

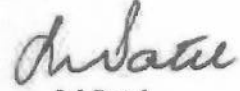
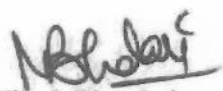


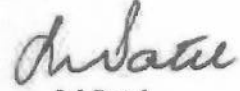
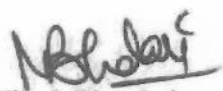


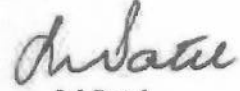
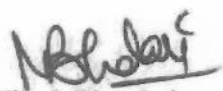


FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	Gujarat Gas Company Limited												
2.	Annual financial statements for the year ended	31 st December 2012												
3.	Type of Audit observation	Unqualified												
4.	Frequency of observation	Not Applicable												
5.	<table border="0"><tr><td>For Price Waterhouse Firm Registration No.-301112E Chartered Accountants</td><td colspan="2">For and on behalf of the Board</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Subramanian Vivek Partner Membership No. 100332</td><td>Sugata Sircar Managing Director</td><td>Jal Patel Audit Committee Chairman</td></tr><tr><td></td><td></td><td> Nitesh Bhandari Financial Controller</td></tr></table>		For Price Waterhouse Firm Registration No.-301112E Chartered Accountants	For and on behalf of the Board					Subramanian Vivek Partner Membership No. 100332	Sugata Sircar Managing Director	Jal Patel Audit Committee Chairman			 Nitesh Bhandari Financial Controller
For Price Waterhouse Firm Registration No.-301112E Chartered Accountants	For and on behalf of the Board													
														
Subramanian Vivek Partner Membership No. 100332	Sugata Sircar Managing Director	Jal Patel Audit Committee Chairman												
		 Nitesh Bhandari Financial Controller												



GUJARAT GAS

INVESTING
IN GROWTH

33rd Annual Report - 2012

INVESTING IN GROWTH



Growth,
at Gujarat Gas, is at the root of an
exciting people-centric journey, covering new
geographical areas, touching more lives and imbibing a
philosophy of high-performance and safe delivery, that the
Company has worked hard to inculcate. A widening presence, larger
number of customers, foresight to plan ahead and the ability to respond
nimble to challenging situations indicate the Company's progress. This has
led to higher value being created for customers and other stakeholders,
internal and external. The Company believes in investment for
sustainable growth and continues to create new network and
infrastructure to cover more households, vehicles,
industrial units and other establishments.





INVESTING IN GROWTH



GOING FURTHER

The Company grew its pipeline network significantly in 2012 by laying nearly 60 kms of additional steel pipelines. In reaching over 34,000 new residences and converting over 23,000 vehicles to CNG along with launching 8 new CNG stations, the Company executed its growth focus with zeal by investing close to above Rs. 1800 million towards expansion. The 8 new CNG stations have now taken the total number of stations commissioned by the Company up to 54. In the industrial segment, viable segments were tapped and 250,000 scmd of additional volumes were commissioned.



RECEIVING AUTHORIZATION

Gujarat Gas, received authorization from the Petroleum and Natural Gas Regulatory Board (PNGRB) for the distribution of natural gas in areas covering Surat and Bharuch districts. On the whole, the 8979 sq. kms of Geographical Area (GA) authorized by the PNGRB covers 21 charged areas, spanning across three districts and encompassing sixteen talukas. The PNGRB also authorised the Company's transmission pipeline which is approximately 75 kms long extending from Hazira to Ankleshwar. 2012 was also a milestone year for the Company's expansion drive with new presence established post successful commissioning and delivery of the Bardoli network.



OPTIMIZING

The Company achieved a 29% increase in annual revenues and 5% increase in profits in a challenging economic scenario. The situation was aggravated by increasing average gas costs mainly impacted by higher proportion of Regassified Liquefied Natural Gas (RLNG) in the mix. Careful and consistent optimization, to balance gas costs, volumes and prices in a responsible manner, steered the Company to achieve its results.



WORKING SAFER

Gujarat Gas's contributions towards raising the benchmark in Safety have been acknowledged by several agencies. The Company has bagged the "WINNER Rotating Shield" and a "Certificate of Honour" from the Gujarat Safety Council for the year 2011 (GSC Award 2011) in Category II B Petroleum (Refining & Processing) Gas Generation & Distribution, Petrochemicals, in recognition of maintaining the Lowest D.I.I. (Disabling Injury Index). This award is another encouragement for our continuous endeavour towards "Zero Injury" in our operations and an assurance to all employees, contractors and other associates about the Company's commitment for a safe operating environment. Prevention of third party damages and on-ground process safety continue to be the areas of sharp focus.



INVESTING IN GROWTH



TRANSFORMING FASTER

The Company also adapted to the advancements in technology services available with an eye on increasing efficiencies across all levels. Improvements in the scalability of its customer service, billing and management systems and its inventory and plant management systems have been brought about by “Parivartan”, a project for the implementation of relevant SAP modules. This will, in time, enhance the scalability, reliability and effectiveness of the relevant systems.



HARVESTING STRONGER

The consolidated net sales for the year 2012 were Rs. 30,669 million compared to Rs. 23,819 million in the previous year. The total volume of gas sold during the period was 1,157 mmscm compared to 1,246 mmscm in the same period, last year. The consolidated profit after tax increased to Rs. 2,885 million from Rs. 2,748 million last year. The Company, distributed approximately 3.2 mmcmd of natural gas and continues to be the premier gas distribution Company in the country with proven expertise in distributing gas to an entire spectrum of customers – Industrial, Commercial, Domestic and CNG. Gujarat Gas distributes gas to about 375,500 industrial, commercial and domestic customers through its pipeline network and CNG to over 192,100 vehicles.







GUJARAT GAS

BOARD OF DIRECTORS

Dr. Varesh Sinha, IAS, Chairman (w.e.f. 12 June 2013)
 Dr. Hasumukh Adhia, IAS (w.e.f. 12 June 2013)
 Mr. D.J. Pandian, IAS (w.e.f. 12 June 2013)
 Mr. Tapan Ray, IAS, (w.e.f. 12 June 2013)
 Mr. Sugata Sircar
 Prof. Pradip Khandwalla
 Mr. Jal Patel
 Mr. Ajit Kapadia

Mr. Hasumukh Shah (Upto 12 June 2013)
 Mr. Sudhir Mankad (Upto 6 May 2013)
 Mr. Walter Simpson (Upto 8 July 2012)
 Mr. Shahram Jahanbani (Upto 12 June 2013)
 Mr. Shaleen Sharma, (Upto 12 June 2013)

Ms. Rajeshwari Sharma, Company Secretary

GROUP HEADS

Mr. Arun Ramakrishnan, Head - Strategy and Regulations
 Mr. Chirag Brahmabhatt, Director - HR and Administration
 Mr. Himanshu K. Upadhyay, Director - Policy & Corporate Affairs
 Mr. Nitesh Bhandari - Financial Controller
 Mr. Nitin Patil, Director - Technical & HSSE

SUBSIDIARY COMPANIES

Gujarat Gas Financial Services Ltd

BOARD OF DIRECTORS

Mr. Tapan Ray, IAS (w.e.f. 9 July 2013)
 Mr. PPG Sarma (w.e.f. 9 July 2013)
 Mr. Sugata Sircar
 Mr. Shaleen Sharma (Upto 23 July 2012)
 Mr. Manu Verma (Upto 8 July 2013)
 Mr. Sadhan Banerjee (Upto 8 July 2013)

Gujaratgas Trading Company Ltd

BOARD OF DIRECTORS

Mr. Tapan Ray, IAS (w.e.f. 9 July 2013)
 Mr. Sugata Sircar
 Prof. Pradip Khandwalla
 Mr. Shaleen Sharma (Upto 25 July 2012)
 Mr. Manu Verma (Upto 8 July 2013)

33rd Annual General Meeting

Date : 22 August 2013
 Day : Thursday
 Time : 11.00 a.m.
 Venue : H. T. Parekh Convention Centre
 Ahmedabad Management Association
 ATIRA, Dr. Vikram Sarabhai Marg
 Vastrapur, Ahmedabad - 380 015

BANKERS

HDFC Bank Limited
 ICICI Bank Limited
 State Bank of India
 Kotak Mahindra Bank Limited

AUDITORS

PRICE WATERHOUSE
 Chartered Accountants
 Building 8, 7th & 8th Floor, Tower B,
 DLF Cyber City Gurgaon - 122 022, Haryana

CORPORATE OFFICE

2, Shanti Sadan Society, Near Parimal Garden, Ellisbridge
 Ahmedabad - 380 006

OFFICES

SURAT

Adajan Gam,
 Post Box No. 915, P.O. Navyug College,
 Surat - 395009

CNG Office (Surat)

CNG Office,
 3rd Floor, Swastik House, Kargil Chowk, Piplo,
 Surat - 395007

ANKLESHWAR

Surati Bhagol, Umarwada Road, Via Piraman Naka,
 Ankleshwar - 393001

BHARUCH

Anand Mangal Society,
 Son Talavadi, Bharuch - 392001

CONTENTS	PAGES
Directors' Report	1
Compliance Certificate on Corporate Governance	13
Corporate Governance Report	14
Information for Investors	21
Auditors' Report (Consolidated)	24
Balance Sheet (Consolidated)	25
Profit & Loss Account (Consolidated)	26
Notes to the Accounts (Consolidated)	29
Auditors Report (GGCL)	50
Balance Sheet (GGCL)	53
Profit & Loss Account (GGCL)	54
Notes to the Accounts (GGCL)	57
Statement relating to Subsidiary Company (GTCL)	80
Statement relating to Subsidiary Company (GFSL)	81
Directors' report of Subsidiary Company (GTCL)	82
Auditors' Report of Subsidiary Company (GTCL)	84
Accounts of Subsidiary Company (GTCL)	87
Directors' report of Subsidiary Company (GFSL)	96
Auditors' Report of Subsidiary Company (GFSL)	99
Accounts of Subsidiary Company (GFSL)	102

**NOTICE**

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of Gujarat Gas Company Limited will be held on Thursday, 22 August 2013, at 11.00 A.M. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Audited Profit and Loss Account and Cash Flow Statement for the year ended on 31 December 2012, the Balance Sheet as that date and the Auditors' Report thereon.
2. To declare Dividend on Preference Shares.
3. To confirm payment of Interim Dividend on Equity Shares.
4. To appoint a Director in place of Mr. Ajit Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jal Patel, who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix remuneration of Statutory Auditors of the Company in terms of provisions of Section 224 (8) (aa) of the Companies Act, 1956.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. Vares Sinha, IAS, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, read with Article 79 of the Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Dr. Has Mukh Adhia, IAS, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, read with Article 79 of the Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. D.J. Pandian, IAS, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, read with Article 79 of the Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Tapan Ray, IAS, who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, read with Article 79 of the Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:



"RESOLVED THAT Mr. Sugata Sircar who was appointed as an Additional Director of the Company under Section 260 of the Companies Act, 1956, read with Article 79 of the Articles of Association of the Company and who holds office till conclusion of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Mr. Sudhir Mankad, former Independent Director of the Company, be paid commission for the financial year 2012, as set out in the Explanatory Statement annexed to this Notice convening the Thirty Third Annual General Meeting

RESOLVED FURTHER THAT the above commission shall not exceed one percent of the net profits of the Company as provided under Section 309(4) of the Companies Act, 1956 ("the Act"), and computed in the manner referred to in Section 198 of the Act, or any amendment or re-enactment thereof, in addition to the fees for attending the meetings of the Board of Directors of the Company or any Committee thereof."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered as follows:

The following alterations be made:

Existing Clause 2(ii)(a)

- (a) BGAPH means British Gas Asia Pacific Holdings Pte Limited, a Company incorporated and registered under the Companies Act, 1967 of Singapore, having its registered office at 83, Clemenceau Avenue, #14-08 UE Square, Singapore 239920 including its nominees, successors and assigns or such other subsidiary of BG plc., a Company incorporated in England, as shall hold shares in the company from time to time including such subsidiary's nominees, successors and assigns.

Existing Clause 2(ii)(a) to be substituted with the following:

- (a) GDNL means GSPC Distribution Networks Limited, a Company incorporated under the Companies Act, 1956 having its registered office at Block No. 15, 3rd Floor, Udyog Bhavan, Sector-11, Gandhinagar-382011 including its nominees, successors and assigns or its any other subsidiary

Existing Clause 57

The quorum for a general meeting shall be five members present in person or through duly authorised representatives. Provided however that quorum shall not be deemed to have been constituted unless a duly authorised representative of BGAPH is present.

Existing Clause 57 to be substituted with the following:

The quorum for a general meeting shall be five members present in person or through duly authorised representatives. Provided however that quorum shall not be deemed to have been constituted unless a duly authorised representative of GDNL is present.

Existing Clause 59

The Chairman of the Board shall preside at general meetings. In case he is absent at such meeting, the Directors present representing BGAPH shall elect one of them to preside at such general meeting. In case there is no Director representing BGAPH present at such meeting, the members present shall elect one of them, being a member entitled to vote, to be the Chairman.

Existing Clause 59 to be substituted with the following:

The Chairman of the Board shall preside at general meetings. In case he is absent at such meeting, the Directors present representing GDNL shall elect one of them to preside at such general meeting. In case there is no Director representing GDNL present at such meeting, the members present shall elect one of them, being a member entitled to vote, to be the Chairman.

**Existing Clause 88A**

Subject to the provisions of the Act, the quorum for a meeting of the Board shall be one-third (1/3) of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, which must include at least one nominee of BGAPH.

If at any meeting of the Board, a quorum is not present or if during such a meeting, a quorum ceases to be present, the meeting shall stand adjourned to such other day and at such other time and place as the Board may determine. At this meeting too, the quorum requirements specified herein shall have to be satisfied.

Provided that notwithstanding anything contained above, where at any time the number of interested Directors exceeds or is equal to two-thirds (2/3) of the total strength, the number of the remaining Directors, that is to say, the number of remaining Directors who are not interested, present at the meeting being not less than two (2), shall be the quorum during such time.

Existing Clause 88A to be substituted with the following:

Subject to the provisions of the Act, the quorum for a meeting of the Board shall be one-third (1/3) of its total strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher, which must include at least one nominee of GDNL.

If at any meeting of the Board, a quorum is not present or if during such a meeting, a quorum ceases to be present, the meeting shall stand adjourned to such other day and at such other time and place as the Board may determine. At this meeting too, the quorum requirements specified herein shall have to be satisfied.

Provided that notwithstanding anything contained above, where at any time the number of interested Directors exceeds or is equal to two-thirds (2/3) of the total strength, the number of the remaining Directors, that is to say, the number of remaining Directors who are not interested, present at the meeting being not less than two (2), shall be the quorum during such time.

Existing Clause 90

The Chairman of the Board of Directors of the company shall be nominated by BGAPH.

The Chairman shall have a casting vote at the Board meeting and general meetings. The Chairman of the Board shall preside at the meetings of the Board. In the event, the Chairman is not present in any Board meeting, the Directors present representing BGAPH shall elect one of them to preside at such meeting. In case all Directors representing BGAPH and present at such meeting are, in respect of any agenda item at the meeting, interested Directors, the other Directors present shall elect one of the such other Directors to preside in respect of that agenda item at such meeting.

Existing Clause 90 to be substituted with the following:

The Chairman of the Board of Directors of the Company shall be nominated by GDNL.

The Chairman shall have a casting vote at the Board meeting and general meetings. The Chairman of the Board shall preside at the meetings of the Board. In the event, the Chairman is not present in any Board meeting, the Directors present representing GDNL shall elect one of them to preside at such meeting. In case all Directors representing GDNL and present at such meeting are, in respect of any agenda item at the meeting, interested Directors, the other Directors present shall elect one of the such other Directors to preside in respect of that agenda item at such meeting.

Existing First Para in Clause 98(i)

BGAPH shall have the power to nominate a person as Managing Director and Whole-time Director.

Existing first para in Clause 98(i) to be substituted with the following:

GDNL shall have the power to nominate a person as Managing Director and Whole-time Director.

By Order of the Board

Gujarat Gas Company Limited
Rajeshwari Sharma
Company Secretary

**NOTES:**

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty eight hours before the commencement of the Annual General Meeting.
3. Members/proxies are requested to bring the attendance slip duly filled in for attending the meeting along with copy of the Annual Report for Financial Year 2012.
4. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary, at the Registered Office, so as to reach at least seven days before the date of the meeting to enable the management to keep the required information readily available at the Thirty Third Annual General Meeting.
5. Members are advised that pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remained unpaid/unclaimed for a period of seven years till CY-2005 have been transferred to the Investor Education and Protection Fund of the Central Government ('IEPF'). After such transfer, no claim of the members whatsoever shall lie on the said amount.
6. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Reports can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail addresses registered with Karvy Computershare Private Limited, RTA of the Company.
7. The Board of Directors, in its meeting held on 25 September 2012, had declared an Interim Dividend of Rs. 7.00 per Share on the paid-up Equity Share Capital of the Company, which was paid on 22 October 2012. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Pvt. Ltd, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
8. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN Card to the Company/RTAs for registration of transfers and for securities market transactions and off market/private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company/RTA.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding the shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Pvt. Ltd, RTA of the Company. Those holding shares in Electronic form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS mandate form to the Company /RTA/DP with complete details need not send it again.

The Shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, RTA of the Company to enable them to print these details on the dividend warrants.
10. Members, holding the shares in physical form and wishing to avail the nomination facility, are requested to send the duly filled nomination form to Karvy Computershare Pvt. Ltd, Hyderabad, the RTA. Nomination form may be downloaded from the Company's website www.gujaratgas.com under the investors section.
11. Pursuant to SEBI circular, the shareholders holding shares in physical form are requested to submit the notarised copy of the PAN in compliance of the KYC norms.



12. Members are requested to notify immediately any change of address:
- to their Depository Participant (DP) in respect of shares held in dematerialized form, and
 - to the Company at its Registered Office or to its RTA, Karvy Computershare Pvt. Ltd in respect of their physical shares, if any, quoting their folio number.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirty Third Annual General Meeting to be held on Thursday, 22 August 2013:

ITEM NO. 4

Mr. Ajit Kapadia, Director, retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise

Mr. Ajit Kapadia, after completing B.Sc. (Hons.) from Bombay University in 1960, proceeded to the U.S.A. and joined the University of Louisville, KY and completed M. Che. (Chemical Engineering) in 1963. Immediately, he joined Girdler Corporation in Louisville as a Process Engineer. During the four year tenure at Girdler, Mr. Kapadia was involved in design of fertilizer plants (Ammonia, Urea, etc.) and Methanol. In 1966, as a part of the Girdler technical team, Mr. Kapadia spent nine months assisting Fertilizer Corporation of India in commissioning their first methanol plant. In 1966, he joined Fluor Corporation in Houston, Texas. At Fluor, Mr. Kapadia got the first exposure to hydrocarbon processing and especially natural gas processing. Having been offered the position of Supervising Engineer with Engineers India Limited (EIL) to participate in process design of the naphtha cracker plant for Indian Petrochemicals Corporation Limited (IPCL), he returned to India in 1971.

With EIL, Mr. Kapadia had full involvement with Bombay High's development plan and especially with natural gas processing and transportation. In 1982, he was appointed as the Head of the Gas Task Force, a group formed by the Petroleum Ministry to review the entire country's natural gas availability and utilization pattern. In 1984, Mr. Kapadia was appointed as the first Director (Planning) with Gas Authority of India Limited (GAIL). After three years at GAIL, he joined Hindustan Oil Exploration Company Limited (HOEC) as the first employee and was soon invited to join the Board as the Managing Director. He has spent seventeen years establishing HOEC as the first private sector oil company in India.

Mr. Ajit Kapadia does not hold any shares or beneficial interest in any shares of your Company. He is on the Board of your Company from July 2003. Apart from Gujarat Gas Company Limited, Mr. Kapadia holds Directorship and Membership of the following Companies/Committees:

Directorships

Sr. No.	Name of the Company	Designation
1	Rubamin Limited	Director
2	Quanta Process Solutions Pvt. Limited	Chairman
3	Quanta Modular Plant Pvt. Ltd	Director
4	Entegra Limited	Director
5	Enertech Biofuels Limited	Director
6	Asian Oilfield Services Limited	Director
7	Green Krupa Power Private Limited	Director
8	Green Mountain Hydro Power Private Ltd	Director
9	Hurla Valley Power Private Limited	Director

**Membership of Committees**

Sr. No.	Name of the Company	Committee	Designation
1	Rubamin Limited	Audit Committee	Chairman
2	Asian Oilfield Services Limited	Audit Committee & Shareholder's Grievance Committee	Member

Your Directors recommend re-appointment of Mr. Ajit Kapadia as a Director of the Company.

No director other than Mr. Ajit Kapadia is in any way interested or concerned in the said resolution.

ITEM NO. 5

Mr. Jal Patel, Director, retires by rotation and being eligible offers himself for re-appointment.

Brief resume and nature of expertise

Mr. Jal Patel is an Associate Member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India. He possesses professional experience of more than 48 years.

Since 1962, he was associated with the German FAG Group of Bearing Companies and has handled various managerial functions. In 1977, he took over as the Managing Director. Subsequently he was promoted as the Vice Chairman and Managing Director before retiring in the year 2000. His area of expertise includes Finance, Accounts and Administration.

He is also actively involved with various social and welfare associations and federations as well as various trusts.

Mr. Jal Patel does not hold any shares or beneficial interest in any shares of your Company. He is on the Board of your Company from March 2001. He is also Chairman of the Audit Committee and a member of the Shareholder's Grievance Committee of your Company from April 2001.

Apart from Gujarat Gas Company Ltd, Mr. Jal Patel holds Directorships and Memberships of the following Companies/ Committees.

Directorships

Sr. No.	Name of the Company	Designation
1.	ABC Bearings Limited	Director
2.	Shri Dinesh Mills Limited	Director
3.	Styrolution ABS (India) Limited	Director
4.	Jewel Consumer Care Pvt. Limited	Director
5.	Munjali Auto Industries Limited	Director
6.	Eimco Elecon India Limited	Director
7.	Elecon Engg. Co. Ltd	Director

Membership of Committees

Sr. No.	Name of the Company	Committee	Designation
1.	ABC Bearings Limited	Audit Committee	Chairman
2.	Shri Dinesh Mills Limited	Shareholder Grievance Committee	Member
3.	Styrolution ABS (India) Limited	Audit Committee & Shareholder Grievance Committee	Member
4.	Eimco Elecon India Limited	Audit Committee	Member
5.	Elecon Engg. Co. Ltd.	Audit Committee	Chairman

Your Directors recommend the re-appointment of Jal Patel, as a Director of the Company.

No Director other than Mr. Jal Patel, is in any way interested or concerned in the said resolution.

**ITEM NO. 7**

Dr. Varesh Sinha, IAS was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 12 June 2013. As per the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, he holds the office of Director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Dr. Varesh Sinha, IAS is the Chairman of the Company. He is a senior IAS officer having more than 35 years of experience in public, administrative and corporate service. He is a Graduate in Science (Physics and Maths) and holds a masters Degree in "Mathematical Statistics". He has also done Master of Business Administration (MBA) and Ph.D. (Statistics). He has held several important positions with Government of Gujarat and having worked in various sectors like Tourism, Agri-business, Energy, Education, Panchayat, Urban, Labour, Home, Finance etc. Previously, he has worked as Additional Chief Secretary, Finance Department of Government of Gujarat. At present, he is the Chief Secretary, Government of Gujarat.

He does not hold any shares and beneficial interest in any shares of your Company. Apart from Gujarat Gas Company Limited, he holds the following directorship:

Directorships

Sr. No.	Name of the Company	Designation
1.	Gujarat State Fertilizers & Chemicals Limited	Chairman
2.	Gujarat Narmada Valley Fertilizers & Chemicals Limited	Chairman
3.	Gujarat State Petroleum Corporation Limited	Chairman
4.	Gujarat Alkalies & Chemicals Limited	Chairman
5.	Sardar Sarovar Narmada Nigam Limited	Chairman

Your Directors recommend the appointment of Dr. Varesh Sinha, IAS, as a Director of your Company.

The following Promoter-Directors of the Company are deemed to be interested:

- (a) Dr. Varesh Sinha, IAS
- (b) Dr. Hasmukh Adhia, IAS
- (c) Mr. D.J. Pandian, IAS
- (d) Mr. Tapan Ray, IAS
- (e) Mr. Sugata Sircar

ITEM NO. 8

Dr. Hasmukh Adhia, IAS was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 12 June 2013. As per the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, he holds the office of Director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Dr. Hasmukh Adhia, is a senior IAS officer having wide administrative and corporate experience. He has the distinction of being a 'Gold Medalist' from the Indian Institute of Management. He also holds a Ph.D in Yoga from Swami Vivekanand Yoga University, Bangalore. Prior to the present position he was Principal Secretary, Education Department from April, 2008 to January, 2013, Principal Secretary to Chief Minister, Gujarat from May, 2003 to June, 2006. He was also Director General of Sardar Patel Institute of Public Administration (SPIPA) and Managing Director, Gujarat State Financial Services Limited (GSFSL). He has also worked as Director in the Ministry of Industry, New Delhi, and Secretary Finance Department, Government of Gujarat and Industries Commissioner, Gujarat as well as Vice Chairman & Managing Director, Gujarat Industrial Development Corporation.



He has travelled widely around the World for promotion of industrial and infrastructure investment in India. At present, he is the Principal Secretary, Finance Department, Government of Gujarat.

He does not hold any shares and beneficial interest in any shares of your Company. Apart from Gujarat Gas Company Limited, he holds the following Directorship and Membership:

Directorships

Sr. No.	Name of the Company	Designation
1.	Gujarat State Investment Limited	Chairman
2.	Gujarat State Financial Services Limited	Managing Director
3.	Gujarat State Financial Services (CAPS) Limited	Managing Director
4.	Gujarat Alkalies and Chemicals Limited	Director
5.	Gujarat State Fertilizers and Chemicals Limited	Director
6.	Gujarat Narmada Valley Fertilizers and Chemicals Limited	Director
7.	Gujarat State Petroleum Corporation Limited	Director
8.	Sardar Sarovar Narmada Nigam Limited	Director
9.	Gujarat International Finance Tech City Limited (GIFTCL)	Director
10.	Gujarat State Petronet Limited	Director
11.	Goods & Service Tax Network	Director

Membership of Committees

Sr. No.	Name of the Company	Committee	Designation
1.	Gujarat State Petronet Limited	Audit Committee	Member
2.	Gujarat State Petroleum Corporation Limited	Audit Committee	Member
3.	Gujarat State Fertilizers and Chemicals Limited	Audit Committee	Member

Your Directors recommend the appointment of Dr. Hasmukh Adhia, IAS, as a Director of your Company.

The following Promoter-Directors of the Company are deemed to be interested:

- (a) Dr. Hasmukh Adhia, IAS
- (b) Dr. Varesh Sinha, IAS
- (c) Mr. D.J. Pandian, IAS
- (d) Mr. Tapan Ray, IAS
- (e) Mr. Sugata Sircar

ITEM NO. 9

Mr. D.J. Pandian, IAS was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 12 June 2013. As per the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, he holds the office of Director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose his candidature for appointment as the Director of the Company.

**Brief resume and nature of expertise**

Mr. D J Pandian, is a senior IAS officer having wide administrative and corporate experience spanning more than 30 years. He holds degree in Master of Business Administration from Madras University. He has worked on deputation with the World Bank in Washington, D.C. from 1998 to 2001. He has also served as Director, External Commercial Borrowing, Ministry of Finance, Government of India from 1995 to 1997. He also served at several key positions in the Government of Gujarat. Prior to this, he was Managing Director of Gujarat State Petroleum Corporation Limited (GSPC) as well as Gujarat State Petronet Limited (GSPL) from October, 2001 to November, 2009. Presently, he is a Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat Since November 2009.

He does not hold any shares and beneficial interest in any shares of your Company. Apart from Gujarat Gas Company Limited, he holds the following Directorship and Membership:

Directorships

Sr. No.	Name of the Company	Designation
1.	Gujarat Urja Vikas Nigam Limited	Chairman
2.	Gujarat State Electricity Corporation Limited	Chairman
3.	Gujarat Energy Transmission Corporation Limited	Chairman
4.	GSPC Pipavav Power Co. Ltd	Chairman
5.	Gujarat Industries Power Co. Ltd	Chairman
6.	GSPC Gas Co. Ltd	Chairman
7.	GSPC LNG Ltd	Chairman
8.	Gujarat Power Corporation Limited	CMD
9.	Gujarat Narmada Valley Fertilizers Co. Ltd	Director
10.	Gujarat State Fertilizers and Chemicals Ltd	Director
11.	Gujarat State Petronet Ltd	Director
12.	Mahaguj Collieries Ltd	Director
13.	Gujarat State Petroleum Corporation Ltd	Director
14.	Gujarat Alkalies & Chemicals Ltd	Director
15.	Torrent Power Ltd	Director

Membership of Committees

Sr. No.	Name of the Company	Committee	Designation
1.	Gujarat State Petronet Limited	Investor Grievance Committee	Member
2.	Gujarat Alkalies & Chemicals Ltd.	Audit Committee	Member
3.	Gujarat Alkalies & Chemicals Ltd.	Share holder Grievance Committee	Chairman

Your Directors recommend the appointment of Mr. D.J. Pandian, IAS, as a Director of your Company.

The following Promoter-Directors of the Company are deemed to be interested:

- Mr. D.J. Pandian, IAS
- Dr. Varesh Sinha, IAS
- Dr. Hasmukh Adhia, IAS
- Mr. Tapan Ray, IAS
- Mr. Sugata Sircar

**ITEM NO. 10**

Mr. Tapan Ray, IAS was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 12 June 2013. As per the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, he holds the office of Director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Mr. Tapan Ray, is a senior IAS officer having wide administrative and corporate experience of more than 31 years. He holds a Degree in Mechanical Engineering from the Indian Institute of Technology, Delhi, is a Post Graduate in Public Policy from Woodrow Wilson School, Princeton University USA, has a Master of Public Administration from Maxwell School, Syracuse University, USA and a Degree in Law with various Diplomas. He has also served as Principal Secretary (Economic Affairs), Finance Department, Government of Gujarat from June 2006 to November 2009. He has been appointed as Managing Director of Gujarat State Petroleum Corporation Limited (GSPC) as well as Gujarat State Petronet Limited (GSPL) since November 2009 and is looking after the entire GSPC Group.

He does not hold any shares and beneficial interest in any shares of your Company. Apart from Gujarat Gas Company Limited, he holds the following Directorship and Membership:

Directorships

Sr. No.	Name of the Company	Designation
1.	Gujarat State Petroleum Corporation Limited	Managing Director
2.	Gujarat State Petronet Limited	Managing Director
3.	GSPC Gas Company Limited	Director
4.	Sabarmati Gas Limited	Chairman
5.	GSPC LNG Limited	Director
6.	Guj Info Petro Limited	Director
7.	Gujarat State Energy Generation Limited	Director
8.	GSPC Pipavav Power Company Limited	Director
9.	ONGC Petro-additions Limited	Director
10.	Petronet LNG Limited	Director
11.	GSPL India Gasnet Limited	Chairman
12.	GSPL India Transco Limited	Chairman
13.	GSPC Distribution Networks Limited	Director

Membership of Committees

Sr. No.	Name of the Company	Committee	Designation
1.	Gujarat State Energy Generation Limited	Audit Committee	Member
2.	GSPC Gas Company Limited	Audit Committee	Chairman
3.	Gujarat State Petronet Limited	Investor Grievance Committee	Member
4.	GSPC Pipavav Power Company Limited	Audit Committee	Member
5.	GSPL India Gasnet Limited	Audit Committee	Chairman
6.	GSPL India Transco Limited	Audit Committee	Chairman



Your Directors recommend the appointment of Mr. Tapan Ray, IAS, as a Director of your Company.

The following Promoter-Directors of the Company are deemed to be interested:

- (a) Mr. Tapan Ray, IAS
- (b) Dr. Varesh Sinha, IAS
- (c) Dr. Hasmukh Adhia, IAS
- (d) Mr. D.J. Pandian, IAS
- (e) Mr. Sugata Sircar

ITEM NO. 11

Mr. Sugata Sircar, was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 12 June 2013. As per the provisions of Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, he holds the office of Director till the conclusion of this Annual General Meeting. A notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose his candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Mr. Sugata Sircar was appointed as the Managing Director on the Board of Gujarat Gas Company Limited from 12 June 2013.

He is a Chartered Accountant with over 24 years of experience in various industries including energy distribution, manufacturing of chemicals, textiles, tyres and food products.

He has earlier worked as the Finance Director of GGCL for more than 5 years till 30 June 2012 and has managed all areas of finance, including planning, accounting, taxation and treasury and was also responsible for the Company's secretarial function. He was a part of the Executive Committee of GGCL.

Prior to joining Gujarat Gas he worked with Cabot India, Madura Coats, Britannia and Dunlop.

He is a non-executive Director on Board of Gujarat Gas Financial Services Ltd and Gujaratgas Trading Company Ltd.

Mr. Sircar does not hold any shares or beneficial interest in any shares of your Company. Apart from Gujarat Gas Company Limited, Mr. Sircar holds Directorship and Membership of the following Companies/Committees:

Directorships

Sr. No.	Name of the Company	Designation
1.	Gujarat Gas Financial Services Ltd	Director
2.	Gujaratgas Trading Company Ltd	Director

He is also the Chairman of Share Transfer Committee of Gujarat Gas Financial Services Limited.

Your Directors recommend the appointment of Mr. Sugata Sircar, as a Director of your Company.

The following Promoter-Directors of the Company are deemed to be interested:

- (a) Mr. Sugata Sircar
- (b) Mr. Tapan Ray, IAS
- (c) Dr. Varesh Sinha, IAS
- (d) Dr. Hasmukh Adhia, IAS
- (e) Mr. D.J. Pandian, IAS

**ITEM NO. 12**

Mr. Sudhir Mankad, the former Independent Director of your Company was appointed on 10th January 2012. He resigned w.e.f 7th May 2013.

While acknowledging that the rich experience and expertise of Mr. Sudhir Mankad enables him to contribute to the business of the Company, the Board of Directors, at its meeting held on 21 February 2013, in token of appreciation and gratitude to him, proposed to pay the remuneration by way of Commission of Rs. 5 lakhs for CY-2012, subject to the approval of the Shareholders in addition to the sitting fees.

The above commission shall not exceed one percent of the net profits of the Company as provided under Section 309(4) of the Companies Act, 1956 ("the Act"), and computed in the manner referred to in Section 198 of the Act, or any amendment or re-enactment thereof. The Commission is recommended to be paid for his contribution to the Company.

Your directors recommend this Special Resolution for your approval. No Director other than Mr. Sudhir Mankad is in any way interested or concerned in the said resolution.

ITEM NO. 13

GSPC Distribution Networks Limited (GDNL) entered into a Share Purchase Agreement, dated 3 October 2012, (SPA) with BG Asia Pacific Holdings Pte Limited (BGAPH), the erstwhile promoter of GGCL and BG Energy Holdings Limited, the holding company of BGAPH, and acting as the guarantor for the BGAPH's obligations under the SPA, for acquisition of 83,518,750 Equity Shares constituting 65.12% of the paid up Equity Share capital of GGCL.

In compliance with Regulations 3(1) and 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), a mandatory Open Offer was made by GDNL along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL. The said Open Offer had opened on 30 January 2013 and closed on 12 February 2013.

GDNL acquired 11,000,330 (8.58%) equity shares of Rs. 2/- each on 12 March 2013, in the Open Offer. GDNL completed the acquisition of 83,518,750 (65.12%) equity shares of Rs. 2/- each from BGAPH and consequently took over the control of the Company.

The Articles of Association of the Company in its current form include a reference to BG Asia Pacific Holdings Pte Ltd., the former Promoter of the Company. With the transfer of shares of BGAPH to GDNL, the current Promoters of the Company, the Shareholders are requested to consider the alteration in the Articles to the effect of substituting the reference to BGAPH with GDNL.

In compliance with Section 31 of the Companies Act, 1956, the members' approval is sought for amending the Articles of Association.

Your Directors recommend the approval for Alteration of Articles of Association as above.

The following Promoter-Directors of the Company are deemed to be interested:

- (a) Dr. Varesh Sinha, IAS
- (b) Dr. Hasmukh Adhia, IAS
- (c) Mr. D.J. Pandian, IAS
- (d) Mr. Tapan Ray, IAS
- (e) Mr. Sugata Sircar

By Order of the Board
Gujarat Gas Company Limited

Rajeshwari Sharma
Company Secretary

Date: 19 July 2013
Place: Ahmedabad

**DIRECTORS' REPORT****DEAR SHAREHOLDERS**

Your Directors have pleasure in presenting the 33rd Annual Report and the audited accounts for the year ended on 31 December 2012.

1. FINANCIAL RESULTS

(Rs. in millions)

Particulars	Consolidated Financials		Stand-alone Financials	
	Current Year	Previous Year	Current Year	Previous Year
Total income	31,632.33	24,750.78	31,575.61	24,704.43
Gross profit before interest, depreciation and tax	4,754.23	4,534.24	4,703.54	4,496.63
Less: Interest	1.58	1.49	1.58	1.49
Depreciation	658.28	602.04	653.62	593.33
Profit before tax	4,094.37	3,930.71	4,048.34	3,901.81
Tax expenses	1,209.00	1,182.46	1,181.85	1,163.00
Net Profit	2,885.37	2,748.25	2,866.49	2,738.81
Minority Interest	19.27	13.48	-	-
Profit attributable to Group	2,866.10	2,734.77	2,866.49	2,738.81
Add: Undistributed profit of earlier years	5,132.88	5,967.67	5,015.37	5,842.33
Balance available for Appropriation	7,998.98	8,702.44	7,881.86	8,581.14
Less: Appropriations:				
Transfer to general reserve	291.47	277.12	287.00	274.00
Preference dividend	2.65	10.80	2.65	10.80
Proposed Equity dividend	-	1,539.00	-	1,539.00
Corporate dividend tax on proposed dividend	1.11	252.09	0.43	251.42
Interim Dividend	897.75	1,282.50	897.75	1,282.50
Corporate dividend tax on interim dividend	145.64	208.05	145.64	208.05
Transfer to Capital Redemption Reserve	144.00	-	144.00	-
Surplus retained	6,516.36	5,132.88	6,404.39	5,015.37
Earning per Share (Rs.)	22.32	21.23	22.33	21.26

2. DIVIDEND

Your Directors recommend to the shareholders at their Annual General Meeting, the confirmation as the final dividend of the Interim Dividend of Rs. 7/- per fully paid up equity share of Rs. 2.00 each on 128,250,000 equity shares of the Company, declared by the Board of Directors on 25 September 2012 and paid on 22 October 2012, to those equity shareholders whose names appeared on the Register of Members of the Company as at the close of business hours of 9 October 2012.

Your Directors further recommend for consideration of the shareholders at the Annual General Meeting, the payment of the pro rata dividend of Rs. 2.65 million on which the distribution tax is Rs 0.43 million, for the period from 1 January 2012 till the date of redemption, on 7.5 % 14,400,000 Redeemable Cumulative Non-convertible Preference Share (RCNPS) of Rs. 10 each, which have been redeemed at par on 30 March 2012.

A sum of Rs. 287 million is proposed to be transferred to the General Reserve during the year.

3. CHANGE IN THE CONTROL OF COMPANY

GSPC Distribution Networks Limited (GDNL) entered into a Share Purchase Agreement (SPA), dated 3 October 2012, with BG Asia Pacific Holdings Pte Limited (BGAPH), the erstwhile promoter of GGCL and BG Energy Holdings Limited, the holding company of BGAPH, and acting as the guarantor for the BGAPH's obligations under the SPA, for acquisition of 83,518,750 Equity Shares constituting 65.12% of the paid up Equity Share capital of GGCL, for a purchase amount not exceeding Rs. 24,638,031,250/- (Rupees Twenty Four Billion Six Hundred Thirty Eight Million Thirty One Thousand and Two Hundred and Fifty only).



In compliance with Regulations 3(1) and 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), a mandatory Open Offer was made by GDNL along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL, as a result of an agreement for a direct substantial acquisition of Equity Shares and voting rights, accompanied with a change in control of GGCL pursuant to the SPA.

The said Open Offer had opened on 30 January 2013 and closed on 12 February 2013. GDNL acquired 11,000,330 (8.58%) equity shares of Rs. 2/- each on 12 March 2013, in the Open Offer. GDNL completed the acquisition of 83,518,750 (65.12%) equity shares of Rs. 2/- each from BGAPH as per the SPA and BGAPH had transferred these Equity Shares to GDNL for the consideration of Rs 2463.46 crores (including escrow amount). As per the provisions of SPA, on 12 June 2013, BGAPH's four Nominee Directors on the Board of GGCL viz. Mr. Has Mukh Shah, Mr. Shaleen Sharma, Mr. Shahram Jahanbani and Mr. Sugata Sircar had resigned and in their place five Nominees of GDNL viz. Dr. Varesh Sinha, IAS, Mr. D.J. Pandian, IAS, Mr. Tapan Ray, IAS, Dr. Has Mukh Adhia, IAS and Mr. Sugata Sircar have been appointed as the Promoter-Directors. Dr. Varesh Sinha, IAS has been appointed as the Chairman of the Board and of the Company. Mr. Sugata Sircar has been re-appointed as the Managing Director upon the nomination by GDNL.

4. MANAGEMENT ANALYSIS

4.1 Industry Outlook and Developments

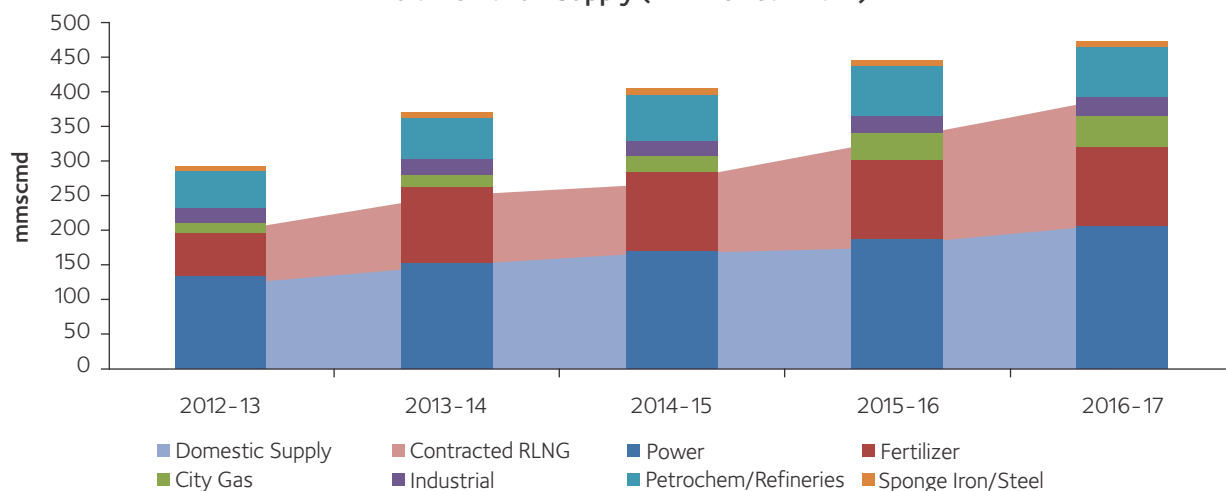
India has been among the fastest growing economies of the world. Though industrial and economic growth have slowed in the last year, the long term future outlook remains robust, with a targeted GDP growth rate of about 6.5%-7.0%. India's energy demand is expected to grow concurrently.

Natural gas is fast gaining its place in India's large and rapidly growing energy market. Due to its inherent environment friendly nature, ease of handling and greater efficiency, natural gas is proving its utility both as fuel and feedstock. It has helped to attract investments and catalyse new demand and supply. This sector has witnessed significant developments over the years. These include a progressive movement towards market based pricing, discoveries from the early NELP rounds, formation of Petroleum and Natural Gas Regulatory Board (PNGRB), significant new infrastructure in the form of trunk pipelines, commissioning of LNG terminals and city gas networks.

The PNGRB, which has been mandated with regulating the CGD sector, has an objective to promote the growth of the sector. It has outlined its vision of expanding the CGD network to over 300 cities in India. It is expected that the PNGRB will initiate competitive bidding for several cities depending on the availability of gas infrastructure and supply.

The country was self-sufficient in natural gas until 2004, when it began to import liquefied natural gas (LNG). As it has not been able to create sufficient natural gas infrastructure on a national level to meet domestic demand, India increasingly relies on imported LNG. Imported LNG currently contributes c. 30% of the total consumption of natural gas in India. The estimated growth in demand and supply for the natural gas including for CGD sector is shown below:

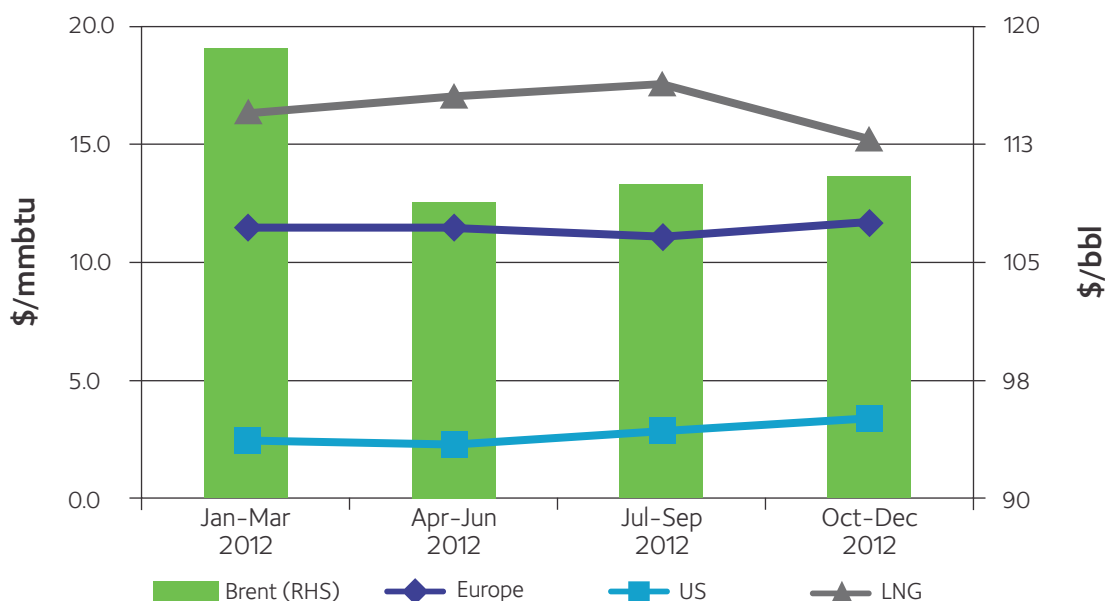
India Demand - Supply (XII Five Year Plan*)



*5 year roll out plan for PNGRB



It is expected that the natural gas demand over the medium to long term will have to be met with imported LNG. Indian companies use both long-term supply contracts and spot LNG contracts for import of LNG. Several players have attempted to secure new longer-term deals with suppliers for supplies commencing from 2017-18 onwards. Till then the market will have to rely on spot and short term Regasified LNG supplies. In recent years, several players have invested in increasing the country's LNG regasification capacity to meet the rising demand. New regasification capacities are being planned both in the west and east coasts of India.



(Source: World Bank Commodity price pink sheet April 2013)

The decline in production in India's KG D6 gas field resulted in even higher dependence on LNG imports. As seen from the figure above, LNG prices tend to be significantly higher than natural gas prices in US and Europe, mainly due to the Asian demand situation. Spot LNG prices in India continue to be benchmarked to Asian LNG prices.

An appropriate mix of indigenous supplies and RLNG will remain critical to remain competitive vis-à-vis alternate fuels. Your Company continues to balance its supply mix and focus on high value segments to maintain its growth.

4.2 Opportunities and Challenges

The CGD industry in India is at an early stage, currently accounting for about 8%-9% of the gas consumed in the country. While there has been slow down in industrial demand and investment in the recent year, the long term growth outlook remains robust in the state. The growth rate of urbanization, which impacts the Domestic and CNG segments of your Company directly and the Industrial segment indirectly, remains around 8% per year.

Natural gas is used in various applications and replaces different alternate fuels. Your Company has been focusing on increasing penetration in high value segments in its markets. This not only helps in increasing value but also helps in mitigating the increasing cost of gas. CNG remains a high value segment in your Company's markets and is a significant driver for future growth. Your Company is focused on growing high value industrial markets and expanding the CNG infrastructure in its operational areas, which are located in the heart of India's only CNG Corridor, to sustain the growth momentum in this business.

Moreover, imminent CGD projects both within and outside Gujarat present significant opportunities for investment. Your company continues to assess new geographical areas for expansion of its pipeline network and will be deciding on bidding for new areas as and when the PNGRB invites bids for new CGDs.

The declining availability of gas from indigenous sources will continue to pose a challenge to the growth of this business. The supply shortfall will largely be met with RLNG. Your Company has been procuring RLNG since 2009 and has established strong credentials with various RLNG suppliers to gain supply security and to purchase competitively priced RLNG, which is a significant portion of your Company's gas sourcing portfolio and is successfully sold in its markets.

Your Company is aware of the challenges in obtaining licenses for new areas, in running its operations at a high level of safety and integrity and in augmenting its gas supplies. Mitigation plans are in place to address these challenges.

**4.3 Operations and Market Performance**

Your Company received the authorisation from PNGRB for the geographic areas of Surat and Bharuch, its current areas of operation.

Your Company met the challenges of gas sourcing through the year by successfully procuring RLNG at competitive prices through medium term and short term contracts with various suppliers to ensure uninterrupted gas supplies to customers, and will continue to make concerted efforts to secure such supplies so as to maintain an efficient balance of medium and short term RLNG in its gas sourcing portfolio. This will ensure supply security for your Company's customers and generate flexibility in managing the variations in gas requirements of our various market segments.

Over 34,000 new household customers were connected on natural gas during the year, taking the total number of domestic customers of your Company to over 366,000. More than 192,000 vehicles now ply in your Company's operating areas on CNG. Your Company has c. 375,000 customers, including industrial and commercial units. Sales volumes grew by 6.2% in the residential segment and 5.8% in the CNG segment.

4.4 Future Outlook

Demand for natural gas is expected to grow as has been outlined above. It will be critical for your Company to grow in high value industrial markets and expand its network and CNG station infrastructure in order to meet the growth in demand. Your Company plans to continue extending its network to areas contiguous to its current operations. Opportunities for expansion to new geographical areas will continue to be assessed. Growth in new areas will be through the bidding process set out by the PNGRB.

Your Company will endeavour to grow value by identifying and accessing high value market segments.

Your Company will continue to invest in human resources and in systems and processes which strengthen the integrity and safety of your Company's assets. This will be the bedrock for the sustenance and growth of your Company's business.

4.5 Internal Control System and Risk Management

Your Company has a strong internal control framework and an elaborate internal control system to ensure protection of value, ensure adherence to operating standards and to eliminate the risk of fraud.

Your Company follows a comprehensive management assurance process which deals with the broad aspects of risks, compliances and assurances. The Internal Control Framework has identified various areas where internal controls are critical including Financial Control Assurance (FCA) processes which clearly lay down the procedures to be followed for activities which have a bearing on control risk. Various policies and operating procedures have also been laid down to ensure internal control and compliance to statutory requirements as to the Company's policies and standards.

The approach adopted by your Company is to embed internal controls in its software solutions to the extent possible. The Company has successfully implemented the ISU CCS, IM and PM solutions of SAP, to address billing, metering management, inventory, plant management and related activities. This comprehensive solution which integrates with the existing SAP solutions for financial accounting and procurement, significantly improves the efficiency, effectiveness, reliability and scalability of the aforesaid functions. The Company also uses a Geographical Information System (GIS) to effectively manage its network.

A process of gaining assurance has been implemented through the Letter of Assurance procedure, which is wide in scope and includes internal control and risk management. The procedure cascades the responsibilities for ensuring compliance to critical processes through the levels of management.

The Company has implemented a comprehensive compliance matrix for various groups and activities. Compliances by various groups are regularly reviewed by the Internal Audit team with reference to the Compliance Matrix. Review of the compliances made by various groups and periodic update of the Compliance Matrix helps in sustaining a strong compliance environment. The Internal Audit Team carries out reviews of internal controls as a part of an approved audit plan. Regular reviews of audit non-conformities and the findings of investigations carried out by the internal audit team, provides the feedback to the management and the Audit Committee on the status of internal controls in place, and helps in ensuring corrective action.

Risk management is considered to be an effective tool in your Company to deliver its business plan and annual objectives. A register is prepared to capture the risks perceived for the business with inputs from various groups. The same is reviewed by the group heads and by the Executive Committee. The most critical risks are reviewed by the Audit Committee on a quarterly basis.

Your Company follows the Value Assurance Framework (VAF) for assessing and deciding on all major projects. This is a comprehensive system of assessment, designed to address all relevant aspects of a project at the earliest opportunity so as to ensure the most optimal decision and smooth execution. your Company also has a system of carrying out Post Investment Appraisals for projects above a threshold value.



4.6 Health, Safety, Security and Environment (HSSE)

The care for Health, Safety, Security and the Environment (HSSE) remains a core value of the Company. The approach adopted by the Company is to protect the health, safety and security of all employees, customers, stakeholders and third parties associated with the company in any way and to protect the environment in which it operates. HSSE is therefore embedded in all the activities and is a "way of doing business". The Company believes that a strong HSSE culture indicates a strong awareness of risks and the attitude to mitigate those risks and minimize them to acceptable levels. Accordingly, the safe delivery of projects and operation of its facilities is a critical success factor for the Company's business. A number of initiatives are run through the year to engage employees, contractors and other stakeholders in addressing HSSE risks.

Clear matrices are laid down to measure performance on HSSE parameters & improvement plans. All managers are accountable for HSSE within their area of business and are responsible for ensuring that their teams adopt exemplary HSSE behaviours.

Total Recordable Case Frequency (TRCF) is a measure of HSSE incidents of "recordable" category. The result for the year 2012 was 0.136 which represents a significant improvement towards the goal of "Zero Injury".

Several initiatives were taken up by the Company during the year as well, to further strengthen its HSSE culture. The senior management team led such initiatives, conducted Safety Management Tours of operation and work sites and focused on employee engagement programs such as campaigning for HSSE "Life Savers", Safety 101 (One Goal, Zero Injury, One Team) Initiative, Staying Committed to OICC (Observation, Intervention, Compliance & Contractor Management) etc. Senior managers carried out regular HSSE performance review meetings with the high risk contractors.

The Company has invested nearly 14000 man days in safety & competency Training to front line staff.

The Company has completed Certification of its Emergency Response & Disaster Management Plan (ERDMP) by PNGRB accredited third party Inspection Agency for compliance with PNGRB Regulations.

Contribution to Environment

Det Norske Veritas (DNV) has carried out "EHSMS periodic audit" for OHSAS- 18001 - 2007 and Environment Management System (ISO 14001 - 2004) across the Company's installations and offices in September. World Environment Day was celebrated at all locations on June 5 and was followed by events like tree plantation activities, observe car pooling, 'No Print' day - aimed at reducing the carbon foot print.

The Company has undertaken or contributed indirectly in various initiatives during the year, which include a significant contribution towards reduction of 179.56 tones of CO₂ through various Green House Gas emissions reduction projects.

4.7 Contribution to Society

During the year, your Company continued working on the strategy that was developed in 2009 for carrying out activities for Corporate Social Responsibility (CSR), focusing on environmental education and skill development. The strategy also addresses the need for supporting various sustainable development projects to benefit the communities in which your Company operates.

Your Company continued to support the Skill Development Project through vocational training at an ITI. The programme aims at equipping local unemployed youth with technical and safety skills for handling ground connections for supply of gas.

Your Company supported a project aimed at improving the living conditions of excavation workers and supported health check-up camps in the Company's areas of operations.

Your Company supported the Government of Gujarat's initiative on school enrolment drive by providing school bags to newly enrolled girl children at various municipal schools in and around the Ankleshwar - Bharuch area.

Road safety campaigns were carried out in schools & ITIs in the Surat, Ankleshwar and Bharuch areas for creating awareness among students.

Your Company also extended support to GRISERVE, a programme focussed on providing services on cattle raising in villages.

5. SUBSIDIARIES

5.1 Gujaratgas Trading Company Limited (GTCL)

Gujaratgas Trading Company Limited (GTCL), a wholly-owned subsidiary of the Company is engaged in the business of selling natural gas. During the year under review, GTCL achieved sales of Rs. 1153.66 million as against Rs. 1326.65 million during the previous year. Total income for the year was Rs. 1163.57 million including other income of Rs. 9.91 million as against total income of Rs. 1336.38 million including other income of Rs. 9.73 million in the previous year.

Profit before tax (PBT) was Rs. 10.02 million during the year as against Rs. 9.99 million in the previous year.

The accounts for GTCL are a part of this Annual Report.

5.2 Gujarat Gas Financial Services Limited (GFSL)

Gujarat Gas Financial Services Limited (GFSL), another subsidiary of your Company, carried out the job of installing gas connections for domestic and commercial customers of the Company. While GFSL earlier had the status of a certified Non Banking Financial Company (NBFC), it surrendered its NBFC status to the Reserve Bank of India as it stopped providing lease finance since April 2007.



During the year under review, the net total income was Rs. 101.21 million as compared to Rs. 78.29 million in the year 2011 and the profit after tax was Rs. 63.98 million as compared to Rs. 44.75 million for the previous year.

The accounts of GFSL are a part of this Annual Report.

6. FINANCE

The net cash profits of your Company increased over the previous year. Investments were made in extension of pipeline network and in reinforcements and up gradation of existing network as required. Investments were also made to upgrade the IT solutions and hardware of your Company to enhance reliability and enable scalability. A portion of the profits generated during the year has been paid out as interim dividend. Appropriate provisions have been made in the accounts wherever necessary for contingencies, bad debts and diminution in value of investments. During the year under review, your Company has not invited any fixed deposits within the meaning of Section 58A of the Companies Act, 1956.

7. STATUTORY INFORMATION

As required under Section 212 of the Companies Act, 1956, the audited accounts for the year ended on 31 December 2012 and Auditors' Report thereon, along with the Directors' Reports of Gujaratgas Trading Company Limited and Gujarat Gas Financial Services Limited, the subsidiaries of GGCL, are attached to GGCL's Balance Sheet.

7.1 Energy, Technology and Foreign Exchange

Since the Company is not a scheduled industry, the details in respect of Form A pursuant to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not required to be furnished. However, the details in respect of Form B pursuant to Rule 2 are submitted as Annexure-1 and forms part of this report.

7.2 Human Relations and Particulars of Employees

Your Company employed 575 employees as on 31 st December 2012. During the year, your Company continued its focus on building capabilities and developing competencies of its employees through a robust Annual Development Review process. The average training man days for the year was 2.8 per employee.

There was no strike or lock-out during the year under review.

Particulars of employees in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is provided in the Annexure forming part of this Report. In terms of section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting, and if any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary, whereupon a copy would be sent.

7.3 Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("the ESOP 2008")

The details of the Options granted up to 31 December 2012 under the Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("the ESOP") and other disclosures as required under Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure to this Report. The Company's Auditors, Price Waterhouse, have certified to the effect that the ESOP has been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the resolutions passed by the members in this regard.

The Company formed the Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Trust") in November 2008, which administers the ESOP of the Company. IDBI Trusteeship Services Limited (ITSL), having its registered office at Asian building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai was appointed as an External Trustee of the Trust w.e.f. 28 April 2011, for providing the trusteeship services to the Trust for the agreed remuneration.

Under the ESOP, Options have been granted, which provide the benefit or right but not the obligation for exercising at a future date, equivalent number of equity shares each of the face value of Rs. 2/- each of Gujarat Gas Company Limited against the Options that have vested under the ESOP. The ESOP provides for graded vesting of Options granted, over a period of 4 years from the date of grant. The Options are to be exercised within a maximum period of 2 years from the date of Vesting. Within the Exercise Period, the Option holder has the option to either purchase the shares from the Trust at the Exercise Price or to give a Mandate of Sale of the shares ("the Mandate") to the Trust in accordance with the terms and conditions of the ESOP.

As per the terms and conditions of the ESOP, the Trust has purchased out of the funds advanced by the Company, shares from the open market at ruling prices, at different points of time in respect of the underlying options. These shares purchased by the Trustee(s) are held in their capacity as the Trustee(s) till the Options are exercised upon Vesting by the Option holders as per the terms of ESOP. The Trust had purchased from the secondary market 1,995,500 equity shares of Rs. 2/- each, as of 31 December 2012 in the name of the Trustee(s) of the Trust.

Under the ESOP, these Equity Shares are subsequently sold following the Mandate from the Option holders or transferred to the Option holders, as the case may be, at the time of the Exercise of the Options upon Vesting. Accordingly, the Trustee(s) sold 1,541,000 equity shares till December 2012, through open market and the difference between the sale price and the Exercise Price, net of charges and taxes were given to the Option holders as per the ESOP.



The Trustee is authorized to execute the purchase and sale of shares of the Company, on behalf of the Option holders, in accordance with the ESOP.

Your Company has not passed any resolution for buy-back of shares.

7.4 Directors' Responsibility Statement

Your Directors hereby state:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31 December 2012 and of the profit of the Company for the year ended on that date;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

7.5 Report on Corporate Governance

As stipulated by Clause 49 of the Listing Agreement, the Report on Corporate Governance is given separately in this Annual Report and forms part of this Report. The certificate regarding compliance with the Corporate Governance Code is enclosed.

8. AUDITORS AND AUDITORS' REPORT

Price Waterhouse, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have expressed their unwillingness to be re-appointed as the Statutory Auditors of the Company.

Pursuant to the takeover of the control of the Company by GDNL, the Company has become a Government company. The appointment of statutory auditor will be made in accordance with the relevant provisions of the Companies Act, as applicable in the case of Government companies.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

9. COST AUDITOR AND COST AUDITORS' REPORT

Pursuant to the directions of the Central Government for audit of Cost Accounts, your Company has appointed M/s. Atul Bhatt & Co, as the Cost Auditor for the period from 01.01.2013 to 31.12.2013. The Cost Audit Report for the CY-2012 has been filed within prescribed time limits.

10. DIRECTORS

On 12 June 2013, BGAPH's four Nominee Directors on the Board of GGCL viz. Mr. Hasmukh Shah, Mr. Shaleen Sharma, Mr. Shahram Jahanbani and Mr. Sugata Sircar had resigned and in their place five Nominees of GDNL viz. Dr. Varesh Sinha, IAS, Mr. D.J. Pandian, IAS, Mr. Tapan Ray, IAS, Dr. Hasmukh Adhia, IAS and Mr. Sugata Sircar have been appointed as the Promoter-Directors. Mr. Sudhir Mankad resigned as the Independent Director from the Board of Directors of the Company w.e.f. 7 May 2013.

Mr. Ajit Kapadia and Mr. Jal Patel, the Directors retire by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

For perusal of the shareholders, a brief resume of the Directors being appointed or re-appointed, nature of their expertise, the status of their shareholding in the Company, the names of the companies in which they hold directorship and the details of membership of the committees of the Board are given in the Explanatory Statement to the Notice convening the Annual General Meeting of the Company. The Board of Directors recommends their appointment / re-appointment.

11. APPRECIATION

Your Directors appreciate the continued support received from the customers and wish to acknowledge the support and assistance received from the Central and the State Governments, gas suppliers and CNG franchisees.

Your Directors place on record their appreciation for the employees for their dedicated performance. Your Directors appreciate the contribution made by the contractors and vendors of the Company.

Your Directors express their gratitude to its erstwhile promoter viz. BG Group for their valuable contribution throughout the year and also thank all the shareholders for their continuing support to the Company.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Date: 8 July 2013
Place: Gandhinagar



ANNEXURE - 1
Companies (Disclosure of Particulars in The Report of Board of Directors) Rules, 1988
FORM - B

Sr.No.	Particulars	Action taken	
1	Research and Development (R&D)		
A	Specific areas in which R&D carried out by the Company	Nil	
B	Benefits derived as a result of the above R&D	NA	
C	Future plan of action	Nil	
D	Expenditure on R&D		
	a. Capital	Nil	
	b. Recurring	Nil	
	c. Total	Nil	
	d. Total R&D expenditure as a percentage of total turnover	Nil	
2	Technology Absorption, Adaptation and Innovation		
A	Efforts in brief, made towards technology absorption, adaptation and innovation	Nil	
B	Benefits derived as a result of the above efforts	Nil	
C	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil	
	a. Technology imported		
	b. Year of import		
	c. Has technology been fully absorbed?		
	d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action		
3	Foreign Exchange Earnings & Outgo		
		Current Year (Rs. in million)	Previous Year (Rs. in million)
	Total Foreign Exchange earned	Nil	Nil
	Total Foreign Exchange outgo	23.71	21.66

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Date: 8 July 2013
Place: Gandhinagar



ANNEXURE - 2

Statement as at 31 December 2012 pursuant to clause 12 (Disclosures in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

a)	Total number of Options granted	Gujarat Gas Company Limited Employee Stock Option Plan - 2008 14,80,000 Options (2008) 3,40,000 Options (2009) 4,03,000 Options (2010) 84,000 Options (2011) Nil (2012)
b)	(i) Pricing Formula	The Pricing Formula as approved by the Shareholders of the Company provides that the Exercise Price for Grants made in November, 2008, shall be calculated at 10% discount of the latest available closing price of the Shares on the Stock Exchange on which there was highest trading volumes on the date of the Board Meeting in which the grant of Options is approved. The Compensation Committee has decided the Exercise Price for all subsequent grants. The Exercise Price has been calculated as rounded off to the nearest integer.
	(ii) Exercise Price	Rs. 95.00, adjusted on allocation of bonus for 13,93,000 Options granted in November, 2008, (Rs. 189.00, calculated at 10% discount of the Rs. 210.00 being the closing price of the Shares on the NSE having highest trading volumes on 23 October 2008). Rs. 115.00, adjusted on allocation of bonus for 2,89,000 Options granted in May 2009, (Rs. 230.00, calculated at 10% discount of the Rs. 255.00 being the closing price of the Shares on the BSE having largest trading volumes on 29th April 2009). Rs. 143.00, adjusted on allocation of bonus for 21,000 Options granted in August 2009, (Rs. 286.00 calculated at 10% discount of the Rs. 317.40 being the closing price of the Shares on the BSE having largest trading volumes on 27 July 2009). Rs. 219.00, for 95,000 Options granted in March 2010, (Rs. 219.00 calculated at 10% discount of the Rs. 242.95 being the closing price of the Shares on the NSE having largest trading volumes on 3 March 2010). Rs. 277.00, for 1,90,000 Options granted in 22 July 2010, (Rs. 277.00 calculated at 10% discount of the Rs. 308.00 being the closing price of the Shares on the NSE, having largest trading volumes on 23 July 2010). Rs. 352.00, for 1,18,000 Options granted in October 2010, (Rs. 352.00 calculated at 10% discount of the Rs. 391.00 being the closing price of the Shares on the NSE having largest trading volumes on 27 October 2010). Rs. 337.00, for 84,000 Options granted in April 2011, (Rs. 337.00 calculated at 10% discount of Rs. 374.45 being the closing price of the Shares on the NSE having largest trading volumes on 27 April 2011).
c)	Total number of Options vested	3,38,750 numbers (2010) 7,24,500 numbers (2011) 5,63,000 numbers (2012)
d)	Total number of Options exercised	2,80,000 numbers (2010) 4,34,250 numbers (2011)



- e) The total number of shares arising as a result of exercise of Options

No new equity shares were issued on exercise of options.

The first Vesting Date under the ESOP was 1 November 2010 and accordingly, Option holders had exercised their options for the shares vested in them. As per the ESOP, the Options holders had given the "Mandate of Sale", whereby the Trustees had to sell 2,70,000 equity shares in December 2010, through open market and the difference between the sale price and the exercise price, net of charges and taxes were given to the option holders as per ESOP.

Also, as per the ESOP, one of the Option holders, upon vesting, had exercised his right by opting to have 10,000 shares transferred in his name instead of giving the Mandate of sale. Therefore, the Trustees had transferred to the concerned Option holder, these 10,000 equity shares at the pre-determined Exercise Price of Rs. 95.00 per share (at the time of grant in November 2008, the Exercise Price was fixed at 10% discount to the ruling market price).

Under the ESOP, further options vested on 11 May 2011, 1 August 2011 and 1 November 2011. Accordingly, the Option holders had exercised their options for the shares vested in them. As per the ESOP, the Options holders had given the "Mandate of Sale", whereby the Trustees had to sell 6,250 equity shares in March 2011, 91,500 equity shares in August 2011, 5,000 equity shares in September 2011 and 3,31,500 equity shares in December 2011, through open market and the difference between the sale price and the exercise price, net of charges and taxes were given to the option holders as per ESOP.

Under the ESOP, further options vested on 4 March 2012, 11 May 2012, 26 July 2012, 1 August 2012 and 1 November 2012, accordingly, Option holders had exercised their options for the shares vested in them. As per the ESOP, the Options holders had given the "Mandate of Sale", whereby the Trustees had to sell 2,59,250 equity shares in March 2012, 1,250 equity shares in May 2012, 34,147 equity shares in June 2012, 16,353 equity shares in August 2012, 77,250 equity shares in September 2012, 3,32,250 Equity shares in November 2012, and 86,250 Equity Shares in December 2012 through open market and the difference between the sale price and the exercise price, net of charges and taxes were given to the option holders as per ESOP.

Also, as per the ESOP, two of the Option holders, upon vesting, had exercised their right by opting to have 20,000 shares transferred in their name instead of giving the Mandate of Sale. Therefore, the Trustees had transferred to the concerned Option holder, these 20,000 equity shares at the pre-determined Exercise Price of Rs. 95.00 per share (at the time of grant in November 2008, the Exercise Price was fixed at 10% discount to the ruling market price).

f)	Total number of Options lapsed	98,500 (till 31 December 2011) 107,000 (till December 2012) 87,250 (during CY 2012)
g)	Variation of terms of Options	NA
h)	Money realised by exercise of Options	Money realized by the GGCL ESOP Trust on exercise of options : Rs. 26.60 million (2010) Rs. 42.90 million (2011) Rs. 84.19 million (2012)
i)	Total number of Options in force	1,786,000 (2010) 1,328,750 (2011) 414,750 (2012)



j)	Employee wise details of options granted to:	
(i)	senior managerial personnel;	<p>Himanshu Upadhyay - 65,000 (Vested and Exercised - 12,500) - (2010) (Vested and Exercised - 3,750) - (2011) (Vested and Exercised - 45,000) - (2012) Outstanding as on date - 3,750</p> <p>Nitin Patil - 50,000 (Vested and Exercised - 12,500) - (2011) (Vested and Exercised - 37,500) - (2012) Outstanding as on date - Nil</p> <p>Sanjeev Gupta - 50,000 (Vested and Exercised - 12,500) - (2011) (Vested and Exercised - 25,000) - (2012) Outstanding as on date - 12,500</p> <p>Rajeshwari Sharma - 30,000 (Vested and Exercised - 5000) - (2011) (Vested and Exercised - 10,000) - (2012) Outstanding as on date - 15,000</p> <p>Nitesh Bhandari - 50,000 (Vested and Exercised - 30,000) - (2011) (Vested and Exercised - 16,250) - (2012) Outstanding as on date - 3750</p> <p>Chirag Brahmbhatt - 50,000 Vested and Exercised - 6,250) - (2010) (Vested and Exercised - 12,500) - (2011) (Vested and Exercised - 7,500) - (2012) Outstanding as on date - 23,750</p>
(ii)	any other employee who received a grant in any one year of Option amounting to 5% or more of Option granted during that year.	Nil
(iii)	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of equity shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	NA
l) (i)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated based on the Fair Value method of accounting using the Black-Scholes Option Pricing Formula.
(ii)	Where the company has calculated The employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed.	NA
(iii)	The impact of this difference on profits and on EPS of the Company	NA



m)	Weighted-average exercise prices and weighted-average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock	The weighted average exercise price per Option is Rs. 258/- of the outstanding options as at 31-Dec-2012. The weighted average fair value per Option at the grant date is Rs 97/- of the outstanding options as at 31-Dec-2012.
n)	A description of the method and significant assumptions used during the year to estimate the fair values of options	NA

Note: On 22 September 2009, Bonus Options were allocated on unvested Options in the same ratio as bonus shares (i.e. in the ratio of 1 bonus share for every one equity share) and the Exercise Price thereof was halved, in accordance with the ESOP 2008 read with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Date: 8 July 2013
Place: Gandhinagar

**CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE****To the Members of Gujarat Gas Company Limited**

We have examined all relevant records of Gujarat Gas Company Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, National Stock Exchange of India Limited, Vadodara Stock Exchange Limited and Ahmedabad Stock Exchange Limited for the financial year ended on 31st December, 2012. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company i.e. Gujarat Gas Company Limited has complied with all the mandatory conditions of the said Clause - 49 of the Listing Agreement.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Manoj Hurkat & Associates

Company Secretaries

Manoj R. Hurkat

Partner

Membership No: FCS 4287

Certificate of Practice No.: CP - 2574

Date: 28 June, 2013

**A REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance.

1. GGCL's Philosophy on Corporate Governance

Your Company believes that corporate governance is driven by the core values of the Company. Your company promotes the values of customer orientation, team work, commitment, growth and trust. These reflect the Company's approach to all its stakeholders in the course of carrying out its business. The Company's values are portrayed in a set of strong Business Principles. These Business Principles are continuously communicated and reinforced with employees and contractors.

Your Company ensures appropriate disclosures to transparently communicate significant events and information regarding the performance of the Company.

A Whistle Blower Policy is in operation under which a person can raise a complaint. A mechanism exists to address any such complaint in an independent and objective manner.

The Company seeks to comply with all applicable legal, regulatory and license requirements and strives to work constructively with regulatory bodies.

2. Board of Directors

As on 31 December 2012, the Board comprised of eight directors of which seven were non-executive directors. Of these seven non-executive directors, four were independent directors. The composition of the Board was in conformity with the provisions of the Corporate Governance Code of the Listing Agreement.

Details of composition of the Board, category of the directors as well as their directorships on Board and memberships in

Names of the Directors	Category	Number of Directorships Held	Number of Board Committees in which Chairman / Member	
			Membership	Chairmanship
Mr. Hasmukh Shah, Chairman	Promoter & Non-executive Directors	5	1	2
Mr. Shahram Jahanbani		2	2	-
Mr. Shaleen Sharma		2	-	-
Prof. Pradip Khandwalla	Non-executive and Independent Directors	5	3	1
Mr. Jal Patel		7	5	3
Mr. Ajit Kapadia		5	2	1
Mr. Sudhir Mankad		12	5	-
Mr. Sugata Sircar, Managing Director	Promoter and Executive Director	3	2	1

The above details represent Membership/Chairmanship of Audit Committee and Shareholder's/Investor's Grievance Committee as per Clause 49 of the Listing Agreement.

During CY 2012, eight Board Meetings were held on 10 January 2012, 23 February 2012, 26 April 2012, 26 July 2012, 25 September 2012, 17 October 2012, 5 November 2012 and 21 December 2012.

Details of attendance of the directors at the Board Meetings held during the Calendar Year 2012 and at the last Annual General Meeting is given below:

Names of the Directors	Number of Board Meetings held while holding the office	Number of Board Meetings attended while holding the office	Attendance at the last AGM
Mr. Hasmukh Shah	8	8	Yes
Ms. Martha Desmond	3	3	No
Mr. Walter Simpson	3	3	Yes
Prof. Pradip Khandwalla	8	8	Yes
Mr. Jal Patel	8	8	Yes
Mr. Ajit Kapadia	8	8	Yes
Mr. Shaleen Sharma	8	7	Yes
Mr. Sudhir Mankad	8	8	Yes
Mr. Shahram Jahanbani	5	5	N.A
Mr. Sugata Sircar	5	5	N.A



The Board Meetings are generally held in Ahmedabad, where the registered office of the Company is located. The Board meets at least once a quarter with a gap between two meetings not exceeding four months. It has remained the practice of the Company to place before the Board, all the matters listed in Annexure 1A to Clause 49 of the Listing Agreement. The board agenda papers and other explanatory notes are circulated to the directors in advance. Draft minutes of the meetings of the Board of Directors and its Committees are circulated to the directors for their comments before being recorded in the Minute Books. Similarly, minutes of the subsidiary companies are circulated to the directors as a part of the Board Agenda. The directors also have access to all the information about the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior Management Personnel are invited to attend the Board Meetings to provide clarifications as and when required.

3. **Audit Committee**

The present members of the Audit Committee are Mr. Jal Patel, Chairman, Prof. Pradip Khandwalla, and Dr. Hasmukh Adhia, IAS. All the members of the Committee are Non-executive Directors. Mr. Patel and Prof. Khandwalla are Independent Directors. All the members of the Committee are qualified professionals and have accounting or related financial management expertise. The quorum of the Committee is two members, requiring presence of both the Independent Directors. Mr. Jal Patel, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The terms of reference and powers of the Audit Committee are in compliance with the provisions of the Corporate Governance Code of the Listing Agreements and the Companies Act, 1956. Major terms include overseeing the financial reporting process, review of financial statements, ensuring independence of external auditors, review of internal control systems and overseeing of the internal audit department. The Committee reviews internal audit reports and findings of the statutory auditors. The Committee also reviews the risk register recording the key risks, mitigation plan and responsibility assigned for the risks. Also, all relevant information and reports are placed before the Audit Committee in compliance with the provisions of the Corporate Governance Code.

The Committee invites Senior Management Personnel of GGCL as it considers appropriate, to attend the meetings of the Committee. The internal auditor, head of finance and representative of the statutory auditors are permanent invitees at the meetings. The Company Secretary acts as Secretary to the Committee. Minutes of the Audit Committee Meetings are circulated and discussed at the Board Meetings.

The Committee met four times during the year under review.

Details of meetings of Audit Committee and attendance

Sr. No.	Date of Meeting	Number of Members	Attendance
1	23 February 2012	3	3
2	26 April 2012	3	3
3	26 July 2012	2	2
4	5 November 2012	4	4

4. **Remuneration of Directors**

The Board of Directors constituted a Remuneration Committee comprising of Mr. Jal Patel (Chairman) and Prof. Pradip Khandwalla. The Remuneration Committee meeting was held on 25 April 2012 and 12 June 2012 during the year under review. The terms of reference include review of, and decision on the remuneration of the Managing Director, based on the performance and defined assessment criteria and considered such other matters as may be required by the Board of Directors from time to time. The Committee made recommendations for the consideration and approval of the Board of Directors. This Committee has been dissolved w.e.f. 12 June 2013. The Board has constituted the HR Committee w.e.f. 12 June 2013.

The details of managerial remuneration paid to the Managing Director in the year 2012 are given below.

**Details of remuneration package of the Managing Director**

Elements of remuneration package	Fixed component / Performance linked incentive	Mr.Shaleen Sharma (upto 30 June 2012) Amount Rs.	Mr. Sugata Sircar (from 1 July 2012) Amount Rs.
Basic salary	Fixed	4,951,118	3,029,562
Contribution to Provident Fund and Gratuity Fund		1,574,952	509,268
Perquisites and Allowances	Value of benefits with upper ceiling		
HRA/Rent free accommodation, Medical and other allowances		777,681	1,014,390
Gas, electricity and other expenses		117,685	54,500
Expenses on cook, sweeper and servant		87,400	33,907
Performance bonus	Performance linked incentive	2,052,915	2,285,000
Total		9,561,751	6,926,627

Note: Performance bonus for Mr. Shaleen Sharma reflects the amount paid in 2012 above the provision earlier made. Performance bonus for Mr. Sugata Sircar is the provisional amount for the year 2012.

Other Details

Criteria	Mr. Shaleen Sharma	Mr. Sugata Sircar
Major criteria for performance bonus	<ul style="list-style-type: none"> • Health, safety, security & environment • Profit before tax • Return on average capital employed • Volume throughput • Opex / volume • Investment (Capex) 	<ul style="list-style-type: none"> • Health, safety, security & environment • Profit before tax • Return on average capital employed • Volume throughput • Opex / volume • Investment (Capex)
Service contract	For a period of five years commencing from 1 July 2007	For a period of five years commencing from 1 July 2012
Notice period	3 months	3 months
Severance fees	Nil	Nil
Stock option & pension	Nil	Nil

Details of sitting fees paid during CY 2012

Sitting fees were paid to the Chairman and Independent Directors for attending meetings of the Board of Directors and its Committees. An amount of Rs.20,000 per meeting was paid as sitting fees for attending Board Meetings and Rs.18,000 per meeting for attending Committee Meetings. The Managing Director was not paid sitting fees for attending the meetings of the Board of Directors or its Committees. Total sitting fees paid during the year 2012 amounted to Rs. 16,10,000/-.

Details of commission paid to Directors

In order to bring the remuneration of the Chairman and the Independent Directors in line with current trends and ensuring that the remuneration is commensurate to the time devoted and the contribution made by them, remuneration by way of following Commission for CY 2011 & CY 2012 was paid to these Non-executive directors, after the approval of the Board:

Sr. No.	Name of Director	Designation	CY-2011	CY-2012
1.	Mr. Hasmukh Shah	Chairman	Rs 8.0 lakhs	Rs 8.0 lakhs
2.	Mr. Jal Patel	Chairman, Audit Committee	Rs 6.5 lakhs	Rs 6.5 lakhs
3.	Prof. Khandwalla	Independent Director	Rs 6.5 lakhs	Rs 6.5 lakhs
4.	Mr. Ajit Kapadia	Independent Director	Rs 5.0 lakhs	Rs 5.0 lakhs
5.	Mr. Bikash C. Bora	Independent Director	Rs. 3.14 lakhs*	Nil

*(Proportionate till 18 August 2011, the resignation date, @ Rs. 5.00 lakhs p.a.)



The above Commission was within one per cent of the net profits for CY 2011 & CY-2012 and calculated in accordance with the provisions of the applicable laws. The Commission was paid for their contribution at the Board and its Committee Meetings as well as time spent on operational matters other than at the meetings.

It may be noted that the Board has approved the Commission of Rs. 5 lakhs to be paid to Mr. Sudhir Mankad who had been appointed as the Independent Director w.e.f. 10 January 2012 and therefore, it is proposed to pay him the above Commission, subject to the approval of the General Meeting.

5. Shareholders' Grievances Committee

GGCL has a Shareholders' Grievances Committee to approve share transfers, transmissions, consolidation, sub-division, etc. and for redressal of complaints / requests received from the shareholders. The present members of the Committee are Prof. Pradip Khandwalla, the Chairman, Mr. Jal Patel, Mr. D.J. Pandian, IAS and Mr. Sugata Sircar. Ms. Rajeshwari Sharma, Company Secretary is the Compliance Officer.

The Committee had sub-delegated powers to the Managing Director to approve share transfers upto 10,000 shares per folio, name deletions and share transmissions. As the shares of the Company are under compulsory demat trading for all investors, this delegation is considered adequate. To facilitate smooth redressal of the shareholders' requests and complaints, the Committee has prescribed time limits for redressing various types of shareholders' requests and complaints. Share transfers and related requests are placed for approval of the Managing Director on a weekly basis. Details of the share transfer requests approved by the Managing Director are placed to the Shareholders' Grievances Committee.

The Company received 180 complaints during the year 2012. All the complaints were resolved to the satisfaction of the shareholders.

6. Compensation Committee

The Compensation Committee of the Board comprises of Mr. D.J. Pandian, IAS, Chairman, Prof. Pradip Khandwalla and Mr. Jal Patel. The Compensation Committee administers and superintends the GGCL – Employee Stock Option Plan 2008 ("the ESOP 2008" or "the Plan"), inter alia including the formulation of the following detailed terms and conditions:

- a. Eligibility and quantum of options to be granted under the ESOP 2008 per employee and in aggregate
- b. The conditions under which option vested in employees may lapse in case of termination of employment for misconduct
- c. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period
- d. The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- e. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period
- f. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
- g. The grant, vest and exercise of option in case of employees who are on long leave
- h. Determine the procedure for cash less exercise of Options
- i. Constitution of the Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Trust"), to administer the ESOP 2008, through the allocation of the equity shares to be purchased from the market either by the transfer of shares to the employees or by execution of the mandate of sale given by the employee for the sale of equity shares in accordance with the Deed of Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Deed of Trust").
- j. Direct the trustee(s) of the trust to administer the provisions of the Plan, as and when required, as per the applicable laws and resolve any issue that arises in the administration of the Plan through the Trust
- k. Any other related or incidental matter.

During the year under review four meetings of the Compensation Committee were held on 23 February 2012, 26 April 2012, 26 July 2012 and 5 November 2012.

**7. General Body Meetings**

Location and time of last three AGMs / EGMs

Date	Time	Venue
26 April 2012 (AGM)	10.00 a.m.	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Vastrapur, Ahmedabad-380 015
28 April 2011 (AGM)	10.00 a.m.	
22 April 2010 (AGM)	10.00 a.m.	

In the last three Annual General Meetings, the following special resolutions were passed as per details given below:

Annual General Meeting held on 26 April 2012

No special resolution was passed at the Annual General Meeting held on 26 April 2012.

Annual General Meeting held on 28 April 2011

A resolution for grant of approval to the payment of commission for the period of three financial years effective from the financial year ending 31 December 2010 to the Chairman and Independent Directors of the Company.

Annual General Meeting held on 22 April 2010

A resolution for grant of approval to the payment of commission for the financial year 2009 to the Chairman and Independent Directors of the Company.

Postal Ballot

Special resolution for Alteration of Articles of Association was passed through Postal Ballot in the year 2012 under the provisions of section 192A of the Companies Act, 1956 and the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011. The Company had appointed Mr. Chirag Shah, Partner, Samdani Shah & Associates as the scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The details of voting pattern is as under:

Promoter/ Public	No. of Shares held (1)	No. of Votes polled (2)	% of Votes Polled on outstanding shares (3) = [(2)/ (1)]*100	No. of Votes - in favour (4)	No. of Votes - against (5)	% of Votes in favour on votes polled (6) = [(4)/ (2)]*100	% of Votes against on votes polled (7) = [(5)/ (2)]*100
Promoter and Promoter Group	83518750	83518750	100%	83518750	0	100%	0.00%
Public- Institutional Holders	27811906	18631542	66.99%	18631542	0	100%	0.00%
Public- Others	16919344	195980	1.16%	189716	6264	96.80%	3.20%
Total	128250000	102346272	79.80%	102340008	6264	99.99%	0.01%

8. Disclosures**Related Party Transactions**

Related Party Transactions are disclosed in the Notes to Accounts forming part of this Annual Report. Transactions entered into by the Company with the related parties during the year were placed to the Audit Committee for review. There are no pecuniary relationships or transactions with the non-executive directors. A procedure is in place for disclosure of interest by the senior management team.

Whistle Blower Policy

GGCL has implemented a Whistle Blower policy covering the contractors and suppliers besides its employees. The policy provides access to the Managing Director and the Chairman of Audit Committee. Persons covered under the policy can lodge their complaints through anonymous e-mails besides usual means of communication like written complaints or over telephone. None of the persons covered under the policy has been denied access to the Audit Committee.

**Code of Conduct**

GGCL has implemented a Code of Conduct based on its business principles along with implementation framework for its directors and senior management of the Company. The Code of Conduct has also been posted on GGCL website. In compliance with the Code, the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code for the year ended 31 December 2012. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

Other Disclosures

1. There are no non-compliances by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed by the stock exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.
2. The Company has a detailed Business Risk Management Process which is periodically reviewed by the Board of Directors for determining its effectiveness.
3. The Board of Directors and the Audit Committee periodically review the status of compliances in respect of applicable laws and report thereon by the Internal Audit team.

9. Means of Communication

The Company regularly brings out its Quarterly Results for information of its Shareholders through publications thereof in one English language newspaper, having nation wide circulation and in one regional language newspaper. The Company has its own website - <http://www.gujaratgas.com>, on which the Quarterly Results and Presentations made to the institutional investors and analysts are displayed.

The Directors' Report deals with all the matters stipulated under the Management Discussion and Analysis Report.

GGCL has not mailed half-yearly results to the shareholders in view of the above-mentioned means of communication adopted by the Company.

The documents referred to but not sent to the persons entitled to receive notice of the Annual General Meeting, will be made available for inspection of Shareholders at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

10. General Shareholder Information

All the required information has been furnished under the head "Information for Investors".

11. Compliance

GGCL has complied with the mandatory requirements of the Corporate Governance Code. The Board would review implementation of the non-mandatory requirements of the Corporate Governance Code in due course of time. The certificate regarding compliance with the Corporate Governance Code for the year 2012 is annexed to this report.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Date: 8 July 2013
Place: Gandhinagar



CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To,
The Shareholders,
Gujarat Gas Company Ltd

Gujarat Gas Company Limited has in place a Code of Conduct ("the Code") for its Board of Directors and Senior Management Personnel. I report that the Code has been complied with by the Board of Directors and senior management of the Company for the CY-2012.

For Gujarat Gas Company Limited

Sugata Sircar
Managing Director

Date: 6 March 2013
Place: Ahmedabad



INFORMATION FOR INVESTORS

1. Annual General Meeting Details

At 11.00 a.m. on Thursday, 22 August 2013 at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015.

2. Financial Year

The Company follows Calendar Year as its Financial Year.

3. Book Closure Date

The Register of Members and Share Transfer Book of the Company shall remain closed from 16 August 2013 to 22 August 2013 (both days inclusive) for Annual General Meeting.

Shareholders are requested to update their addresses, bank account details and ECS details with the depositories if shares are held in demat form and with the Registrar and Share Transfer Agent if shares are held in physical mode.

4. Listing on Stock Exchanges and Stock Code

Details of listing of equity shares of your Company are given below alongwith stock codes:

Ahmedabad Stock Exchange Limited	20860
Bombay Stock Exchange Limited	523477
National Stock Exchange of India Limited	GUJARAT GAS
Vadodara Stock Exchange Limited	23477

Listing fees have been paid for the year 2012 - 13 and for the year 2013 - 14 as per the Listing Agreement with the respective Stock Exchanges.

5. Market Price Data

Market price data on the Bombay Stock Exchange Limited, Mumbai for the year 2012 is given below:

Month	Highest (Rs.)	Lowest (Rs.)
January	422.00	354.50
February	432.65	365.60
March	437.00	382.00
April	408.85	270.00
May	329.70	270.00
June	345.50	288.25
July	345.00	294.00
August	319.80	289.05
September	351.00	290.00
October	352.50	296.55
November	303.00	298.50
December	308.80	300.60

6. Registrar and Share Transfer Agents and Share Transfer System

Your Company has appointed Karvy Computershare Private Limited ("Karvy") as the Share Transfer Agent for physical segment. Karvy also acts as the depository registrar for establishing connectivity with NSDL and CDSL for demat segment. Karvy uses computerised share transfer system for processing transfer of equity shares.

Shareholders are requested to send their share transfer and all other requests and complaints to Karvy Computershare Private Limited at the following address:

Karvy Computershare Private Limited, Unit: GUJARAT GAS COMPANY LIMITED, Plot no. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081. Phone Number: 040-44655000, Fax Number: 040-23420814

**7. Distribution of Shareholding**

Distribution of Shareholding as on 31 December 2012 is given below:

Category	No. of Shareholders	Shares held in physical form	Shares held in dematerialised form	Total no. of shares held	% to capital
Resident Individuals	29,319	1,512,098	9,800,967	11,313,065	8.82
Foreign Institutional Investors (FIIs)	56	0	21,258,089	21,258,089	16.58
Non-resident Indians (NRIs)	573	6000	320,142	326,142	0.25
Indian Companies	731	8010	5,335,468	5,343,478	4.17
Mutual Funds & UTI	17	1000	2,409,220	2,410,220	1.88
Public Financial Institutions, Government Companies and Banks	3	0	202,780	202,780	0.16
Foreign Promoters	1	0	83,518,750	83,518,750	65.12
Others	756	15,000	3,862,476	3,877,476	3.02
Total	31,456	1,542,108	126,707,892	128,250,000	100.00

8. Dematerialisation of Shares and Liquidity

Equity shares of your Company can be traded in electronic form only by all the investors. Your Company has established connectivity with both the depositories viz. NSDL and CDSL through its Share Transfer Agent.

Equity shares of your Company are regularly traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. 26.30% equity shares of the Company are held by non-promoter shareholders.

9. Your Company does not have any GDRs/ADRs/Warrants or any other convertible instruments.**Ankleshwar**

Surati Bhagol, Umarwada Road,
Near Piraman Naka,
Ankleshwar- 393001
District-Bharuch

Mora (Surat)

Survey No. 150,
Opp. Reliance Gate No 3-B,
Surat-Hazira Road,
Mora, Surat

Surat

Plot No. 87-88,
Mahyavanshi Mohallo,
Adajan Gam- 395009,
Surat

Sachin

Block No. 248, Near Srikant Nagar,
GIDC Sachin, Village - Unn,
Magdalla-Sachin Road, Surat

Valia

Plot. No. 192, Near St. Paul school ,
Village : Kosamdi ,
Taluka-Ankleshwar,
District-Bharuch

Atodara

R. S. No. 64/1, & 64/2,
Village-Atodara, Olpad- Sayan Road,
Taluka-Olpad, District-Surat

Rahadpor

Plot No 16 to 24, Survey no. 75/123,
At and Post Rahadpor,
Palej- Tankaria Road, Bharuch

Amboli

Plot no. 71 - 72, Amboli, Taluka:
Ankleshwar District-Bharuch

Jhagadia

Plot No-773/A & 773/B,
GIDC Jhagadia,
District-Bharuch

Vadoli

Block No. 546/1, Village-Vadoli,
Olpad - Kim State Highway,
Taluka-Olpad, District- Surat

Palsana

Survey No. 168 & 168/P,
Village-Lingad, Taluka-Palsana,
District- Surat

Hazira

Plot No : 364, Opp. GSPL Guest
House, Hazira Village,
Taluka: Choryasi, District: Surat

**11. Correspondence with the Company**

Shareholders are requested to correspond with the Company through e-mail to get faster response. Address for correspondence is:

Gujarat Gas Company Limited, 2, Shantisadan Society, Nr. Parimal Garden, Ellis Bridge, Ahmedabad - 380006, India. Telephone Numbers: (079) 26462980, 26460095, Fax: (079) 26466249.

E-mail address of the Company Secretary and Compliance officer is rajeshwari.sharma@gujaratgas.com. Shareholders may lodge their complaints on this email address.

12. Nomination Facility

The Companies Act, 1956 provides for nomination facility to the investors. As a shareholder, you have an option to nominate any person as your nominee to whom your shares shall vest in the unfortunate event of your death. It is advisable to avail of this facility especially by the shareholders who currently hold shares in their single name.

Nomination can avoid the process of acquiring right in shares through transmission by law. In case of nomination by the joint holders, such nomination will be effective only on the death of all the holders. Shareholders may write to the Company at the registered office for obtaining the nomination form. The nomination form is also available on the Company's website viz. www.gujaratgas.com. In case the shares held in demat form, you may contact your depository participant for nomination.

13. Unclaimed Dividend

The Company has transferred unclaimed dividend for the financial years 1991-92 to 1994-95 to the General Revenue Account of the Central Government. Shareholders, who have not encashed their dividend warrants for the above years, are requested to lodge their claims with the Registrar of Companies, Gujarat, Ahmedabad. Your Company has also transferred unclaimed dividend for the financial years 1995-96 to 1998-99, financial period of April-December 1999 and interim including final dividend for the year 2001, 2002, 2003 and 2004 to the Investor Education and Protection Fund in compliance with the provisions of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Your Company has transferred the unclaimed amount of dividend for the calendar year 2005 to the Investor Education and Protection Fund in terms of the provisions of the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

14. Folio Merging

Members who hold shares in the same order of names in more than one folio are requested to send their requests for merging all their shareholdings into one folio, along with the share certificates, in case of physical shares.

15. Permanent Account Number (PAN) for Security Transactions

The shareholders, who are holding shares in the physical form, are requested to furnish the attested copies of their PAN to Karvy Computershare Private Limited, the Registrar and Share Transfer Agent. This is in view of the direction of SEBI, making PAN as the sole identification number for all security transactions in line with the KYC norms. Based on the said directive, the shareholders, holding physical shares are requested to produce the PAN document as stated above, which shall form a part of the details of shareholders of the Company.

16. Green Initiative

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notices/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository through their concerned Depository Participant.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Date: 8 July 2013
Place: Gandhinagar



AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT GAS COMPANY LIMITED

The Board of Directors of Gujarat Gas Company Limited

1. We have audited the attached consolidated Balance Sheet of Gujarat Gas Company Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 2(a) to the attached consolidated financial statements) as at December 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at December 31, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership Number 100332

Place: Ahmedabad
Date: February 21, 2013



CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	256.50	400.50
Reserves and Surplus	4	9,398.08	7,631.32
		<u>9,654.58</u>	<u>8,031.82</u>
Minority Interest	5	91.59	74.40
Non-current Liabilities			
Deferred tax Liabilities (Net)	6	876.92	738.99
Other Long-term Liabilities	7	2,689.04	2,543.16
Long-term Provisions	8	-	48.14
		<u>3,565.96</u>	<u>3,330.29</u>
Current Liabilities			
Trade Payables		1,015.95	1,207.64
Other Current Liabilities	9	1,387.18	1,202.52
Short-term Provisions	10	84.75	1,881.37
		<u>2,487.88</u>	<u>4,291.53</u>
Total		<u>15,800.01</u>	<u>15,728.04</u>
ASSETS			
Non-current Assets			
Fixed Assets	11		
Tangible Assets		7,427.05	6,491.23
Intangible Assets		459.00	145.14
Capital Work-in-progress		1,114.05	1,045.43
Intangible Assets under Development		13.60	210.71
		<u>9,013.70</u>	<u>7,892.51</u>
Non-current Investments	12	10.00	10.00
Long-term Loans and Advances	13	204.31	374.55
Other Non-current Assets		10.16	10.91
		<u>9,238.17</u>	<u>8,287.97</u>
Current Assets			
Current Investments	14	3,855.10	5,001.79
Inventories	15	243.33	157.51
Trade Receivables	16	1,834.49	1,647.10
Cash and Cash Equivalents	17	420.27	142.49
Short-term Loans and Advances	18	84.88	209.96
Other Current Assets	19	123.77	281.22
		<u>6,561.84</u>	<u>7,440.07</u>
Total		<u>15,800.01</u>	<u>15,728.04</u>

This is the Balance Sheet referred to in our report of The notes are an integral part of these financial statements. even date.

For Price Waterhouse
Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Hasmukh Shah
Chairman

Sugata Sircar
Managing Director

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary

Place: Ahmedabad
Date: February 21, 2013



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE
YEAR ENDED DECEMBER 31, 2012**

	Note	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
Income			
Revenue from Operations (Gross)	22	31,509.80	24,583.27
Less : Excise duty on gas sales		549.32	397.36
Revenue from Operations (Net)		30,960.48	24,185.91
Other Income	23	671.85	564.87
Total Revenue		31,632.33	24,750.78
Expenses			
Material Consumed/Processed		24,836.45	18,395.41
Employee Benefits Expense	24	639.56	607.81
Finance Costs	27	1.58	1.49
Depreciation and Amortization Expense	11	658.28	602.04
Other Expenses	28	1,402.09	1,213.32
Total Expenses		27,537.96	20,820.07
Profit Before Tax		4,094.37	3,930.71
Tax Expenses			
Current Tax		1,096.28	1,112.55
Income Tax Provision for earlier years written back		(25.21)	-
Deferred Tax	6	137.93	69.91
Profit for the year		2,885.37	2,748.25
Minority Shareholders Interest		19.27	13.48
Profit for the year		2,866.10	2,734.77
Earnings per Equity Share (EPS):			
Basic Earnings per Share of Rs. 2/- each (Rs.)		22.32	21.23
Diluted Earnings per Share of Rs. 2/- each (Rs.)		22.32	21.23

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

The notes are an integral part of these financial statements.

For and on behalf of the Board

Hasmukh Shah
Chairman

Sugata Sircar
Managing Director

Jal PatelNitesh Bhandari
DirectorFinancial Controller

Rajeshwari Sharma
Company Secretary

Place: Ahmedabad
Date: February 21, 2013



**CONSOLIDATED CASH FLOW STATEMENT FOR THE
YEAR ENDED DECEMBER 31, 2012**

GUJARAT GAS COMPANY LIMITED (CONSOLIDATED)

	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	4,094.37	3,930.71
Adjustments for:		
Depreciation and Amortization Expense	658.28	602.04
Provision for Gratuity Benefits	19.85	25.66
Provision for Accrued Leave Benefits	2.98	10.14
Provision for Diminution in Value of Assets	17.31	-
Provision Against Doubtful Capital Advances	33.47	35.21
(Profit)/Loss on Sale of Tangible Assets (Net)	16.56	7.04
Provision for Doubtful Debts	3.50	-
Share Based Compensation Expenses	11.99	25.55
Provision for Wealth Tax	0.40	0.40
Other Provisions	-	2.18
Bad Debts Written off	1.12	2.01
Provision/Write off for Inventory Obsolescence	36.97	2.49
Deposits from Supplier Written back	(38.69)	-
Inventory Written back	(50.00)	(28.42)
Profit on sale of Investment (Net)	(80.83)	(51.37)
Provisions/Liabilities no Longer Required Written Back	(153.76)	(108.94)
Dividend Income	(220.80)	(308.23)
Interest Income	(45.65)	(36.66)
Operating Profit Before Working Capital Changes	4,307.07	4,109.81
Adjustments for Changes in Working Capital		
Increase/(Decrease) in other Long Term Liabilities	2.14	-
Increase/(Decrease) in Trade Payables	(185.29)	208.39
Increase/(Decrease) in other Current Liabilities	396.11	55.07
(Increase)/Decrease in Inventories	(72.79)	(25.67)
(Increase)/Decrease in Trade Receivables	(192.05)	(237.89)
(Increase)/Decrease in Long-term Loans & Advances	146.54	35.47
(Increase)/Decrease in Short-term Loans & Advances	57.67	(2.23)
(Increase)/Decrease in other Non-current Assets	0.75	(10.91)
(Increase)/Decrease in other Current Assets	(94.92)	20.20
Cash generated from operations	4,365.23	4,152.24
Taxes Paid (Net of refunds & TDS)	(1,068.22)	(1,110.14)
Net Cash from Operating Activities	3,297.01	3,042.10
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Tangible/Intangible Assets/Capital Work in progress	(1,700.01)	(1,096.10)
Sale of Tangible Assets	28.02	23.02
Purchase of Current Investments	(34,809.49)	(27,987.71)
Sale of Current Investments	36,037.01	28,515.02
Interest Received	45.13	36.39
Dividends Received	220.80	308.23
Net Cash used in Investing Activities	(178.54)	(201.15)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Preference Shares Redemption	(144.00)	-
Deposits Accepted During the year (Net)	143.74	490.36
Dividend Paid (Including Corporate Dividend Tax)	(2,840.43)	(3,282.43)
Net Cash used in Financing Activities	(2,840.69)	(2,792.07)



	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
NET INCREASE IN CASH AND CASH EQUIVALENTS	277.78	48.88
Cash and Cash Equivalents at the beginning of the year	142.49	93.61
Cash and Cash Equivalents at the end of the year	420.27	142.49
Closing Cash and Cash Equivalents comprise:		
Balances with Banks :		
- In Current Accounts	290.97	100.93
- In Dividend Accounts	28.17	21.20
- In Term Deposits	101.00	20.20
Cash in Hand	0.13	0.16
Total Cash and Cash Equivalents as per Cash Flow Statement	420.27	142.49

Notes to Cash Flow Statement:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements.
- Previous Year figures have been regrouped and reclassified wherever considered necessary to conform to current year's figures.
- The amounts in dividend accounts are not available for use by the Company and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.
- Figures in brackets indicate cash outflows.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Hasmukh Shah
Chairman

Sugata Sircar
Managing Director

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary

Place: Ahmedabad
Date: February 21, 2013



CONSOLIDATED NOTES TO FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

(1) General Information:

Gujarat Gas Company Limited and its subsidiaries are primarily engaged in Natural Gas Business in Gujarat. Natural gas business involves distribution of gas from sources of supply to centers of demand and to the end customers. Gujarat Gas Company Limited has two subsidiary companies namely Gujaratgas Trading Company Limited and Gujarat Gas Financial Services Limited.

(2) Summary of Significant Accounting Policies:

a) Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

These financial statements comprise a consolidation of the financial statements of Gujarat Gas Company Limited and its subsidiary companies Gujaratgas Trading Company Limited and Gujarat Gas Financial Services Limited (collectively referred to as 'the Group'). The financial statements have been prepared in accordance with the principles and procedures laid down in the Accounting Standard 21 'Consolidated Financial Statements'.

b) Fixed Assets (Tangible / Intangible assets)

The Fixed Assets are stated at their acquisition or construction cost and any attributable cost of bringing the asset to its working condition for its intended use and net of accumulated depreciation.

- (i) All directly attributable expenditure incurred during the period of construction are carried forward and on completion, are capitalized with the respective fixed assets.
- (ii) Gains or losses arising from disposal/retirement of fixed assets, which are carried at cost, are recognised in the Statement of Profit and Loss.
- (iii) On the acquisition of an undertaking, the difference between the purchase consideration and the value of the net assets acquired is recognized as goodwill.

c) Depreciation / Amortisation

- (i) Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful lives of the assets, whichever is higher. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.
- (ii) Licenses / Softwares are amortised on a straight line basis over a period of six years from the date of their availability for use by the Group.
- (iii) Goodwill which has a limited useful economic life is amortised over a period of five years on a straight line basis from the year of creation.

d) Investments

Current investments are carried at cost or fair value determined categorywise, whichever is lower.

Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

e) Inventories

Stores and Pipes fittings are valued at lower of cost and net realisable value. Cost is determined on weighted average cost method.

**f) Foreign Currency Transactions****Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of monetary items are recognised in the Statement of Profit and Loss.

g) Employee Benefits**(i) Post-employment benefit plans****i. Defined Contribution Plan**

Contribution towards provident fund for eligible employees are accrued in accordance with applicable statutes and deposited with the regulatory authorities. The Group does not carry any other obligation apart from the monthly contribution.

ii. Defined Benefit Plan

The Group provides for gratuity, a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972, through an approved Gratuity Fund. The Gratuity Fund is administered through a Trust. Contributions in respect of gratuity are made to the approved Gratuity Fund. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and is recognised in the Balance Sheet as reduced by the fair value of Gratuity Fund. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(ii) Long-term Employment Benefits

The liability in respect of accrued leave benefits which are expected to be availed or encashed beyond 12 months from the end of the year, is treated as long term employee benefits. The Group's liability is actuarially determined using the Projected Unit Credit method at Balance Sheet date. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iii) Short-term Employment Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the services. Short term employee benefits also includes accrued leave benefits, which are expected to be availed or encashed within 12 months from the end of the year.

(iv) Employee Stock Option Plan

Stock Option grants to the employees who accept the grant under the Group's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Group follows the fair value method for option pricing and accordingly the fair value of the option as of the date of the grant of the option is recognised as employee compensation cost which is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option.

h) Revenue Recognition**(i) Revenue on sale of natural gas is recognised on transfer of title to customers at delivery point.****(ii) Gas transmission income is recognised in the same period in which the related volumes of gas are delivered to the customers.**



- (iii) Commitment income from customers for gas sales and gas transmission is recognised on establishment of certainty of receipt of consideration from its customers. Delayed payment charges are recognised on establishment of certainty of receipt of consideration from its customers.
- (iv) Dividend income is recognised when the right to receive dividend is established.
- (v) The difference between the amounts charged from customers for gas connections and actual consumption of material and labour charges is disclosed as Service and Fitting Income (Net) under Other Operating Revenue.

i) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

j) Leases

As a lessor

Operating Leases

The Group has leased certain tangible assets and such leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Finance Leases

The Group has leased certain tangible assets and such leases where the Group has passed on substantially all the risks and rewards of ownership are classified as finance leases.

In respect of assets leased before April 1, 2001, the Group follows the recommendation of the Institute of Chartered Accountants of India contained in the Guidance Note on Accounting for Leases. Accordingly lease rentals accounted as income on finance leases are adjusted by creating lease terminal adjustment account so as to recover the capital cost of the leased asset within the tenure of lease agreements or earlier as ascertained by the management.

In respect of assets leased after April 1, 2001, the aggregate of minimum lease payments less unearned finance income is recognised as a receivable. Unearned finance income is arrived at, as the difference between the aggregate of minimum lease payments and its present value based on the rate of return implicit as per the terms of the agreement. Finance Income is recognized over the term of the lease using net investment method, which reflects a constant periodic rate of return. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

As a lessee

Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

k) Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting preference dividends and any attributable distribution tax thereto for the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of any dilutive potential equity shares.

**l) Taxation**

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income originating during the year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset is recognized on carry forward losses (if any) under tax laws, only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. At each reporting date, the unrecognised deferred tax assets are reassessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The MAT credit available is recognized as an asset only to the extent there is convincing evidence that the group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit is recognized as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income-Tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement". The "MAT Credit Entitlement" asset is reviewed at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

m) Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

n) Provisions and Contingencies

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**o) Segment Reporting**

The Group primarily operates in the segment of Natural Gas Business. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end customers. The other activity of the Group comprises leasing of natural gas fired Cogeneration units, the income from which is not material in financial terms. Further, the Group is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard 17 on "Segment Reporting" are not relevant to the Group.

p) Cash and Cash Equivalents

In the Cash Flow Statement, cash and cash equivalents represents cash in hand and demand deposits with bank.

q) Accounting for Joint Ventures

The Group's joint venture "Petroleum Infrastructure Limited" (incorporated in India with 50% stake being held by the Company), has been liquidated as on April 27, 2012, accordingly the Group's interest in the joint venture has been accounted for in accordance with Accounting Standard 13 "Accounting for Investments" and has not been disclosed as per Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures".



(3) Share Capital

a) Authorized

i Equity Shares

Number of shares of Rs. 2/- each

Rs. in million

As at
31-12-2012

140,000,000

140,000,000

280.00

280.00

ii 7.5% Redeemable Preference Shares

Number of shares of Rs. 10/- each

Rs. in million

17,000,000

17,000,000

170.00

170.00

Total Authorized Share Capital (Rs. in million)

450.00

450.00

b) Issued, Subscribed and Paid up

As at
31-12-2012

As at
31-12-2011

i Equity Shares

Number of shares of Rs. 2/- each

Rs. in million

128,250,000

128,250,000

256.50

256.50

ii 7.5% Redeemable Preference Shares

Number of shares of Rs. 10/- each

Rs. in million

-

14,400,000

-

144.00

Total Paid up Share Capital (Rs. in million)

256.50

400.50

c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares. Each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, is subject to shareholders' approval in the ensuing Annual General Meeting. In the event of liquidation of the company, the equity shareholders are entitled to receive the residual assets of the company in proportion to their shareholding.

d) Reconciliation of movement in number of Equity Shares

	As at 31-12-2012	As at 31-12-2011
Shares outstanding at the beginning of the year	128,250,000	128,250,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	128,250,000	128,250,000
Paid up Share Capital (Rs. in million)	256.50	256.50

e) Shareholder holding more than 5% Equity Shares

Sr. No.	Name of the Shareholder	As at 31-12-2012 No. of shares held (% of shareholding)	As at 31-12-2011 No. of shares held (% of shareholding)
1	BG Asia Pacific Holdings Pte. Limited	83,518,750 (65.12%)	83,518,750 (65.12%)
2	Aberdeen Global Indian Equity Fund Mauritius Limited	12,256,000 (9.56%)	12,256,000 (9.56%)

BG Asia Pacific Holdings Pte. Limited is the holding company of Gujarat Gas Company Limited, the ultimate holding company being BG Group Plc.

**f) Shareholder holding more than 5% Preference Shares**

The preference shares were fully held by holding company BG Asia Pacific Holdings Pte. Limited. These preference shares were redeemed on 30 March 2012.

g) Reconciliation of movement in number of Preference Shares

Shares outstanding at the beginning of the year
Shares issued during the year
Shares redeemed during the year
Shares outstanding at the end of the year
Paid up Share Capital (Rs. in million)

As at 31-12-2012	As at 31-12-2011
14,400,000	14,400,000
-	-
14,400,000	-
-	14,400,000
-	144.00

- h)** The holding Company had issued bonus equity shares in the ratio of 1:1 in 2009, resulting in an increase in the issued equity share capital from 64,125,000 shares of face value Rs 2 each to 128,250,000 shares of face value Rs 2 each. The Group has not bought back any equity shares during the past 5 years. The Group has not allotted any shares as fully paid pursuant to contracts without payment being received in cash, during the past 5 years.

(4) Reserves and Surplus**a) Capital Redemption Reserve**

As per last Balance Sheet
Add : Transferred from Statement of Profit and Loss
Balance at the end of the year

As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
-	-
144.00	-
144.00	-

Towards redemption of the preference shares on 30 March 2012, an equivalent amount of accumulated profits were transferred to Capital Redemption Reserve to comply with the requirements of Section 80 of the Companies Act, 1956.

b) Stock Options Outstanding Account (Net) (Refer Note 27)

Stock Options Outstanding Account
As per last Balance Sheet
Add : Allotment of new options during the year
Less : Exercise of options during the year
Add : Transfer to General Reserve on exercise of options during the year
Less : Lapse of options during the year
Balance at the end of the year

79.38	92.90
-	10.11
64.18	27.45
33.60	12.45
8.10	8.63
40.70	79.38

Less : Deferred Stock Option Outstanding Account

As per last Balance Sheet
Add : Allotment of new options during the year
Less : Expenses during the period
Less : Lapse of options during the year
Add : Amortized portion on lapsed options reversed in Expenses
Balance at the end of the year
Net balance

30.87	54.94
-	10.11
17.42	28.87
8.10	8.63
5.43	3.32
10.78	30.87
29.92	48.51

c) General Reserve

As per last Balance Sheet
Add : Transferred from Statement of Profit and Loss
Less : Adjustment to Amount recoverable from ESOP Trust
Add : Transferred from Special Reserve
Balance at the end of the year

2,449.93	2,097.39
291.47	277.13
33.60	12.45
-	87.86
2,707.80	2,449.93



Gujarat Gas Financial Services Limited, a subsidiary company, had applied for de-registration as a Non Banking Financing Company with Reserve Bank of India (RBI), vide application dated June 8, 2010. RBI had approved the de-registration vide order dated April 28, 2011. Considering the provisions of NBFC are no longer applicable to the Company, the amount set aside as Special Reserve had been transferred to General Reserve in 2011.

d) Surplus from Statement of Profit and Loss

As per last Balance Sheet	5,132.88	5,967.67
Add: Profit for the year	2,866.10	2,734.77
Less: Appropriations		
Proposed Dividend		
- Preference Shares	2.65	10.80
- Equity Shares	-	1,539.00
Corporate Dividend Tax on Proposed Dividend	1.11	252.09
Interim Equity Dividend	897.75	1,282.50
Corporate Dividend Tax on Interim Equity Dividend	145.64	208.05
Transfer to Capital Redemption Reserve	144.00	-
Transfer to General Reserve	291.47	277.12
Balance at the end of the year	6,516.36	5,132.88
Total	9,398.08	7,631.32

(5) Minority Interest

Minority Interest represents the interest of minority shareholders with an aggregate shareholding of 30.12% in the subsidiary company Gujarat Gas Financial Services Limited. Reconciliation of Minority Interest is given below:

	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
Opening Balance	74.40	63.00
Add : Share in Current Year Profit	19.27	13.48
Less : Share in Proposed Dividend and Corporate Dividend Tax	2.08	2.08
Closing Balance	91.59	74.40

(6) Deferred Tax Liabilities (Net)

	As at 31-12-2011 Rs. in million	Movement during the year Rs. in million	As at 31-12-2012 Rs. in million
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	824.50	146.83	971.33
Total (A)	824.50	146.83	971.33
Deferred Tax Assets:			
Provision for Doubtful Debts	7.13	0.65	7.78
Provision for Diminution in the value of Fixed Assets/Capital Work in progress/Capital Advances	11.42	13.31	24.73
Expenditure under Section 43B of the Income Tax Act	66.96	(5.06)	61.90
Total (B)	85.51	8.90	94.41
Total (A-B)	738.99	137.93	876.92
Previous year	669.08	69.91	738.99



	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(7) Other Long-term Liabilities		
Deposits from customers	2,668.92	2,525.18
Deposits from collection centres and others	20.12	17.98
Total	2,689.04	2,543.16
Deposits from customers, considered as a source of long term funds, are refundable, net of outstanding, only on termination/modification of the gas sale agreement.		
(8) Long-term Provisions		
Other Provisions	-	48.14
Total	-	48.14
Pursuant to AS-29, the disclosure relating to Provisions are given below :		
Opening Balance	48.14	45.96
Additions during the year	-	2.18
Less : Provision no longer required written back during the year	48.14	-
Closing Balance	-	48.14
The provision relates to estimated cash outflow in relation to sale of gas pipelines.		
(9) Other Current Liabilities		
Dues to Micro and Small Enterprises	3.52	16.20
Deposits from Supplier	-	38.69
Advance From Customers	122.91	124.38
Deposit from Collection centres and others	6.77	7.41
Deposit from Customers towards Minimum Guarantee Offtake	122.47	31.75
Unpaid Dividends to Equity shareholders (Refer Note below)	28.17	21.20
Employee Payable	88.16	78.46
Other Payables	817.47	750.44
Other Liabilities for Statutory Dues	197.71	133.99
Total	1,387.18	1,202.52
Note : Unpaid dividend will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.		
(10) Short-term Provisions		
Proposed Dividend (Including Corporate Dividend Tax)	5.85	1,803.99
Provision for Employee Gratuity Benefits	22.86	24.30
Provision for Employee Accrued Leave Benefits	56.04	53.08
Total	84.75	1,881.37



GUJARAT GAS COMPANY LIMITED (CONSOLIDATED)

(11) FIXED ASSETS

(Rs. in million)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-01-2012	Additions For the Year	Deduction/ Adjustments For the Year	As at 31-12-2012	As at 01-01-2012	For The Year	As at 31-12-2012	As at 31-12-2011
Tangible Assets:								
Land (Refer Note 1 below)	401.87	-	409.01	-	-	-	401.87	
Buildings	339.00	84.69	-	423.69	66.80	8.82	348.07	272.20
Plant and Machinery	8,504.10	1,411.43	11.67	9,903.86	3,074.76	526.08	6,308.63	5,429.34
Office Equipment	100.52	9.72	4.48	105.76	31.40	5.65	71.43	69.12
Computer Hardware	358.89	60.94	20.37	399.46	239.63	42.36	137.74	119.26
Furniture, Fixtures and Fittings	70.48	8.84	2.42	76.90	33.35	5.08	40.87	37.13
Vehicles	10.28	25.79	101.39	47.00	10.32	15.50	69.90	
Assets given on Finance Lease								
(Prior to April 1, 2001)								
Plant and Machinery	855.50	-	-	855.50	462.11	11.27	382.12	393.39
Asset given on Operating Lease								
(After April 1, 2001)								
Plant and Machinery	67.82	-	67.82	-	38.41	3.06	-	29.41
(Less)/Add :								
Lease Terminal Adjustment								
TOTAL	10,815.08	1,593.04	132.55	12,275.57	3,993.46	612.64	7,757.44	6,821.62
Intangible Assets:								
Goodwill	1.22	-	-	1.22	1.22	-	-	-
Software/License	246.14	359.50	-	605.64	125.00	45.64	435.00	121.14
Right of use of Land	24.00	-	-	24.00	-	-	24.00	24.00
Capital Work in Progress	271.36	359.50	-	630.86	126.22	45.64	459.00	145.14
(Refer Notes 2 and 3 below)							1,045.43	
Intangible assets under development								
TOTAL	11,086.44	1,952.54	132.55	12,906.43	4,450.07	658.28	9,013.70	7,892.51
Previous Year								
Tangible Assets	9,942.11	923.84	50.87	10,815.08	3,780.55	572.08	6,491.23	
Intangible Assets	248.26	60.44	37.34	271.36	96.26	29.96	145.14	

NOTES :

1. Land includes leasehold land Rs. 0.18 million (Previous year Rs. 0.18 million).
2. Capital Work in Progress includes Capital Inventory Rs. 515.49 million (Previous year Rs. 530.88 million).
3. Capital Work in Progress is shown net off a provision for diminution in value of asset Rs. 17.31 million (Previous year Nil).
4. Capital Inventory includes material in transit amounting to Rs. 84.28 million (Previous year Rs. 63.99 million).



	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(12) Non-current Investments		
(At cost less provision for other than temporary diminution in value of investments)		
Equity Shares		
Trade - Unquoted	10.00	85.00
Less: Provision	-	75.00
Other than Trade - Unquoted	0.12	0.12
Less: Provision	0.12	0.12
Total	10.00	10.00
Aggregate Cost of Unquoted Investments	10.12	85.12
Aggregate Provision for Diminution in Value of Investments	0.12	75.12
(13) Long-term Loans and Advances		
(Unsecured-considered good, unless otherwise stated)		
Capital Advances	45.95	106.73
Capital Advances-Considered Doubtful	58.91	35.21
Less: Provision Against Doubtful Advances	58.91	35.21
	-	-
Finance Lease Receivable	-	8.85
Deposits Recoverable	13.95	13.76
Balances with Government Authorities	0.92	3.82
Amount Recoverable from ESOP Trust	126.47	223.43
Other Receivables	17.02	17.96
Total	204.31	374.55
(14) Current Investments		
(At cost or fair market value whichever is lower, determined categorywise)		
Units of Mutual Funds (Unquoted)	3,855.10	5,001.79
Aggregate Cost of Unquoted Investments	3,855.10	5,001.79
(15) Inventories		
Stores and Pipe Fittings	243.33	157.51
(Valued at cost or market value whichever is lower)		

**(16) Trade Receivables**

Secured – Considered Good*

– Exceeding Six Months

– Others

Unsecured – Considered Good

– Exceeding Six Months

– Others

Unsecured – Considered Doubtful

Exceeding Six Months

Less: Provision for Doubtful Debt

Less: Advance From Customers towards MGO

Total

*Secured against Security Deposit received from the customers and disclosed under Note 7 other long term liabilities

(17) Cash and Cash Equivalents

Balances with Banks in Current Accounts

Balances with Banks in Dividend Accounts

Balances with Banks in Fixed Deposit Account (less than 3 months maturity)

Cash on Hand

Total

The amounts in dividend accounts are not available for use and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.

(18) Short-term Loans and Advances

(Unsecured – considered good, unless otherwise stated)

Finance Lease Receivable

Deposits Recoverable

Balances with Government Authorities

Amount Recoverable from ESOP Trust

Other Receivables

Advance Payment of Tax and Tax Deducted at Source

Less : Provision for Taxation

Total

Provision for tax and advance tax include aggregate balance of Rs. 3,791.96 million (Previous year Rs. 2,940.63 million) and Rs. 3,612.62 million (Previous year Rs. 2,773.84 million) respectively for certain Assessment Years wherein the provision for tax is higher than advance tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.

(19) Other Current Assets

(Unsecured–considered good, unless otherwise stated)

Asset held for disposal

Interest accrued on term deposits but not due

Receivable for Sale of Asset

Prepayments for Goods

Prepayments for Services

Total

	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(16) Trade Receivables		
Secured – Considered Good*		
– Exceeding Six Months	1.48	9.92
– Others	1,576.92	1,211.08
Unsecured – Considered Good		
– Exceeding Six Months	2.86	3.29
– Others	658.46	614.83
Unsecured – Considered Doubtful		
Exceeding Six Months	23.98	21.97
Less: Provision for Doubtful Debt	23.98	21.97
	-	-
Less: Advance From Customers towards MGO	405.23	192.02
Total	1,834.49	1,647.10
*Secured against Security Deposit received from the customers and disclosed under Note 7 other long term liabilities		
(17) Cash and Cash Equivalents		
Balances with Banks in Current Accounts	290.97	100.93
Balances with Banks in Dividend Accounts	28.17	21.20
Balances with Banks in Fixed Deposit Account (less than 3 months maturity)	101.00	20.20
Cash on Hand	0.13	0.16
Total	420.27	142.49
The amounts in dividend accounts are not available for use and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.		
(18) Short-term Loans and Advances		
(Unsecured – considered good, unless otherwise stated)		
Finance Lease Receivable	8.85	25.17
Deposits Recoverable	25.67	18.27
Balances with Government Authorities	4.36	17.96
Amount Recoverable from ESOP Trust	0.95	78.99
Other Receivables	12.67	13.80
Advance Payment of Tax and Tax Deducted at Source	8,688.11	7,640.42
Less : Provision for Taxation	8,655.73	7,584.65
	32.38	55.77
Total	84.88	209.96
Provision for tax and advance tax include aggregate balance of Rs. 3,791.96 million (Previous year Rs. 2,940.63 million) and Rs. 3,612.62 million (Previous year Rs. 2,773.84 million) respectively for certain Assessment Years wherein the provision for tax is higher than advance tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.		
(19) Other Current Assets		
(Unsecured–considered good, unless otherwise stated)		
Asset held for disposal	-	252.89
Interest accrued on term deposits but not due	0.60	0.09
Receivable for Sale of Asset	80.17	-
Prepayments for Goods	31.10	18.12
Prepayments for Services	11.90	10.12
Total	123.77	281.22

**(20) Contingent Liabilities:**

- (a) Claims not acknowledged as debts Rs. 26.02 million (Previous year Rs. 14.51 million)
- (b) Claims of Rs. 21.74 million (Previous year Rs. 29.98 million) have been disputed by the Company. The Company is, however, indemnified by an insurance policy.
- (c) Income tax related exposures of Rs. 287.93 million (Previous year Rs. 278.79 million)
 - 1. For holding company, Gujarat Gas Company Limited: Rs. 79.49 million (Previous year Rs. 79.49 million)
 - 2. For subsidiary company, Gujarat Gas Financial Services Limited: Rs. 190.56 million (Previous Year Rs. 181.42 million)
 - 3. For subsidiary company, Gujaratgas Trading Company Limited: Rs. 17.88 million (Previous Year Rs. 17.88 million)
- (d) Interest tax related exposures of subsidiary company, Gujarat Gas Financial Services Limited: Rs. 4.15 million (Previous Year Rs. 4.15 million).
- (e) Service tax related exposures of holding company, Gujarat Gas Company Limited: Rs. 306.67 million (Previous year Rs. 17.41 million)
- (f) Excise related exposures of holding company, Gujarat Gas Company Limited: Rs. 1.82 million (Previous year Nil)

- (21)** Estimated amount of contracts net of advances remaining to be executed on capital account and not provided for Rs. 332.58 million (Previous year Rs. 442.17 million).

(22) Revenue from Operations

Sales of Natural Gas (Gross)
Other Operating Revenue :
Gas Transmission Income
Service and Fitting Income (Net)
Lease Income
Income from Finance Lease
Total

Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
31,218.41	24,216.45
146.78	165.54
140.22	170.84
0.92	21.43
3.47	9.01
<u>31,509.80</u>	<u>24,583.27</u>
(23) Other Income	
Interest on Bank Fixed Deposits	2.52
Interest on Income Tax Refund	-
Interest on Others (Customers and Staff advances)	34.13
Dividend from Subsidiaries	-
Dividend from Trade Investments	4.00
Dividend from Mutual Funds	304.23
Profit on Sale of Current Investments (Net)	51.37
Liabilities no Longer Required Written Back	108.94
Foreign Exchange Fluctuations Gain (Net)	0.24
Other Miscellaneous Income	59.44
<u>Total</u>	<u>564.87</u>
(24) Employee Benefits Expense	
Salaries, Wages and Bonus	500.35
Share based Compensation	25.55
Contribution to Provident and Other Funds	51.51
Welfare Expenses	30.40
<u>Total</u>	<u>607.81</u>

**(25) Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended December 31, 2012 :****a) Disclosures for Defined Contribution Plans**

Employer's Contribution to Provident Fund

28.92

25.85

b) Disclosures for Defined Benefit Plans - Gratuity (Funded)**Change in the defined benefit obligations****Defined benefit obligation as at beginning of the year**

102.54

80.02

Service Cost

10.10

8.42

Interest Cost

8.87

6.91

Actuarial Loss/(Gain)

12.52

8.16

Benefits Paid

(4.90)

(0.97)

Defined benefit obligation as at year end

129.13

102.54

Change in plan assets**Fair value of plan assets as at beginning of the year**

78.23

69.79

Expected Return on Plan Assets

7.78

6.66

Contributions by Employer

21.31

11.58

Actuarial (Loss)/Gain

3.86

(8.83)

Benefits Paid

(4.90)

(0.97)

Fair value of plan assets as at year end

106.28

78.23

Present value of unfunded obligations

22.85

24.31

The Net amount recognized in the Statement of Profit & Loss is as follows

Current Service Cost

10.10

8.42

Interest Cost

8.87

6.91

Expected Return on Plan Assets

(7.78)

(6.66)

Net Actuarial Loss/(Gain) Recognised

8.66

16.99

Net amount Recognised

19.85

25.66

Actual Return on Plan Assets

11.64

(2.17)

The major categories of plan assets as a percentage of total plan assets as at year end are as follows:

Government of India Securities

-

-

Insurer Managed Funds

100%

100%

The principal actuarial assumptions used are as follows:

Discount Rate

8.16%

8.65%

Expected Rate of Return on Plan Assets

9.00%

9.00%

Rate of Increase in Compensation Levels (Refer Note below)

7.00%

7.00%

Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.**c) Disclosures for Defined Benefit Plans - Leave Encashment (Unfunded)****Change in the defined benefit obligations****Defined benefit obligation as at beginning of the year**

50.37

40.24

Service Cost

5.32

3.60

Interest Cost

4.36

3.48

Actuarial Loss/(Gain)

(9.84)

3.88

Benefits Paid

(0.02)

(0.83)

Defined benefit obligation as at year end

50.19

50.37



The Net amount recognized in the Statement of Profit & Loss is as follows

Current Service Cost	5.32	3.60
Interest Cost	4.36	3.48
Net Actuarial Loss/(Gain) Recognised	(9.84)	3.88

Net Amount Recognised

The principal actuarial assumptions used are as follows:

Discount Rate	8.16%	8.65%
Rate of Increase in Compensation Levels (Refer Note below)	7.00%	7.00%

Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) Additional Disclosures as per AS-15

Change in the defined benefit obligations - Gratuity (Funded)

(Rs. in million)

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Present Value of defined benefit obligation as at beginning of the year	102.54	80.02	65.50	52.87	38.54
Current Service Cost	10.10	8.42	6.93	5.92	5.33
Interest Cost	8.87	6.91	5.51	4.36	2.89
Actuarial (Gains)/Loss	12.52	8.16	2.72	3.50	8.14
Benefits Paid	(4.90)	(0.97)	(0.64)	(1.15)	(2.03)
Present Value of defined benefit obligation as at end of the year	129.13	102.54	80.02	65.50	52.87

Change in Plan Assets - Gratuity (Funded)

(Rs. in million)

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Fair value of plan assets as at beginning of the year	78.23	69.79	55.13	37.29	32.65
Expected Return on Plan Assets	7.78	6.66	5.62	4.16	3.32
Contributions by Employer	21.31	11.58	9.72	10.53	8.96
Actuarial (Loss)/Gain	3.86	(8.83)	(0.04)	4.30	(5.60)
Benefits Paid	(4.90)	(0.97)	(0.64)	(1.15)	(2.04)
Fair value of plan assets as at year end	106.28	78.23	69.79	55.13	37.29
Present value of unfunded obligations	22.85	24.31	10.23	10.37	15.58

Change in the defined benefit obligations - Leave Encashment (Unfunded)

(Rs. in million)

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Present value of defined benefit obligation as at beginning of the year	50.37	40.24	32.96	27.27	22.66
Current Service Cost	5.32	3.60	3.71	2.27	2.05
Interest Cost	4.36	3.48	2.77	2.25	1.70
Actuarial (Gains)/Loss	(9.84)	3.88	1.46	2.11	2.43
Benefits Paid	(0.02)	(0.83)	(0.66)	(0.94)	(1.57)
Present value of defined benefit obligation as at end of the year	50.19	50.37	40.24	32.96	27.27

Note: Expected contributions to be paid to the Gratuity plan during the year ending December 31, 2013 cannot be ascertained at this stage.

**(26) Employee Stock Option Plan 2008:**

The Group implemented an Employee Stock Option Plan 2008 ('ESOP 2008') which provides for the allotment of equity shares of Rs. 2/- each to eligible employees of the holding Company and its subsidiaries. The Scheme is administered by an ESOP Trust (Gujarat Gas Company Limited Employee Stock Option Welfare Trust) which purchases, out of the funds advanced by the Group, the shares equivalent to the number of options granted, for allotment to the grantees. IDBI Trusteeship Services Limited are the trustees of the said trust. The trustees can purchase or sell the shares from the market as per the approved scheme.

Pursuant to the above scheme, the Group has granted options, as mentioned here below, convertible into equity shares of Rs. 2/- each to employees of the holding Company and its subsidiaries. The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options was approved. The Scheme provides for graded vesting of options granted, over a period of 4 years from the date of grant.

% of Option Vested	Cumulative	Vesting Date
25%	25%	on expiry of two years from their Grant date ('First Vesting Date')
50%	75%	on expiry of three years from their Grant date ('Second Vesting Date')
25%	100%	on expiry of four years from their Grant date ('Third Vesting Date')

The options are to be exercised within a maximum period of 2 years from the date of vesting. Within the exercise period, the employee would have the option to either purchase the shares from the trust at the exercise price or to give a mandate of sale to the trust at the best available market price, in which event the difference between the net price realized on sale after taxes and charges and the Exercise Price will accrue as gains to the employee.

Details of movement under the Stock option plan for the year ended December 31, 2012 is as follows:

	Year ended 31-12-2012		Year ended 31-12-2011	
	Number of options	Weighted average exercise price (in Rs.)	Number of options	Weighted average exercise price (in Rs.)
Options outstanding at the beginning of the year	1,328,750	162	1,786,000	142
Add: Options granted during the year	-	-	84,000	337
Less: Options forfeited during the year	87,250	242	107,000	213
Less: Options expired during the year	-	-	-	-
Less: Options exercised during the year	826,750	106	434,250	99
Options outstanding at end of the year	414,750	257	1,328,750	162

In accordance with the approval granted by the members of the holding Company, to the issue of Bonus Shares in the ratio of one equity share of the Company of Rs. 2/- each for every one equity share of the Company held by the Shareholders of the Company as on September 19, 2009, being the Record Date, the Compensation Committee of the Board of Directors of the Company, on September 22, 2009, had approved adjustments to the Options granted and unvested as on September 19, 2009, under the Gujarat Gas Company Ltd Employee Stock Option Plan 2008, whereby each option had been doubled and the Exercise Price thereof been halved with effect from September 22, 2009.

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. The weighted average remaining contractual life of options outstanding as on 31 December 2012 is 2.67 years. (Previous year 2.80 years)

In accordance with Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities Exchange Board of India, an amount of Rs. 11.99 million (Previous year Rs. 25.55 million) has been recognised as an expense in Employee Benefits Expenses (Note 24) and corresponding liability has been disclosed as Stock Options Outstanding Account (Note 4). The balance of Rs. 29.92 million (Previous year Rs. 48.51 million) in Stock Options Outstanding Account (Note 4) represents the amortised cost of stock options outstanding. As on 31 December 2012, the amount recoverable from ESOP trust is Rs. 127.42 million (Previous year Rs. 302.43 million).

The Group has adjusted loss of Rs. 33.60 million (Previous year loss of Rs. 12.45 million) to General Reserve as the difference between the cost incurred by the ESOP Trust for the purchase of shares and the exercise price of those options which have been exercised by the employees during the current year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the ICAI.



	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
(27) Finance Costs		
Interest and Other Financial Charges	1.58	1.49
Total	1.58	1.49
(28) Operating and Other Expenses		
Stores and Chemicals Consumed	28.36	31.34
Power and Fuel	247.74	202.24
Rent	96.60	68.91
Rates and Taxes	3.39	6.37
Repairs:		
- To Buildings	5.08	5.16
- To Plant and Machinery	244.18	167.60
- To Others	107.66	108.09
Total Repairs	356.92	280.85
Insurance	16.75	18.79
Stationery and Printing	8.67	7.70
Advertisement Expenses	19.91	14.34
Communication Expenses	22.67	25.19
Vehicle Hire Charges	70.38	69.01
Travelling Expenses	21.70	34.96
Donation	3.10	5.37
Legal, Professional and Consultancy	121.41	149.82
Loss on Sale of Fixed Assets (Net)	16.56	7.04
Bad Debts/Advances written off	1.12	2.01
Wealth Tax	0.40	0.40
Other Provisions	-	2.18
Provision for Doubtful Debts	3.50	-
Provision for Diminution in Value of Asset/Capital Work in progress	17.31	-
Provision Against Doubtful Capital Advances	33.47	35.21
Provision/Write off for Inventory Obsolescence	36.97	2.49
Service Charges	126.48	120.57
Foreign Exchange Fluctuations Loss (net)	0.20	-
Agency & Contract Staff Expenses	63.32	52.07
Miscellaneous Expenses	85.16	76.46
Total	1,402.09	1,213.32

The Group has taken premises for business and residential use for its employees under cancelable operating lease agreements. The total lease rentals recognised as an expense during the year under the above lease agreements aggregates to Rs. 10.96 million (Previous year Rs. 12.17 million). The lease agreement typically ranges from 1 to 9 years.



(29) Related Party Transactions:

The Company is controlled by BG Asia Pacific Holdings Pte. Limited which owns 65.12% of the Company's shares, the ultimate parent being BG Group plc.

The following related party transactions were carried out during the year in the ordinary course of business:

(Rs. in million)				
Name of the Related Party	Nature of Relationship	Nature of Transaction	Year ended 31-12-2012	Year ended 31-12-2011
BG International Limited	Under Common Control	Expense : Reimbursement of salary for seconded personnel (Paid) (including Tax Deducted at Source) Reimbursement of Software License charges Reimbursement of Expenses (Paid) Income: Service charges for secondment of employees Reimbursement of Expenses (Received) Provision no longer required written back Amount payable at the year end	0.39 8.46 0.15 12.25 0.75 78.72 68.23	9.08 7.30 - 7.70 1.54 - 133.75
BG Asia Pacific Holdings Pte. Limited	Holding Company	Dividend Paid - Equity - Preference Share Capital held at year end - Equity - Preference	1,586.72 10.80 167.03 -	1,837.26 10.80 167.03 144.00
BG Energy Holdings Limited	Under Common Control	Commission on Purchases* Commission on corporate guarantee given to supplier* (*Included in gas purchases) Amount payable at the year end	4.28 1.39 4.59	3.76 1.22 3.69
Petroleum Infrastructure Limited	Joint Venture	Bad debts recovered Investment at year end Provision for diminution in value of investment at year end	0.22 - -	- 75.00 75.00
Mahanagar Gas Limited	Under Common Control	Sale of Material	0.01	5.04
BG India Energy Solutions Private Limited	Under Common Control	Purchase of Natural Gas (Net of VAT) Amount payable at the year end	15,680.09 465.10	10,819.00 772.90
BG Exploration and Production India Limited	Under Common Control	Income: Service charges for secondment of employees Reimbursement of expenses (Received) Expenses: Legal and Professional Reimbursement of expenses (Paid) Amount payable at the year end	0.69 0.59 54.99 5.43 38.18	14.67 2.46 82.35 8.59 64.51
Shaleen Sharma (upto 30 June, 2012)	Key Management Personnel	Remuneration as Managing Director	9.56	17.00
Sugata Sircar (From 1 July, 2012)	Key Management Personnel	Remuneration as Managing Director	6.93	-
Gujarat Gas Company Limited Employee Stock Option Welfare Trust	Enterprise Controlled by the Company	Amount received for option exercise (Excluding adjustment of Rs. 64.18 million (Previous year Rs. 27.45 million) on account of exercise of option during the year) Amount receivable at the year end	110.82 127.42	13.15 302.42
Gujarat Gas Company Limited Employees Gratuity Trust Fund	Enterprise Controlled by the Company	Contribution Paid	21.31	11.58

a) The above do not include BG North Sea Holdings Ltd, which is holding company of BG Asia Pacific Holding Pte Ltd, but with whom no transaction have occurred during the year.

**GUJARAT GAS COMPANY LIMITED (CONSOLIDATED)****(30) Assets Given on Lease**

Leasing operations of the company mainly involves leasing of gas based generator sets under operating and finance lease arrangements.

i) Assets on Finance Lease:

Under finance lease arrangements, the lease agreements have been entered for a fixed period of 6 years, at the end of which the ownership of assets will be transferred to the lessee on payment of consideration specified in the Lease Agreements.

	Year ended 31-12-2012				Year ended 31-12-2011			
	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum Lease Payments receivable	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum Lease Payments receivable
Total	9.76	0.81	0.10	8.85	39.35	4.27	1.06	34.02
Out of the above, receivable:								
Not Later than 1 year	9.76			8.85	29.59			25.17
Later than 1 year and not later than 5 years	-			-	9.76			8.85
Later than 5 years	-			-	-			-

ii) Assets on Operating Lease:

The ownership of the gas based generator sets remains with the company throughout the life of the generators. The lease agreements may typically range from 6 to 12 years, which are cancellable.

**(31) The undertakings which have been consolidated in these financial statements are as follows**

Name of the Undertaking	Relationship	Country of Incorporation	Proportionate Beneficial Ownership Interest / Voting Power
Gujarat Gas Financial Services Limited	Subsidiary	India	69.88%
Gujaratgas Trading Company Limited	Subsidiary	India	100%

(32) Earnings per Share

	Year ended 31-12-2012	Year ended 31-12-2011
Net Profit after Tax (Rs. in million)	2,866.10	2,734.77
Less: Preference Dividend and corporate dividend tax on preference dividend (Rs. in million)	3.08	12.55
Net profit attributable to Equity Shareholders (Rs. in million)	2,863.02	2,722.22
Weighted average number of equity shares outstanding during the year (No. in million)	128.25	128.25
Basic earnings per share of Rs. 2/- each (in Rs.)	22.32	21.23

The Group does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted earnings per share of the Group remain the same.

(33) The provision for income tax has been calculated based on income earned during the year ended December 31, 2012. However the tax year end being March 31, 2013 the ultimate liability for the Assessment Year 2013-14 will be determined based on the total income for the year ending March 31, 2013. The provision for wealth tax has been made based on the net wealth as on December 31, 2012. However the ultimate liability for the Assessment Year 2013-14 will be determined based on the net wealth as on March 31, 2013.

(34) Dividends proposed/declared by the holding company (excluding dividend distribution tax)

Particulars	Rs. Per share	Rs. In million	Period/Year ended
Equity			
- Proposed Final Dividend	-	-	December 31, 2012
	(12.00)	(1,539.00)	December 31, 2011
- Interim Dividend	7.00	897.75	September 25, 2012
	(10.00)	(1,282.50)	November 30, 2011
Preference Dividend	7.50%	2.65	December 31, 2012
	(7.50%)	(10.80)	December 31, 2011

Previous year figures are in brackets



- (35) Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under :

Particulars	(Rs. in million)	
	Year ended December 31, 2012	Year ended December 31, 2011
Principal amount remaining unpaid as at the end of accounting year [including Interest due thereon-Nil (Previous year-Nil)]	3.63	16.31
Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid at the end of accounting year	0.11	0.11
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

Note: No interest has been paid by the Group to the enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006 according to the terms agreed with the enterprises.

- (36) In view of the general clarification issued by the Institute of Chartered Accountants of India on Accounting Standard 21 "Consolidated Financial Statements", the consolidated financial statements do not include notes such as quantitative information, forex earnings / expense etc. which are not necessary to present true and fair view of the financial statements.
- (37) The financial statements for the year ended 31 December, 2011 had been prepared as per the then applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 December, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for presentation of previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse
Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek
Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Hasmukh Shah
Chairman

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Sugata Sircar
Managing Director

Rajeshwari Sharma
Company Secretary

Place: Ahmedabad
Date: February 21, 2013



AUDITORS' REPORT TO THE MEMBERS OF GUJARAT GAS COMPANY LIMITED

1. We have audited the attached Balance Sheet of Gujarat Gas Company Limited (the "Company") as at December 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on December 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership Number 100332

Place: Ahmedabad
Date: February 21, 2013

**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gujarat Gas Company Limited on the financial statements as of and for the year ended December 31, 2012]

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items, other than underground gas pipelines which are not physically verifiable, over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during and subsequent to the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted/taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d)/(f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the Company has entered all the transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for secondment of employees to the extent of Rs. 54,986,955 in respect of Legal and Professional expenses payable to and Rs 687,137 for Service charges receivable from BG Exploration and Production India Limited where we are unable to comment as there are no comparable market prices available, being services of specialized/proprietary nature.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs



- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of service tax and excise duty as at December 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty thereon)	305,812,068 857,798	2005-2011 2007-2010	CESTAT Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty (including interest and penalty thereon)	1,816,193	October 2006	Commissioner (Appeals)

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership Number 100332

Place: Ahmedabad
Date: February 21, 2013

**BALANCE SHEET AS AT DECEMBER 31, 2012**

	Note	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	256.50	400.50
Reserves and Surplus	4	9,162.54	7,394.71
		9,419.04	7,795.21
Non-current Liabilities			
Deferred tax Liabilities (Net)	5	932.52	800.52
Other Long-term Liabilities	6	2,689.04	2,543.16
Long-term Provisions	7	-	48.14
		3,621.56	3,391.82
Current Liabilities			
Trade Payables	8	1,016.38	1,216.72
Other Current Liabilities	9	1,373.87	1,203.38
Short-term Provisions	10	82.47	1,877.11
		2,472.72	4,297.21
Total		15,513.32	15,484.24
ASSETS			
Non-current Assets			
Fixed Assets	11		
Tangible Assets		7,509.91	6,519.53
Intangible Assets		459.00	145.14
Capital Work-in-progress		1,050.14	964.40
Intangible Assets under Development		13.60	210.71
		9,032.65	7,839.78
Non-current Investments	12	25.27	25.27
Long-term Loans and Advances	13	204.09	374.49
Other Non-current Assets		10.16	10.91
		9,272.17	8,250.45
Current Assets			
Current Investments	14	3,706.39	4,877.87
Inventories	15	243.33	157.51
Trade Receivables	16	1,834.49	1,647.06
Cash and Cash Equivalents	17	300.23	92.64
Short-term Loans and Advances	18	40.55	179.78
Other Current Assets	19	116.16	278.93
		6,241.15	7,233.79
Total		15,513.32	15,484.24

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership No.100332

Place: Ahmedabad
Date: February 21, 2013

The notes are an integral part of these financial statements.

For and on behalf of the Board

Hasmukh Shah **Sugata Sircar**
Chairman Managing Director

Jal Patel **Nitesh Bhandari** **Rajeshwari Sharma**
Director Financial Controller Company Secretary

Place: Ahmedabad
Date: February 21, 2013



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
INCOME			
Revenue from Operations (Gross)	22	31,470.63	24,556.80
Less : Excise duty on gas sales		549.32	397.36
Revenue from Operations (Net)		30,921.31	24,159.44
Other Income	23	654.30	544.99
Total Revenue		31,575.61	24,704.43
EXPENSES			
Material Consumed/Processed		24,837.48	18,396.78
Employee Benefits Expense	24	635.21	603.63
Finance Costs	27	1.58	1.49
Depreciation and Amortization Expense	11	653.62	593.33
Other Expenses	28	1,399.38	1,207.39
Total Expenses		27,527.27	20,802.62
Profit Before Tax		4,048.34	3,901.81
Tax Expenses			
Current Tax		1,075.00	1,081.00
Income Tax Provision for earlier years written back		(25.15)	-
Deferred Tax	5	132.00	82.00
Profit for the year		2,866.49	2,738.81
Earnings Per Equity Share (EPS):			
Basic Earnings per Share of Rs. 2/- each (Rs.)		22.33	21.26
Diluted Earnings per Share of Rs. 2/- each (Rs.)		22.33	21.26

This is the Statement of Profit and Loss referred to in our report of even date.

The notes are an integral part of these financial statements.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Hasmukh Shah
Chairman

Sugata Sircar
Managing Director

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary

Place: Ahmedabad
Date: February 21, 2013



CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	4,048.34	3,901.81
Adjustments for:		
Depreciation and Amortization Expense	653.62	593.33
Provision for Gratuity Benefits	19.60	25.43
Provision for Accrued Leave Benefits	2.97	10.03
Provision for Diminution in Value of Assets	17.31	-
Provision Against Doubtful Capital Advances	33.47	35.21
(Profit)/Loss on Sale of Tangible Assets (Net)	16.56	6.79
Provision for Doubtful Debts	3.50	-
Share Based Compensation Expenses	11.99	25.55
Provision for Wealth Tax	0.40	0.40
Other Provisions	-	2.18
Bad Debts Written off	1.12	2.01
Provision/Write off for Inventory Obsolescence	36.97	2.49
Deposits from Supplier Written Back	(38.69)	-
Inventory Written Back	(50.00)	(28.42)
Profit on Sale of Investment (Net)	(80.82)	(51.37)
Provisions/Liabilities no longer required written back	(153.76)	(108.94)
Dividend Income	(215.21)	(301.30)
Interest Income	(39.43)	(34.13)
Operating Profit before Working Capital Changes	4,267.94	4,081.07
Adjustments for Changes in Working Capital		
Increase/(Decrease) in other Long-term Liabilities	2.14	-
Increase/(Decrease) in Trade Payables	(200.34)	226.68
Increase/(Decrease) in other Current Liabilities	388.53	97.59
(Increase)/Decrease in Inventories	(72.79)	(25.67)
(Increase)/Decrease in Trade Receivables	(192.05)	(237.89)
(Increase)/Decrease in Long-term Loans & Advances	146.70	43.53
(Increase)/Decrease in Short-term Loans & Advances	39.05	(2.31)
(Increase)/Decrease in other Non-current Assets	0.75	(10.91)
(Increase)/Decrease in other Current Assets	(90.12)	21.91
Cash Generated from Operations	4,289.81	4,194.00
Taxes paid (Net of refunds & TDS)	(1,012.00)	(1,078.32)
Net Cash from Operating Activities	3,277.81	3,115.68
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Tangible/Intangible Assets/Capital Work in Progress	(1,767.04)	(1,136.69)
Sale of Tangible Assets	28.02	23.02
Purchase of Current Investments	(34,754.21)	(27,944.05)
Sale of Current Investments	36,006.51	28,441.02
Interest Received	39.43	34.13
Dividends Received	215.21	301.30
Net Cash used in Investing Activities	(232.08)	(281.27)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Preference Shares Redemption	(144.00)	-
Deposits Accepted during the year (Net)	143.74	490.36
Dividend Paid (including Corporate Dividend Tax)	(2,837.88)	(3,280.72)
Net Cash used in Financing Activities	(2,838.14)	(2,790.36)



	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
NET INCREASE IN CASH AND CASH EQUIVALENTS	207.59	44.05
Cash and Cash Equivalents at the beginning of the year	92.64	48.59
Cash and Cash Equivalents at the end of the year	300.23	92.64
Closing Cash and Cash Equivalents comprise:		
Balances with Banks :		
- In Current Accounts	272.82	71.95
- In Dividend Accounts	27.30	20.56
Cash in Hand	0.11	0.13
Total Cash and Cash Equivalents as per Cash Flow Statement	300.23	92.64

Notes to Cash Flow Statement:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements.
- Previous Year figures have been regrouped and reclassified wherever considered necessary to conform to current year's figures.
- The amounts in dividend accounts are not available for use by the Company and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.
- Figures in brackets indicate cash outflows.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number – 301112E
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Hasmukh Shah **Sugata Sircar**
Chairman Managing Director

Jal Patel **Nitesh Bhandari** **Rajeshwari Sharma**
Director Financial Controller Company Secretary

Place: Ahmedabad
Date: February 21, 2013



NOTES TO FINANCIAL STATEMENTS

(1) General Information:

Gujarat Gas Company Limited ("Company") is primarily engaged in Natural Gas Business in Gujarat. Natural gas business involves distribution of gas from sources of supply to centers of demand and to the end customers. The Company is listed on the Ahmedabad Stock Exchange, Bombay Stock Exchange, National Stock Exchange and Vadodara Stock Exchange.

(2) Summary of Significant Accounting Policies:**a) Basis of Preparation**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

b) Fixed Assets (Tangible / Intangible Assets)

The Fixed Assets are stated at its acquisition or construction cost and any attributable cost of bringing the asset to its working condition for its intended use and net of accumulated depreciation.

- (i) All directly attributable expenditure incurred during the period of construction are carried forward and on completion, are capitalized with the respective fixed assets.
- (ii) Gains or losses arising from disposal / retirement of fixed assets, which are carried at cost, are recognised in the Statement of Profit and Loss.

c) Depreciation / Amortisation

- (i) Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful lives of the assets, whichever is higher. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.
- (ii) Licenses / Softwares are amortised on a straight line basis over a period of six years from the date of its availability for use by the Company.

d) Investments

Current investments are carried at cost or fair value determined categorywise, whichever is lower.

Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

e) Inventories

Stores and Pipes fittings are valued at lower of cost and net realisable value. Cost is determined on weighted average cost method.

f) Foreign Currency Transactions**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of monetary items are recognised in the Statement of Profit and Loss.

g) Employee Benefits**(i) Post-employment Benefit Plans****i Defined Contribution Plan**

Contribution towards provident fund for eligible employees are accrued in accordance with applicable statutes and deposited with the regulatory authorities. The Company does not carry any other obligation apart from the monthly contribution.

ii Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972, through an approved Gratuity Fund. The Gratuity Fund is administered through a Trust. Contributions in respect of gratuity are made to the approved Gratuity Fund of the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and is recognised in the Balance Sheet as reduced by the fair value of Gratuity Fund. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

**(ii) Long Term Employment Benefits**

The liability in respect of accrued leave benefits which are expected to be availed or encashed beyond 12 months from the end of the year, is treated as long term employee benefits. The Company's liability is actuarially determined using the Projected Unit Credit method at balance sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iii) Short Term Employment Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the services. Short term employee benefits also includes accrued leave benefits, which are expected to be availed or encashed within 12 months from the end of the year.

(iv) Employee Stock Option Plan

Stock Option grants to the employees who accept the grant under the Company's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Company follows the fair value method for option pricing and accordingly the fair value of the option as of the date of the grant of the option is recognised as employee compensation cost which is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option.

h) Revenue Recognition :

- (i) Revenue on sale of natural gas is recognised on transfer of title to customers at delivery point.
- (ii) Gas transmission income is recognised in the same period in which the related volumes of gas are delivered to the customers.
- (iii) Commitment income from customers for gas sales and gas transmission is recognised on establishment of certainty of receipt of consideration from its customers. Delayed payment charges are recognised on establishment of certainty of receipt of consideration from its customers.
- (iv) Dividend income is recognised when the right to receive dividend is established.
- (v) The difference between the amounts charged from customers for gas connections and actual consumption of material and labour charges is disclosed as Service and Fitting Income (Net) under Other Operating Revenue.

i) Borrowing Costs :

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

j) Leases :

As a lessor

Operating Leases

The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

Finance Leases

The Company has leased certain tangible assets and such leases where the Company has passed on substantially all the risks and rewards of ownership are classified as finance leases.

In respect of assets leased before April 1, 2001, the Company follows the recommendation of the Institute of Chartered Accountants of India contained in the Guidance Note on Accounting for Leases. Accordingly lease rentals accounted as income on finance leases are adjusted by creating lease terminal adjustment account so as to recover the capital cost of the leased asset within the tenure of lease agreements or earlier as ascertained by the management.

In respect of assets leased after April 1, 2001, the aggregate of minimum lease payments less unearned finance income is recognised as a receivable. Unearned finance income is arrived at, as the difference between the aggregate of minimum lease payments and its present value based on the rate of return implicit as per the terms of the agreement. Finance Income is recognized over the term of the lease using net investment method, which reflects a constant periodic rate of return. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.

As a lessee

Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

**k) Earnings Per Share (EPS):**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable distribution tax thereto for the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of any dilutive potential equity shares.

l) Taxation:

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income originating during the year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset is recognized on carried forward losses (if any) under tax laws, only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. At each reporting date, the unrecognised deferred tax assets is reassessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities.

m) Impairment of Assets:

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

n) Provisions and Contingencies:

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

o) Segment Reporting:

The Company primarily operates in the segment of Natural Gas Business. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end customers. The other activity of the Company comprises leasing of natural gas fired Cogeneration units, the income from which is not material in financial terms. Further, the Company is operating in a single geographical segment. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard 17 on "Segment Reporting" are not relevant to the Company.

p) Cash and Cash Equivalents:

In the Cash Flow Statement, cash and cash equivalents represents cash in hand and demand deposits with bank.

q) Accounting for Joint Ventures:

The Company's joint venture "Petroleum Infrastructure Limited" (incorporated in India with 50% stake being held by the Company), has been liquidated as on April 27, 2012, accordingly the Company's interest in the joint venture has been accounted for in accordance with Accounting Standard 13 "Accounting for Investments" and has not been disclosed as per Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures".

**(3) Share Capital****a) Authorized****i Equity Shares**

Number of shares of Rs. 2/- each

Rs. in million

ii 7.5% Redeemable Preference Shares

Number of shares of Rs. 10/- each

Rs. in million

Total Authorized Share Capital (Rs. in million)

As at 31-12-2012	As at 31-12-2011
140,000,000	140,000,000
280.00	280.00
17,000,000	17,000,000
170.00	170.00
450.00	450.00

b) Issued, Subscribed and Paid up**i Equity Shares**

Number of shares of Rs. 2/- each

Rs. in million

ii 7.5% Redeemable Preference Shares

Number of shares of Rs. 10/- each

Rs. in million

Total Paid up Share Capital (Rs. in million)

As at 31-12-2012	As at 31-12-2011
128,250,000	128,250,000
256.50	256.50
-	14,400,000
-	144.00
256.50	400.50

c) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares. Each equity shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors, is subject to shareholders' approval in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive the residual assets of the Company in proportion to their shareholding.

d) Reconciliation of movement in number of Equity Shares

Shares outstanding at the beginning of the year

Shares issued during the year

Shares bought back during the year

Shares outstanding at the end of the year

Paid up Share Capital (Rs. in million)

As at 31-12-2012	As at 31-12-2011
128,250,000	128,250,000
-	-
-	-
128,250,000	128,250,000
256.50	256.50

e) Shareholder holding more than 5% Equity Shares

Sr. No.	Name of the Shareholder	As at 31-12-2012 No. of shares held (% of shareholding)	As at 31-12-2011 No. of shares held (% of shareholding)
1	BG Asia Pacific Holdings Pte. Limited	83,518,750 (65.12%)	83,518,750 (65.12%)
2	Aberdeen Global Indian Equity Fund Mauritius Limited	12,256,000 (9.56%)	12,256,000 (9.56%)

BG Asia Pacific Holdings Pte. Limited (BGAPH) is the holding company of Gujarat Gas Company Limited, the ultimate holding company being BG Group Plc.

f) Shareholder holding more than 5% preference shares

The preference shares were fully held by holding company BG Asia Pacific Holdings Pte. Limited. These preference shares were redeemed on 30 March 2012.

**g) Reconciliation of movement in number of Preference Shares**

	As at 31-12-2012	As at 31-12-2011
Shares outstanding at the beginning of the year	14,400,000	14,400,000
Shares issued during the year	-	-
Shares redeemed during the year	14,400,000	-
Shares outstanding at the end of the year	-	14,400,000
Paid up Share Capital (Rs. in million)	-	144.00

- h) The Company had issued bonus equity shares in the ratio of 1:1 in 2009, resulting in an increase in the issued equity share capital from 64,125,000 shares of face value Rs 2 each to 128,250,000 shares of face value Rs 2 each. The Company has not bought back any equity shares during the past 5 years. The Company has not allotted any shares as fully paid pursuant to contracts without payment being received in cash, during the past 5 years.

(4) Reserves and Surplus**a) Capital Redemption Reserve**

As per last Balance Sheet	-	-
Add : Transferred from Statement of Profit and Loss	144.00	-
Balance at the end of the year	144.00	-

Towards redemption of the preference shares on 30 March 2012, an equivalent amount of accumulated profits were transferred to Capital Redemption Reserve to comply with the requirements of Section 80 of the Companies Act, 1956.

b) Stock Options Outstanding Account (Net) (Refer Note 26)

Stock Options Outstanding Account		
As per last Balance Sheet	79.38	92.90
Add : Allotment of new options during the year	-	10.11
Less : Exercise of options during the year	64.18	27.45
Add : Transfer to General Reserve on exercise of options during the year	33.60	12.45
Less : Lapse of options during the year	8.10	8.63
Balance at the end of the year	40.70	79.38
Less : Deferred Stock Option Outstanding Account		
As per last Balance Sheet	30.87	54.94
Add : Allotment of new options during the year	-	10.11
Less : Expenses during the period	17.42	28.87
Less : Lapse of options during the year	8.10	8.63
Add : Amortized portion on lapsed options	5.43	3.32
Balance at the end of the year	10.78	30.87
Net balance	29.92	48.51

c) General Reserve

As per last Balance Sheet	2,330.83	2,069.28
Add : Transferred from Statement of Profit and Loss	287.00	274.00
Less : Adjustment to Amount recoverable from ESOP Trust	33.60	12.45
Balance at the end of the year	2,584.23	2,330.83

**d) Surplus from Profit and Loss Account**

As per last Balance Sheet	
Add: Profit for the year	
Less: Appropriations	
Proposed Dividend	
- Preference Shares	
- Equity Shares	
Corporate Dividend Tax on Proposed Dividend	
Interim Equity Dividend	
Corporate Dividend Tax on Interim Equity Dividend	
Transfer to Capital Redemption Reserve	
Transfer to General Reserve	
Balance at the end of the year	
Total	

As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
5,015.37	5,842.33
2,866.49	2,738.81
2.65	10.80
-	1,539.00
0.43	251.42
897.75	1,282.50
145.64	208.05
144.00	-
287.00	274.00
6,404.39	5,015.37
9,162.54	7,394.71

(5) Deferred Tax Liabilities (Net)

	As at 31-12-2011 Rs. in million	Movement during the year Rs. in million	As at 31-12-2012 Rs. in million
Deferred Tax Liabilities :			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	885.52	141.06	1,026.58
Total (A)	885.52	141.06	1,026.58
Deferred Tax Assets :			
Provision for Doubtful Debts	7.13	0.65	7.78
Provision for Diminution in the value of Fixed Assets/Capital work in progress/Capital Advances	11.42	13.31	24.73
Expenditure under section 43B of the Income Tax Act	66.45	(4.90)	61.55
Total (B)	85.00	9.06	94.06
Total (A-B)	800.52	132.00	932.52
Previous year	718.52	82.00	800.52
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing tax laws.			

(6) Other Long-term Liabilities

Deposits from Customers	
Deposit from Collection Centres and Others	

As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
2,668.92	2,525.18
20.12	17.98
2,689.04	2,543.16

Total

Deposits from customers, considered as a source of long term funds, are refundable, net of outstanding, only on termination/modification of the gas sale agreement.



	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(7) Long-term Provisions		
Other Provisions	-	48.14
Total	-	48.14
Pursuant to AS-29, the disclosure relating to Provisions are given below :		
Opening Balance	48.14	45.96
Additions during the year	-	2.18
Less : Provision no longer required written back during the year	48.14	-
Closing Balance	-	48.14
The provision relates to estimated cash outflow in relation to sale of gas pipelines.		
(8) Trade Payables		
Dues to Related Parties-GTCL	93.35	133.34
Dues to Others	923.03	1,083.38
Total	1,016.38	1,216.72
(9) Other Current Liabilities		
Dues to Micro and Small Enterprises	2.58	14.83
Deposits from Supplier	-	38.69
Advance From Customers	122.91	105.19
Deposit from Collection Centres and Others	6.77	7.41
Deposit from Customers towards Minimum Guarantee offtake	122.47	31.76
Unpaid Dividends to Equity Shareholders (Refer Note below)	27.30	20.56
Dues to Related Parties-GFSL	32.37	66.38
Employee Payable	87.10	77.41
Other Payables	777.42	720.58
Other Liabilities for Statutory Dues	194.95	120.57
Total	1,373.87	1,203.38
Note : Unpaid dividend will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.		
(10) Short-term Provisions		
Proposed Dividend (including Corporate Dividend Tax)	3.08	1,801.22
Provision for Employee Gratuity Benefits	21.59	23.29
Provision for Employee Accrued Leave Benefits	55.56	52.60
Provision for Taxation	8,201.27	-
Less : Advance payment of Tax and Tax deducted at source	8,199.03	-
	2.24	-
Total	82.47	1,877.11

As at 31 December 2012, provision for tax and advance tax include aggregate balance of Rs. 3,636.72 million and Rs. 3,812.22 million respectively for certain Assessment Years wherein the advance tax is higher than provision for tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.



GUJARAT GAS COMPANY LIMITED

(11) FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01-01-2012	Additions For the Year	Deduction/ Adjustments For the Year	As at 31-12-2012	For The Year	Deduction/ Adjustments For the Year	As at 31-12-2012	As at 31-12-2011
Tangible Assets:								
Land (Refer Note 1 below)	401.87	7.14	-	409.01	-	-	409.01	401.87
Buildings	339.00	84.69	-	423.69	8.82	-	348.07	272.20
Plant and Machinery	8,602.04	1,461.34	11.67	10,051.71	532.69	5.61	6,443.23	5,520.64
Office Equipment	100.52	9.72	4.48	105.76	5.65	2.71	71.42	69.12
Computer Hardware	358.89	60.94	20.37	399.46	42.36	20.27	137.74	119.26
Furniture, Fixtures and Fittings	70.48	8.84	2.42	76.90	5.08	2.40	40.88	37.14
Vehicles	116.54	10.28	25.79	101.03	10.32	15.50	59.56	69.89
Assets given on Finance Lease (Prior to April 1, 2001)								
Plant and Machinery	279.63	-	-	279.63	-	-	193.80	193.80
Asset given on Operating Lease (After April 1, 2001)								
Plant and Machinery	67.82	-	67.82	-	3.06	41.47	-	29.41
(Less)/Add :								
Lease Terminal Adjustment	-	-	-	-	-	-	(193.80)	(193.80)
TOTAL	10,336.79	1,642.95	132.55	11,847.19	607.98	87.96	7,703.71	6,713.33
Intangible Assets:								
Software/License	246.14	359.50	-	605.64	45.64	-	435.00	121.14
Right of use of Land	24.00	-	-	24.00	-	-	24.00	24.00
Capital Work in Progress (Refer Notes 2 and 3 below)	270.14	359.50	-	629.64	45.64	-	459.00	145.14
Intangible Assets under Development							1,050.14	964.40
TOTAL	10,606.93	2,002.45	132.55	12,476.83	653.62	87.96	9,032.65	7,839.78
Previous Year	9,422.49	962.42	48.12	10,336.79	563.37	26.28	6,519.53	
Tangible Assets	247.04	60.44	37.34	270.14	29.96	-	145.14	
Intangible Assets								

NOTES :

1. Land includes leasehold land Rs. 0.18 million (Previous year Rs. 0.18 million).
2. Capital Work in Progress includes Capital Inventory Rs. 451.58 million (Previous year Rs. 449.85 million).
3. Capital Work in Progress is shown net off a provision for diminution in value of asset Rs. 17.31 million (Previous year Nil).
4. Capital Inventory includes material in transit amounting to Rs. 84.28 million (Previous year Rs. 63.99 million).

**(12) Non-current Investments**

(At cost less provision for other than temporary diminution in value of investments)

Equity Shares

Trade – Unquoted

Less: Provision

Total

(a) In Equity Shares of Subsidiary Companies

1,397,500 shares (Previous year 1,397,500 shares) of Rs. 10 each fully paid-up in Gujarat Gas Financial Services Limited

9,000 shares (Previous year 9,000 shares) of Rs. 100 each fully paid-up in Gujaratgas Trading Company Limited

(b) In Equity Shares of Joint Venture

7,500,000 shares (Previous year 7,500,000 shares) of Rs. 10 each fully paid-up in Petroleum Infrastructure Limited

Less : Provision for diminution in value of investment

The Company's joint venture "Petroleum Infrastructure Limited" (Incorporated in India with 50% stake being held by the Company) has been dissolved as on 27 April 2012.

(c) Others

20,000,000 shares (Previous year 20,000,000 shares) of Re 1 each fully paid-up in Gujarat State Petroleum Corporation

Aggregate cost of Unquoted Investments

Aggregate provision for diminution in value of investments

(13) Long-term Loans and Advances

(Unsecured – considered good, unless otherwise stated)

Capital Advance

Capital Advance – Considered doubtful

Less: Provision Against Doubtful Advances

Finance Lease Receivable

Deposits Recoverable

Balances with Government Authorities

Amount Recoverable from ESOP Trust

Other Receivables

Total**(14) Current Investments**

(At cost or fair market value whichever is lower, determined categorywise)

Units of Mutual Funds (Unquoted)

Aggregate cost of Unquoted Investments

	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(12) Non-current Investments		
(At cost less provision for other than temporary diminution in value of investments)		
Equity Shares		
Trade – Unquoted	25.27	100.27
Less: Provision	-	75.00
Total	25.27	25.27
(a) In Equity Shares of Subsidiary Companies		
1,397,500 shares (Previous year 1,397,500 shares) of Rs. 10 each fully paid-up in Gujarat Gas Financial Services Limited	14.00	14.00
9,000 shares (Previous year 9,000 shares) of Rs. 100 each fully paid-up in Gujaratgas Trading Company Limited	1.27	1.27
(b) In Equity Shares of Joint Venture		
7,500,000 shares (Previous year 7,500,000 shares) of Rs. 10 each fully paid-up in Petroleum Infrastructure Limited	-	75.00
Less : Provision for diminution in value of investment	-	75.00
The Company's joint venture "Petroleum Infrastructure Limited" (Incorporated in India with 50% stake being held by the Company) has been dissolved as on 27 April 2012.		
(c) Others		
20,000,000 shares (Previous year 20,000,000 shares) of Re 1 each fully paid-up in Gujarat State Petroleum Corporation	10.00	10.00
Aggregate cost of Unquoted Investments	25.27	100.27
Aggregate provision for diminution in value of investments	-	75.00
(13) Long-term Loans and Advances		
(Unsecured – considered good, unless otherwise stated)		
Capital Advance	45.95	106.73
Capital Advance – Considered doubtful	58.91	35.21
Less: Provision Against Doubtful Advances	58.91	35.21
	-	-
Finance Lease Receivable	-	8.85
Deposits Recoverable	13.95	13.76
Balances with Government Authorities	0.92	3.82
Amount Recoverable from ESOP Trust	126.47	223.43
Other Receivables	16.80	17.90
Total	204.09	374.49
(14) Current Investments		
(At cost or fair market value whichever is lower, determined categorywise)		
Units of Mutual Funds (Unquoted)	3,706.39	4,877.87
Aggregate cost of Unquoted Investments	3,706.39	4,877.87



(14) Current Investments

Details of Investment in Mutual Funds

Scheme	As at 31-12-2012		As at 31-12-2011	
	No. of units	Rs. in million	No. of units	Rs. in million
Birla SL Cash Manager Fund - Dividend	-	-	258,500	25.86
Birla SL Cash Plus Fund - Dividend	356,992	35.77	-	-
Birla SL Dynamic Bond Fund - Dividend	3,150,955	32.51	3,150,955	32.51
Birla SL Fixed Term Plan Series CU - Growth	-	-	5,000,000	50.00
Birla SL Fixed Term Plan Series CW - Growth	-	-	4,000,000	40.00
Birla SL Fixed Term Plan Series DL - Growth	-	-	3,015,448	30.15
Birla SL Fixed Term Plan Series DN - Growth	-	-	5,327,423	53.27
Birla SL Savings Fund - Growth	586,159	100.93	586,159	100.93
Birla SL Short Term FMP Series 20 - Dividend	-	-	3,000,000	30.00
Birla SL Ultra Short Term Fund - Dividend	-	-	768,988	76.94
Birla Sunlife Short Tem Fund - Dividend	21,028,737	245.05	-	-
DSP BlackRock Liquidity Fund - Dividend	180,388	180.45	-	-
DWS Cash Opportunities Fund - Dividend	20,158,418	202.13	-	-
DWS Fixed Term Fund Series 90 - Growth	-	-	3,000,000	30.00
DWS Insta Cash Plus Fund - Dividend	-	-	9,461,017	95.10
DWS Treasury Fund Cash Plan - Dividend	960,274	96.40	-	-
DWS Treasury Fund Investment Plan - Dividend	-	-	2,030,024	20.38
DWS Ultra Short Term Fund - Dividend	-	-	61,758,189	618.69
HDFC Cash Management Fund - Dividend	6,671,789	70.96	-	-
HDFC High Interest Fund - Dividend	7,203,170	76.27	-	-
IDFC Ultra Short Term Fund - Dividend	-	-	4,833,639	48.40
JM Fixed Maturity Fund Series XX Plan B - Growth	-	-	2,000,000	20.00
JM High Liquidity Fund - Dividend	18,020,121	187.95	17,987,143	180.17
JM Money Manager Fund Regular Plan - Dividend	-	-	9,973,029	99.84
JM Money Manager Fund Super Plan - Dividend	-	-	5,010,250	50.16
JM Money Manager Fund Super Plus Plan - Dividend	5,051,791	50.55	20,097,056	201.08
JM Short Term Fund - Dividend	20,114,789	202.06	-	-
JPMorgan India Fixed Maturity Plan 367D Series 1-Growth	-	-	3,000,000	30.00
JPMorgan India Liquid Fund - Dividend	16,878,170	168.92	11,002,757	110.11
JPMorgan India Treasury Fund - Dividend	-	-	32,739,964	327.69
Kotak Liquid Fund - Dividend	16,021,830	195.92	6,137,798	75.05
Kotak Flexi Debt Scheme - Dividend	-	-	22,371,434	224.78
Kotak Flexi Debt Scheme - Growth	13,560,374	151.28	13,560,374	151.28
Kotak FMP Series 40 - Growth	-	-	5,000,000	50.00
Kotak FMP Series 42 - Growth	-	-	2,000,019	20.00
Kotak FMP Series 43 - Growth	-	-	3,000,000	30.00
Kotak FMP Series 59 - Dividend	-	-	3,000,000	30.00
Kotak FMP Series 82 - Growth	2,000,000	20.00	-	-
L&T Liquid Fund - Dividend	214,631	217.13	-	-
Principal Cash Management Fund - Dividend	201,172	201.19	-	-
Prudential ICICI Blended Plan B - Dividend	-	-	1,300,315	13.01
Prudential ICICI Flexible Income Plan - Dividend	599,938	101.23	599,938	101.23

**(14) Current Investments**

Details of Investment in Mutual Funds

Scheme	As at 31-12-2012		As at 31-12-2011	
	No. of units	Rs. in million	No. of units	Rs. in million
Reliance Fixed Horizon Fund XIX Series 10 - Growth	-	-	3,000,000	30.00
Reliance Fixed Horizon Fund XIX Series 11 - Growth	-	-	5,000,000	50.00
Reliance Fixed Horizon Fund XIX Series 8 - Growth	-	-	5,000,000	50.00
Reliance Fixed Horizon Fund XIX Series 9 - Growth	-	-	5,001,080	50.01
Reliance Fixed Horizon Fund XX Series 13 - Growth	-	-	6,001,087	60.01
Reliance Fixed Horizon Fund XX Series 15 - Growth	-	-	2,000,000	20.00
Reliance Fixed Horizon Fund XX Series 4 - Dividend	-	-	4,001,449	40.01
Reliance Fixed Horizon Fund XX Series 5 - Dividend	-	-	5,000,000	50.00
Reliance Fixed Horizon Fund XX Series 6 - Dividend	-	-	3,000,000	30.00
Reliance Fixed Horizon Fund XX Series 8 - Dividend	-	-	5,000,000	50.00
Reliance Fixed Horizon Fund XXI Series 18 - Growth	5,507,250	55.07	-	-
Reliance Fixed Horizon Fund XXI Series 6 - Growth	5,005,606	50.06	-	-
Reliance Liquid Fund- Treasury Plan - Dividend	95,777	146.42	-	-
Reliance Money Manager Fund - Growth	122,338	151.25	122,338	151.25
Reliance Short Term Fund - Dividend	3,091,611	33.30	-	-
Religare Fixed Maturity Plan Series IX Plan C - Dividend	-	-	2,000,000	20.00
Religare Fixed Maturity Plan Series VI Plan D - Growth	-	-	3,000,000	30.00
Religare Fixed Maturity Plan Series VI Plan E - Growth	-	-	2,000,000	20.00
Religare FMP Series XIII Plan F - Growth	2,000,000	20.00	-	-
Religare Liquid Fund - Dividend	43,484	43.52	100,009	100.09
Religare Short Term Plan - Dividend	15,120,442	151.36	-	-
Religare Ultra Short Term Fund - Dividend	-	-	150,149	150.41
SBI Debt Fund Series 13 Months 13 - Growth	2,000,000	20.00	-	-
SBI Debt Fund Series 180 days 22 - Dividend	-	-	3,000,000	30.00
SBI Debt Fund Series 367 Days 16 - Growth	3,000,000	30.00	-	-
SBI Debt Fund Series 367 Days 6 - Growth	-	-	4,004,294	40.04
SBI Magnum Income FR Savings Plus Bond Plan - Dividend	-	-	3,050,182	30.69
SBI Premier Liquid Fund - Dividend	100,187	100.51	2,996,580	30.06
SBI Short Term Fund - Dividend	4,797,540	50.53	-	-
SBI SHF Ultra Short Term Fund - Dividend	-	-	7,564,056	75.69
Sundaram Money Fund - Dividend	15,924,693	160.76	-	-
Sundaram Ultra Short Term Fund - Dividend	-	-	32,166,510	322.86
TATA Fixed Maturity Plan Series 31 Scheme C - Growth	-	-	5,000,000	50.00
TATA Fixed Maturity Plan Series 36 Scheme C - Growth	-	-	3,000,000	30.00
TATA Fixed Maturity Plan Series 37 Scheme A - Growth	-	-	3,251,916	32.52
Tata Floater Fund - Dividend	-	-	2,004,295	20.11
Tata Liquid Fund - Dividend	41,953	46.76	-	-
Templeton India TMA Fund - Dividend	37,230	37.26	-	-
Templeton Ultra Short Bond Fund - Dividend	-	-	24,445,837	244.74
UTI Money Market Fund - Dividend	49,114	49.28	59,868	60.07
UTI Short Term Income Fund - Dividend	2,310,548	23.65	2,192,350	22.38
UTI Treasury Advantage Fund - Growth	-	-	20,291	20.30
TOTAL	212,207,471	3,706.39	408,102,710	4,877.87



	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(15) Inventories		
Stores and Pipe Fittings	243.33	157.51
(Valued at cost or market value whichever is lower)		
(16) Trade Receivables		
Secured – Considered Good*		
– Exceeding Six Months	1.48	9.92
– Others	1,576.92	1,211.08
Unsecured – Considered Good		
– Exceeding Six Months	2.86	3.29
– Others	658.46	614.79
Unsecured – Considered Doubtful		
Exceeding Six Months	23.98	21.97
Less: Provision for Doubtful Debt	23.98	21.97
	-	-
Less: Advance From Customers towards MGO	405.23	192.02
Total	1,834.49	1,647.06
*Secured against Security Deposit received from the customers and disclosed under Note 6 Other Long-term Liabilities		
(17) Cash and Cash Equivalents		
Balances with Banks in Current Accounts	272.82	71.95
Balances with Banks in Dividend Accounts	27.30	20.56
Cash on Hand	0.11	0.13
Total	300.23	92.64
The amounts in dividend accounts are not available for use by the Company and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.		
(18) Short-term loans and advances		
(Unsecured – considered good, unless otherwise stated)		
Finance Lease Receivable	8.85	25.17
Deposits Recoverable	15.24	10.32
Balances with Government Authorities	3.74	17.43
Amount Recoverable from ESOP Trust	0.95	78.99
Other Receivables	11.77	12.99
Advance Payment of Tax and Tax Deducted at Source	-	7,186.30
Less : Provision for Taxation	-	7,151.42
	-	34.88
Total	40.55	179.78
As at 31 December 2011, provision for tax and advance tax include aggregate balance of Rs. 2,749.41 million and Rs. 2,587.96 million respectively for certain Assessment Years wherein the provision for tax is higher than advance tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.		



	As at 31-12-2012 Rs. in million	As at 31-12-2011 Rs. in million
(19) Other Current Assets		
(Unsecured – considered good, unless otherwise stated)		
Asset held for Disposal	-	252.89
Receivable for Sale of Asset	80.17	-
Prepayments for Goods	24.52	15.95
Prepayments for Services	11.47	10.09
Total	116.16	278.93
(20) Contingent Liabilities		
(a) Claims against the Company not acknowledged as debts Rs. 26.02 million (Previous year Rs. 14.51 million).		
(b) Claims of Rs. 21.74 million (Previous year Rs. 29.98 million) against the Company have been disputed by the Company. The Company is, however, indemnified by an insurance policy.		
(c) Income tax related exposures Rs. 79.49 million (Previous year Rs. 79.49 million)		
(d) Service tax related exposures Rs. 306.67 million (Previous year Rs. 17.41 million)		
(e) Excise related exposures Rs. 1.82 million (Previous year Nil)		
(21) Estimated amount of contracts net of advances remaining to be executed on capital account and not provided for Rs. 332.58 million (Previous year Rs. 442.17 million).		
	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
(22) Revenue from Operations		
Sales of Natural Gas (Gross)	31,218.41	24,216.45
Other Operating Revenue :		
Gas Transmission Income	146.78	165.54
Service and Fitting Income (Net)	101.05	144.37
Lease Income	0.92	21.43
Income from Finance Lease	3.47	9.01
Total	31,470.63	24,556.80
(23) Other Income		
Interest on Others (Customers and Staff advances)	39.43	34.13
Dividend from Subsidiaries	4.19	2.80
Dividend from Trade Investments	4.00	4.00
Dividend from Mutual Funds	207.02	294.50
Profit on Sale of Current Investments (Net)	80.82	51.37
Liabilities no longer required written back	153.76	108.94
Foreign Exchange Fluctuations Gain (net)	-	0.24
Other Miscellaneous Income	165.08	49.01
Total	654.30	544.99
(24) Employee Benefits Expense		
Salaries, Wages and Bonus	534.13	496.65
Share based Compensation	11.99	25.55
Contribution to Provident and Other Funds	48.34	51.12
Welfare Expenses	40.75	30.31
Total	635.21	603.63

**(25) Disclosures as per AS-15 (Revised) "Employee Benefits" for year ended December 31, 2012 :****a) Disclosures for Defined Contribution Plans**

Employer's Contribution to Provident Fund

28.74

25.69

b) Disclosures for Defined Benefit Plans - Gratuity (Funded)**Change in the defined benefit obligations**

Defined benefit obligation as at beginning of the year

101.53

79.24

Service Cost

10.04

8.37

Interest Cost

8.78

6.85

Actuarial Loss/(gain)

12.42

8.04

Benefits Paid

(4.90)

(0.97)

Defined benefit obligation as at year end**127.87****101.53****Change in plan assets****Fair value of plan assets as at beginning of the year****78.23****69.79**

Expected Return on Plan Assets

7.78

6.66

Contributions by Employer

21.31

11.58

Actuarial (loss)/Gain

3.86

(8.83)

Benefits Paid

(4.90)

(0.97)

Fair value of plan assets as at year end**106.28****78.23****Present value of unfunded obligations****21.59****23.30****The Net amount recognized in the Statement of Profit & Loss is as follows**

Current Service Cost

10.04

8.37

Interest Cost

8.78

6.85

Expected Return on Plan Assets

(7.78)

(6.66)

Net Actuarial Loss/(gain) Recognised

8.56

16.87

Net Amount Recognised**19.60****25.43**

Actual Return on Plan Assets

11.64

(2.17)

The major categories of plan assets as a percentage of total plan assets as at year end are as follows

Government of India Securities

-

-

Insurer Managed Funds

100%

100%

The principal actuarial assumptions used are as follows

Discount Rate

8.16%

8.65%

Expected Rate of Return on Plan Assets

9.00%

9.00%

Rate of Increase in Compensation Levels (Refer Note below)

7.00%

7.00%

Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.**c) Disclosures for Defined Benefit Plans-Accrued Leave Benefits (Unfunded)****Change in the defined benefit obligations**

Defined benefit obligation as at beginning of the year

49.89

39.86

Service Cost

5.05

3.58

Interest Cost

4.32

3.45

Actuarial Loss/(gain)

(9.54)

3.83

Benefits Paid

(0.02)

(0.83)

Defined benefit obligation as at year end**49.70****49.89****The Net amount recognized in the Statement of Profit & Loss is as follows**

Current Service Cost

5.05

3.58

Interest Cost

4.32

3.45

Net Actuarial Loss/(gain) Recognised

(9.54)

3.83

Net Amount Recognised**(0.17)****10.86**

**The principal actuarial assumptions used are as follows**

Discount Rate

8.16%

8.65%

Rate of increase in Compensation Levels (Refer Note below)

7.00%

7.00%

Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

d) Additional Disclosures as per AS-15**Change in the defined benefit obligations - Gratuity (Funded)****(Rs. in million)**

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Present Value of defined benefit obligation as at beginning of the year	101.53	79.24	64.83	52.33	38.18
Current Service Cost	10.04	8.37	6.88	5.88	5.29
Interest Cost	8.78	6.85	5.45	4.32	2.86
Actuarial (Gains)/Loss	12.42	8.04	2.72	3.46	8.03
Benefits Paid	(4.90)	(0.97)	(0.64)	(1.16)	(2.03)
Present Value of defined benefit obligation as at end of the year	127.87	101.53	79.24	64.83	52.33

Change in Plan Assets - Gratuity (Funded)**(Rs. in million)**

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Fair value of plan assets as at beginning of the year	78.23	69.79	55.13	37.29	32.65
Expected return on Plan Assets	7.78	6.66	5.62	4.16	3.32
Contributions by Employer	21.31	11.58	9.72	10.53	8.96
Actuarial (loss)/Gain	3.86	(8.83)	(0.04)	4.30	(5.60)
Benefits Paid	(4.90)	(0.97)	(0.64)	(1.15)	(2.04)
Fair value of plan assets as at year end	106.28	78.23	69.79	55.13	37.29
Present value of unfunded obligations	21.59	23.30	9.45	9.70	15.04

Change in the defined benefit obligations - Accrued Leave Benefits (Unfunded)**(Rs. in million)**

	Year ended 31-12-2012	Year ended 31-12-2011	Year ended 31-12-2010	Year ended 31-12-2009	Year ended 31-12-2008
Present value of defined benefit obligation as at beginning of the year	49.89	39.86	32.64	26.93	22.41
Current Service Cost	5.05	3.58	3.69	2.26	2.02
Interest Cost	4.32	3.45	2.74	2.22	1.68
Actuarial (Gains)/Loss	(9.54)	3.83	1.45	2.17	2.39
Benefits Paid	(0.02)	(0.83)	(0.66)	(0.94)	(1.57)
Present value of defined benefit obligation as at end of the year	49.70	49.89	39.86	32.64	26.93

Note: Expected contributions to be paid to the Gratuity plan during the year ending December 31, 2013 cannot be ascertained at this stage.

**(26) Employee Stock Option Plan 2008**

The Company implemented an Employee Stock Option Plan 2008 ('ESOP 2008') which provides for the allotment of equity shares of Rs. 2/- each to eligible employees of the Company and its subsidiaries. The Scheme is administered by an ESOP Trust (Gujarat Gas Company Limited Employee Stock Option Welfare Trust) which purchases, out of the funds advanced by the Company, the shares equivalent to the number of options granted, for allotment to the grantees. IDBI Trusteeship Services Limited are the trustees of the said trust. The trustees can purchase or sell the shares from the market as per the approved scheme.

Pursuant to the above scheme, the Company has granted options, as mentioned here below, convertible into equity shares of Rs. 2/- each to employees of the Company and its subsidiaries. The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options were approved. The Scheme provides for graded vesting of options granted, over a period of 4 years from the date of grant.

% of Option Vested	Cumulative	Vesting Date
25%	25%	on expiry of two years from their Grant date ('First Vesting Date')
50%	75%	on expiry of three years from their Grant date ('Second Vesting Date')
25%	100%	on expiry of four years from their Grant date ('Third Vesting Date')

The options are to be exercised within a maximum period of 2 years from the date of vesting. Within the exercise period, the employee would have the option to either purchase the shares from the trust at the exercise price or to give a mandate of sale to the trust at the best available market price, in which event the difference between the net price realized on sale after taxes and charges and the Exercise Price will accrue as gains to the employee.

Details of movement under the Stock Option Plan for the year ended December 31, 2012 is as follows:

	Year ended 31-12-2012		Year ended 31-12-2011	
	Number of options	Weighted average exercise price (in Rs.)	Number of options	Weighted average exercise price (in Rs.)
Options outstanding at the beginning of the year	1,328,750	162	1,786,000	142
Add: Options granted during the year	-	-	84,000	337
Less: Options forfeited during the year	87,250	242	107,000	213
Less: Options expired during the year	-	-	-	-
Less: Options exercised during the year	826,750	106	434,250	99
Options outstanding at end of the year	414,750	257	1,328,750	162

In accordance with the approval granted by the members of the Company, to the issue of Bonus Shares in the ratio of one equity share of the Company of Rs. 2/- each for every one equity share of the Company held by the Shareholders of the Company as on September 19, 2009, being the Record Date, the Compensation Committee of the Board of Directors of the Company, on September 22, 2009, had approved adjustments to the Options granted and unvested as on September 19, 2009, under the Gujarat Gas Company Limited Employee Stock Option Plan 2008, whereby each option had been doubled and the Exercise Price thereof been halved with effect from September 22, 2009.

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. The weighted average remaining contractual life of options outstanding as on 31 December 2012 is 2.67 years. (Previous year 2.80 years)

In accordance with Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India and SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by Securities Exchange Board of India, an amount of Rs. 11.99 million (Previous year Rs. 25.55 million) has been recognised as an expense in Employee Benefits Expenses (Note 24) and corresponding liability has been disclosed as Stock Options Outstanding Account (Note 4). The balance of Rs. 29.92 million (Previous year Rs. 48.51 million) in Stock Options Outstanding Account (Note 4) represents the amortised cost of stock options outstanding. As on 31 December 2012, the amount recoverable from ESOP trust is Rs. 127.42 million (Previous year Rs. 302.43 million).



The Company has adjusted loss of Rs. 33.60 million (Previous year loss of Rs. 12.45 million) to General Reserve as the difference between the cost incurred by the ESOP Trust for the purchase of shares and the exercise price of those options which have been exercised by the employees during the current year, in accordance with Guidance Note on accounting for Employee share based payment, issued by the ICAI.

	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
(27) Finance Costs		
Interest and Other Financial Charges	1.58	1.49
Total	1.58	1.49
(28) Operating and Other Expenses		
Stores and Chemicals Consumed	28.36	31.34
Power and Fuel	247.74	202.24
Rent	96.60	68.91
Rates and Taxes	2.74	2.64
Repairs:		
- To Buildings	5.08	5.16
- To Plant and Machinery	244.18	167.60
- To Others	107.66	108.09
Total Repairs	356.92	280.85
Insurance	16.59	18.78
Stationery and Printing	8.67	7.70
Advertisement Expenses	19.91	14.34
Communication Expenses	22.64	25.16
Vehicle Hire Charges	70.38	69.01
Travelling Expenses	21.68	34.94
Donation	3.10	5.37
Legal, Professional and Consultancy	119.88	148.07
Loss on Sale of Fixed assets (Net)	16.56	6.79
Bad Debts/Advances written off	1.12	2.01
Wealth Tax	0.40	0.40
Other Provisions	-	2.18
Provision for Doubtful Debts	3.50	-
Provision for Diminution in Value of Asset/Capital Work in progress	17.31	-
Provision Against Doubtful Capital Advances	33.47	35.21
Provision/Write off for Inventory Obsolescence	36.97	2.49
Service Charges	126.48	120.57
Foreign Exchange Fluctuations Loss (net)	0.11	-
Agency & Contract Staff Expenses	63.32	52.07
Miscellaneous Expenses	84.93	76.32
Total	1,399.38	1,207.39

The Company has taken premises for business and residential use for its employees under cancelable operating lease agreements. The total lease rentals recognized as an expense during the year under the above lease agreements aggregates to Rs. 10.96 million (Previous year Rs. 12.17 million). The lease agreement typically ranges from 1 to 9 years.

**(29) Related Party Transactions:**

The Company is controlled by BG Asia Pacific Holdings Pte. Limited which owns 65.12% of the Company's shares, the ultimate parent being BG Group plc.

The following related party transactions were carried out during the year in the ordinary course of business:

Name of the Related Party	Nature of Relationship	Nature of Transaction	(Rs. in million)	
			Year ended 31-12-2012	Year ended 31-12-2011
BG International Limited	Under Common Control	Expense :		
		Reimbursement of salary for seconded personnel (Paid) (including Tax Deducted at Source)	0.39	9.08
		Reimbursement of Software License charges	8.46	7.30
		Reimbursement of Expenses (Paid)	0.15	-
		Income:		
		Service charges for secondment of employees	12.25	7.70
		Reimbursement of Expenses (Received)	0.75	1.54
		Provision no longer required written back	78.72	-
		Amount payable at the year end	68.23	133.75
BG Asia Pacific Holdings Pte. Limited	Holding Company	Dividend Paid		
		- Equity	1,586.72	1,837.26
		- Preference	10.80	10.80
		Share Capital held at year end		
		- Equity	167.03	167.03
		- Preference	-	144.00
Gujarat Gas Financial Services Limited (Refer Note a)	Subsidiary	Income:		
		Service Charges for domestic gas connections	2.51	5.67
		Dividend	4.19	2.80
		Expense :		
		Cost of domestic gas connections	312.46	274.33
		Reimbursement of Alteration charges	41.59	21.06
		Investment at year end	14.00	14.00
		Amount payable at the year end	32.37	66.38
Gujaratgas Trading Company Limited (Refer Note a)	Subsidiary	Income:		
		Service charges (including service tax)	0.33	0.33
		Expenses:		
		Purchase of Natural Gas (Net of VAT)	1,153.66	1,326.65
		Investment at year end	1.27	1.27
		Amount payable at the year end	93.35	133.34
Petroleum Infrastructure Limited	Joint Venture	Bad debts recovered	0.22	-
		Investment at year end	-	75.00
		Provision for diminution in value of investment at year end	-	75.00
Mahanagar Gas Limited	Under Common Control	Sale of material	0.01	5.04



(Rs. in million)				
Name of the Related Party	Nature of Relationship	Nature of Transaction	Year ended 31-12-2012	Year ended 31-12-2011
BG India Energy Solutions Private Limited	Under Common Control	Purchase of Natural Gas (Net of VAT)	15,680.09	10,819.00
		Amount payable at the year end	465.10	772.90
BG Exploration and Production India Limited	Under Common Control	Income:		
		Service charges for secondment of employees	0.69	14.67
		Reimbursement of expenses (Received)	0.59	2.46
		Expenses:		
		Legal and Professional	54.99	82.35
		Reimbursement of expenses (Paid)	5.43	8.59
		Amount payable at the year end	38.18	64.51
Shaleen Sharma (upto 30 June, 2012)	Key Management Personnel	Remuneration as Managing Director	9.56	17.00
Sugata Sircar (From 1 July, 2012)	Key Management Personnel	Remuneration as Managing Director	6.93	-
Gujarat Gas Company Limited Employee Stock Option Welfare Trust	Enterprise Controlled by the Company	Amount Received for option exercise [Excluding adjustment of Rs. 64.18 million (Previous year Rs. 27.45 million) on account of exercise of option during the year]	110.82	13.15
		Amount receivable at the year end	127.42	302.42
Gujarat Gas Company Limited Employees Gratuity Trust Fund	Enterprise Controlled by the Company	Contribution paid	21.31	11.58

Note:

- a) Gujarat Gas Financial Services Limited and Gujaratgas Trading Company Limited have been using the ERP software packages implemented by Gujarat Gas Company Limited being "SAP" and "Gas Distribution and Billing System" since August 2003 and August 2004 respectively without payment of any consideration.
- b) The above do not include BG North Sea Holdings Ltd and BG Energy Holdings Ltd, who are holding company of BG Asia Pacific Holdings Pte Ltd, but with whom no transaction have occurred during the year.

**GUJARAT GAS COMPANY LIMITED****(30) Assets Given on Lease**

Leasing operations of the Company mainly involves leasing of gas based generator sets under operating and finance lease arrangements.

i) Assets on finance lease:

Under finance lease arrangements, the lease agreements have been entered for a fixed period of 6 years, at the end of which the ownership of assets will be transferred to the lessee on payment of consideration specified in the Lease Agreements.

	Year ended 31-12-2012				Year ended 31-12-2011			
	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum Lease Payments receivable	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum Lease Payments receivable
Total	9.76	0.81	0.10	8.85	39.35	4.27	1.06	34.02
Out of the above, receivable:								
Not later than 1 year	9.76			8.85	29.59			25.17
Later than 1 year and not later than 5 years	-			-	9.76			8.85
Later than 5 years	-			-	-			-

ii) Assets on operating lease:

The ownership of the gas based generator sets remains with the Company throughout the life of the generators. The lease agreements may typically range from 6 to 12 years, which are cancellable.



	Year ended 31-12-2012 Rs. in million	Year ended 31-12-2011 Rs. in million
(31) Payments to Auditors		
- Audit Fees	5.30	5.30
- Reimbursement of Expenses (Including Service Tax)	1.01	1.04
Total	6.31	6.34
(32) Value of Imports Calculated on C.I.F. Basis		
Capital Goods	-	5.75
Spare Parts	7.09	2.29
Total	7.09	8.04
(33) Earnings Per Share		
Net Profit after Tax (Rs. in million)	2,866.49	2,738.81
Less: Preference Dividend and Corporate Dividend Tax on Preference dividend (Rs. in million)	3.08	12.55
Net Profit attributable to Equity Shareholders (Rs. in million)	2,863.41	2,726.26
Weighted average number of equity shares outstanding during the year (No. in million)	128.25	128.25
Basic earnings per share of Rs. 2/- each (in Rs.)	22.33	21.26

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

(34) Value of Imported & Indigenous Raw Material, Stores & spares and percentage thereof to the total consumption	Year ended December 31, 2012		Year ended December 31, 2011	
	Percentage	Rs. in million	Percentage	Rs. in million
(a) Raw Materials - Natural Gas				
- Indigenous	100%	24,837.48	100%	18,396.78
(b) Stores and spares				
- Imported	3%	4.60	11%	1.41
- Indigenous	97%	151.91	89%	55.19
TOTAL	100%	156.51	100%	56.60
(35) Purchases, Production / Processed and Sales	Year ended December 31, 2012		Year ended December 31, 2011	
Natural Gas	Qty (in LSCM)	Rs. in million	Qty (in LSCM)	Rs. in million
Purchased / Processed	11,820.07	24,837.48	12,734.06	18,396.78
Sales*	11,573.83	30,669.09	12,457.08	23,819.09

* Excluding line loss and internal consumption of 246.24 LSCM (Previous year 276.98 LSCM)

**(36) Expenditure in Foreign Currency**

	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in million	Rs. in million
(i) Travelling Expenses	0.37	1.61
(ii) Subscription	0.28	0.37
(iii) Training	0.91	0.16
(iv) Legal & Professional	4.07	3.82
(v) Repairs	9.53	6.13
(vi) Telecommunication	1.46	1.53

(37) Dividends Proposed/Declared by the Company (excluding dividend distribution tax)

Particulars	Rs. Per share	Rs. in million	Period / Year ended
Equity			
- Proposed Final Dividend	- (12.00)	- (1,539.00)	December 31, 2012 December 31, 2011
- Interim Dividend	7.00 (10.00)	897.75 (1,282.50)	September 25, 2012 November 30, 2011
Preference Dividend	7.50% (7.50%)	2.65 (10.80)	December 31, 2012 December 31, 2011

Previous year figures are in brackets

Dividends remitted by the Company in foreign currency during the year

Particulars	Rs. in million	No. of Non Resident Shareholders	No. of Shares	Period/Year ended
Equity				
- Final Dividend	1,002.14 (1,002.14)	1 (1)	83,511,750 (83,511,750)	December 31, 2011 December 31, 2010
- Interim Dividend	584.58 (835.12)	1 (1)	83,511,750 (83,511,750)	September 25, 2012 November 30, 2011
Preference Dividend	10.80 (10.80)	1 (1)	14,400,000 (14,400,000)	December 31, 2011 December 31, 2010

Previous year figures are in brackets

- (38)** The provision for income tax has been calculated based on income earned during the year ended December 31, 2012. However the tax year end of the Company being March 31, 2013 the ultimate liability for the Assessment Year 2013-14 will be determined based on the total income of the Company for the year ending March 31, 2013. The provision for wealth tax has been made based on the net wealth as on December 31, 2012. However the ultimate liability for the Assessment Year 2013-14 will be determined based on the net wealth as on March 31, 2013.

**(39) Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under :**

Particulars	(Rs. in million)	
	Year ended December 31, 2012	Year ended December 31, 2011
Principal amount remaining unpaid as at the end of accounting year [including Interest due thereon - Nil (Previous year - Nil)]	2.58	14.83
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued and remaining unpaid at the end of accounting year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

(40) The amount of foreign currency expense payables that are not hedged by a derivative instrument as on December 31, 2012 are as under

Particulars	As at December 31, 2012	As at December 31, 2011
Value (in Rs. million)	0.01	2.48
	(Includes EURO 565)	(Includes USD 31,980 and EURO 11,001)

(41) The financial statements for the year ended 31 December, 2011 had been prepared as per the then applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 December, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for presentation of previous year figures does not impact recognition and measurement principles followed for preparation of financial statements**For Price Waterhouse**Firm Registration Number – 301112E
Chartered Accountants**Subramanian Vivek**Partner
Membership No. 100332Place: Ahmedabad
Date: February 21, 2013**For and on behalf of the Board****Hasmukh Shah**
Chairman**Sugata Sircar**
Managing Director**Jal Patel**
Director**Nitesh Bhandari**
Financial Controller**Rajeshwari Sharma**
Company SecretaryPlace: Ahmedabad
Date: February 21, 2013



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY**

Name of the subsidiary		Gujaratgas Trading Company Ltd.
1.	The financial year of the Subsidiary Company ended on	31st December 2012
2.	(a) No. of Equity Shares held by Gujarat Gas Company Limited in the subsidiary as on 31st December, 2012 (b) Extent of interest of Gujarat Gas Company Limited in the capital of the subsidiary	9,000 Equity Shares of Rs. 100 each fully paid up (Previous year 9,000) 100% (Previous year 100%)
3.	Net Aggregate amount of profits of the subsidiary so far as it concerns the members of Gujarat Gas Company Ltd., and is not dealt with in the Company's accounts (a) Profit / (Loss) for the financial year ended on 31st December, 2012 of the subsidiary. (b) Profit / (Loss) for the previous financial years of the subsidiary since it became subsidiary of Gujarat Gas Company Limited.	Rs. 10.00 million (Previous year Rs. 9.91 million) Rs. 122.93 million (Previous year Rs. 113.02 million)
4.	Net Aggregate amount of Profit / (Loss) of the subsidiary so far as dealt with or provision is made for those Profit / (Loss) in Gujarat Gas Company Limited's accounts. (a) For the subsidiary's Financial year ended on 31st December, 2012 (b) For its previous financial years since it became the subsidiary of Gujarat Gas Company Limited	Nil (Previous year Nil) Rs. 137.50 million (Previous year Rs. 137.50 million)

For and on behalf of the Board

HASMU KH SHAH
Chairman

SUGATA SIRCAR
Managing Director

Place : Ahmedabad
Date : February 21, 2013

JAL PATEL
Director

NITESH BHANDARI
Financial Controller

RAJESHWARI SHARMA
Company Secretary

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,
1956 RELATING TO SUBSIDIARY COMPANY**

Name of the subsidiary	Gujarat Gas Financial Services Ltd.
1. The financial year of the Subsidiary Company ended on	31st December 2012
2. (a) No. of Equity Shares held by Gujarat Gas Company Limited in the subsidiary as on 31st December, 2012 (b) Extent of interest of Gujarat Gas Company Limited in the capital of the subsidiary	13,97,500 Equity Shares of Rs. 10/- each fully paid up (Previous year 13,97,500) 69.88% (Previous year 69.88%)
3. Net Aggregate amount of profits of the subsidiary so far as it concerns the members of Gujarat Gas Company Ltd., and is not dealt with in the Company's accounts (a) Profit for the financial year ended on 31st December, 2012 of the subsidiary. (b) Profit for the previous financial years of the subsidiary since it became subsidiary of Gujarat Gas Company Limited.	Rs. 44.71 million (Previous year Rs. 30.60 million) Rs.164.01 million (Previous year Rs. 137.60 million)
4. Net Aggregate amount of Profit/Losses of the subsidiary so far as dealt with or provision is made for those profits / losses in Gujarat Gas Company Limited's accounts. (a) For the subsidiary's Financial year ended on 31st December, 2012 (b) For its previous financial years since it became the subsidiary of Gujarat Gas Company Ltd.	Rs. 4.19 million (Previous year Rs. 2.80 million) Rs. 71.13 million (Previous year Rs. 66.94 million)

For and on behalf of the Board**HASMUKH SHAH**
Chairman**SUGATA SIRCAR**
Managing DirectorPlace : Ahmedabad
Date : February 21, 2013**JAL PATEL**
Director**NITESH BHANDARI**
Financial Controller**RAJESHWARI SHARMA**
Company Secretary

**GUJARATGAS TRADING COMPANY LIMITED
DIRECTORS' REPORT****DEAR SHAREHOLDERS**

Your Directors are glad in presenting the 32nd Annual Report together with the audited accounts of Gujaratgas Trading Company Limited for the year ended on 31 December 2012.

FINANCIAL RESULTS

Particulars	(Rs. in Lac)	
	Current year ended on 31.12.2012	Previous year ended on 31.12.2011
Total income	11,635.70	13,363.77
Profit before tax	100.18	99.89
Tax (Current)	0.15	0.76
Profit after tax	100.03	99.13
Add: Profit brought forward from previous year	962.66	863.53
Profit available for appropriation	1062.69	962.66
Transfer to general reserve	-	-
Proposed dividend	-	-
Corporate dividend tax	-	-
Surplus retained	1062.69	962.66

DIVIDEND

Your directors do not recommend any dividend for the year under review.

CHANGE IN THE CONTROL OF GUJARATGAS COMPANY LIMITED (GGCL), THE PROMOTER.

GSPC Distribution Networks Limited (GDNL) entered into a Share Purchase Agreement, dated 3 October 2012, (SPA) with BG Asia Pacific Holdings Pte Limited (BGAPH), the erstwhile promoter of GGCL and BG Energy Holdings Limited, the holding company of BGAPH, and acting as the guarantor for the BGAPH's obligations under the SPA, for acquisition of 83,518,750 Equity Shares constituting 65.12% of the paid up Equity Share capital of GGCL, for a purchase amount not exceeding Rs. 24,638,031,250/- (Rupees Twenty Four Billion Six Hundred Thirty Eight Million Thirty One Thousand and Two Hundred and Fifty only).

In compliance with Regulations 3(1) and 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), a mandatory Open Offer was made by GDNL along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL, as a result of an agreement for a direct substantial acquisition of Equity Shares and voting rights, accompanied with a change in control of GGCL pursuant to the SPA.

The said Open Offer had opened on 30 January 2013 and closed on 12 February 2013. GDNL acquired 11,000,330 (8.58%) equity shares of Rs. 2/- each on 12 March 2013, in the Open Offer. GDNL completed the acquisition of 83,518,750 (65.12%) equity shares of Rs. 2/- each from BGAPH as per the SPA and BGAPH had transferred these Equity Shares to GDNL. As a result of these acquisitions, GDNL has substituted BGAPH as the promoter of GGCL and has taken over the control of GGCL.

OPERATIONS

Your Company, the wholly-owned subsidiary of Gujarat Gas Company Limited is engaged in the business of selling natural gas. During the year under review, your Company achieved sales of Rs. 11,536.57 lacs as against Rs. 13,266.53 lacs during the previous year. The total income for the year was Rs. 11,635.70 lacs including other income of Rs. 99.13 lacs as against total income of Rs. 13,363.77 lacs including other income of Rs. 97.24 lacs in the previous year. The Profit before tax (PBT) was Rs. 100.18 lacs during the year as against Rs. 99.89 lacs in the previous year.

STATUTORY INFORMATION

Energy, Technology and Foreign Exchange

The particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not required to be reported as your Company is a trading company. During the year under review, there were no foreign exchange earnings whereas foreign exchange outgo was to the extent of Rs. 174.13 lacs.

**Particulars of Employees**

Since no employee of the Company, whether employed throughout the year or any part thereof, is in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, no particulars are being provided thereunder.

Fixed Deposits

During the year under review, your Company has not invited any fixed deposits within the meaning of Section 58A of the Companies Act, 1956.

Directors' Responsibility Statement

Your directors hereby state

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31 December 2012 and of the profit of the company for the year ended on that date;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

AUDITORS

GDNL has substituted BGAPH as the promoter of GGCL and has taken over the control of GGCL. Consequently, your Company has become a Government company and the Statutory Auditors will be appointed by the Comptroller and Auditor General of India. The Shareholders are requested to fix their remuneration.

DIRECTORS

Mr. Shaleen Sharma and Mr. Manu Verma resigned as Directors of the Company. Mr. Tapan Ray, IAS has been appointed as an Additional Directors of the Company.

Mr. Sugata Sircar retires by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment. Your directors recommend his re-appointment.

APPRECIATION

Your directors hereby place on record their appreciation for the support received from the customers, the Central and State Governments and its bankers.

Your directors are grateful to the promoter viz. Gujarat Gas Company Limited and BG Group for their valuable contribution throughout the year and also thank the shareholders for their support to the Company.

For and on behalf of the Board

Tapan Ray, IAS
Chairman

Date: 09 July 2013
Place: Ahmedabad

**AUDITORS' REPORT TO THE MEMBERS OF GUJARATGAS TRADING COMPANY LIMITED**

1. We have audited the attached Balance Sheet of GujaratGas Trading Company Limited (the "Company") as at December 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, as on December 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number 012754N
Chartered Accountants

Subramanian Vivek

Partner
Membership Number 100332

Place: Ahmedabad
Date: February 21, 2013

**ANNEXURE TO AUDITOR'S REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gujaratgas Trading Company Limited on the financial statements as of and for the year ended December 31, 2012]

- i. The Company does not hold any fixed assets during the year ended December 31, 2012. Therefore, the provisions of Clause 4(i) of the Order are not applicable to the Company.
- ii. The Company does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted / taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at December 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax and interest thereon	5,497,600	Assessment Year 2007-08	Commissioner of Income Tax (Appeal)
		7,631,900	Assessment Year 2008-09	Commissioner of Income Tax (Appeal)
		2,618,227	Assessment Year 2009-10	Commissioner of Income Tax (Appeal)

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.



- xiii. As the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number 012754N

Chartered Accountants

Subramanian Vivek

Partner

Membership Number 100332

Place: Ahmedabad

Date: February 21, 2013

GUJARATGAS TRADING COMPANY LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	As at 31-12-2012 Rs. in thousand	As at 31-12-2011 Rs. in thousand
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	900	900
Reserves and Surplus	4	132,919	122,916
		133,819	123,816
Non-current Liabilities			
Other Long-term Liabilities		12,325	12,325
Current liabilities			
Trade Payables	5	92,919	124,256
Other Current Liabilities	6	4,785	9,800
Short-term Provisions	7	14,753	16,431
		112,457	150,487
Total		258,601	286,628
ASSETS			
Non-current Assets			
Long-term Loans and Advances	8	12,325	12,325
Current assets			
Current Investments	9	148,705	123,915
Trade Receivables	10	93,350	133,338
Cash and Cash Equivalents	11	3,883	16,712
Short-term Loans and Advance		338	338
Other Current Assets		-	-
		246,276	274,303
Total		258,601	286,628

This is the Balance Sheet referred to in our report of even date.

The accompanying notes form an integral part of these financial statements.

For Price Waterhouse

Firm Registration Number – 012754N
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad
Date: February 21, 2013

For and on behalf of the Board

Sugata Sircar
Chairman

Manu Verma
Director

Place: Ahmedabad
Date: February 21, 2013



GUJARATGAS TRADING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Year ended 31-12-2012 Rs. in thousand	Year ended 31-12-2011 Rs. in thousand
Income			
Revenue from Operations		1,153,657	1,326,653
Other Income	13	9,913	9,724
Total Revenue		1,163,570	1,336,377
Expenses			
Material Consumed/Processed		1,152,629	1,325,283
Other Expenses	14	923	1,105
Total Expenses		1,153,552	1,326,388
Profit Before Tax		10,018	9,989
Tax Expenses			
Current Tax		15	76
Profit for the year		10,003	9,913
Earnings per equity share (EPS):			
Basic/Diluted Earning per Share of Rs. 100 each (in Rs.)	15	1,111.44	1,101.44

This is the Statement of Profit and Loss referred to in our report of even date.

The accompanying notes form an integral part of these financial statements.

For Price Waterhouse

Firm Registration Number - 012754N
Chartered Accountants

For and on behalf of the Board

Subramanian Vivek

Partner
Membership No. 100332

Sugata Sircar

Chairman

Manu Verma

Director

Place: Ahmedabad

Date: February 21, 2013

Place: Ahmedabad

Date: February 21, 2013



GUJARATGAS TRADING COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended 31-12-2012 Rs. in thousand	Year ended 31-12-2011 Rs. in thousand
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax	10,018	9,989
Adjustments for:		
Profit on Sale of Investment (Net)	(5)	(2)
Dividend Income	(9,784)	(9,722)
Operating Profit before working capital changes	<u>229</u>	<u>265</u>
Adjustments for changes in working capital		
Increase / (Decrease) in Trade Payables	(31,337)	(17,741)
Increase / (Decrease) in other Current Liabilities	(5,015)	4,499
(Increase) / Decrease in Trade Receivable	39,988	(5,180)
(Increase) / Decrease in Short-term Loans and Advances	-	(89)
Cash generated from Operations	<u>3,865</u>	<u>(18,246)</u>
Taxes (Paid)/Refunded (net of TDS)	(1,693)	(6,534)
Net Cash from Operating Activities	<u>2,172</u>	<u>(24,780)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(55,285)	(43,660)
Sale of Investments	30,500	74,000
Dividends Received	9,784	9,722
Net Cash from Investing activities	<u>(15,001)</u>	<u>40,062</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(12,829)</u>	<u>15,282</u>
Cash and Cash Equivalents at the beginning of the year	<u>16,712</u>	<u>1,430</u>
Cash and Cash Equivalents at the end of the year	<u>3,883</u>	<u>16,712</u>
Cash and Cash Equivalents comprise		
Cash in Hand	2	2
Balances with Banks		
- In Current Accounts	3,881	16,710
Total Cash and Cash Equivalents at the end of the year	<u>3,883</u>	<u>16,712</u>

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse

Firm Registration Number - 012754N
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad

Date: February 21, 2013

For and on behalf of the Board

Sugata Sircar

Chairman

Manu Verma

Director

Place: Ahmedabad

Date: February 21, 2013



GUJARATGAS TRADING COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS

- (1) **General Information:**
Gujaratgas Trading Company Limited ("Company") is engaged in Natural Gas Business in Gujarat. Natural gas business involves distribution of gas from sources of supply to centres of demand and / or to the end customers.
- (2) **Summary of Significant Accounting Policies:**
 - a) **Basis of Preparation**
These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.
 - b) **Investments**
Investments that are readily realisable and are materially intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as Long-term investments. Current investments are carried at cost or fair value determined categorywise, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.
 - c) **Foreign Currency Transactions**
Initial Recognition: On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
Subsequent Recognition: As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of monetary items are recognised in the Statement of Profit and Loss.
 - d) **Revenue Recognition**
(i) Revenue on sale of natural gas is recognised on transfer of title to customers at delivery point. (ii) Commitment income from customers for gas sales is recognized on establishment of certainty of receipt of consideration. Delayed payment charges are recognized on establishment of certainty of receipt of consideration. (iii) Dividend income is recognized when the right to receive the dividend is established.
 - e) **Earnings Per Share (EPS)**
Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any preference dividends and any attributable distribution tax thereto for the period. The weighted average number of equity shares outstanding during the respective periods is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.
 - f) **Taxation**
Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred tax reflects the impact of timing differences between taxable income and accounting income originating during the year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate enacted or substantively enacted at the reporting date. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities.
 - g) **Provisions and Contingencies**
Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.
Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.
 - h) **Segment Reporting**
The Company operates in a single segment of Natural Gas Business. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end customers. Hence, disclosures required as per Accounting Standard-17 on Segment Reporting are not applicable to the Company.
 - i) **Cash and Cash Equivalents**
In the Cash Flow Statement, cash and cash equivalents represents cash in hand and demand deposits with bank.

GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-12-2012	As at 31-12-2011
(3) Share Capital:		
a) Authorized Equity Share Capital		
Number of shares of Rs. 100 each	10,000	10,000
Rs. in Thousand	1,000	1,000
b) Equity Share Capital-shares issued, subscribed and paid up		
Number of shares of Rs. 100 each	9,000	9,000
Rs. in Thousand	900	900
<p>The company has only one class of Equity shares. Each equity shareholder is eligible for one vote per share held. The company does not have share application money pending allotment. The dividend proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting.</p>		
c) Particulars of Movement in Equity Shares		
Shares outstanding at the beginning of the year	9,000	9,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	9,000	9,000
d) Shareholder holding more than 5% equity shares		
Name of the shareholder	No. of shares held % of shareholding	No. of shares held % of shareholding
Gujarat Gas Company Limited and its nominees	9,000 100%	9,000 100%
<p>BG Asia Pacific Holdings Pte. Limited is the holding company of Gujarat Gas Company Limited, the ultimate holding company being BG Group Plc.</p>		
e) The Company has not issued or bought back any equity shares during the past 5 years.		
(4) Reserves & Surplus:	As at 31-12-2012 Rs. in thousand	As at 31-12-2011 Rs. in thousand
a) General Reserve		
Balance as at the beginning of the year	26,650	26,650
Balance at the end of the year	26,650	26,650
b) Surplus in Statement of Profit & Loss		
Balance as at the beginning of the year	96,266	86,353
Add: Profit for the period	10,003	9,913
Balance at the end of the year	106,269	96,266
Total	132,919	122,916



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-12-2012 Rs. in thousand	As at 31-12-2011 Rs. in thousand
(5) Trade Payables		
Dues to Micro, Small and Medium Enterprises	-	-
Other Creditors	92,919	124,256
Total	<u>92,919</u>	<u>124,256</u>
(6) Other Current Liabilities		
Payables to Non-trade creditors	4,686	176
Other Liabilities	99	9,624
Total	<u>4,785</u>	<u>9,800</u>
(7) Short-term Provisions		
Provision for Taxation	198,117	198,102
Less: Advance payment of Tax and Tax Deducted at Source	183,364	181,671
Total	<u>14,753</u>	<u>16,431</u>
<p>Provision for tax and advance tax include aggregate balance of Rs. 93,605 thousands (Previous year Rs. 93,590 thousands) and Rs. 1,00,934 thousands (Previous year Rs. 100,443 thousands) respectively for certain Assessment Years wherein the advance tax is higher than provision for tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.</p>		
(8) Long-term Loans & Advances		
(Unsecured-Considered Good)		
Other Receivables	12,325	12,325
Total	<u>12,325</u>	<u>12,325</u>
(9) Current Investments		
(At cost or fair market value whichever is lower, determined category wise)		
Units of Mutual Funds (Unquoted)	148,705	123,915
Total	<u>148,705</u>	<u>123,915</u>
Aggregate Amount of Unquoted Investments	148,705	123,915

Details of Investments in Mutual Funds

Scheme	As at 31-12-2012		As at 31-12-2011	
	No. of units	Rs. in thousand	No. of units	Rs. in thousand
Reliance Liquidity Fund - Dividend	53,398	53,426	-	-
Birla SL Savings Fund - Dividend	555,955	55,634	606,095	60,651
HDFC Floating Rate Income Fund - Dividend	3,932,727	39,645	3,168,904	31,945
Reliance Money Manager Fund - Dividend	-	-	31,281	31,319
Total	4,542,080	148,705	3,806,280	123,915



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	As at 31-12-2012 Rs. in thousand	As at 31-12-2011 Rs. in thousand
(10) Trade Receivables		
Unsecured - Considered Good		
- Exceeding Six Months	-	-
- Others (Receivable from Gujarat Gas Company Limited)	93,350	133,338
Total	93,350	133,338
(11) Cash & Cash Equivalents		
Cash on Hand	2	2
Bank Balance in Current Account	3,881	16,710
Total	3,883	16,712
(12) Contingent Liability		
Claims not acknowledged as debt		
Income Tax exposures of Rs. 17,881 thousand (Previous Year Rs. 17,881 thousand)		
(13) Other Income		
Interest on Income Tax Refund	124	-
Dividend from Mutual Funds (Refer Note 2d (iii))	9,784	9,722
Profit on Sale of Current Investments	5	2
Total	9,913	9,724
(14) Operating and Other Expenses		
Rates and Taxes	8	3
Legal, Professional and Consultancy Expenses	578	760
Miscellaneous Expenses	337	342
Total	923	1,105
Payment to Auditors		
(Included in Legal, Professional and Consultancy Expenses)		
Audit fees	150	150
Reimbursement of Expenses (Including Service Tax)	35	29
Total	185	179
(15) Earnings per Share (EPS)		
	Year ended 31-12-2012	Year ended 31-12-2011
Net Profit/(Loss) attributable to Equity Shareholders (Rs. in thousand)	10,003	9,913
Weighted average number of equity shares (of Rs. 100 each) outstanding during the period (No. in thousand)	9	9
Basic EPS (in Rs.)	1,111.44	1,101.44

The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted EPS of the Company remain the same.



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(16) Related Party Transactions

The Company is controlled by Gujarat Gas Company Limited which is the beneficial owner of 100% shares. The ultimate parent of the Company is BG Group Plc.

The following transactions were carried out during the year in ordinary course of business:

Name of the related party	Nature of Relationship	Nature of Transactions	Year ended 31-12-2012 Rs. in thousand	Year ended 31-12-2011 Rs. in thousand
Gujarat Gas Company Limited	Holding Company	Expense : Service charges paid (including service tax) Income : Sale of Natural Gas Share capital held Balance Receivable	335 1,153,657 900 93,350	331 1,326,653 900 133,338
BG Energy Holdings Limited	Under Common Control	Commission on purchases* (refer Note c below) Commission on corporate guarantee given to supplier * (refer Note c below) Balance Payable	4,276 1,392 4,585	3,758 1,215 3,693

*Included in gas purchases

Note:

- The Company is using the "SAP" ERP software packages, implemented by Gujarat Gas Company Limited, since August 2003, without payment of any consideration.
- In addition to the transactions with related parties given in the table above, BG Asia Pacific Holdings Pte. Limited and BG North Sea Holdings Limited are holding company of Gujarat Gas Company Limited but with whom no transaction have occurred during the year.
- Commission to BG Energy Holdings Limited is payable on performance guarantee issued on behalf of Gujaratgas Trading Company Limited.
- There are no transactions between the Company and Sugata Sircar, the Chairman of the Company who is also the Managing Director of the holding company Gujarat Gas Company Limited.

(17) Purchase and Sale of Natural Gas

Product	Purchases		Sales	
	Qty in LSCM	Rs. in thousand	Qty in LSCM	Rs. in thousand
Natural Gas	1,030.14 (1,370.32)	1,152,629 (1,325,283)	1,030.14 (1,370.32)	1,153,657 (1,326,653)

Previous year figures are in brackets

(18) Expenditure in Foreign Currency

	Year ended 31-12-2012 Rs. in thousand	Year ended 31-12-2011 Rs. in thousand
Material consumed / processed	1,152,629	1,325,283

(19) The amount of foreign currency payable that are not hedged by a derivative instrument as on 31 December 2012

	As at 31-12-2012	As at 31-12-2011
Value (in Rs. thousand)	92,919 (includes USD 1,696 thousand)	130,060 (includes USD 2,442 thousand)

**GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS**

- (20) The provision for income tax has been calculated based on income earned during the year ended December 31, 2012. However the tax year end of the Company being March 31, 2013, the ultimate liability for the Assessment Year 2013-14 will be determined based on the total income of the Company for the year ending March 31, 2013.
- (21) The financial statements for the year ended 31 December 2011 had been prepared as per the then applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 December 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for presentation of previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse

Firm Registration Number - 012754N
Chartered Accountants

Subramanian Vivek

Partner
Membership No. 100332

Place: Ahmedabad

Date: February 21, 2013

For and on behalf of the Board**Sugata Sircar**

Chairman

Place: Ahmedabad

Date: February 21, 2013

Manu Verma

Director



GUJARAT GAS FINANCIAL SERVICES LIMITED DIRECTORS' REPORT

DEAR SHAREHOLDERS

Your Directors have pleasure in presenting the Nineteenth Directors' Report together with the audited annual accounts for the year ending on 31 December 2012.

FINANCIAL PERFORMANCE

(Rs. in thousands)

Particulars	2012	2011
Net Income	101,212	78,292
Operating expenditure	(6436)	(9304)
Profits before depreciation, interest, and tax	94,776	68,988
Less:		
Depreciation	-	(51)
Interest	-	-
Profit before Tax	94,776	68,937
Less:		
Provision for Tax - current and deferred	(30,793)	(24,189)
Profit after Tax	63,983	44,748
Add: Surplus of earlier years	123,427	90,111
Amount available for appropriations	187,410	134,859
Appropriations:		
Transfer to General Reserve	6399	4475
Dividend	6000	6000
Dividend Distribution Tax Surplus	973	957
	174,038	123,427

During the year under review, the net income was Rs. 101.21 million as compared to Rs. 78.29 million in the year 2011 and the profit after tax was Rs. 63.98 million as compared to Rs. 44.75 million for the previous year.

DIVIDEND

In view of the overall performance and financial position of the Company, Directors are pleased to recommend payment of dividend at the rate of 30% i.e. Rs. 3/- per share on fully paid equity shares of Rs. 10 each. The proposed dividend will involve total payout of Rs.6.97 million inclusive of dividend distribution tax of Rs. 0.97 million.

APPROPRIATIONS

A sum of Rs. 6.40 million (previous year Rs. 4.48 million) is proposed to be transferred to General Reserve.

CHANGE IN THE CONTROL OF GUJARAT GAS COMPANY LIMITED (GGCL), THE PROMOTER.

GSPC Distribution Networks Limited (GDNL) entered into a Share Purchase Agreement, dated 3 October 2012, (SPA) with BG Asia Pacific Holdings Pte Limited (BGAPH), the erstwhile promoter of GGCL and BG Energy Holdings Limited, the holding company of BGAPH, and acting as the guarantor for the BGAPH's obligations under the SPA, for acquisition of 83,518,750 Equity Shares constituting 65.12% of the paid up Equity Share capital of GGCL, for a purchase amount not exceeding Rs. 24,638,031,250/- (Rupees Twenty Four Billion Six Hundred Thirty Eight Million Thirty One Thousand and Two Hundred and Fifty only).

In compliance with Regulations 3(1) and 4 of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), a mandatory Open Offer was made by GDNL along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL, as a result of an agreement for a direct substantial acquisition of Equity Shares and voting rights, accompanied with a change in control of GGCL pursuant to the SPA.



The said Open Offer had opened on 30 January 2013 and closed on 12 February 2013. GDNL acquired 11,000,330 (8.58%) equity shares of Rs. 2/- each on 12 March 2013, in the Open Offer. GDNL completed the acquisition of 83,518,750 (65.12%) equity shares of Rs. 2/- each from BGAPH as per the SPA and BGAPH had transferred these Equity Shares to GDNL. As a result of these acquisitions, GDNL has substituted BGAPH as the promoter of GGCL and has taken over the control of GGCL.

DISCUSSION ON OPERATIONS

Business

Your Company carried out the job of installing gas connections for domestic customers of GGCL and commercial customers of the Company.

Investments

During the year, the Company maintained its investments in bank deposits. The total portfolio of investment in bank deposits was Rs. 101.00 million, as on 31 December 2012.

HEALTH, SAFETY, SECURITY & ENVIRONMENT (HSS&E)

The HSS&E policies are being strictly implemented and progress is monitored on a continual basis. Employees were provided training in behavior based safety and safety interventions. The employees were encouraged to report hazards and "near misses".

FINANCE AND INSURANCE

- Your Company remains a zero debt company.
- The Company's office assets, stocks, risks are adequately insured.

HUMAN RESOURCES

The number of employees as on 31 December 2012 were four.

STATUTORY INFORMATION

- There are no employees, whether employed throughout the year or any part thereof, in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.
- Since the Company is not a schedule industry details in respect of conservation of energy, technology absorption is not required to be furnished.
- During the period, there were no foreign exchange earnings whereas the foreign exchange outgo was to the extent of Rs. 24.76 million. Information pursuant to Part II of Schedule VI of the Companies Act, 1956, has been given in the notes to the accounts.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the requirements of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state that:

1. In the preparation of the annual accounts for year 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had 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 year 2012 and of the profit or loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 (as amended), for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts on a going concern basis.

AUDITORS REPORT

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore, do not call for any further comments.

AUDITORS

GDNL has substituted BGAPH as the promoter of GGCL and has taken over the control of GGCL. Consequently, your Company has become a Government company and the Statutory Auditors will be appointed by the Comptroller and Auditor General of India. The Shareholders are requested to fix their remuneration.

**DIRECTORS**

Mr. Shaleen Sharma, Mr. Sadhan Banerjee and Mr. Manu Verma resigned as Directors of the Company. Mr. Tapan Ray, IAS and Mr. PPG Sarma have been appointed as Additional Directors of the Company.

Mr. Sugata Sircar retires by rotation at the ensuing Annual General Meeting. Being eligible, he offered himself for re-appointment.

APPRECIATION

Your Directors wish to express their sincere appreciation to all their valuable customers for their continuing association with the Company. Your Directors express their gratitude to their promoter, Gujarat Gas Company Limited for its valuable contribution throughout the year. Your Directors also thank the shareholders for their continuing support to the Company. Your Directors express their appreciation of efforts put in by all employees of the Company and also wish to thank Government agencies for extending support to the Company's business.

For & on behalf of the Board

Tapan Ray, IAS
Chairman

Place: Gandhinagar
Date: 09 July 2013

**AUDITORS' REPORT TO THE MEMBERS OF
GUJARAT GAS FINANCIAL SERVICES LIMITED**

1. We have audited the attached Balance Sheet of Gujarat Gas Financial Services Limited (the "Company") as at December 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors, as on December 31, 2012 and taken on record by the Board of Directors, none of the Directors are disqualified as on December 31, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at December 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Subramanian Vivek

Partner

Membership Number 100332

Place: Ahmedabad

Date: February 21, 2013

**ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gujarat Gas Financial Services Limited on the financial statements as of and for the year ended December 31, 2012]

- i. The Company does not hold any fixed assets during the year ended December 31, 2012. Therefore, the provisions of Clause 4 (I) of the Order are not applicable to the Company.
- ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted / taken any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4 (iii) [(b), (c) and (d) / (f) and (g)] of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under Clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax as at December 31, 2012 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax and Interest thereon	1,938,254	Assessment Year 1996-97	Assessing Officer

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.



- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- xvi. The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Subramanian Vivek

Partner

Place: Ahmedabad



**GUJARAT GAS FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2012**

	Note	As at December 31, 2012 Rs. in thousand	As at December 31, 2011 Rs. in thousand
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	20,000	20,000
Reserves and Surplus	4	283,982	226,972
Current Liabilities			
Trade Payables	5	14,890	8,487
Other Current Liabilities	6	26,059	47,230
Short-term Provisions	7	8,719	8,461
Total		353,650	311,150
ASSETS			
Non - current Assets			
Fixed Assets			
Tangible Assets	8	-	-
Non-current Investments	9	-	-
Deferred Tax Assets	10	72,391	81,981
Long-term Loans and Advances	11	225	64
Current Assets			
Inventories	12	63,911	81,033
Trade Receivables	13	32,369	66,376
Cash and Bank Balances	14	116,158	33,127
Short-term Loans and Advances	15	60,984	46,280
Other Current Assets	16	7,612	2,289
Total		353,650	311,150

The accompanying notes form an integral part of these financial statements

For Price Waterhouse

Firm Registration No.- 301112E
Chartered Accountants

Sugata Sircar
Director

Sadhan Banerjee
Director

Subramanian Vivek

Partner
Membership No. 100332

Chintan Trivedi
Company Secretary

Place: Ahmedabad
Date: February 21, 2013

Place: Ahmedabad
Date: February 19, 2013

**GUJARAT GAS FINANCIAL SERVICES LIMITED**
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Year ended December 31, 2012 Rs. in thousand	Year ended December 31, 2011 Rs. in thousand
INCOME			
Revenue from Operations	19	337,159	287,362
Other Income	20	11,828	12,955
Total Revenue		348,987	300,317
EXPENSES			
Installation Cost	21	247,775	222,025
Employee Benefits Expense	22	4,347	4,178
Depreciation	8	-	51
Other Expenses	23	2,089	5,126
Total Expenses		254,211	231,380
Profit before Tax		94,776	68,937
Tax Expenses:			
Current Tax		21,262	31,476
Income Tax Provision for earlier years written back		(59)	-
Deferred Tax		9,590	(7,287)
Profit for the Year		63,983	44,748
Earning per Equity Share (Nominal Value of Rs. 10/- each)	24		
a. Basic		31.99	22.37
b. Diluted		31.99	22.37

The accompanying notes form an integral part of these financial statements

For Price Waterhouse

Firm Registration No.- 301112E
Chartered Accountants

Sugata Sircar
Director

Sadhan Banerjee
Director

Subramanian Vivek

Partner
Membership No. 100332

Chintan Trivedi
Company Secretary

Place: Ahmedabad
Date: February 21, 2013

Place: Ahmedabad
Date: February 19, 2013



GUJARAT GAS FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2012

	Year ended December 31, 2012 Rs. in thousand	Year ended December 31, 2011 Rs. in thousand
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	94,776	68,937
Adjustments for:		
Depreciation	-	51
(Profit) / Loss on sale of fixed assets(Net)	-	245
Interest Income on Term Deposits	(6,216)	(2,520)
Provision for Gratuity and Leave encashment	258	344
Operating Profit Before Working Capital Changes	88,818	67,057
Adjustments for changes in working capital		
(Increase) / Decrease In Sundry Debtors	34,007	(32,621)
(Increase) / Decrease In Other Current Assets	(4,811)	(1,715)
(Increase) / Decrease In Long - Term Loans And Advances	(161)	(8,064)
(Increase) / Decrease In Short - Term Loans And Advances	18,624	169
(Increase) / Decrease In Inventories	17,122	2,002
Increase / (Decrease) In Trade Payables	6,403	4,632
Increase / (Decrease) In Other Current Liabilities	(21,404)	(14,394)
Cash generated from / (used in) Operations	138,598	17,066
Taxes Paid (Net of TDS)	(54,532)	(25,290)
Net Cash from / (used in) Operating Activities	84,066	(8,224)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income received on Term Deposits	5,704	2,256
Net Cash from Investing Activities	5,704	2,256
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid (including Corporate Dividend Tax)	(6,739)	(4,499)
Net Cash used in Financing Activities	(6,739)	(4,499)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	83,031	(10,467)
Cash & Cash Equivalents at the beginning of the year	33,127	43,594
Cash & Cash Equivalents at the end of the year	116,158	33,127
Closing Cash & Cash Equivalents Comprise of:		
Cash in Hand	20	20
Balance with Scheduled Banks		
- In Current Account	14,272	12,274
- In Dividend Account (Refer Note (b) below)	866	633
- In Demand Deposit	101,000	20,200
Total Cash & Cash Equivalents as per Cash Flow Statement	116,158	33,127

Notes to Cash Flow Statement:

- The above Cash Flows Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements.
- The balance with the bank for unpaid dividend is not available for use by the Company and the money remaining unpaid will be deposited in Investor Protection and Education Fund after the expiry of seven years from the date of declaration of dividend.
- Previous Year figures have been reclassified / regrouped wherever considered necessary to conform to the Current Year's figures.
- Figures in brackets indicate cash outflows.

This is the Cash Flow referred to in our report of even date.

For and on behalf of the Board

For Price WaterhouseFirm Registration No.- 30112E
Chartered Accountants**Subramanian Vivek**Partner
Membership No. 100332**Sugata Sircar**
Director**Sadhan Banerjee**
Director**Chintan Trivedi**
Company SecretaryPlace: Ahmedabad
Date: February 21, 2013Place: Ahmedabad
Date: February 19, 2013

**GUJARAT GAS FINANCIAL SERVICES LIMITED**

Notes To The Financial Statement

Note No. 1 - General Information

The Company is primarily engaged in the business of sale of gas connections in India to its holding company, Gujarat Gas Company and other commercial and non commercial customers within India.

Note No. 2 - Significant Accounting Policies**I Basis of Preparation of Financial Statements**

"These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956."

II Revenue Recognition

Revenue from installation of gas connection is recognised at the time of commissioning of gas connection at customer's premises. Sale revenue comprises material used and installation charges collected from customers.

III Other Income

- (a) Financial income includes interest income on term deposits. Interest income is accrued evenly over the period of the instrument.
- (b) Delayed payment charges are recognised on the basis of certainty of collection.

IV Tangible Assets and Depreciation**(a) Tangible Assets**

- (i) The Fixed Assets are stated at its acquisition or construction cost and any attributable cost of bringing the asset to its working condition for its intended use and net of accumulated depreciation.
- (ii) Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value. Any expected loss is recognised immediately in the Statement of Profit and Loss.
- (iii) Gains or losses arising from disposal/retirement of fixed assets, which are carried at cost, are recognised in the Statement of Profit and Loss.

(b) Depreciation

Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or over the estimated useful lives of the assets, whichever is higher. Assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.

(c) Impairment

Assessment is done at each period end date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

V Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

VI Inventories

Traded goods comprises of meters, regulators and other spares and support items used for providing gas connections. Inventories are valued at lower of cost and net realisable value. Cost is determined on weighted average cost method.

**GUJARAT GAS FINANCIAL SERVICES LIMITED**

Notes To The Financial Statement

VII Foreign Currency Transactions**Initial Recognition**

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of monetary items are recognised in the Statement of Profit and Loss.

VIII Employee Benefits**(a) Post-employment Benefit Plans****i. Defined Contribution Plan**

Contribution towards provident fund for eligible employees are accrued in accordance with applicable statutes and deposited with the regulatory authorities. The Company does not carry any other obligation apart from the monthly contribution.

ii. Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(b) Long-term Employment Benefits

The liability in respect of Compensated Absences which are expected to be availed or encashed beyond 12 months from the end of the year, is treated as long term employee benefits. The Company's liability is actuarially determined using the Projected Unit Credit method at balance sheet date. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(c) Short-term Employment Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the services. Short term employee benefits also includes Compensated Absences, which are expected to be availed or encashed within 12 months from the end of the year.

IX Taxes on Income

Tax expense comprises current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax reflects the impact of timing differences between taxable income and accounting income originating during the year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rate enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available which such deferred tax assets can be realised. Deferred tax asset is recognized on carry forward losses (if any) under tax laws, only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. At each reporting date, the unrecognised deferred tax assets is reassessed and recognised to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against the current tax liabilities.

**GUJARAT GAS FINANCIAL SERVICES LIMITED**

Notes To The Financial Statement

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognises MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement". The company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period."

X Provisions and Contingent Liabilities**Provisions:**

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities:

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

XI Segment Reporting

The Company is primarily engaged in the business of sale of gas connections. Considering the nature of business, its mode of operations, reporting systems and element of risks and returns for its various activities, the company is engaged in one segment only. The Company is primarily operating in the domestic market and there are no reportable geographical segments. Accordingly, information relating to segmental reporting as per Accounting Standard 17 is not required to be furnished.

XII Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable distribution tax thereto for the period. The weighted average number of equity shares outstanding during the respective periods is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

XIII Cash and Cash Equivalents

In cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks.

XIV Finance Leases**As a Lessor**

The Company has leased certain tangible assets and such leases where the Company has passed on substantially all the risks and rewards of ownership are classified as finance leases.

Assets given on Lease before April 1, 2001:

In respect of assets leased before April 1, 2001, the Company follows the recommendation of the Institute of Chartered Accountants of India contained in the Guidance Note on Accounting for Leases. Accordingly lease rentals accounted as income on finance leases are adjusted by creating lease terminal adjustment account so as to recover the capital cost of the leased asset within the tenure of lease agreements or earlier as ascertained by the management.

Assets given on Lease on or after April 1, 2001 :

In respect of assets leased after April 1, 2001, the aggregate of minimum lease payments less unearned finance income is recognised as a receivable. Unearned finance income is arrived at, as the difference between the aggregate of minimum lease payments and its present value based on the rate of return implicit as per the terms of the agreement. Finance Income is recognized over the term of the lease using net investment method, which reflects a constant periodic rate of return. Initial direct costs are recognised as an expense in the Statement of Profit and Loss in the period in which they are incurred.



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 3 - Share Capital

Particulars	As at December 31, 2012		As at December 31, 2011	
	Number	Rs. in thousand	Number	Rs. in thousand
Authorised				
Equity Shares of Rs.10/- each	7,000,000	70,000	7,000,000	70,000
Preference Shares of Rs.10/- each	5,000,000	50,000	5,000,000	50,000
	12,000,000	1,20,000	12,000,000	1,20,000
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each fully paid up (Refer foot note (a) below)	2,000,000	20,000	2,000,000	20,000
Total	2,000,000	20,000	2,000,000	20,000

Footnote :

(a) Out of the above 13,97,500 Shares (Previous year 13,97,500 Shares) of Rs.10/- each are held by holding company- Gujarat Gas Company Limited. The Ultimate holding company being BG Group plc.

(b) Reconciliation of the number of shares-Equity Shares outstanding at the beginning and at the end of the reporting period:

Particulars	Equity Shares		Equity Shares	
	Year Ended		Year Ended	
	December 31, 2012		December 31, 2011	
	Number	Rs. in thousand	Number	Rs. in thousand
Shares Outstanding at the beginning of the year	2,000,000	20,000	2,000,000	20,000
Shares Issued during the year	-	-	-	-
Shares Bought Back during the year	-	-	-	-
Shares Outstanding at the end of the year	2,000,000	20,000	2,000,000	20,000

(c) Shareholder holding more than 5 percent shares:

Particulars	Equity Shares		Equity Shares	
	As at December 31, 2012		As at December 31, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Gujarat Gas Company Limited	1,397,500	69.88%	1,397,500	69.88%

(d) Rights, preference and restriction attached to share:

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in the proportion of their shareholding.

(e) No shares have been allotted by way of bonus issue or for consideration other than cash during the 5 years immediately preceding December 31, 2012. Further, the company has not bought back any shares during the 5 years preceding December 31, 2012.



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 4 – Reserves and Surplus

Particulars	As at December 31, 2012 Rs. in thousand	As at December 31, 2011 Rs. in thousand
(a) General Reserve		
Balance as at the beginning of the year	103,545	11,212
Add: Transferred from Profit & Loss Account	6,399	4,475
Add: Transferred from Special Reserve as required by RBI (Refer note below)	-	87,858
Balance as at the end of the year	109,944	103,545
(b) Surplus in Statement of Profit and Loss		
Balance as at the beginning of the year	123,427	90,111
Add: Net Profit for the current year	63,983	44,748
Less: Appropriations		
Proposed Dividends	6,000	6,000
Corporate Dividend Tax	973	957
Transfer to General Reserves	6,399	4,475
Balance as at the end of the year	174,038	123,427
Total	283,982	226,972

Note: The Company had applied for de-registration as a Non Banking Financing Company with Reserve Bank of India (RBI), vide application dated June 8, 2010. The Company has ceased the leasing and financing activities since the year 2007. RBI approved the de-registration vide order dated April 28, 2011. Considering the provisions of NBFC are no longer applicable to the Company, the amount set aside as Special Reserve had been transferred to General Reserve of the Company in 2011.

Note No. 5 – Trade Payables

Particulars	As at December 31, 2012 Rs. in thousand	As at December 31, 2011 Rs. in thousand
Trade Payables		
Dues to Micro, Small and Medium Enterprises (Refer Note 31)	938	1,367
Dues to Others	13,952	7,120
Total	14,890	8,487

Note No. 6 – Other Current Liabilities

Particulars	As at December 31, 2012 Rs. in thousand	As at December 31, 2011 Rs. in thousand
Advances from customers	-	19,189
Employee Payable	1,101	1,054
Statutory Dues	2,666	3,798
Unpaid Dividend (Refer Note Below)	866	633
Other Payable	21,426	22,556
Total	26,059	47,230

Note: The balance with the bank for unpaid dividend is not available for use by the Company and the money remaining unpaid will be deposited in Investor Protection and Education Fund after the expiry of seven years from the date of declaration of dividend.

Note No. 7 – Short-term provisions

Particulars	As at December 31, 2012 Rs. in thousand	As at December 31, 2011 Rs. in thousand
Provision for Employee Benefits: (Refer Note 23)		
For leave encashment	482	478
For Gratuity	1,264	1,010
Other Provisions:		
Proposed Dividend (Including Corporate Dividend Tax)	6,973	6,973
Total	8,719	8,461



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

GUJARAT GAS COMPANY LIMITED

Note No. 8 - Tangible Fixed Assets

Particulars	Gross Block			Depreciation		Net Block	
	As at January 1, 2012	Additions	Disposals	As at December 31, 2012	For the year	As at December 31, 2012	As at December 31, 2011
Assets given on Lease							
Plant and Equipment	575,875	-	-	575,875	-	439,287	136,588
	575,875	-	-	575,875	-	439,287	136,588
Less: Lease Equalisation Reserve	-	-	-	-	-	(136,588)	(136,588)
Net Tangible Assets	575,875	-	-	575,875	-	575,875	-
Grand Total	575,875	-	-	575,875	-	575,875	-
Previous Year	578,630	-	2,755	575,875	51	575,875	-

Rs. in thousand



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 9 - Non-current Investments (At cost)

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Other Investments		
Unquoted, Fully Paid-up		
11,600 equity shares of Rs. 10/- each fully paid up (Previous Year 11,600 equity shares of Rs. 10/- each) in Prudential Sugar Corporation Limited (formerly Prudential Mouli Sugars Limited)	116	116
Less: Provision for diminution in value of investment	116	116
Total	-	-

Note No. 10 - Deferred Tax Assets

Major components of deferred tax assets arising on account of timing differences are:

Nature of Timing Differences	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Deferred Tax Asset:		
Balance as at the beginning of the year	81,981	74,694
Deferred tax expense / (income) for the year	(9,590)	7,287
Balance as at the end of the year	72,391	81,981
In respect of difference in book and tax depreciation	71,824	81,741
In respect of provision for retirement benefits	567	240
Net Deferred Tax Asset	72,391	81,981

Note No. 11 - Long - Term Loans and Advances

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Unsecured, Considered Good		
Loan to Employees	225	64
Total	225	64

Note No. 12 - Inventories

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Traded Goods	63,911	81,033
Total	63,911	81,033



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 13 - Trade Receivables

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Unsecured, Considered Good		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others (Receivable from Holding Company - Gujarat Gas Company Limited)	32,369	66,376
Total	32,369	66,376

Note No. 14 - Cash and Bank Balances

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Cash & Cash Equivalents		
Cash on Hand	20	20
Bank Balances		
in current accounts	14,272	12,274
Demand deposits (Less than 3 months maturity)	101,000	20,200
Other Bank Balances		
Unpaid Dividend Accounts	866	633
Total	116,158	33,127

Note: The amounts in dividend accounts are not available for use by the company and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date of declaration of the dividend.

Note No. 15 - Short-term Loans and Advances

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Unsecured, Considered Good		
CENVAT Credit Receivable	616	528
Other Deposits	10,429	7,956
Loan to Employees	562	485
MAT Credit Entitlement	1,653	-
Advance Payment of Tax and Tax Deducted at Source	305,714	272,444
Less : Provision for Taxation	(257,990)	(235,133)
Total	60,984	46,280

Note: Provision for tax and advance tax include aggregate balance of Rs. 18,700 thousands (Previous year Rs. 45,579 thousands) and Rs.18,102 thousands (Previous Year Rs. 44,332 thousands) respectively for certain Assessment Years wherein the provision for tax is higher than advance tax. Considering that Assessing Officer adjusts the refund of one year with others, the same have not been presented on gross basis.

Note No. 16 - Other Current Assets

Particulars	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
Unsecured, Considered Good		
Interest Accrued on Demand Deposits but not due	599	87
Prepayment to Vendors	6,580	2,174
Other Receivable	433	28
Total	7,612	2,289



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No 17 - Contingent Liabilities

Claims against the company not acknowledged as debt

Income Tax exposures of Rs. 190,563 thousands (Previous Year Rs. 181,423 thousands)

Interest Tax exposures of Rs. 4,146 thousands (Previous Year Rs. 4,146 thousands)

Note No 18 - Proposed Dividend

	As at December 31, 2012	As at December 31, 2011
	Rs. in thousand	Rs. in thousand
The Final Dividend Proposed for the year is as follows:		
On Equity Shares of Rs. 10 each		
Amount of Dividend Proposed	6,000	6,000
Dividend per Equity Share	Rs. 3 per share	Rs. 3 per share
Total	6,000	6,000

Note No. 19 - Revenue from Operations

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Traded Goods		
Sale of Gas Connections (Refer Note Below)	336,871	287,176
Sale of Services		
Processing Fees	288	186
Total	337,159	287,362

Note 1: A consolidated amount is charged for material used and Installation Services from the customers, hence separate disclosure regarding amount of sales for each category of material and installation income has not been given.

Note No. 20 - Other Income

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. In Thousand
Interest Income		
Interest on Demand Deposits	6,216	2,520
Interest on Income Tax Refund	3,035	5
Other Non operating Income		
Recovery against balances written off in earlier years	-	8,336
Foreign Exchange Gain	-	5
Miscellaneous Income	2,577	2,089
Total	11,828	12,955

Note No. 21 - Installation Cost

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Cost of Traded Goods	169,051	151,792
Labour Charges	76,211	64,560
Service Charges	2,513	5,673
Total	247,775	222,025



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 22 - Employee Benefits Expenses

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Employee Benefit Expenses		
Salaries and Wages and Bonus	3,783	3,680
Employer's Contribution to provident and other funds	432	399
Staff Welfare Expenses	132	99
Total	4,347	4,178

Note No. 23 - Other Expenses

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Payment to Auditors		
Audit Fees	350	350
Reimbursement of Expenses (including Service Tax)	82	62
Legal and Professional Fees	514	576
Travelling and Conveyance	21	23
Rates and Taxes	640	3,727
Loss on sale of Fixed Assets	-	245
Communication Expenses	28	30
Insurance Charges	160	6
Advertisement Expenses	3	3
Net loss on Foreign Currency Transaction	92	-
Miscellaneous Expenses	199	104
Total	2,089	5,126

Note No. 24 - Earnings Per Equity Share

Particulars	Unit	Year ended December 31, 2012	Year ended December 31, 2011
		Rs. in thousand	Rs. in thousand
Earnings Per Equity Share:			
Net Profit after Tax		63,983	44,748
Weighted average number of equity shares outstanding during the year	No. of shares	2,000,000	2,000,000
Nominal Value of Equity Shares	Rs.	10.00	10.00
Basic / Diluted Earnings per Share	Rs.	31.99	22.37

Note: The company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earning per share of the company remain the same.



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 25 - Disclosure as per AS-15 (Revised) 'Employee Benefits' for year ended December 31, 2012

a) Disclosures for Defined Contribution Plans

(Rs. in thousand)

	Year ended December 31, 2012	Year ended December 31, 2011
Employer's Contribution to Provident Fund	178	159
Total	178	159

b) Disclosures for Defined Benefit Plans

(i) Present Value of Defined Benefit Obligation

(Rs. in thousand)

	Gratuity		Leave Encashment	
	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Balance at the beginning of the year	1,010	770	468	364
Current Service Cost	68	57	271	20
Interest Cost	87	67	41	31
Actuarial (Gains) / Losses	99	116	(298)	53
Balance at the end of the year	1,264	1,010	482	468

(ii) Expense recognised in the Statement of Profit and Loss

(Rs. in thousand)

	Gratuity		Leave Encashment	
	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2012	Year ended December 31, 2011
Current Service Cost	68	57	271	20
Interest Cost	87	67	41	31
Actuarial (Gains) / Losses	99	116	(298)	53
Total Expense	254	240	14	104

(iii) Actuarial Assumptions

The principal actuarial assumptions used are as follows

Discount rate	8.16%	8.69%
Rate of increase in compensation levels (Refer Note below)	7.00%	7.00%

Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

(iv) Amounts recognised in current year and previous four years

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010	Year ended December 31, 2009	Year ended December 31, 2008
Gratuity					
Present Value of defined benefit obligation as at beginning of the year	1,010	770	664	539	361
Current Service Cost	68	57	47	43	37
Interest Cost	87	67	56	44	27
Actuarial (Gains)/Loss	99	116	3	38	114
Present Value of defined benefit obligation as at end of the year	1,264	1,010	770	664	539
Leave Encashment					
Defined Benefit Obligation	468	364	309	330	244
Current Service Cost	271	20	20	11	27
Interest Cost	41	31	26	27	18
Actuarial (Gains)/Loss	(298)	53	9	(59)	41
Present Value of defined benefit obligation as at end of the year	482	468	364	309	330



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 26 - Related Party Disclosures

(a) Names of related parties and nature of relationship:

Holding Company: Gujarat Gas Company Limited

Fellow Subsidiary: Gujarat Gas Trading Company Limited

(b) Nature of Transaction

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Transactions with Holding Company		
Revenue		
Sale of Gas Connections (including service tax and VAT)	354,050	295,392
Expenses		
Service Charges paid for Pre-regulatory Connections	2,513	5,673
Dividend Paid	4,193	2,795
Amount receivable at year end	32,369	66,376
Equity Share Capital held	13,975	13,975

Note: The Company is using the "SAP" ERP software packages implemented by Gujarat Gas Company Limited, since August 2003, without payment of any consideration.

Note No. 27 - CIF Value of Imports

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Traded Goods	24,755	16,839
Total	24,755	16,839

Note No. 28

The provision for income tax has been calculated based on income earned during the year ended December 31, 2012. However, the tax year end of the company being March 31, 2013, the ultimate liability for the A.Y. 2013-14 will be determined on the total income of the company for the year ending March 31, 2013.

Note No. 29 - Details of Consumption and Purchases

Particulars	Year ended December 31, 2012	Year ended December 31, 2011
	Rs. in thousand	Rs. in thousand
Value of imported and indigenous materials consumed:		
Imported Traded Goods	24,755	16,839
Percentage of Total Consumption	15%	11%
Indigenous Traded Goods	144,296	134,953
Percentage of Total Consumption	85%	89%



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 30 - Quantitative information for each class of Traded Goods

Particulars	Year ended December 31, 2012			Year ended December 31, 2011		
	Qty. (Nos.)	Amount Rs. in thousand	Total Rs. in thousand	Qty. (Nos.)	Amount Rs. in thousand	Total Rs. in thousand
Opening Stock						
Meters	8,058	16,328		13,320	20,390	
Regulators	5,465	7,140		10,257	11,167	
Others (Refer Note below)		57,565	81,033		51,478	83,035
Purchases						
Meters	33,804	32,204		25,381	27,844	
Regulators	17,176	17,527		11,274	11,192	
Others (Refer Note below)		102,198	151,929		110,754	149,790
Cost of Traded Goods						
Meters	35,046	35,655		30,643	31,906	
Regulators	12,697	14,010		16,066	15,219	
Others (Refer Note below)		119,386	169,051		104,667	151,792
Closing Stock						
Meters	6,816	12,877		8,058	16,328	
Regulators	9,944	10,657		5,465	7,140	
Others (Refer Note below)		40,377	63,911		57,565	81,033

Note:

- (a) Other includes spares and support items for gas connection.
- (b) Consolidated amount is charged for material used and installation services from the customers, hence separate disclosure regarding amount of sales for each category of material and installation income has not been given.



GUJARAT GAS FINANCIAL SERVICES LIMITED

Notes To The Financial Statement

Note No. 31 – Disclosure as required by the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	Year ended December 31, 2012 Rs. in thousand	Year ended December 31, 2011 Rs. in thousand
The principal amount remaining unpaid as at the end of accounting year [including Interest due thereon- 110 thousand (Previous Year- 110 thousand)]	1048	1477
Interest paid by the company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during accounting year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
Interest accrued & remaining unpaid at the end of accounting year (Refer Note below)	110	110
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: No interest has been paid by the Company to the enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006 according to the terms agreed with the enterprises.

Note No. 32

The financial statements for the year ended 31st December, 2011 had been prepared as per the then applicable Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st December, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for presentation of previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For Price Waterhouse

Firm Registration No.- 301112E
Chartered Accountants

Sugata Sircar
Director

Sadhan Banerjee
Director

Subramanian Vivek

Partner
Membership No. 100332

Chintan Trivedi
Company Secretary

Place: Ahmedabad
Date: February 21, 2013

Place: Ahmedabad
Date: February 19, 2013

FORM OF PROXY



GUJARAT GAS

GUJARAT GAS COMPANY LIMITED

Registered Office: 2, Shantisadan Society, Near Parimal Garden, Ellisbridge, Ahmedabad - 380 006

I/We..... of
 being member(s) of the Gujarat Gas Company Limited, hereby appoint of
or failing him of
 as my/our proxy to vote for me/us on my/our behalf at the THIRTY THIRD ANNUAL GENERAL MEETING of the Company to be held
 on Thursday, 22 August 2013 at 11.00 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Dr.
 Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015 and at any adjournment thereof.

Signed at..... (place) this day of 2013.

DP ID. & Client ID / Membership Folio No.

No of shares held

 Fifteenpaise
 Revenue
 Stamp
Important

1. Revenue Stamp of Fifteen paise is to be affixed on this form.
2. The Form should be signed across the stamp as per specimen signature registered with the Company.
3. The Companies Act, 1956 provides that an instrument appointing a proxy shall be deposited at the Registered Office of the Company, not less than FORTY EIGHT HOURS before the time fixed for holding the meeting.
4. A proxy need not be a member.

ATTENDANCE SLIP



GUJARAT GAS

GUJARAT GAS COMPANY LIMITED

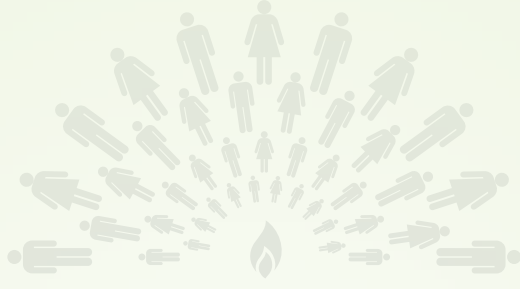
Registered Office: 2, Shantisadan Society, Near Parimal Garden, Ellisbridge, Ahmedabad - 380 006

To be handed over at the entrance of the Meeting Hall

Name of the attending member (In Block Letters)	Membership Folio No. DP ID & Client ID
Name of Proxy (In Block Letters) (To be filled in if the proxy attends instead of the Member)	No. of shares held

I hereby record my presence at the THIRTY THIRD ANNUAL GENERAL MEETING of the company at 11.00 a.m. at H. T. Parekh
 Convention Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015 on
 Thursday, 22nd August 2013.

Member's /Proxy's Signature
 (To be signed at the time of handing over this slip)



GUJARAT GAS

Gujarat Gas Company Limited

Regd. Office: 2 Shantisadan Society, Nr. Parimal Garden, Ellisbridge, Ahmedabad - 380 006.

Tel. +91-79-26462980, 26460095 | Fax: 26466249 | Website: www.gujaratgas.com

