



**the southern  
gas limited**



**ANNUAL REPORT  
& ACCOUNTS  
2009-10**



# **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

## **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', 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)

## **FILLING STATIONS**

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



## NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Shareholders of **THE SOUTHERN GAS LIMITED** will be held on Thursday, 30<sup>th</sup> September, 2010 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, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Lalit P Mehta, 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** the Clause in para 4 of Article 163 of the Articles of Association be substituted with a clause reading as under:

"Notwithstanding anything contained in this Article, if in any financial year, the company has no profits or profits thereof are inadequate, the company may, pay to its Directors, including any Managing Director/Wholetime Director or Manager, or if there are two or



more of them holding office in the company, to all of them together, by way of remuneration as provided in Article 124 and stipulated in section 269 read with Schedule XIII of the Companies Act.1956."

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

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

**Dated:22<sup>nd</sup> June,2010**

**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 No.6 of the notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 27<sup>th</sup> September, 2010 to Thursday 30<sup>th</sup> September,2010 (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, 2003 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 2002-2003 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**

Article 124 of the the Articles of Association of the Company provides that the remuneration payable to the Director of the company including any Managing or Wholetime Director shall be determined in accordance with, and subject to, the provisions of Section 198 and 309 of the Act.

However, in para 4 under Article 163 it is stated that notwithstanding anything contained in this article, if in any financial year, the Company has no profits or the profits thereof are inadequate, the company may, subject to the approval of Central Government, (unless such approval has been obtained under any of the provisions of the Act), pay to its Directors, including any Managing/Wholetime Director or Manager or if there are two or more of them holding office in the Company to all of them together by way of minimum remuneration such sum not exceeding Rs.50000/- per annum, exclusive of any fees payable to the Directors under Section 309(2) of the Act as it considers reasonable.

In order to bring this provision in line with the existing Article 124 and as stipulated in section 269 read with Schedule XIII of the Companies Act, 1956, it is proposed to substitute the aforesaid para 4 under Article 163, as given in item No.6 of the notice.

None of the Directors of the Company are concerned or interested in the subject, except the present Managing/Wholetime Directors who are already holding the office, pursuant to Article 124 read with Section 198 of the companies Act, 1956.

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

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

**Dated : 22<sup>nd</sup> June, 2010**



## DIRECTORS' REPORT

Your Directors are pleased to submit the 46th Annual Report together with the Audited Statement of Accounts for the year-ended 31<sup>st</sup> March 2010

### FINANCIAL RESULTS

(Rs. in lakhs)

For the year ended 31 <sup>st</sup> March	2010	2009
Profit before Depreciation & Taxation	302.29	242.98
Less Depreciation	147.65	129.71
Profit before Taxation	154.64	113.27
Less: Provision for Taxation		
– Current Tax	44.65	30.84
– Deferred Tax	6.41	10.67
– Fringe Benefits Tax	—	3.30
Add/Less: Income Tax for prior years	—	0.69
Net Profit for the year before extraordinary items	103.58	67.77
Add : Profit on Sale of Investment (Extraordinary Item)	--	--
Net Profit for the year	103.58	67.77
Add: Balance brought forward from previous year	799.55	759.67
<b>Amount available for appropriation</b>	<b>903.13</b>	<b>827.44</b>
<b>Appropriations</b>		
a) Transfer to General Reserves	20.00	20.00
b) Proposed Dividend	6.75	6.75
c) Corporate Dividend Tax	1.12	1.15
<b>Balance carried forward to next year</b>	<b>875.26</b>	<b>799.54</b>

### OPERATIONS

Your Company achieved a turnover of Rs.1558 lakhs as against Rs.1518 lakhs (net of excise duty) for the previous year representing an increase of about 2.63%. The Company has recorded a net profit of Rs.103.58 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 Hubli 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 30<sup>th</sup> September 2010.

#### **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 2009-10 and of the profits 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, a Company Secretary in whole time practice, as per the requirements of the proviso to sub-section (1) of section 383A of the Companies Act, 1956.



## **DIRECTORS**

**Shri Lalit P. Mehta and Shri Ranganath N. Prabhu, 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.

## **AUDITORS QUALIFICATIONS IN THE AUDITORS REPORT**

In the Audit report it has been stated that the requirement of listing agreement entered into with the Bombay Stock Exchange in terms of the SEBI regulations were not fully complied with. The auditors have not specified the items not complied with. However, it was observed that the Auditors had not given Limited Review Report in respect of the unaudited financial results for the quarter ended 30<sup>th</sup> June, 2009 and the statement of financial results was submitted without their report. Except for this, the company has complied with all the requirements under the listing agreement.

## **LISTING FEES**

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

## **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 to the overall performance of the 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,  
22<sup>nd</sup> June, 2010

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



## **Annexure to Directors' Report**

### **COMPLIANCE CERTIFICATE**

U/s 383A(1) of the Companies Act, 1956

Registration No. of the Company: U31200 GA1984 PLC 000562 (CIN)

Nominal Capital : Rs.50,00,000/-

To:

**The Members**

**The Southern Gas Limited**

**Govind Poy House, 1<sup>st</sup> Floor**

**Rua do Padre Miranda**

**Margao, Goa-403 601.**

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 thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March, 2010 (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 thereunder 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 thereunder.
3. The Company being a Public Limited Company, comments are not required.
4. The Board of Directors duly met six times respectively on 25.5.2009, 14.8.2009, 25.8.2009, 2.9.2009, 27.11.2009 and 24.2.2010 during the financial year ending 31.3.2010, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.



5. The Company closed its Register of Members from 25.9.2009 to 30.9.2009 (both days 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 31<sup>st</sup> March, 2009 was held on 30<sup>th</sup> September, 2009 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 extraordinary 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 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. 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 has not issued any duplicate share certificates during the financial year.
13. The Company has –
  - i. Delivered all the certificates or lodgement thereof for transfer/transmission of securities 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 to all the members within 30 days from the date of declaration and that the unclaimed/unpaid dividends has been transferred to the Unpaid Dividend Account with AXIS Bank Limited, Margao, Goa, before the due date.
  - iv. Transferred the amounts of unpaid dividend account which have remained unclaimed or unpaid for a period of seven years to the Investor Education and Protection Fund.
  - v. Duly complied with the requirements of Section 217 of the Act.