

**53rd ANNUAL REPORT
2016 - 2017**

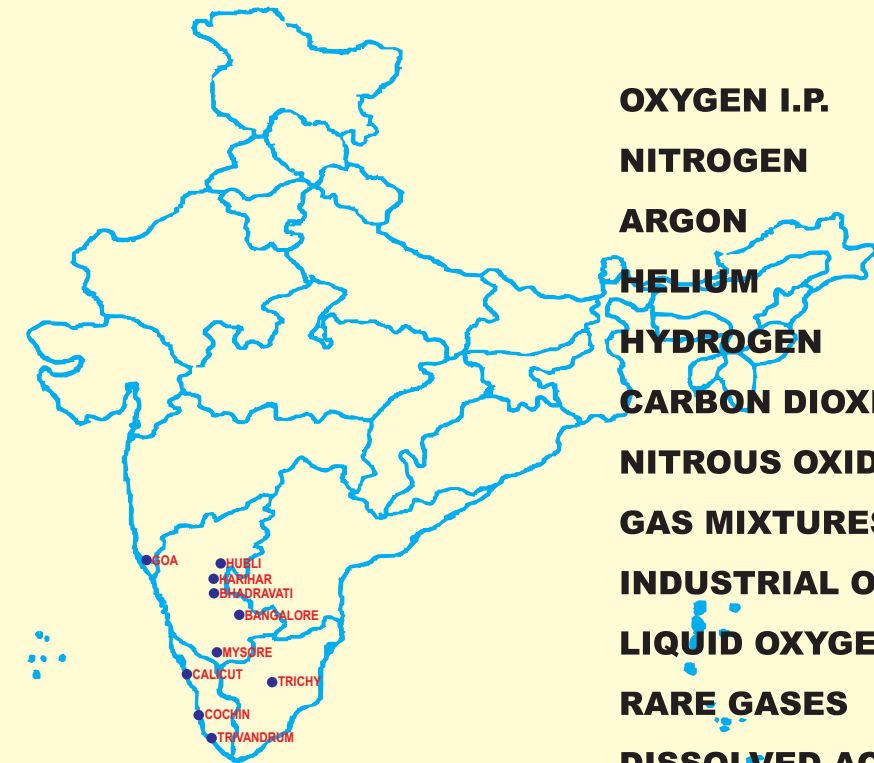
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53rd Annual Report 2016-2017

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

THE SOUTHERN GAS LIMITED

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 : sglbdt@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@southernngasindia.com
Fax No. 08192-241656

HUBLI

Plot No. 274/1, Next to Durgadevi Temple
Tarihal 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

★ 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 MANAGING DIRECTOR



Dear Shareholder,

I have great pleasure to present the Fifty Third Annual Report of the Company together with the Audited Financial Statements of Account for the Financial Year ended 31st March, 2017.

For over 50 years your Company has earned the reputation as one of the largest manufacturers and suppliers of purest form of Medical Oxygen as also of Industrial and rare gases in South India.

With 9 production facilities operational in Karnataka, Kerala and TamilNadu, there cannot be a better source than The Southern Gas Limited for all your gas requirements.

Inspite of various constraints the industry is facing, your company maintained its pioneer position in the market by providing quality product and service without compromising on health, safety and environment mainly due to hard work and dedication of our staff and the trust of our clients.

We thank you for your immense faith in The Southern Gas Limited.

GAUTAM V. PAI KAKODE
MANAGING DIRECTOR

Place: Margao, Goa



THE SOUTHERN GAS LIMITED
CIN:L31200GA1963PLC000562

DIRECTORS

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

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 Third Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Tuesday 26th September, 2017 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 Financial Statements for the financial year ended 31st March, 2017 together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Gautam Pai Kakode (DIN: 02395512), who retires by rotation and being eligible offers himself for re-appointment.
4. Appointment Of Statutory Auditors of the Company and fixing their remuneration.

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, 142 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s. Lorence & Shankar, Chartered Accountants (Firm Registration No. 112761W), be appointed as Statutory Auditors of the Company in place of retiring Statutory Auditors M/s. Varma & Varma, Chartered Accountants (Firm Registration No. 004532S), to hold office for the term of consecutive five years i.e. from the conclusion of this Annual general Meeting until the conclusion of the Fifty Eighth Annual General Meeting of the Company, subject to ratification of their appointment by the members at every Annual General Meeting as required under the applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorised to fix such remuneration and the reimbursement of out-of-pocket expenses, if any, as may be recommended by the Audit Committee and to do all such necessary acts and take all such steps necessary, proper or expedient to give effect to this resolution.”

SPECIAL BUSINESS

5. **Re-Appointment of Mr. Gautam Pai Kakode, (Din: 02395512) as Managing Director And Key Managerial Personnel of the Company And Payment of Remuneration.**

To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as the **Special resolution** :

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013, (“Act”), as amended or re-enacted from time to time, read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time



being in force) approval of the Shareholders be and is hereby accorded for the re-appointment of Mr. Gautam Pai Kakode, (Din: 02395512) as the Managing Director and the Key Managerial Personnel of the Company for a period of three years with effect from 1st February, 2017 to 31st January 2020, upon the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment/or remuneration as it may deem fit and as may be acceptable to Mr. Gautam Pai Kakode, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER that the Board be and is hereby authorized 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

GAUTAM PAI KAKODE
MANAGING DIRECTOR
DIN: 02395512

Dated: 26th May, 2017

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/HERSELF 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 shareholder.

Only registered Members of the Company or any proxy appointed by such registered Member may attend and vote at the Meeting as provided under the provisions of the Companies Act, 2013. In case any shareholder has voted electronically, then he/ she can participate in the Meeting but not vote.

A route map giving directions to reach the venue of the Annual General Meeting is given at the end of the Annual Report

- 2) The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday 20th September, 2017 to Tuesday 26th September, 2017 (both days inclusive).
- 3) Dividend as recommended by the Board, if approved by the shareholders at their meeting will be paid to all the shareholders, whose names appear in the register of Members as of the close of business hours on 19th September, 2017.
- 4) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.



- 5) Pursuant to the provisions of Section 124 of the Companies Act, 2013 dividend which remains unclaimed for a period of seven years is required to be transferred by the company to Investor Education and Protection Fund (IEPF) established by Central Government. The Company has, accordingly, transferred an amount of Rs 8,160/- being the unclaimed dividend for the financial year ended 31st March, 2009 to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013 and no claim lies against the company in respect thereof. Dividend for the financial year ended 31st March, 2010 and thereafter which remains unclaimed for a period of seven years will be transferred by the Company to the Investor Education & Protection Fund. Members who have so far not claimed their dividend for the years 2009-2010 and onwards may therefore do so before the same is transferred to the Investor Education & Protection Fund.
- 6) 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.
- 7) 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
- 8) An Explanatory Statement required under Section 102(1) of the Companies Act, 2013 in respect of the Special Business mentioned in the Notice is annexed hereto. The relevant details of the directors seeking re-appointment pursuant to Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standards on General Meetings (SS-2) are annexed.
- 9) 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 Regulation 44 of the Listing Regulations 2015, 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 on the resolutions set forth in the notice convening the 53rd Annual General Meeting (AGM). The business may be transacted through e-voting services rendered by Central Depository Services (India) Limited (CDSL).

During the e-voting period members of the company, holding shares either in physical form or dematerialised form, as on the Cut-Off date of 19th September, 2017, may cast their vote electronically.

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

- (i) The voting period begins on Saturday 23rd September, 2017 at 10:00 a.m. and ends on Monday 25th September, 2017 at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. A person who is not a Member as on the cut off date should treat this Notice for information purposes only.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID;
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 character DP ID followed by 8 Digit client ID,
 - c. Members holding shares in Physical form should enter the user Id which is printed on the sticker affixed on the proxy form.



- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) As a first time user, follow the steps given below:

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none">Members who have not updated their PAN with the Company /Depository are requested to use first two letters of their name and 8 digit of the sequence number (which is printed on the sticker affixed on the Proxy Form) indicated in the PAN field.In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
D i v i d e n d Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in the company records in order to login.</p> <ul style="list-style-type: none">If both the details are not recorded with the depository or company please enter the User Id (which is printed on the sticker affixed on the Proxy Form) in the Dividend Bank details field as mentioned in the instruction (iv).

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



- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If the Demat account holder has forgotten the changed login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-voting available for android based mobiles. The m-voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non-Individual Shareholders and Custodians**
 - 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 linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

General instruction for voting on Resolution:

- i. A member can opt for only one mode of voting, i.e. either by e-voting or through Ballot. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Ballot form of that member shall be treated as invalid.
- ii. The facility of voting through Ballot paper shall also be made available for the members at the



Meeting. Members attending the meeting, who have not already cast their vote by Remote e-voting, shall be able to exercise their right at the Meeting. The members who have cast their vote electronically would be entitled to attend the Meeting but would not be permitted to cast their vote again at the Meeting. The facility to vote by electronic voting system will not be provided at the Meeting.

- iii. The voting rights of the shareholders (for voting through remote e-voting or by Ballot paper at the Meeting) shall be in proportion to their share of the paid-up equity share capital of the Company as on 19th September, 2017 ("Cut-Off Date"). A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
 - iv. Any person who acquires Shares of the Company and becomes a Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date, i.e. 19th September, 2017 should follow the same procedure as mentioned above.
- 10) The Company has designated sglgoa@southerngasindia.com as an email id for quick redressal of Shareholders/investors grievances.
 - 11) Mr. Shivaram Bhat, Practicing Company Secretary (Membership No ACS 10454) has been appointed as the Scrutinizer to scrutinize the e-voting process as well as voting through Ballot paper at the Meeting, in a fair and transparent manner.
 - 12) The Scrutinizer shall, within a period of not exceeding three working days from the conclusion of the e-voting period, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses, not in employment of the Company and make not later than 48 hours from the conclusion of the meeting, a consolidated Scrutinizer's Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
 - 13) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.southerngasindia.com and on the website of CDSL www.evotingindia.com within two days of the passing of the resolutions at the 53rd Annual General Meeting of the Company to be held on 26th September, 2017 and communicated to the BSE Ltd.
 - 14) Subject to the receipt of the requisite number of votes, the Resolution shall be deemed to be passed on the Date of the AGM i.e. 26th September, 2017.

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 Registered Office of the Company during business hours on all working days upto the date of declaration of the result of the 53rd Annual General Meeting of the Company.

BY ORDER OF THE BOARD OF DIRECTORS

Dated: 26th May, 2017

**GAUTAM V. PAI KAKODE
MANAGING DIRECTOR
DIN: 02395512**



EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item No 5:

Mr. Gautam Pai Kakode was appointed as Managing Director by the Shareholders at the Fiftieth Annual General Meeting held on 25th September, 2014 for a period of three years i.e from 1st February, 2014 to 31st January, 2017.

The Board of Directors of the Company (the Board), at its meeting held on 28th January, 2017 has, subject to the approval of the members, re-appointed Mr. Gautam Pai Kakode as Managing Director and Key Managerial Personnel for a Period of 3 years i.e. from 1st February, 2017 to 31st January, 2020 with remuneration as recommended by the Nomination and Remuneration Committee (the 'Committee') of the Board and approved by the Board.

Accordingly, the approval of members is sought for the appointment of and remuneration payable to Mr. Gautam Pai Kakode as Managing Director and Key Managerial Personnel in terms of applicable provisions of the Act. Broad particulars of the terms of appointment of and remuneration payable to Mr. Gautam Pai Kakode are as under:

1. SALARY

A Consolidated salary of Rs.7,00,000/- (Rupees Seven Lakhs only) per month, including dearness and all other allowances.

2. PERQUISITES & ALLOWANCES:

Company will contribute to Provident, Superannuation and Gratuity funds on account of Mr. Gautam Pai Kakode on the same basis as other employees. Gratuity payable and encashment of leave at the end of the tenure shall not be included in the computation of limits of remuneration or perquisites as aforesaid. Mr. Gautam Pai Kakode will be entitled to leave according to Company's Leave Rules applicable to other employees.

Car for use on Company's business and telephone at residence shall not be considered as perquisites.

The Managing Director will not be entitled to any perquisites, benefits and allowances other than what has been stated herein.

3. MINIMUM REMUNERATION:

Notwithstanding anything contained herein, where in any financial year, during the currency of tenure of office, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the Managing Director as stated in Para 1 and 2 above as minimum remuneration.

The Letter of appointment of Mr. Gautam Pai Kakode, as Managing Director contain inter alia, all terms and conditions of his appointment with a provision that the appointment can be terminated by either party by giving a prior notice of at least 30 days in writing, unless waived by the parties with mutual consent.



The extracts of remuneration given above shall be deemed to be the extracts of remuneration required to be furnished under Section 190 of the companies Act, 2013.

Mr. Gautam Pai Kakode has been associated with the company from 2006. He was appointed as Whole-time Director of the Company from 1st February, 2009. Since then he has been instrumental in shaping the future of the Company. Mr. Gautam Pai Kakode's term of office as Whole time Director ended on 31st January, 2014. Thereafter Mr. Gautam Pai Kakode was appointed as Managing Director and Key Managerial Personnel of the Company by the Board of Directors of the Company from 1st February, 2014. His term as Managing Director ended on 31st January, 2017. Considering his contribution in the growth and performance of the Company, the Board of Directors re-appointed him for further period of three years i.e. from 1st February, 2017 to 31st January, 2020.

Brief particulars pursuant to Regulation 36(3) of the Listing Regulations and additional information to be given to Members in terms of Secretarial Standards on General Meetings (SS-2) of Mr. Gautam Pai Kakode are given in Annexure to this Notice.

The Board of Directors of the Company recommends the Special Resolution as set out in the Item No 5 of the Notice for approval of the members.

Mr. Gautam Pai Kakode, the appointee and his wife Mrs. Yogita Gautam Pai Kakode, Director on the Board is concerned or interested in the passing of the resolution.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relative(s) is, in any way, concerned or interested, financially or otherwise, in the resolution at Item no.5 of the Notice.

BY ORDER OF THE BOARD OF DIRECTORS

**GAUTAM PAI KAKODE
MANAGING DIRECTOR
DIN: 02395512**

Dated: 26th May, 2017.



ANNEXURE TO THE NOTICE

1. Particulars and additional information of the directors seeking appointment / re-appointment pursuant to Regulation 36(3) of the Listing Regulations and in terms of Secretarial Standards on General Meetings (SS-2):

Name of the Director	Gautam V. Pai Kakode
Category	Managing Director
Age	47 years
Date of First Appointment	29/10/2008
Experience	10 years as Director in Present Company
Directorship in other Companies	1. Bangalore Oxygen Company Private Limited 2. Foods And Beverages (India) Private Limited 3. Malabar Oxygen Company Private Limited 4. Poy Raiturcar Properties Private Limited 5. Madhav Poy Raiturcar Trading Company Private Limited
Expertise in specific functional area	Leadership and Corporate Management
Number of the Meetings of the Board attended during the year 2016-17	05
Membership of the Committees of the Board of other companies	NIL
Number of shares held in the Company	5000 (Equity Shares)
Relationship with other directors inter-se	Husband of Mrs. Yogita Gautam Pai Kakode, Director of the Company
Terms and Conditions of Appointment or reappointment along with remuneration	As mentioned in explanatory statement in item no.5



2. Statement of information pursuant to Section II of Part II of Schedule V of the Companies Act, 2013 with reference to the resolution at Item No. 5 of the Notice:

I. General Information

1	Nature of Industry	The Company is in the business of production of Medical Oxygen, Industrial Oxygen, Argon, Hydrogen, Nitrogen, etc.	
2	Date or expected date of commencement of commercial production	The Company was incorporated in the year 1963 and has been in operation since then.	
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus.	Not Applicable	
4	Financial performance based on given indicators		
	Financial Parameters	FY 2016-17	FY 2015-16
	Total Income	29,75,62,663	27,78,96,666
	Profit before Tax	83,22,968	1,56,13,368
	Profit after Tax	59,71,368	1,02,65,868
5	Foreign investments or collaborators, if any	Nil	

II. Information about Mr. Gautam V. Pai Kakode

Background details	<p>Mr. Gautam Pai Kakode has been associated with this company since 2006. He was appointed as the Whole-Time Director of this Company, which term ended on 31st January, 2014. Thereafter he was appointed as the Managing Director and Key Managerial Personnel of the Company for a period of three years i.e from 1st February, 2014 to 31st January, 2017. The Board of Directors reappointed him as Managing Director for further period of three years from 1st February, 2017.</p> <p>Under the leadership of Shri Gautam Pai Kakode, The Southern Gas Limited has succeeded in positioning itself as a leader of industry in the South India.</p>
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Past remuneration	The remuneration received by Mr. Gautam Pai Kakode during the year ended 31st March, 2017 which comprised of salary, monetary value of perquisites, allowances and contribution to retiral funds was 39 lacs.
Recognition or Awards	Received on behalf of the Company Fastest Growing Indian Company Excellence Award from IEDRA (Indian Economic Development & Research Association) New Delhi
Job profile and suitability	As Managing Director the appointee shall have substantial powers of management of the affairs of the Company. Mr. Gautam Pai Kakode has successfully completed initial term of three years as Managing Director of the Company.
Remuneration proposed	As set out in the resolution at Item No. 5 read with Explanatory Statement of the Notice of the 53rd Annual General Meeting
Comparative Remuneration profile with respect to Industry, size of the Company, profile of the position and the person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration proposed to be paid to the Managing Director is comparable with the remuneration being paid for similar assignments in the industry. Also, the proposed remuneration is within limits permitted under Schedule V to the Companies Act, 2013.
Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any	Mr. Gautam Pai Kakode holds 5000 equity shares of the Company. Also, he is the Husband of Mrs. Yogita G. Pai Kakode, Director of the Company.

III. Other Information:

1	Reasons of loss or inadequate profits	NOT APPLICABLE
2	Steps taken or proposed to be taken for improvement	
3	Expected increase in productivity and profits in measurable terms	

IV. Disclosures:

1	The shareholders of the Company shall be informed of the remuneration package of the managerial person	Disclosure of the remuneration package is part of this notice being sent to Shareholders.
2	Disclosures mentioned in the Board of Directors' Report under the heading "Corporate Governance", if any, attached to the Annual Report	The "Corporate Governance" provisions are not applicable to the Company



DIRECTORS' REPORT

Dear Members,

Your Directors place before you the 53rd Annual Report of the Company together with statement of Accounts for the Financial year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

	Rs. in Lakhs	
Particulars	2016-2017	2015-2016
Income		
Revenue from Operations	2937.02	2747.81
Other Income	38.60	31.16
Expenses	2728.37	2456.43
Profit Before Depreciation & Taxation	247.25	322.54
Less:		
Depreciation	164.02	166.41
Profit Before Tax (PBT)	83.23	156.13
Less:		
Provision for Taxation		
Current tax	45.90	58.11
Deferred Tax	(22.38)	(4.64)
Profit after Tax (PAT)	59.71	102.66

2. OPERATIONS:

Revenue from operations for the year ended 31st March, 2017 was Rs. 2937.02 Lakhs compared to Rs.2747.81 lakhs for the year ended 31st March, 2016. During the year under review though the Revenue from operations increased, the Profit before tax decreased from Rs.156.13 to Rs. 83.23, due to the major reason that, there was a sudden breakdown of Company's manufacturing Plant at Cochin and the plant was shut down for three months and no manufacturing activity was carried out for that period. The Company incurred heavy expenditure on repairing of the plant to bring it back into operation. Further, during the Shutdown period the Company purchased material from outside suppliers at higher cost and sold the same at market prices in order to retain the market share and not to lose the customers.

3. DIVIDEND AND TRANSFER TO GENERAL RESERVE:

Your Directors recommend a Dividend of 35 percent (Rs.35/- per equity share). [Previous year 35 percent (Rs.35/- per equity share)].



The company proposes to transfer Rs 20 lakhs to the general reserve out of the amount available for appropriation.

4. SHARE CAPITAL

The paid-up Equity Share Capital as at March 31, 2017 stood at Rs 22,50,000/- During the year under review, the Company has not issued any further shares.

5. DEPOSITS FROM PUBLIC:

The Company has not accepted any deposits from public in the past or during the year.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Gautam V. Pai Kakode (DIN 02395512) retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors re-appointed Mr. Gautam V. Pai Kakode (DIN 02395512) as Managing Director and Key Managerial Personnel of the Company for a further period of three years effective from February 1, 2017 subject to the approval of the Shareholders at the ensuing Annual General Meeting. A Special Resolution to this effect is included as part of the Notice convening the forthcoming Fifty Third Annual General Meeting for Shareholders' approval. Brief resume of the Managing Director proposed for re-appointment together with other relevant details form part of the Notice of the ensuing Annual General meeting.

During the year under review Mr Gautam V. Pai Kakode, Managing Director of the Company was reappointed as a KMP. Also, Mr. Shashikanth R. Devaramani, and Mr. Aniket Karmali, were appointed as Chief Financial Officer (KMP) and Company Secretary (KMP) of the Company respectively on February 10, 2017 and March 27, 2017.

7. MEETINGS OF THE BOARD OF DIRECTORS:

During the year under review, five Board meetings were held i.e. on 26th May, 2016, 5th August, 2016, 4th November, 2016, 28th January, 2017 and 10th February, 2017.

8. INDEPENDENT DIRECTORS DECLARATION:

The Company has received declarations pursuant to Section 149(7) of the Companies Act, 2013, from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 in respect of their position as an "Independent Director" of The Southern Gas Limited.

9. INDEPENDENT DIRECTORS MEETING:

During the year under review, the Independent Directors met on February 10, 2017, inter alia, to discuss:

- Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of performance of the Managing Director, taking into account the views of the all other Directors; and



- 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.

10. 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 benchmarking 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 strengthen 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.

11. STATUTORY AUDITORS:

At the Annual General Meeting held on September 24, 2015, M/s Varma and Varma, Chartered Accountants (Firm Registration No 004532S) were appointed as statutory auditors of the Company 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. The term of office of the incumbent auditors is expiring at the ensuing Annual General Meeting in terms of Section 139(2) of the Companies Act, 2013.

Accordingly, as per the requirements of Section 139(2) of the Companies Act, 2013 ('the Act'), the Board of Directors, on the recommendation of the Audit Committee has proposed to appoint M/s Lorence & Shankar, Chartered Accountants (Firm Registration No. 112761W), as statutory auditors for a period of 5 years commencing from the conclusion of the 53rd AGM till the conclusion of the 58th AGM, subject to ratification by shareholders every year, as may be applicable, in place of retiring auditors M/s Varma and Varma, Chartered Accountants. The proposed auditors M/s Lorence & Shankar, Chartered Accountants, have consented to the said appointment and have confirmed their eligibility in terms of provisions of Section 141 and other relevant provisions of the Act.

The Notes on Financial Statements referred to in the Auditors Reports are self-explanatory and do not call for any comments and explanation.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.



3. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules there under, the Board of Directors of the Company appointed CS Kritika Satardekar, Practicing Company Secretary to conduct the Secretarial Audit of the Company. The Secretarial Audit Report for the financial year ended March 31, 2017 forms a part of this Annual Report. The same is self-explanatory and requires no comments.

4. COMMITTEES:

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:

The Company complies with section 177 of the Companies Act, 2013 as well as requirement under the listing regulations pertaining to the Audit Committee.

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 Regulation 18 of the SEBI (LODR) Regulations, 2015. 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.

Composition, names of members and Chairperson, its meetings and attendance:

The Audit Committee met four times during the financial year 2016-17 on 26th May, 2016, 5th August, 2016, 4th November, 2016, 10th February, 2017.

The composition and attendance of each member at the meeting of the Audit Committee is given below:

Name of the Director	Position	Category	Meetings Held	Meetings attended
Mr. Ranganath N. Prabhu,	Chairman	Independent Director	4	4
Mr. Shripad P. Patnekar	Member	Independent Director	4	4
Mr. Gautam V. Pai Kakode	Member	Managing Director	4	4

(B) NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Regulation 19(1) & (2) of the Listing Regulations read with Section 178 of the Companies Act, 2013.

Terms of Reference:

The Board has framed the Nomination and Remuneration Committee Charter which ensures effective compliance of Section 178 of the Companies Act, 2013 and Regulation 19(1) & (2) of the Listing Regulations. The Board has clearly defined terms of reference for the Nomination and Remuneration 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.

Composition, names of members and Chairperson, its meetings and attendance:

The Nomination and Remuneration Committee met two times during the financial year 2016-17 on 4th November, 2016 and 10th February, 2017.

The composition and attendance of each member at the meeting of the Nomination and Remuneration Committee is given below:



Name of the Director	Position	Category	Meetings Held	Meetings attended
Mr. Ranganath N. Prabhu,	Chairman	Independent Director	2	2
Mr. Shripad P. Patnekar	Member	Independent Director	2	2
Mr. Jayendra V. Gaitonde	Member	Independent Director	2	2

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee met only once during the financial year 2016-17 on 5th August, 2016.

Terms of reference:

The Committee is empowered to consider and approve the physical transfer/transmission/transposition of shares, issue of new/duplicate share certificates and oversees and reviews all matters connected with securities transfer. The Committee also specifically looks into the redressal of shareholders' and investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of share certificates, non-receipt of annual report and non-receipt of dividend warrants etc.

The composition of the Committee and the attendance details of the members are given below:

Name of the Director	Position	Category	Meetings Held	Meetings attended
Mr. Jayendra V. Gaitonde	Chairman	Independent Director	1	1
Mr Shripad P. Patnekar	Member	Independent Director	1	1
Mr. Motilal S. Keny	Member	Non-Executive	1	1

During the year under review the Company did not receive any complaints from the Shareholders and investors.

14. CODE OF CONDUCT:

In terms of Regulation 17(5) of the Listing Regulations, the Company has adopted the Code of Conduct for the Board Members and Senior Management of the Company which has been posted on the Company's website www.southernngasindia.com. Requisite annual affirmations of compliance with the code have been made by the Directors and Senior Management of the Company.

15. RELATED PARTY TRANSACTIONS:

All Related Party Transactions (RPT) are done on an arm's length basis and in the ordinary course of business and therefore the provisions of Section 188 of the Companies Act, 2013 are not attracted. All RPTs are placed before the Audit Committee as well as the Board.



All RPTs entered during the year under review by the Company are in ordinary course of business and on arm's length basis. No material RPTs were entered during the financial year. Accordingly, the disclosure required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

By virtue of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the provisions of Regulation 23 pertaining to RPTs are not applicable to the Company.

16. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct. Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safeguards against victimization of Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company www.southerngasindia.com.

17. 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.

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 2016-17 was Rs.75,000/-. 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 Managing Director and Whole-time Director is governed by the recommendation of the Nomination and Remuneration 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 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 Nomination and Remuneration 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.

18. 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.

19. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 structured evaluation process was carried out covering various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Managing Director who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Based on these criteria, the performance of the Board, various Board Committees, Chairman and Individual Directors (including Independent Directors) was found to be satisfactory.

13. RISK MANAGEMENT:

During the year under review, the Company engaged some senior officials of the Company 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.

21. 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, 2017; 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, 2017 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.

22. CORPORATE GOVERNANCE:

By virtue of Regulation 15(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the corporate governance provisions are not applicable to the Company.



23. 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.

24. DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

As required by the Sexual Harassment 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 nurturing, 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. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

During the year under review, there were no employees who were in receipt of remuneration exceeding Rs 1.02 Crore per annum, nor in receipt of remuneration exceeding Rs 8.50 Lacs per month as prescribed under Rule 5(2) of the Companies (Appointment and Remuneration) Rules, 2014.

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, 2017 is given in Annexure B to this Report.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the year under review there were no transactions attracting provisions of Section 186 of the Companies Act, 2013.

28. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134 (3) (m) of the Companies Act, 2013 read with rule 8(3) of the Companies (accounts) Rules, 2014 is annexed herewith as Annexure – C to this Report.



29. MISCELLANEOUS:

- There were no qualifications, reservations or adverse remarks made by the Auditors in their report.
- The provisions of CSR are not applicable to the Company.
- There are no significant and material orders passed against the Company by any regulating authority or court or tribunal affecting the going concern status and Company's operation in future.
- The company does not have any subsidiary company.

30. 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.

31. APPRECIATION /ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the excellent performance of 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 company clients, vendors, investors, agents, suppliers and bankers for their continued support and faith reposed in the Company.

FOR AND ON BEHALF OF THE BOARD

GOA, MAY 26, 2017

GAUTAM V. PAI KAKODE
MANAGING DIRECTOR
DIN NO.02395512

MOTILAL S. KENY
DIRECTOR
DIN :06813111



ANNEXURE A TO THE DIRECTOR'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2017

(Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & 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	Public Company limited by Shares
5.	Address of the Registered Office & contact details	“GOVIND POY HOUSE”, Rua do Padre Miranda, Margao-Goa-403601. Tel: 0832 2724863 Email: sglgoa@southerngasindia.com Website: www.southerngasindia.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any:	Bigshare Services Pvt. Ltd. 1 st Floor, Bharat Tin Works Building Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai- 400059. Phone No.: 022- 262638200 Fax No.: 022-262638299 Email: investor@bigshareonline.com

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 the Products/services	% to total turnover of the Company
1	Oxygen	20111	51.73
2	Nitrous Oxide	21009	17.63
3	Acetylene	20119	13.63

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of Share Held	Applicable Section
NIL					

IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
I Category-wise share Holding

Category of Shareholders	No of Shares held at the beginning of the year (As on April 1, 2016)				No of shares held at the end of the year (As on March 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual	0	10006	10006	44%	0	10006	10006	44%	Nil
b) Central Govt	0	0	0	0	0	0	0	0	Nil
c) State Govt(s)	0	0	0	0	0	0	0	0	Nil
d) Bodies Corporate	0	3300	3300	15%	0	3300	3300	15%	Nil
e) Banks/FI	0	0	0	0	0	0	0	0	Nil
f) Any other	0	0	0	0	0	0	0	0	Nil
Subtotal (A) (1)	0	13306	13306	59%	0	13306	13306	59%	Nil
2) Foreign	0	0	0	0	0	0	0	0	Nil
a) NRIs Individuals	0	0	0	0	0	0	0	0	Nil
b) Other Individuals	0	0	0	0	0	0	0	0	Nil
c) Bodies Corporate	0	0	0	0	0	0	0	0	Nil
d) Banks/FI	0	0	0	0	0	0	0	0	Nil
e) Any other	0	0	0	0	0	0	0	0	Nil
Subtotal (A) (2)	0	0	0	0	0	0	0	0	Nil
Total shareholding of Promoter (A) = (A) (1)+(A) (2)	0	13306	13306	59%	0	13306	13306	59%	Nil
B. Public Shareholding									
1) Institutions									
a) Mutual Funds/ UTI	0	0	0	0	0	0	0	0	Nil
b) Banks / FI	0	535	535	2%	0	535	535	2%	Nil
c) Central Govt	0	0	0	0	0	0	0	0	Nil
d) State Govt(s)	0	0	0	0	0	0	0	0	Nil
e) Venture Capital Funds	0	0	0	0	0	0	0	0	Nil
f) Insurance Companies	0	2600	2600	12%	0	2600	2600	12%	Nil
g) FIIs	0	0	0	0	0	0	0	0	Nil
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	Nil
Others (specify)	0	0	0	0	0	0	0	0	Nil
Sub-total (B) (1)	0	3135	3135	14%	0	3135	3135	14%	Nil

Category of Shareholders	No of Shares held at the beginning of the year (As on April 1, 2016)				No of shares held at the end of the year (As on March 31, 2017)				% 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	210	210	1%	0	210	210	1%	Nil
ii) Overseas	0	0	0	0	0	0	0	0	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	0	5849	5849	26%		5849	5849	26%	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	Nil
c) Others (specify)	0	0	0	0	0	0	0	0	Nil
Clearing Members	0	0	0	0	0	0	0	0	Nil
Foreign Nationals	0	0	0	0	0	0	0	0	Nil
Non Resident Indians (REPAT)	0	0	0	0	0	0	0	0	Nil
Non Resident Indians (NON REPAT)	0	0	0	0	0	0	0	0	Nil
Trusts	0	0	0	0	0	0	0	0	Nil
Sub-total (B) (2)	0	6059	6059	27%		6059	6059	27%	Nil
Total Public Shareholding (B)=(B) (1)+(B)(2)	0	9194	9194	41%		9194	9194	41%	Nil
C Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	Nil
Grand Total (A+B+C)	0	22500	22500	100%	0	22,500	22,500	100%	Nil

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 share holding during the year
		No of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	No of shares	% of total Shares of the Company	% of shares Pledged/ encumbered to total shares	
1	Yogita Gautam Pai Kakode	5006	22%	0	5006	22%	0	Nil
2	Gautam Pai Kakode	5000	22%	0	5000	22%	0	Nil
3	Food & Beverages(India) Pvt. Ltd	3300	15%	0	3300	15%	0	Nil
	Total	13306	59%	0	13306	59%	0	Nil

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		There was no change in Promoters' Shareholding during the Financial year 2016-17			
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)				
	At the end of the year				

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 Kaode				
	At the beginning of the year	5000	22%	5000	22%
	Date wise increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment/transfer/bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
	At the end of the year	5000	22%	5000	22%
2	Smt. Yogita Gautam Pai Kakode				
	At the beginning of the year	5006	22%	5006	22%
	Date wise increase/Decrease in Shareholding during the year specifying the reasons for increase /decrease(e.g. allotment/transfer/bonus/sweat equity etc)	Nil	Nil	Nil	Nil
!	At the end of the year	5006	22%	5006	22%

VINDEBTEDNESS

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	8.65	0	0	8.65
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	8.65	0	0	8.65
Change in indebtedness during the financial year				
Addition	23.02	0	0	23.02
Reduction	6.13	0	0	6.13
Net Change	16.89	0	0	16.89
Indebtedness at the end of the financial year				
i) Principal Amount	25.54	0	0	25.54
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	25.54	0	0	25.54

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
	Mr Gautam V. Pai Kakode Managing Director	
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,900,000	3,900,000
(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	Nil	Nil
(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	Nil	Nil
Stock Option	Nil	Nil
Sweat Equity	Nil	Nil
Commission -as % of profit -others, specify	Nil	Nil
Others, please specify Contribution to Provident Fund	21,600	21,600
Total(A)	3,921,600	3,921,600

B Remuneration to other Directors:

Particulars of Remuneration	Name of Directors			Total Amount
Independent Directors	Jayendra V. Gaitonde	Shripad P. Patnekar	Ranganath N. Prabhu	
Fee for attending Board/committee meetings	15,000	15,000	15,000	45,000
Commission	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil
Total (1)	15,000	15,000	15,000	45,000
Other Non-Executive Directors	Yogita G. Pai Kakode	Motilal Sanvlo Keny		
Fee for attending Board/committee Meetings	15,000	15,000		30,000
Commission	Nil	Nil		Nil
Others, please specify	Nil	Nil		Nil
Total (2)	15,000	15,000		30,000
Total (B)=(1+2)				75,000

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

Sr No	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO*	CS*	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax act, 1961	85,505	3,446	88,951
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary u/s 17 (3) Of the Income Tax act, 1961	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	-as % of profit	Nil	Nil	Nil
	-others, specify	Nil	Nil	Nil
5	Others, please specify Contribution to Provident Fund	3,600	Nil	3,600
	Total	89,105	3,446	92,551

*CFO and CS has been appointed for Part of the Year.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty/ Punishment/ Compounding of offences	Authority (RD/NCLT/ COURT)	Appeal made If any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

FOR AND ON BEHALF OF THE BOARD

GOA, MAY 26, 2017

GAUTAM V. PAI KAKODE
MANAGING DIRECTOR
DIN NO.02395512

MOTILAL S. KENY
DIRECTOR
DIN :06813111



ANNEXURE – B TO THE DIRECTORS' REPORT

(A) Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

	Name of Director / KMP and Designation	Remuneration of Director / KMP for financial year 2016-17	% increase in Remuneration in the financial year 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1	Gautam V. Pai Kakode	Rs. 39,00,000	30%	17:1

Note: For this purpose, sitting fees paid to the Directors have not been considered as remuneration.

- ii) The percentage increase in the median remuneration of employees (excluding resigned and employed part of the year) in financial year 2016-17 was 5.64%.
- iii) There were 110 permanent employees on the rolls of the Company as on March 31, 2017.
- iv) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2016-17 was 8.99% whereas the increase in the managerial remuneration for the same financial year was 30%.
- v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

(B) Particulars of Employees pursuant to Section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forming part of the Directors' Report for the year ended 31st March, 2017.

During the year under review, there were no employees who were in receipt of remuneration which in aggregate was not less than Rs 10,200,000/- per annum.

Similarly there were no persons employed for the part of the year who were in receipt of remuneration which in aggregate was not less than Rs 850,000/- per month.

FOR AND ON BEHALF OF THE BOARD

GOA, MAY 26, 2017

GAUTAM V. PAI KAKODE
MANAGING DIRECTOR
DIN NO.02395512

MOTILAL S. KENY
DIRECTOR
DIN :06813111

ANNEXURE -C TO THE DIRECTORS' REPORT

The information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo, required under Section 134 (3) (m) of the Companies Act, 2013 r/w Companies (Accounts) Rules, 2014 are as under:

A	Conservation of Energy	
	i) The steps taken or impact on conservation of energy	All the machinery is kept in good condition which helps to reduce the consumption of electrical load. Oil used is only for lubrication purpose.
	ii) The steps taken by the company for utilising alternate sources of energy.	The cooling tower for cooling the hot water of oxygen plant is made to cool naturally by installing sprinklers and thereby elimination of 15 HP motor running continuously. The cold water required for nitrous oxide compressor is taken from the pond where cold converter pipelines from oxygen tank are inserted to make water cool, thereby reducing the significant load on refrigeration unit Efficient usage of equipments are also monitored for rated production for energy conservation
	iii) the capital investment on energy conservation equipments	NIL
B	Technology Absorption	
	(i) efforts made towards technology absorption	The Company always keeps itself updated with all latest technological innovations by way of constant communications and consultations. Efforts are being made to reduce cost and to improve performance.
	(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	
	(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;	
	(iv) The expenditure incurred on Research and Development.	NIL



C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

PARTICULARS	2016-17	2015-16
Earning in Foreign Exchange	—	—
Expenditure in Foreign Exchange	16,408,266	5,401,703
CIF value of Imports	16,351,379	6,484,794

FOR AND ON BEHALF OF THE BOARD

GOA, MAY 26, 2017

**GAUTAM V. PAI KAKODE
MANAGING DIRECTOR
DIN NO.02395512**

**MOTILAL S. KENY
DIRECTOR
DIN :06813111**



MANAGEMENT DISCUSSION AND ANALYSIS

Like other sectors, the overall manufacturing growth is expected to result in increased demand for industrial gases over the years. The surveys estimate the industry is expected to grow at CAGR of 14% by 2018. The market for gas are broadly categorized as captive users and merchant market and the growth is steady in both segments.

The prominent development in recent years is introduction of Lower Capacity Tonnage Plants of China make, which likely to be popular for captive users. this is changing the dynamics of gas market, especially the gas supplied in cylinders.

We believe that application of industrial and other gases will grow in all areas of manufacturing industry. However, hyper competition amongst small manufacturers, entry of MNCs and over capacity remains a concern.

The Company operates in only one segment i.e. manufacturing of gas. The products include Oxygen used in medical and industrial applications, Argon, Hydrogen, Nitrogen, etc.

The market for Company's product is expected to grow steadily. Effort to meet the expectation in terms of quality and price would govern the sustainability of growth over the years.

The inherent risks in the industry continue to be cylinders' transportation and safety, thereby adding to cost. Main input being electricity, the quality and cost of power is major concern.

The Company's internal control system is commensurate with its size, scale and complexities of its operations. Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new / revised standard operating procedures. 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 revenue from operations during the year under review was up by 6.88 %. However, the operational expenses have increased due to increased cost of materials, plant maintenance etc., thereby resulting in reduced profits.

Industrial relations across the company's plants were cordial during the year under review. The Company employed 11 employees during the year.

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, 2017.

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

Statements in the 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.



Form no. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel Rules, 2014)]*

To,
The Members,
The Southern Gas Limited,
Govind Roy House,
Rua Do Padre Miranda
Margoa, Goa- 403803

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 (herein after called 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 authorized 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, 2017 (hereinafter referred to as the "Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment(provisions of external commercial borrowing and Overseas Direct Investment not applicable to the Company during the Audit Period) ;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(Not applicable to the Company during the audit period);
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme)Guidelines, 1999(Not applicable to the Company during the audit period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(Not applicable to the Company during the audit period);
 - f) 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;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Company during the audit period); and



h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company during the audit period).

- vi. The following laws and Regulations applicable specifically to the Company (as per the representation made by the company) viz.,
- (i) Explosives Act, 1884
 - (ii) Water (Prevention and Control of Pollution) Act, 1974;
 - (iii) Air(Prevention and Control of Pollution) Act, 1981;
 - (iv) The Legal Metrology Act, 2009
 - (v) Explosive Rules, 2008
 - (vi) Gas Cylinder Rules, 2004
 - (vii) Drugs and Cosmetic Act & Act & Rules
 - (viii) Static and Mobile pressure vessels (unfired) Rules, 1981

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India
- ii. Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 (LODR) entered into by the Company with Stock Exchange.

During the period under review the Company generally has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to following observation:-

- a. *Chief Financial officer and Company Secretary have been appointed with effect from 10th February 2017 and 27th March 2017 respectively.*
- b. *The promoter(s) and promoter group shareholding were in physical form during the audit period and the process of dematerializing the same has been initiated.*

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 as prescribed. 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 except as mentioned above.

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.

Majority decision is carried through while the dissenting members' views are captured and/or recorded as part of the minutes during the audit period.

I further report that 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: Mapusa, Goa
Date: May 26, 2017

Kritika Satardekar
Practicing Company Secretary
ACS No. 25448 & CP No. 13645

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



ANNEXURE 'A'

(My report of even date is to be read along with this Annexure.)

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 processes 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 processes 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. Wherever 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 procedures 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 : Mapusa, Goa
Date : May 26, 2017

Kritika Satardekar
Practicing Company Secretary
ACS No. 25448 & CP No. 13645



INDEPENDENT AUDITOR'S REPORT

To
The Members
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 2017, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of 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 and presentation 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 the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the 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 there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 31 March, 2017 and its profit and its cash flows for the year ended on that date;

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("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, a statement on the matters specified in Paragraphs 3 and 4 of the said Order.

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 written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i. The Company has pending litigations which are disclosed in the Contingent Liabilities in note No. 2.30 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.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 2.29 to the financial statements.

For VARMA & VARMA
Chartered Accountants
FRN 004532S

Place: Margao
Date: 26th May, 2017

P. G SUSIL KUMAR
Partner
M No. 22579



ANNEXURE A TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2017, we report that:

- I.
 - a. The Company has maintained 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.
 - c. The title deeds of Immovable properties are held in the name of the Company.
- ii. We are informed that the physical verification of inventory has been conducted by the management at reasonable intervals and discrepancies noticed on physical verification were properly dealt with in the books of account by the management.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013 thus, paragraph 3(iii)(a) to 3(iii)(c) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any transaction which is covered under the provisions of section 185 and 186 of the Act, with respect to the loans, investments and security made.
- v. The Company has not accepted any deposits from the public.
- vi. 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.
- vii.
 - a. According to the information and explanations given to us and as per verification of records of the company, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales-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 financials 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 31-03-2017 as per details given below :-

Name of the Statute	Nature of dues	Amount (Rs.)	Forum where dispute is pending	Period to which amount relates
Income Tax Act-1961	Income Tax and interest	1,01,320	ACIT, Kochi	AY 2014-15



- viii. According to the information and explanations given to us the company has not defaulted in repayment of loans or borrowings to a financial institution or bank. The company has not borrowed any amount from Government or debenture holders.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

Place : Margao
Date : 26thMay,2017

P.G SUSIL KUMAR
Partner
M No. 22579



ANNEXURE - B TO THE AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of The Southern Gas Limited (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for



external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that :

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

Place : Margao
Date : 26thMay,2017

P.G SUSIL KUMAR
Partner
M No. 22579

THE SOUTHERN GAS LIMITED
BALANCE SHEET AS AT 31st MARCH

(Amount in Rupees)

	Particulars	Note No.	2017	2016
I. EQUITY AND LIABILITIES				
1	Shareholders' Funds			
a.	Share Capital	2.1	22,50,000	22,50,000
b.	Reserves and surplus	2.2	14,86,37,863	14,26,86,505
2	Non-current liabilities			
a.	Long term borrowings	2.3		2,51,990
b.	Deferred tax liabilities (Net)	2.4	77,86,800	1,00,25,000
c.	Other Long term liabilities	2.5	4,17,89,908	3,76,02,708
d.	Long-term provisions	2.6	16,87,663	14,86,680
3	Current Liabilities			
a.	Short term borrowings	2.7	23,02,152	-
b.	Trade payables	2.8		
	(i) Total outstanding dues of micro-enterprises and small enterprises		-	-
	(ii) Total outstanding dues of creditors other than micro-enterprises and small enterprises		1,07,88,251	1,24,84,406
c.	Other current liabilities	2.9	60,00,260	66,13,035
d.	Short term provisions	2.10	19,49,284	18,25,120
	Total		22,65,77,111	21,72,20,274
II. ASSETS				
1	Non-current assets			
a.	Fixed Assets			
i)	Tangible assets (Property, Plant and Equipment)	2.11	9,80,70,347	9,80,02,348
ii)	Intangible Assets		-	-
b.	Long-term loans and advances	2.12	1,24,30,571	1,10,16,605
	Non-Current Investments	2.13	10,000	10,000
2	Current Assets			
a.	Inventory	2.14	1,12,41,551	90,64,956
b.	Trade receivables	2.15	4,73,13,370	5,16,80,860
c.	Cash and cash equivalents	2.16	5,78,19,488	4,38,06,027
d.	Short-term loans and advances	2.17	73,46,842	34,81,622
e.	Other Current Assets	2.18	3,45,148	3,77,666
	Total		22,65,77,111	21,72,20,274

Significant Accounting Policies & Notes on accounts 1 & 2
The accompanying notes form an integral part of the financial statements

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

Gautam V. Pai Kakode
Managing Director
DIN :02266512

S.P.Patnekar
Director
DIN:01909002

N.R.Prabhu
Director
DIN:00131108

Yogita G.Pai Kakode
Director
DIN :01587954

P.G.Susil Kumar
Partner
M. No. 22578

Aniket A. Kannali
Company Secretary
M. No. 47942

M.S. Keny
Director
DIN :06813111

Place: Mangalore
Date: 28/05/2017

Place: Mangalore
Date: 28/05/2017

Shashikanth. R
Devaramani
Chief Financial Officer

THE SOUTHERN GAS LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH
(Amount in Rupees)

Particulars		Note No	2017	2016
I. Income				
Revenue from operations	2.19		30,78,50,207	28,80,90,218
Less: Excise duty			(1,41,47,934)	(1,33,09,435)
			29,37,02,273	27,47,80,783
II. Other Income	2.20		38,60,390	31,15,883
III. Total Revenue (I+II)			29,75,62,663	27,78,96,666
IV. EXPENSES				
a. Cost of materials consumed	2.21		9,80,48,406	8,37,14,416
b. Purchase of traded goods	2.22		2,77,69,903	2,51,67,336
c. Changes in inventories of finished goods, work-in-progress and stock in trade	2.23		(9,86,103)	(1,93,612)
d. Employee benefits expense	2.24		5,31,34,245	4,76,21,519
e. Finance costs	2.25		2,25,665	3,86,650
f. Depreciation and amortisation expenses	2.11		1,64,02,319	1,66,41,201
g. Other expenses	2.26		9,46,45,260	8,89,45,789
Total Expenses			28,92,39,695	26,22,83,298
V. Profit before tax (III-IV)			83,22,968	1,56,13,368
VI. Tax expense:				
a. Current tax			46,90,000	58,11,500
b. Deferred tax			(22,38,400)	(4,84,000)
VII. Profit for the year (V-VI)			59,71,368	1,02,65,868
VIII. Earnings per equity share:				
Nominal value of share Rs. 100/- (Rs. 100/-)				
Basic and Diluted	2.27		265.39	456.26

Significant Accounting Policies & Notes on accounts

1 & 2

The accompanying notes form an integral part of the financial statements

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

Gautam V. Pai Kakode
Managing Director
DIN :02395512

S.P.Patnekar
Director
DIN:01939882

N.R.Prabhu
Director
DIN:00131108

Yogita G Pai Kakode
Director
DIN :01587954

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

Aniket A. Karmali
Company Secretary
M. No. 47942

M.S. Keny
Director
DIN :06813111

Place: Margao
Date: 26/05/2017

Place: Margao
Date: 26/05/2017

Shashikanth. R
Devaramani
Chief Financial Officer

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

(Amount in Rupees)

	2017	2016
A. Cash Flows from Operating Activities		
Net Profit before taxes & Extra ordinary items	83,22,988	1,56,13,368
Adjustments for:		
- Depreciation	1,64,02,319	1,66,41,201
- Interest Income	(32,37,905)	(26,13,087)
- Interest expense	2,25,665	3,86,650
- Provision for Doubtful Debts	6,95,435	6,02,341
- Bad debts writtenoff	8,92,437	-
- Profit on Sale or writeoff of fixed assets	(5,24,475)	(3,93,280)
- Foreign Exchange (gain)/ loss	(98,009)	(43,678)
Sub total	1,43,55,469	1,45,80,147
Operating Profit before Working Capital Changes	2,26,78,436	3,01,93,515
Adjustments for working capital changes:		
(Increase)/ Decrease in Trade Receivables	27,79,618	(67,46,869)
(Increase)/ Decrease in Inventories	(21,76,595)	(14,21,367)
(Increase)/ Decrease in Loans and Advances	(40,21,714)	(1,98,176)
(Increase)/ Decrease in Other Current Assets	32,718	(30,143)
Increase/ (Decrease) in Trade Payables	(15,98,236)	20,33,765
Increase/ (Decrease) in Provisions	12,76,612	1,93,096
Increase/ (Decrease) in Other current Liabilities	7,72,605	5,20,637
Increase/ (Decrease) in Other Long term Liabilities	41,86,200	26,08,565
	12,51,208	(30,40,494)
Cash generated from Operations	2,39,29,644	2,71,53,021
Direct taxes	(59,00,000)	(48,00,000)
Cash flow before extraordinary Items	1,80,29,644	2,23,53,021
Extraordinary items	-	-
Net Cash from/(used) in Operating Activities	1,80,29,644	2,23,53,021
B Cash Flows from Investing Activities		
Purchase of Fixed Assets	(88,04,346)	(2,03,92,470)
Sale of Fixed Assets	8,58,503	4,26,664
Interest Received	32,70,623	25,82,944
Net Cash from/(used) in Investing Activities	(46,75,220)	(1,73,82,861)

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

(Amount in Rupees)

	2017	2016
C Cash Flows from Financing Activities		
Proceeds/(Repayment) of Long Term Borrowings	(2,51,990)	(4,05,803)
Proceeds/(Repayment) of Short Term Borrowings	23,02,152	-
Interest paid	(2,25,665)	(3,06,650)
Dividends and Corporate Dividend Tax paid	(9,65,465)	(9,33,957)
Net Cash from/(used) In Financing Activities	8,59,032	(17,26,410)
Summary		
Net Cash from/(used) Operating Activities	1,80,29,644	2,23,53,021
Net Cash from/(used) in Investing Activities	(46,75,220)	(1,73,82,861)
Net Cash from/(used) In Financing Activities	8,59,032	(17,26,410)
Net Increase (Decrease) In Cash Equivalents	1,42,13,456	32,43,750
Cash and Cash Equivalents at beginning of the year	4,36,06,027	4,03,62,277
Cash and Cash Equivalents at the end of the year	5,78,19,483	4,36,06,027
	1,42,13,456	32,43,750

Note: Cash and cash equivalents at the end of the year includes Rs.48.72 Lakhs (Rs.53.16 Lakhs) under lien, and Rs. 0.77 Lakhs (0.69 Lakhs) deposited in unclaimed dividend account which are not available for the immediate use as on the Balance Sheet date.

Significant Accounting Policies & Notes on accounts **1&2**

The accompanying notes form an integral part of the financial statements

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

Gautam V. Pai Kakode

Managing Director

DIN :02395512

S.P.Patnekar

Director

DIN:01939882

N.R.Prabhu

Director

DIN:00131108

Yogita G Pai Kakode

Director

DIN :01687954

P.G.Susil Kumar

Partner

M. No. 22579

Aniket A. Karmali

Company Secretary

M. No. 47942

M.S. Keny

Director

DIN :06813111

Place: Margao

Date: 26/05/2017

Place: Margao

Date: 26/05/2017

Shashikanth. R

Devaramani

Chief Financial Officer

1. Significant accounting policies forming part of financials

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.

i) Basis of Accounting

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on the accrual basis. The company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Company (Accounting) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

ii) Use of Estimates

The preparation and presentation of the financial statements is in conformity with Indian GAAP, which requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual amounts could differ from these estimates and such differences are recognised in the period in which the amounts are ascertained.

iii) Revenue Recognition

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

iv) Tangible assets [Property, Plant & Equipment]

Property, Plant & Equipment are stated at cost less accumulated depreciation, impairment in value if any. Cost includes purchase price (inclusive of import duties and non-refundable purchase taxes), other costs directly attributable for bringing the assets to the location and condition necessarily for it to be capable of operating in the manner intended by management.

When parts of an item of Property, Plant & Equipment have different useful lives, they are accounted for as separate items (major components). The cost of replacement of spares/ major inspection relating to Property, Plant & Equipment is capitalised only when it is probable that future economic benefits associate with these will flow to the company and cost of item can be measured reliably.



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

v) Intangible Assets:

Intangible assets are recorded at the cost of acquisition of such assets and are carried at cost less its accumulated amortisation and impairment if any.

vi) Capital Work-in-progress:

All capital expenditure excluding advances paid for the construction of fixed assets are shown as capital work-in-progress until completion of the project or until the asset is ready to be put to use. These costs are capitalised to the relevant items of the fixed assets on completion or putting to use.

vii) 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 asset is identified as impaired when the carrying value of the asset exceeds its recoverable value and based on such assessment, impairment loss is recognized and charged to profit and loss statement in the period in which the asset is identified as impaired. The impairment loss recognised in the prior accounting periods is reversed in the year in which there has been change in the estimate of recoverable amount.

viii) Depreciation/ Amortization

Depreciation / Amortization on Property, Plant & Equipment is provided on straight-line method based on the useful lives as specified in the Schedule II of the Companies Act, 2013 except for cylinders for which useful life has been adopted on the basis of technical evaluation by an external valuers and review by management at the year end.

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 Schedule-II of the Companies Act, 2013.

Lease premium paid in respect of leasehold land is amortized over the period of the lease Software costs treated as intangible assets and are amortised over its useful life or over a period of 3 years whichever is earlier.

ix) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production 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.

x) Foreign Currency Transaction

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities other than forward contracts, outstanding at the Balance Sheet date are translated at the applicable exchange rates prevailing at the said date. The exchange gain/loss arising during the year are adjusted to the Statement of Profit and Loss.



xi) 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 of the purchase cost of the items net of applicable taxes/ duty credits and the cost of bringing such items in the factory. The cost of manufactured inventories comprises of the direct cost of production plus appropriate overheads. The net realizable value of bought out inventories is their current replacement value.

xii) 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 investments are valued at lower of cost or fair value.

xiii) Employee Benefits :

a) Short Term Employee Benefits

The amounts paid/ payable within twelve months of rendering services, comprising largely of salaries and wages, short term compensated absences and annual bonus is valued on an undiscounted basis and recognised in the period in which the employee renders related service.

b) Defined Contribution Plans

The Company has defined contribution plan for employees comprising of Provident Fund and Employee State Insurance. The contributions paid/ payable to these plans during the year are charged to profit and loss statement at actual cost to the company. The Company has no other obligation in this regard.

c) Defined Benefit Plans

Gratuity:

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 make 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) Long term Employee benefits

Compensated Absences

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.

e) Termination Benefits:

Termination benefits are recognised in the profit and loss statement for the period in which the same are accrue.



xiv) 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.

xv) Tax Expenses

Tax expense is accounted in accordance with the Accounting Standard for Taxes on Income (AS-22), which includes current tax and deferred taxes.

Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the provisions of the Income Tax Act, 1961.

Deferred tax assets/ liability represents timing differences between accounting income and taxable income recognised to the extent considered capable of being reversed in the subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax asset arising due to unabsorbed depreciation and lessees are recognised if there is a virtual certainty that sufficient future taxable income will be available to realising the same.

xvi) Earnings per share

Basic & Diluted Earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders (after deducting attributable taxes and preference dividend, if any) of the company by weighted average number of equity shares outstanding at the end of financial year.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the company has present obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the management estimates.

Contingent liabilities are disclosed when the company has a possible obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognised nor disclosed in the accounts.

xvii) Cash flow statement

The Cash flow statement is prepared in accordance with the Accounting Standard – 3 issued by the Institute of Chartered Accountants of India using indirect method to determine cash flow from operating activities.

THE SOUTHERN GAS LIMITED

2 Notes forming part of Balance sheet as at 31st March

(Amount in Rupees)

	2017	2016
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2.1 Share Capital

Particulars	2017	2016
Authorised Capital:		
30,000 (PY: 30,000) Equity shares of Rs.100/- each	30,00,000	30,00,000
20,000 (PY: 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 (PY: 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	2017		2016	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	22,500	22,50,000	22,500	22,50,000
Issued during the year	-	-	-	-
At the end of the year	22,500	22,50,000	22,500	22,50,000
Change in the number of Equity Shares Outstanding	-	-	-	-

Particulars of Shareholders holding more than 5% in the Company

Particulars	2017		2016	
	%	No. of shares	%	No. of shares
1 Smt.Yogita Gautam Pal Cacode	22.25%	5,000	22.25%	5,000
2 Shri Gautam Pal Cacode	22.22%	5,000	22.22%	5,000
3 Life Insurance Corpn. of India	6.87%	1,500	6.87%	1,500
4 M/s.Food & Beverages (India) Pvt.Ltd.	14.87%	3,300	14.87%	3,300

Terms/ Rights attached to Equity shares

- 2.1.1 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.
- 2.1.2 The dividend proposed/ declared by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.
- 2.1.3 In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 2.1.4 During any of the last five years ending 31 Mar 2017:-
- No shares were allotted as fully paid up pursuant to contract(s) without payment being received in cash.
 - No bonus shares were allotted.
 - No shares were bought back.

2.2 Reserves and Surplus

General Reserves		
Opening Balance	2,60,72,589	2,40,72,589
Add :- Amount Transferred from Surplus	20,00,000	20,00,000
Closing Balance	2,80,72,589	2,60,72,589
Surplus		
Opening Balance	11,65,94,006	10,92,76,873
Add:-Profit for the year as per Profit and Loss Statement	59,71,368	1,02,65,888
Amount available for appropriation	12,25,65,374	11,95,42,761
Less:- Appropriation		
-Proposed Dividend Rs. 35 [PY- Rs.35] per share (See note 2.2.1)	-	7,87,500
-Tax on dividend	-	1,61,235
-Transfer to General Reserve	20,00,000	20,00,000
Closing Balance	12,05,65,374	11,65,94,006
Total Reserves and Surplus	14,86,37,963	14,26,66,595

THE SOUTHERN GAS LIMITED

2 Notes forming part of Balance sheet as at 31st March

(Amount in Rupees)

	2017	2016
2.2.1 The Board of Directors has proposed an equity dividend of Rs. 35/- (PY Rs.35/-) per share for the financial year ending 31.03.2017 at their meeting held on 26th May 2017, which is subject to approval by the share holders in the ensuing Annual General Meeting.		
2.2.2 In accordance with the revised Accounting Standards-4 Contingencies and Events occurring after Balance sheet date, proposed dividend for the year and corporate dividend tax there on has not been recognised as a distribution of profit in the current year's accounts.		
2.3 Long-term borrowings		
Secured		
Term Loans from Bank	-	2,51,990
	<u>-</u>	<u>2,51,990</u>
2.3.1. The term loan of Rs. Nil (Rs.8,65,274/-) including current maturities and interest of Rs 2,51,951 (Rs.6,13,284) are secured by hypothecation of Vacuum Insulated Transport Tanker (VITT)		
2.3.2 Principal amount of Loan to be repaid completely by September 2017 in Equal monthly instalments of Rs.56,500/-each commencing from March 2011.		
2.3.3 Current maturities of Long term borrowings are disclosed under other current liabilities in Note No.2.9		
2.4 Deferred Tax Liabilities-(net)		
A. Deferred Tax Liability		
-On excess of net book value over Income tax written down value of fixed assets	1,22,51,200	1,38,63,000
B. Deferred Tax Assets		
- On Provisions	(15,51,400)	(24,83,000)
- On other disallowances	(29,13,200)	(13,75,000)
Deferred Tax Liabilities (Net)	(A-B)	77,86,600
	<u>77,86,600</u>	<u>1,00,25,000</u>
2.5 Other Long Term Liabilities		
Deposits against gas cylinders	4,17,88,908	3,76,02,708
	<u>4,17,88,908</u>	<u>3,76,02,708</u>

THE SOUTHERN GAS LIMITED

2 Notes forming part of Balance sheet as at 31st March

(Amount in Rupees)

2.6 Long-term Provisions

Particulars	2017	2016
Provision for Employee benefits (see Note 2.6.1)		
- Leave Encashment	16,87,663	14,96,680
- Gratuity	-	-
Total	16,87,663	14,96,680

Note 2.6.1:

Disclosures required under Accounting Standard 15 - "Employee Benefits"

A) Defined Contribution Plans

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

Particulars	2017	2016
Employer's contribution to Provident Fund	23,98,047	22,53,118
Employer's contribution to Employee's State Insurance	6,50,478	4,69,233

B) Defined Benefit Plans - Gratuity (Funded)

C) Long term Employee Benefits - Compensated absences Unfunded obligation

i	Actuarial Assumptions	Gratuity		Compensated Absences	
		2017	2016	2017	2016
	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%	-	-
	Mortality rate	Indian Assured Lives Mortality [1994-96] Ultimate		Indian Assured Lives Mortality [1994-96] Ultimate	
	Attrition rate	1.00%	1.00%	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		Compensated Absences	
		2017	2016	2017	2016
	-Present value of obligation at beginning of the year	95,86,863	86,79,001	16,15,839	14,79,134
	-Current Service Cost	7,30,347	6,89,628	6,90,253	6,44,462
	-Interest Cost	7,98,163	7,21,905	1,56,877	1,44,110
	-Actuarial (gain)/ loss	9,68,039	88,149	(17,788)	(1,90,716)
	-Benefits Paid	(13,43,217)	(5,91,820)	(6,21,920)	(4,61,171)
	Present value of obligation at the end of the year	1,07,38,195	95,86,863	18,23,251	16,15,839

THE SOUTHERN GAS LIMITED

2 Notes forming part of Balance sheet as at 31st March

(Amount in Rupees)

III	Reconciliation of fair value of plan assets- Gratuity	2017	2016
	Fair value of plan assets at the beginning of the year	88,25,637	78,38,638
	-Expected return on plan assets	7,06,050	6,27,091
	-Actuarial (gain)/loss	20,310	42,517
	-Contributions to the fund	7,15,729	9,09,211
	Benefits paid from the fund	(13,43,217)	(5,91,820)
	Fair value of plan assets at the end of the year	89,24,509	88,25,637

iv	Description of Plan Assets	2017	2016
	Insurer managed funds	89,24,509	88,25,637

v	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Gratuity				
		2017	2016	2015	2014	2013
	Present value of obligations at the end of the year	1,07,38,195	95,86,863	86,79,001	85,69,752	75,70,088
	Fair value of plan assets at end of the year	89,24,509	88,25,637	78,38,638	66,10,471	70,25,032
	Funded Status	(18,13,686)	(7,61,226)	(8,40,363)	(19,59,281)	(5,45,056)
	Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet	18,13,686	7,61,226	8,40,363	19,59,281	5,45,056

vi	Expenses recognised in the profit and loss statement	Gratuity		Compensated Absences	
		2017	2016	2017	2016
	Current Service Cost	7,30,347	6,89,628	6,90,253	6,44,482
	Interest Cost	7,96,163	7,21,905	1,56,877	1,44,110
	Actuarial (gain) / loss recognised in the period	9,47,729	45,632	(17,788)	(1,90,716)
	Expected return on plan assets	(7,06,050)	(6,27,091)	-	-
	Total expenses recognised in the profit and loss statement for the year	17,68,189	8,30,074	8,29,342	5,97,876

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

THE SOUTHERN GAS LIMITED

2 Notes forming part of Balance sheet as at 31st March

(Amount in Rupees)

	2017	2016
2.7 Short-term borrowings		
Working capital loan from Bank - Secured		
-Corporation Bank (See note 2.7.1)	23,02,152	-
2.7.1 (Secured by hypothecation of raw materials, semi finished goods, finished goods, stores & spares and book debts)		
	23,02,152	-
2.8 Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,07,88,251	1,24,84,496
	1,07,88,251	1,24,84,496
Note:		
The Company has taken steps to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development (MSMED) 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		
Current maturities of long term borrowings [See Note 2.3]	2,51,951	6,13,284
Unclaimed Dividend *	77,330	69,060
Deposits	87,000	71,000
Other payables		
-Statutory Dues	19,84,147	15,90,677
-Payable to Employees	55,18,546	50,95,018
-Advance from Customers	14,87,315	11,74,646
	93,86,290	86,13,685
* No amount is due for payment to Investor Education and Protection Fund.		
2.10 Short-term Provisions		
a) Provision for employee benefits [See Note 2.6.1]		
- Gratuity	18,13,686	7,61,226
- Leave encashment	1,35,598	1,19,159
b) Others:		
-Proposed Dividend	-	7,87,500
-Corporate Dividend Tax	-	1,61,235
	19,49,284	18,29,120

THE SOUTHERN GAS LIMITED

Notes forming part of Balance sheet as at 31st March

2.11 Fixed Assets

Description	Gross Block (At Cost)				Depreciation/ impairment		Net Block	
	As at 01.04.2016	Additions During the year	Adjustments/ Deductions during the year	As at 31.03.2017	As at 01.04.2016	For the year	As at 31.03.2017	As at 31.03.2016
A) Tangible Assets (Plant, Property and Equipment)								
Freehold Land and Improvements	1,08,75,060 (1,08,75,080)	-	-	1,08,75,060 (1,08,75,080)	-	-	1,08,75,060 (1,08,75,080)	1,08,75,060 (1,08,75,080)
Leasehold Lands	11,94,903 (11,94,903)	-	-	11,94,903 (11,94,903)	1,38,902 (1,74,506)	14,398 (14,398)	9,91,805 (10,06,001)	10,06,001 (10,20,397)
Buildings	2,83,79,828 (2,10,42,707)	9,40,613 (73,38,921)	-	2,93,20,241 (2,83,79,828)	84,20,343 (78,41,228)	7,43,465 (7,78,115)	2,01,56,432 (1,99,56,288)	1,98,59,286 (1,34,01,480)
Plant & Machinery (including cylinders)	24,43,99,579 (23,23,07,910)	73,83,285 (1,22,52,985)	6,29,175 (1,51,316)	25,11,63,670 (24,43,99,579)	19,07,28,632 (17,88,88,912)	2,95,148 (1,27,932)	20,23,79,886 (19,07,28,632)	4,87,73,983 (5,36,70,947)
Vacuum insulated Transport Tanker	1,20,39,777 (1,20,39,777)	-	-	1,20,39,777 (1,20,39,777)	1,05,16,180 (89,72,039)	5,44,141 (5,44,141)	1,10,80,322 (1,05,16,180)	9,79,455 (15,23,598)
Electrical Fittings	15,57,671 (14,89,471)	-	-	15,57,671 (15,57,671)	12,15,780 (11,48,968)	68,257 (65,813)	12,85,037 (12,15,780)	2,72,634 (3,41,891)
Furniture & Fixtures	66,96,814 (66,44,716)	1,29,715 (52,038)	-	68,26,529 (66,96,814)	36,68,196 (30,31,655)	6,29,731 (6,34,542)	42,96,927 (36,66,196)	25,30,602 (30,30,618)
Motor Cars & Vehicles	1,91,47,927 (1,85,01,423)	-	4,12,935	1,87,34,992 (1,91,47,927)	1,24,18,619 (1,01,28,952)	21,05,014 (22,92,667)	1,41,11,699 (1,24,19,619)	46,23,293 (67,28,308)
Office Equipments	74,18,969 (69,71,303)	3,50,752 (4,47,665)	-	77,69,721 (74,18,969)	65,52,327 (62,08,450)	3,50,112 (3,42,876)	68,02,439 (65,52,327)	8,67,282 (8,66,642)
Sub Total (A)	33,17,10,328 (31,10,67,270)	88,04,346 (2,08,04,374)	10,42,110 (1,81,316)	33,94,72,665 (33,17,10,328)	23,37,07,979 (21,71,94,708)	7,08,083 (1,27,932)	24,94,02,216 (23,37,07,979)	9,09,70,347 (9,80,02,348)
B) Intangible Assets	-	-	-	-	-	-	-	-
Sub Total (B)	-	-	-	-	-	-	-	-
C) Capital Work in progress								
Capital work in progress	-	-	-	-	-	-	-	-
Sub Total(C)	(4,11,904)	(1,71,260)	(5,83,164)	-	-	-	-	(4,11,904)
Total(A) + (B) + (C)	33,17,10,328	88,04,346	10,42,110	33,94,72,665	23,37,07,979	7,08,083	24,94,02,216	9,09,70,347
Previous Year	(31,14,78,174)	(2,08,78,634)	(7,44,480)	(33,17,10,328)	(21,71,94,708)	(1,27,932)	(23,37,07,979)	(9,80,02,348)

Note:

1) Figures in the brackets represents previous year figures

THE SOUTHERN GAS LIMITED
2 Notes forming part of Balance sheet as at 31st March

	<i>(Amount in Rupees)</i>	
	2017	2016
2.12 Long Term Loans and Advances (Unsecured, Considered Good)		
Security Deposits #	1,12,34,886	1,06,64,188
Capital Advances	8,05,820	-
Prepaid expenses	3,90,065	3,52,507
	1,24,30,571	1,10,16,695
# Includes Rs.20 Lakhs (PY Rs. 20 Lakhs) due from Directors.		
2.13 Non- Current Investments		
Non-Trade (Unquoted):-		
National Savings Certificate	10,000	10,000
	10,000	10,000
2.14 Inventories		
a) Raw materials	45,16,289	34,20,273
b) Finished/Purchased goods	26,24,287	16,38,185
c) Stores & Spares	40,05,358	39,09,133
d) Sundry Materials	95,817	97,365
	1,12,41,551	90,64,956
2.14.1 Method of valuation of Inventories - Refer Note 1(xd) In Significant Accounting policies		
2.15 Trade Receivables		
i) Outstanding for a period exceeding six months from the date they are due for payment		
- Unsecured, Considered Good	-	-
- Unsecured, Considered Doubtful	48,54,100	41,58,665
less: Provision for doubtful debts	(48,54,100)	(41,58,665)
	-	-
ii) Other Receivables		
Unsecured, Considered Good	4,73,13,370	5,16,80,860
	4,73,13,370	5,16,80,860
2.16 Cash and Cash Equivalents		
i) Balances with Banks		
In Current Accounts (Refer Note 2.16.1)	1,24,79,839	88,39,207
In Deposit Accounts (Refer Note 2.16.2)	4,46,83,023	3,29,70,267
ii) Cash On Hand (Refer Note 2.29)	2,49,290	2,27,492
iii) Remittances	3,50,000	15,00,000
iv) Unclaimed Dividend	77,330	69,060
	5,78,19,483	4,36,06,027
2.16.1 Includes Rs.15.57 Lakhs (PY Rs. 29.31 Lakhs) representing debit balance in Cash Credit Account.		
2.16.2 Includes Rs. 48.72 Lakhs (Rs. 53.18 Lakhs) pledged with the bank for bank guarantee		
2.17 Short Term Loans and Advances (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	36,39,009	12,98,918
Balances with Central Excise and Cenvat receivable	12,34,627	16,80,425
Advance Income Tax	24,73,007	4,84,179
(Net of Provision for Taxes C.Y Rs.45.90 lakhs (P.Y Rs.58.12 lakhs)		
	73,46,642	34,61,522
2.18 Other Current Assets		
Interest receivable	3,45,148	3,77,866
	3,45,148	3,77,866

THE SOUTHERN GAS LIMITED

2 Notes forming part of Profit and Loss Account for the year ended 31st March

(Amount in Rupees)

	2017	2016
2.19 Revenue From Operations		
Sale of Products		
Gross Sales	28,17,91,680	26,23,29,961
Other operating Revenue		
Cylinder handling and maintenance charges	1,05,97,585	1,11,66,429
Freight charges recovery	1,06,80,332	99,10,593
Penalty for delayed return of cylinders	48,00,609	46,83,235
	30,78,50,207	28,80,90,218
Less: Excise Duty	1,41,47,934	1,33,09,435
Total	29,37,02,273	27,47,80,783
2.19.1 Details of Sale of Products		
Finished goods		
Oxygen	5,64,32,208	5,28,57,396
Dissolved Acetylene	3,64,79,519	3,30,72,710
Liquid Nitrogen	26,09,592	31,83,211
Nitrogen	1,16,53,432	92,62,022
Liquid Oxygen	1,28,40,977	1,09,29,259
Medical Oxygen	6,91,79,962	6,31,11,813
Compressed Air	3,32,365	4,07,662
Carbon Dioxide	34,05,976	31,81,828
Argon	1,99,05,312	1,76,16,063
Nitrous Oxide	4,71,82,178	4,87,11,110
Other Items	19,75,528	13,17,721
Hydrogen	17,45,492	19,80,376
ACM	31,46,003	35,96,174
ANM	53,839	1,98,300
AHM	11,61,564	14,00,451
Freon gas	3,29,800	1,94,600
Total	26,76,43,747	24,90,20,526
2.20 Other Income		
Interest -TDS Rs.2,91,271/- (PY Rs.2,78,509/-)	32,37,905	26,13,087
Gain on Foreign Exchange Fluctuation (net)	98,009	43,678
Profit on sale of fixed assets (net)	5,24,475	3,93,280
Miscellaneous Income	-	65,838
Total	38,60,390	31,15,883
2.21 Cost of Materials consumed		
Opening Stock	34,20,274	27,13,043
Purchases	9,91,44,422	8,44,21,647
	10,25,64,695	8,71,34,689
Less: Closing Stock	45,16,289	34,20,274
Cost of Materials consumed	9,80,48,406	8,37,14,416
2.21.1 Details of major raw material and components consumed		
Liquid Oxygen	4,26,51,784	3,16,71,470
Calcium Carbide	2,01,73,552	1,75,91,111
Ammonium Nitrate	2,74,92,122	2,70,65,762
Argon	75,14,772	71,44,753
Others	2,16,176	2,41,320
	9,80,48,406	8,37,14,416

THE SOUTHERN GAS LIMITED

2 Notes forming part of Profit and Loss Account for the year ended 31st March

(Amount in Rupees)

	2017	2016
2.22 Purchase of Traded goods		
Oxygen	7,19,452	5,78,303
Liquid oxygen	45,20,289	36,76,935
Dissolved Acetylene	84,77,103	64,79,335
Helium	4,54,915	7,03,160
Nitrogen & Dry Nitrogen	16,10,766	2,46,654
Nitrous Oxide	58,00,063	53,43,318
Medical Oxygen	8,75,747	9,59,606
Argon	20,31,138	22,52,898
Carbon Di-Oxide	15,78,560	13,67,657
Hydrogen	8,37,227	8,74,380
Freon gas	1,05,622	2,36,115
ACM/AHM	1,51,495	2,19,425
Compressed Air/cylinder	6,07,326	2,29,750
	2,77,69,903	2,51,67,336
2.23 (Increase)/Decrease in Inventories of finished goods, work in progress and stock in trade		
Opening Stock	16,38,185	14,64,208
Transfer to Fixed Assets	-	19,635
	16,38,185	14,44,573
Closing Stock of finished goods	26,24,287	16,38,185
(Increase)/Decrease	(9,86,103)	(1,93,612)
2.23.1 Detail of Opening Stock of finished goods		
Oxygen	4,63,527	2,43,623
Dissolved Acetylene	3,08,175	3,59,655
Nitrogen	1,37,557	78,018
Argon	1,29,207	1,34,804
Nitrous Oxide	2,69,113	2,13,950
Others	3,30,607	4,34,158
Total	16,38,185	14,64,208
2.23.2 Detail of Closing Stock of finished goods		
Oxygen	5,84,379	4,63,527
Dissolved Acetylene	6,31,910	3,08,175
Nitrogen	1,43,747	1,37,557
Argon	1,98,193	1,29,207
Nitrous Oxide	6,24,590	2,69,113
Others	4,43,468	3,30,607
Total	26,24,287	16,38,185
2.24 Employee Benefits Expense		
Salaries & Wages	4,49,89,121	4,12,66,180
Contributions to Provident and other funds	48,63,718	36,00,252
Workmen and Staff Welfare Expenses	32,81,406	27,55,087
	5,31,34,245	4,76,21,519
2.25 Finance Cost		
Interest expense	2,25,665	3,96,650
	2,25,665	3,96,650

THE SOUTHERN GAS LIMITED

2 Notes forming part of Profit and Loss Account for the year ended 31st March

(Amount in Rupees)

	2017	2016
2.26 Other Expenses		
Power, Fuel & Water	3,85,41,629	4,08,88,160
Consumption of Stores, Spares & Consumables	49,54,551	41,00,402
Rent	27,60,419	27,11,375
Repairs and Maintenance		
a) Buildings	15,51,098	8,28,067
b) Plant & Machinery	53,18,259	33,41,291
c) Others	14,69,728	13,19,085
d) Vehicles (including vehicle running expenses)	1,62,29,224	1,38,11,191
Insurance	5,82,940	7,02,439
Rates & Taxes	29,70,807	29,63,987
Traveling Expenses	34,60,025	37,15,594
Donations	3,31,605	2,02,862
Printing, Stationery, Postage & Telephone	20,40,270	20,59,232
Auditors Remuneration- (see note below)	10,83,007	9,14,148
Advertisement	2,80,376	3,37,366
Legal & Other Professional charges	15,86,303	16,17,902
Security Charges	38,25,207	35,47,486
Bank charges	4,04,600	3,02,399
Directors' sitting fees	81,000	69,000
Freight & Carriage (Net)	26,32,498	20,94,984
Provision for Doubtful debts	6,95,435	6,02,341
Bad debts written off	8,92,437	-
Miscellaneous expenses	29,53,843	28,16,498
	9,46,45,260	8,89,45,789

Note 2.26.1

Auditor's Remuneration:-

a. Statutory Audit fees	4,10,721	4,10,721
b. Tax matters - (including tax audit)	1,56,215	1,56,215
c. For Reimbursement of Expenses	5,16,071	3,47,212
	10,83,007	9,14,148

THE SOUTHERN GAS LIMITED

2 Notes forming part of financial statements as at 31st March

(Amount in Rupees)

	2017	2016
2.27 Earnings per share		
Net Profit for the year after taxation	58,71,386	1,02,85,888
Weighted average number of Equity shares of Rs.100 each	22,500	22,000
Earnings per Share (Basic & Diluted)	265.39	468.28

2.28 In the opinion of the Directors

a) 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.

b) All known liabilities other than contingent liabilities are provided for.

c) The company has an internal control system which is adequate considering the size and operation of the company. The operations and activities of the company is supervised by the directors and senior management on a day-to-day basis. The constitutions of the company are involved in the approval and processing of payments and also in the year-end financial reporting process.

In view of the above, we have implemented an information systems consisting of off-the-shelf packaged software which are extensively used with very high level of acceptance in the industry without much customization and modification. The identification of risks and controls is not a separate evaluation but an integral part of the processes and procedures followed by the company which includes internal audit being carried out by an external professional firm on a periodical basis.

The operation of the above controls are constantly monitored by the senior management including directors and these were found to be effectively operating during the year end and at the year end.

2.28 Details of Specified Bank Notes (SBN) held and transacted during the period 08.11.2016 to 30.12.2016

Particulars	SBN	Other Denomination total	Total
Closing cash balance as on 08.11.2016	2,13,600	58,697	2,72,297
(+) Permitted receipts	-	51,40,434	51,40,434
(-) Permitted payments	-	28,17,428	28,17,428
(-) Amount Deposited in Banks	2,13,600	20,43,556	22,57,156
Closing cash in hand as on 30.12.2016	-	3,38,018	3,38,018

2.30 The details of provisions and contingent liabilities are as under (Disclosed in terms of Accounting Standard- 28 on Provisions, Contingent liabilities & Contingent Assets notified by the Company (Accounting) Rules, 2016)

2.30.1 Provisions:

Nature of Provisions	Balance as at 01.04.16	Additions	Amount used	Amount unused	Balance as at 31.03.17

-----Nil-----

2.30.2 Contingent liabilities not provided for:

Particulars	2017	2016
(1) Claims against the Company not acknowledged as debts:		
a. Income Tax (See Note 2.30.2(i))	1,19,210	-
b. Service Tax	-	9,00,284
c. Accident Claim (See Note 2.30.2(ii))	5,00,000	5,00,000
(2) Guarantees issued by the bank on behalf of the Company	77,67,631	80,08,546

2.30.2(i) The Income Tax department has issued an order for the AY 2014-15 under section 143 (2) by disallowing additional depreciation claimed under sec 32(1)(ia) of the Income Tax Act, 1961. The company has filed an appeal before the Commissioner of Income Tax, Kochi. In the opinion of the management, no provision is considered necessary for the same at this stage.

2.30.2(ii) A compensation claim for an amount of Rs. 5 Lakhs was filed by an accident victim up to 140 of the Motor Vehicle Act, 1988 before The Motor Accident Claims Tribunal in the year of 2013-14. The company being a co-respondent in this case, along with KICIL Lombard General Insurance Company Limited (Vehicle third party insurance provider), has disputed before the appellate authorities, which is pending before the authorities. The company had been legally advised that the petitions issued against them are not sustainable, and hence no provision is considered at this stage.

2.31 Estimated amount of contracts remaining to be executed on capital account- Rs. Nil (FY Rs. Nil)

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

Managing Director:		
Salary & Allowances	38,00,000	30,00,000
Contribution to PF	21,600	21,600
Total Remuneration	38,21,600	30,21,600

THE SOUTHERN GAS LIMITED

2 Notes forming part of financial statements as at 31st March

(Amount in Rupees)

2.33 Disclosure of transactions with related parties as required by Accounting Standard – 18 on related party disclosures as prescribed by Companies (Accounting Standards) Rules, 2016.

A. Related parties and nature of relationship

i Key Management Personnel

1. Gautam V. Pai Kakode	- Managing Director
2. Yogita G Pai Kakode	- Director
3. Shashikanth. R Devaramani	- Chief Financial Officer w.e.f. 10.02.2017
4. Aniket A. Karmali	- Whole time Company Secretary w.e.f. 27.03.2017

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

1. Foods & Beverages (India) Pvt.Ltd	-Enterprises where significant influence exists
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	
	2017	2016	2017	2016	2017	2016
Purchase of goods						
Malabar Oxygen Company(P) Ltd	-	-	-	-	4,66,822	75,31,852
Bangalore Oxygen Company(P) Ltd	-	-	-	-	69,38,050	10,69,528
Sale of goods						
Malabar Oxygen Company(P) Ltd	-	-	-	-	54,33,927	62,23,736
Bangalore Oxygen Company(P) Ltd	-	-	-	-	-	39,169
Payment of Freight/other expenses	-	-	-	-	2,78,884	72,460
Purchase of Fixed Assets	-	52,52,505	-	-	-	7,59,600
Penalty Charges for delayed return of Cylinders	-	-	-	-	2,97,756	3,06,881
Receipt of Freight/other receipts	-	-	-	-	4,34,431	19,13,008
Remuneration						
i) Director	39,21,600	30,21,600				
ii) CFO	85,505	-				
iii) Whole time CS	3,448	-				
Payment of rent						
Directors	19,38,000	19,32,000				
Donation	-	-	-	-	2,50,000	1,50,000

C. Outstanding balance as on 31.3.2017

	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where significant influence exists	
	2017	2016	2017	2016	2017	2016
Receivables	Nil	Nil	Nil	Nil	3,35,877	9,67,114
Payables	Nil	Nil	Nil	Nil	1,99,177	8,24,602
Security Deposits	20,00,000	20,00,000	Nil	Nil	Nil	Nil

THE SOUTHERN GAS LIMITED
2 Notes forming part of financial statements as at 31st March
(Amount in Rupees)
2017 2016
2.34 Break-up of Consumption

Particulars	2017		2016	
	%	Amount	%	Amount
Raw Materials				
Imported	15.07%	1,47,73,011	10.13%	84,82,305
Indigenous	84.93%	8,32,75,395	89.87%	7,52,32,111
Total		9,80,48,406		8,37,14,416
Stores & Spares				
Indigenous	100	49,54,551	100	41,00,402

2.35 CIF Value of Imports made during the year

Particulars	Amount	Amount
Raw Materials	1,63,51,379	53,70,455
Components & Spares	-	-
Capital Goods	-	11,14,339

2.36 Expenditure/ Earnings in Foreign Currency

Particulars	Amount	Amount
Expenditure in Foreign Currency	1,64,08,266	54,01,703
Dividends remitted in Foreign Currency	-	-
Earnings in Foreign Currency	-	-

2.37 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 and on behalf of the Board of Directors

For Varma & Varma

Chartered Accountants

FRN No. 004532S

Gautam V. Pai Kakode
Managing Director
DIN :02395512

S.P.Patnekar
Director
DIN:01939882

N.R.Prabhu
Director
DIN:00131108

Yogita G Pal Kakode
Director
DIN :01587954

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

Aniket A. Karmali
Company Secretary
M. No. 47942

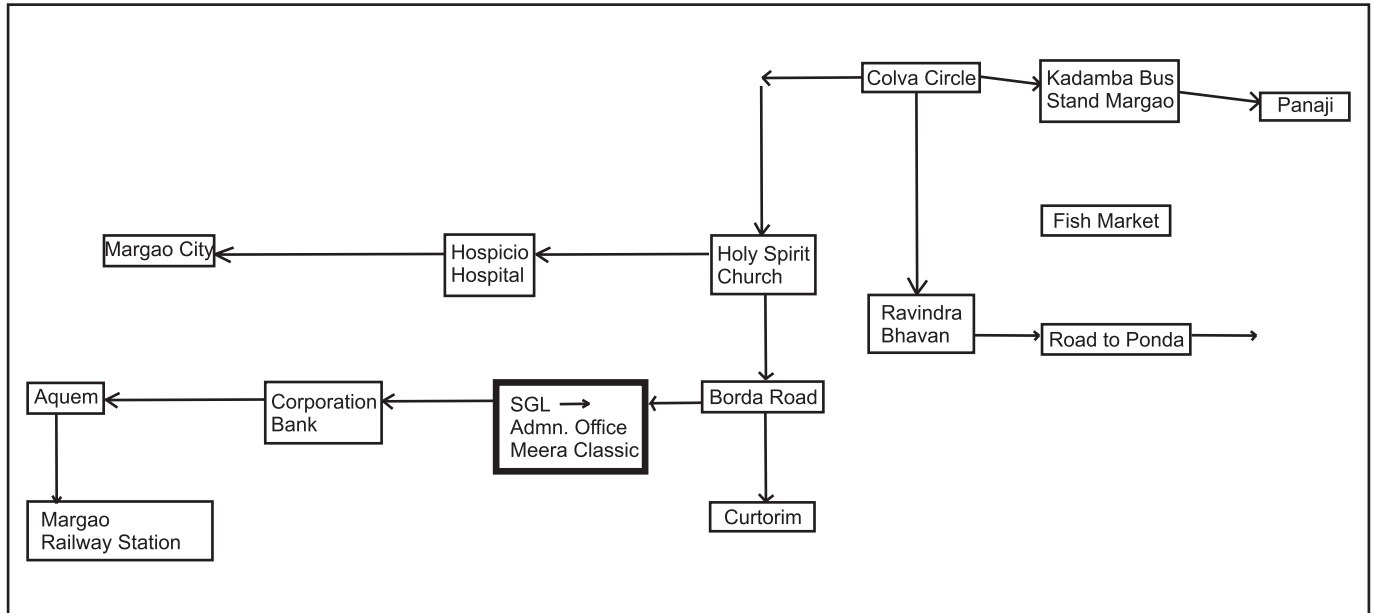
M.S. Keny
Director
DIN :06813111

Place: Margao
Date: 26/05/2017

Place: Margao
Date: 26/05/2017

Shashikanth. R
Devaramani
Chief Financial Officer

MAP OF THE LOCATION OF THE AGM





PROXY FORM <i>[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]</i> THE SOUTHERN GAS LTD CIN: L31200GA1963PLC000562 Registered Office: GovindPoy House, Rua do Padre Miranda, Margao, Goa 403601 Email:sglgoa@southerngasindia.com, Website:www.southerngasindia.com, Phone:0832-2724863/64, Fax:0832-2724865 FIFTY THIRD ANNUAL GENERAL MEETING TUESDAY 26TH SEPTEMBER, 2017 AT 10:30 A.M.		
Name of the member(s):	E-mail Id:	
Registered address:	Folio No/ *Client Id:	
*DP Id:		
<p>I/We, being the member(s) of shares of The Southern Gas limited, hereby appoint:</p> <p>1) _____ of _____ having e-mail id _____ or failing him</p> <p>2) _____ of _____ having e-mail id _____ or failing him</p> <p>3) _____ of _____ having e-mail id _____</p> <p>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 53rd Annual General Meeting of the Company, to be held on Tuesday 26th September, 2017 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:</p> <p>** I wish my above Proxy to vote in the manner as indicated in the box below:</p>		
Resolutions No.		
Ordinary Business		
1	Consider and adopt: Audited Financial Statement, Reports of the Board of Directors and Auditors for the financial year ended 31st March, 2017	
2	Declaration of Dividend	
3	Re-Appointment of Mr. Gautam Pai Kakode as a Director, who retires by rotation and being eligible offers himself for re-appointment.	
4	Appointment of M/s. Lorence & Shankar, Chartered Accountants (Firm Registration No. 112761W), as Statutory Auditors of the Company, in place of the retiring auditors M/s. Varma & Varma, Chartered Accountants and to fix their remuneration.	
Special Business		
5	Special Resolution : Re-Appointment and Payment of Remuneration to Mr. Gautam Pai Kakode, as Managing Director and Key Managerial Personnel of the Company	
<p>* Applicable for investors holding shares in electronic form.</p> <p>Signed this..... day of.....2017</p> <p style="text-align: right;">Affix Rs 1/- Revenue Stamp</p> <p>_____ Signature of shareholder</p> <p>_____ Signature of first proxy holder</p> <p>_____ Signature of second proxy holder</p> <p>_____ Signature of third proxy holder</p> <p>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) 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. (4) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes. (5) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.</p>		



ATTENDANCE SLIP

THE SOUTHERN GAS LTD

CIN: L31200GA1963PLC000562

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

Email:sglgoa@southerngasindia.com, Website: www.southerngasindia.com,

Phone: 0832-2724863/64, Fax: 0832-2724865

FIFTY THIRD ANNUAL GENERAL MEETING

TUESDAY 26th SEPTEMBER, 2017 AT 10:30 A.M.

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.

DPI d*

Folio No:

Client Id*

No of shares:

NAME AND ADDRESS OF THE SHAREHOLDER:

I hereby record my presence at the **53rd Annual General Meeting** of the Company, on Tuesday, 26th September, 2017. at the Administrative Office of the Company at Meera Classic, Phase II, Gogol, Borda, Margao, Goa – 403601.

* Applicable for investors holding shares in electronic form.

Signature of Shareholder / proxy