit/ (loss) before tax</b>	<b>(5,03,85,689)</b>	<b>(39,92,169)</b>	<b>(5,43,77,858)</b>
<b>Tax expense:</b>			
Current tax	-	-	-
Deferred tax	-	(2,61,774)	(2,61,774)
<b>Profit/ (loss) for the period (A)</b>	<b>(5,03,85,689)</b>	<b>(37,30,395)</b>	<b>(5,41,16,084)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans (net of Tax)	-	5,45,050	5,45,050
<b>Other comprehensive income for the period (B)</b>	<b>-</b>	<b>5,45,050</b>	<b>5,45,050</b>
<b>Total comprehensive income for the period (A + B)</b>	<b>(5,03,85,689)</b>	<b>(31,85,345)</b>	<b>(5,35,71,034)</b>

iii) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	Notes to first-time adoption	31 March 2017	1 April 2016
<b>Total equity (shareholder's funds) as per previous GAAP</b>		Rs. <b>(4,58,60,124)</b>	Rs. <b>45,25,565</b>
<b>Adjustments:</b>			
<b>Impact on account of :</b>			
Expected Credit Loss on Receivables	3	(19,50,000)	(60,00,000)
Other impacts		(12,35,345)	(1,14,52,014)
Tax effects of adjustments		-	-
<b>Total adjustments</b>		<b>(31,85,345)</b>	<b>(1,74,52,014)</b>
Net impact brought forward from Opening balance sheet		(1,74,52,014)	-
<b>Total equity as per Ind AS</b>		<b>(6,64,97,483)</b>	<b>(1,29,26,449)</b>

iv) Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Notes to first-time adoption	Amount
<b>Profit after tax under Indian GAAP</b>		Rs. <b>(5,03,85,689)</b>
<b>Adjustments</b>		
<b>Impact on account of :</b>		
Employee Benefits	2	(8,06,824)
Expected Credit Loss on Receivables	3	(19,50,000)
Depreciation		(12,35,345)
Tax effects of adjustments	5	2,61,774
<b>Total adjustments</b>		<b>(37,30,395)</b>
<b>Profit after tax as per Ind AS</b>		<b>(5,41,16,084)</b>
Other Comprehensive Income (Net of Tax)	4	5,45,050
<b>Total Comprehensive income for the year</b>		<b>(5,35,71,034)</b>

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

v) Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2017

Particulars	Previous GAAP*	Adjustments	Ind AS
	Rs.	Rs.	Rs.
Net cash flow from operating activities	4,87,03,048	-	4,87,03,048
Net cash flow from investing activities	71,30,426	-	71,30,426
Net cash flow from financing activities	(5,85,24,321)	-	(5,85,24,321)
Cash and cash equivalents as at 1 April 2017	79,69,448		79,69,448
<b>Cash and cash equivalents as at 31 March 2017</b>	<b>52,78,601</b>	<b>-</b>	<b>52,78,601</b>

D Notes to first-time adoption:

i) Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March 2017 by Rs.326.04 Lacs. There is no impact on the total equity and profit.

ii) Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs.5.45 Lacs (net of deferred tax) . There is no impact on the total equity as at 31st March 2017.

iii) Expected Credit Loss Model

Ind AS 109 requires to recognise loss allowances on trade receivable and other financial assets of the Company, at an amount equal to the lifetime expected credit loss or the 12 month expected credit loss based on the increase in the credit risk.

iv) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as other comprehensive income includes re measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP

v) Tax Implications

Tax impact includes deferred tax impact, wherever applicable as per provisions of Ind AS 12 (Income Taxes), on account of difference between previous GAAP and Ind AS.

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

39	Disclosures required by Ind AS 19 on "Employee Benefits":	2017-18	2016-17
Particulars		Rs. in Lacs	Rs. in Lacs
	<b>i) Net employee benefit expense recognized in the employee cost</b>		
	Current service cost	3.12	3.06
	Net Interest cost / (income) on benefit Liability / (Asset)	2.97	3.51
	Expected return on plan assets	-	-
	Past Service Cost	7.12	-
	<b>Net actuarial( gain) / loss recognized in the year (Other Comprehensive Income)</b>	<b>(2.36)</b>	<b>(8.06)</b>
	- change in financial assumptions	(1.19)	1.26
	- experience variance (i.e. Actual experience vs assumptions)	(1.17)	(9.32)
	Net benefit expense	<b>10.85</b>	<b>(1.49)</b>
	<b>Benefit asset/ liability</b>		
	Present value of defined benefit obligation	51.19	41.47
	Fair value of plan assets	-	-
	<b>Plan asset / (liability)</b>	<b>(51.19)</b>	<b>(41.47)</b>
	<b>Current</b>	6.17	3.91
	<b>Non Current</b>	45.02	37.56
		<b>51.19</b>	<b>41.47</b>
	<b>ii) Changes in the present value of the defined benefit obligation are as follows -</b>		
	Opening defined benefit obligation	41.47	47.55
	Current service cost	3.12	3.06
	Past service cost	7.13	-
	Interest cost	2.96	3.51
	Re-measurement of defined benefit obligation (Acturial (gain) / loss )	(2.36)	(8.07)
	Benefits paid	(1.13)	(4.58)
	Closing defined benefit obligation	<b>51.19</b>	<b>41.47</b>
	<b>iii) Changes in the fair value of plan assets are as follows:</b>		
	Opening fair value of plan assets	-	-
	Expected return	-	-
	Contributions by employer	1.13	4.58
	Benefits paid	(1.13)	(4.58)
	Actuarial gains / (losses)	-	-
	Closing fair value of plan assets	-	-
	<b>iv) The principal actuarial assumptions are as follows</b>		
	Discount rate	7.62%	7.25%
	Salary increase	5.00%	5.00%
	Withdrawal Rates	5.00%	5.00%
	<b>v) Amount incurred as expense for defined contribution plans</b>		
	Contribution to Provident / Pension fund	10.66	10.01
	<b>vi) The major categories of plan assets as a percentage of the fair value of total plan asset are as follows:</b>		
	Investment with Insurer	-	-
	<b>vi) A quantitative sensitivity analysis for significant assumptions is as below:</b>		
	Impact on gratuity defined benefit obligation		
	<b>Discount rate (-0.5/+0.5)%</b>		
	Sensitivity level - Increase	0.26	0.21
	Sensitivity level - Decrease	(0.26)	(0.21)
<b>40</b>	The company's net worth has fully eroded during the year. However, in view of the improved business sentiments 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.		
<b>41</b>	During the year the company has disposed off its Windmill business undertaking on a slump sale basis. The profit from disposal of the Undertaking amounting to Rs.170.84 Lacs has accordingly been disclosed under Exceptional Items.		
		<b>As at</b>	
		<b>31-03-2018</b>	<b>31-03-2017</b>
<b>42</b>	<b>Contingent Liabilities and Commitments :</b>		
<b>A.</b>	<b>Contingent Liabilities</b>		
	(a). Claims against the company not acknowledged as debt:		
	Excise Duty - Service Tax	35,42,485	35,42,485
	Customs Duty	88,23,578	88,23,578
	(b). Outstanding Letters of Credit and Bank Guarantees	3,49,82,673	2,82,17,435
<b>B.</b>	<b>Capital Commitments</b>		
	(a). Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

**43 Segment Reporting**

**A. Primary Segment Reporting (by Business Segment):**

(a). Segments have been identified in line with the Accounting standard on Segment Reporting (AS-17), taking into account the organisational structure, risk-return profile of individual business and internal reporting system of the Company. Details of the businesses included in each of the segments are as under:

Industrial Gases	- Manufacture of Industrial Gases
Windmill (Disposed off during the year)	- 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 31-03-2018			Year ended 31-03-2017		
	Industrial Gases	Wind Mill	Total	Industrial Gases	Wind Mill	Total
<b>REVENUE</b>						
External	Rs. 40,78,20,941	Rs. 1,23,53,239	Rs. 42,01,74,180	Rs. 37,32,48,116	Rs. 1,78,57,368	Rs. 39,11,05,484
Inter Segment	-	-	-	-	-	-
<b>Total</b>	<b>40,78,20,941</b>	<b>1,23,53,239</b>	<b>42,01,74,180</b>	<b>37,32,48,116</b>	<b>1,78,57,368</b>	<b>39,11,05,484</b>
<b>RESULTS</b>						
Segment Results	(48,50,207)	82,77,013	34,26,806	(44,93,876)	1,21,97,650	77,03,774
Unallocated Corporate Income			(28,07,380)			(27,27,702)
Unallocated Corporate Expenses			1,83,500			1,83,500
Finance Costs			5,89,91,993			6,46,25,834
Exceptional Gains			(1,70,83,887)			-
Profit/( Loss) for the year before tax			(1,87,73,533)			(5,43,77,858)
<b>OTHER INFORMATION</b>						
<b>Assets:</b>						
Segment Assets	41,74,75,331	-	41,74,75,331	47,51,67,101	1,47,23,561	48,98,90,663
Unallocated Corporate Assets			17,94,025			10,45,560
<b>Total Assets</b>			<b>41,92,69,356</b>			<b>49,09,36,223</b>
<b>Liabilities:</b>						
Segment Liabilities	6,10,87,075	-	6,10,87,075	6,70,11,724	-	6,70,11,724
Unallocated Corporate Liabilities			35,81,82,281			42,39,24,499
<b>Total Liabilities</b>			<b>41,92,69,356</b>			<b>49,09,36,223</b>
Capital Expenditure	-	-	-	-	-	-
Depreciation and Amortization	3,64,22,295	14,49,904	3,78,72,199	3,69,64,367	21,52,281	3,91,16,648
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.

**44 Earning per Share (EPS)**

Profit- (Loss) for the year Rs.

	Year ended	
	31-03-2018	31-03-2017
Profit- (Loss) for the year Rs.	(1,86,96,876)	(5,03,85,689)

Weighted average number of shares used in the calculation of EPS:

Weighted average number of Basic Equity Shares outstanding	48,02,271	48,02,271
Weighted average number of Diluted Equity Shares outstanding	48,02,271	48,02,271
Face value of per share	10	10
Basic EPS (₹)	(3.89)	(10.49)
Diluted EPS (₹)	(3.89)	(10.49)

**45** 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.

**NATIONAL OXYGEN LIMITED**  
**Notes to the Financial Statements (Contd..)**

<b>46</b>	<b>Related Party Disclosures:</b>				
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	Director (upto 10-02-2018)			
	iv) Smt. Sarita Saraf	Additional Director (w.e.f. 10-02-2018)			
	b) Enterprises over which certain Key Management Personnel (K.M.P) exercise significant influence :-				
	i) Pondicherry Agro Foods Pvt. Ltd. (PAF)				
	ii) East Coast Acetylene Pvt. Ltd. (ECA)				
	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.				
		<b>2017-18</b>	<b>2016-17</b>		
		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
	<b>Transactions for year ended 31st March:</b>				
	Purchase of Goods	11,93,401		11,43,975	
	Interest paid	1,90,69,520		1,57,86,395	
	Managerial Remuneration (incl. perquisites)		31,88,906		44,89,202
	Director's Sitting Fees		24,750		34,000
	Rent paid		-		1,00,000
	<b>Outstanding balances as at 31st March:</b>				
	Investments	90,000		90,000	
	Unsecured Loans received	19,03,55,961		17,78,11,766	
C	<b>Key Managerial Personnel:</b>			31-03-2018	31-03-2017
	Managerial Remuneration (including perquisites) *			31,88,906	44,89,202
	* Excluding gratuity, leave encashment provisions				
	Rent paid			-	1,00,000
<b>47</b>	Foreign Currency exposure in respect of Sundry Creditors amounting to Rs.Nil (Previous Year Rs.Nil) are unhedged as on the Balance Sheet date.				
<b>48</b>	Additional information pursuant to paragraphs 5 (viii) of Part II of Schedule III to the Companies Act, 2013 are follows:				
A.	C.I.F. value of imports by the Company				
	<b>Raw Materials:</b>			31-03-2018	31-03-2017
				Rs.	Rs.
	Calcium Carbide			70,07,459	54,03,126
B.	Expenditure in foreign currency during the year: -				
C.	Value of Raw Materials and Stores and Spares consumed during the year :				
	Raw Materials :		Value Rs.	Percentage (%)	
	Imported		31-03-2018	31-03-2017	31-03-2018
	Indigenous		70,07,459	75,54,279	57.09%
			52,65,976	19,10,286	42.91%
			1,22,73,435	94,64,565	100%
	Stores and Spares:				
	Imported		-	-	-
	Indigenous		49,40,686	50,14,153	100.00%
			49,40,686	50,14,153	100.00%
<b>49</b>	<b>Standards issued but not yet effective</b>				
	The new standards issued as well as amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2018 for implementation of the following new Accounting standard w.e.f. 1st April 2018:				
	<u>Ind AS 115 Revenue from contracts with customers</u>				
	Ind AS 115 was issued on 29 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company currently assessing the potential impact of this standard.				
<b>50</b>	The previous figure has been reclassified- rearranged - regrouped wherever necessary				

**As per our report annexed.,**  
**For JITENDRA K AGARWAL & ASSOCIATES**  
**Chartered Accountants**  
**Firm Registration 318086E**

**For and on behalf of the Board**  
**for NATIONAL OXYGEN LTD**

**G.N. SARAF**  
**Chairman**

**(SAJAL GOYAL)**  
**Partner**  
**Membership No. 523903**  
**Camp : Chennai**  
**Date : 26th May 2018**

**RAJESH KUMAR SARAF**  
**Managing Director**



**NATIONAL OXYGEN LIMITED**

CIN : L24111TN1974PLC006819

**Cash Flow Statement for the year ended 31st March 2018**

<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Year ended 31-03-2018</b>	<b>Year ended 31-03-2017</b>
	Rs.	Rs.
Profit/ (Loss) before Tax	(1,87,73,533)	(5,43,77,858)
Adjustment for :		
Finance Costs	5,89,91,993	6,46,25,834
Depreciation and Amortization Expenses	3,78,72,199	3,91,16,648
Remeasurement of Post employment benefit obligations	2,36,266	8,06,824
Provision for Doubtful Loans, Advances and Debts (Net)	20,50,000	19,50,000
Exceptional Gains	(1,70,83,887)	-
(Profit) / Loss on sale of Fixed Assets (Net)	(19,24,923)	(3,80,105)
Interest & Dividend Income	(8,82,357)	(23,47,597)
Operating profit before working capital changes	6,04,85,758	4,93,93,746
<u>Changes in working Capital:</u>		
Inventories	8,19,845	35,76,571
Trade and other Receivables	2,66,50,459	(14,86,348)
Long Term Liabilities and Provisions	(1,05,026)	(4,70,026)
Trade and other Payables	(34,60,799)	(21,26,059)
Cash generation from Operations	8,43,90,238	4,88,87,883
Payment of Direct Taxes	1,57,358	(1,84,836)
<b>Net Cash generated/ (used) - Operating Activities</b>	<b>8,45,47,596</b>	<b>4,87,03,047</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(10,20,715)	(3,53,411)
Purchase of Investment	(10,00,000)	-
Sale of Investments	-	14,80,404
Long term Advances made	-	31,33,636
Sale of Fixed Assets	2,79,24,923	5,22,200
Interest Received	8,82,357	23,47,597
Dividend Received	-	-
<b>Net Cash Generated/ (Used) - Investing Activities</b>	<b>2,67,86,565</b>	<b>71,30,426</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long-term Borrowings	78,52,307	5,11,37,238
Repayment of Long-term Borrowings	(5,53,39,030)	(4,17,14,655)
Proceeds/ Repayment of Short-term Borrowings (Net)	(20,77,051)	(33,21,070)
Finance Cost Paid	(5,89,91,993)	(6,46,25,834)
<b>Net Cash Generated/ (Used) - Financing Activities</b>	<b>(10,85,55,767)</b>	<b>(5,85,24,321)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>27,78,393</b>	<b>(26,90,847)</b>
Add : Opening Cash and Cash Equivalents	52,78,601	79,69,448
Closing Cash and Cash Equivalents	<b>80,56,994</b>	<b>52,78,601</b>

**Notes:**

- The Cash Flow Statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 "Statement of Cash flows" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- Figures have been regrouped/ rearranged wherever necessary.

As per our report of even date annexed.,  
**For JITENDRA K AGARWAL & ASSOCIATES**  
Chartered Accountants  
Firm Registration 318086E

For and on behalf of the Board  
for NATIONAL OXYGEN LTD

(SAJAL GOYAL)  
Partner  
Membership No. 523903  
Camp : Chennai  
Date : 26th May 2018

**G.N. SARAF**  
Chairman  
DIN: 00007320

**RAJESH KUMAR SARAF**  
Managing Director  
DIN: 00007353

**NATIONAL OXYGEN LIMITED**

Regd. Office: Flat No.18, First Floor, Arihant Jashn (Old No.121), New No. 38, Rukmani  
Lakshmpathy Salai, Egmore, Chennai - 600 008  
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: Flat No.1B, First Floor, Arihant Jashn  
(Old No.121), New No.38, Rukmani Lakshmpathy Salai, Egmore, Chennai-600 008

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 43<sup>rd</sup> Annual General Meeting, to be held on Monday, the 19<sup>th</sup> September 2018 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, 2018, the Reports of the Board of Directors and the Auditors thereon,		
Ordinary Resolution 2. Re-appointment of Mr.GajanandSaraf( having DIN 00007320 ) , who retires from office by rotation and being eligible offers himself for reappointment.		
ordinary Resolution special business 3. Appointment of Ms.SaritaSaraf as the Director of the Company		
Ordinary Resolution –special business 4. Appointment of Ms.Mona Milan Parekh as the independent director of the company for the period of five years		
5. Special Resolution Consider and approve investment limit u/s/186 of the Companies Act 2013		
Special Resolution 6. consider and approve the reappointment of Mr.D.M.Mohunta as an independent director of the company		

Signed this .....day of .....2018

Signature of shareholder

Signature of Proxy holder(s)

1 Re  
Revenue  
Stamp

**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.

**NATIONAL OXYGEN LIMITED**

Regd. Office: Flat No.18, First Floor, Arihant Jashn (Old No.121), New No. 38,  
Rukmani Lakshmipathy Salai, Egmore, Chennai - 600 008  
CIN:L24111TN1974PLC006819

**ATTENDANCE SLIP**

I hereby record my Presence at the 43<sup>rd</sup> 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 Wednesday, the 19<sup>th</sup> September, 2018 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: Flat No.18, First Floor, Arihant Jashn (Old No.121), New No. 38, Rukmani Lakshmipathy Salai,  
Egmore, Chennai - 600 008.

E-mail: contact@nolgroup.com, Website: www.nolgroup.com Phone: 044-28520096

### 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 43<sup>rd</sup> Annual General Meeting of the Company to be held on 19<sup>th</sup> September, 2018 for the business stated in the Notice of the meeting dt.11.08.2018 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 <sup>st</sup> March, 2018	Ordinary			
2	To appoint a director in the place of Mr.GajanandSaraf, who retires by rotation and being eligible, offers himself for reappointment	Ordinary			
3	To appoint Ms. SaritaSaraf as a Director of the Company	Ordinary			
4	To appoint Ms. Mona Milan Parekh as the Independent Director of the Company for the period of five years	Ordinary			
5	To consider and approve the increase of Investment limit u/s 186 of the company Act 2013	Special			
6	6-To consider and approve the reappointment of Mr.D.M.Mohunta as an independent director of the company	Special			

Place

Date:

(Signature of the Shareholder)