



**the southern
gas limited**

4 6th

**ANNUAL REPORT
& ACCOUNTS
2009-10**



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.

FACTORIES AT

- 1. UDYOGAMANDAL (KERALA)**
- 2. TRIVANDRUM (KERALA)**
- 3. BHADRAVATI (KARNATAKA)**
- 4. BANGALORE (KARNATAKA)**
- 5. MYSORE (KARNATAKA)**

FILLING STATIONS

- 1. HARIHAR (KARNATAKA)**
- 2. HUBLI (KARNATAKA)**
- 3. TRICHY (TAMILNADU)**
- 4. CALICUT (KERALA)**



NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Thursday, 30th September, 2010 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, 2010 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 Lalit P Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ranganath N. Prabhu, 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 the Clause in para 4 of Article 163 of the Articles of Association be substituted with a clause reading as under:

"Notwithstanding anything contained in this Article, if in any financial year, the company has no profits or profits thereof are inadequate, the company may, pay to its Directors, including any Managing Director/Wholetime Director or Manager, or if there are two or



more of them holding office in the company, to all of them together, by way of remuneration as provided in Article 124 and stipulated in section 269 read with Schedule XIII of the Companies Act.1956.”

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

**(M.G. Poy Raiturcar)
Managing Director**

Dated:22nd June,2010

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 of the notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 27th September, 2010 to Thursday 30th September,2010 (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, 2003 and thereafter which remain 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 2002-2003 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

Article 124 of the the Articles of Association of the Company provides that the remuneration payable to the Director of the company including any Managing or Wholetime Director shall be determined in accordance with, and subject to, the provisions of Section 198 and 309 of the Act.

However, in para 4 under Article 163 it is stated that notwithstanding anything contained in this article, if in any financial year, the Company has no profits or the profits thereof are inadequate, the company may, subject to the approval of Central Government, (unless such approval has been obtained under any of the provisions of the Act), pay to its Directors, including any Managing/Wholetime Director or Manager or if there are two or more of them holding office in the Company to all of them together by way of minimum remuneration such sum not exceeding Rs.50000/- per annum, exclusive of any fees payable to the Directors under Section 309(2) of the Act as it considers reasonable.

In order to bring this provision in line with the existing Article 124 and as stipulated in section 269 read with Schedule XIII of the Companies Act, 1956, it is proposed to substitute the aforesaid para 4 under Article 163, as given in item No.6 of the notice.

None of the Directors of the Company are concerned or interested in the subject, except the present Managing/Wholetime Directors who are already holding the office, pursuant to Article 124 read with Section 198 of the companies Act,1956.

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

**(M.G. Poy Raiturcar)
Managing Director**

Dated : 22nd June,2010



DIRECTORS' REPORT

Your Directors are pleased to submit the 46th Annual Report together with the Audited Statement of Accounts for the year-ended 31st March 2010

FINANCIAL RESULTS		(Rs. in lakhs)	
For the year ended 31 st March		2010	2009
Profit before Depreciation & Taxation		302.29	242.98
Less Depreciation		147.65	129.71
Profit before Taxation		154.64	113.27
Less: Provision for Taxation	– Current Tax	44.65	30.84
	– Deferred Tax	6.41	10.67
	– Fringe Benefits Tax	—	3.30
Add/Less: Income Tax for prior years		—	0.69
Net Profit for the year before extraordinary items		103.58	67.77
Add : Profit on Sale of Investment (Extraordinary Item)		--	--
Net Profit for the year		103.58	67.77
Add: Balance brought forward from previous year		799.55	759.67
Amount available for appropriation		903.13	827.44
Appropriations			
a) Transfer to General Reserves		20.00	20.00
b) Proposed Dividend		6.75	6.75
c) Corporate Dividend Tax		1.12	1.15
Balance carried forward to next year		875.26	799.54

OPERATIONS

Your Company achieved a turnover of Rs.1558 lakhs as against Rs.1518 lakhs (net of excise duty) for the previous year representing an increase of about 2.63%. The Company has recorded a net profit of Rs.103.58 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.

Operations were adversely affected by high cost of inputs, supply of liquid medical gas to all hospitals by multinational companies on the one hand and reduced selling prices and stiff competition from other small scale gas manufacturers including multinational companies on the other hand during the year.

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. In this connection, your Company has started filling station at Hubli in Karnataka. Further performance of all existing depots and units are reviewed from time to time and efforts are on to increase their sales and profitability.

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 2010.

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 at the end of the financial year 2009-10 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 Lalit P. Mehta and Shri Ranganath N. Prabhu, 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.

AUDITORS QUALIFICATIONS IN THE AUDITORS REPORT

In the Audit report it has been stated that the requirement of listing agreement entered into with the Bombay Stock Exchange in terms of the SEBI regulations were not fully complied with. The auditors have not specified the items not complied with. However, it was observed that the Auditors had not given Limited Review Report in respect of the unaudited financial results for the quarter ended 30th June, 2009 and the statement of financial results was submitted without their report. Except for this, the company has complied with all the requirements under the listing agreement.

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,
22nd June, 2010

Madhav G Poy Raiturcar
Chairman & Managing Director



Annexure to Directors' Report

COMPLIANCE CERTIFICATE

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

Registration No. of the Company: U31200 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,2010(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 six times respectively on 25.5.2009,14.8.2009, 25.8.2009, 2.9.2009, 27.11.2009 and 24.2.2010 during the financial year ending 31.3.2010, 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 25.9.2009 to 30.9.2009 (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, 2009 was held on 30th September, 2009 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 Company has not issued any 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 dividends 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. The appointment of whole time director made by the Board with effect from 1st February, 2009 was approved at the Annual General Meeting held on 30.9.2009
- 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 financial institutions and the Banks 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 not altered 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: 28th May, 2010

I.M. D'Souza
Company Secretary
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, 2010.

S.No.	Form No./ Return	Filed under section	For	Date of filing
1	23C	233B(2)	Appointment of Cost Auditor made on 25.5.2009 for the year 2009-10	27.06.2009
2	23AC & 23ACA	220	Balance Sheet and Profit & Loss Account for the year ended 31.3.2009	7.10.2009
3	66	383A(1)	Compliance Certificate for the year ended 31.3.2009	7.10.2009
4	20B	159	Annual Return as at the date of AGM as on 30.9.2009	7.10.2009
5	1	205A	Unclaimed dividend for the year 2001-2002 transferred to Investor Education and Protection Fund	8.10.2009
6	1	233B(4)	Filing of Cost Audit Reports in respect of Industrial Gas and Medical Gas Units at Bangalore, Bhadravati, Mysore, Trivandrum and Udyogamandal	5.12.2009
7	17	138	Satisfaction of charge dated 11.3.2005 for Rs.1,14,00,000 with Corporation Bank, Margao, satisfied on 26.11.2009	2.12.2009



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 2010, the annexed Profit and Loss Account for the year ended on that date 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.
 - (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 2010, 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 2010, 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, *subject to note 9 of Schedule 14 regarding non compliance of certain requirements of the listing agreement with the Stock exchange as referred to therein*, and 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 31st March, 2010;

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.

Place: Kochi 16

Date: 31.05.2010

For VARMA & VARMA
Chartered Accountants

V. SATHYANARAYANAN
PARTNER



**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 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 31st March 2010 as per details given below:

Name of the statute	Nature of dues	Amount(Rs.)	Forum where dispute is pending	Period to which amount relates
Income Tax Act	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 : Kochi - 16

Date: 31.05.2010

For VARMA & VARMA
Chartered Accountants

V. SATHYANARAYANAN
PARTNER



THE SOUTHERN GAS LIMITED
BALANCE SHEET AS AT 31st MARCH, 2010

(In Rupees)

	Sch. No	As at 31st March, 2010	As at 31st March, 2009
I. SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Share Capital	1	2,250,000	2,250,000
b) Reserves & Surplus	2	101,598,218	92,027,090
		103,848,218	94,277,090
2. Loan Funds:			
a) Secured Loans	3	10,223,323	6,511,607
		15,525,000	14,884,000
3. Deferred Tax Liability (Net)			
		129,596,541	115,672,697
TOTAL			
II. APPLICATIONS OF FUNDS:			
1. Fixed Assets:	4		
a) Gross Block		244,176,575	213,265,304
b) Less: Depreciation		133,683,000	120,245,703
c) Net Block		110,493,575	93,019,601
d) Capital Work In Progress		181,305	4,090,000
		110,674,880	97,109,601
2. Investments	5	2,020,200	2,023,200
3. Current Assets, Loans and Advances	6		
a) Inventories		7,487,290	7,539,888
b) Sundry Debtors		22,780,562	19,474,103
c) Cash & Bank Balances		20,890,434	21,866,564
d) Other Current Assets		232,056	368,189
e) Loans & Advances		10,146,882	9,434,179
		61,537,224	58,682,923
Less: Current Liabilities & Provisions	7		
a) Current Liabilities		43,042,901	39,584,013
b) Provisions		1,592,862	2,559,014
		44,635,763	42,143,027
Net Current Assets		16,901,461	16,539,896
TOTAL		129,596,541	115,672,697
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

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

V. Sathyanarayanan
Partner

Cochin-16
31st May, 2010

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

Margao
28th May, 2010



THE SOUTHERN GAS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010
(In Rupees)

	Sch No.	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A. INCOME:			
Sales (Gross)		161,156,170	158,901,335
Less: Excise Duty		5,379,012	7,130,137
Sales (Net)		155,777,158	151,771,198
Other Income	8	6,377,065	7,667,421
Stock Differential	9	102,803	(78,984)
		162,257,026	159,359,635
B. EXPENDITURE:			
Purchases (Gases)		6,640,389	6,593,979
Raw Materials & Stores Consumed	10	40,125,283	45,491,911
Payments to and Provisions for employees	11	33,066,679	31,049,235
Manufacturing, Selling, Administration & Other expenses	12	51,617,392	50,981,233
		131,449,743	134,116,358
Profit Before Interest, Depreciation and Taxation		30,807,283	25,243,277
Less: Interest on Term Loan		355,857	673,162
Less: Interest on others		222,080	271,575
Profit Before Depreciation		30,229,346	24,298,540
Less: Depreciation		14,765,210	12,971,498
Profit After Depreciation		15,464,136	11,327,042
Less: Provision for Taxes			
Income Tax - Current Tax		4,464,900	3,084,000
- Deferred Tax		641,000	1,067,000
Fringe Benefit Tax - current year		-	330,000
relating to prior year		-	69,000
Net Profit for the year		10,358,236	6,777,042
Add: Surplus carried forward from last year		79,954,502	75,967,176
Available Profit for appropriation		90,312,738	82,744,218
Less:			
- Transfer to General Reserve		2,000,000	2,000,000
- Proposed Dividend		675,000	675,000
- Corporate Dividend Tax		112,109	114,716
Balance Carried to Balance Sheet		87,525,629	79,954,502
Earnings Per Share (Basic and Diluted)	13	460.37	301.20
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

V. Sathyannarayanan
Partner

Cochin-16
31st May, 2010

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
28th May, 2010



THE SOUTHERN GAS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
A CASH FLOW FROM OPERATING ACTIVITIES:		
I Net Profit / (Loss) before Tax	30,229,346	24,298,540
<i>Adjustments for :</i>		
Interest Income	(1,009,486)	(1,398,541)
Interest expense	577,937	944,737
Provision for Doubtful Debts	757,699	—
Provision for Doubtful Debts no longer required written back	—	(394,079)
Bad Debts written off	129,532	157,189
Profit on Sale of Assets	(1,015,543)	(1,434,884)
II Operating profit before working capital changes	29,669,485	22,172,962
<i>Adjustments for working capital changes:</i>		
(Increase) / Decrease in Trade Receivables	(4,471,293)	(392,922)
(Increase) / Decrease in Inventories	52,598	(1,262,306)
Increase / (Decrease) in Trade Payables	2,509,320	4,124,791
III Net Cash generated from Operations	27,760,110	24,642,525
Direct taxes (paid) / refund	(4,900,000)	(4,166,702)
IV Net Cash from/(used) in Operating Activities	22,860,110	20,475,823
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(28,855,995)	(21,787,491)
Sale of Fixed assets	1,541,049	2,894,903
(Purchase) / Sale of Investments	3,000	(10,000)
Interest received	1,145,619	1,046,392
Net cash from/(used) in Investing Activity	(26,166,327)	(17,856,196)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	3,711,716	(487,921)
Interest paid	(602,024)	(899,793)
Dividends and Corporate Dividend Tax paid	(779,606)	(777,806)
Net cash from / (used) in Financing activities	2,330,086	(2,165,520)
Summary		
Net cash from/(used) in Operating Activities	22,860,110	20,475,823
Net cash from/(used) in Investing Activity	(26,166,327)	(17,856,196)
Net cash from / (used) in Financing activities	2,330,086	(2,165,520)
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS	(976,130)	454,106
Cash & cash equivalents at the beginning of the year	21,866,564	21,412,458
Cash & cash equivalents at the end of the year	20,890,434	21,866,564
NET INCREASE / (DECREASE) IN CASH EQUIVALENTS	(976,130)	454,106

Note: Cash and cash equivalents at the end of the year includes Rs. 18.41 lakhs (Rs. 20.07 lakhs) under lien and Rs. 0.72 lakhs (0.68 lakhs) deposited in unclaimed dividend account which are not available for use as on the Balance Sheet date.

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

For Varma & Varma
Chartered Accountants

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

V. Sathyanarayanan
Partner

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

Cochin-16
31st May, 2010

Margao
21 28th May, 2010



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

(In Rupees)

	As at 31st March, 2010	As at 31st March, 2009
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	12,072,589	10,072,588
	12,072,589	10,072,588
Add: Transfer from Profit & Loss Account	2,000,000	2,000,000
	14,072,589	12,072,588
Surplus in Profit & Loss Account	87,525,629	79,954,502
	101,598,218	92,027,090
SCHEDULE - 3		
SECURED LOANS		
From Banks		
a) Term Loan (Secured by hypothecation of Plant & Machinery, Gas cylinders, Vacuum Insulated Transport Tanker (VITT) and all other movable and fixed assets at Bangalore & Mysore Units) (Repayable within one year Rs.NIL (Rs.14,20,000/-))	-	1,420,000
b) Term Loan (Secured by hypothecation of Cylinders) (Repayable within one year -Rs.19,57,524/-(Rs.7,93,725/-))	6,961,033	2,550,000
c) Interest accrued & due on Secured Loans	21,329	45,416
d) Cash Credit (Secured by hypothecation of raw materials, semi finished goods, finished goods, stores & spares, gas cylinders and book debts) (The above loans 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 Managing Director of the Company)	3,240,961	2,496,191
	10,223,323	6,511,607

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

Description	GROSS BLOCK/AT COST				DEPRECIATION				(In Rupees)	
	As at 01.04.2009	Additions	Sales/ Adj.	As on 31.03.2010	Up to 01.04.2009	Sales/ Adj.	For the year	Up to 31.03.2010	As on 31.03.2010	As on 31.03.2009
										NET BOOK
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 (1,627,715)	(61,803)	-	1,689,518 (1,689,518)	88,130 (75,540)	-	14,396 (12,590)	102,526 (88,130)	1,586,982 (1,601,388)	1,601,388 (1,552,175)
BUILDINGS	16,145,696 (13,112,017)	5,206,207 (3,033,679)	-	21,351,903 (16,145,696)	4,190,085 (3,749,770)	-	592,962 (440,315)	4,783,067 (4,190,085)	16,568,836 (11,955,611)	11,955,611 (9,362,247)
PLANT & MACHINERY (Including cy/holders)	163,167,861 (149,038,000)	17,995,735 (15,517,155)	523,942 (1,387,294)	180,639,654 (163,167,861)	101,096,176 (91,356,246)	339,532 (681,679)	11,894,880 (10,421,610)	112,651,524 (101,096,176)	67,988,130 (62,071,685)	62,071,685 (57,681,754)
VACUUM INSULATED TRANSPORT TANKER	8,058,570 (8,058,570)	-	-	8,058,570 (8,058,570)	6,152,737 (5,464,323)	-	688,414 (688,414)	6,841,151 (6,152,737)	1,217,419 (1,905,833)	1,905,833 (2,594,247)
ELECTRICAL FITTINGS	1,009,896 (1,016,009)	358,586	-	1,368,482 (1,009,896)	426,292 (390,568)	-	47,515 (41,837)	473,807 (426,292)	894,675 (583,604)	583,604 (625,441)
FURNITURE & FIXTURES	1,365,780 (1,313,052)	2,481,858 (80,878)	-	3,847,638 (1,365,780)	1,072,833 (998,713)	-	113,328 (101,149)	1,186,161 (1,072,833)	2,661,477 (292,947)	292,947 (314,339)
MOTOR CARS & VEHICLES	7,975,776 (7,731,350)	5,874,039 (1,175,524)	1,329,477 (931,098)	12,520,338 (7,975,776)	3,936,697 (3,276,567)	988,381 (204,190)	1,051,902 (864,320)	4,000,218 (3,936,697)	8,520,120 (4,039,079)	4,039,079 (4,454,783)
OFFICE EQUIPMENTS	4,628,263 (4,475,056)	848,265 (328,452)	-	5,476,528 (4,628,263)	3,282,753 (3,030,359)	-	361,792 (401,263)	3,644,545 (3,282,753)	1,831,983 (1,345,510)	1,345,510 (1,444,697)
SUB TOTAL (A)	213,265,304 (195,595,712)	32,764,690 (20,197,491)	1,853,419 (2,527,900)	244,176,575 (213,265,304)	120,245,703 (108,342,086)	1,327,913 (1,067,881)	14,765,209 (12,971,498)	133,683,000 (120,245,703)	110,493,576 (93,019,601)	93,019,601 (87,253,626)
CAPITAL WORK IN PROGRESS	4,090,000 (2,500,000)	1,401,964 (1,590,000)	5,310,659	181,305 (4,090,000)	-	-	-	-	181,305 (4,090,000)	4,090,000 (2,500,000)
SUB TOTAL (B)	4,090,000 (2,500,000)	1,401,964 (1,590,000)	5,310,659	181,305 (4,090,000)	-	-	-	-	181,305 (4,090,000)	4,090,000 (2,500,000)
TOTAL (A) + (B)	217,355,304	34,166,654	7,164,078	244,357,880	120,245,703	1,327,913	14,765,210	133,683,000	110,674,880	97,109,601
Previous Year	(198,095,712)	(21,787,491)	(2,527,900)	(217,355,304)	(108,342,086)	(1,067,881)	(12,971,498)	(120,245,703)	(97,109,601)	(89,753,626)



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

(In Rupees)

	As at 31st March, 2010	As at 31st March, 2009
SCHEDULE - 5		
INVESTMENTS		
1. Non-Trade (Unquoted)		
i) National Saving Certificate	20,200	23,200
ii) Bonds of Rural Electrification Corporation Ltd.	2,000,000	2,000,000
	2,020,200	2,023,200
SCHEDULE - 6		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets:		
a) Inventories:		
i) Stores & Spares	3,312,990	2,741,535
ii) Finished/Purchased goods	962,691	859,888
iii) Raw materials	3,211,609	3,938,465
	7,487,290	7,539,888
b) Sundry Debtors (Unsecured)		
i) Debts outstanding for period exceeding six months		
Considered Good	-	-
Considered Doubtful	2,201,140	1,443,441
	2,201,140	1,443,441
Less: Provision for doubtful debts	2,201,140	1,443,441
	-	-
ii) Other Debts - Considered Good	22,780,562	19,474,103
	22,780,562	19,474,103
c) Cash and Bank Balances:		
i) Cash, stamps and cheques on hand	243,052	121,318
ii) With Scheduled banks:		
In Current Accounts	9,957,699	8,088,548
In Deposit Accounts *	10,317,283	13,419,186
In Unclaimed Dividend Account	72,400	68,065
iii) Remittances in Transit	300,000	169,447
	20,890,434	21,866,564

* Includes deposits 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, 2010	As at 31st March, 2009
SCHEDULE - 6 (cont'd.)		
d) Other Current Assets		
Interest receivable	232,056	368,189
e) Loans & Advances		
Unsecured - considered good		
i) Income-tax advance/Fringe Benefit Tax	6,030,834	12,397,450
Less: Provision for Income Tax	4,464,900	11,010,110
	1,565,934	1,387,340
ii) Prepaid Expenses	910,144	464,725
iii) Balances with Central Excise	330,175	536,654
iv) Deposits	6,388,853	5,586,720
v) Advances recoverable in cash or in kind or for value to be received	951,776	1,458,740
	10,146,882	9,434,179
SCHEDULE-7		
CURRENT LIABILITIES & PROVISIONS		
a) Current Liabilities:		
1. Sundry Creditors		
a) Dues to Micro Enterprises and Small Enterprises and Small enterprises(Refer Note 7)	267,350	52,663
b) Dues to Other than Micro Enterprises and Small Enterprises	13,137,498	11,868,089
2. Other Liabilities	1,412,472	1,765,253
3. Deposits against Gas cylinders	28,153,181	25,829,943
4. Investor Education and Protection Fund shall be credited by the following amounts (not due):		
Unpaid Dividend	72,400	68,065
	43,042,901	39,584,013
b) Provisions:		
For gratuity	38,270	982,277
For leave encashment	767,483	787,021
For Proposed Dividend	675,000	675,000
For Corporate Dividend Tax	112,109	114,716
	1,592,862	2,559,014



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE - 8		
OTHER INCOME		
Interest -(TDS Rs. 115230/- (Rs. 244900/-))	1,009,486	1,398,541
Penalty for delayed return of cylinders	3,292,740	3,527,923
Profit on sale of assets (net)	1,015,543	1,434,884
Miscellaneous Income	1,059,296	911,993
Provision for Doubtful Debts No Longer Required Written Back		394,080
	6,377,065	7,667,421
SCHEDULE - 9		
Stock Differential		
Opening Stock of finished goods	859,888	938,872
Closing Stock of finished goods	962,691	859,888
Increase/(Decrease)	102,803	(78,984)
SCHEDULE - 10		
Raw Materials, Stores and Sundry Materials Consumed		
Raw Materials:		
Opening Stock	3,938,465	2,670,166
Purchases	36,394,440	44,606,112
Less: Sold	342,001	905,179
	39,990,904	46,371,099
Less: Closing Stock	3,211,609	3,938,465
	36,779,295	42,432,634
Stores, Spares & Tools:		
Opening Stock	2,668,164	2,548,569
Purchases	3,898,281	3,178,872
	6,566,445	5,727,441
Less: Closing Stock	3,220,457	2,668,164
	3,345,988	3,059,277
	40,125,283	45,491,911



THE SOUTHERN GAS LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
SCHEDULE - 11		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus and Incentives	29,705,480	26,253,750
Contribution to Provident Fund and Other Funds	1,964,076	3,630,098
Other Welfare Expenses	1,397,123	1,165,387
	33,066,679	31,049,235
SCHEDULE - 12		
MANUFACTURING, SELLING, ADMINISTRATION AND OTHER EXPENSES		
Excise Duty paid/adjusted	5,666,673	7,575,800
Less: Excise duty collected	5,379,012	7,130,137
Net	287,661	445,663
Power, Fuel & Water	24,315,049	25,759,257
Repairs & Maintenance		
a) Buildings	689,589	496,643
b) Plant & Machinery	2,449,690	2,935,144
c) Vehicles (including vehicle running expenses)	6,061,716	5,959,136
Rent	1,375,516	639,415
Rates & Taxes	808,382	1,000,731
Insurance	650,962	592,421
Travelling Expenses	2,268,209	2,412,669
Donations	518,760	737,670
Printing, Stationery, Postage & Telephone	1,620,273	1,513,876
Auditors Remuneration (See note 4)	473,900	503,326
Legal & Other Professional charges	1,251,801	1,303,067
Security Charges	2,086,376	1,833,174
Bank charges	323,936	295,949
Director's sitting fees	27,000	25,500
Miscellaneous expenses	1,833,355	1,957,946
Freight & Carriage (Net)	3,492,532	2,180,907
Advertisement	193,020	156,891
Sales Tax & Surcharge	2,434	74,659
Provision for Doubtful debts	757,699	-
Bad debts written off	129,532	157,189
	51,617,392	50,981,233
SCHEDULE - 13		
EARNINGS PER SHARE		
Net Profit for the year	10,358,236	6,777,042
Number of Equity shares of Rs.100 each	22,500	22,500
Earnings per share (Basic & Diluted)	460.37	301.20



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 2010.

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 31.3.2010	As at 31.3.2009
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	—
Guarantees issued by the bank on behalf of the Company	19,91,043	30,07,660

3. Estimated amount of contracts to be executed on capital account(Net of advances) Rs.Nil Lacs Rs. 25.31 Lacs

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

(In Rupees)

Particulars	2009-10	2008-09
a. Statutory Audit fee	2,59,158	2,26,600
b. Taxation matters (Including tax audit)	90,447	1,21,533
c. Towards reimbursement of expenses	1,24,295	1,55,193
Total	4,73,900	5,03,326

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

(In Rupees)

Particulars	2009-10	2008-09
Managing Director:		
Salary	24,00,000	23,35,341
Other perquisites	5,21,170	3,64,659
Total Remuneration	29,21,170	27,00,000
Whole time Director:		
Salary*	8,64,000	1,44,000
Other Perquisites	98,602	Nil
Contribution to PF	9,360	1,560
Total Remuneration	9,71,962	1,45,560

*Includes salary from 01.02.09 to 31.03.09 for the previous year



6. Deferred Tax Liability (net) comprises:

Particulars	(In Rupees)	
	2009-10	2008-09
Deferred Tax Assets		
Provision for Doubtful Debts	7,30,680	4,91,000
Disallowances under the Income Tax Act	4,33,820	5,28,000
Deferred Tax Liabilities		
Depreciation	1,66,89,500	1,59,03,000
Net Deferred Tax Liabilities.	1,55,25,000	1,48,84,000

7. 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.

8. 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	2009-10	2008-09
Employers contribution to Provident Fund	14,37,618	13,25,163
Employers contribution to Employee’s State Insurance	3,85,275	4,75,972

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



i	Actuarial Assumptions	Compensated Absences (Unfunded)		Gratuity (Funded)	
		2009-10	2008-09	2009-10	2008-09
	Discount Rate (per annum)	7.00%		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)	15.30		15.30	

* 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)	
		2009-10	2008-09	2009-10	2008-09
	Present value of obligation at beginning of the year	7,87,021	Nil	62,25,663	55,27,082
	Current Service Cost	1,74,273	6,01,349	4,20,963	4,30,711
	Interest Cost	61,191	21,047	5,14,892	4,01,971
	Actuarial (gain)/loss	(1,64,319)	1,64,625	(3,83,301)	6,34,234
	Benefits Paid	(90,683)	Nil	(90,683)	(7,68,335)
	Present value of obligation at end of the year	7,67,483	7,87,021	66,87,534	62,25,663



iii	Reconciliation of fair value of plan assets	Compensated Absences(Unfunded)		Gratuity (Funded)	
		2009-10	2008-09	2009-10	2008-09
	Fair value of plan assets beginning of the year	Nil	Nil	52,43,386	46,94,588
	Expected return on plan assets	Nil	Nil	4,19,471	3,75,567
	Actuarial (gain)/loss	Nil	Nil	1,11,566	96,331
	Contributions	Nil	Nil	9,65,524	8,45,235
	Benefits paid	Nil	Nil	(90,683)	(7,68,335)
	Assets distributed on settlement (if applicable)	Nil	Nil	-	-
	Fair value of plan assets at end of the year	Nil	Nil	66,49,264	52,43,386

iv	Description of Plan Assets	Gratuity (Funded)	
		2009-10	2008-09
	Insurer Managed Funds	66,49,264	52,43,386

v	Net (Asset)/Liability recognised in the Balance Sheet as at year end	Compensated Absences(Unfunded)		Gratuity (Funded)	
		2009-10	2008-09	2009-10	2008-09
	Present value of obligation at end of the year	7,67,483	7,87,021	66,87,534	62,25,663
	Fair value of plan assets at end of the year	Nil	Nil	66,49,264	52,43,386
	Funded Status	(7,67,483)	(7,87,021)	(38,270)	(9,82,277)
	Net present value of unfunded obligation recognised as asset/ (liability) in the Balance Sheet	7,67,483	7,87,021	38,270	9,82,277



vi	Expenses recognised in the Profit and Loss Account	Compensated Absences(Unfunded)		Gratuity (Funded)	
		2009-10	2008-09	2009-10	2008-09
	Current Service Cost	1,74,273	6,01,349	4,20,963	4,30,711
	Interest Cost	61,191	21,047	5,14,892	4,01,971
	Actuarial (gain)/loss recognised in the period	(1,64,319)	1,64,625	(4,94,867)	5,37,903
	Past service cost (if applicable)	Nil	Nil	Nil	Nil
	Expected return on plan assets	Nil	Nil	(4,19,471)	(3,75,567)
	Total expenses recognised in the Profit and Loss account	71,145	7,87,021	21,517	9,95,018
	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.

9. The requirements of the listing agreement entered into with the Bombay Stock Exchange in terms of the SEBI regulations were not fully complied pending certain issues.

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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchase Of goods	Nil	Nil	Nil	Nil	12,94,220	17,28,348
Sale of goods	Nil	Nil	Nil	Nil	46,08,459	41,01,337
Payment of Freight/ other expenses	Nil	Nil	Nil	Nil	11,700	12,450
Purchase of Fixed Assets	Nil	Nil	Nil	Nil	5,738	1,66,831
Sale of Fixed Assets	Nil	Nil	Nil	Nil	1,35,000	7,89,875
Penalty Charges for delayed return of Cylinders	Nil	Nil	Nil	Nil	1,21,865	1,23,247
Transfer of Cylinder Deposit	Nil	Nil	Nil	Nil	Nil	10,44,552
Deposits	Nil	Nil	Nil	Nil	20,000	Nil
Receipt of Freight/ other receipts	Nil	Nil	Nil	Nil	19,800	Nil
Remuneration	38,93,132	28,45,560	Nil	Nil	Nil	Nil
Payment of rent	10,51,500	2,04,000	76,500	Nil	4,000	Nil
Donation	Nil	Nil	Nil	Nil	5,00,000	7,00,000

Outstanding balance as on 31.3.2010 (Amount in Rs.)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises where Significant Influence exists	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Receivable	Nil	7,84,659	Nil	Nil	3,91,205	87,235
Payable	Nil	Nil	Nil	Nil	2,67,350.29	52,665

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 31.03.2010
(Under Schedule VI of the Companies Act, 1956)

SCHEDULE - 14 (contd.)

1. Turnover of goods:

	2009-10		2008-09	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	6,088,548	110,096,367	5,917,674	97,418,002
Dissolved Acetylene	32,572	6,590,335	68,715	12,445,829
Nitrogen	357,398	6,872,623	382,600	7,428,322
Argon	67,780	8,189,661	78,437	10,104,905
Nitrous Oxide	137,903	21,085,798	147,926	21,107,477
Others	--	2,942,374	--	3,266,663

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

	2009-10		2008-09	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Liquid Oxygen	2,670,577	21,520,775	2,210,249	18,352,731
Acetone (Kgs)	3,071	179,513	4,904	296,666
Calcium Carbide (Kgs)	82,300	3,079,561	160,000	6,852,995
Ammonium Nitrate (kgs)	527,100	11,312,813	561,600	12,769,206
Argon	24,531	853,385	85,070	4,427,843
Others	--	3,179,236	--	2,792,470

3. Finished Goods: Opening Stock

	2009-10		2008-09	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	16,675	222,467	15,080	176,393
Dissolved Acetylene	372	65,071	1,375	206,661
Nitrogen	4,441	60,773	3,168	42,364
Argon	1,830	183,412	2,047	145,330
Nitrous Oxide	2,346	271,967	3,468	315,404
Others	--	56,198	--	52,720

4. Finished Goods: Closing Stock

	2009-10		2008-09	
	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

5. Trading Transactions: Finished Goods purchased

	2009-10		2008-09	
	Qty. (Cu.m)	Value(Rs.)	Qty. (Cu.m)	Value(Rs.)
Oxygen	427,400	2,259,412	246,350	2,441,245
Dissolved Acetylene	5,949	1,199,728	13,526	2,647,843
Argon	51,170	2,460,325	14,555	1,122,385
Nitrogen	2,312	41,000	88	1,248
Others	--	679,925	-s-	381,258



THE SOUTHERN GAS LIMITED
ADDITIONAL INFORMATION FOR THE YEAR ENDED 31.03.2010
(Under Schedule VI of the Companies Act, 1956)

SCHEDULE - 14 (contd.)

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

	2009-10		2008-09	
	Installed	Production	Installed	Production
Oxygen	5,280,000	6,050,770	5,280,000	5,669,386
Dissolved Acetylene	288,000	27,123	288,000	54,270
Nitrous Oxide	97,000	137,906	97,000	146,729
Argon	800,000	17,143	800,000	63,378
Nitrogen	(Not applicable being by-product)	353,965	(Not applicable being by-product)	384,013

7. Consumption of Raw Materials, Stores & Components

	2009-10		2008-09	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
Imported	926,200			
Indigeneous	39,199,082	100	45,491,911	100

8. CIF Value of imports made during the year

	2009-10 (in Rs.)	2008-09 (in Rs.)
Raw Materials	1,532,195 (Net of Foreign Exchange Gain-Rs.42,963/-)	NIL
Components & Spares	NIL	NIL
Capital Goods	NIL	NIL

	2009-10 (in Rs.)	2008-09 (in Rs.)
Expenditure in Foreign Currency	1,532,195	NIL
Dividends remitted in Foreign Currency	NIL	NIL
Earnings in Foreign Currency	NIL	NIL

For Varma & Varma
Chartered Accountants

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

V. Sathyanarayanan
Partner

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

Cochin-16
31st May, 2010

Margao
28th May, 2010



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	: 31.03.2010
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	: 129,596.54
Total Assets	: 129,596.54
Sources of Funds:	
Paid-up Capital	: 2,250.00
Reserves and Surplus	: 101,598.22
Secured Loans	: 10,223.32
Unsecured Loans	: Nil
Deferred Tax Liability	: 15,525.00
Application of Funds:	
Net Fixed Assets	: 110,674.88
Investments	: 2,020.20
Net Current Assets	: 16,901.46
Miscellaneous Expenditure	: Nil
IV Performance of the Company (Amount in Rs. in Thousands)	
Turnover/Other Income	: 162,154.22
Total Expenditure	: 146,792.89
Profit/(Loss) before Tax	: 15,464.14
Profit/(Loss) after Tax	: 10,358.24
Earning per Share in Rs.	: 460.37
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	: DISSOLVED 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



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 **46th General Meeting** of the company to be held on 30th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010



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.

Book Post
Printed Matter

46TH ANNUAL REPORT
2009-2010

If undelivered please return to:
THE SOUTHERN GAS LTD.

1st Floor, 'Govind Poy House',
Rua do Padre Miranda Road,
Post Box No 340,
Margao, Goa 403 601