



THE SOUTHERN GAS LTD.

Since 1963

51st ANNUAL REPORT

2014 - 2015

THE SOUTHERN GAS LIMITED

- ★ PUREST FORM OF OXYGEN / OTHER GASES
- ★ YEARS OF EXPERIENCE IN GAS INDUSTRY (SINCE 1963)
- ★ ISO CERTIFIED COMPANY
- ★ POPULAR AMONG MOST PRACTITIONERS
- ★ MOST RELIABLE, PROMPT IN SERVICE, CONSISTENT, COST EFFECTIVE, DELIVERING EXACT QUANTITIES, RIGHT, TO YOUR POINT OF USE.
- ★ NATION'S ONE OF THE LARGEST SUPPLIER OF GASES IN SOUTH, THERE'S SIMPLY NO BETTER SOURCE THAN THE SOUTHERN GAS LTD.
- ★ YOUR ECO-FRIENDLY COMPANY WITH UNIQUE DISTINCTION OF WATER HARVESTING SYSTEM.

FROM THE DESK OF CHAIRMAN & MANAGING DIRECTOR



Dear Shareholder,

I have great pleasure to present the Annual Report of the Company together with the Audited Financial Statements of Account for the Financial Year ended 31st March, 2015.

In spite of a lot of constraints the industry is facing, your company has succeeded to maintain the quality of service and position itself as a leader of industry in the South.

All along these years our prime motto was customer satisfaction over material gains.

We believe that we have been able to accomplish our objective of customer satisfaction by way of dedicated and committed services all along.

We hope to get the acknowledgement, recognition and acceptance of our clients which is far more valuable to us than anything else.

(Gautam V. Pai Cacode)
Chairman & Managing Director

Place: Margao, Goa



THE SOUTHERN GAS LIMITED
CIN:L31200GA1963PLC000562

DIRECTORS

Shri GAUTAM V. PAI CACODE CHAIRMAN & MANAGING DIRECTOR
Shri JAYENDRA V. GAITONDE
Shri SRIPAD P. PATNEKAR
Shri RANGANATH N. PRABHU
Smt. YOGITA GAUTAM PAI CACODE
Shri MOTILAL SANVLO KENY

BANKERS

CORPORATION BANK

AUDITORS

M/s VARMA & VARMA
CHARTERED ACCOUNTANTS,
COCHIN - 682 016.

LEGAL ADVISORS

M/s MENON & PAI
ADVOCATES,
COCHIN - 682 016.

REGISTERED OFFICE

'GOVIND POY HOUSE', 1ST FLOOR,
POST BOX No. 340,
RUADO PADRE MIRANDA,
MARGAO - 403 601. GOA.

ADMINISTRATIVE OFFICE

MEERA CLASSIC, PHASE II,
GOGOL, BORDA,
MARGAO - GOA. - 403 602.
PHONE (0832) 2724863/2724864

UNITS AT

1. BANGALORE (KARNATAKA)
2. BHADRAVATI (KARNATAKA)
3. HARIHAR (KARNATAKA)
4. HUBLI (KARNATAKA)
5. MYSORE (KARNATAKA)
6. CALICUT (KERALA)
7. TRIVANDRUM (KERALA)
8. UDYOGAMANDAL (KERALA)
9. TRICHY (TAMILNADU)

NOTICE



NOTICE is hereby given that the Fifty First Annual General Meeting of the Shareholders of THE SOUTHERN GAS LIMITED will be held on Thursday 24th September, 2015 at 10.30 a.m. at the Administrative Office of the Company at Meera Classic, Phase II, Gogol, Borda, Margao, Goa – 403602 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2015 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend
3. To appoint a Director in place of Mrs Yogita Gautam Pai Cacode (DIN: 01587954), who retires by rotation and is eligible for reappointment.
4. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of Section 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Varma & Varma, Chartered Accountants, (Firm Registration No 004532S) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Fifty Third Annual General Meeting of the Company, in the year 2017, subject to ratification of appointment by the Members at every Annual General Meeting, on such remuneration as agreed upon by the Board of Directors and the Auditors for each year.

RESOLVED FURTHER THAT Mr Gautam V Pai Cacode, Chairman & Managing Director, be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

BY ORDER OF THE BOARD OF DIRECTORS
THE SOUTHERN GAS LIMITED

GAUTAM V. PAI CACODE
Chairman and Managing Director
Dated: 21st May, 2015.

NOTES:

1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT PROXY NEED NOT BE A MEMBER OF THE COMPANY.

PROXIES in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or share holder.

2) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday 16th September, 2015 to Thursday, 24th September, 2015 (both days inclusive), to determine the names of members eligible for payment of dividend on equity shares, that may be declared at the meeting.

3) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, (which are still applicable as the relevant Section 124 of the Companies Act, 2013 is yet to be notified) dividend for the financial year ended 31st March, 2008 and thereafter which remains unclaimed for a period of seven years will be transferred by the Company to the Investor Education & Protection Fund, established by the Central Government pursuant to section 205C of the Companies Act, 1956. On such transfer no claims shall lie against the Company or the Fund in respect of individual amount which were unclaimed or unpaid for a period of seven years and transferred to the Fund and no payment shall be made in respect of any such claim. Members who have so far not claimed their dividend for the years 2007-2008 and onwards may therefore do so before the same is transferred to the Investor Education & Protection Fund.

4) An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the Special Businesses mentioned in the Notice is annexed hereto.

5) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members are requested to submit their PAN to the Company at the earliest.

6) Members are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website www.southerngasindia.com.

7) VOTING THROUGH ELECTRONIC MODE : Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Clause 35B of the Listing Agreement, the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 51st Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL). The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 51st AGM. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM. The Company has appointed CS Neville Fernandes, Practicing Company Secretary as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. The instructions to members for voting electronically are as under:-



- (I) The voting period begins on Monday, September 21, 2015 at 10.00 a.m. and ends on Wednesday, September 23, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares, as on the cut-off date i.e. September 17, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on September 23, 2015.
- (ii) Members holding shares as on September 17, 2015 shall only be eligible for e-voting.
- (iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iv) The shareholders should log on to the e-voting website www.evotingindia.com.
- (v) Click on Shareholders.
- (vi) Now Enter your User ID;
a. Enter User ID which is printed on the sticker affixed on the Proxy Form.
- (vii) Next enter the Image Verification as displayed and Click on Login.
- (viii) As a first time user, follow the steps given below:

| | |
|---|--|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department <ul style="list-style-type: none">Members who have not updated their PAN with the Company are requested to use the sequence number which is printed on the sticker affixed on the Proxy Form indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in the company records in order to login. <ul style="list-style-type: none">If both the details are not recorded with the company please enter the user ID in the Dividend Bank details field as mentioned in instruction (vi). |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members will then directly reach the Company selection screen.

- (xi) Members may note that, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xxi) Click on the EVSN for the relevant <Company name> on which you choose to vote.
- (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) **Note for Non-Individual Shareholders and Custodian**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

8) The e-voting period commences on September 21, 2015 (10.00 a.m. IST) and ends on September 23, 2015 (5.00 p.m. IST). During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of September 17, 2015, may cast their vote electronically. The e-voting module shall also be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.



9) Since the Company is required to provide members the facility to cast their vote by electronic means, shareholders of the Company holding share either in physical form or in dematerialised form, as on the cut-off date (record date) of September 17, 2015 and not casting their vote electronically, may cast their vote at the Annual General Meeting.

10) CS NEVILLE FERNANDES, Practicing Company Secretary, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

11) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.

12) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on September 17, 2015.

13) The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www.southerngasindia.com** and on the website of CDSL within two days of the passing of the resolutions at the 51st Annual General Meeting of the Company on September 24, 2015 and communicated to the BSE Ltd.

All documents referred to in the accompanying Notice and the Statement pursuant to Section 102 (1) of the Companies Act, 2013, will be available for inspection at the Administrative Office of the Company during business hours on all working days upto the date of declaration of the result of the 51st Annual General Meeting of the Company.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013, INCLUDING INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49(VIII) (E) OF THE LISTING AGREEMENT

Item No 3: Re-appointment of Smt. Yogita Gautam Pai Cacode

Smt. Yogita Gautam Pai Cacode is currently a Director of the Company and joined its Board of Directors with effect from 31st January, 2014.

Smt. Yogita Gautam Pai Cacode, is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. She holds 5001 equity shares in the Company.

Smt. Yogita Gautam Pai Cacode has varied experience in Trading and her administrative skills have been crucial in the streamlining of the day to day operations of which she is a Director.

Smt. Yogita Gautam Pai Cacode is a Director of Madhav Poy Raiturcar Trading Company Pvt. Ltd., Poy Raiturcar Properties Pvt. Ltd, Malabar Oxygen Co.Pvt. Ltd, Food & Beverages(India) Pvt Ltd and Bangalore Oxygen Company Pvt. Ltd.

Smt. Yogita Gautam Pai Cacode may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of her appointment as a Director. Shri Gautam V Pai Cacode who is her relative and the Chairman and Managing Director of the Company and their other relatives, to the extent of their shareholding interest in the Company, may be deemed to be concerned or interested in the appointment of Smt. Yogita Gautam Pai Cacode.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.3 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.3 of the Notice for approval by the shareholders.

Item No 4:

At the last Annual General Meeting held on September 30, 2014, Members had approved appointment of M/s Varma and Varma, Chartered Accountants (Firm Registration No 004532S) as Auditors of the Company to hold office until the conclusion of this Annual General Meeting. Pursuant to Section 139 (2) which grants a three year transition period of a new Audit firm in place of an existing Audit firm which has completed two term of 5 consecutive years each.



In terms of the requirement of first proviso of section 139(1), Members are requested to appoint the Auditors to hold office, subject to ratification of appointment at every Annual General Meeting, until the conclusion of the Fifty Third Annual General Meeting of the Company to be held in the year 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.4 of the Notice.

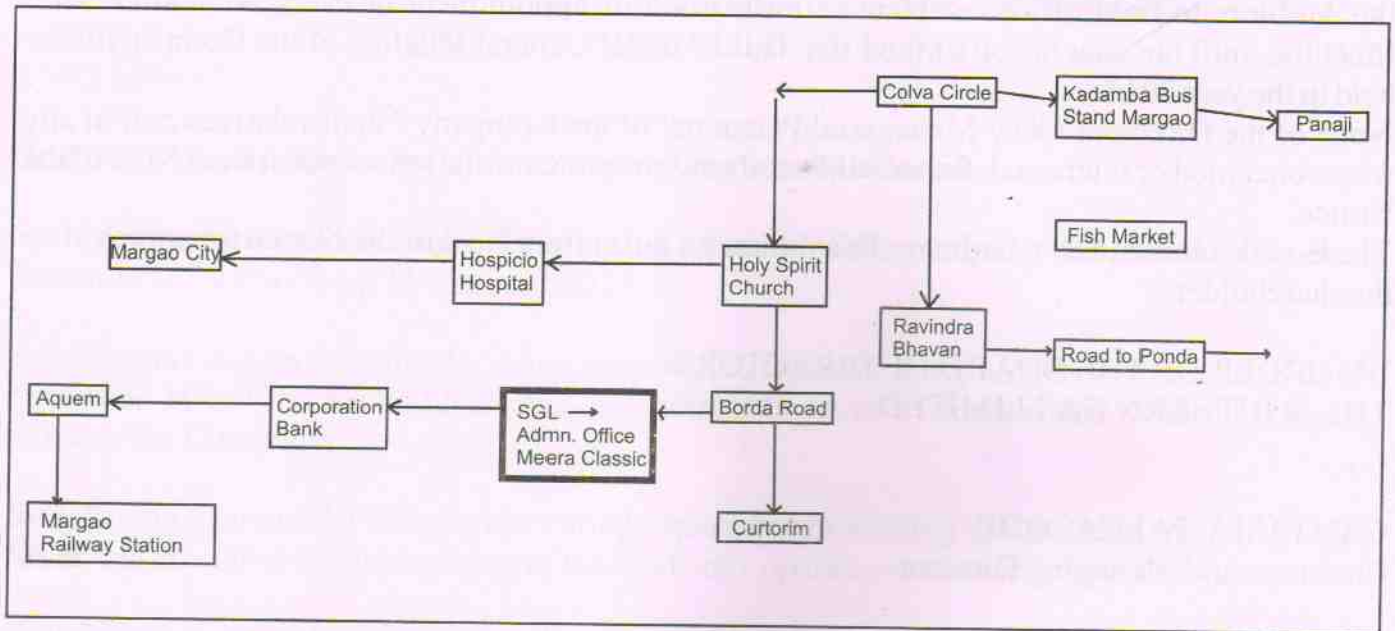
The Board commends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the shareholders.

**BY ORDER OF THE BOARD OF DIRECTORS
THE SOUTHERN GAS LIMITED**

GAUTAM V PAI CACODE
Chairman and Managing Director

Dated: 21st May, 2015.

MAP OF THE LOCATION OF THE AGM





DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 51st Annual Report together with the Audited Financial Statements for the year ended March 31, 2015. The Management Discussion and Analysis is also included in this Report.

1. CORPORATE REVIEW

THE SOUTHERN GAS LIMITED ("Your Company") is a leading Indian Gas supplying Company. The Company has its corporate headquarters at Gogol, Borda, Margao, Goa.

2. OVERVIEW OF THE ECONOMY

The Government envisages GDP growth to accelerate to 8% in FY 2015-16 driven by strengthening macroeconomic fundamentals and implementation of policy reforms recently announced. Reforms like e-auctions of coal mines and telecom, FDI hike in insurance, speedier regulatory approvals etc. will be critical growth enablers to de-bottleneck stalled projects, improve the investment outlook and the ease of doing business in the country. Reforms currently underway such as GST implementation, Amendment to Land Acquisition Bill, Labour Reforms, etc are expected to provide the requisite thrust for growth in the medium term.

3. FINANCIAL PERFORMANCE

| For the year ended 31 st March | (Rs. in lakhs) | |
|---|----------------|----------------|
| | 2015 | 2014 |
| Profit before Depreciation & Taxation | 266.18 | 276.68 |
| Less Depreciation | 157.13 | 185.97 |
| Profit before Taxation | 109.05 | 90.71 |
| Less: Provision for Taxation | | |
| - Current Tax | 46.02 | 54.36 |
| - Deferred Tax | (10.33) | (21.78) |
| - Wealth Tax | - | 0.08 |
| Net Profit for the year | 73.36 | 58.04 |
| Add: Balance brought forward from previous year | 1053.11 | 1022.97 |
| Amount available for appropriation | 1126.47 | 1081.01 |
| Appropriations | | |
| a) Transfer to General Reserves | 20.00 | 20.00 |
| b) Proposed Dividend | 6.75 | 6.75 |
| c) Corporate Dividend Tax | 1.38 | 1.15 |
| Balance carried forward to next year | 1098.34 | 1053.11 |

4. DIVIDEND AND RESERVES

Your Directors recommend a Dividend at the rate of Rs.30/- per share to those shareholders whose names appear on the Register of Members as on 24th September, 2015

5. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2015 stood at Rs22,50,000/- . During the year under review, your Company has not issued shares with differential voting rights nor

has granted any stock options or sweat equity. As on March 31, 2015, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

6. ANALYSIS AND REVIEW

Industry Conditions

Global economic turmoil, untamed competition and price swings, gas manufacturers must be bold about transforming their business models.

Manufacturer must ask two simple questions

- a. Where do we go to lock in demand?
- b. Are we prepared to thrive in a business environment that is oversupplied?

If both questions are adequately and, in some cases, fearlessly – addressed, gas manufacturers should be able to forge a pathway for success, no matter how uncertain the prices for their products.

Opportunities and Challenges

Adjusting to the new reality

Do we need to improve the efficiency of our operation or adjust our portfolio? Gas Manufacturers are emerging from a period of high growth and rapid expansion into an era of oversupply, must now redirect their efforts.

Their primary focus now should be on driving capital and operating efficiency to preserve their margins and maintain the reinvestment rates necessary to grow production.

Additionally manufacturers need to carefully evaluate their portfolios, field by field, to ensure that each operation is good fit for the company's core strengths, customer demographics and preferences.

Only a few companies will successfully shore up demand and improve margins by consolidating their strongest assets, yet in our view it is an essential element of survival in the industry today.

Challenges:

The biggest mistake that the manufacturer of the gases can make in this difficult business slowdown is to focus solely on reducing cost (either operating or general and administrative) and spending; this strategy is effective only in a very narrow range of market conditions and rarely effective enough to make businesses successful over the long term. Rather companies should carefully consider the supply of assets, analyse accessing available markets and ensure a long term presence in these markets without getting into a price war.

Oversupply and lower prices are a real challenge to the industry, we therefore need to be prepared and adopt strategies that take advantage of new realities.



Performance Highlights

With expectations set high-performing team can be an uncomfortable experience at times. Even when you are ahead of others, missed opportunities are disappointing. We therefore at The Southern Gas Ltd. have ensured that all our senior executives focus on identifying benchmarks, use metrics to make better decisions about how they run the business.

Better performance management beginning with a more focused approach to measurement and reporting system.

Raw Material

The free saturated air is sucked from atmosphere passes through Compressor and Chilling Unit, Molecular sieve battery and oil absorber, dust filter and Air separation column, Heat exchange and so on to get our finished products. Although the raw material is free the real challenge is increased in electricity tariff, salaries, transportation fuel and all other overheads, which in turn have increased our cost of production, posing a real threat to manufacturer of Oxygen through Air Separation Plant.

7. FINANCE AND ACCOUNTS

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India. The financial statements have been prepared on historical cost basis. The estimates and judgements relating to the financial statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2015.

There is no audit qualification in the financial statements by the statutory auditors for the year under review.

8. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Bombay Stock Exchange, a separate section on corporate governance practices followed by the Company, together with a certificate from CS Neville Fernandes, a Company Secretary in whole time practice, confirming compliance forms an integral part of this Report.

9. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013, is included in this Report as Annexure 'A' and forms an integral part of this Report.

10. DIRECTORS

All the Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Yogita G Pai Cacode retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment.



11. KEY MANAGERIAL PERSONNEL:

Mr. Gautam V Pai Cacode, chairman & Managing Director of the company is the Key managerial Personnel of the company

12. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

13. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the Financial Year 2014-15 forms part of the Corporate Governance Report.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Details of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies act, 2013 are given in the notes to Financial Statements.

15. WHISTLE BLOWER POLICY

The Company has a whistle blower policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company (www.southerngasindia.com).

16. REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of the policy is explained in the Corporate Governance Report.

17. RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. Thus disclosure in Form AOC 2 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. The Company has developed a Related Party Transactions framework through Standard Operational Procedures for the purpose of identification and monitoring of such transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Risk Assurance Department and a statement giving details of all Related Party Transactions are



placed before the Audit Committee and Board for review and approval on a quarterly basis. The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. The web-link of the same has been provided in the Corporate Governance Report. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS
There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

19. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013:

- **That in the preparation of the Annual Accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.**
- **That the Directors have 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 affairs of the Company as at March 31, 2015 and of the profits of the Company for the year ended on that date.**
- **That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.**
- **That the Directors have prepared the Annual Accounts on a going concern basis.**
- **That the Directors have laid down internal financial controls to be followed and that such internal controls are adequate and are operating effectively.**
- **That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.**

20. STATUTORY AUDIT

Messrs Varma & Varma, Chartered Accountants, (Firm Registration No:004532S) who are Statutory Auditors of the Company hold office upto the forthcoming Annual General Meeting and are recommended for reappointment to audit the accounts of the Company for the financial year 2015-16. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from Messrs Varma & Varma that their appointment, if made, would be in conformity with the limits specified in the said Section.

21. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Mr. Neville Fernandes a Company Secretary in whole time practice, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure-B and forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

22. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new / revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal and operational audit is entrusted to the senior management officials. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides bench marking controls with best practices in the industry.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strength the same. The Company has a robust Management Information System which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective action taken. Audit plays a key role in providing assurance to the Board of Directors. Significant audit observations and corrective action taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

23. RISK MANAGEMENT

During the year under review, the Company has finalised the process to identify and evaluate elements of business risk. Consequently a revised robust Business Risk Management framework is in place. The risk management framework defines the risk management approach of the Company and includes periodic review of such risks and also documentation, mitigating controls and reporting mechanism of such risks.

Some of the risks that the Company is exposed to are:

Financial Risks

The Company's policy to actively manage its foreign exchange risk within the framework laid down by the Company's forex policy approved by the Board.

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigation strategy to minimize interest costs.

Commodity Price Risks

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking, inventory management and proactive vendor development practices. The Company's reputation for



quality, product differentiation and service coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

Regulatory Risks

The Company is exposed to risks attached to various statutes and regulations including the Competition Act. The Company is mitigating these risks through regular review of legal compliances carried out through internal as well as external compliance audits.

Human Resources Risks

Retaining the existing talent pool and attracting new talent are major risks. The Company has initiated various measures including rolling out strategic talent management system, training and integration of learning and development activities.

24. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned, compliances, environmental regulations and preservation of natural resources.

As required by the Sexual Harrasment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its redressal is placed on the internet for the benefit of employees. During the year under review, no complaints were reported to the Board.

25. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

The Company has structured induction process at all locations and management development programs to upgrade skill of managers. Objective appraisal systems based on Key Result Areas are in place for senior management staff.

The Company is committed to nuturing, enhancing and retaining top talent through superior Learning & Organisational Development. This is a part of Corporate HR function and is a critical pillar to support the organisation's growth and sustainability in the long run.

26. STATUTORY INFORMATION

Pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with rule 8(3) of the Companies (accounts) Rules, 2014, your Company continued to take steps to optimize energy consumption as in previous years. During the year there was no technology absorption. There was no foreign exchange earning. Foreign exchange outgo during the year is Rs. 55,51,333/-.

During the year under review, there were no employees who were in receipt of Rs 60 lac per annum or more, nor in receipt of remuneration of Rs 5 Lacs per month. During FY 2015 the Company had 128 employees.



The information required under Section 197 (12) of the Companies Act, 2013 read with Companies (appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015 is given in a separate Annexure to this Report.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

The Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

Save and except as otherwise specifically stated, there has been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of the report.

The Company has finalised the process of developing and implementing the corporate social responsibility initiatives during the year.

The Business Responsibility Reporting as required by Clause 55 of the Listing Agreement with the Bombay Stock Exchange is not applicable to your Company for the financial year ending March 31, 2015.

27. CAUTIONARY STATEMENT

Statements in the Directors' Report & Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make the difference to the Company's operations include raw material availability and its prices, cyclical, demand and pricing in the Company's principle markets, changes in Government regulations, Tax regimes, economic developments within India and the countries in which the Company conducts business and other ancillary factors.

28. APPRECIATION

Your Company had recently completed 50 eventful years of its existence in this Country. Very few brands continue to remain relevant and become iconic over such a long passage of time. Your Directors are proud of this rich heritage and thank all our stakeholders who have contributed to the success of your Company.

Your Directors wish to place on record their appreciation for the contribution made by the employees at all levels but for whose hard work, and support, your Company's achievements would not have been possible. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

For and on behalf of the Board

GAUTAM V. PAI CACODE

Din No.02395512

Chairman and Managing Director

Goa, May 21, 2015



ANNEXURE A

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on Financial Year ended on 31.032015
(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I REGISTRATION & OTHER DETAILS

1. CIN -L31200GA1963PLC000562
2. Registration Date-29-07-1963
3. Name of the Company-THE SOUTHERN GAS LIMITED
4. Category/Sub-category of the Company
5. Address of the Registered Office & contact details
"GOVIND POY HOUSE", Rua do Padre Miranda, Margao-Goa-403601
6. Whether listed company- YES
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.-NA

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)

| Sr No | Name and Description of main products/services | NIC Code of | % to total turnover |
|-------|--|-------------|---------------------|
| 1. | Oxygen | 280440 | 53.16 |

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr No | Name and Address of the Company | CIN/GIN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|---------------------------------|---------|--------------------------------------|------------------------|-----------------------|
|-------|---------------------------------|---------|--------------------------------------|------------------------|-----------------------|

..... NIL.....



IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

1 Category-wise share Holding

| Category of Shareholders | No of Shares held at the beginning of the year (As on April 1, 2014) | | | | No of shares held at the end of the year (As on March 31, 2015) | | | | % Change during the year |
|--|--|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| 1) Indian | | | | | 0 | | | | |
| a) Individual | | 9991 | 9991 | 44% | 0 | 10001 | 10001 | 44% | |
| b) Central Govt | 0 | 0 | 0 | 00 | 0 | 0 | 0 | 0 | |
| c) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| d) Bodies Corporate | 0 | 3300 | 3300 | 15% | 0 | 3300 | 3300 | 15%- | |
| e) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| f) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Subtotal (A) (1) | 0 | 13291 | 13291 | 59% | 0 | 13301 | 13301 | 59% | |
| 2) Foreign | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| a) NRIs Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Other Individuals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| c) Bodies Corporate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| d) Banks/FI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| e) Any other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Subtotal (A) (2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total shareholding of Promoter (A) = (A) (1)+(A) (2) | 0 | 13291 | 13291 | 59% | 0 | 13301 | 13301 | 59% | |
| B. Public Shareholding | | | | | | | | | |
| 1) Institutions | | | | | | | | | |
| a) Mutual Funds/ UTI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Banks / FI | 0 | 535 | 535 | 2% | 0 | 535 | 535 | 2% | |
| c) Central Govt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| d) State Govt(s) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| e) Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| f) Insurance Companies | 0 | 2600 | 2600 | 12% | 0 | 2600 | 2600 | 12% | |
| g) FII's | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sub-total (B) (1) | 0 | 3135 | 3135 | 14% | 0 | 3135 | 3135 | 14% | |

| Category of Shareholders | No of Shares held at the beginning of the year (As on April 1, 2014) | | | | No of shares held at the end of the year (As on March 31, 2015) | | | | % Change during the year |
|--|--|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp | | | | | | | | | |
| i) Indian | 0 | 200 | 200 | 1% | | 210 | 210 | 1% | |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs 1 lakh | 0 | 5874 | 5874 | 26% | | 5854 | 5854 | 26% | |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| c) Others (specify) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Clearing Members | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Foreign Nationals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Non Resident Indians (REPAT) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Non Resident Indians (NON REPAT) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Trusts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Sub-total (B) (2) | 0 | 6074 | 6074 | 27% | | 6064 | 6064 | 27% | |
| Total Public Shareholding (B)=(B) (1)+(B)(2) | 0 | 9209 | 9209 | 41% | | 9199 | 9199 | 41% | |
| C Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Grand Total (A+B+C) | 0 | 22500 | 22500 | 100% | 0 | 22500 | | | |

II Shareholding of Promoters-

| Sr No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding 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 shares | |
| 1 | Yogita P. Cacode | 5001 | 22% | 0 | 5001 | 22% | 0 | |
| | Gautam P. Cacode | 4990 | 22% | 0 | 5000 | 22% | 0 | |
| | Food & Beverages | 3300 | 15% | 0 | 3300 | 15% | 0 | |
| | | | | | | | | |
| | | | | | | | | |

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

| Sr No | Particulars | 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 | (Name) Gautam Pai Cacode | | | | |
| | At the beginning of the year | 4990 | 22% | 5000 | 22% |
| | Market Purchase on 13.02.2015 | 10 | - | - | - |
| | At the end of the year | 5000 | 22% | 5000 | 22% |

IV Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sr 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 share of the Company | No of shares | % of total shares of the Company |
| 1 | Life Insurance corp of India | 1500 | 7% | 1500 | 7% |
| 2 | Oriental Insurance Co. Ltd | 1100 | 5% | 1100 | 5% |
| 3 | Syndicate Bank | 535 | 2% | 535 | 2% |
| 4 | Shri. Upendra Krishna Naik | 435 | 2% | 435 | 2% |
| 5 | Shri Keshav Krishna Naik | 435 | 2% | 435 | 2% |
| 6 | Shri Bhagwant Krishna Naik | 435 | 2% | 435 | 2% |
| 7 | Shri Suhas Narcinva Pai Angle | 500 | 2% | 500 | 2% |
| 8 | Shri Vilas Naracinva Pai Angle | 500 | 2% | 500 | 2% |
| 9 | Shri Sanat D. Poy Raiturcar | 700 | 3% | 700 | 3% |
| 10 | Shri Datta E Poy Raiturcar | 800 | 4% | 800 | 4% |

V. Shareholding of Directors and Key Managerial Personnel

| Sr No | Shareholding of each Director and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|---|---|---------------------------------|---|----------------------------------|
| | | No of shares | % of total share of the Company | No of shares | % of total shares of the Company |
| 1 | Shri Gautam Pai Cacode | | | | |
| | At the beginning of the year | 4990 | 22% | 4990 | 22% |
| | Date wise increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/ sweat equity etc) | 10 | Transfer on 13.2.2015 | 10 | Transfer on 13.2.2015 |
| | At the end of the year | 5000 | 22% | 5000 | 22% |
| 2 | Smt Yogita Gautam Pai Cacode | | | | |
| | At the beginning of the year | 5001 | 22% | 5001 | 22% |
| | Date wise increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/ sweat equity etc) | | | | |
| | At the end of the year | 5001 | 22% | 5001 | 22% |

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment

(Rs in Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 35.98 | 0 | 0 | 35.98 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Totyal (i+ii+iii) | 0 | 0 | 0 | 0 |
| Change in indebtedness during the financial year | 0 | 0 | 0 | 0 |
| Addition | 0 | 0 | 0 | 0 |

| | | | | |
|---|---------|---|---|---------|
| Reduction | 21.91 | 0 | 0 | 21.91 |
| Net Change | (21.91) | 0 | 0 | (21.91) |
| Indebtedness at the end of the financial year | 0 | 0 | 0 | 0 |
| i) Principal Amount | 14.07 | 0 | 0 | 14.07 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Totyal (i+ii+iii) | 14.07 | 0 | 0 | 14.07 |



VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager

(Rs in Lacs)

| Sr No | Particulars of Remuneration | Name of the MD/WTD/Manager | Total Amount |
|---------------------------|--|----------------------------|--------------|
| CMD | | | |
| Shri Gautam V. Pai Cacode | | | |
| 1 | Gross Salary | | 30.00 |
| (a) | Salary as per provisions contained in section 17 (1) of the Income Tax act, 1961 | | |
| (b) | Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | |
| (c) | Profits in lieu of salary u/s 17 (3) Of the Income Tax act, 1961 | | |
| 2 | Stock option | | |
| 3 | Sweat Equity | | |
| 4 | Commission -as % of profit -others, specify | | |
| 5 | Contribution to Provident Fund | | 0.165 |
| | Total (A) | | 30.165 |

B Remuneration to other Directors

(Rs)

| Sr No | Particulars of Remuneration | Name of Directors | Total Amount (Rs.) |
|-------|--|----------------------|------------------------|
| 1 | Independent Directors | Jayendra V. Gaitonde | 5000/- |
| | Fee for attending Board/committee Meetings | Sripad P. Patnekar | 11000/- |
| | | Ranganath N. Prabhu | 11000/- |
| | Commission | | |
| | Others, please specify | | |
| | Total (1) | | <u>27,000/-</u> |
| 2 | Other Non-Executive Directors | Yogita G. Pai Cacode | 11000/- |
| | Fee for attending Board/committee Meetings | Motilal Sanvlo Keny | 11000/- |
| | Commission | | |
| | Others, please specify | | |
| | Total (2) | | <u>22,000/-</u> |
| | Total Managerial Remuneration | | |
| | Total (B)=(1+2) | | <u><u>49,000/-</u></u> |

C Remuneration to key Managerial Personnel other than MD/Manager/WTD

(Rs in Lacs)

| Sr No | Particulars of Remuneration | Key Managerial Personnel | 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) of the Income Tax Act, 1961 | | |
| (c) | Profits in lieu of salary u/s 17 (3) Of the Income Tax act, 1961 | | NIL |
| 2 | Stock option | | |
| 3 | Sweat Equity | | |
| 4 | Commission -as % of profit -others, specify | | |
| 5 | Others, please specify | | |
| | Total | | |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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



CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2015.

COMPANY'S PHILOSOPHY

The Company's Governance philosophy is based on trusteeship, transparency and accountability. As a corporate citizen, our business fosters a culture of ethical behaviour and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, and the Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, Integrity and regulatory compliances.

GOVERNANCE STRUCTURE

The Corporate Governance structure is as follows:

1. **Board of Directors:** The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosure.
2. **Committees of the Board:** The Board has constituted the following Committees viz. Audit Committee, Remuneration and Nomination Committee and Stakeholders Relationship Committee

THE BOARD OF DIRECTORS

The Board is broad based and consists of eminent individuals from industry, management, legal, financial, technical and marketing. The Company is managed by the Board of Directors in coordination with the Senior Management team. The Board periodically evaluates the need for change in its composition and size.

As on March 31, 2015, the Board of the Company had six Directors out of which one is the Managing Director, three are Independent Directors and two are Non-Executive Directors. The Chairman of the Board is the Managing Director.

The details of each member of the Board alongwith the number of Directorship/Committee Membership are as given below:

Directorship/Committee Membership as on March 31, 2015

| Name | Date of Appointment | Category of Director | Directorships in other Indian Public Ltd companies | No of Board Committees in which Chairman/ | |
|------------------------|---------------------|------------------------------|--|---|--------|
| | | | | Chairman | Member |
| Mr Gautam V Pai Cacode | 01/02/2014 | Chairman & Managing Director | 0 | 0 | 1 |
| Mr Jayendra V Gaitonde | 30/09/1996 | Independent | 0 | 1 | 1 |
| Mr. Sripad P Patnekar | 18/01/2002 | Independent | 0 | 0 | 2 |
| Mr Ranganath N Prabhu | 18/01/2002 | Independent | 0 | 2 | 0 |
| Mr. Motilal S Keny | 04/02/2014 | Non-Executive | 0 | 0 | 2 |
| Mrs Yogita Pai Cacode | 31/01/2014 | Non Executive | 0 | 0 | 0 |

Notes

Mr Gautam V Pai Cacode and Mrs Yogita G Pai Cacode are related to each other.

Independent Directors

The Non-Executive Independent Directors fulfil the conditions of Independence specified in Section 149(6) of the Companies Act, 2013 and Rules made thereunder and meet with the requirements of Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange. A formal letter of appointment to Independent Director as provided in Companies Act, 2013 and the Listing agreement has been issued and disclosed on the website of the Company viz. www.southernogasindia.com

Board Meetings

The Board meets at regular intervals to discuss and decide on business strategies/policies and review the financial performance of the Company. The Board Meetings are pre-scheduled and a tentative annual calendar of the Board is circulated to the Directors well in advance to facilitate the Directors to plan their schedules. In case of business exigencies the Board's approval is taken through circular resolutions. The circular resolutions are noted at the subsequent Board Meeting.

The notice of each Board Meeting is given in writing to each Director. The Agenda along with the relevant notes and other material information are sent in advance separately to each Director and in exceptional cases tabled at the meeting. This ensures timely and informed decisions by the Board. The Board reviews the performance of the Company vis-à-vis the budgets/targets.

In the financial year 2014-15, the Board met on four occasions. The meetings were held on May 29, 2014, August 8, 2014, November 7, 2014 and February 13, 2015.

The interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing agreement.

Attendance of Directors at the Board Meetings and at the last annual General Meeting (AGM)

| Sr No | Name of the Director | No of Board Meetings Attended | Attendance at the AGM held on September 25 th , 2014 |
|-------|-------------------------|-------------------------------|---|
| 1 | Mr Gautam V Pai Cacode | 4 out of 4 | Present |
| 2. | Mr Jayendra V Gaitonde | 2 out of 4 | Present |
| 3. | Mr Sripad P Patnekar | 4 out of 4 | Present |
| 4. | Mr Ranganath N Prabhu | 4 out of 4 | Leave of Absence |
| 5. | Mr Motilal S Keny | 4 out of 4 | Present |
| 6. | Mrs Yogita G Pai Cacode | 4 out of 4 | Present |

Information given to the Board

The Company provides the information as set out in Clause 49 of the Listing Agreement to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

Post Meeting Mechanism

The important decisions taken at the Board/Board Committee meetings are communicated to the concerned departments/divisions.

FAMILIARISATION PROGRAMME FOR DIRECTORS

At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained in detail the Compliance required from him under the Companies act, 2013, Clause 49 of the Listing Agreement and other relevant regulations and affirmation taken with respect to the same. The Chairman and Managing Director also has one to one discussion with the newly appointed Director to familiarise him with the Company's operations. Further the Company has put in place a system to familiarise the Independent Directors about the Company, its products, business and the on-going events relating to the Company.

GOVERNANCE CODES

Code of Business Conduct and Ethics

The Company has adopted Code of Business Conduct & Ethics ("the Code") which is applicable to the Board of Directors and Senior Management Team (one level below the Board) of the Company. The Board of Directors and the members of Senior Management Team are required to affirm semi-annual Compliance of this Code. The Code requires Directors and Employees to act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner, The Code is displayed on the website of the Company viz. www.southernngasindia.com

Conflict of Interests

Each Director informs the Company on an annual basis about the Board and the Committee positions he occupies in other companies including Chairmanships and notifies changes during the year. Members of the Board while discharging their duties, avoid conflict of interest in the decision making process. The members of the Board restrict themselves from any discussion and voting in transactions that they have concern or interest

Insider Trading Code

The Company has adopted a Code of Conduct for Prevention of Insider Trading ("the Code") in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Code is amended from time to time reflecting the changes brought in by SEBI in the Insider Trading Regulations. The Code is applicable to Promoters, all Directors and such designated Employees who are expected to have access to unpublished price sensitive information relating to the Company.

COMMITTEES OF THE BOARD

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and need a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Board Committees play an important role in overall management of day-to-day affairs and governance of the Company. The Board Committees meet at regular interval, takes necessary steps to perform its duties entrusted by the Board. To ensure good governance, the Minutes of the Committee Meetings are placed before the Board for their noting. The board has currently the following Committees:

(A) AUDIT COMMITTEE

Composition

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The composition, quorum, powers, role and scope are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Clause 49 of the Listing Agreement. All members of the Audit Committee are financially literate and bring in expertise in the fields of Finance, Taxation, Economics, Risk and International Finance. Mr. Ranganath N. Prabhu, Non-Executive Independent Director is the Chairman of the Audit Committee. The other members of the Audit Committee include Mr Motilal S. Keny, and Mr Gautam V. Pai Cacode.

Meetings and Attendance

The Audit Committee met four times during the Financial Year 2014-15. The Company is in full compliance with Clause 49 of the Listing Agreement on gaps between any two meetings. The committee met on May 29, 2014, August 8, 2014, November 7, 2014 and February 13, 2015. The necessary quorum was present for all Meetings. The Chairman of the Audit Committee was not present at the last Annual General Meeting of the Company. The table below provides the attendance of the Audit Committee members:

| Sr No | Name of the Director | Position | Category | No of Meetings attended |
|-------|--------------------------|----------|-------------------|-------------------------|
| 1. | Mr. Ranganath N. Prabhu | Director | Independent | 4 |
| 2. | Mr. Motilal S. Keny | Director | Non-Executives | 4 |
| 3 | Mr. Gautam V. Pai Cacode | Director | Managing Director | 4 |

Terms of Reference

The Audit Committee inter alia performs the functions of approving Annual Internal Audit Plan, review of financial reporting system, internal control systems, discussion on quarterly, half-yearly, and annual financial results, interaction with Statutory and Internal Auditors, one-on-one meeting with Statutory and Internal Auditors, recommendation for the appointment of Statutory and cost Auditors and their remuneration, recommendation for the appointment and remuneration of Internal Auditors, review of Business Risk Management Plan, review of Forex Policy, Management Discussion & Analysis, review of Internal Audit Reports, significant related party transactions. The Board has framed the Audit Committee Charter for the purpose of effective compliance of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. In fulfilling the above role, the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

Functions of Audit Committee

The Audit Committee, while reviewing the Annual Financial Statements also review the applicability of various Accounting Standards referred to in Section 133 of the Companies Act, 2013. Compliance of the Accounting Standards as applicable to the Company has been ensured in the preparation of the Financial Statements for the year ended March 31, 2015.

The Audit Committee bridges the gap between the Internal Auditors and the Statutory Auditors. The Statutory Auditors are responsible for performing independent audit of the Company's financial statements in accordance with the generally accepted auditing practices and issuing reports based on such audits, while the Internal Auditors are responsible for the internal risk controls.

Besides, the above, Chairman and Managing Director, Business Heads of the Company's Divisions, the representatives of the Statutory Auditors and the Internal Auditors are permanent Invitees to the Audit Committee Meetings. The representatives of the Cost Auditor attend such meetings of the Audit Committee where matters relating to the Cost Audit Report are discussed at length.

The Company follows best practices in financial reporting. The Company has been reporting on quarterly basis the Un-audited Standalone Financial Results as required by Clause 41 of the Listing Agreement entered with the Bombay Stock Exchange. The company's quarterly un-audited Standalone Financial Results are made available on the website www.southerngasindia.com and are also sent to the Bombay Stock Exchange where the Company's equity shares are listed for display at their respective websites.

The Audit Committee also oversees and reviews the functioning of a vigil mechanism (implemented in the Company as a Fraud Risk Management Policy and Whistle Blower Policy) and reviews the finding of investigation into cases of material nature and the actions taken in respect thereof.

Internal Control and Governance Processes

The Company has appointed an Internal Auditor to review and report on the internal controls system. The report of the Internal Auditor is reviewed by the Audit Committee. The audit Committee formulates a detailed plan to the Internal Auditors for the year and the same is reviewed at the Audit committee meetings. The internal Auditor submits his recommendations to the Audit Committee and provides a road map for future action.

(B) REMUNERATION AND NOMINATION COMMITTEE

Composition

The remuneration and Nomination Committee comprises of 3 Directors. Mr Ranganath N. Prabhu, Independent Director is the Chairman of the Committee. The other members of the Remuneration Committee include Mr. Shripad P. Patnekar and Mr Jayendra V. Gaitonde. The Composition of Remuneration and Nomination Committee is pursuant to the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Meeting and Attendance

The Remuneration and Nomination Committee met once during the year on 29th May, 2014. The necessary quorum was present for the Meeting. The Chairman of the Remuneration and Nomination Committee was not present at the last Annual General Meeting of the Company and he had sought leave for the same. The table below provides the attendance of the Remuneration and Nomination Committee members.

| Sr No | Name of the Director | Position | Category | No of meetings attended |
|-------|-------------------------|----------|-------------|-------------------------|
| 1 | Mr Ranganath N. Prabhu | Chairman | Independent | 1 of 1 |
| 2. | Mr Sripad P. Patnekar | Member | Independent | 1 of 1 |
| 3. | Mr Jayendra V. Gaitonde | Member | Independent | 1 of 1 |

Terms of Reference

The Board has framed the Remuneration and Nomination Committee Charter which ensures effective compliance of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The Board has clearly defined terms of reference for the Remuneration and Nomination Committee, which are as follows:

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director (s) and Senior Management (one level below the Board)
- To help in determining the appropriate size, diversity and composition of the Board;
- To recommend to the Board appointment/reappointment and removal of Directors;
- To frame criteria for determining qualifications, positive attributes and independence of Directors;
- To recommend to the Board remuneration payable to the Directors (while fixing the remuneration to Executive Director (s) the restrictions contained in the Companies Act, 2013 is to be considered.
- To create an evaluation framework for Independent Directors and the Board;
- To provide necessary reports to the Chairman after the evaluation process is completed by the Directors;
- To assist in developing a succession plan for the Board;
- To assist the Board in fulfilling responsibilities entrusted from time-to-time;
- Delegation of any of its powers to any Member of the Committee or the Compliance Officer.



REMUNERATION POLICY

A Remuneration to Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of Sitting Fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them. The total amount of sitting fees paid during the Financial Year 2014-15 was Rs 49,000/-. The Non-Executive Independent Directors do not have any material pecuniary relationship or transactions with the Company.

B Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Chairman and Managing Director and Whole-time Director is governed by the recommendation of the Remuneration and Nomination Committee, resolutions passed by the Board of Directors and shareholders of the Company. Payment of Remuneration to Executive Directors is governed by the respective Agreements executed between them and the Company. The remuneration package of the Chairman and Managing Director and Whole-time Directors comprises of salary, perquisites, allowances and contributions to Provident and other Retirement Benefit Funds as approved by the Shareholders at the General Meetings.

Annual increments are linked to performance and are decided by the Remuneration and Nomination Committee and recommended to the Board for approval thereof.

The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high calibre talent.

Presently, the Company does not have a scheme for grant of stock options or performance linked incentives for its Directors.

DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2015

(A) NON-EXECUTIVE DIRECTORS

| Name of the Director | Sitting Fees Rs | No of Shares held | Commission to Non-Executive Directors (Rs) |
|--------------------------|--------------------|----------------------|--|
| Mr Jayendra V Gaitonde | 5000/- | 0 | 0 |
| Mr Sripad P Patnekar | 11000/- | 0 | 0 |
| Mr Ranganath N Prabhu | 11000/- | 0 | 0 |
| Mrs. Yogita G Pai Cacode | 11000/- | 5001 | 0 |
| Mr Motilal Sanvlo Keny | 11000/- | 0 | 0 |

(B) EXECUTIVE DIRECTOR

Particulars Mr Gautam V Pai Cacode, Chairman & Managing Director

Term of Appointment For a period of three years from 1st February 2014 to

| | |
|--------------------------------|---|
| | 31 st January, 2017 |
| Salary | Rs 2,50,000/- p.m. |
| Allowances | Rs NIL |
| Commission | Rs NIL |
| Variable Pay | Rs NIL |
| Perquisites | Rs NIL |
| Sitting Fees | Rs NIL |
| Minimum Remuneration | In the event of inadequacy of profits under the Act in any financial year or years, the company will pay remuneration as stated above as minimum remuneration |
| Notice Period & Severance Fees | 6 mths |

PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees. A structured questionnaire was prepared after circulating the draft forms, 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.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition and Attendance

The Committee comprises of 3 Directors, Mr Jayendra V. Gaitonde, Non-Executive Independent Director is the Chairman of the Committee. The table below highlights the composition and attendance of the Committee. The necessary quorum was present for all Meetings.

| Sr No | Name of the Director | Position | Category | No of meetings attended |
|-------|--------------------------|----------|---------------|-------------------------|
| 1. | Mr. Jayendra V. Gaitonde | Director | Independent | 2 |
| 2 | Mr. Sripad P. Patnekar | Director | Independent | 2 |
| 3 | Mr. Motilal S. Keny | Director | Non-Executive | 2 |

Mr. S R Bhatikar, is the Compliance Officer of the Company.

Terms of Reference

The Board has clearly defined the terms of reference for this Committee, which generally meets once a month. The Committee looks into the matters of Shareholders/Investors grievances alongwith other matter listed below:

- Approval of transfer of share/debentures and issue of duplicate/split/consolidation/sub-division of share/debenture certificates.
- Opening/modification of operation and closing of bank accounts;

- Grant of special/general Power of Attorney in favour of employees of the Company from time to time in connection with the conduct of business of the Company particularly with Government and Quasi-Government institutions;
- To fix record date/book closure of share/debenture transfer book of the Company from time to time;
- To appoint representatives to attend General Meetings of other companies in which the Company is holding shares;
- To change the signatories for availment of various facility from Banks/Financial Institutions;
- To grant authority to execute and sign foreign exchange contracts and derivative transactions;
- To carry out any other duties that may be delegated to the Committee by the Board of Directors from time-to-time.

The Secretarial Department of the Company attend to all grievances of the shareholders received directly or through SEBI, Stock Exchange, Ministry of Corporate Affairs, Registrar of Companies, etc. The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings.

Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish their telephone numbers and e-mail addresses to facilitate prompt action.

Details of Shareholders' Complaints Received, Solved and Pending Share Transfers

The total number of complaints received and replied to the shareholders during the year ended 31st March, 2015 were nil as per details given below. There were no complaints outstanding as on March 31, 2015. The number of pending share transfers and pending requests for dematerialisation as on March 31, 2015 were NIL. Shareholders'/Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended/pending for more than thirty days as on March 31, 2015.

| Sr No | Nature of Complaints | Complaints | |
|----------|---|------------|-----------|
| | | Received | Redressed |
| 1 | Non-receipt of Dividend | 0 | 0 |
| 2 | Non-receipt of Shares lodged for transfer | 0 | 0 |
| 3 | Non-receipt of Duplicate/Consolidated Share Certificates | 0 | 0 |
| 4 | Others (e.g. Queries received from other Statutory Authorities, etc.) | 0 | 0 |
| Total | | 0 | 0 |

The above table includes Complaints received from SEBI SCORES by the Company.

(A) INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on March 9, 2015, inter alia, to discuss:

- Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;

- Evaluation of performance of the Chairman and Managing Director, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- All the Independent Directors were present for this Meeting.

SUBSIDIARY COMPANIES

The Company does not have any material subsidiary as defined under Clause 49 of the Listing Agreement.

AFFIRMATIONS AND DISCLOSURES

a **Compliances with Governance Framework**

The Company is in compliance with all mandatory requirements of Clause 49 of the Listing Agreement.

b **Related party transactions**

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year 2014-15 were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed under the note 2.32 of significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

As required under Clause 49 of the Listing Agreement, the Company has formulated a policy dealing with Related Party Transactions. The Policy is available on the website of the Company viz. www.southerngasindia.com.

None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis or fair value.

c **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with all requirements of the Listing Agreement entered into with the Bombay Stock Exchange as well as regulators and guidelines of SEBI, Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchange or any statutory authority for non compliance of any matter related to the capital markets during the last three years.

d **Whistle Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimisation of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.



e Disclosure of Accounting Treatment

In the preparation of financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

f Risk Management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

g Non-mandatory requirements

Adoption of non-mandatory requirements of Clause 49 of the Listing agreement is being reviewed by the Board from time-to-time.

SHAREHOLDER INFORMATION

GENERAL BODY MEETING

DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS HELD

| Sr No | Financial Year | Date and time | Venue | Details of Special Resolution on Passed |
|-------|----------------|-------------------------------------|--------------------------------------|---|
| 1 | 2011-12 | September 27, 2012 at 10.30 a.m. | Registered Office of the Company | NIL |
| 2 | 2012-13 | September 27, 2013 at 10.30 a.m. | Registered Office of the Company | NIL |
| 3 | 2013-14 | September 25, 2014 at 10.30 a.m. | Administrative Office of the Company | NIL |

There was no Extra Ordinary General Meeting of the Members of the Company during the period under review.

There was no resolution passed through Postal Ballot during the period under review.

ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR 2014-15

DAY AND DATE

Thursday September 24, 2015.

TIME

10.30 a.m.

VENUE

Administrative Office,
Meera Classic, Phase II, Gogol
Borda, Margao, Goa 403602

BOOK CLOSURE DATES FOR DIVIDEND

Wednesday September 16, 2015 to
Thursday September 24, 2015
(both days inclusive)

LAST DATE OF RECEIPT OF PROXY FORMS

Tuesday September 22, 2015

Tentative Calendar for Financial Year ending March 31, 2016

The Tentative dates for Board Meetings for consideration of quarterly financial results are as follows:

| Sr No | Particulars of Quarter | Tentative dates |
|-------|--------------------------------------|--|
| 1 | First Quarter Results | In or before the Second week of August, 2015 |
| 2 | Second Quarter & Half Yearly Results | In or before the Second week of November, 2015 |
| 3 | Third Quarter & Nine Months Results | In or before the Second week of February, 2016 |
| 4 | Fourth Quarter & Annual Results | In or before the Fourth week of May, 2016 |

Dividend

The Board of Directors at their meeting held on May 21, 2015, recommended dividend payout, subject to approval of the shareholders at the ensuing Annual General Meeting of Rs 30/- per share, on the equity shares of the Company for the Financial Year 2014-15. The Dividend shall be paid to the members whose names appear on Company's Register of Members as on September 24, 2015 in respect of physical shareholders.

Dividend History for the last 10 years

The table below highlights the history of Dividend declared by the Company in the last 10 years:

| Sr No | Year of Declaration of Dividend | Date of Declaration of Dividend | Amount declared per share |
|-------|---------------------------------|---------------------------------|---------------------------|
| 1. | 2004-05 | September 30,2005 | Rs. 25/- |
| 2. | 2005-06 | September 30,2006 | Rs. 25/- |
| 3. | 2006-07 | September 29,2007 | Rs. 30/- |
| 4. | 2007-08 | September 29,2008 | Rs. 30/- |
| 5. | 2008-09 | September 30,2009 | Rs. 30/- |
| 6. | 2009-10 | September 30,2010 | Rs. 30/- |
| 7. | 2010-11 | September 30,2011 | Rs. 30/- |
| 8. | 2011-12 | September 27,2012 | Rs 30/- |
| 9. | 2012-13 | September 27,2013 | Rs 30/- |
| 10. | 2013-14 | September 25,2014 | Rs 30/- |

Unclaimed Dividend/Share Certificates

The unclaimed dividend for a period of seven years is compulsorily deposited in Investor Education and Protection Fund (IEPF) Account in accordance with Section 205C of the Companies Act, 1956 administered by the Central Government which cannot be claimed by the Shareholders/Investors. The details of unclaimed dividend is posted on the website of the Company.

Details of Unclaimed Dividend and due dates for transfer are as follows as on March 31, 2015:

| Sr No | Year of Declaration of Dividend | Date of Declaration of Dividend | Unclaimed Amount Rs | Due Date for transfer to IEPF Account |
|-------|---------------------------------|---------------------------------|---------------------|---------------------------------------|
| 1 | 2007-08 | September 29,2008 | 9960/- | October 5,2015 |
| 2 | 2008-09 | September 30,2009 | 8160/- | October 8,2016 |
| 3 | 2009-10 | September 30,2010 | 9240/- | October 8,2017 |
| 4 | 2010-11 | September 30,2011 | 11490/- | October 8,2018 |
| 5 | 2011-12 | September 27,2012 | 3510/- | October 3,2019 |
| 6 | 2012-13 | September 27,2013 | 5610/- | October 3,2020 |
| 7 | 2013-14 | September 25,2014 | 16260/- | October 1,2021 |



During the financial year under review, the Company has transferred Rs. 7980/- to investor Education and Protection Fund towards Unclaimed Dividend.

Distribution of Shareholding as on March 31,2015

| No of equity Shares | No of shareholders | % of shareholders | No of shares held | % of shareholding |
|---------------------|--------------------|-------------------|-------------------|-------------------|
| 1 to 500 | 131 | 94.24% | 4564 | 20.28 |
| 501 to 1000 | 3 | 2.16% | 2035 | 9.04 |
| 1001 to 2500 | 2 | 1.44% | 2600 | 11.56 |
| 2501 to 5000 | 2 | 1.44% | 8300 | 36.89 |
| 5001 to 10000 | 1 | 0.72% | 5001 | 22.23 |
| GRAND TOTAL | 139 | 100 | 22500 | 100 |

Categories of Shareholders as on March 31, 2015

| Sr No | Particulars | No of Shares | % of holding |
|--------------------------------|--|--------------|--------------|
| (A) | Promoter Holding | | |
| | (a) Individuals | 10001 | 44% |
| | (b) Bodies Corporate | 3300 | 15% |
| | Total (A) | 13301 | 59% |
| 1 | Public shareholding | | |
| 2 | Institutions | | |
| | (a) Mutual Funds/UTI | | |
| | (b) Financial Institutions/Banks | 535 | 2% |
| | (c) Insurance Companies | 2600 | 12% |
| | (d) Foreign Institutional Investors | | |
| | Sub-Total (B) (1) | 3135 | 14% |
| 2 | Non-Institutions | | |
| | (a) Bodies Corporate | 210 | 1% |
| | (b) Individuals | | |
| | i Holding nominal share capital upto Rs 1 lac | 5854 | 26% |
| | ii Holding nominal share capital in excess of Rs 1 lac | N.A. | N.A. |
| | (c) Trusts | N.A. | N.A. |
| | (d) NRI and Foreign National | N.A. | N.A. |
| | (e) Clearing Member | N.A. | N.A. |
| | Sub-Total (B) (2) | 6064 | 27% |
| | Total (B) = (B1 +B2) | 9199 | 41% |
| GRAND TOTAL (A)+(B)+(C) | | 22500 | 100% |

Top 10 Shareholders as on March 31, 2015 other than Promoter/ Promoter Group

| Sr No | Name of the Shareholder | No of Shares held | % of Holding |
|-------|------------------------------|-------------------|--------------|
| 1 | Life Insurance Corporation | 1500 | 7 |
| 2 | Oriental Insurance Co. Ltd | 1100 | 5 |
| 3 | Datta E. Poy Raiturcar | 800 | 4 |
| 4 | Sanat D. Poy Raiturcar | 700 | 3 |
| 5 | Chief Manager Syndicate Bank | 535 | 2 |
| 6 | Suhas Narcinva Pai Angle | 500 | 2 |
| 7 | Vilas Narcinva Pai Angle | 500 | 2 |
| 8 | Upendra Krishna Naik | 435 | 2 |
| 9 | Keshav Krishna Naik | 435 | 2 |
| 10 | Bhagwant Krishna Naik | 435 | 2 |

Details of Shares Listed on Stock Exchange as on March 31, 2015

| Stock Exchange | Stock Code |
|-------------------|------------|
| BSE Limited (BSE) | 509910 |

Annual Listing fees for Financial Year 2015-16 has been paid to BSE. 2,24,720/-

Share Price Data

The shares have not been traded on the Stock Exchange

MEANS OF COMMUNICATION TO SHAREHOLDERS

- (i) The Unaudited quarterly / half yearly results are announced within forty five days of the close of the quarter. The audited annual results are announced within sixty days from the closure of the financial year as per the requirement of the Listing Agreement with the Bombay Stock Exchange.
- (ii) The approved financial results are forthwith sent to the Bombay Stock Exchange and are published in a leading English newspaper. In addition, the same are published in local language newspaper, within forty-eight hours of approval thereof. Presently the same are not sent to the shareholders separately.
- (iii) The Company's financial results and official press releases are displayed on the Company's website – www.southerngasindia.com
- (iv) Management Discussion and Analysis forms part of this Annual Report which is sent to the shareholders of the Company.
- (v) The quarterly results, shareholding pattern, quarterly compliances and all other corporate communication to the Bombay Stock Exchange are filed electronically. The Company has complied with filing submissions through BSE's BSE Listing Centre.
- (vi) A separate dedicated section under "Investor Relations" on the Company's website gives the information on unclaimed dividends, quarterly compliance with the Bombay Stock Exchange and other relevant information of interest to the investors/public.



Share Transfer System

The transfer of shares is processed and completed within a period of seven days from the date of receipt thereof provided all the documents are in order.

Nomination

Individual shareholders holding shares singly or jointly can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s).

Address for Correspondence

| Compliance Officer | Correspondence with the Company |
|--|--|
| Mr. S. R. Bhatikar Sr. Manager Personnel & Administration (Designation) Compliance Officer Phone: 0832-2724863 e-mail: sglgoa@southerngasindia.com | THE SOUTHERN GAS LIMITED Share Department Meera Classic, Phase II, Gogol, Borda, Margao, Goa 403602 Phone: 0832-2724863,64 Fax: 0832-2724865 e-mail: sglgoa@southerngasindia.com |

Unit Locations:

The Company has the following units at:

- Bangalore (Karnataka)
- Bhadravati (Karnataka)
- Harihar (Karnataka)
- Hubli (Karnataka)
- Mysore (Karnataka)
- Trichy (Tamilnadu)
- Calicut (Kerala)
- Trivandrum (Kerala)
- Cochin (Kerala)

CERTIFICATE UNDER CLAUSE 49(IX)

To

The Board of Directors

The Southern Gas Limited

1. I have reviewed financial statements and the cash flow statement of The Southern Gas Limited for the year ended 31st March, 2015 and to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. I have not come across any reportable deficiencies in the design or operation of such internal controls.
4. I have indicated to the Auditors and the Audit Committee:
 - (i) that there are no significant changes in internal control over financial reporting during the year;
 - (ii) that there are no significant changes in accounting policies during the year; and
 - (iii) that there are no instances of significant fraud of which I have become aware.

Date : 21 May 2015

Gautam V Pai Cacode
Chairman & Managing Director

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
THE SOUTHERN GAS LIMITED

I have examined the compliance of conditions of Corporate Governance by The Southern Gas Limited ("the Company") for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Goa, 21st May, 2015

CS NEVILLE FERNANDES
Company Secretary
ACS-6477
PCS-4542



SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st March, 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
The Southern Gas Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Southern Gas Limited ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent and in the manner reported hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:
 - a) The Companies Act, 2013 and the Rules made thereunder;
 - b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - c) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);
 - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);
 - (v) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008 (Not applicable to the Company during audit period);
 - (vi) 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 (Not applicable to the Company during audit period);



- (vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during audit period);
 - (viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during audit period);
 - d) I have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure II.
 - e) I have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India, (Not notified hence not applicable to the Company during the audit period).
 - (ii) The Listing Agreements entered into by the Company with the Stock Exchange(s);
- During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

2. I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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.

3. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Margao, Goa
Date : 21st May, 2015

CS NEVILLE FERNANDES
Practicing Company Secretary
ACS 6477
CP4542

Note : This report should be read with the letter of even date by the Secretarial Auditor, which is annexed as Annexure I and forms an integral part of this report.



ANNEXURE I

To,
The Members,
The Southern Gas Limited

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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. My examination was limited to the verification of procedure on 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.

Place : Margao, Goa
Date : 21st May, 2015

CS NEVILLE FERNANDES
Practicing Company Secretary
ACS 6477
C P 4542

List of applicable laws to the Company

Under the Major Group and Head are as follows:-

1. Factories Act, 1948
2. Industries (Development & Regulation) Act, 1951;
3. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation, etc;
4. Acts prescribed under prevention and control of pollution;
5. Acts as prescribed under Environmental Protection;
6. Acts as prescribed under Direct Tax and Indirect Tax;
7. Land Revenue Laws of respective States;
8. Labour Welfare Act of respective States;
9. The Legal Metrology Act, 2009
10. Acts as prescribed under Shop and Establishment Act of various local authorities
11. Drugs and Cosmetics Act, 1940
12. The Explosives Act, 1884

CS NEVILLE FERNANDES
 Practicing Company Secretary
 ACS No: 6477
 CP No : 4542



INDEPENDENT AUDITOR'S REPORT

**To The Members of
The Southern Gas Limited
Margao, Goa**

Report on the Financial Statements

We have audited the accompanying financial statements of **The Southern Gas Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

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 thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has pending litigations which are disclosed in the Contingent Liabilities in note No. 2.29 to the accounts. The impact if any, on the financial position on final settlement of the litigation is not ascertainable.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Place: Margao
Date: 21st May, 2015.

P. G. SUSIL KUMAR
Partner
M.No. 22579

ANNEXURE REFERRED TO IN PARAGRAPH I UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR INDEPENDENT AUDIT REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF THE SOUTHERN GAS LIMITED FOR THE YEAR ENDED 31ST MARCH 2015.

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) We are informed that all the fixed assets have been physically verified by the management during the year, except for gas cylinders with customers and which, in our opinion is reasonable having regard to the size of the company and the nature of its assets and that no material discrepancies have been noticed on such verification.
2. (a) We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals having regard to the size of the company and the nature of its business.
(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the company and the nature of its business.
(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory and discrepancies noticed on physical verification were properly dealt with in the books of account by the management.
3. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties requiring to be entered in the register in terms of Section 189 of the Companies Act, 2013. Accordingly, the reporting requirements under clauses (iii) (a) and (iii) (b) of the paragraph 3 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
5. The Company has not accepted any deposits from the public during the year and hence, the directives issued by the Reserve Bank of India and the reporting requirements of Sections 73 to 76 or any other relevant reporting requirements of the Companies Act, 2013 and the rules framed there under are not applicable.
6. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for the company.

7. (a) According to the information and explanations given to us and as per verification of records of the company, except for minor delays in remittance of service tax in certain cases, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities during the year. There are no material amounts of undisputed statutory dues outstanding at the last day of the financial year for a period of more than 6 months from the date on which they became payable.

(b) According to the information and explanations given to us and as per verification of records of the company disputed amounts of taxes which have not been deposited with the authorities as at 31-03-2015 as per details given below :-

| Name of the Statute | Nature of dues | Amount (Rs.) | Forum where dispute is pending | Period to which amount relates |
|---------------------|----------------|--------------|--|--------------------------------|
| Finance Act, 1994 | Service Tax | 9,90,284 | Joint Commissioner of Central Excise and Customs, Cochin | 2008-09 to 2011-12 |

(c) According to the information and explanations given to us, the amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

8. The company has no accumulated losses at the end of the financial year. The company has not incurred any cash losses during the year or in the immediately preceding financial year.
9. According to the information and explanations given to us and as per our verification of the records of the company, the company has not defaulted in repayment of dues to the banks. There are no loans from financial institutions and the company has not issued debentures.
10. According to the information and explanations given to us and as per the records of the company examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions and hence reporting requirements of clause (x) of paragraph 3 of the Order is not applicable.



11. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
12. To the best of our knowledge and belief and according to the information and explanations given to us and as per the records of the company examined by us, no fraud either on or by the company, has been noticed or reported during the year.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Place: Margao
Date: 21st May, 2015.

P. G. SUSILKUMAR
Partner
M.No. 22579



**THE SOUTHERN GAS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2015**

| Particulars | | Note No. | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|-----------------------------------|--|----------|----------------------------|----------------------------|
| I. EQUITY AND LIABILITIES | | | | |
| 1 Shareholders' Funds | | | | |
| a. Share Capital | | 2.1 | 22,50,000 | 22,50,000 |
| b. Reserves and surplus | | 2.2 | 13,33,49,462 | 12,73,84,498 |
| 2 Non-current liabilities | | | | |
| a. Long-term borrowings | | 2.3 | 6,57,793 | 11,47,859 |
| b. Deferred tax liabilities (Net) | | 2.4 | 1,04,89,000 | 1,17,89,000 |
| c. Other Long-term liabilities | | 2.5 | 3,49,94,143 | 3,36,70,203 |
| d. Long-term provisions | | 2.6 | 14,54,202 | 28,28,367 |
| 3 Current Liabilities | | | | |
| a. Short term borrowings | | 2.7 | - | 6,39,608 |
| b. Trade payables | | 2.8 | 58,79,279 | 60,44,732 |
| c. Other current liabilities | | 2.9 | 1,26,93,400 | 1,43,01,419 |
| d. Short term provisions | | 2.10 | 16,78,502 | 12,64,893 |
| Total | | | 20,34,45,781 | 20,13,20,579 |
| II. ASSETS | | | | |
| 1 Non-current assets | | | | |
| a. Fixed Assets | | | | |
| i. Tangible Assets | | 2.11 | 9,38,72,561 | 10,18,75,910 |
| ii. Capital work-in-progress | | | 4,11,904 | - |
| b. Long-term loans and advances | | 2.12 | 1,01,65,790 | 99,66,571 |
| 2 Current Assets | | | | |
| a. Current Investments | | 2.13 | 10,000 | 10,000 |
| b. Inventories | | 2.14 | 76,43,590 | 1,07,07,778 |
| c. Trade Receivables | | 2.15 | 4,55,36,331 | 3,84,45,715 |
| d. Cash and cash equivalents | | 2.16 | 4,03,62,274 | 3,63,56,522 |
| e. Short-term loans and advances | | 2.17 | 50,95,607 | 36,14,126 |
| f. Other Current Assets | | 2.18 | 3,47,723 | 3,43,957 |
| Total | | | 20,34,45,781 | 20,13,20,579 |

Significant Accounting Policies and Notes on Accounts 1 & 2

As per our report of even date attached

For Varma & Varma

Chartered Accountants

FRN No. 004532S

For and on behalf of the Board of Directors

G.V.Pai Cacode

S.P.Patnekar

N.R.Prabhu

J.V. Gaitonde

Yogita G Pai Cacode

M.S. Keny

Directors

Partner **P.G.Susil Kumar**

M. No. 22579

Place: Margao

Date: 21st May, 2015.

Place: Margao

Date: 21st May, 2015

THE SOUTHERN GAS LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015



| | Particulars | Note No | Year Ended 31.03.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-------|--|---------|------------------------------------|------------------------------------|
| | INCOME | | | |
| I. | Revenue from operations | 2.19 | 24,33,58,992 | 24,05,53,781 |
| II. | Other Income | 2.20 | 47,04,552 | 38,32,944 |
| III. | Total Revenue (I+II) | | 24,80,63,543 | 24,43,86,725 |
| IV. | EXPENSES | | | |
| | a. Cost of Material Consumed | 2.21 | 7,15,58,699 | 6,92,11,336 |
| | b. Purchase of stock in Trade | 2.22 | 2,32,54,328 | 2,11,83,797 |
| | c. Changes in inventories of finished goods work in progress | 2.23 | 6,26,097 | (1,31,465) |
| | d. Employee benefits expense | 2.24 | 4,58,11,170 | 4,66,05,451 |
| | e. Finance costs | 2.25 | 6,18,998 | 9,35,686 |
| | f. Depreciation and amortisation expenses (Refer note No. 2.11.2) | 2.11 | 1,57,13,315 | 1,85,97,351 |
| | g. Other expenses | 2.26 | 7,95,76,718 | 7,89,13,182 |
| | Total Expenses | | 23,71,59,325 | 23,53,15,339 |
| V. | Profit before tax (III-IV) | | 1,09,04,219 | 90,71,386 |
| VI. | Tax expense: | | | |
| | a. Current Tax | | 46,02,400 | 54,36,500 |
| | b. Deferred Tax | | (10,32,768) | (21,78,000) |
| | c. Wealth Tax | | - | 8,093 |
| VII. | Profit for the period (V-VI) | | 73,34,586 | 58,04,793 |
| VIII. | Earnings per equity share: | | | |
| | Nominal value of share Rs. 100/- (Rs. 100/-) | | | |
| | Basic and Diluted | 2.27 | 325.98 | 257.99 |

Significant Accounting Policies and Notes on Accounts

1 & 2

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN No. 004532S

G.V.Pai Cacode

S.P.Patnekar

N.R.Prabhu

J.V. Gaitonde

Yogita G Pai Cacode

M.S. Keny
Directors

Partner **P.G.Susil Kumar**
M. No. 22579
Place: Margao
Date: 21st May, 2015

Place: Margao
Date: 21st May, 2015

THE SOUTHERN GAS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015



| | For the Year Ended 31.03.2015 Rupees | For the Year Ended 31.03.2014 Rupees |
|---|---|---|
| A. Cash Flows from Operating Activities | | |
| Net Profit / (Loss) before Tax & Extraordinary Items | 1,09,04,219 | 90,71,386 |
| Adjustments for: | | |
| Depreciation | 1,57,13,315 | 1,85,97,351 |
| Interest Income | (30,68,723) | (26,76,684) |
| Interest expense | 6,18,998 | 9,35,686 |
| Provision for Doubtful Debts | 5,44,440 | - |
| Bad debts written off | 1,74,046 | 2,358 |
| Profit on Sale of Assets | (11,26,908) | (5,72,250) |
| | 1,28,55,168 | 1,62,86,460 |
| Operating Profit / (Loss) before Working Capital Changes | 2,37,59,387 | 2,53,57,846 |
| Adjustments for working capital changes: | | |
| (Increase)/Decrease in Trade Receivables | (78,09,102) | 30,91,370 |
| (Increase)/Decrease in Inventories | 30,64,188 | (11,35,288) |
| (Increase)/Decrease in Long Term Advances | (1,99,219) | (17,18,180) |
| (Increase)/Decrease in Short Term Advances | (8,80,116) | 5,61,999 |
| (Increase)/Decrease in Other Current Assets | (3,766) | 3,902 |
| Increase/(Decrease) in Trade Payables | (1,65,453) | (38,948) |
| Increase/(Decrease) in Long Term Provisions | (13,74,165) | 21,62,474 |
| Increase/(Decrease) in Short Term Provisions | 4,13,609 | (4,82,317) |
| Increase/(Decrease) in Other current Liabilities | (16,08,019) | (10,26,293) |
| Increase/(Decrease) in Other Long term Liabilities | 13,23,940 | 18,85,125 |
| | (72,38,103) | 33,03,843 |
| Cash generated from Operations | 1,65,21,284 | 2,86,61,688 |
| Direct Taxes paid | (52,00,000) | (55,75,000) |
| Cash Flow Before Extraordinary Items | 1,13,21,284 | 2,30,86,688 |
| Net Cash from/(used) in Operating Activities | 1,13,21,284 | 2,30,86,688 |
| B Cash Flows from Investing Activities | | |
| Purchase of Fixed Assets | (91,52,255) | (1,32,54,322) |
| Sale of Fixed Assets | 13,33,643 | 6,22,356 |
| Sale of Investments | - | 200 |
| Interest Received | 30,64,958 | 26,49,784 |
| Net Cash from/(used) in Investing Activities | (47,53,654) | (99,81,981) |



| | | |
|---|--------------------|--------------------|
| C Cash Flows from Financing Activities | | |
| Proceeds/(Repayment) of Long Term Borrowings | (4,90,066) | (23,93,958) |
| Proceeds/(Repayment) of Short Term Borrowings | (6,39,608) | 1,92,944 |
| Interest paid | (6,18,998) | (9,35,686) |
| Dividends and Corporate Dividend Tax paid | (8,13,207) | (7,89,716) |
| Net Cash from/(used) in Financing Activities | (25,61,879) | (39,26,416) |
| Summary | | |
| Net Cash from/(used) Operating Activities | 1,13,21,284 | 2,30,86,688 |
| Net Cash from/(used) in Investing Activities | (47,53,654) | (99,81,981) |
| Net Cash from/(used) in Financing Activities | (25,61,879) | (39,26,416) |
| Net Increase (Decrease) in Cash Equivalents | 40,05,751 | 91,78,291 |
| Cash and Cash Equivalents at beginning of the year | 3,63,56,522 | 2,71,78,231 |
| Cash and Cash Equivalents at the end of the year | 4,03,62,274 | 3,63,56,522 |
| | 40,05,751 | 91,78,291 |

Note: Cash and cash equivalents at the end of the year includes Rs.38.36 Lakhs (34.12 Lakhs) under lien, and Rs.0.64 Lakhs (0.50 Lakhs) deposited in unclaimed dividend account which are not available for the immediate use as on the Balance Sheet date.

As per our report of even date attached

For and on behalf of the Board of Directors

For Varma & Varma
Chartered Accountants
FRN No. 004532S

G.V.Pai Cacode

S.P.Patnekar

N.R.Prabhu

J.V. Gaitonde

Yogita G Pai Cacode

M.S. Keny
Directors

Partner P.G.Susil Kumar
M. No. 22579

Place: Margao
Date: 21st May,2015

Place: Margao
Date: 21st May,2015



Significant accounting policies and notes on accounts for the financial year ended 31 March, 2015

Corporate Information

The Southern Gas Ltd is a company registered under Companies Act, 1956. The shares of the company is listed with Bombay Stock Exchange (BSE). The Company is in the business of production of Medical Oxygen, Industrial Oxygen, Argon, Hydrogen, Nitrogen etc.

1 Significant Accounting Policies.

a Basis of Accounting

The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

b Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Differences between the actual result and the estimates are recognised in the period in which the results are known / materialized.

c Revenue Recognition

- | | | | |
|------|---|---|--|
| i) | Sale of goods | : | Income is considered to accrue upon full execution of the terms of sale, which normally coincides with delivery. |
| ii) | Interest/ Claims | : | Income is taken credit for on accrual basis wherever realisability is not in doubt and others on receipt. |
| iii) | Cylinder handling and maintenance charges | : | Income is recognised on accrual basis except when there are significant uncertainties. |
| iv) | Penalty for delayed return of cylinders | : | Income is considered to accrue on time basis in accordance with the terms of sale. |

d Fixed Assets

Fixed assets are stated at cost of acquisition or construction, less accumulated depreciation charged. Impairment in such value, if any, is adjusted. Cost includes all direct expenses incurred to bring an asset to working condition for its intended use.

Leasehold Lands are stated at the lease premiums paid, less amortization.

e Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date for indicators of impairment based on internal/external factors. An impairment loss is recognized and charged to profit and loss statement in the period in which an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is increased or reversed to the extent of the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

f Depreciation/ Amortization

Depreciation / Amortization on fixed assets is charged on straight-line method over the useful lives of the assets as specified in the Schedule II to the Companies Act, 2013 except on cylinders for which useful life has been adopted on the basis of technical evaluation by an external valuer.

The Management estimates useful lives of the cylinders as seven years based on the internal assessment and independent technical evaluation carried out by an agency. Hence the useful lives of this asset is different from the useful lives as prescribed under Part-C of Schedule-II of the Companies Act,2013.

Fixed assets purchased individually costing less than Rs. 5,000/- are charged off to the Profit and Loss Statement.

Lease premium paid in respect of leasehold land are amortized over the period of the lease except for those under lease-cum-sale arrangements.

g Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

h Foreign Currency Transaction

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the year-end. The exchange gain/loss arising during the year are adjusted to the the profit and loss statement.

i Inventories

Inventories are valued at lower of cost or net realizable value on first in first out basis. For this purpose cost of bought out inventories comprises the purchase cost of the items net of Cenvat availed and the cost of bringing them to the factory. The cost of manufactured inventories comprises the direct cost of production plus appropriate overheads. The net realizable value of bought out inventories is their current replacement cost.

j Investments

Long term investments are valued at cost. In case of long-term investments, provision/write down is made for permanent diminution in value. Current invesetments are valued at lower of cost or fair value.

k Employee Benefits :

a) Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service.

b) Defined Contribution Plans

The company has defined contribution plans for employees comprising of Provident Fund and Employee's State Insurance. The contributions paid/payable to these plans during the year are charged to the profit and loss statement for the year.

c) Defined Benefit Plans

Payment of Gratuity to employees is covered by the Gratuity Trust Scheme based on the Group Gratuity cum Assurance Scheme of the LIC of India, which is a defined benefit scheme and the company makes contributions under the said scheme. The net present value of the obligation for gratuity benefits as determined on independent actuarial valuation, conducted annually using the projected unit credit method, as adjusted for unrecognized past services cost if any and as reduced by the fair value of plan assets, is recognised in the accounts. Actuarial gains and losses are recognised in full in the profit and loss statement for the period in which they occur.

d) Other Long Term Employee Benefits

The company has a scheme for compensated absences for employees, the liability of which is determined on the basis of an independent actuarial valuation carried out at the end of the year, using the projected unit credit method. Actuarial gains and losses are recognised in full in the profit and loss statement for the period in which they occur.

l Segment Reporting

The company is engaged in the business of manufacture and trading of gases in the domestic market, which forms broadly part of one product group and hence the company has only a single reportable segment in terms of Accounting Standard-17.

m Taxes on Income

Tax expense comprises of current and deferred tax.

Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. Deferred tax assets in case of unabsorbed depreciation are recognized only if there is virtual certainty that such deferred tax asset can be realized against future taxable profits.

n Earnings per share

Basic Earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the company by weighted average number of equity shares in issue during the year.

o Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

p Cash flow statement

Cash flow statement is prepared in accordance with the indirect method prescribed in Accounting Standard (AS) 3 on 'Cash Flow Statement'

2 Notes on accounts for the financial year ended 31 March, 2015

2.1 Share Capital

The Company has only one class of shares referred to as equity shares with a face value of Rs. 100/- each. Each holder of equity share is entitled to one vote per share

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Authorised Shares: | | |
| 30,000(30,000) Equity shares of Rs.100/- each | 30,00,000 | 30,00,000 |
| 20,000(20,000) Unclassified shares of Rs.100/- each | 20,00,000 | 20,00,000 |
| Total | 50,00,000 | 50,00,000 |
| Issued and Subscribed and fully paid: | | |
| 22,500 (22,500) Equity shares of Rs.100/- each | 22,50,000 | 22,50,000 |

Reconciliation of shares at the beginning and at the end of the financial year

| Particulars | Number of Shares | Rupees |
|---|------------------|-----------|
| No. of shares as at the beginning of the year | 22,500 | 22,50,000 |
| Issued during the year | - | - |
| No. of shares as at the end of the year | 22,500 | 22,50,000 |

Particulars of Shareholders holding more than 5% share in the Company

| Particulars | As at 31.03.2015 | | As at 31.03.2014 | |
|---|------------------|---------------|------------------|---------------|
| | % | No. of shares | % | No. of shares |
| 1 Smt.Yogita Gautam Pai Cacode | 22.23% | 5,001 | 22.23% | 5,001 |
| 2 Shri Gautam Pai Cacode | 22.22% | 5,000 | 22.17% | 4,990 |
| 3 Life Insurance Corpn. of India | 6.67% | 1,500 | 6.67% | 1,500 |
| 4 M/s.Food & Beverages (India) Pvt.Ltd. | 14.67% | 3,300 | 14.67% | 3,300 |

2.2 Reserves and Surplus

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--|----------------------------|----------------------------|
| General Reserves | | |
| Opening Balance | 2,20,72,589 | 2,00,72,589 |
| Add :- Amount Transferred from Surplus | 20,00,000 | 20,00,000 |
| Closing Balance | 2,40,72,589 | 2,20,72,589 |
| Surplus | | |
| Opening Surplus i.e., Balance in Profit and Loss Statement | 10,53,11,909 | 10,22,96,832 |
| Add:-Profit for the year as per Profit and Loss Statement | 73,34,586 | 58,04,793 |
| Less: Adjustments for assets having no remaining useful life (net of deferred tax) (Refer note no. 2.11.2) | 5,56,415 | - |
| Less:- Appropriation | | |
| Proposed Dividend @30% | 6,75,000 | 6,75,000 |
| Tax on dividend | 1,38,207 | 1,14,716 |
| Transfer to General Reserve | 20,00,000 | 20,00,000 |
| Net Surplus in the Profit and Loss Statement | 10,92,76,873 | 10,53,11,909 |
| Total Reserves and Surplus | 13,33,49,462 | 12,73,84,498 |

2.3 Long-term borrowings

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Term Loans from Bank - Secured | | |
| a) Name of the bank: Corporation Bank | 6,57,793 | 11,47,859 |
| (The term loan of Rs. 14,07,152/- (Rs.35,98,067/-) including current maturity and interest Rs. 7,49,359/- (Rs. 24,50,208/-) are secured by hypothecation of Vaccum Insulated Transport Tanker (VITT)- (Refer note 2.3.1 and 2.3.2) | | |
| Total | 6,57,793 | 11,47,859 |

2.3.1. Principal amount of Loan to be repaid completely by December 2017 in Equal monthly installments of Rs. 56,500/-each commencing from March 2011.

2.3.2. Principal amount of Loan to be repaid as below:-

1. Term Loan-110002-Principal amount of Loan has been completely by December 2014 in Equal monthly installments of Rs. 53,137/- each commencing from January 2012.

2. Term Loan-100004-Principal amount of Loan has been completely by March 2015 in Equal monthly installments of Rs. 1,19,981/- each commencing from June 2010.

2.4 Deferred Tax Liabilities-(net)

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--|----------------------------|----------------------------|
| A. Deferred Tax Liability | | |
| On excess of net book value over Income tax written down value of fixed assets | 1,38,93,000 | 1,55,13,000 |
| B. Deferred Tax Assets | | |
| On Provisions | 22,50,000 | 27,46,000 |
| On other disallowances | 11,54,000 | 9,78,000 |
| Deferred Tax Liabilities (Net) (A-B) | 1,04,89,000 | 1,17,89,000 |

2.5 Other Long Term Liabilities

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--------------------------------|----------------------------|----------------------------|
| Deposits against gas cylinders | 3,49,94,143 | 3,36,70,203 |
| Total | 3,49,94,143 | 3,36,70,203 |



2.6 Long-term Provisions

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Provision for Employee benefits (also see Note 2.6.1) | 14,54,202 | 28,28,367 |
| Total | 14,54,202 | 28,28,367 |

Note 2.6.1

Disclosures required under Accounting Standard 15 - "Employee Benefits" (Revised 2005)

1 Defined Contribution Plan

During the year, following amounts have been recognised in the profit and loss statement on account of defined contribution plans:

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Employer's contribution to Provident Fund | 19,09,250 | 14,45,339 |
| Employer's contribution to Employee's State Insurance | 5,09,143 | 6,01,555 |

2 Defined Benefit Plans :

| i | Actuarial Assumptions | Gratuity | | Leave Encashment | |
|---|-----------------------------------|---|---------------------|--|---------------------|
| | | As at 31.03.2015 | As at 31.03.2014 | As at 31.03.2015 | As at 31.03.2014 |
| | Discount Rate (per annum) | 8.00% | 8.00% | 8.00% | 8.00% |
| | Salary escalation rate* | 5.00% | 5.00% | 5.00% | 5.00% |
| | Expected return on planned assets | 8.00% | 8.00% | NA | NA |
| | Mortality rate | Indian Assured Lives Mortality [1994-96] Ultimate | | Indian Assured Lives Mortality [1994-96] Ultimate | |
| | Attrition rate | 1.92% | 1.92% | Modified q(x) values under above Mortality Table | |

* The assumption of future salary increases takes into account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market.

| ii | Reconciliation of present value of obligations | Gratuity | | Leave Encashment | |
|----|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
| | Present value of obligation at beginning of the year | 85,69,752 | 75,70,088 | 13,36,170 | 12,39,455 |
| | Current Service Cost | 6,07,982 | 5,63,504 | 6,54,526 | 4,59,519 |
| | Interest Cost | 7,09,899 | 6,28,147 | 1,33,075 | 1,17,537 |
| | Actuarial (gain)/loss | 1,22,182 | 8,27,195 | (35,986) | 86,647 |
| | Benefits Paid | (13,30,814) | (10,19,182) | (6,08,651) | (5,66,988) |
| | Present value of obligation at the end of the year | 86,79,001 | 85,69,752 | 14,79,134 | 13,36,170 |



| iii | Reconciliation of fair value of plan assets- Gratuity | Current Year Rupees | Previous year Rupees |
|-----|--|------------------------|-------------------------|
| | Fair value of plan assets at the beginning of the year | 66,10,471 | 70,25,032 |
| | expected return on plan assets | 5,28,838 | 5,62,003 |
| | Actuarial (gain)/loss | 1,17,312 | (1,128) |
| | Contributions | 19,12,831 | 43,746 |
| | Benefits paid | (13,30,814) | (10,19,182) |
| | Fair value of plan assets at the end of the year | 78,38,638 | 66,10,471 |

| iv | Description of Plan Assets | Current Year | Previous year |
|----|----------------------------|--------------|---------------|
| | Insurer managed funds | 78,38,638 | 66,10,471 |

| v.a | Net (Asset)/ Liability recognized in the Balance Sheet as at year end | Gratuity | | | | |
|-----|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees | As at 31.03.2013 Rupees | As at 31.03.2012 Rupees | As at 31.03.2011 Rupees |
| | Present value of obligations at the end of the year | 86,79,001 | 85,69,752 | 75,70,088 | 67,30,283 | 63,40,997 |
| | Fair value of plan assets at end of the year | 78,38,638 | 66,10,471 | 70,25,032 | 57,11,951 | 63,50,796 |
| | Funded Status | (8,40,363) | (19,59,281) | (5,45,056) | (10,18,332) | 9,799 |
| | Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet | 8,40,363 | 19,59,281 | 5,45,056 | 10,18,332 | (9,799) |

| v.b | Net (Asset)/ Liability recognized in the Balance Sheet as at year end | Leave Encashment | |
|-----|---|------------------|------------------|
| | | | |
| | Present value of obligations at the end of the year | 14,79,134 | 13,36,170 |
| | Fair value of plan assets at end of the year | - | - |
| | Funded Status | (14,79,134) | (13,36,170) |
| | Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet | 14,79,134 | 13,36,170 |

| vi | Expenses recognised in the profit and loss statement | Gratuity | | Leave Encashment | |
|----|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
| | Current Service Cost | 6,07,982 | 5,63,504 | 6,54,526 | 4,59,519 |
| | Interest Cost | 7,09,899 | 6,28,147 | 1,33,075 | 1,17,537 |
| | Actuarial (gain) / loss recognised in the period | 4,870 | 8,28,323 | (35,986) | 86,647 |
| | Expected return on plan assets | (5,28,838) | (5,62,003) | - | - |
| | Total expenses recognised in the profit and loss statement for the year | 7,93,913 | 14,57,971 | 7,51,615 | 6,63,703 |

The above disclosures are based on information certified by the independent actuary and relied upon by the auditors.

2.7 Short-term borrowings

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Cash Credit from Bank - Secured -Corporation Bank (Secured by hypothecation of raw materials, semi finished goods, finished goods, stores & spares, gas cylinders and book debts) (The loan is secured collaterally by equitable mortgage of factory land & building and hypothecation of plant & machinery and other fixed/movable assets of Bangalore unit. Further the above loan is personally guaranteed by Managing Director and Whole time Director of the Company) | - | 6,39,608 |
| Total | - | 6,39,608 |

2.8 Trade Payables

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--|----------------------------|----------------------------|
| Due to Micro & Small Enterprises (Refer Note 2.8.1) | - | - |
| Due to Others | 58,79,279 | 60,44,732 |
| Total | 58,79,279 | 60,44,732 |

2.8.1 The Company has initiated the process of identifying the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. The details of suppliers falling under the said Act are furnished to the extent the information is available. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material.

2.9 Other Current Liabilities

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| Current maturities of long term borrowings [See Note 2.3.1 and 2.3.2] | 7,49,359 | 24,50,208 |
| Advance from Customers | 9,34,526 | 5,52,822 |
| Deposits | 2,87,976 | 71,874 |
| Unpaid Dividend * | 64,230 | 50,340 |
| Others - | | |
| Statutory Dues | 15,46,471 | 12,14,061 |
| Creditors for expenses | 91,10,837 | 99,62,114 |
| Total | 1,26,93,400 | 1,43,01,419 |

* No amount is due for payment to Investor Education and Protection Fund.

2.10 Short-term Provisions

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| a) Provision for employee benefits [See Note 2.6.1] | 8,65,295 | 4,67,084 |
| b) Others: | | |
| Proposed Dividend | 6,75,000 | 6,75,000 |
| Corporate Dividend Tax | 1,38,207 | 1,14,716 |
| Wealth Tax | - | 8,093 |
| Total | 16,78,502 | 12,64,893 |

2.11 Fixed Assets (In Rupees)

| Description | Gross Block At Cost | | | Depreciation | | | Net Block | | |
|---|--------------------------------|----------------------------|---|--------------------------------|--------------------------------|--------------------------|---|-------------------------------|--------------------------------|
| | As on 01.04.2014 | Additions During the year | Adjustments/ Deductions during the year | As on 31.03.2015 | As on 01.04.2014 | Sales/ Adj. | For the year (Refer Note No 2.11.2 below) | As on 31.03.2015 | As on 31.03.2014 |
| Freehold Land And Improvements | 1,08,75,060 (1,08,75,060) | - | - | 1,08,75,060 (1,08,75,060) | - | - | - | 1,08,75,060 (1,08,75,060) | 1,08,75,060 (1,08,75,060) |
| Leasehold Land | 11,94,903 (11,94,903) | - | - | 11,94,903 (11,94,903) | 1,60,110 (1,45,714) | - | 14,396 (14,396) | 10,20,397 (10,34,793) | 10,34,793 (10,49,189) |
| Buildings | 2,08,32,707 (1,82,58,794) | 2,10,000 (25,73,913) | - | 2,10,42,707 (2,08,32,707) | 68,47,496 (62,68,684) | - | 7,93,732 (5,78,812) | 1,34,01,480 (1,39,85,211) | 1,39,85,211 (1,19,90,111) |
| Plant & Machinery (Including cylinders) | 22,73,79,698 (21,82,24,375) | 78,12,432 (94,00,834) | 28,84,220 (2,45,510) | 23,23,07,910 (22,73,79,698) | 17,09,42,693 (15,57,01,307) | 26,77,485 (1,95,404) | 1,06,23,704 (1,54,36,791) | 5,34,18,998 (5,64,37,005) | 5,64,37,005 (6,25,23,068) |
| Vaccum Insulated Transport | 1,20,39,777 (1,20,39,777) | - | - | 1,20,39,777 (1,20,39,777) | 94,27,897 (89,77,623) | - | 5,44,141 (4,50,275) | 20,67,738 (26,11,880) | 26,11,880 (30,62,154) |
| Electrical Fittings | 14,64,567 (13,70,405) | 24,904 (94,162) | - | 14,89,471 (14,64,567) | 7,14,097 (6,51,416) | - | 4,35,869 (62,682) | 3,39,505 (7,50,470) | 7,50,470 (7,18,989) |
| Furniture & Fixtures | 61,85,196 (58,48,230) | 4,59,520 (3,36,946) | - | 66,44,716 (61,85,196) | 22,99,888 (19,82,883) | - | 7,31,767 (3,17,004) | 36,13,062 (38,85,308) | 38,85,308 (38,65,367) |
| Motor Cars & Vehicles | 1,85,01,423 (1,66,19,685) | - | (12,61,220) | 1,85,01,423 (1,85,01,423) | 77,82,625 (76,57,823) | - | 23,44,328 (13,86,022) | 83,74,471 (1,07,18,799) | 1,07,18,799 (89,61,863) |
| Office Equipments | 67,37,808 (62,75,984) | 2,33,495 (4,70,224) | - | 69,71,303 (67,37,808) | 51,60,424 (48,17,454) | - | 10,49,026 (3,51,370) | 7,61,853 (15,77,383) | 15,77,384 (14,58,531) |
| Sub Total (A) | 30,52,11,139 (29,07,07,233) | 87,40,351 (1,60,19,036) | 28,84,220 (15,15,130) | 31,10,67,270 (30,52,11,139) | 20,33,35,231 (18,62,02,903) | 26,77,485 (14,65,024) | 1,65,36,962 (1,85,97,352) | 9,38,72,561 (10,18,75,910) | 10,18,75,910 (10,45,04,330) |
| Capital work in progress | - | 4,11,904 (30,606) | (27,95,320) | 4,11,904 (4,11,904) | - | - | - | 4,11,904 (4,11,904) | - (27,64,714) |
| Sub Total(B) | - | 4,11,904 (30,606) | (27,95,320) | 4,11,904 (4,11,904) | - | - | - | 4,11,904 (4,11,904) | - (27,64,714) |
| Total(A) + (B) | 30,52,11,139 (29,34,71,947) | 91,52,255 (1,60,49,642) | 28,84,220 (43,10,450) | 31,14,79,174 (30,52,11,139) | 20,33,35,231 (18,62,02,903) | 26,77,485 (14,65,024) | 1,65,36,962 (1,85,97,352) | 9,42,84,465 (10,18,75,910) | 10,18,75,910 (10,72,69,044) |
| Previous Year | | | | | | | | | |

Note-2.11.1

Consequent to Schedule II of the Companies Act, 2013 becoming applicable with effect from 01.04.2014, depreciation for the year has been provided on the basis of useful lives prescribed in the aforesaid Schedule II. This has an impact of reducing depreciation for the year by an amount of Rs 2.42 Lakhs.

Note-2.11.2

Depreciation for the year includes transitional adjustments consequent to application of Schedule II of the Companies Act, 2013 Rs. 8,23,647/- representing carrying amount of assets with no further useful lives. Such transitional adjustments (net of deferred tax) Rs 2,67,232/- has been adjusted against the opening balance of Retained Earnings.



2.12 Long Term Loans and Advances

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---|----------------------------|----------------------------|
| (Unsecured, Considered Good) | | |
| Security Deposits | 99,71,024 | 97,32,134 |
| Advances recoverable in cash or in kind or for value to be received | 1,94,766 | 2,34,437 |
| Total | 1,01,65,790 | 99,66,571 |

2.13 Current Investments

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|-----------------------------|----------------------------|----------------------------|
| Non-Trade (Unquoted) | | |
| National Saving Certificate | 10,000 | 10,000 |
| Total | 10,000 | 10,000 |

2.14 Inventories

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|-----------------------------|----------------------------|----------------------------|
| a) Stores & Spares | 34,04,024 | 34,57,392 |
| b) Finished/Purchased goods | 14,64,209 | 20,90,305 |
| c) Raw materials | 27,13,042 | 50,74,139 |
| d) Sundry materials | 62,315 | 85,942 |
| Total | 76,43,590 | 1,07,07,778 |

Inventories are valued at lower of cost or net realisable value.

2.15 Trade Receivables

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--|----------------------------|----------------------------|
| i) Debts outstanding for period exceeding six months | | |
| Considered Good | - | - |
| Considered Doubtful | 35,56,324 | 30,11,884 |
| Total | 35,56,324 | 30,11,884 |
| less: Provision for Bad Debts | 35,56,324 | 30,11,884 |
| Total | - | - |
| ii) Other Receivables | | |
| Considered Good | 4,55,36,331 | 3,84,45,715 |
| Total | 4,55,36,331 | 3,84,45,715 |



2.16 Cash and Cash Equivalents

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--------------------------|----------------------------|----------------------------|
| i) With Scheduled banks: | | |
| In Current Accounts # | 87,24,947 | 91,47,880 |
| In Deposit Accounts* | 3,13,63,792 | 2,69,49,309 |
| Cash On Hand | 2,09,306 | 2,08,993 |
| ii) Unclaimed Dividend | 64,230 | 50,340 |
| Total | 4,03,62,274 | 3,63,56,522 |

Includes Rs.31,80,025/-representing debit balance in Cash Credit Account.

* Includes pledged with the bank for bank guarantee

2.17 Short Term Loans and Advances

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|--|----------------------------|----------------------------|
| Others (Unsecured, Considered Good) | | |
| Advances recoverable in cash or in kind or for value to be received | 19,96,217 | 14,49,545 |
| Balances with Central Excise and Cenvat receivable | 10,41,975 | 10,40,302 |
| Advance Income Tax (Net of Provision for Taxes C.Y Rs.46.02 lakhs (P.Y Rs.54.36 lakhs) | 20,57,416 | 11,24,279 |
| Total | 50,95,607 | 36,14,126 |

2.18 Other Current Assets

| Particulars | As at 31.03.2015 Rupees | As at 31.03.2014 Rupees |
|---------------------|----------------------------|----------------------------|
| Interest receivable | 3,47,723 | 3,43,957 |
| Total | 3,47,723 | 3,43,957 |



2.19 Revenue From Operations

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---|-----------------------------------|------------------------------------|
| Sale of Products | | |
| Finished goods | 23,85,39,944 | 24,65,11,989 |
| Less: Excise Duty | 1,03,29,541 | 1,13,37,166 |
| | 22,82,10,403 | 23,51,74,823 |
| Other operating Revenue | | |
| Cylinder handling and maintenance charges | 60,76,653 | 54,995 |
| Freight charges recovery | 39,05,230 | 6,39,143 |
| Penalty for delayed return of cylinders | 51,66,706 | 46,84,820 |
| Total | 24,33,58,992 | 24,05,53,781 |

2.19.1 Details of Products Sold

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-----------------------|-----------------------------------|------------------------------------|
| Finished goods | | |
| Oxygen | 5,07,09,953 | 5,14,13,648 |
| Dissolved Acetylene | 2,10,16,674 | 2,89,12,834 |
| Liquid Nitrogen | 24,36,766 | 16,18,995 |
| Nitrogen | 93,67,912 | 86,71,565 |
| Liquid Oxygen | 1,36,75,740 | 1,40,66,852 |
| Medical Oxygen | 6,01,65,919 | 6,66,64,346 |
| Compressed Air | 5,75,126 | 2,84,135 |
| Carbon Dioxide | 28,53,796 | 26,02,573 |
| Argon | 1,62,08,578 | 1,79,84,830 |
| Nitrous Oxide | 4,15,80,587 | 3,21,29,703 |
| Other Items | 24,76,563 | 24,01,343 |
| Hydrogen | 20,32,200 | 34,61,723 |
| ACM | 32,54,109 | 35,60,362 |
| ANM | 1,58,673 | 64,250 |
| AHM | 14,61,921 | 12,72,744 |
| Freon gas | 2,35,888 | 64,919 |
| Total | 22,82,10,403 | 23,51,74,823 |

2.20 Other Income

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|--|-----------------------------------|------------------------------------|
| Interest -TDS Rs.3,21,195/- (Rs.2,25,741-) | 30,68,723 | 26,76,684 |
| Gain on Foreign Exchange Fluctuation | 31,545 | 2,79,814 |
| Profit on sale of assets (net) | 11,26,908 | 5,72,250 |
| Miscellaneous Income | 4,77,376 | 3,04,196 |
| Total | 47,04,552 | 38,32,944 |

2.21 Cost of Materials consumed

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-----------------------------------|-----------------------------------|------------------------------------|
| Raw Materials | | |
| Opening Stock | 50,74,139 | 43,17,670 |
| Purchases | 6,91,97,603 | 6,99,67,804 |
| | 7,42,71,741 | 7,42,85,474 |
| Less: Closing Stock | 27,13,043 | 50,74,139 |
| Cost of Materials consumed | 7,15,58,699 | 6,92,11,336 |

2.21.1 Details of major raw material and components consumed

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|------------------|-----------------------------------|------------------------------------|
| Liquid Oxygen | 2,90,18,400 | 2,62,88,754 |
| Calcium Carbide | 86,66,711 | 1,54,51,819 |
| Ammonium Nitrate | 2,61,58,521 | 1,86,55,424 |
| Argon | 74,77,956 | 85,55,156 |
| Total | 7,13,21,587 | 6,89,51,153 |

2.22 Purchase of Traded goods

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-------------------------|-----------------------------------|------------------------------------|
| Oxygen | 4,75,789 | 1,15,249 |
| Liquid oxygen | 53,87,134 | 50,04,953 |
| Dissolved Acetylene | 58,69,262 | 57,57,381 |
| Helium | 6,61,210 | 5,33,053 |
| Nitrogen & Dry Nitrogen | 1,05,279 | 90,239 |
| Nitrous Oxide | 43,72,809 | 38,23,132 |
| Medical Oxygen | 10,32,624 | 15,29,294 |
| Argon | 22,10,522 | 10,95,303 |
| Carbon Di-Oxide | 15,64,488 | 13,93,470 |
| Hydrogen | 8,09,687 | 10,94,983 |
| Freon gas | 1,07,424 | 50,991 |
| ACM/AHM | 89,455 | 3,65,302 |
| Compressed Air/cylinder | 5,68,643 | 3,30,447 |
| Total | 2,32,54,328 | 2,11,83,797 |

2.23 (Increase)/Decrease in Inventories

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---------------------------------|-----------------------------------|------------------------------------|
| Opening Stock of finished goods | 20,90,305 | 19,58,840 |
| Closing Stock of finished goods | 14,64,208 | 20,90,305 |
| (Increase)/Decrease | 6,26,097 | (1,31,465) |

2.23.1 Detail of Opening Stock of finished goods

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---------------------|-----------------------------------|------------------------------------|
| Oxygen | 3,24,248 | 2,86,718 |
| Dissolved Acetylene | 3,72,892 | 4,94,722 |
| Nitrogen | 70,239 | 79,051 |
| Argon | 3,07,484 | 3,22,467 |
| Nitrous Oxide | 4,50,723 | 4,48,773 |
| Others | 5,64,719 | 3,27,109 |
| Total | 20,90,305 | 19,58,840 |

2.23.2 Detail of Closing Stock of finished goods

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---------------------|-----------------------------------|------------------------------------|
| Oxygen | 2,43,623 | 3,24,248 |
| Dissolved Acetylene | 3,59,655 | 3,72,892 |
| Nitrogen | 78,018 | 70,239 |
| Argon | 1,34,804 | 3,07,484 |
| Nitrous Oxide | 2,13,950 | 4,50,723 |
| Others | 4,34,159 | 5,64,719 |
| Total | 14,64,209 | 20,90,305 |

2.24 Employee Benefits Expense

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|--|-----------------------------------|------------------------------------|
| Salaries & Wages | 3,96,62,084 | 3,90,41,947 |
| Contributions to Provident and other funds | 32,60,796 | 47,36,536 |
| Workmen and Staff Welfare Expenses | 28,88,290 | 28,26,968 |
| Total | 4,58,11,170 | 4,66,05,451 |



2.25 Finance Cost

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-----------------------|-----------------------------------|------------------------------------|
| Interest expense | 5,32,855 | 8,18,606 |
| Other borrowing costs | 86,143 | 1,17,080 |
| Total | 6,18,998 | 9,35,686 |

2.26 Other Expenses

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|--|-----------------------------------|------------------------------------|
| Excise Duty paid/adjusted | 1,07,43,792 | 1,17,56,716 |
| Less: Excise duty collected | 1,03,29,541 | 1,13,37,166 |
| Net | 4,14,251 | 4,19,550 |
| Consumption of Stores, Spares & Consumables | 43,06,512 | 39,72,162 |
| Power, Fuel & Water | 3,59,89,524 | 3,58,72,549 |
| Rent | 26,33,972 | 26,93,053 |
| Repairs and Maintenance | | |
| a) Buildings | 2,33,400 | 15,70,943 |
| b) Plant & Machinery | 24,47,539 | 20,78,093 |
| c) Others | 12,24,316 | 12,86,823 |
| d) Vehicles (including vehicle running expenses) | 1,27,76,465 | 1,23,13,028 |
| Insurance | 7,03,762 | 6,62,088 |
| Rates & Taxes | 14,86,364 | 8,85,174 |
| Traveling Expenses | 27,68,744 | 21,77,161 |
| Donations | 2,35,057 | 4,42,452 |
| Printing, Stationery, Postage & Telephone | 17,39,932 | 17,89,558 |
| Auditors Remuneration- (see note No 2.26.1) | 8,58,931 | 7,63,333 |
| Advertisement | 4,19,749 | 7,30,956 |
| Legal & Other Professional charges | 13,45,431 | 13,09,978 |
| Security Charges | 34,26,767 | 30,64,301 |
| Bank charges | 2,38,321 | 1,90,126 |
| Directors' sitting fees | 49,000 | 30,000 |
| Freight & Carriage (Net) | 29,10,717 | 31,14,947 |
| Provision for Doubtful debts | 5,44,440 | - |
| Bad debts written off | 1,74,046 | 2,358 |
| Miscellaneous expenses | 26,49,476 | 35,44,550 |
| Total | 7,95,76,718 | 7,89,13,182 |

Note 2.26.1

Provision and/or payments in respect of Auditor's Remuneration

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---------------------------------------|-----------------------------------|------------------------------------|
| a. Statutory Audit | 3,65,170 | 3,30,338 |
| b. Tax Audit | 1,12,360 | 1,01,124 |
| c. Other Services Taxation Matters | 16,854 | 16,854 |
| d. For Reimbursement of Expenses | 3,64,547 | 3,15,017 |
| Total | 8,58,931 | 7,63,333 |

2.27 Earnings per share

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|---|-----------------------------------|------------------------------------|
| Net Profit for the year | 73,34,586 | 58,04,793 |
| Number of Equity shares of Rs.100 each | 22,500 | 22,500 |
| Earnings per Share (Basic & Diluted) | 325.98 | 257.99 |

2.28 In the opinion of the Directors

- 1 Current Assets, Loans and Advances have at least the values at which they are stated in the Balance Sheet, when realized in the ordinary course of business.
- 2 All known liabilities other than contingent liabilities are provided for.

2.29 Contingent liabilities not provided for:

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|--|-----------------------------------|------------------------------------|
| Claims against the Company not acknowledged as Debt | 5,00,000 | 5,00,000 |
| Disputed demand under Service Tax | 9,90,284 | Nil |
| Guarantees issued by the bank on behalf of the Company | 44,92,625 | 46,88,520 |

2.30 Estimated amount of contracts remaining to be executed on capital account- Rs. 1.70 Lakhs (Rs. Nil)



2.31 The aggregate managerial remuneration under section 197 of the Companies Act, 2013, to the directors (including managing director) is as follows:

| Particulars | Year ended 31.3.2015 Rupees | Year Ended 31.03.2014 Rupees |
|-----------------------------|-----------------------------------|------------------------------------|
| Managing Director: | | |
| Salary & Allowances | 30,00,000 | 29,35,484 |
| Contribution to PF | 16,500 | 1,560.00 |
| Total Remuneration | 30,16,500 | 29,37,044 |
| Whole Time Director: | | |
| Salary & Allowances | - | 7,20,000 |
| Contribution to PF | - | 7,800 |
| Total | - | 7,27,800 |

2.32 Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2006.

A Related parties and nature of relationship

i Key Management Personnel

1. Gautam V. Pai Cacode
2. Yogita G Pai Cacode

-Managing Director w.e.f.01-Feb-2014
-Additional Director w.e.f. 31-Jan-14

ii Enterprises over which persons in (i) above are able to exercise significant influence:

1. Foods & Beverages (India) Pvt.Ltd
2. Govind Poy Raiturcar Trust
3. Madhav Gopal Poy Raiturcar Foundation
4. Bangalore Oxygen Company(P) Ltd
5. Malabar Oxygen Company(P) Ltd

B Description of Transactions

| Nature of transaction | Key Management Personnel | | Relatives of Key Management Personnel | | Enterprises where significant influence exists | |
|---|--------------------------|----------------|---------------------------------------|----------------|--|----------------|
| | 2014-15 Rupees | 2013-14 Rupees | 2014-15 Rupees | 2013-14 Rupees | 2014-15 Rupees | 2013-14 Rupees |
| Purchase of goods | Nil | Nil | Nil | Nil | 51,58,711 | 57,85,335 |
| Sale of goods | Nil | Nil | Nil | Nil | 65,90,246 | 64,14,888 |
| Payment of Freight/other expenses | Nil | Nil | Nil | Nil | Nil | 18,640 |
| Purchase of Fixed Assets | Nil | Nil | Nil | Nil | Nil | Nil |
| Sale of Fixed Assets | Nil | Nil | Nil | Nil | 1,81,000 | Nil |
| Penalty Charges for delayed return of Cylinders | Nil | Nil | Nil | Nil | 3,03,656 | 2,41,283 |
| Transfer of Cylinder Deposit | Nil | Nil | Nil | Nil | Nil | Nil |
| Deposits | Nil | Nil | Nil | Nil | Nil | Nil |
| Receipt of Freight/other receipts | Nil | Nil | Nil | Nil | 99,033 | 1,54,858 |
| Remuneration | 30,16,500 | 36,64,844 | Nil | Nil | Nil | Nil |
| Payment of rent | 19,32,000 | 12,28,000 | Nil | 8,00,000 | Nil | Nil |
| Donation | Nil | Nil | Nil | Nil | 2,00,000 | 2,00,000 |

C Outstanding balance as on 31.3.2015

| | Key Management Personnel | | Relatives of Key Management Personnel | | Enterprises where significant influence exists | |
|-------------|--------------------------|----------------|---------------------------------------|----------------|--|----------------|
| | 2014-15 Rupees | 2013-14 Rupees | 2014-15 Rupees | 2013-14 Rupees | 2014-15 Rupees | 2013-14 Rupees |
| Receivables | Nil | Nil | Nil | Nil | 7,76,737 | 5,23,558 |
| Payables | Nil | Nil | Nil | Nil | 3,12,667 | 4,01,895 |

**2.33 Break-up of Consumption**

| Particulars | Year ended 31.03.2015 | | Year ended 31.03.2014 | |
|-----------------|-----------------------|--------------------|-----------------------|--------------------|
| | % | Amount (Rs.) | % | Amount (Rs.) |
| Raw Materials | | | | |
| Imported | 9.13% | 65,30,421 | 18.40% | 1,27,35,263 |
| Indigenous | 90.87% | 6,50,28,278 | 81.60% | 5,64,76,073 |
| Total | | 7,15,58,699 | | 6,92,11,336 |
| Stores & Spares | | | | |
| Indigenous | 100 | 43,06,512 | 100 | 39,72,162 |

2.34 CIF Value of imports made during the year

| Particulars | Year ended 31.03.2015 | Year ended 31.03.2014 |
|---------------------|---|--|
| Raw Materials | 55,19,789 (Net of Foreign Exchange gain- Rs.31,544/-) | 1,30,08,541 (Net of Foreign Exchange gain- Rs.279,814/-) |
| Components & Spares | NIL | NIL |
| Capital Goods | NIL | NIL |

2.35 Expenditure/Earnings in Foreign Currency

| Particulars | Year ended 31.03.2015 | Year ended 31.03.2014 |
|--|-----------------------|-----------------------|
| Expenditure in Foreign Currency | 55,51,333 | 1,16,97,369 |
| Dividends remitted in Foreign Currency | NIL | NIL |
| Earnings in Foreign Currency | NIL | NIL |

2.36 Figures have been rounded off to the nearest rupee. Previous year figures, unless otherwise stated are given within brackets and have been re-grouped and recast wherever necessary to be in conformity with current year's layout.

As per our report of even date attached

For Varma & Varma
Chartered Accountants
FRN No. 004532S

Partner P.G. Susil Kumar
M No. 22579

Place: Margao
Date: 21st May,2015

For and on behalf of the Board of Directors

G.V.Pai Cacode

S.P.Patnekar

N.R.Prabhu

J.V. Gaitonde

Yogita G Pai Cacode

M.S. Keny
Directors

Place: Margao
Date: 21st May,2015



THE SOUTHERN GAS LTD
CIN:L31200GA1963PLC000562

ATTENDANCE SLIP

Registered Office: Govind Poy House, Rua do Padre Miranda, Margao, Goa 403601

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*

Folio No:

Client Id*

No of shares:

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 51st Annual General Meeting of the Company, to be held on Thursday, September 24, 2015 at 10:30 a.m. at the Administrative Office of the Company at Meera Classic, Phase II, Gogol, Borda, Margao, Goa – 403602

* Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy

PROXY FORM

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

THE SOUTHERN GAS LTD
CIN:L31200GA1963PLC000562

Registered Office: Govind Poy House, Rua do Padre Miranda, Margao, Goa 403601

| | |
|------------------------|-----------------------|
| Name of the member(s): | e-mail id: |
| Registered address: | Folio No/ *Client Id: |
| *DP Id: | |

I/We, being the member(s) of shares of The Southern Gas limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 51st Annual General Meeting of the Company, to be held on Thursday, September 24, 2015 at 10:30 a.m. at the Administrative Office of the Company at Meera Classic, Phase II, Gogol, Borda, Margao, Goa – 403602

and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

| Resolutions | For | Against |
|--|-----|---------|
| 1. Consider and adopt: Audited Financial Statement, Reports of the Board of Directors and Auditors | | |
| 2. Declaration of Dividend on Equity Shares | | |
| 3. Appointment of Smt. Yogita Gautam Pai Cacode as a Director liable to retire by rotation | | |
| 4. Appointment of Auditors and fixing their remuneration | | |

* Applicable for investors holding shares in electronic form.

Signed this..... day of.....2015

Signature of shareholder

Affix a Revenue Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes:

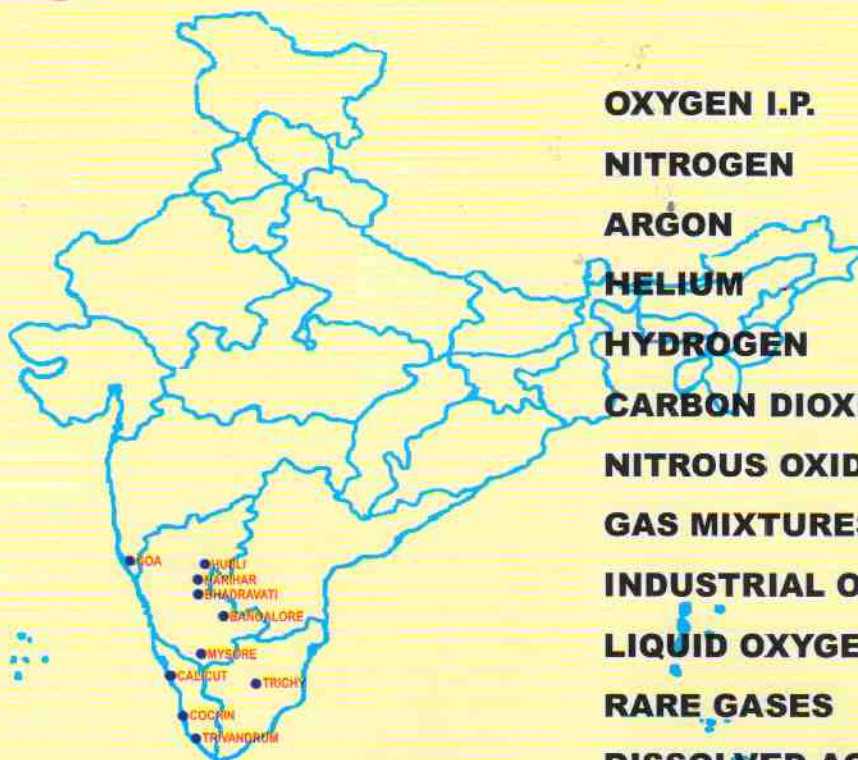
- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

**** (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.**

(5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(6) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.

You Name it And We Have it



OXYGEN I.P.

NITROGEN

ARGON

HELIUM

HYDROGEN

CARBON DIOXIDE

NITROUS OXIDE

GAS MIXTURES

INDUSTRIAL OXYGEN

LIQUID OXYGEN

RARE GASES

DISSOLVED ACETYLENE

The Southern Gas Ltd. Branches

BANGALORE

10-F, Peenya Indl. Area, II Phase, Peenya
Bangalore-560 058. Tel No. 080-28395867/
28392325 Fax No. 080-23721456
E-mail : sglbng@southernngasindia.com

BHADRAVATI

Opp. Surgithope, Paper Town P.O.
Bhadravati-557 302.
Tel No. 08282-270561 Fax No. 08282 270397
R-mail : sglbdvt@southernngasindia.com

CALICUT

P.O. Kolathara, Calicut - 673 655
Kerala State, Tel No. 0495-2482311
Fax No. 0495-2905224
E-mail : sglclt@southernngasindia.com

COCHIN

Udyogamandal P.O. 683 501
Kerala State Tel No. 0484-2546895
2545971 / 6457798 Fax No. 0484-2545972
E-mail : sgludl@southernngasindia.com

HARIHAR

Plot No. C-2 (Special Type) Industrial Estate
Opp. The Mysore Kirloskar Ltd. Yantrapur
Post Harihar - 577 602 Tel No. 08192-241656
E-mail : sglhrhr@sothernngasindia.com
Fax No. 08192-241656

HUBLI

Plot No. 274/1, Next to Durgadevi Temple
Tarihah Road, Post Gokul B.O. HUBLI - 580 030
Tel No. 0836-2310554 Fax No. 0836-2310554
E-mail : sglhbl@southernngasindia.com

MYSORE

Plot No. 293, Sy. No. 369, Hebbal Indl. Area
Village Hebbai Hobli, Kasaba Taluk
Mysore - 570 016.
Tel No. 0832-2403680, 2402164, 2403681
E-mail : sglmysore@southernngasindia.com
Fax No. 0821 - 2403680

TRICHY

S.F.No : 141/1A & 1C
Ayyampatti Main Road, Valavanthankottai
TRICHY - 620 015
Tel No. 0431-2731124, 2731125
E-mail : sgltry@southernngasindia.com

TRIVANDRUM

Plot No. 42, Kinfra Small Industries Park
St. Xavier's College, Thumba
Trivandrum - 695 586
Tel No. 0471-2705511 Fax No. 0471 - 2705738
E-mail : sgltrvm@southernngasindia.com



THE SOUTHERN GAS LIMITED.

Regd. Office : 1st floor, 'Govind Poy House'. Margao - 403 601, Goa
Admn. Office : Meera Classic, Phase II, Gogol, Borda, Margao - 403 602, Goa.
Tek.: 0832-2724863, 2724864. Fax : 0832-2724865.
Email : sglgoa@southernngasindia.com Website : www.southernngasindia.com

Book Post
Printed

51st Annual Report 2014-2015

If underdelivered please return to :
THE SOUTHERN GAS LTD.
1st Floor, ' Govind Poy House',
Rua do padre Miranda Road,
Post Box 340,
Margao Goa 403 601.