



# **ANNUAL REPORT & ACCOUNTS 2001 - 02**



## **THE SOUTHERN GAS LIMITED**

### **DIRECTORS**

Shri GOVIND G. POY RAITURCAR - CHAIRMAN  
Shri MADHAV G. POY RAITURCAR  
Shri ATCHUT G. POY RAITURCAR  
Shri LALIT P. MEHTA  
Shri JAYENDRA V. GAITONDE  
Shri DARA M. TAVADIA  
Shri SRIPAD P. PATNEKAR  
Shri RANGANATH N. PRABHU

### **BANKERS**

DENA BANK  
CORPORATION BANK  
STATE BANK OF INDIA

### **AUDITORS**

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

### **LEGAL ADVISORS**

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

### **REGISTERED & HEAD OFFICE**

'GOVIND POY HOUSE',  
POST BOX No. 340,  
RUA DO PADRE MIRANDA,  
MARGAO - 403 601, GOA.

### **FACTORIES AT**

1. UDYOGAMANDAL (KERALA)
2. BHADRAVATI (KARNATAKA)
3. BANGALORE (KARNATAKA)



## NOTICE

NOTICE is hereby given that the THIRTY EIGHTH Annual General Meeting of the Shareholders of THE SOUTHERN GAS LIMITED will be held on Wednesday, the 18th September, 2002 at 10.30 a.m. 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 31<sup>st</sup> March 2002 and the Profit and Loss Account of the Company for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Jayendra V. Gaitonde, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dara M. Tavadia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

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

"RESOLVED that Shri Sripad P. Patnekar who was appointed as an Additional Director of the Company pursuant to Article 113 of the Articles of Association and who holds the office upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:  

"RESOLVED that Shri Ranganath N. Prabhu who was appointed as an Additional Director of the Company pursuant to Article 113 of the Articles of Association and who holds the office upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution:  

"RESOLVED that pursuant to the provision of Section 198, 309, 314(1)(b) and any other Sections, if applicable of the Companies Act, 1956, and subject to such other approvals as may be required, consent of the Company be and is hereby accorded to Shri Ajay Govind Poy Raiturcar son of Shri Govind Gopal Poy Raiturcar, Director, to hold an office of profit in the Company as Executive Director Production, Finance & Administration and to the payment of remuneration and perquisites as set out in the Explanatory statement annexed hereto with effect from 1st April 2002 for the un-expired period of his contract upto the 21st September 2004."



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

**"RESOLVED** that pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be altered to include the following items in Object Clause III after Item 42.

42. To purchase, develop, take in exchange or on lease, hire or otherwise acquire whether for investment or for sale or for working the same, any real or personal estate including depots, warehouses and any rights, concessions, privileges, licenses, easements or interest in or with respect to any property whatsoever for the purposes of the Company and to sell, lease, or otherwise dispose off in any manner and generally carry on Real Estate business as owners of flats, suits, residential houses, business quarters and other buildings.
43. To carry on the business of hotel, restaurant, café, tavern, beer house, boarding and lodging house, beach resorts, tourist complexes, clubs, baths, laundries, swimming pools and to operate as licensed victuallers, wine, beer and spirit merchants, manufacturers of and dealers in food products of every description and caterers for public amusements."

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

**"RESOLVED** that the Articles of Association of the Company be and is hereby amended as under:

- a) Article 122 (a) be replaced with a new Article reading as under:  
"The fees of every Director, inclusive of Special, Debenture and Mortgage Director, if any, for each meeting of the Board or Committee thereof attended by him shall be determined by the Board within the ceiling prescribed under Section 310 of the Companies Act, 1956 and rules made thereunder."
- b) The following paragraph be added under Article 176:  
"The Board of Directors may declare Interim Dividend and the payment of such Dividend shall be governed by the provisions of Sub section (1A), (1B) and (1C) of Section 205 of the Companies Act, 1956."
- c) In the 3rd paragraph of Article 181 the figure 42 days be replaced with the figure 30 days
- d) Article 183 be replaced with a new Article reading as under:  
"All Dividends remaining unpaid or unclaimed shall be governed by the provisions of Section 205A of the Companies Act, 1956."
- e) Article 116 be deleted.
- f) Article 153 be deleted.
- g) The heading of Chapter XXVI "CONTRACTS WITH MANAGING AGENTS" and the Articles 159, 160, 161 and 162 thereunder be deleted.
- h) The term "Managing Agents" and/or "Secretaries & Treasurers" appearing in Articles 6, 78, 118, 158, 163, 165, 193 and 204 be deleted.



- i) The term "Ex-Officio Director" appearing in Articles 117 and 118 be deleted.
- j) The heading of Chapter XXIV "APPOINTMENT OF MANAGING DIRECTOR, MANAGING AGENTS, SECRETARIES AND TREASURERS, MANAGER AND SECRETARY" be amended to read as "APPOINTMENT OF MANAGING DIRECTOR, MANAGER AND SECRETARY"
- k) The heading of Chapter XXVIII "POWERS OF MANAGING AGENTS, MANAGING DIRECTOR AND SECRETARIES AND TREASURERS" be amended to read as "POWERS OF MANAGING DIRECTOR"

*By Order of the Board of Directors*

Margao,  
10th August, 2002

**Govind G. Poy Raiturcar**  
Chairman

**NOTE:**

- a) 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.
- b) THE RELEVANT EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, IN REGARD TO THE SPECIAL BUSINESSES ENTERED UNDER ITEM NO. 6, 7, 8, 9 & 10 IS ANNEXED HERETO.
- c) THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 11.09.2002 TO 18.09.2002 (BOTH DAYS INCLUSIVE).

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No 6**

Shri Sripad P. Patnekar was appointed as an Additional Director of the Company in accordance with Article 113 of the Articles of Association of the Company and pursuant to provisions of section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Sripad P. Patnekar for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri Sripad P. Patnekar is an advocate by profession having vast knowledge and experience in legal matters. It will therefore be in the interest of the Company to appoint him as a Director of the Company.

Save and except Shri Sripad P. Patnekar none of the other Directors are in any way concerned or interested in the resolution.

**Item No 7**

Shri Ranganath N. Prabhu was appointed as an Additional Director of the Company in accordance with Article 113 of the Articles of Association of the Company and pursuant to provisions of section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Shri Ranganath N. Prabhu for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri Ranganath N. Prabhu is a retired member of the Income Tax Appellate Tribunal. Prior to his retirement he also served as the Chief Commissioner of Income Tax. He has vast knowledge and experience in taxation matters. It will therefore be in the interest of the Company to appoint him as a Director of the Company.

Save and except Shri Ranganath N. Prabhu none of the other Directors are in any way concerned or interested in the resolution.

**Item No. 8**

Shri Ajay Govind Poy Raiturcar was appointed as Executive Director Production with effect from 22nd September 1999 for a period of five years. He is the son of Govind Gopal Poy Raiturcar, Director of the Company. In consideration of the additional responsibilities entrusted to him to be in charge of Finance & Administration in addition to Production, the Board of Directors considered it necessary to revise his remuneration as below with effect from 1st April 2002 for the unexpired period of his contract upto 21st September 2004, subject to the consent of the members and such other approvals as may be required.

Basic Pay : Rs. 11,750.00 per month in the scale of pay

6500 450 (3) 7850 525 (4) 9950 600 (4) 12350 675 (4) 15050 750 (4) 18050

Dearness Allowance : As applicable to other officers of the Company from time to time.

House Rent Allowance : Restricted to 35% of Basic Pay and Dearness Allowance.

Reimbursement of Medical Expenses not exceeding one month's Basic Pay and Dearness Allowance.

Leave Travel Concession not exceeding one month's Basic Pay and Dearness Allowance.

Bonus : As applicable to other officers of the Company as per the rules of the Company.

Shri Govind Poy Raiturcar a Director of the Company may be deemed to be interested in the resolution. No other Director is concerned or interested in the said resolution.

**Item No. 9**

Item 15 of Objects Clause III of the Memorandum of Association of the Company provides for carrying on any trade or business which can, in the opinion of the Company be advantageously and conveniently carried on by the Company by way of extension or in connection with or as auxiliary to such business or is calculated directly to develop any branch of the Company's business or to increase the value of or to turn to account any of the assets, properties or rights of the Company.

Item 22 provides for purchase, take as lease or in exchange, hire or otherwise acquire any real and personal property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business or which may enhance the value of any other property or goods of the Company and in particular any land, buildings, machinery, easements, plant, vehicles and stock-in trade.



In order to widen the scope of the aforesaid Item 22, it is proposed to undertake real estate business of sale, lease or otherwise dispose off the flats, suits, residential and business quarters and buildings.

It is also proposed to carry on the business of hotels, boarding and lodging houses, beach resorts, tourist complexes etc., which activities can be conveniently and advantageously be combined with the business of the Company.

Item No. 9 of the Agenda accordingly sets out the additional lines of business proposed to be undertaken by the Company.

The Company is presently engaged in the business of production and/or distribution of Oxygen, Dissolved Acetylene, Nitrogen, Argon, Hydrogen, Carbonic Acid, Medical Gases, Fuel Gases and all other kinds of gases or kindred substances or any compounds or preparations thereof and has its business operations mainly in Goa, Karnataka and Kerala States.

With the establishment of large client base in these states, the proposed business activities can be undertaken economically and more efficiently. Therefore the Directors consider it advantageous to enlarge business activities of the Company in the new areas of operations.

A copy of the Memorandum of Association is available for inspection by any member of the Company during normal office hours.

None of the Directors are concerned or interested in the said resolution.

#### **Item No. 10**

- a) Article 122(a) of the Articles of Association of the Company provides for payment of sitting fees of Rs 200 for each meeting of the Board of Directors attended and Rs 150 for each meeting of any committee thereof attended by a Director. The above provision was made at the time of incorporation of the Company in the year 1963. The Rules made under section 310 of the Companies Act 1956 provides for payment of sitting fees not exceeding Rs 5000 (Rupees five thousand only) for each meeting attended by a Director. It is considered necessary to authorise the Board of Directors to fix suitable sitting fees within the ceiling prescribed under the Act.
- b) As per Sub section (1A) of section 205 introduced by the Companies (Amendment) Act 2000 the Board of Directors may declare Interim Dividend and the amount of Dividend including Interim Dividend shall be deposited in a separate bank account within five days from the date of declaration of dividend. And further it is provided in Sub section (1B) & (1C) that all provisions relating to the payment of Dividends also apply to the Interim Dividend. It is proposed to insert this provision under Article 176.
- c) In article 181 time for payment of dividend was stated as 42 days. In order to bring it in line with the period provided in Sub Section (1) of Section 205A as amended by the Companies (Amendment) Act, 2000, it is proposed to amend the relevant Article 181.
- d) It is proposed to replace existing Article 183 with a new Article to bring it in line with the provision contained in Section 205A of the Act as amended by the Companies (Amendment) Act, 2000.
- e) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, it is proposed to delete the Article 116 relating to Right of Managing Agents to appoint Ex officio Director.





- f) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, Article 153 relating to appointment of Managing Agent and Secretaries and Treasurers, is proposed to be deleted.
- g) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, the heading "Contracts with Managing Agents" and the relevant Articles 159, 160, 161 and 162 thereunder are proposed to be deleted.
- h) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, the mention of Managing Agents and / or Secretaries and Treasurers in Articles 6, 78, 118, 158, 163, 165, 193 and 204 is proposed to be deleted.
- i) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, and in view of deletion of the Article 116 conferring power on Managing Agents to appoint Ex-Officio Directors the reference to Ex-Officio Directors in Articles 117 and 118 is proposed to be deleted.
- j) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, the heading of Chapter XXIV is proposed to be amended to remove reference to Managing Agents and Secretaries and Treasurers.
- k) In view of the abolition of the system of Managing Agents and Secretaries and Treasurers with effect from the 3rd April 1970 and deletion of all provisions relevant thereto by the Companies Act, 1956 by the Companies (Amendment) Act, 2000, the heading of Chapter XXVIII is proposed to be amended to remove reference to Managing Agents and Secretaries and Treasurers.

A copy of the Article of Association of the Company with proposed amendments is available for inspection by any member of the Company during normal working hours.

All Directors may be deemed to be interested in the amendments to Article 122 of the Articles of Association in so far as the sitting fees that may be determined to be payable to them for attending meetings of the Board of Directors or Committee thereof. In the case of amendment to other Articles stated under item (b) to (k) none of the Directors are concerned or interested.





## DIRECTORS' REPORT

Your Directors are pleased to submit the 38th Annual Report together with the Audited Statement of Accounts for the year-ended 31.3.2002

<b>FINANCIAL RESULTS</b>	<i>(Rs. in lakhs)</i>	
<b>For the year ended 31st March</b>	<b>2002</b>	<b>2001</b>
Profit Before Interest & Depreciation	<b>89.29</b>	74.29
Less: Interest	0.26	1.22
Profit Before Depreciation & Taxation	89.02	73.07
Less : Depreciation	57.85	66.66
Profit Before Tax	31.17	6.41
Less: Provision for Taxation - Current Tax	26.00	16.50
- Deferred Tax	(13.62)	--
Add: Excess Provision for prior years	4.35	(0.11)
Net Profit	23.14	(10.20)
Add: Balance brought forward from previous year	226.84	243.24
Amount available for Appropriation	<b>249.98</b>	233.04
<b>Appropriations</b>		
a) Transfer to General Reserves	2.50	
b) Proposed Dividend	5.63	5.63
c) Corporate Dividend Tax	--	0.57
<b>Balance carried forward to next year</b>	<b>241.85</b>	<b>226.84</b>

### OPERATIONS

Your Company achieved a turnover of Rs. 700 lacs as against Rs. 693 lacs (both figures net of excise duty) for the previous year. The profit before taxation of your Company for the year has however registered an increase of 386% to Rs.31.17 lacs as compared to a profit of Rs. 6.41 lacs for the previous year. This was achieved inspite of operations being adversely affected by high cost of inputs and increased purchase prices of gases on the one hand and reduced selling prices and stiff competition from other gas manufacturers including multinational companies on the other hand.

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 & improved performance in the coming years.

Your Directors have also decided to consolidate and further expand the market share of your Company by setting up new units and depots in areas with good potential for growth in market share. Further performance of all existing depots and units are reviewed from time to time and efforts are on to increase sales and profitability.

### DIVIDEND

Your Directors recommend a Dividend at the rate of Rs.25/- per share, which if declared shall be paid, subject to deduction of tax at source, to those shareholders whose names appear on the Register of Members as on 18th of September 2002.

### 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 were no technology absorption. There was also no foreign exchange earnings or foreign exchange outgo during the year.



## DIRECTORS RESPONSIBILITY STATEMENT

As per the requirements 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 2001-02 and of the profit or loss 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, 1956, 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 report submitted by M/s Vijay & Company, Panjim a firm of Practicing Company Secretaries as per the provisions of the proviso to Sub-Section (1) of Section 383A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000.

## DIRECTORS

At a meeting of the Board of Directors held on the 13th of July 2002 Shri Govind G. Poy Raiturcar was appointed as the Chairman of the Board in place of Shri Atchut G. Poy Raiturcar. The Board wishes to place on record its appreciation for his services to the Company during his tenure in office as Chairman since September 1979. He however continues to be a member of the Board.

Shri Sripad P. Patnekar & Shri Ranganath N. Prabhu were appointed as Additional Directors with effect from the 18th of January 2002, pursuant to Section 260 of the Companies Act, 1956 read with Article 113 of the Articles of Associations of the Company. They hold office upto the date of the ensuing Annual General Meeting.

The Company has received notices from members as required under Section 257 of the Companies Act, 1956 signifying their intentions to propose Shri Sripad P. Patnekar & Shri Ranganath N. Prabhu as Directors of your Company.

Shri Jayendra V. Gaitonde and Shri Dara M. Tavadia, Directors of the Company, retire by rotation from the Board at the forth coming Annual General Meeting and being eligible they 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.

## 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 in no small measure to the overall performance of your 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,  
10th August, 2002

**Govind G. Poy Raiturcar**  
Chairman