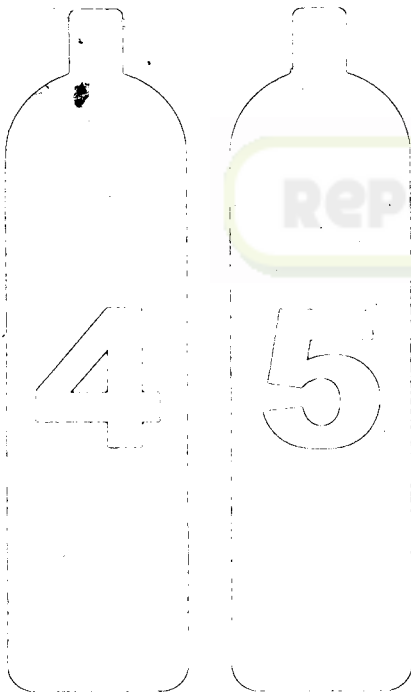


the southern  
gas limited



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**ANNUAL REPORT  
& ACCOUNTS  
2008-09**



## **The Southern Gas Limited**

### **DIRECTORS**

Shri MADHAV G. POY RAITURCAR – CHAIRMAN & MANAGING DIRECTOR  
Shri JAYENDRA V. GAITONDE  
Shri LALIT P. MEHTA  
Shri SRIPAD P. PATNEKAR  
Shri RANGANATH N. PRABHU  
Shri DARA M. TAVADIA  
Shri GAUTAM V. PAI CACODE-WHOLE-TIME DIRECTOR

### **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 OFFICE**

'GOVIND POY HOUSE', 1<sup>ST</sup> FLOOR,  
POST BOX No. 340,  
RUA DO PADRE MIRANDA,  
MARGAO - 403 601. GOA.

### **FACTORIES**

1. UDYOGAMANDAL (KERALA)
2. TRIVANDRUM (KERALA)
3. BHADRAVATI (KARNATAKA)
4. BANGALORE (KARNATAKA)
5. MYSORE (KARNATAKA)

### **FILLING STATIONS**

1. HARIHAR (KARNATAKA)
2. TRICHY (TAMILNADU)
3. CALICUT (KERALA)



## NOTICE

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Wednesday, 30<sup>th</sup> September, 2009 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, 2009 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 Dara M. Tavadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jayendra V. Gaitonde, 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 an Ordinary Resolution.

**RESOLVED THAT** Mr. Gautam Pai Cacode, who was appointed by the Board of Directors as an additional Director with effect from 29<sup>th</sup> October, 2008 and who holds the office upto this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company.

7. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary 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, the Company hereby accords its approval to the appointment of Mr. Gautam Pai Cacode, as Wholtime Director of the Company for a period of five years, with effect from 1<sup>st</sup> February, 2009 and to the payment of remuneration as set out in the Explanatory Statement attached to the notice



convening this Annual General Meeting with liberty to the Board of Directors to alter and vary such terms and conditions including remuneration as may be agreed to by the Board of Directors and Mr. Gautam/Pai Cacode during the aforesaid period.

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

**(M.G. Poy Raiturcar)**  
**Managing Director**  
**Dated: 31<sup>st</sup> August, 2009**

**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.6 & 7 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday 25<sup>th</sup> September, 2009 to Wednesday 30<sup>th</sup> September, 2009 (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, 2002 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 2001-2002 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 and 7:**

Mr. Gautam Pai Cacode was appointed by the Board of Directors as an additional Director with effect from 29<sup>th</sup> October, 2008 and pursuant to the provisions of Section 260 of the Companies Act, 1956, read with Article 113 of the Articles of Association of the Company he holds the office until this Annual General Meeting. A notice under Section 257 of the Companies Act 1956 has been received from a member proposing him for appointment as a Director of the Company.

At the meeting of the Board of Directors held on 30<sup>th</sup> January, 2009, Mr. Gautam Pai Cacode was appointed as Wholtime Director of the Company with effect from 1<sup>st</sup> February, 2009 for a period of five years, subject to the approval of the shareholders to be obtained at the ensuing Annual General Meeting on a remuneration and other terms and conditions as recommended by the Remuneration Committee as set out hereunder:

**1. SALARY:**

A consolidated salary of Rs.45,000/- (Rupees Forty five thousand 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. Gautam Pai Cacode 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 and his wife, subject to a ceiling of one month's salary in a year.



III. Leave Travel Concession:

Leave Travel Concession for self and his wife 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. Bonus under the Payment of Bonus Act – As per the rules of the Company.

VII. 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(a), (b) and (c) above 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.

VIII. 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.

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

In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Wholtime Director, remuneration and perquisites as stated above shall be paid as minimum remuneration in accordance with the ceiling prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956.

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

A copy of the contract of employment entered into with Mr. Gautam Pai Cacode is available for inspection at the Registered Office of the Company during office hours.



Mr. M.G. Poy Raiturcar, is deemed to be interested in the said resolution as the appointee is his relative. Mr. Gautam Pai Cacode is also interested in his appointment. No other Director of the Company is concerned or interested in the said resolution.

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

**(M. G. Poy Raiturcar)  
Managing Director**

**Dated: 31<sup>st</sup> August, 2009.**

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## DIRECTORS' REPORT

Your Directors are pleased to submit the 45th Annual Report together with the Audited Statement of Accounts for the year-ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

For the year ended 31<sup>st</sup> March

(Rs. in lakhs)

|   | 2009          | 2008          |
|---|---------------|---------------|
| Profit before Depreciation & Taxation                   | 242.98        | 361.47        |
| Less Depreciation                                       | 129.71        | 123.88        |
| Profit before Taxation                                  | 113.27        | 237.59        |
| Less: Provision for Taxation – Current Tax              | 30.84         | 68.50         |
| – Deferred Tax  | 10.67         | 12.80         |
| – Fringe Benefits Tax                                   | 3.30          | 3.20          |
| Add/Less: Income Tax for prior years                    | 0.69          | 3.81          |
| Net Profit for the year before extraordinary items      | 67.77         | 156.90        |
| Add : Profit on Sale of Investment (Extraordinary Item) | --            | 63.96         |
| Net Profit for the year                                 | 67.77         | 220.86        |
| Add: Balance brought forward from previous year         | 759.67        | 569.71        |
| <b>Amount available for appropriation</b>               | <b>827.44</b> | <b>790.57</b> |
| <b>Appropriations</b>                                   |               |               |
| a) Transfer to General Reserves                         | 20.00         | 23.00         |
| b) Proposed Dividend                                    | 6.75          | 6.75          |
| c) Corporate Dividend Tax                               | 1.15          | 1.15          |
| <b>Balance carried forward to next year</b>             | <b>799.54</b> | <b>759.67</b> |

### OPERATIONS

Your Company achieved a turnover of Rs.1518 lakhs as against Rs.1419 lakhs (net of excise duty) for the pervious year representing an increase of about 6.52%. The Company has recorded a net profit of Rs.67.77 lakhs for the year. It is proposed to transfer a sum of Rs.20.00 lakhs to the general reserves out of the current years profits.

Operations were adversely affected by high cost of inputs, supply of liquid medical gas to all hospitals by Multinational Companies on the one hand and reduced selling prices and stiff competition from other small scale 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 Trichy in Tamilnadu. 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 30<sup>th</sup> September 2009.

#### **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 2008-09 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 Dara M. Tavadia and Shri Jayendra V. Gaitonde, 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,  
25th .08.2009*

**Madhav G. Poy Raiturcar**  
**Chairman & Managing Director**