



THE SOUTHERN GAS LIMITED

DIRECTORS

SHRI MADHAV G. POY RAITURCAR – CHAIRMAN & MANAGING DIRECTOR
SHRI JAYENDRA V. GAITONDE
SHRI LALIT P. MEHTA
SHRI SRIPAD P. PATNEKAR
SHRI RANGANATH N. PRABHU
SHRI DARA M. TAVADIA
SHRI GAUTAM V. PAI CACODE-WHOLE-TIME DIRECTOR

BANKERS

CORPORATION BANK
AXIS BANK LTD

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,
RUA DO PADRE MIRANDA,
MARGAO - 403 601. GOA.

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 Forty Seventh Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Friday, 30th September, 2011 at 10.30 a.m. at the Registered Office of the Company located at Govind Poy House, Rua do Padre Miranda, Margao-403 601, Goa to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Sripad P. Patnekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dara M. Tavadia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 read with Articles 154 and 163 of the Articles of Association of the Company. Mr. M.G.Poy Raiturcar, a Director of the Company be and is hereby re-appointed as Managing Director with effect from 1st October, 2011, for a period of Three years, upon the following terms and conditions as recommended by the resolution passed by the Remuneration Committee of the Board.



1. SALARY:

A consolidated salary of Rs.2,50,000/- (Rupees Two lakhs fifty thousand only) per month, including dearness and all other allowances.

2. PERQUISITES & ALLOWANCES :

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

Company will contribute to Provident, Superannuation and Gratuity funds on account of Mr. M. G. Poy Raiturcar 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. M. G. Poy Raiturcar will be entitled to leave according to Company's Leave Rules applicable to its Managing and Wholetime Director.

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

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 herein as minimum remuneration.

4. The company will enter into an agreement with Mr. M. G. Poy Raiturcar, as the Managing Director which will contain, inter-alia, all terms and conditions of his appointment with a provision that the agreement can be terminated by either party by giving a notice of atleast six months in writing, unless waived by the parties with mutual consent.

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

Director

Dated:12th August,2011



Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that proxy need not be a member of the Company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the scheduled time of the meeting. A blank proxy form is annexed to the annual report.
2. The relevant explanatory statement under Section 173(2) of the Companies Act, 1956, in regard to the special business entered under Item No.6 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 27th September, 2011 to Friday 30th September, 2011 (both days inclusive), to determine the names of members eligible for payment of dividend on equity shares, that may be declared at the meeting.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2004 and thereafter which remains unclaimed for a period of seven years will be transferred by the Company to the Investors Education and Protection Fund established by the Central Government pursuant to section 205C of the Companies Act, 1956. On such transfer no claims shall lie against the Company or the Fund in respect of individual amounts which were unclaimed or unpaid for a period of seven years and transferred to the Fund and no payment shall be made in respect of any such claim. Members who have so far not claimed their dividend for the years 2003-2004 and onwards may therefore do so before the same is transferred to the Investors Education and Protection Fund.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.6

Mr. M.G. Poy Raiturcar, was appointed as Managing Director with effect from 1st October,2008 for a period of three years. The Board of Directors at its meeting held on 27th May,2011, considering the progress achieved by the company during the period of his leadership as Managing Director, it was proposed to reappoint him as the Managing Director of the Company and the subject was referred to the Remuneration Committee.

At the meeting of the Remuneration Committee of the Board, held on 12th August,2011, the remuneration payable to Mr. M.G. Poy Raiturcar was reviewed and a fresh appointment is proposed to be made as Managing Director with effect from 1st October,2011 for a period of three years, with a revision in his remuneration package as set out in the Notice. The remuneration falls under Part II, Section II(B) of Schedule XIII of the Companies Act, 1956 and a special resolution is proposed to be passed for payment of remuneration for a period not exceeding three years. Moreover, the appointee being above 70 years of age (the date of birth being 21.8.1935), the appointment shall also require special resolution under Clause (c) of Part I of Schedule XIII of the said Act.

The Company has not made any defaults in repayment of any of its debts, including public deposits or debentures or interest payable thereon for a continuous period of 30 days thereon during the preceding year.

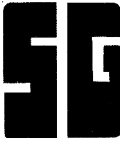
The information required under the said Clause is given hereunder:

1. General Information :

Nature of Industry-The Company is engaged in the manufacturing of Oxygen, Dissolved Acetyline, Nitrogen & Nitrous Oxide Gas and the Company is in operation for the last 46 years. There is no foreign collaboration or export performance.

2. Information about the appointee :

Mr. M.G. Poy Raiturcar has been associated with the Company as Director for the last over 39 years. He has also been in charge of operations of other Companies in the Group. He was appointed as Managing Director with effect from 1st October 2008 and the term expires on 30th September,2011. The remuneration now proposed has



been approved by the remuneration committee and is comparable with the Industry.

3. Other Information:

The Company has made steady progress and has been paying dividend every year for last over 16 years.

4. Disclosures:

A copy of the contract entered into with Mr. M.G. Poy Raiturcar as Managing Director is available for inspection on any working day during office hours at the Registered Office of the company.

Mr. M.G. Poy Raiturcar, Managing Director of the Company and his relative Mr. Gautam Pai Cacode, Wholetime Director may be deemed to be interested in the said resolution. No other Director is concerned or interested in the said resolution.

This may also be treated as disclosure under Section 302 of the Companies Act, 1956.

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

Director

Dated: 12th August, 2011



Your Directors have also decided to consolidate and further expand the market share of your Company. Further performance of all existing depots and units are reviewed from time to time and efforts are on to increase their sales and profitability. Based on market survey conducted with active involvement of and support from Wholetime Director Shri Gautam Pai Cacode, your Directors have decided to go in for further expansion in the days ahead.

DIVIDEND

Your Directors recommend a Dividend at the rate of Rs.30/- per share to those shareholders whose names appear on the Register of Members as on 30th September 2011.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS/OUTGO

Your Company continued to take steps to optimize energy consumption as in previous years. During the year there was no technology absorption. There was also no foreign exchange earning or foreign exchange outgo during the year.

DIRECTORS RESPONSIBILITY STATEMENT

As per the requirement of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- ◆ In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any.
- ◆ The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2010-11 and of the profits of the Company for that period.
- ◆ The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ◆ The Directors have prepared the Annual Accounts on a going concern basis.



SECRETARIAL COMPLIANCE CERTIFICATE UNDER PROVISIO TO SUB SECTION (1) OF SECTION 383A OF THE COMPANIES ACT, 1956.

Your Directors are pleased to annex a copy of the compliance certificate submitted by Mr. I.M.D'Souza a Company Secretary in whole time practice, as per the requirements of the proviso to sub-section (1) of section 383A of the Companies Act, 1956.

DIRECTORS

Shri Sripad P. Patnekar and Dara M Tavadia, Directors of the Company, retire by rotation from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Varma & Varma, Chartered Accountants, Auditors of your Company retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

LISTING FEES

The Company has paid the requisite listing fees to the Bombay Stock Exchange.

EMPLOYEES

The Company's relations with its employees continued to be cordial. Your Directors wish to place on record their appreciation of hard and devoted work put in by all the officers and staff, which has contributed to the overall performance of the company.

None of the employees of the Company were in receipt of remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the provisions of Companies (Particulars of Employees) Rules 1975.

*For and on behalf of the
Board of Directors*

*Margao,
30th May, 2011*

*Madhav G. Poy Raiturcar
Chairman & Managing Director*



COMPLIANCE CERTIFICATE

U/s 383A(1) of the Companies Act, 1956

Registration No. of the Company : L31200 GA1984 PLC 000562 (CIN)

Nominal Capital : Rs.50,00,000/-

To:

The Members

The Southern Gas Limited

Govind Poy House, 1st Floor

Rua do Padre Miranda

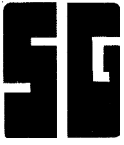
Margao,Goa-403 601.

I have examined the registers, records, books and papers of THE SOUTHERN GAS LIMITED (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March,2011(financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year. :W

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met five times respectively on 28.5.2010, 22.06.2010, 13.8.2010, 10.11.2010, and 10.2.2011 during the financial year ending 31.3.2011, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes Book maintained for the purpose.



5. The Company closed its Register of Members from 27.9.2010 to 30.9.2010 (both days inclusive) to determine the names of the members eligible for payment of dividend on equity shares that may be declared at the Annual General Meeting and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 30th September, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extraordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of the contracts specified in that Section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Board of Directors or duly constituted Committee of Directors has approved issue of duplicate share certificates during the financial year.
13. The Company has -
 - i. Delivered all the certificates or lodgement thereof for transfer/transmission of securities in accordance with the provisions of the Act.
 - ii. Deposited the amount of dividend declared including interim dividend in a separate Bank Account within the period stipulated under the Act.
 - iii. Paid/posted demand drafts/cheques to all the members within 30 days from the date of declaration and that the unclaimed/unpaid dividend has been transferred to the Unpaid Dividend Account with AXIS Bank Limited, Margao, Goa, before the due date.



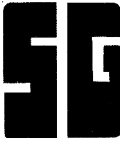
- iv. Transferred the amounts of unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to the Investor Education and Protection Fund.
 - v. Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
 15. The Company has not appointed any Managing Director/Whole-time director/Manager during the financial year.
 - 16 The Company has not appointed any sole selling agents during the financial year.
 - 17 The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act, during the financial year.
 - 18 The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 - 19 The Company has not issued any shares, debentures or other securities during the financial year.
 - 20 The Company has not bought back any shares during the financial year.
 - 21 There was no redemption of preference shares or debentures during the financial year.
 - 22 There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 - 23 The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.



- 24 The amounts borrowed by the Company from the Banks and others during the financial year are within the borrowing limits of resolutions passed by the Company under Section 293 (1) (d) of the Act.
- 25 The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- 26 The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27 The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 28 The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
- 29 The Company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30 The Company has altered para 4 in Article 163 of its articles of association during the financial year.
- 31 There was/were no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
- 32 The Company has not received any money as security from its employees during the financial year.
- 33 The Company has not constituted Provident Fund for its employees and as such Section 418 of the Act is not applicable to the Company

Place: Porvorim,Goa
Date: 27th May,2011

Signature
Name of the Company Secretary: **I.M. D'Souza**
C.P.No. : 2132



ANNEXURE 'A'

Registers as maintained by the Company

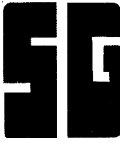
1	Register of Members	u/s 150
2	Copies of Annual Returns	u/s 163
3	Minutes Book of Board Meetings	u/s 193
4	Minutes Book of General Meetings	u/s 193
5	Register of Contracts	u/s 301
6	Register of Directors	u/s 303
7	Register of Directors' Shareholdings	u/s 307
8	Register of Charges	u/s 143
9	Register of Fixed Assets	
10	Register of Share Transfers	



ANNEXURE 'B'

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended 31st March, 2011.

S.No.	Form No./ Return	Filed under section	For	Date of filing
1	23C	233B(2)	Appointment of Cost Auditor made on 24.2.2010 for the year 2010-11	23.04.2010
2	8	125	Registration of charge dated 26.3.2010 for Rs. 50,00,000 with Corporation Bank, Margao	29.04.2010
3	1	233B(4)	Cost Audit Reports in respect of Industrial Gas and Medical Gas Units at Bangalore, Bhadravati, Mysore, Trivandrum and Udyogamandal	28.09.2010
4	1	205A	Unclaimed dividend for the year 2002-2003 transferred to Investor Education and Protection Fund	18.10.2010
5	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31.3.2010	30.10.2010
6	66	383A(1)	Compliance Certificate for the year ended 31.3.2010	30.10.2010
7	20B	159	Annual Return as at the date of AGM as on 30.9.2010	30.10.2010
8	23	192	Registration of Special Resolution passed at the AGM held on 30.9.2010 regarding alteration of Article 163 of the Articles of Association of the company	30.10.2010
9	8	125	Registration of charge dated 6.12.2010 for Rs. 35,00,000 with Corporation Bank, Margao	07.01.2011



AUDITORS' REPORT

The Members,
THE SOUTHERN GAS LIMITED,
Margao.

1. We have audited the attached Balance Sheet of THE SOUTHERN GAS LIMITED, as at 31st March 2011, Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India, in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said Order;

4. Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches;



- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31st March 2011, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant accounting policies and the notes attached thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for VARMA AND VARMA
Chartered Accountants
(FRN : 004532 S)

Place: Kochi 16
Date:30.05.2011

VIVEK KRISHNA GOVIND
PARTNER
Membership No. 208259



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDIT REPORT OF EVEN DATE

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, except for location of gas cylinders in movement.

(b) We are informed that most of the fixed assets of the company have been physically verified by the management during the year, except for gas cylinders with customers, the frequency of which, in our opinion is reasonable having regard to the size of the company and the nature of assets and that no material discrepancies have been noticed on such verification.

(c) The Company has not disposed off substantial part of fixed assets during the year.

2. (a) We are informed that the stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at the year-end, the frequency of which, in our opinion is reasonable, having regard to the size of the company and the nature of its business.

(b) In our opinion and according to the explanations given to us, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

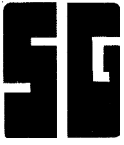
(c) The Company is maintaining proper records of inventory and as informed to us, no material discrepancies have been noticed on such verification.

3. (a) There are certain amounts due from concerns listed in the register maintained under Section 301 of the Companies Act, 1956, in the course of business. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.



- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties requiring to be entered in the register in terms of Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
 5. (a) According to the information and explanations given to us, the contract or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions during the year made in pursuance of contracts or arrangements with parties referred to in (a) above have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 6. The Company has not accepted deposits from the public and hence, the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable.
 7. In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business.
 8. According to the information and explanations given to us, we are of the opinion that, prima facie, the company has made and maintained Cost records pursuant to the Order issued by the Central Government under Section 209(1)(d) of the Companies Act, 1956, in respect of the products manufactured by the Company. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.



9. (a) According to the information and explanations given to us and as per our verification of the records of the company, except for minor delays in remittance of Service tax and ESI in certain Branches, the Company has been generally regular in depositing undisputed statutory dues with the appropriate authorities during the year. There are no arrears of undisputed statutory dues outstanding for a period of more than six months from the date on which they became payable.
- (b) According to the information and explanations given to us and as per verification of the records of the company, disputed amounts of taxes that have not been deposited with the authorities as at 31st March 2011 are given below:

Name of the statute	Nature of dues	Amount(Rs.)	Forum where dispute is pending	Period to which amount relates
Income Tax Act	Income Tax dues	9,40,660	Commissioner (Appeals)	Assessment Year 2007-08

10. The company has no accumulated losses at the end of the financial year. The company has not incurred any cash losses during the year or in the immediately preceding financial year.
11. According to the information and explanations given to us and as per our verification of the records of the Company, the company has not defaulted in repayment of dues to the banks. There are no loans from financial institutions / amounts raised by issue of debentures.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Since the Company is not a chit fund/nidhi/mutual benefit fund/society, the relative reporting requirements are not applicable.
14. Since the company is not dealing or trading in shares, securities, debentures or other investments, the relative reporting requirements are not applicable.



15. According to the information and explanations given to us and as per our verification of the records of the company, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and an overall examination of the financial statements, we report that no funds raised on short-term basis have been used for long-term investment by the company.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issues during the year.
21. According to the information and explanations given to us and the records of the company examined by us, no fraud either on or by the company, has been noticed or reported during the year.

for VARMA AND VARMA
Chartered Accountants
(FRN : 004532 S)

Place: Kochi 16
Date:30.05.2011

VIVEK KRISHNA GOVIND
PARTNER
Membership No. 208259



THE SOUTHERN GAS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2011

(In Rupees)

	Sch No.	As at 31st March, 2011	As at 31st March, 2010
I. SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Share Capital	1	2,250,000	2,250,000
b) Reserves & Surplus	2	108,925,714	101,598,218
		111,175,714	103,848,218
2. Loan Funds:			
a) Secured Loans	3	8,899,156	10,223,323
3. Deferred Tax Liability (Net)		19,353,000	15,525,000
TOTAL		139,427,870	129,596,541
II. APPLICATIONS OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	4	270,706,818	244,176,575
b) Less: Depreciation		151,411,248	133,683,000
c) Net Block		119,295,570	110,493,575
d) Capital Work In Progress		-	181,305
		119,295,570	110,674,880
2. Investments	5	20,200	2,020,200
3. Current Assets, Loans and Advances	6		
a) Inventories		7,995,519	7,487,290
b) Sundry Debtors		28,763,686	22,780,562
c) Cash & Bank Balances		17,152,140	20,890,434
d) Other Current Assets		225,148	232,056
e) Loans & Advances		10,126,311	10,146,882
		64,262,803	61,537,224
Less: Current Liabilities & Provisions	7		
a) Current Liabilities		42,469,630	43,042,901
b) Provisions		1,681,073	1,592,862
		44,150,703	44,635,763
Net Current Assets		20,112,100	16,901,461
TOTAL		139,427,870	129,596,541
Significant Accounting Policies and Notes to Accounts	14		

Schedules 1 to 7 and 14 form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For Varma & Varma
Chartered Accountants
(FRN:004532 S)

For and on behalf of the Board of Directors of
The Southern Gas Limited.

Vivek Krishna Govind
Partner
Membership No. 208259
Kochi-16
30.05.2011

M.G.Poy Raiturcar
J.V.Gaitonde
S.P.Patnekar
N.R.Prabhu
D.M.Tavadia
G.V.Pai Cacode
Directors

Margao
27th May, 2011



THE SOUTHERN GAS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST, MARCH, 2011
(In Rupees)

	Sch No.	For the year ended 31st March, 2011	For the year ended 31st March, 2010
A. INCOME:			
Sales (Gross)		200,387,783	161,156,170
Less: Excise Duty		8,726,829	5,379,012
Sales (Net)		191,660,954	155,777,158
Other Income	8	8,534,574	6,377,065
Stock Differential	9	767,794	102,803
		200,963,322	162,257,026
B. EXPENDITURE:			
Purchases (Gases)		7,761,755	6,640,389
Raw Materials & Stores Consumed	10	61,294,892	40,125,283
Payments and provisions for employees	11	36,010,891	33,066,679
Manufacturing, Selling, Administration & Other expenses	12	61,034,060	51,617,392
		166,101,598	131,449,743
Profit Before Interest, Depreciation and Taxation		34,861,724	30,807,283
Less: Interest on Term Loan		916,608	355,857
Less: Interest on others		117,221	222,080
Profit Before Depreciation		33,827,895	30,229,346
Less: Depreciation		18,900,550	14,765,210
Profit After Depreciation		14,927,345	15,464,136
Less: Provision for Taxes			
Income Tax		2,975,100	4,464,900
- Current Tax			
- Deferred Tax		3,828,000	641,000
- Wealth Tax		9,640	-
Net Profit for the year		8,114,605	10,358,236
Add: Surplus carried forward from last year		87,525,630	79,954,502
Available Profit for appropriation		95,640,235	90,312,738
Less:			
- Transfer to General Reserve		2,000,000	2,000,000
- Proposed Dividend		675,000	675,000
- Corporate Dividend Tax		112,109	112,109
Balance Carried to Balance Sheet		92,853,126	87,525,629
Earnings Per Share (Basic and Diluted)	13	360.65	460.37
Significant Accounting Policies and Notes to Accounts	14		

Schedules 8 to 14 form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our report of even date.

For Varma & Varma
Chartered Accountants
(FRN:004532 S)

Vivek Krishna Govind
Partner
Membership No. 208259
Kochi-16
30.05.2011

For and on behalf of the Board of Directors of
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Directors

Margao
27th May, 2011



THE SOUTHERN GAS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

	For the Year Ended 31st March 2011	For the Year Ended 31st March 2010
A CASH FLOW FROM OPERATING ACTIVITIES:		
I Net Profit / (Loss) before Tax	33,827,895	30,229,346
<i>Adjustments for :</i>		
Interest Income	(709,277)	(1,009,486)
Interest expense	1,033,829	577,937
Provision for Doubtful Debts	-	757,699
Provision for Doubtful Debts No Longer Required Written Back	(532,091)	
Bad debts written off	291,574	129,532
Profit on Sale of Assets	(2,212,273)	(1,015,543)
II Operating profit before working capital changes	31,699,656	29,669,485
<i>Adjustments for working capital changes:</i>		
(Increase) / Decrease in Trade Receivables	(5,914,005)	(4,471,293)
(Increase)/ Decrease in Inventories	(508,229)	52,598
Increase/ (Decrease) in Trade Payables	(473,721)	2,509,320
III Net Cash generated from Operations	24,803,701	27,760,110
Direct taxes (paid) / refund	(2,792,770)	(4,900,000)
IV Net Cash from/(used) in Operating Activities	22,010,931	22,860,110
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(27,546,220)	(28,855,995)
Sale of Fixed assets	2,237,254	1,541,049
Sale of Investments	2,000,000	3,000
Interest received	716,185	1,145,619
Net cash from/(used) in Investing Activities	(22,592,781)	(26,166,327)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	(1,324,167)	3,711,716
Interest paid	(1,055,158)	(602,024)
Dividends and Corporate Dividend Tax paid	(777,119)	(779,606)
Net cash from/(used) in Financing activities	(3,156,444)	2,330,086
Summary		
Net cash from/(used) in Operating Activities	22,010,931	22,860,110
Net cash from/(used) in Investing Activity	(22,592,781)	(26,166,327)
Net cash from/(used) in Financing activities	(3,156,444)	2,330,086
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS	(3,738,294)	(976,131)
Cash & cash equivalents at the beginning of the year	20,890,434	21,866,564
Cash & cash equivalents at the end of the year	17,152,140	20,890,434
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS	(3,738,294)	(976,130)

Note: Cash and cash equivalents at the end of the year includes Rs.21.92 lakhs (Rs.18.47 lakhs) under lien and Rs.0.75 lakhs (0.72 lakhs) deposited in unclaimed dividend account which are not available for use as on the Balancesheet date.

This is the Cash flow Statement referred to in our report of even date

For Varma & Varma
Chartered Accountants
(FRN:004532 S)

For and on behalf of the Board of Directors of
The Southern Gas Limited.

Vivek Krishna Govind
Partner
Membership No. 208259
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Margao
27th May, 2011



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET
(In Rupees)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 1		
SHARE CAPITAL		
Authorised Capital:		
30,000(30,000) Equity shares of Rs.100/- each	3,000,000	3,000,000
20,000(20,000) Unclassified shares of Rs.100/- each	2,000,000	2,000,000
	5,000,000	5,000,000
Issued, Subscribed & Paid up:		
22,500 (22,500) Equity shares of Rs.100/- each	2,250,000	2,250,000
SCHEDULE - 2		
RESERVES & SURPLUS		
General Reserve - as per last Balance Sheet	14,072,589	12,072,589
	14,072,589	12,072,589
Add: Transfer from Profit & Loss Account	2,000,000	2,000,000
	16,072,589	14,072,589
Surplus in Profit & Loss Account	92,853,126	87,525,629
	108,925,714	101,598,218
SCHEDULE - 3		
SECURED LOANS		
From Banks		
a) Term Loan		
(Secured by hypothecation of Vaccum Insulated Transport Tanker (VITT))	3,028,439	--
b) Term Loan		
Secured by hypothecation of Cylinders	5,660,456	6,961,033
c) Interest accrued & due on Secured Loans		
	-	21,329
d) Cash Credit		
(Secured by hypothecation of raw materials, semi finished goods, finished goods, stores & spares, gas cylinders and book debts) (The loans mentioned in (b) and (d) above are secured collaterally by equitable mortgage of factory land & building and hypothecation of plant & machinery and other fixed/ movable assets of Bangalore unit. Further the above loans are personally guaranteed by a Director of the Company)	210,261	3,240,961
	8,899,156	10,223,323

THE SOUTHERN GAS LIMITED
SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET



SCHEDULE - 4
 FIXED ASSETS

(In Rupees)

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions	Sales/ Adj.	As at 31.03.2011	Up to 01.04.2010	Sales/ Adj.	For the year	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
FREEHOLD LAND AND IMPROVEMENTS	9,223,944 (9,223,944)	-	-	9,223,944 (9,223,944)	-	-	-	-	9,223,944 (9,223,944)	9,223,944 (9,223,944)
LEASEHOLD LAND	1,689,518 (1,689,518)	-	-	1,689,518 (1,689,518)	102,526 (88,130)	-	14,396 (14,396)	116,922 (102,526)	1,572,596 (1,586,992)	1,586,992 (1,601,388)
BUILDINGS	21,351,903 (16,145,696)	13,356 (5,206,207)	-	21,365,259 (21,351,903)	4,783,067 (4,190,085)	-	593,200 (592,982)	5,376,267 (4,783,067)	15,988,992 (16,568,836)	16,568,836 (11,955,611)
PLANT & MACHINERY (Including cylinders)	180,639,654 (163,167,861)	21,598,343 (17,995,735)	1,230,589 (523,942)	201,007,408 (180,639,654)	112,651,524 (101,096,176)	1,171,010 (339,532)	15,426,366 (11,894,880)	126,906,880 (112,651,524)	74,100,529 (67,988,130)	67,988,130 (62,071,685)
VACCUM INSULATED TRANSPORT TANKER	8,058,570 (8,058,570)	3,981,207 -	-	12,039,777 (8,058,570)	6,841,151 (6,152,737)	-	706,919 (688,414)	7,548,070 (6,841,151)	4,491,707 (1,217,419)	1,217,419 (905,833)
ELECTRICAL FITTINGS	1,368,482 (1,009,896)	- (358,586)	-	1,368,482 (1,368,482)	473,807 (426,292)	-	58,870 (47,515)	532,677 (473,807)	835,805 (894,675)	894,675 (583,604)
FURNITURE & FIXTURES	3,847,638 (1,365,780)	209,676 (2,481,858)	-	4,057,314 (3,847,638)	1,186,161 (1,072,833)	-	244,469 (113,328)	1,430,630 (1,186,161)	2,626,684 (2,661,477)	2,661,477 (292,947)
MOTOR CARS & VEHICLES	12,520,338 (7,975,776)	1,593,545 (5,874,039)	- (1,329,477)	14,113,883 (12,520,338)	4,000,218 (3,936,697)	(988,381)	1,440,948 (1,051,902)	5,441,166 (4,000,218)	8,672,717 (8,520,120)	8,520,120 (4,039,079)
OFFICE EQUIPMENTS	5,476,528 (4,628,263)	370,049 (848,265)	5,345 -	5,841,232 (5,476,528)	3,644,545 (3,282,753)	1,291 -	415,383 (361,792)	4,058,638 (3,644,545)	1,782,594 (1,831,983)	1,831,983 (1,345,510)
SUB TOTAL(A)	244,176,575 (213,265,304)	27,766,176 (32,764,690)	1,235,934 (1,853,419)	270,706,817 (244,176,575)	133,682,999 (120,245,703)	1,172,301 (1,327,913)	18,900,550 (14,765,209)	151,411,249 (133,682,999)	119,295,569 (110,493,576)	110,493,576 (93,019,601)
CAPITAL WORK IN PROGRESS	181,305.00 (4,090,000)	(1,401,964)	181,305 (5,310,659)	- (181,305)					(181,305)	181,305 (4,090,000)
SUB TOTAL(B)	181,305 (4,090,000)	- (1,401,964)	181,305 (5,310,659)	- (181,305)					- (181,305)	181,305 (4,090,000)
TOTAL(A) + (B)	244,357,880	27,766,176	1,417,239	270,706,818	133,683,000	1,172,302	18,900,550	151,411,248	119,295,570	110,674,880
PREVIOUS YEAR	(217,355,304)	(34,166,654)	(7,164,078)	(244,357,880)	(120,245,703)	(1,327,913)	(14,765,209)	(133,683,000)	(110,674,880)	(97,109,601)



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

(In Rupees)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE -5		
INVESTMENTS		
1. Non-Trade (Unquoted)		
i) National Saving Certificate	20,200	20,200
ii) Bonds of Rural Electrification Corporation Ltd.	-	2,000,000
	20,200	2,020,200
SCHEDULE - 6		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets:		
a) Inventories:		
i) Stores & Spares	3,181,762	3,312,990
ii) Finished/Purchased goods	1,730,485	962,691
iii) Raw materials	3,017,351	3,211,609
iv) Sundry materials	65,921	-
	7,995,519	7,487,290
b) Sundry Debtors (Unsecured)		
i) Debts outstanding for period exceeding six months		
Considered Good	-	-
Considered Doubtful	1,669,049	2,201,140
	1,669,049	2,201,140
Less: Provision for doubtful debts	1,669,049	2,201,140
	-	-
ii) Other Debts - Considered Good	28,763,686	22,780,562
	28,763,686	22,780,562
c) Cash and Bank Balances:		
i) Cash, stamps and cheques on hand	142,387	243,052
ii) With Scheduled banks:		
In Current Accounts #	7,989,982	9,957,699
In Deposit Accounts *	7,294,481	10,317,283
In Unclaimed Dividend Account	75,290	72,400
iii) Remittances in Transit	1,650,000	300,000
	17,152,140	20,890,434

Includes Rs.18,49,378/- (Rs.8,34,309/-) representing debit balance in Cash Credit Account

* Includes pledged with the bank for bank guarantee



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

(In Rupees)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 6 (cont'd.)		
d) Other Current Assets		
Interest receivable	225,148	232,056
Loans & Advances		
Unsecured - considered good		
i) Income-tax advance/Fringe Benefit Tax	4,410,991	6,030,834
Less: Provision for Income Tax	2,975,100	4,464,900
	1,435,891	1,565,934
ii) Prepaid Expenses	1,053,631	910,144
iii) Balances with Central Excise	267,831	330,175
iv) Deposits	6,326,305	6,388,853
v) Advances recoverable in cash or in kind or for value to be received	1,042,653	951,776
	10,126,311	10,146,882
SCHEDULE - 7		
CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities:		
1. Sundry Creditors		
a) Dues to Micro Enterprises, Medium Enterprises and Small Enterprises	-	267,350
b) Dues to Other than Micro Enterprises and Small Enterprises	11,692,578	13,137,498
2. Other Liabilities	1,419,057	1,412,472
3. Deposits against Gas cylinders	29,282,705	28,153,181
4. Investor Educational Protection Fund shall be credited by the following amount (not due):		
Unpaid Dividend	75,290	72,400
	42,469,630	43,042,901
b) Provisions:		
For gratuity	-	38,270
For leave encashment	884,324	767,483
For Proposed Dividend	675,000	675,000
For Corporate Dividend Tax	112,109	112,109
For Wealth Tax	9,640	-
	1,681,073	1,592,862



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT
(In Rupees)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE - 8		
OTHER INCOME		
Interest -[TDS Rs.35517/- (Rs.115230/-)]	709,277	1,009,486
Penalty for delayed return of cylinders	4,122,759	3,292,740
Profit on sale of assets (net)	2,212,273	1,015,543
Miscellaneous Income	958,174	1,059,296
Provision for Doubtful Debts No Longer Required Written Back	532,091	-
	8,534,574	6,377,065
SCHEDULE - 9		
Stock Differential		
Opening Stock of finished goods	962,691	859,888
Closing Stock of finished goods	1,730,485	962,691
Increase/(Decrease)	767,794	102,803
SCHEDULE - 10		
Raw Materials, Stores and Sundry Materials Consumed		
Raw Materials:		
Opening Stock	3,211,609	3,938,465
Purchases	57,730,959	36,394,440
Less:Sold	-	342,001
	60,942,568	39,990,904
Less: Closing Stock	3,017,351	3,211,609
	57,925,218	36,779,295
Stores, Spares & Tools:		
Opening Stock	3,220,457	2,668,164
Purchases	3,330,980	3,898,281
	6,551,436	6,566,445
Less: Closing Stock	3,181,762	3,220,457
	3,369,674	3,345,988
	61,294,892	40,125,283



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT
(In Rupees)

	For the year ended 31st March, 2011	For the year ended 31st March, 2010
SCHEDULE - 11		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus and Incentives	31,795,047	29,705,480
Contribution to Provident Fund and Other Funds	2,952,716	1,964,076
Other Welfare Expenses	1,263,128	1,397,123
	36,010,891	33,066,679
SCHEDULE - 12		
MANUFACTURING,SELLING, ADMINISTRATION AND OTHER EXPENSES		
Excise Duty paid/adjusted	9,077,862	5,666,673
Less:Excise duty collected	8,726,829	5,379,012
Net	351,033	287,661
Power, Fuel & Water	27,172,736	24,315,049
Repairs & Maintenance		
a) Buildings	1,937,950	689,589
b) Plant & Machinery	3,843,048	2,449,690
c) Vehicles (including vehicle running expenses)	7,853,924	6,061,716
Rent	1,602,721	1,375,516
Rates & Taxes	978,434	808,382
Insurance	902,373	650,962
Travelling Expenses	2,296,001	2,268,209
Donations	684,615	518,760
Printing, Stationery, Postage &Telephone	1,684,312	1,620,273
Auditors Remuneration- (see note No 5)	550,053	473,900
Legal & Other Professional charges	1,459,926	1,251,801
Security Charges	2,326,814	2,086,376
Bank charges	198,450	323,936
Director's sitting fees	27,000	27,000
Freight & Carriage (Net)	4,374,311	3,492,532
Advertisement	365,041	193,020
Miscellaneous expenses	2,133,745	1,833,355
Provision for doubtful debts	-	757,699
Bad debts written off	291,574	129,532
	61,034,060	51,614,958
SCHEDULE - 13		
EARNINGS PER SHARE		
Net Profit for the year	8,114,605	10,358,236
Number of Equity shares of Rs.100 each	22,500	22,500
Earnings per share before extraordinary items (Basic & Diluted)	360.65	460.37



THE SOUTHERN GAS LIMITED

SCHEDULE - 14

Significant Accounting Policies and Notes attached to and forming part of the Accounts for the year ended 31st March 2011

A. Significant accounting policies followed:

1. Basis of Accounting:

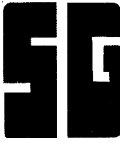
The financial statements are prepared under the historical cost convention, on accrual basis of accounting in conformity with the accounting principles generally accepted in India and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956.

2. Use of Estimates:

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

3. Revenue Recognition:

- i) Sale of goods: Income is considered to accrue upon full execution of the terms of sale, which normally coincides with delivery.
- ii) Interest/Claims: Income is taken credit for on accrual basis wherever realisability is not in doubt and others on receipt.
- iii) Penalty for delayed return of cylinders: Income is considered to accrue on time basis in accordance with the terms of sale.



4. Fixed Assets:

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

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

5. Impairment of Assets

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

6. Depreciation/ Amortization:

Depreciation on Fixed Assets is charged on straight-line basis at the rates specified in Schedule XIV to the Companies Act, 1956.

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

7. Borrowing Costs:

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



8. Foreign currency transactions:

Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are translated at the exchange rate prevailing on the last date of the accounting year and the resultant exchange gain/loss, if any, are recognized in the Profit and Loss Account to the extent they relate to items other than liabilities incurred for acquiring fixed assets and those relating to liabilities for fixed assets have been adjusted in the carrying cost of such assets.

9. Inventories:

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

10. Investments:

Long Term Investments are stated 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.

11. Employee Benefits

a) Short Term Employee Benefits

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

b) Defined Contribution Plans

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



c) Defined Benefit Plans

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

d) Other long Term Employee Benefits

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

12. 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.

13. Taxes on Income:

Tax expense comprises of current and deferred tax.

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

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



14. Earnings per Share:

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

15. Provision, Contingent Liabilities and Contingent Assets:

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

B. Notes to Accounts

1. In the opinion of the Directors:

- i. 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.
- ii. All known liabilities other than contingent liabilities are provided for.

2. Contingent Liabilities not provided for:

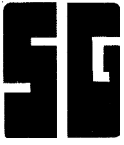
(In Rupees)

Particulars	As at 31.3.2011	As at 31.3.2010
Disputed demand under Income Tax under Appeal which in the opinion of the management is not legally sustainable and hence not provided for	9,40,660	9,40,660
Guarantees issued by the bank on behalf of the Company	19,16,422	19,91,043

3. Estimated amount of contracts to be executed on capital account (Net of advances)

Rs.Nil Lacs Rs.Nil Lacs

4. The lease period of Lease hold Land disclosed in Schedule -4 has expired. The management is taking steps for renewal of the same with Karnataka Industries Area Development Board (KIADB)



5. The details of remuneration paid to Statutory Auditors are shown below:

(In Rupees)

Particulars	2010-11	2009-10
a. Statutory Audit fee	2,70,235	2,59,158
b. Taxation matters (Including tax audit)	1,29,489	90,447
c. Towards reimbursement of expenses	1,22,855	1,24,295
d. Other Services	27,474	-
Total	5,50,053	4,73,900

6. The aggregate managerial remuneration under section 198 of the Companies Act, 1956, to the directors (including managing director) is as follows:

(In Rupees)

Particulars	2010-11	2009-10
Managing Director:		
Salary & Allowances	24,38,794	29,21,170
Total Remuneration	24,38,794	29,21,170
Whole time Director:		
Salary & Allowances	9,54,000	9,62,602
Contribution to PF	9,360	9,360
Total Remuneration	9, 63,360	9,71,962

7. Deferred Tax Liability (net) comprises:

(In Rupees)

Particulars	2010-11	2009-10
Deferred Tax Assets		
Provision for Doubtful Debts	5,54,400	7, 30,680
Disallowances under the Income Tax Act	3,10,400	4,33,820
Deferred Tax Liabilities		
Depreciation	2,02,18,100	1,66,89,500
Net Deferred Tax Liabilities.	1,93,53,000	1,55,25,000



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

9. Employee Benefits

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

1. Defined Contribution Plans

During the year the following amounts have been recognised in the Profit and Loss Account on account of defined contribution plans:

(Amount in Rs)

Particulars	2010-11	2009-10
Employers contribution to Provident Fund	14,94,986	14,37,618
Employers contribution to Employee's State Insurance	7,98,043	3,85,275

2. Defined Benefit Plans Gratuity (funded)/ Other Long Term Benefits - Vesting & Non-vesting (Compensated absences unfunded)

i	Actuarial Assumptions	Compensated Absences(Unfunded)	Gratuity (Funded)
	Discount Rate (per annum)	8.00%	8.00%
	Expected return on plan assets	NA	8.00%
	Salary escalation rate*	5.00%	5.00%
	Mortality rate	Indian Assured Lives Mortality (1994-96) Ultimate	Indian Assured Lives Mortality (1994-96) Ultimate
	Attrition Rate	Modified q(x) values under above Mortality Table	Modified q(x) values under above Mortality Table (1.92%)
	Inter Valuation leave accrual	Annual Leave - 18 p.a.	NA
	Expected Average Remaining Working Lives of Employees (years)	16.69	16.69



- ♦ 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 obligation	Compensated Absences (Unfunded)		Gratuity (Funded)	
		2010-11	2009-10	2010-11	2009-10
	Present value of obligation at beginning of the year	7,67,483	7,87,021	66,87,534	62,25,663
	Current Service Cost	2,00,057	1,74,273	4,15,132	4,20,963
	Interest Cost	69,401	61,191	5,51,608	5,14,892
	Actuarial (gain)/loss	1,03,354	(1,64,319)	2,29,098	(3,83,301)
	Benefits Paid	(2,55,971)	(90,683)	(15,42,375)	(90,683)
	Present value of obligation at end of the year	8,84,324	7,67,483	63,40,997	66,87,534

iii	Reconciliation of fair value of plan assets	Compensated Absences (Unfunded)		Gratuity (Funded)	
		2010-11	2009-10	2010-11	2009-10
	Fair value of plan assets beginning of the year	Nil	Nil	66,49,264	52,43,386
	Expected return on plan assets	Nil	Nil	5,31,941	4,19,471
	Actuarial (gain)/loss	Nil	Nil	53,694	1,11,566
	Contributions	Nil	Nil	6,58,272	9,65,524
	Benefits paid	Nil	Nil	(15,42,375)	(90,683)
	Assets distributed on settlement (if applicable)	Nil	Nil	-	-
	Fair value of plan assets at end of the year	Nil	Nil	63,50,796	66,49,264

iv	Description of Plan Assets	Gratuity (Funded)	
		2010-11	2009-10
	Insurer Managed Funds	63,50,796	66,49,264

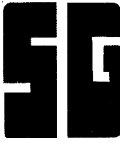


v	Net (Asset)/Liability recognised in the Balance Sheet as at year end	Compensated Absences (Unfunded)		Gratuity (Funded)	
		2010-11	2009-10	2010-11	2009-10
	Present value of obligation at end of the year	8,84,324	7,67,483	63,40,997	66,87,534
	Fair value of plan assets at end of the year	Nil	Nil	63,50,796	66,49,264
	Funded Status	(8,84,324)	(7,67,483)	9,799	(38,270)
	Net present value of unfunded obligation recognised as (asset)/liability in the Balance Sheet	8,84,324	7,67,483	(9,799)	38,270

vi	Expenses recognised in the Profit and Loss Account	Compensated Absences (Unfunded)		Gratuity (Funded)	
		2010-11	2009-10	2010-11	2009-10
	Current Service Cost	2,00,057	1,74,273	4,15,132	4,20,963
	Interest Cost	69,401	61,191	5,51,608	5,14,892
	Actuarial (gain) /loss recognised in the period	1,03,354	(1,64,319)	1,75,404	(4,94,867)
	Past service cost (if applicable)	Nil	Nil	Nil	Nil
	Expected return on plan assets	Nil	Nil	(5,31,941)	(4,19,471)
	Total expenses recognised in the Profit and Loss account	3,72,812	71,145	6,10,203	21,517
	Actual return on plan assets	Nil	Nil	Nil	Nil

Note:

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



10. Disclosure of related party transactions as per Accounting Standard-18.

List of Related Parties

A. Key Management Personnel:

1. Madhav G.Poy Raiturcar - Managing Director
2. Gautam V. Pai Cacode - Whole time Director

B. Relatives of Key Management Personnel

1. Yogita Gautam Pai Cacode - Daughter of Madhav G.Poy Raiturcar

C. Enterprises over which persons in (a) above are able to exercise significant influence:

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

Details of transactions:

(Amount in Rs.)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where Significant Influence exists	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchase Of goods	Nil	Nil	Nil	Nil	22,07,967	12,94,220
Sale of goods	Nil	Nil	Nil	Nil	48,56,760	46,08,459
Payment of Freight/ other expenses	Nil	Nil	Nil	Nil	13,358	11,700
Purchase of Fixed Assets	Nil	Nil	Nil	Nil	8,79,725	5,738
Sale of Fixed Assets	Nil	Nil	Nil	Nil	Nil	1,35,000
Penalty Charges for delayed return of Cylinders	Nil	Nil	Nil	Nil	1,25,222	1,21,865
Transfer of Cylinder Deposit	Nil	Nil	Nil	Nil	Nil	Nil
Deposits	Nil	Nil	Nil	Nil	20,000	20,000
Receipt of Freight/other receipts	Nil	Nil	Nil	Nil	17,000	19,800
Remuneration	34,02,154	38,93,132	Nil	Nil	Nil	Nil
Payment of rent	10,20,000	10,51,500	Nil	76,500	24,000	4,000
Donation	Nil	Nil	Nil	Nil	2,50,000	5,00,000



Outstanding balance as on 31.3.2011

(Amount in Rs.)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where Significant Influence exists	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Receivable	Nil	Nil	Nil	Nil	4,45,044	3,91,205
Payable	Nil	Nil	Nil	Nil	2,77,162	2,67,350

11. Figures for previous year have been regrouped and recast wherever necessary to suit current year's layout.



THE SOUTHERN GAS LIMITED
ADDITIONAL INFORMATION FOR THE YEAR ENDED 31.03.2011
(Under Schedule VI of the Companies Act, 1956)

SCHEDULE - 14 (contd.)

1. Turnover of goods:

	2010-11		2009-10	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	7,606,843	131,571,759	6,487,540	110,096,367
Dissolved Acetylene	39,759	8,282,383	32,572	6,590,335
Nitrogen	500,283	8,971,391	357,398	6,872,623
Argon	125,769	12,213,395	67,780	8,189,661
Nitrous Oxide	152,919	24,407,658	137,903	21,085,798
Others		6,214,369		2,942,374

2. Consumption of Raw Materials, Components, Stores & Loose Tools:

	2010-11		2009-10	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Liquid Oxygen	3,623,655	34,035,058	2,670,577	21,520,775
Acetone (Kgs)	3,042	192,207	3,071	179,513
Calcium Carbide (Kgs)	89,300	3,562,849	82,300	3,079,561
Ammonium Nitrate (kgs)	587,100	13,422,075	527,100	11,312,813
Argon	159,732	6,721,715	24,531	853,385
Others		3,360,988		3,179,237

3. Finished Goods: Opening Stock

	2010-11		2009-10	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	12,292	177,696	16,675	222,467
Dissolved Acetylene	971	182,733	372	65,071
Nitrogen	3,443	48,764	4,441	60,773
Argon	2,126	183,284	1,830	183,412
Nitrous Oxide	2,465	276,745	2,346	271,967
Others		93,470	-	56,198

4. Finished Goods: Closing Stock

	2010-11		2009-10	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	18,084	265,688	12,292	177,696
Dissolved Acetylene	2,138	401,426	971	182,733
Nitrogen	4,551	59,459	3,443	48,764
Argon	3,147	237,937	2,126	183,284
Nitrous Oxide	3,562	427,398	2,465	276,745
Others		338,577		93,470

5. Trading Transactions: Finished Goods purchased

	2010-11		2009-10	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	331,629	2,913,785	427,400	2,259,412
Dissolved Acetylene	10,865	2,179,484	5,949	1,199,728
Argon	3,943	453,617	51,170	2,460,325
Nitrogen	4,744	74,702	2,312	41,000
Others		2,140,167		679,925



THE SOUTHERN GAS LIMITED
ADDITIONAL INFORMATION FOR THE YEAR ENDED 31.03.2011
(Under Schedule VI of the Companies Act, 1956)

SCHEDULE - 14 (contd.)

6. Production Capacity and goods manufactured (cu.m.)

	2010-11		2009-10	
	Installed	Production	Installed	Production
Oxygen	5,280,000	7,102,883	5,280,000	6,050,770
Dissolved Acetylene	288,000	29,874	288,000	27,123
Nitrous Oxide	97,000	153,993	97,000	137,906
Argon	800,000	122,905	800,000	17,143
Nitrogen	(Not applicable being by-product)	496,766	(Not applicable being by-product)	353,965

7. Consumption of Raw Materials, Stores & Components

	2010-11		2009-10	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Imported	1,718,809	2.80	926,200	2.31
Indigeneous	59,576,084	97.20	39,199,082	97.69

8. CIF Value of imports made during the year

	2010-11 (in Rs.)	2009-10 (in Rs.)
Raw Materials	3,330,991 (Net of Foreign Exchange loss-Rs.39,489/-)	1,532,195 (Net of Foreign Exchange gain of-Rs.42,963/-)
Components & Spares	NIL	NIL
Capital Goods	NIL	NIL

	2010-11 (in Rs.)	2009-10 (in Rs.)
Expenditure in Foreign Currency	3,330,991	1,532,195
Dividends remitted in Foreign Currency	NIL	NIL
Earnings in Foreign Currency	NIL	NIL

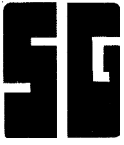
For Varma & Varma
Chartered Accountants
 (FRN:004532 S)

Vivek Krishna Govind
Partner
 Membership No. 208259
 Kochi-16
 30.05.2011

For and on behalf of the Board of Directors of
 The Southern Gas Limited.

M.G.Poy Raiturcar
J.V.Gaitonde
S.P.Patnekar
N.R.Prabhu
D.M.Tavadia
G.V.Pai Cacode
Directors

Margao
 27th May, 2011



THE SOUTHERN GAS LIMITED
PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:	
Registration Number	: 562G
State Code	: 24
Balance Sheet Date	: 31.03.2011
II. Capital raised during the year (Amount in Rs. in Thousands)	
Public Issue	: Nil
Right Issue	: Nil
Bonus Issue	: Nil
Private Placement	: Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. in Thousands)	
Total Liabilities	: 139,427.87
Total Assets	: 139,427.87
Sources of Funds:	
Paid-up Capital	: 2,250.00
Reserves and Surplus	: 108,925.71
Secured Loans	: 8,899.16
Unsecured Loans	: Nil
Deferred Tax Liability	: 19,353.00
Application of Funds:	
Net Fixed Assets	: 119,295.57
Investments	: 20.20
Net Current Assets	: 20,112.10
Miscellaneous Expenditure	: Nil
IV Performance of the Company (Amount in Rs. in Thousands)	
Turnover/Other Income	: 200,195.53
Total Expenditure	: 186,035.98
Profit/(Loss) before Tax	: 14,927.34
Profit/(Loss) after Tax	: 8,114.60
Earning per Share in Rs.	: 360.65
Dividend Rate %	: 30
V Generic Names of three Principal Products/ Services (As per monetary terms)	
Item Code Number.(ITC Code)	: 280440
Product Description	: OXYGEN
Item Code Number.(ITC Code)	: 290121
Product Description	: DISSLVED ACETYLENE
Item Code Number.(ITC Code)	: 280430
Product Description	: NITROGEN

For and on behalf of the Board of Directors of
The Southern Gas Limited.

M.G.Poy Raiturcar
J.V.Gaitonde
S.P.Patnekar
N.R.Prabhu
D.M.Tavadia
G.V.Pai Cacode
Directors

Margao
27th May, 2011



THE SOUTHERN GAS LIMITED

Regd. Office, Govind Poy House, 1st Floor
Rua do Padre Miranda, Margao, Goa - 403 601

PROXY

I / We

_____ of _____

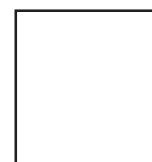
the district of _____ being a member / members of
THE SOUTHERN GAS LIMITED, hereby appoint _____

_____ of _____ in the district of
_____ or failing him

_____ of _____ in the district of _____

_____ as my / our proxy to vote for me / us on my / our behalf at the
47th General Meeting of the company to be held on 30th September, 2011 and
at any adjournment thereof.

Signed this _____ day of _____ 2011



Folio No.

Signature

Notes : The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.