



Report  junction.com

# **ANNUAL REPORT & ACCOUNTS 2005 - 06**



## **THE SOUTHERN GAS LIMITED**

### **DIRECTORS**

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

### **BANKERS**

CORPORATION BANK  
UTI BANK  
DENA 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. BHADRAVATI (KARNATAKA)
4. BANGALORE (KARNATAKA)
5. MYSORE (KARNATAKA)



## NOTICE

NOTICE is hereby given that the FORTY SECOND Annual General meeting of the Shareholders of THE SOUTHERN GAS LIMITED will be held on **Saturday, the 30<sup>th</sup> September 2006** 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 31<sup>st</sup> March 2006 and the Profit and Loss Account for the year ended on that date together with the Reports of Board of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Jayandra 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 a Director in place of Shri Madav G Poy Raiturcar, 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** the consent of the company be and is hereby accorded under section 314(1)(b) and other applicable provision if any of the companies act, 1956 to Mr. Gautam Kakode, a relative of Shri M.G. Poy Raiturcar, a director of the company, to hold an office or place of profit as an executive under the company with effect from 13<sup>th</sup> January, 2006 under a contract of employment as per details set out in the explanatory statement annexed hereto.

RESOLVED FURTHER THAT this 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 as they may deem fit and proper to promote him to higher grade or grades at their discretion and in due course together with the allowances and benefits as may be applicable to the grade or grades for the time being and to give increments within that grade or grades as they deem fit and proper.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, read with Articles 154 and 163 of the Articles of Association of the Company, Mr. M.G. Poy Raiturcar, a Director of the Company be and is hereby appointed as Wholtime Director with effect from 13<sup>th</sup> January, 2006, for a period of five years, upon the following terms and conditions as recommended by the resolution passed by the Remuneration Committee of the Board.

**SALARY** – A consolidated salary of Rs.1,00,000/- (Rupees One lakh only)  
per month, including Dearness and all other allowances.

RESOLVED FURTHER THAT the remuneration as specified above for Mr. M.G. Poy Raiturcar as Whole Time Director be paid to him as minimum remuneration in the event of absence or inadequacy of profits in any financial year during the tenure of his office.

BY ORDER OF THE BOARD OF DIRECTORS  
THE SOUTHERN GAS LIMITED

(A.G. Poy Raiturcar)  
Chairman

Dated: 29<sup>th</sup> August, 2006



## 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 Nos. 7 and 8 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday 26<sup>th</sup> September, 2006 to Saturday 30<sup>th</sup> September, 2006 (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 31<sup>st</sup> March, 1999 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 1998-99 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.7

At the meeting of the Board of Directors held on 13<sup>th</sup> January, 2006, Mr. Gautam Kakode, a relative of Mr. M.G. Poy Raiturcar, a Director of the Company was appointed as an Executive in the Company with effect from 13<sup>th</sup> January, 2006, upon the following terms and conditions, subject to the approval of the shareholders being obtained in that regard:-

1. Assignment: In his capacity as Executive, Mr. Gautam Kakode shall look after the administrative functions of the Company and he shall exercise the powers as may be delegated to him by the Whole-time Director.
2. Remuneration: Mr. Gautam Kakode shall be paid a consolidated salary of Rs.40,000/- (Rupees Forty thousand only) per month until the same is reviewed by the Board in due course. He shall also be entitled to Company's contribution to Provident Fund, Payment of Gratuity and other perquisites as applicable to the other officers of the Company.
3. Other Terms and Conditions: The employment of Mr. Gautam Kakode shall be governed by the rules and regulations that are in force and that may be made by the Company from time to time.

The employment may be terminated by either party by giving a notice of atleast three months in advance in writing unless waived by the parties with mutual consent. If the employment is not otherwise terminated he shall retire from the service on attaining the age of 58 years.

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

Mr. M.G. Poy Raiturcar, may be deemed to be interested in the said resolution. No other Director is concerned or interested in the said resolution.

### Item No.8

At the meeting of the Board of Directors held on 13<sup>th</sup> January, 2006, Mr. M.G. Poy Raiturcar was appointed as Whole-time Director of the Company with effect from 13<sup>th</sup> January, 2006 for a period of five years upon the terms and conditions as recommended by the resolution passed by the remuneration committee of the Board on a consolidated salary of Rs.1,00,000/- (Rupees One lakh only) per month including dearness and all other allowance.

The remuneration as stated above falls under Clause (A) of Section II of Part II of Schedule XIII of the Companies Act, 1956. However, the appointee being above 70 years of age (the date of birth being 21.8.1935) the appointment shall be subject to approval of the members of the Company by way of special resolution as required under Clause (c)(ii) of Part I of Schedule XIII of the said Act.

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

Mr. M.G. Poy Raiturcar and his two brothers Mr. A.G. Poy Raiturcar and Mr. G.G. Poy Raiturcar, Directors of the Company 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  
THE SOUTHERN GAS LIMITED

(A.G. Poy Raiturcar)  
Chairman

Dated: 29<sup>th</sup> August, 2006



## DIRECTORS' REPORT

Your Directors are pleased to submit the 42nd Annual Report together with the Audited Statement of Accounts for the year-ended 31<sup>st</sup> March 2006.

<b>FINANCIAL RESULTS</b>	<b>(Rs. in lakhs)</b>	
<b>For the year ended 31<sup>st</sup> March</b>	<b>2006</b>	<b>2005</b>
Profit before Depreciation & Taxation	272.78	114.44
Less Depreciation	90.70	66.97
Profit before Taxation	182.08	47.48
Less: Provision for Taxation – Current Tax	30.00	13.00
– Deferred Tax	31.60	3.24
– Fringe Benefits Tax	3.50	-
Less: Income Tax for prior years	1.93	(1.65)
Net Profit	115.05	32.89
Add: Balance brought forward from previous year	364.32	347.84
<b>Amount available for appropriation</b>	<b>479.37</b>	<b>380.73</b>
<b>Appropriations</b>		
a) Transfer to General Reserves	12.00	10.00
b) Proposed Dividend	5.63	5.63
c) Corporate Dividend Tax	0.79	0.79
<b>Balance carried forward to next year</b>	<b>460.96</b>	<b>364.31</b>

## OPERATIONS

Your Company achieved a turnover of Rs.1248 lakhs as against Rs.1116 lakhs (net of excise duty) for the previous year representing an increase of about 12%. The Company has recorded a net profit of Rs.115.05 lakhs for the year. Your directors have decided to transfer a sum of Rs.12.00 lakhs to the general reserves out of the current years 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 Mysore in Karnataka during the year.

Your Directors have also decided to consolidate and further expand the market share of your Company. Further performance of all existing depots and units are reviewed from time to time and efforts are on to increase their sales and profitability.

## 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 30<sup>th</sup> September 2006.



### **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 2005-06 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, 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**

At the meeting of the Board of Directors held on 13<sup>th</sup> January, 2006, Mr. M.G. Poy Raiturcar was appointed as Whole Time Director of the Company, subject to approval of Shareholders and this subject has been included in the Agenda for the ensuing Annual General Meeting.

Shri Jayendra V. Gaitonde, Shri Dara M. Tavadia, Shri Madav G.Poy Raiturcar, 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,  
29.08.2006

**Atchut 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 31<sup>st</sup> March, 2006. 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 5 (five) times on 29-04-2005, 16-06-2005, 29-07-2005, 28-10-2005 and 13-01-2006 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 27-09-2005 to 30-09-2005 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March, 2005 was held on 30-09-2005 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. The company has obtained necessary approvals from the Board of Directors and members pursuant to section 314 of the Act whenever applicable.
12. The Company has 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 01-10-2005, which is within five days from the date 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 02-11-2005.
  - (iv) transferred the amounts in unpaid dividend account 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 appointed Whole Time Director in compliance with the provisions of section 269 read with Schedule XIII to the Act except for Part I(c) of Schedule XIII with respect to age. It is informed that the Special Resolution in respect of said appointment is being placed before the members at the ensuing Annual General Meeting for approval.*
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 financial institutions and banks during the financial year ending 31-03-2005 are within the borrowing limits of resolutions 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 and 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.

August 16, 2006  
Panaji, Goa.

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

**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 Books of Meetings of the Board of Directors u/s 193.
4. Minutes Books of proceedings of General Meetings u/s 193.
5. Register of Contracts, Companies and Firms in which the Directors of the Company are interested u/s 301.
6. Register of Directors u/s 303
7. Register of Charges u/s 143
8. Register of Directors' Shareholding u/s 307
9. Register of Fixed Assets
10. Register of Share Transfers.

**Annexure B**

Forms and Returns as filed by the Company with the Registrar of Companies, during the financial year ending 31<sup>st</sup> March, 2006.

Sr.No.	Document	Section	Remarks
1	3 Certified copies of the Balance Sheet	Filed u/s 220	For the year ended 31st March, 2005.
2.	Compliance Certificate	Filed u/s 383A	For the year ended 31 <sup>st</sup> March, 2005.
3.	Annual Return	Filed u/s 159	As on the date of the AGM held on 30 <sup>th</sup> September, 2005.
4.	Form No.23	Filed u/s 192	In respect of Special Resolution passed under section 192(4)(a) read with 314(1)(b) of the Companies Act, 1956 for appointment of director/relative on office or place of profit and payment of remuneration.
5.	Form Nos. 8 and 13 (2 nos.)	Filed u/s 125	In respect of creation of charges.
6.	Form No.25C	Filed u/s 269 read with Schedule XIII	For appointment of Whole-Time Director.

August 16, 2006  
Panaji, Goa.

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