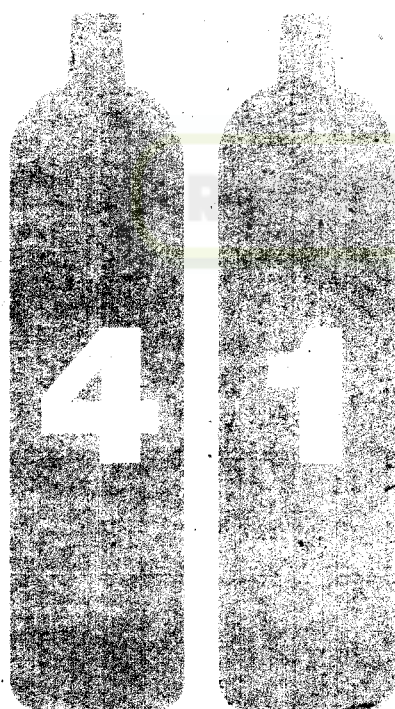


**the southern
gas limited**



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**ANNUAL REPORT
& ACCOUNTS
2004 - 05**



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

CORPORATION BANK
UTI BANK
DENA BANK
CANARA BANK

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. TRIVANDRUM (KERALA)
3. BANGALORE (KARNATAKA)
4. BHADRAVATI (KARNATAKA)





NOTICE

NOTICE is hereby given that the FORTYFIRST Annual General Meeting of the Shareholders of THE SOUTHERN GAS LIMITED will be held on Friday, the 30th September, 2005 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 2005 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Sripad P. Patnekar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ranganath N. Prabhu, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Lalit P. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
6. 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

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

Resolved that pursuant to the provisions of Section 314(1)(b) and other applicable provisions if any of the Companies Act, 1956 consent of the Company be and is hereby accorded to Shri Ajay Govind Poy Raiturcar, son of Shri Govind Poy Raiturcar, Director to hold an office of profit as Executive Director - Production, Finance & Administration of the Company with effect from 22nd September 2004 and for payment of remuneration as set out in the Explanatory Statement annexed hereto.

Resolved further that the resolution shall be deemed to confer necessary authority to the Board of Directors to sanction at their discretion and with the approval of the Central Government where necessary increments within the grade and scale as may be deemed fit and proper, to promote him to any higher grade or grades at their discretion and in due course together with the allowance and benefits as may be applicable to the grade or grades for the time being and to give increments within the grade or grades as they may deem fit and proper.

By Order of the Board of Directors

Margao,
12th August, 2005

Govind G. Poy Raiturcar
Chairman

**NOTES:**

- 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 business entered under item no. 7 is annexed herewith.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from 27.09.2005 to 30.09.2005 (both days inclusive) to determine the names of members entitled to receive dividend, as may be declared at the meeting.
- d) Pursuant to the provisions of section 205A(5) of the Companies Act, 1956 dividend for the financial year ended 31st March 1996 and thereafter which remains unclaimed for a period of seven years will be transferred by the Company to the "Investors Education and Protection Fund" (IEPF) 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 7 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 1997-98 and onwards may therefore do so before the same is transferred to the "Investors Education and Protection Fund".

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

Item No. 7

As provided in Section 314(1)(b) of the Companies Act, 1956, a Special Resolution is required for enabling any relative of a Director of the Company holding office or place of profit to continue to hold any office or place of profit under the Company.

Shri Ajay Govind Poy Raiturcar, son of Shri Govind Gopal Poy Raiturcar, a Director of the Company was holding the office as Executive Director - Production from 22nd September 1999 and by a resolution passed at the Annual General Meeting held on 18th September 2002 he was appointed as Executive Director- Production, Finance & Administration on a new scale for the unexpired period of his contract upto 21st September 2004.

The Board of Directors at its meeting held on 6th October 2004 resolved to re-appoint him with effect from 22nd September 2004 in the same position and on the same terms and conditions until he attains the age of superannuation. The remuneration and perquisites provided in the contract are as under:

- (a) Basic Pay Rs. 13,700/- per month in the scale
Rs. 6500 - 450 (3) 7850 - 525 (4) 9950 - 600 (4) 12350 - 675 (4) 15050 - 750 (4) 18050.
- (b) Dearness Allowance - As applicable to other Officers of the Company from time to time.
- (c) House Rent Allowance restricted to 35% of the basic pay and dearness allowance
- (d) Leave Travel Concession - Not exceeding one month's basic pay and dearness allowance per year.
- (e) Reimbursement of Medical Expenses - Not exceeding one-month's basic pay and dearness allowance, per year.
- (f) Bonus - As applicable to other Officers as per the rules of the Company.
- (g) Payment of Gratuity - As per the rules of the Company.
- (h) Contribution to Provident Fund shall be the same as applicable to the other Officers of the Company.

A copy of the contract is available for inspection on any working day during office hours at the registered office of the Company.

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

By Order of the Board of Directors

Margao,
12th August, 2005

Govind G. Poy Raiturcar
Chairman



DIRECTORS' REPORT

Your Directors are pleased to submit the 41st Annual Report together with the Audited Statement of Accounts for the year-ended 31.3.2005

FINANCIAL RESULTS	(Rs. in lakhs)	
For the year ended 31st March	2005	2004
Profit before Depreciation & Taxation	114.44	109.53
Less : Depreciation	66.97	59.58
Profit before Taxation	47.48	49.95
Less: Provision for Taxation - Current Tax	13.00	4.00
- Deferred Tax	3.24	17.72
Add: Excess provision for prior years	1.65	7.33
Net Profit	32.89	35.56
Add: Balance brought forward from previous year	347.84	328.63
Amount available for Appropriation	380.73	364.19
Appropriations		
a) Transfer to General Reserve	10.00	10.00
b) Proposed Dividend	5.63	5.63
c) Corporate Dividend Tax	0.79	0.72
Balance carried forward to next year	364.31	347.84

OPERATIONS

Your Company achieved a turnover of Rs. 1,116 lakhs as against Rs. 895 lakhs (net of excise duty) for the previous year, representing an increase of about 24%. The Company has recorded a net profit of Rs. 32.89 lakhs for the year. Your Directors have decided to transfer a sum of 10 lakhs to the general reserve out of the current year's profits.

Operations were 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 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. As a further step in this direction an oxygen plant has been installed and commissioned at Trivandrum in Kerala during the year.

Your Directors have also decided to further consolidate and 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 their sales and profitability.

DIVIDEND

Your Directors recommend a Dividend at the rate of Rs. 25/- per share to those shareholders whose names appear on the Register of Members as on 30th September 2005.



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 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2004-05 and of the profit 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 certificate submitted by Mr. Vijay S. Parab, Panjim a Company Secretary in whole time practice, as per the requirements of the proviso to subsection (1) of section 383A of the Companies Act, 1956.

DIRECTORS

Shri Sripad P. Patnekar, Shri Ranganath N. Prabhu and Shri Lalit P. Mehta, Directors of the Company, retire by rotation from the Board at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

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

LISTING FEES

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

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,
12th August, 2005

Govind G. Poy Raiturcar
Chairman



ANNEXURE TO DIRECTORS' REPORT

COMPLIANCE CERTIFICATE u/s 383A(1) of the Companies Act, 1956

To,
The Members,
THE SOUTHERN GAS LIMITED

I have examined the registers, records, books and papers of The Southern Gas Limited as required to be maintained under the Companies Act, 1956, (the Act) and the Rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March, 2005. 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 and the rules made there under 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 there under.
3. The Company, being a public limited company, comments are not required.
4. The Board of Directors duly met 6 (Six) times on 28.04.2004, 27.07.2004, 10.08.2004, 06.10.2004, 28.10.2004 and 25.01.2005 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 28.09.2004 to 30.09.2004 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, 2004 was held on 30.09.2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred in the Section 295 of the Act after complying with the provisions of the Act.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of 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 had not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) Delivered all the certificates on lodgment thereof for transfer / transmission in accordance with the provisions of the Act..
 - (ii) Deposited the amount of dividend declared including interim dividend in a separate bank account on 04.10.2004, which is within 5 days from the date of declaration of such dividend.
 - (iii) Paid / posted Demand Drafts / Cheques for dividends to all the members within a period of 30 (thirty) days from the date of declaration and that all unclaimed/unpaid dividends has been transferred to Unpaid Dividend Account of the Company with UTI Bank Limited, Margao, Goa on 06.11.2004.
 - (iv) Transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for period of seven years to 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 was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole selling agents during the financial year.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such other authorities as may be 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 there under.
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 amount borrowed by the Company from the financial institutions and banks during the financial year ending 31.03.2005 are within the borrowing limits of resolution passed earlier by the company as per section 293(1)(d) of the Act at duly convened Annual General Meeting.
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 the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the 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 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.
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.

(VIJAY S. PARAB)
COMPANY SECRETARY
ISO 9001:2000 CERTIFIED ORGANISATION
CP NO. 231

July 26, 2005
 Panaji, Goa