



**FROM THE DESK OF CHAIRMAN AND MANAGING DIRECTOR**



Dear Shareholder,

The Southern Gas Ltd. Leading Manufacturers and Suppliers of Medical, Industrial and rare gases since 1963, is geared towards long term profitable growth and focuses on the expansion with forward looking products and services.

We act responsibly towards our business partners, shareholders, employees and society. As you all know that we have adopted the best safety norms and cater to the needs of a variety of industries. For almost 50 years our sole motto is profits through customer satisfaction.

I have great pleasure to present the Annual Report of the Company together with the Audited Statements of Account for the financial year ended 31st March,2012.

**M.G. POY RAITURCAR**  
**Chairman and Managing Director**

Place : Margao Goa



## **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)**



**Message from your Whole-time Director**



**GAUTAM PAI CACODE**

Dear Shareholder,

A winning strategy takes time, thought and vision. Investing and winning on emerging market trends will accelerate the growth of our business.

Cost control will increase our market competitiveness. We therefore continue to find innovative ways to reduce cost without compromising on quality. Our main aim is to develop lasting relationship with our customers.

I strongly believe, having challenging but achievable goals and a strategy to reach them provides our team with focus and purpose for the year and the future. I remain confident in our long term outlook and promise to deliver on your expectations.

Your sincerely,

**GAUTAM V. PAI CACODE**  
**WHOLE-TIME DIRECTOR**



### **NOTICE**

NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Thursday, 27th September 2012 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 :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 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 L.P. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J.V. Gaitonde 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.

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

Dated : 29th May, 2012

**Director**

### **NOTICE**

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 Register of Members and the Shares Transfer Books of the Company will remain closed from Monday 24th September 2012 to Thursday 27th September, 2012 (both days inclusive), to determine the names of members eligible for payment of dividend on equity shares, that may be declared at the meeting.
3. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 2005 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 amount which were unclaimed or unpaid for a period of seven years and transferred to the Fund and on payment shall be made in respect of any such claim. Members who have so far not claimed their dividend for the years 2004-2005 and onwards may therefore do so before the same is transferred to the Investors Education and Protection Fund.





## DIRECTORS' REPORT

Your Directors are pleased to submit the 48th Annual Report together with the Audited Statement of Accounts for the year-ended 31<sup>st</sup> March 2012

<b>FINANCIAL RESULTS</b>	<b>(Rs. in lakhs)</b>	
	<b>2012</b>	<b>2011</b>
<b>For the year ended 31<sup>st</sup> March</b>		
Profit before Depreciation & Taxation	309.88	338.28
Less Depreciation	197.36	189.01
Profit before Taxation	112.52	149.27
Less: Provision for Taxation		
– Current Tax	64.85	29.75
– Deferred Tax	(31.70)	38.28
– Wealth Tax	0.13	0.09
Add/Less: Income Tax for prior years	--	--
Net Profit for the year before extraordinary items	79.24	81.15
Add : Profit on Sale of Investment (Extraordinary Item)	--	--
Net Profit for the year	79.24	81.15
Add: Balance brought forward from previous year	928.53	875.25
<b>Amount available for appropriation</b>	<b>1007.7</b>	<b>956.40</b>
<b>Appropriations</b>		
a) Transfer to General Reserves	20.00	20.00
b) Proposed Dividend	6.75	6.75
c) Corporate Dividend Tax	1.10	1.12
<b>Balance carried forward to next year</b>	<b>979.92</b>	<b>928.53</b>

## OPERATIONS

Your Company achieved a turnover of Rs.2094 lakhs as against Rs.1917 lakhs (net of excise duty) for the previous year representing an increase of about **9.23%**. The Company has recorded a net profit of Rs.79.24 lakhs for the year. It is proposed to transfer a sum of Rs.20.00 lakhs to the general reserves out of the current years profits.

The process of rationalization of operations to improve the profitability is still continuing. The same has already started yielding positive results and your Directors are hopeful that this will result in much better and improved performance in the coming years.

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.

However, there have been high cost of inputs, supply of liquid medical gas to all hospitals by multinational companies reduced selling prices and stiff competition from other small scale gas manufacturers including multinational companies during the year.

## 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 27<sup>th</sup> September, 2012.

## 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 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 on 31.3.2012 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 L.P. Mehta and J.V. Gaitonde, 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,  
29<sup>th</sup> May, 2012*

***Madhav G. Poy Raiturcar***  
***Chairman & Managing Director***



## **Annexure to Directors' Report**

### **COMPLIANCE CERTIFICATE**

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

Registration No. of the Company : L31200 GA 1984 PLC 000562 (CIN)  
Nominal Capital : Rs. 50, 00,000/-

To,  
The Members,  
THE SOUTHERN GAS LIMITED,  
Govind Poy House,  
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, 2012 (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 :

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 four times respectively on 27-5-2011, 12-8-2011, 11-11-2011 and 10-2-2012 during the financial year ending 31-3-2012, 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 27-9-2011 to 30-9-2011 ( 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 2011 was held on 30th September, 2011 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 extra-ordinary 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 sections 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 on 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 dividends has been transferred to the Unpaid Dividend Account with Axis Bank Limited Margao-Goa, before the due date.
  - (iv) transferred the amount 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 re-appointment Managing Director with effect from 1-10-2011, there being no appointment of 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 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 other 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 provision 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 not altered the provisions of articles of association during the financial year.
31. There was/were no prosecution initiated against or show cause noticed 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.

Place : Porvorim-Goa

Date : 29th May, 2012

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 2012

S.No.	Form No./ Return	Filed under section	For	Date of filing
1	23C	233B(2)	Appointment of Cost Auditor made on 27-5-2011 for the year 2011-12	31-05-2011
2	1	205-A	Unclaimed dividend for the year 2003-2004 transferred to Investor Education and Protection Fund	11-10-2011
3	23	192	Registration of Special Resolution passed at the AGM held on 30-9-2011	22-10-2011
4	25C	269(2)	Appointment of Managing Director with effect from 1-10-2011	22-10-2011
5	66	383A(1)	Compliance Certificate for the year ended 31-3-2011	22-10-2011
6	20B	159	Annual Return as at the date of AGM as on 30-9-2011	05-11-2011
7	1	233B(4)	Cost Audit Reports in respect of Industrial Gas and Medical Gas units at Bangalore, Bhadravati, Mysore, Trivandrum & Udyogamandal	07-11-2011
8	8	125	Registration of Charge dated 16-12-2011 for Rs. 15,25,000 with Corporation Bank, Margao	23-01-2012 with addl. fee
9	23ACXBRL & 23ACAXBRL	220	Balance Sheet and Profit & Loss Account for the year ended 31-3-2011	02-02-2012 with addl. fee



## AUDITORS' REPORT

The Members,  
THE SOUTHERN GAS LIMITED,  
Margao.

1. We have audited the attached Balance Sheet of THE SOUTHERN GAS LIMITED, as at 31<sup>st</sup> March 2012, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, we report that none of the directors of the company is disqualified as on 31<sup>st</sup> March 2012, 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 other 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 31<sup>st</sup> March, 2012;
  - ii. in the case of the Statement of Profit and Loss, 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.

Place: Margao

Date: 29<sup>th</sup> May 2012

For VARMA & VARMA  
Chartered Accountants  
FRN No 004532 S

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



**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. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies ( Cost Accounting Records ) Rules, 2011, prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining 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, VAT and TDS 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 have not been deposited with the authorities as at 31<sup>st</sup> March 2012 as per details given below:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount(Rs.)</b>	<b>Forum where dispute is pending</b>	<b>Period to which amount relates</b>
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.

Place : Margao

Date: 29<sup>th</sup> May 2012

For VARMA & VARMA  
Chartered Accountants  
FRN No 004532 S

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

**THE SOUTHERN GAS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2012**



	Particulars	Note No.	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' Funds</b>			
	a. Share Capital	2.1	2,250,000	2,250,000
	b. Reserves and surplus	2.2	116,065,197	108,925,714
2	<b>Non-current liabilities</b>			
	a. Long-term borrowings	2.3	5,768,527	6,850,531
	b. Deferred tax liabilities (Net)	2.4	16,183,000	19,353,000
	c. Other Long-term liabilities	2.5	29,988,844	29,282,705
	d. Long-term provisions	2.6	1,080,436	817,993
3	<b>Current Liabilities</b>			
	a. Short term borrowings	2.7	611,274	210,261
	b. Trade payables	2.8	3,418,485	4,066,447
	c. Other current liabilities	2.9	12,570,028	10,958,842
	d. Short term provisions	2.10	2,397,369	863,080
			<b>190,333,161</b>	<b>183,578,572</b>
<b>II.</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	a. Fixed Assets			
	i. Tangible Assets	2.11	112,845,269	119,295,568
	ii. Capital work-in-progress		50,383	-
	b. Long-term loans and advances	2.12	7,387,605	6,350,011
2	<b>Current Assets</b>			
	a. Current Investments	2.13	20,200	20,200
	b. Inventories	2.14	8,543,184	7,995,519
	c. Trade Receivables	2.15	36,482,516	28,763,686
	d. Cash and cash equivalents	2.16	21,933,038	17,152,140
	e. Short-term loans and advances	2.17	2,785,488	3,776,300
	f. Other Current Assets	2.18	285,478	225,148
			<b>190,333,161</b>	<b>183,578,572</b>

**Significant Accounting Policies and Notes on Accounts 1 & 2**

As per our report of even date attached

**For Varma & Varma**

Chartered Accountants

FRN No. 004532S

Partner P.G. Susil Kumar

M No. 22579

Place: Margao

Date: 29th May 2012

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**

Place: Margao

Date: 29th May 2012





**THE SOUTHERN GAS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Particulars	Note No.	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
	<b>INCOME</b>			
I.	Revenue from operations	2.19	214,205,850	195,783,713
II.	Other Income	2.21	3,235,845	4,411,815
III.	<b>Total Revenue (I+II)</b>		<b>217,441,695</b>	<b>200,195,528</b>
IV.	<b>EXPENSES</b>			
	a. Cost of Material Consumed	2.22	68,126,097	57,925,218
	b. Purchases of stock in Trade	2.23	11,720,927	7,761,755
	c. Changes in inventories of finished goods work in progress and stock in trade	2.24	(261,650)	(767,794)
	d. Employee benefits expenses	2.25	37,450,171	36,010,891
	e. Finance costs	2.26	1,402,151	1,051,389
	f. Depreciation and amortisation expenses	2.11	19,736,462	18,900,550
	g. Other expenses	2.27	68,015,876	64,386,174
	<b>Total Expenses</b>		<b>206,190,033</b>	<b>185,268,183</b>
V.	<b>Profit before tax (III-IV)</b>		<b>11,251,661</b>	<b>14,927,345</b>
VI.	Tax expense:			
	a. Current Taxes		66485,200	2,975,100
	b. Deferred Tax		(3,170,000)	3,828,000
	c. Wealth Tax		12,476	9,640
VII.	<b>Profit for the period (V-VI)</b>		<b>7,923,985</b>	<b>8,114,605</b>
VIII.	<b>Earnings per equity share:</b>			
	Nominal value of share Rs. 100/- (Rs. 100/-)			
	Basic and Diluted	2.28	352.18	360.65

**Significant Accounting Policies and Notes on Accounts 1 & 2**

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
FRN No. 004532S

Partner P.G. Susil Kumar  
M No. 22579

Place: Margao  
Date: 29th May 2012

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**

Place: Margao  
Date: 29th May 2012



**THE SOUTHERN GAS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012**

Particulars	For the Year Ended 31.03.2012 Rupees	For the Year Ended 31.03.2011 Rupees
<b>A. Cash Flows from Operating Activities</b>		
Net Profit / (Loss) before Tax & Extraordinary Items	11,251,661	14,927,345
<b>Adjustments for :</b>		
Depreciation	19,736,462	18,900,550
Interest Income	(1,217,302)	(709,277)
Interest expense	1,402,151	1,051,389
Provision for Doubtful Debts	1,340,816	-
Provision for Doubtful Debts No Longer Required Written Back	-	(532,091)
Bad debts written off	20,436	291,574
Profit on Sale of Assets	(1,572,209)	(2,212,273)
	<b>19,710,353</b>	<b>16,789,871</b>
<b>Operating Profit / (Loss) before Working Capital Changes</b>	30,962,014	31,717,216
<b>Adjustments for working capital changes:</b>		
(Increase)/Decrease in Trade Receivables	(9,080,081)	(5,742,606)
(Increase)/Decrease in Inventories	(547,666)	(508,229)
(Increase)/Decrease in Long Term Advances	(1,037,594)	(438,470)
(Increase)/Decrease in Short Term Advances	(1,046,534)	260,163
(Increase)/Decrease in Other Current Assets	(60,330)	6,908
(Increase)/Decrease in Other Non current Assets	-	-
Increase/(Decrease) in Trade Payables	(647,962)	(1,226,298)
Increase/(Decrease) in Long Term Provisions	262,443	(38,270)
Increase/(Decrease) in Short Term Provisions	1,534,289	126,481
Increase/(Decrease) in Other current Liabilities	1,598,946	(465,157)
Increase/(Decrease) in Other Long term Liabilities	706,140	1,129,524
	(8,318,349)	(6,895,955)
<b>Cash generated from Operations</b>	22,643,665	24,821,261
Direct Taxes paid	(4,400,000)	(2,792,770)
Cash Flow Before Extraordinary Items	18,243,665	22,028,491
Extraordinary Items	-	-
<b>Net Cash from/(used) in Operating Activities</b>	<b>18,243,665</b>	<b>22,028,491</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(18,922,304)	(27,584,871)
Sale of Fixed Assets	7,157,968	2,275,906
Sale of Investments	-	2,000,000
Interest Received	1,156,972	716,185
<b>Net Cash from/(used) in Investing Activities</b>	<b>(10,607,364)</b>	<b>(22,592,780)</b>





<b>C. Cash Flows from Financing Activities</b>		
Proceeds from Long Term Borrowings	1,525,000	3,000,000
Repayment of Long Term Borrowings	(2,607,004)	(1,293,467)
Repayment of Short Term Borrowings	401,013	(3,030,701)
Interest paid	(1,402,151)	(1,072,718)
Dividends and Corporate Dividend Tax paid	(772,262)	(777,119)
<b>Net Cash from/(used) in Financing Activities</b>	<b>(2,855,404)</b>	<b>(3,174,004)</b>
<b>Summary</b>		
Net Cash from/(used) Operating Activities	18,243,665	22,028,491
Net Cash from/(used) in Investing Activities	(10,607,364)	(22,592,780)
Net Cash from/(used) in Financing Activities	(2,855,404)	(3,174,004)
Net Increase (Decrease) in Cash Equivalents	4,780,899	(3,738,294)
<b>Cash and Cash Equivalents at beginning of the year</b>	<b>17,152,140</b>	<b>20,890,434</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>21,933,038</b>	<b>17,152,140</b>
	<b>4,780,899</b>	<b>(3,738,294)</b>

**Note :** Cash and cash equivalents at the end of the year includes Rs. 65.30 Lakhs (18.49 Lakhs) under lien, and Rs 0.78 Lakhs (0.75 Lakhs) deposited in unclaimed dividend account which are not available for the immediate use as on the Balance Sheet date .

#### Significant Accounting Policies and Notes on Accounts 1 & 2

As per our report of even date attached

**For Varma & Varma**  
Chartered Accountants  
FRN No. 004532S

Partner P.G. Susil Kumar  
M No. 22579

Place: Margao  
Date: 29th May 2012

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**

Place: Margao  
Date: 29th May 2012



## **Significant accounting policies and Notes on accounts for the financial year ended 31 March, 2012**

### **Corporate Information**

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

### **1 Significant Accounting Policies.**

#### **a Basis of Accounting**

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

#### **b Use of Estimates**

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

#### **c Revenue Recognition**

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

#### **d Fixed Assets**

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

#### **e Impairment of Assets**

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

#### **f Depreciation/ Amortization**

Depreciation 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.

#### **g Borrowing Costs**

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



#### **h Foreign Currency Transaction**

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

#### **i Inventories**

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

#### **j Investments**

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

#### **k Employee Benefits :**

##### **a) Short Term Employee Benefits**

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

##### **b) Defined Contribution Plans**

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

#### **l Segment Reporting**

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

#### **m Taxes on Income**

Tax expense comprises of current and deferred tax.

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

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



**n Earnings per share**

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

**o Provisions, Contingent Liabilities and Contingent Assets**

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

**2. Notes on accounts for the financial year ended 31 March, 2012**

**2.1 Share Capital**

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

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>Authorised Shares:</b>		
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
<b>Issued and Subscribed and fully paid:</b>		
22,500 (22,500) Equity shares of Rs.100/- each	<b>2,250,000</b>	<b>2,250,000</b>

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

Particulars	Number of Shares	Rupees
No. of shares as at the beginning of the financial year	22,500	2,250,000
Issued during the year	-	-
No. of shares as at the end of the financial year	22,500	2,250,000

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

Particulars	As at 31.03.2012		As at 31.03.2011	
	%	no. of shares	%	no. of shares
1. Smt.Yogita Gautam Pai Cacode	14.80%	3,335	14.80%	3,335
2. Shri Gautam Pai Cacode	14.76%	3,325	14.76%	3,325
3. Life Insurance Corpn. of India	6.67%	1,500	6.67%	1,500
4. Mr.M.G.Poy Raiturcar	14.80%	3,331	14.80%	3,331
5. M/s.Food & Beverages (India) Pvt.Ltd.	14.67%	3,300	14.67%	3,300



## 2.2 Reserves and Surplus

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>General Reserves</b>		
Opening Balance	16,072,589	14,072,589
Add :-		
Amount Transferred from Surplus	2,000,000	2,000,000
<b>Closing Balance</b>	<b>18,072,589</b>	<b>16,072,589</b>
<b>Surplus</b>		
Opening Surplus i.e., Balance in Statement of Profit and Loss	92,853,125	87,525,629
Add:-		
Profit for the year as per Statement of Profit and Loss	7,923,985	8,114,605
Less:-		
Proposed Dividend @30%	675,000	675,000
Tax on dividend	109,502	112,109
Transfer to General Reserve	2,000,000	2,000,000
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>97,992,608</b>	<b>92,853,125</b>
<b>Total Reserves and Surplus</b>	<b>116,065,197</b>	<b>108,925,714</b>

## 2.3 Long-term borrowings

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Term Loans from Bank - Secured		
a) Corporation Bank (Secured by hypothecation of Vacuum Insulated Transport Tanker (VITT))- (Also see note 2.3.1)	2,246,300	2,667,152
b) Corporation Bank ( Secured by hypothecation of Cylinders - and is secured collaterally by equitable mortgage of factory land & building and hypothecation of plant & machinery and other fixed/movable assets of Bangalore unit. Further the above loans are personally guaranteed by Managing Director and Whole time Director of the Company) (Also see note 2.3.2)	3,522,227	4,183,379
<b>Total</b>	<b>5,768,527</b>	<b>6,850,531</b>

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

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

1. Term Loan-110002-Principal amount of Loan to be repaid completely by December 2015 in Equal monthly installments of Rs. 53,137/- each commencing from January 2012.
2. Term Loan -100001 - Principal amount of Loan to be repaid completely by March 2015 in Equal monthly installments of Rs. 1,19,981/- each commencing from June 2010.
3. Term Loan- 080003- Principal amount of Loan to be repaid completely by June 2013 in Equal monthly installments of Rs. 50,000 each commencing from April 2010.

## 2.4 Deferred Tax Liabilities-(net)

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>A. Deferred Tax Liability</b>		
On excess of net book value over Income tax	19,023,000	20,218,000
<b>B. Deferred Tax Assets</b>		
On Provisions	1,844,000	310,000
On other disallowances	996,000	555,000
<b>Deferred Tax Liabilities (Net) (A-B)</b>	<b>16,183,000</b>	<b>19,353,000</b>



## 2.5 Other Long Term Liabilities

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Deposits against Gas cylinders	29,988,844	29,282,705
<b>Total</b>	<b>29,988,844</b>	<b>29,282,705</b>

## 2.6 Long-term Provisions

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Provision for Employee benefits (Also see Note 2.6.1)	1,080,436	817,993
<b>Total</b>	<b>1,080,436</b>	<b>817,993</b>

### Note 2.6.1

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

##### 1 Defined Contribution Plan

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

Particulars	Current Year Rupees	Previous year Rupees
Employer's contribution to Provident Fund	1,460,983	1,494,986
Employer's contribution to Employee's State Insurance	779,451	798,043

##### 2 Defined Benefit Plans :

Gratuity Funded Obligation

i	Actuarial Assumptions	Current Year Rupees	Previous year Rupees
	Discount Rate (per annum)	8.00%	8.00%
	Salary escalation rate*	5.00%	5.00%
	Expected return on planned assets	8.00%	8.00%
	Mortality rate	Indian Assured Lives Mortality (1994-96)	Indian Assured Lives Mortality (1994-96)
	Attrition rate	1.92%	1.92%

\* 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	Current Year Rupees	Previous year Rupees
	Present value of obligation at beginning of the year	6,340,997	6,687,534
	Current Service Cost	441,055	415,132
	Past Service Cost	-	-
	Interest Cost	524,922	551,608
	Actuarial (gain)/loss	589,303	229,098
	Benefits Paid	(1,165,994)	(1,542,375)
	<b>Present value of obligation at the end of the year</b>	<b>6,730,283</b>	<b>6,340,997</b>



iii	Reconciliation of fair value of plan assets	Current Year Rupees	Previous year Rupees
	Fair value of plan assets at the beginning of the year	6,350,796	6,649,264
	expected return on plan assets	508,064	531,941
	Actuarial (gain)/loss	11,438	53,694
	Contributions	7,647	658,272
	Benefits paid	(1,165,994)	(1,542,375)
	Assets distributed on settlements (if applicable)	-	-
	<b>Fair value of plan assets at the end of the year</b>	<b>5,711,951</b>	<b>6,350,796</b>

iv	Description of Plan Assets	Current Year Rupees	Previous year Rupees
	Insurer managed funds	5,711,951	6,350,796

v	Net (Asset)/ Liability recognized in the Balance Sheet as at year end	Current Year Rupees	Previous year Rupees
	Present value of obligations at the end of the year	6,730,283	6,340,997
	Fair value of plan assets at end of the year	5,711,951	6,350,796
	Funded Status	(1,018,332)	9,799
	<b>Net present value of funded obligation recognized as (asset)/ liability in the Balance Sheet</b>	<b>1,018,332</b>	<b>(9,799)</b>

vi	Expenses recognised in the statement of profit and loss	Current Year Rupees	Previous year Rupees
	Current Service Cost	441,055	415,132
	Interest Cost	524,922	551,608
	Actuarial (gain) / loss recognised in the period	577,865	175,404
	Past Service Cost	-	-
	Expected return on plan assets	(508,064)	(531,941)
	<b>Total expenses recognised in the statement of profit and loss for the year</b>	<b>1,035,778</b>	<b>610,203</b>

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

### 3 Long Term Employee Benefits

Compensated absences (Vesting and Non Vesting): Unfunded Obligation

i	Actuarial Assumptions	Current Year Rupees	Previous year Rupees
	Discount Rate (per annum)	8.00%	8.00%
	Salary escalation rate*	5.00%	5.00%
	Mortality rate	Indian Assured Lives Mortality [1994-96] Modified q(x) values under above Mortality Table	Indian Assured Lives Mortality [1994-96] Modified c(x) values under above Mortality Table
	Attrition rate		
	Expected rate of return on Plan Assets	NA	NA

\* 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.





<b>ii</b>	<b>Reconciliation of present value of obligations</b>	<b>Current Year Rupees</b>	<b>Previous year Rupees</b>
	Present value of obligation at beginning of the year	884,324	767,483
	Current Service Cost	180,513	200,057
	Interest Cost	77,966	69,401
	Actuarial (gain)/loss	306,323	103,354
	Benefits Paid	(311,824)	(255,971)
	<b>Present value of obligation at the end of the year</b>	<b>1,137,302</b>	<b>884,324</b>

  

<b>iii</b>	<b>Net (Asset)/ Liability recognized in the Balance Sheet as at year end</b>	<b>Current Year Rupees</b>	<b>Previous year Rupees</b>
	Present value of obligations at the end of the year	1,137,302	884,324
	Fair value of plan assets at end of the year	-	-
	Funded Status	(1,137,302)	(884,324)
	Net present value of unfunded obligation recognized as (asset) liability in the Balance Sheet	1,137,302	884,324

  

<b>iv</b>	<b>Expenses recognised in the statement of profit and loss</b>	<b>Current Year Rupees</b>	<b>Previous year Rupees</b>
	Current Service Cost	180,513	200,057
	Interest Cost	77,966	69,401
	Expected return on plan assets	-	-
	Actuarial (gain) / loss recognised in the period	306,323	103,354
	Past Service Cost	-	-
	<b>Total expenses recognised in the statement of profit and loss for the year</b>	<b>564,802</b>	<b>372,812</b>

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

#### 2.7 Short-term borrowings

<b>Particulars</b>	<b>As at 31.03.2012 Rupees</b>	<b>As at 31.03.2011 Rupees</b>
Cash Credit from Bank - Secured a) Corporation Bank (Secured by hypothecation of raw materials, semi finished goods, finished goods, stores & spares, gas cylinders and book debts) (The loan is secured collaterally by equitable mortgage of factory land & building and hypothecation of plant & machinery and other fixed/movable assets of Bangalore unit. Further the above loan is personally guaranteed by Managing Director and Whole time Director of the Company)	611,274	210,261
<b>Total</b>	<b>611,274</b>	<b>210,261</b>

#### 2.8 Trade Payable

<b>Particulars</b>	<b>As at 31.03.2012 Rupees</b>	<b>As at 31.03.2011 Rupees</b>
Trade Payables	3,418,485	4,066,447
<b>Total</b>	<b>3,418,485</b>	<b>4,066,447</b>

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



## 2.9 Other Current Liabilities

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Current maturities of long term debts [See Note 2.3.1 and 2.3.2]	2,507,214	1,838,364
Advances from Customers	937,370	704,578
Deposit	21,000	71,000
Investor Educational Protection Fund shall be credited by the following amount (not due):		
Unpaid Dividend	77,730	75,290
Others -		
Statutory Dues	1,702,241	1,554,416
Creditors for expenses	7,324,473	6,715,194
<b>Total</b>	<b>12,570,028</b>	<b>10,958,842</b>

## 2.10 Short-term Provisions

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
a) Provision for employee benefits [See Note 2.6.1]	1,075,198	66,331
b) Others:		
Proposed Dividend	675,000	675,000
Corporate Dividend Tax	109,502	112,109
Income Tax (net)	525,193	-
Wealth Tax	12,476	9,640
<b>Total</b>	<b>2,397,369</b>	<b>863,080</b>

## 2.11 Tangible Assets

Particulars	Land	Leasehold Land	Buildings	Plant & Machinery	Office Equipment	Furniture & Fixtures	Vehicles	Total
<b>Cost or valuation</b>								
At 01.04.2010	9,223,944	1,689,518	21,351,903	190,066,706	5,476,528	3,847,638	12,520,338	244,176,575
Additions	-	-	13,356	25,579,550	370,049	209,676	1,593,545	27,766,176
Disposals	-	-	-	1,230,589	5,345	-	-	1,235,934
At 31.03.2011	9,223,944	1,689,518	21,365,259	214,415,667	5,841,232	4,057,314	14,113,883	270,706,817
Additions	481,105	-	2,113,098	14,166,370	294,961	416,190	1,400,196	18,871,921
Disposals	-	494,615	52,19,563	2,335,668	37,750	-	-	8,107,595
At 31.03.2012	9,705,049	1,194,903	18,258,794	226,226,370	6,098,443	4,473,504	15,514,079	281,471,142
<b>Depreciation</b>								
At 1.04.2010	-	102,526	4,783,067	119,966,482	3,644,545	1,186,161	4,000,218	133,682,999
Charge for the year	-	14,396	593,200	16,192,155	415,383	244,469	1,440,948	18,900,551
Disposals	-	-	-	1,171,010	1,291	-	-	1,172,301
At 31.03.2011	-	116,922	5,376,267	134,987,627	4,058,637	1,430,630	5,441,166	151,411,249
Charge for the year	-	14,396	553,872	16,956,241	444,295	235,781	1,531,876	19,736,461
Disposals	-	-	212,479	2,278,206	31,151	-	-	2,521,837
At 31.03.2012	-	131,318	5,717,660	149,665,662	4,471,782	1,666,411	6,973,042	168,625,874
<b>Net Block</b>	-	-	-	-	-	-	-	-
At 31.03.2011	9,223,944	1,572,596	15,988,992	79,428,040	1,782,595	2,626,684	8,672,717	119,295,568
At 31.03.2012	9,705,049	1,063,585	12,541,135	76,560,708	1,626,661	2,807,093	8,541,037	112,845,269



### 2.12 Long Term Loans and Advances

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
(Unsecured, Considered Good)		
Security Deposits	7,279,748	6,159,136
Advances recoverable in cash or in kind or for value to be received	107,857	190,875
<b>Total</b>	<b>7,387,605</b>	<b>6,350,011</b>

### 2.13 Current Investments

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>Non-Trade (Unquoted)</b>		
National Saving Certificate	20,200	20,200
<b>Total</b>	<b>20,200</b>	<b>20,200</b>

### 2.14 Inventories

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
a) Stores & Spares	3,818,523	3,181,762
b) Finished Purchased goods	1,992,135	1,730,485
c) Raw materials	2,612,922	3,017,351
d) Sundry materials	119,605	65,921
<b>Total</b>	<b>8,543,184</b>	<b>7,995,519</b>

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

### 2.15 Trade Receivables

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
i) Debts outstanding for period exceeding six months		
Considered Good	-	-
Considered Doubtful	3,009,865	1,669,049
Total	3,009,865	1,669,049
less:		
Provision for Bad Debts	3,009,865	1,669,049
Total	-	-
ii) Other Receivables - Considered Good	36,482,516	28,763,686
<b>Total</b>	<b>36,482,516</b>	<b>28,763,686</b>

### 2.16 Cash and Cash Equivalents

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
I) With Scheduled banks :		
In Current Account #	7,632,553	7,989,982
In Deposit Accounts *	14,032,387	7,294,481
cash On Hand	190,369	142,387
II) Un Claimed Dividend	77,730	75,290
III) Remittances in Transit	-	1,650,000
<b>Total</b>	<b>21,933,038</b>	<b>17,152,140</b>

# Includes Rs.27,76,913 -(Rs.18,49,378 -) representing debit balance in Cash Credit Account

\* Includes pledged with the bank for bank guarantee



### 2.17 Short term Loans and Advances

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
<b>Others (Unsecured, Considered Good)</b>		
Advances recoverable in cash or in kind or for value to be received	1,953,730	1,905,409
Income Tax ( Net )	-	1,435,891
Balances with Central Excise and Cenvat receivable	315,873	267,831
Deposits	515,885	167,169
<b>Total</b>	<b>2,785,488</b>	<b>3,776,300</b>

### 2.18 Other Current Assets

Particulars	As at 31.03.2012 Rupees	As at 31.03.2011 Rupees
Interest receivable	285,478	225,148
<b>Total</b>	<b>285,478</b>	<b>225,148</b>

### 2.19 Revenue From Operations

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Sale of Products		
Finished goods	219,442,458	200,387,783
Less: Excise Duty	9,993,724	8,726,829
	<b>209,448,735</b>	<b>191,660,954</b>
Other operating Revenue		
Penalty for delayed return of cylinders	4,757,116	4,122,759
<b>Total</b>	<b>214,205,850</b>	<b>195,783,713</b>

### 2.20 Details of Products Sold

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
<b>Finished goods</b>		
Oxygen	62,874,012	62,935,592
Dissolved Acetylene	18,464,813	8,282,383
Liquid Nitrogen	527,667	175,755
Nitrogen	8,234,742	8,795,637
Liquid Oxygen	13,549,984	10,833,857
Medical Oxygen	51,638,867	57,802,310
Compressed Air	92,677	103,003
Carbon Dioxide	3,161,116	1,486,398
Argon	17,397,154	12,213,395
Nitrous Oxide	24,935,529	24,407,658
Other Items	1,534,942	553,004
Hydrogen	1,355,432	1,239,852
ACM	3,849,657	1,810,416
Sales-ANM	2,072	2,170
Sales-ALIM	889,630	333,015
freon gas	940,439	686,510
<b>Total</b>	<b>209,448,735</b>	<b>191,660,954</b>

### 2.21 Other Income

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Interest -(TDS Rs. 93,059/- Rs.35,517/-)	1,217,302	709,277
Profit on sale of assets (net)	1,572,209	2,212,273
Miscellaneous Income	446,334	958,174
Provision for Doubtful Debts No Longer Required Written Back	-	532,091
<b>Total</b>	<b>3,235,845</b>	<b>4,411,815</b>



## 2.22 Cost of Raw material and Components consumed

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
<b>Raw Materials</b>		
Opening Stock	3,017,351	3,211,609
Purchases	67,721,669	57,730,959
	<b>70,739,019</b>	<b>60,942,568</b>
Less : Closing Stock	2,612,922	3,017,351
<b>Cost of Raw material and Components Consumed</b>	<b>68,126,097</b>	<b>57,925,218</b>

### 2.22.1 Details of major Raw material and components consumed

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Liquid Oxygen	31,581,836	34,035,058
Calcium Carbide	11,978,825	3,562,849
Ammonium Nitrate	14,981,404	13,422,075
Argon	9,256,095	6,721,715
<b>Total</b>	<b>67,798,160</b>	<b>57,741,696</b>

### 2.23 Purchases of Traded goods

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Oxygen	2,100	68,091
Liquid oxygen	3,850,230	2,819,025
Dissolved Acetylene	3,177,370	2,179,484
Liquid Nitrogen	242,468	19,080
Nitrogen	7,441	74,402
Nitrous Oxide	103,800	13,638
Medical Oxygen	13,216	26,670
Argon	782,624	453,617
Carbon Di-Oxide	1,800,998	916,624
Hydrogen	245,267	221,963
Freon gas	818,083	843,892
Helium	492,965	125,270
Purchase Comp. Air/cylinder for trading	184,365	-
<b>Total</b>	<b>11,720,927</b>	<b>7,761,755</b>

### 2.24 (Increase)/Decrease in Inventories

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Opening Stock of finished goods	1,730,485	962,691
Closing Stock of finished goods	1,992,135	1,730,485
<b>(Increase)/Decrease</b>	<b>(261,650)</b>	<b>(767,794)</b>

### 2.24.1 Details of Opening Stock of finished goods

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Oxygen	265,688	177,696
Dissolved Acetylene	401,426	182,733
Nitrogen	59,459	48,764
Argon	237,937	183,284
Nitrous Oxide	427,398	276,745
others	338,577	93,470
<b>Total</b>	<b>1,730,485</b>	<b>962,691</b>



#### 2.24.2 Detail of Closing Stock of finished goods

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Oxygen	264,142	265,688
Dissolved Acetylene	342,078	401,426
Nitrogen	68,749	59,459
Argon	203,928	237,937
Nitrous Oxide	406,029	427,398
others	707,209	338,577
<b>Total</b>	<b>1,992,135</b>	<b>1,730,485</b>

#### 2.25 Employee Benefits Expenses

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Salaries & Wages	32,692,625	31,795,047
Contributions to Provident and other funds	3,317,195	2,952,716
Workmen and Staff Welfare Expenses	1,440,351	1,263,128
<b>Total</b>	<b>37,450,171</b>	<b>36,010,891</b>

#### 2.26 Finance Cost

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Interest expense	1,296,776	1,033,829
Other borrowing costs	105,375	17,560
<b>Total</b>	<b>1,402,151</b>	<b>1,051,389</b>

#### 2.24.1 Other Expenses

Particulars	Year Ended 31.03.2012 Rupees	Year Ended 31.03.2011 Rupees
Excise Duty paid/adjusted	10,404,817	9,077,862
Less: Excise duty collected	9,993,724	8,726,829
Net	411,093	351,033
Consumption of Stores, Spares & Consumables	3,243,390	3,369,674
Power, Fuel & Water	27,455,152	27,172,736
Rent	1,987,641	1,602,721
Repairs and Maintenance		
a) Buildings	1,144,138	1,937,950
b) Plant & Machinery	3,333,055	3,843,048
c) Others		
d) Vehicles (including vehicle running expenses)	10,271,161	7,853,924
Insurance	969,623	902,373
Rates & Taxes	1,254,053	978,131
Travelling Expenses	3,057,057	2,296,001
Donations	466,353	684,615
Printing, Stationery, Postage & Telephone	1,754,731	1,684,312
Auditors Remuneration- (see note No 2.27.1)	661,440	550,053
Advertisement	228,423	365,041
Legal & Other Professional charges	1,494,875	1,459,926
Security Charges	2,275,813	2,326,814
Bank charges	185,666	180,890
Directors' sitting fees	22,500	27,000
Freight & Carriage (Net)	3,900,464	4,374,311
Gain/Loss on Exchange fluctuation	40,321	
Provision for Doubtful debts	1,340,816	-
Bad debts written off	20,436	291,574
Miscellaneous expenses	2,497,675	2,133,745
<b>Total</b>	<b>68,015,876</b>	<b>64,386,174</b>



**Note 2.27.1**

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

<b>Particulars</b>	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
a. Statutory Audit Fees	307,354	270,235
b. Other Services		
Taxation Matters	84,832	129,489
Others	-	27,474
c. For Reimbursement of Expenses	269,254	122,855
<b>Total</b>	<b>661,440</b>	<b>550,053</b>

**2.28 Earnings per share**

<b>Particulars</b>	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
Net Profit for the year	7,923,985	8,114,605
Number of Equity shares of Rs.100 each	22,500	22,500
<b>Earnings per Sahare (Basic &amp; Diluted)</b>	<b>352.18</b>	<b>360.65</b>

**2.29 In the opinion of the Directors**

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

**2.30 Contingent liabilities not provided for:**

<b>Particulars</b>	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
Disputed demand under Income Tax under Appeal which in the opinion of the management is not legally sustainable and hence not provided for	940,660	940,660
Guarantees issued by the bank on behalf of the Company	6,353,770	1,916,422

**2.31 Estimated amount of contracts remaining to be executed on capital account-  
Rs. 17. 75 Lakhs(Rs. Nil)**

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

<b>Particulars</b>	<b>Year Ended 31.03.2012 Rupees</b>	<b>Year Ended 31.03.2011 Rupees</b>
<b>Managing Director:</b>		
Salary & Allowances	2,727,068	2,348,794
<b>Total Remuneration</b>	<b>2,727,068</b>	<b>2,348,794</b>
<b>Whole Time Director:</b>		
Salary & Allowances	954,000	954,000
Contribution to PF	9,360	9,360
<b>Total</b>	<b>963,360</b>	<b>963,360</b>





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, 2006.

**A Related parties and nature of relationship**

i Key Management Personnel

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

ii Relatives of Key Management personnel

- Yogita Gautam Pai Cacode - Daughter of Managing Director

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

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

**B Description of Transactions**

Nature of transaction	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where significant influence exists	
	2011-12 Rupees	2010-11 Rupees	2011-12 Rupees	2010-11 Rupees	2011-12 Rupees	2010-11 Rupees
Purchase of goods	Nil	Nil	Nil	Nil	2,544,616	2,207,967
Sale of goods	Nil	Nil	Nil	Nil	6,512,037	4,856,760
Payment of Freight/other expenses	Nil	Nil	Nil	Nil	11,785	13,358
Purchase of Fixed Assets	Nil	Nil	Nil	Nil	3,078,900	879,725
Sale of Fixed Assets	5,025,000	Nil	Nil	Nil	330,188	Nil
Penalty Charges for delayed return of cylinders	Nil	Nil	Nil	Nil	48,902	125,222
Transfer of Cylinder Deposit	Nil	Nil	Nil	Nil	Nil	Nil
Deposits	600,000	Nil	500,000	Nil	Nil	20,000
Receipt of Freight/other receipts	Nil	Nil	Nil	Nil	19,012	17,000
Remuneration	3,690,428	3,402,154	Nil	Nil	Nil	Nil
Payment of rent	1,020,000	1,020,000	480,000	Nil	24,000	24,000
Donation	Nil	Nil	Nil	Nil	450,000	250,000

**C. Outstanding balance as on 31.3.2012**

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where significant influence exists	
	2011-12 Rupees	2010-11 Rupees	2011-12 Rupees	2010-11 Rupees	2011-12 Rupees	2010-11 Rupees
Receivables	Nil	Nil	Nil	Nil	723,362	445,044
Payables	Nil	Nil	Nil	Nil	115,584	277,162

**2.34 Break-up of Consumption**

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
	%	Amount (Rs.)	%	Amount (Rs.)
<u>Raw Materials</u>				
Imported	10.18%	6,933,026	2.97%	1,718,809
Indigenous	89.82%	61,193,071	97.03%	56,206,410
<b>Total</b>		<b>68,126,097</b>		<b>57,925,218</b>
Stores & Spares				
Imported				
Indigenous	100	10,404,817	100	9,077,862



### 2.35 CIF Value of imports made during the year

Particulars	Year ended 31.03.2012 Rupees	Year ended 31.03.2011 Rupees
Raw Materials	4,309,846 (Net of Foreign Exchange loss-RS.40321/-)	3,330,991 (Net of Foreign Exchange loss-RS.39,489 -)
Components & Spares	Nil	Nil
Capital Goods	Nil	Nil

### 2.36 Expenditure in Foreign Currency

Particulars	Year ended 31.03.2012 Rupees	Year ended 31.03.2011 Rupees
Expenditure in Foreign Currency	4,210,763	3,330,991
Dividends remitted in Foreign Currency	Nil	Nil
Earning in Foreign Currency	Nil	Nil

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 Varma & Varma**  
Chartered Accountants  
FRN No. 004532S

Partner P.G. Susil Kumar  
M No. 22579

Place: Margao  
Date: 29th May 2012

**M.G.Poy Raiturcar**

**J.V.Gaitonde**

**S.P.Patnckar**

**N.R.Prabhu**

**D.M.Tavadia**

**G.V.Pai Cacode**  
**Directors**

Place: Margao  
Date: 29th May 2012

**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  
48th General Meeting of the company to be held on 27th September, 2012 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012



Signature

Folio No.

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.