

**the southern
gas limited**



**ANNUAL REPORT
& ACCOUNTS
2006 - 07**



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 DARAM. TAVADIA
Shri SRIPAD P. PATNEKAR
Shri RANGANATH N. PRABHU
Shri MADHAV G. POY RAITURCAR (Whole Time Director)

BANKERS

CORPORATION BANK
UTIBANK
DENABANK

AUDITORS

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

LEGAL ADVISORS

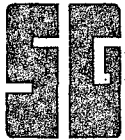
M/s MENON & PAI
ADVOCATES,
COCHIN - 682 016.

REGISTERED & HEAD OFFICE

'GOVIND POY HOUSE', 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)



NOTICE

NOTICE is hereby given that the Forty Third Annual General Meeting of the shareholders of THE SOUTHERN GAS LIMITED will be held on Saturday, 29th September, 2007 at 10.30A.M at the Registered office of the Company Located at Govind Poy House, Ruo Do Padre Miranda, Margao 403601, Goa to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and 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.Atchut G Poy Raiturcar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri.Govind G. Poy Raiturcar 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 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 Wholetime Director with effect from 1st October, 2007, for a period of three years, upon the following terms and conditions as recommended by the resolution passed by the Remuneration Committee of the Board.

1. SALARY

A consolidated salary of Rs.1,25,000 (Rupees One Lakh and Twenty Five Thousand) per month, including dearness and all other allowance.

2. PERQUISITES

Perquisites shall be restricted to an amount equal to the annual salary.

I. Housing

- (a) The expenditure incurred by the Company on hiring furnished accommodation shall be subject to a ceiling of 60% of the salary or
- b) In case the accommodation is owned by the Company, 10% of the salary shall be deducted by the Company or
- (c) In case no accommodation is provided by the Company, Mr.M.G.Poy Raiturcar shall be entitled to house rent allowance subject to the ceiling laid down in clause (a) above.

Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income tax Rules, 1962, subject to a ceiling of 10% of the salary.

II. Medical reimbursement

Reimbursement of the expenses incurred for self subject to a ceiling of one month's salary in a year.



III. Leave Travel Concession

Leave Travel Concession for self once in a year, incurred in accordance with the rules of the Company.

IV. Club Fees

Fees of clubs subject to a maximum of two clubs. No admission and life membership fee shall be paid.

V. Personal Accident Insurance

Personal accident insurance of an amount, the annual premium of which does not exceed Rs.10,000/- per annum.

VI. a) Company's contribution towards provident fund as per the rules of the Company.

b) Gratuity as per the rules of the rules of the Company

c) Company's contribution towards superannuation fund as per the rules of the Company.

The aforesaid perquisites stated in (VI) (a) , (VI) (b) and (VI) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

VII. Earned Leave

On full pay and allowance and perquisites, as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of minimum remuneration.

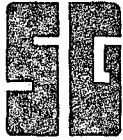
VIII. Car for use on company's business and telephone at residence shall not be considered as perquisites.

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 : 30th August, 2007



- Notes :
- 1) A member entitled to attend and vote at the meetings 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.7 is annexed hereto.
 - 3) The Register of members and the Share Transfer Books of the Company will remain closed from Tuesday, 25th September, 2007 to Saturday, 29th September, 2007 (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 2000 and thereafter which remains unclaimed for a period of Seven years will be transferred by the Company to the Investors Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956. On such transfer no claims shall lie against the Company or the Fund in respect of individual 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 1999-2000 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

Mr.M. G. Poy Raiturcar was appointed as Whole-time Director with effect from 13th January, 2006 for a period of five years and his appointment was approved at the last Annual General Meeting held on 30th September, 2006.

At the meeting of the of the Remuneration Committee of the Board, held on 17th August 2007 the remuneration payable to him was reviewed and a fresh appointment is proposed to be made for a period of 3 years with effect from 1st October, 2007 with revision in his remuneration package as set out in the notice. The remuneration falls under part II, Section II(B) of schedule XIII of Companies Act 1956 and a special resolution is proposed to be passed for payment of remuneration for a period not exceeding three years. Moreover the Appointee being above 70 years of age (The date of birth being 21.8.1935), the appointment shall also require special resolution under clause C of part I of Schedule XIII of the said Act.

The Company has not made any defaults in repayment of any of its debts, including public deposits or debentures or interest payable thereon for a continuous period of 30 days thereon during the preceding year.

The information required under the said clause is given hereunder:

1. General Information

Nature of industry - The Company is engaged in the manufacture of Oxygen, Dissolved Acetylene, Nitrogen Gases and the Company is in operation for the last 43 years. There is no foreign collaboration or export performance.

2. Information about the appointee

Mr.M. G. Poy Raiturcar has been associated with the Company as Director for the last over 35 years. He has also been in charge of operations of other companies in the group. He has not been drawing any remuneration earlier except for the remuneration as Whole-time Director with effect from 13th January, 2006. The remuneration now proposed has been approved by the remuneration committee and is comparable with the Industry.

3. Other information

The Company has made steady progress and has been paying dividend every year for the last over 12 years.

4. Disclosures

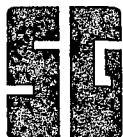
A copy of the contract entered in to with Mr. M. G. Poy Raiturcar is available for inspection on any working day during office hours at the registered office of the Company. Mr.M. G. Poy Raiturcar and his two brothers Mr. A. G. Poy Raiturcar and Mr. G. G. Poy Raiturcar Directors of the Company may be deemed to be interested in the said resolution. No other director is concerned or interested in the said resolution.

This may also be treated as disclosure under Section 302 of the Companies Act 1956.

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

**(A.G. POY RAITURCAR)
CHAIRMAN**

DATED : 17TH August, 2007



DIRECTORS' REPORT

Your Directors are pleased to submit the 43rd Annual Report together with the Audited Statement of Accounts for the year-ended 31st March 2007.

FINANCIAL RESULTS

(Rs. in lakhs)

For the year ended 31st March

	2007	2006
Profit before Depreciation & Taxation	323.86	272.78
Less Depreciation	110.44	90.70
Profit before Taxation	213.42	182.08
Less: Provision for Taxation		
Current Tax	64.00	30.00
–Deferred Tax	13.50	31.60
–Fringe Benefits Tax	3.25	3.50
Less: Income Tax for prior years	2.02	1.93
Net Profit	130.65	115.05
Add: Balance brought forward from previous year	460.96	364.32
Amount available for appropriation	591.60	479.37
Appropriations		
a) Transfer to General Reserves	14.00	12.00
b) Proposed Dividend	6.75	5.63
c) Corporate Dividend Tax	1.15	0.79
Balance carried forward to next year	569.71	460.96

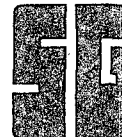
OPERATIONS

Your Company achieved a turnover of Rs.1369 lakhs as against Rs.1248 lakhs (net of excise duty) for the previous year representing an increase of about 10%. The Company has recorded a net profit of Rs.130.65 lakhs for the year. Your directors have decided to transfer a sum of Rs.14.00 lakhs to the general reserves out of the current years profits.

Operations were adversely affected by high cost of inputs 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.

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.30/- per share to those shareholders whose names appear on the Register of Members as on 29th September 2007.

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:

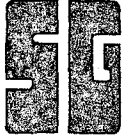
- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.
- The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable 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 2006-07 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. I.M. D' Souza Porvorim, Goa, 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 Atchut G.Poy Raiturcar, Shri Govind G.Poy Raiturcar, Shri L.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. A long term wage agreement with the employees of the Udyogamandal unit expires on 31st October 2006 and negotiations are going on for further agreement. 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.

Report



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*For and on behalf of the
Board of Directors*

Margao,
30.08.2007

Atchut G Poy Raiturcar
Chairman



**ANNEXURE TO DIRECTOR'S REPORT
COMPLIANCE CERTIFICATEU/S383A(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 (the Company) 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, 2007 (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 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 five times respectively on 28-04-2006, 28-07-2006, 18-08-2006, 27-10-2006 and 27-01-2007 during the financial year ending 31-03-2007, 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 27-09-2006 to 30-09-2006 (both day 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, 2006 was held on 30th September, 2006, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra-ordinary General Meetings were held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or company's 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. The Company has obtained necessary approvals from the Board of Directors and Members pursuant to Section 314 of the Act, wherever applicable.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has 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 within the period stipulated under the Act.
(iii) Paid/Posted Demand Drafts/Cheques for dividend for all the members within 30 days from the date of declaration and the unclaimed/unpaid dividends has been transferred to unpaid dividend account of the Company with UTI Bank Limited, Margao, Goa before the due date.