



**the southern
gas limited**



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**ANNUAL REPORT
& ACCOUNTS
2007 - 08**



The Southern Gas Limited

DIRECTORS

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

BANKERS

CORPORATION BANK
AXIS BANK LTD
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', 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 Fourth Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Monday, 29th September, 2008 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, 2008 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 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 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, and in modification of the resolution passed at the last Annual General Meeting held on 29th September, 2007, Mr. M.G. Poy Raiturcar, a Director of the Company, be and is hereby appointed as Managing Director with effect from 1st October, 2008, 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.2,00,000/- (Rupees Two lakhs only) per month, including Dearness and all other allowances.

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 rules of the Company.
- b) Gratuity as per rules of the Company.
- c) Company's contribution towards superannuation fund as per 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 single 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 the 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 Managing 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**

**(S.P. PATNEKAR)
Director**

Dated: 21st August, 2008

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 Wednesday 25th September, 2008 to Monday 29th September, 2008 (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, 2001 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 2000-2001 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

Mr. M.G. Poy Raiturcar, was appointed as Whole Time Director with effect from 1st October, 2007 as per the resolution passed at the last Annual General Meeting held on 29th September, 2007. The Board of Directors at its meeting held on 29th July, 2008, considering the progress achieved by the Company during the period of his leadership as Whole Time Director, it was proposed to appoint him as the Managing Director of the Company and the subject was referred to the Remuneration Committee.

At the meeting of the Remuneration Committee of the Board, held on 29th July, 2008, the remuneration payable to Mr. M.G. Poy Raiturcar was reviewed and a fresh appointment is proposed to be made as Managing Director with effect from 1st October, 2008 for a period of three years, with a revision in his remuneration package as set out in the Notice. The remuneration falls under Part II, Section II(B) of Schedule XIII of the 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 manufacturing of Oxygen, Dissolved Acetylene, Nitrogen & Nitrous Oxide Gas 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 36 years. He has also been incharge 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 a last over 13 years.

4. Disclosures :

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

Mr. M. G. Poy Raiturcar, Director 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.

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

**(S.P. Patnekar)
Director**

Dated: 21st August, 2008.



DIRECTORS' REPORT

Your Directors are pleased to submit the 44th Annual Report together with the Audited Statement of Accounts for the year-ended 31st March 2008.

FINANCIAL RESULTS	(Rs. in lakhs)	
For the year ended 31st March	2008	2007
Profit before Depreciation & Taxation	361.47	323.86
Less : Depreciation	123.88	110.44
Profit before Taxation	237.59	213.42
Less: Provision for Taxation –		
- Current Tax	68.50	64.00
- Deferred Tax	12.80	13.50
- Fringe Benefits Tax	3.20	3.25
Add/Less: Income Tax for prior years	3.81	2.02
Net Profit for the year before extraordinary items	156.90	130.65
Add : Profit on Sale of Investment (Extraordinary Item)	63.96	--
Net Profit for the year	220.86	130.65
Add: Balance brought forward from previous year	569.71	460.96
Amount available for appropriation	790.57	591.60
Appropriations		
a) Transfer to General Reserves	23.00	14.00
b) Proposed Dividend	6.75	6.75
c) Corporate Dividend Tax	1.15	1.15
Balance carried forward to next year	759.67	569.71

OPERATIONS

Your Company achieved a turnover of Rs.1419 lakhs as against Rs.1369 lakhs (net of excise duty) for the previous year representing an increase of about 4%. The Company has recorded a net profit of Rs.220.86 lakhs for the year. Your directors have decided to transfer a sum of Rs.23.00 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. In this connection, your Company has started filling station at Harihar 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 29th September 2008.

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 2007-08 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 and Shri Govind G. Poy Raiturcar resigned as Directors and their resignation was accepted in Board of Directors meeting held on 14.3.2008.

Shri N.R. Prabhu and Shri S. P. Patnekar, 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,
21.08.2008*

Madhav G. Poy Raiturcar
Chairman