



GUJARAT GAS

Annexure XIX

# GUJARAT GAS LIMITED

## INFORMATION MEMORANDUM



**GUJARAT GAS LIMITED**

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Gujarat **Tel No.:** +91-79-26462980 **Fax No.:** +91-79-26466249

**CIN:** U40200GJ2012SGC069118

**Website:** [www.gujaratgas.com](http://www.gujaratgas.com)

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Gujarat Gas Limited (formerly known as GSPC Distribution Networks Limited and the name was changed to Gujarat Gas Limited vide the fresh certificate of incorporation, pursuant to change of name dated 15<sup>th</sup> May 2015 granted by Registrar of Companies, Ahmedabad. The Company was incorporated on 21 February 2012 as a public limited company under the Companies Act, 1956.

**INFORMATION MEMORANDUM FOR LISTING OF 137,678,025 EQUITY SHARES OF  
RS. 10/- EACH, PURSUANT TO THE COMPOSITE SCHEME OF AMALAGAMTION  
AND ARRANGEMENT (THE SCHEME)**

As per the Scheme, with effect from 14<sup>th</sup> May 2015 (the Effective Date), GGL has reduced its Equity Share Capital from Rs. 9,000,500,000 to Rs. 131,578,950 after cancellation of investment of Rs 4,000,500,000 divided into 400,050,000 shares of Rs 10 each held by erstwhile GSPC Gas Company Limited (one of the transferor company) and has reduced its remaining fully paid up equity share capital from Rs 5,000,000,000 divided into 500,000,000 shares of Rs 10 each to Rs 131,578,950 divided into 13,157,895 shares of Rs 10 each.

Further, the Committee of the Board of Directors at its meeting held on 2<sup>nd</sup> June 2015 allotted 124,520,130 fully paid up Equity Shares of Rs. 10/- each aggregating to Rs. 1,245,201,300, pursuant to the said Scheme.



**GENERAL RISK**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of Gujarat Gas Limited unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the shares of Gujarat Gas Limited. For taking an investment decision investors must rely on their own examination of the Company including the risks involved.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

Gujarat Gas Limited having made all reasonable enquiries accepts responsibility for and confirms that this Information Memorandum contains all information with regard to Gujarat Gas Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**REGISTRAR AND SHARE TRANSFER AGENT****Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot No. 31-32,

Financial District, Nanakamguda, Serilingampally Mandal,

Hyderabad – 500032

Ph: 040 – 67161500

040 – 67161606

**LISTING ARRANGEMENT**

The Equity Shares of the Company are proposed to be listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE"), Ahmedabad Stock Exchange Limited ("ASE") and Vadodara Stock Exchange Limited ("VSE"). Our Company has submitted this Information Memorandum to the NSE, the BSE, the ASE and the VSE, and the same is available on the Company's website [www.gujaratgas.com](http://www.gujaratgas.com). The Information Memorandum would also be made available on the websites of the BSE, at [www.bseindia.com](http://www.bseindia.com) and the NSE, at [www.nseindia.com](http://www.nseindia.com).

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## SECTION 1 – GENERAL

### **1.1.DEFINITIONS AND ABBREVIATIONS & INDUSTRY RELATED TERMS**

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Information Memorandum and references to any statute or regulations or policies shall include amendments thereto, from time to time:

APTEL	Appellate Tribunal for Electricity
ASE	Ahmedabad Stock Exchange
AY	Assessment Year
BCM	Billion Cubic Meters
BIFR	Board for Industrial and Financial Reconstruction
BPCL	Bharat Petroleum Corporation Limited
BSE	Bombay Stock Exchange
CAGR	Compound Annual Growth Rate
CBM	Coal Bed Methane
CDSL	Central Depository Services Limited
CENVAT	Central Value Added Tax
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGD	City Gas Distribution
CNG	Compressed Natural Gas
DTAA	Double Taxation Avoidance Agreement
EPS	Earnings Per Share
ESI	Employee State Insurance
ESOP	Employee Stock Option Plan
FII	Foreign Institutional Investor
FOB	Free on Board
GA	Geographical Area
GAIL	Gas Authority of India Limited
GDNL	GSPC Distribution Networks Limited
GFSL	Gujarat Gas Financial Services Limited
GGCL	Gujarat Gas Company Limited
GGL	Gujarat Gas Limited
GIC	General Insurance Corporation of India
GIGL	GSPL India Gasnet Limited
GIPL	Guj Info Petro Limited
GITL	GSPL India Transo Limited
GoG	Government of Gujarat
GoI	Government of India





GPPC	GSPC Pipavav Power Company Limited
GSEG	Gujarat State Energy Generation Limited
GSPC	Gujarat State Petroleum Corporation Limited
GSPC Gas	GSPC Gas Company Limited
GSPC Group	Gujarat State Petroleum Corporation Limited Group
GSPL	Gujarat State Petronet Limited
GTCL	GujaratGas Trading Company Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HOEC	Hindustan Oil and Exploration Company. Limited
HPCL	Hindustan Petroleum Corporation Limited
ICICI	Industrial Credit and Investment Corporation of India
IDBI	Industrial Development Bank of India
IEA	International Energy Agency
IFCI	Industrial Finance Corporation of India
IGL	Indraprastha Gas Limited
IOCL	Indian Oil Corporation Limited
IT Act	Income Tax Act, 1961
ITSL	IDBI Trusteeship Services Limited
LIC	Life Insurance Corporation of India
LPG	Liquefied Petroleum Gas
MAT	Minimum Alternate Tax
mmbtu	Million British Thermal Units
mmcmd	Million Metric Standard Cubic Meter per Day
MMPA	Million Metric Tonne Per Annum
MODVAT	Modified Value Added Tax
MoPNG	Ministry of Petroleum and Natural Gas
NCV	Net Calorific Value
NIA	The New India Assurance Company Limited
NIC	National Insurance Company Limited
NSDL	National Securities Depositories Limited
NSE	National Stock Exchange
OFG	Oriental Fire and General Insurance Company Limited
OMC	Oil Marketing Company
PAT	Profit After Tax
PNG	Piped Natural Gas
PNGRB	Petroleum and Natural Gas Regulatory Board
RLNG	Re Gasified Liquefied Natural Gas
ROU	Right of Use
Rs	Rupees





SCORES	SEBI Complaints Redress System
SEBI	Securities and Exchange Board of India
SGL	Sabarmati Gas Limited
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
STT	Securities Transactions Tax
UIFG	The United India Fire and General Insurance Co. Ltd
UTI	Unit Trust of India
VAT	Value Added Tax
VSE	Vadodara Stock Exchange
w.e.f	With effect from







## 1.2.CERTAIN CONVENTIONS AND MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with the Accounting Standards laid down by the Institute of Chartered Accountants of India.

For definitions, please see the section titled “*Definitions and Abbreviations & Industry related terms*” of this Information Memorandum.

All references to “India” contained in this Information Memorandum are to the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness is not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information, if any, included in this Information Memorandum about the various other companies is based on their respective Annual Reports and information made available by the respective companies.

We have included statements in this Information Memorandum that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward looking statements”. Similarly, statements that describe our objectives, plans or goals are also forward looking statements.

## 1.3.FORWARD-LOOKING STATEMENTS

All forward looking statements are subject to risks, uncertainties and assumptions about us, that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy;
- Our ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which we operate;
- The loss of our key employees and staff;
- Increasing competition in and the conditions of the industry in which we operate.

For further discussion of factors that could cause our actual results to differ, refer to the section entitled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.



## **SECTION 2 – RISK FACTORS**

Investment in Equity Shares involves a high degree of risk. You should carefully consider all of the information contained in this Information Memorandum including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

### **RISKS (INTERNAL AND EXTERNAL) ENVISAGED BY THE MANAGEMENT**

#### **1. Gas infrastructure**

The growth and sustenance of any utility/ downstream gas business places significant reliance on the uninterrupted development and availability of natural gas fields (onland, onshore or offshore), re-gasification LNG terminals, storage facilities, natural gas pipeline grid etc. India is still in its nascent stage of development of natural gas market as compared to the developed natural gas economies like USA, UK, Korea and Japan amongst others. Therefore unlike the developed gas markets globally where the industry is moving to near to perfect competition enabling those markets to determine prices based on the demand supply corrections, India would duly graduate to those levels in the coming decades. Till then the deficit in upstream and midstream infrastructure would drive the market economics and would have a direct bearing on the growth of the downstream sector in India.

#### **2. Availability of natural gas and price**

India is amongst one of the fastest growing energy economies in the world which is reflected in the widening gap between the increase in the production of natural gas eclipsed by the much faster increase in the consumption of natural gas driven by growth in sectors like power, fertilizer and city gas distribution (CGD). The increasing gap of demand and supply of natural gas availability domestically is gradually intensifying the dependence on imported re-gasified liquefied natural gas (RLNG).

However, in a positive development for the CGD sector, the Ministry of Petroleum and Natural Gas (MoPNG) during end of 2013 mandated allocation of domestic natural gas for the CNG and PNG (domestic) segments of all authorized CGD infrastructure in the country. This allocation ensures availability of domestic gas for the current consumption and future growth in these segments within a CGD, providing a boost to the industry.

In the dynamic natural gas market, the assured supply of gas at competitive price will always play an important role for the growth and development of robust downstream sector. With the advent of new gas pricing mechanism coupled with 100% allocation of domestic gas to CNG and PNG (domestic) segments the economics of switching to gas becomes more attractive for the end consumers, which in turn is expected to drive growth in consumption. The gas demand of the commercial and industrial segments is met by the costlier RLNG which has its linkage to the global volatility of availability and price.







### 3. Regulatory Regime

The Petroleum and Natural Gas Regulatory Board (PNGRB) which has been constituted under the Act notified by the Parliament, governs and regulates the downstream gas industry through various notified bylaws, guidelines, etc. for growth and sustenance of the downstream gas business. In an endeavor for developing more City or Local Natural Gas Distribution Networks (CGD) to foster growth and development of the sector, the PNGRB has been inviting competitive bids for developing gas infrastructure including development of new cross country pipelines and CGD networks in the country. With the expected spurt in the expansion of Natural Gas infrastructure in coming years including additional Regasification terminals being erected and commissioned, nationwide cross country pipeline grid being laid and new CGD licenses being issued, the reliance on Natural Gas as a primary source of energy in the overall energy basket is envisaged to increase significantly by the end of the current decade and thereafter. This would make the overall business environment very competitive. Some of the challenges anticipated of the Regulated environment are:

a) Marketing Exclusivity:

Post-marketing exclusivity, an authorized entity is subject to competition and is governed by relevant regulations for Open Access. However, with the first mover advantage and better understanding of the needs of its customers, the Company is capable of retaining its position in the market.

b) CGD networks in new areas:

In order to ensure sustainable growth and presence in the country's CGD sector the Company has actively participated in various bid rounds and endeavors to do so in the upcoming bid rounds too. The greener pastures brings along with it the responsibility on the Company to ensure equitable development of the CGD infrastructure in such geographies through judicious use of the scarce resources.

Entering new geographies could lower the geographical concentration risk, but the same could also translate into risks of value realization & maximization, given the several challenges posed by but not limited to the ever dynamic governmental policies, consumption mix, quantum of capital expenditure, etc.

### 4. Statutory & local administrative approvals

The implementation and operation of a CGD network requires a host of approvals from a number of agencies, such as the National Highways Authority of India, Railways, Forest Authorities, Municipal Corporations, Gram Panchayats, Public Works Departments, Roads & Building Department, Pollution Control Boards, etc. Obtaining such multiple approvals from various statutory and local administrative authorities consumes enormous time of the ever scarce resources leading to possible delays in execution and value realization and maximization; however the Company manages the same to an extent by way of advance planning.





## SECTION 3 – INTRODUCTION

### 3.1.SUMMARY

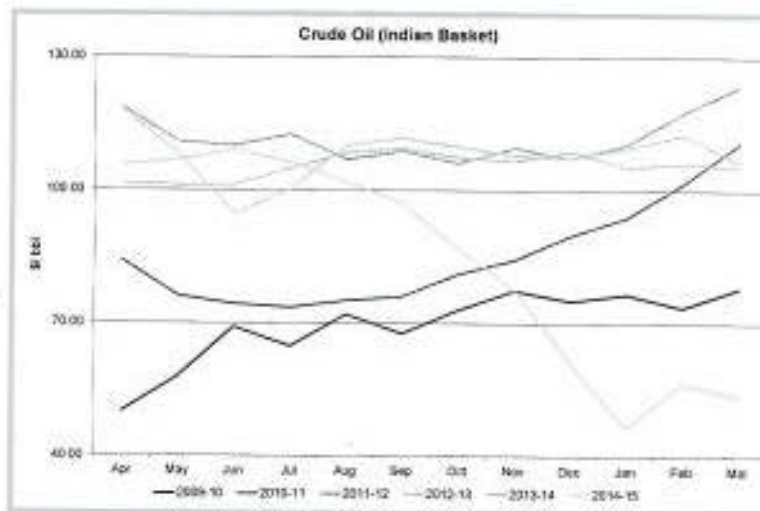
**YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE RISK FACTORS AND THE MORE DETAILED INFORMATION ABOUT THE COMPANY AND FINANCIAL DATA INCLUDED ELSE WHERE IN THIS INFORMATION MEMORANDUM**

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, reports published by the Company and has not been independently prepared and verified by the company. The information provided is based on present business activities of the company.)

### 3.2. INDUSTRY STRUCTURE & DEVELOPMENT

Natural Gas has been used as a fuel since more than a century, but the emergence of Natural Gas as a preferred, clean and safe energy solution has been prevalent only in the last couple of decades. This year Gujarat Gas Limited (GGL or the Company) faced major challenges due to the increasing volatility in the global crude oil prices. The crude oil price (Indian Basket)<sup>1</sup> has fallen by around 50% since the beginning of the year, when it was around \$100+ a barrel. This comes after nearly five years of stability. The oil price is partly determined by actual supply and demand, and partly by expectation.

Even though this global volatility of crude created competition for Natural Gas from polluting fuels, however Natural Gas continues to emerge preferred fuel and remain a vital energy source amongst various available resources in world's energy consumption and by most of the Company's environment conscious customers. It is one of the cleanest conventional fuels with very low level of greenhouse gas emissions in comparison to other conventional sources. Natural gas is traditionally consumed in the residential, commercial sectors, mostly for heating in the transport sector and in the industrial sector – sometimes industrials such as fertilizer producers use Natural Gas as raw material, and in the power sector.



The Petroleum and Natural Gas Regulatory Board (PNGRB) which governs and regulates the downstream gas industry is actively contributing in the growth of City or Local Natural Gas Distribution (CGD) sector by awarding licenses to lay, build, operate and expand CGD business in new geographies including Bhavnagar, Jamnagar, Kutch (East & West) for the round - 3 of CGD bidding and nine new geographies in the round - 4 of CGD bidding including Amritsar, Bengaluru Rural and Urban Districts, UT of Dadra and Nagar Haveli, UT of Daman, Ernakulam.

<sup>1</sup> <http://pib.nic.in>







Panipat, Raigarh, Thane and Pune. Continuing its endeavor for developing more CGDs to foster growth and development of the sector, the PNGRB has been inviting competitive bids for developing gas infrastructure including development of new cross country pipelines and CGD networks in the country. With the expected spurt in the expansion of Natural Gas infrastructure in coming years including additional Regasification terminals being erected and commissioned, nationwide cross country pipeline grid being laid and new CGD licenses being issued the reliance of Natural Gas as a primary source of energy in the overall energy basket is envisaged to increase drastically by the end of the current decade and thereafter.

### 3.3.BUSINESS SUMMARY OF THE COMPANY

Gujarat Gas Limited (GGL) has its presence in around 19 districts in the State of Gujarat and Maharashtra committed for an inclusive CGD development in rural, coastal and tribal areas along with urban areas with an objective to carry on, sale, purchase, supply, distribution, transport, trading in Natural Gas, CNG, LNG, LPG & other gases through Pipelines, Trucks/Trains or such other suitable mode for transportation/distribution of Natural Gas, CNG, LNG, LPG & other gaseous form.

GGL has connected over 77,700 new household customers on Natural Gas during the year 2014-2015, taking the total number of domestic customers on the Company's network to around 10,08,000. Around 3,00,000 vehicles now ply in the Company's operating areas on CNG. Gujarat Gas Limited has so far laid a State-of-Art pipeline network of more than 13,000 KMs (including Steel and PE Pipeline) catering to more than 600 cities / villages across the State of Gujarat.

GGL has been continuously scouting for greener pastures for expanding the horizons of growth beyond its existing areas of operation and in this pursuit has won some more coveted Bid for the geographic area of Thane and Dadra & Nagar Haveli in the PNGRB CGD fourth bid round, pursuant to which the company has been awarded license by the PNGRB to lay, build, operate or expand the city gas distribution network in the areas comprising of Thane district (excluding areas already authorized) and the new district of Palghar and the UT of Dadra & Nagar Haveli. This adds to another 9500 sq. km of geographic areas under our areas of operation. GGL has been granted 300 months of infrastructure exclusivity i.e. valid up to April 2040 and 60 months of marketing exclusivity valid up to April 2020 for the CGD network. GGL having accepted the authorization will begin its operations in the newly awarded geographic area with full vigor and determination to develop new geographies.

GGL experienced the major volatility in the crude oil prices that was ever encountered in the recent past. This impacted the sales of industrial volumes temporarily on account of few industries switching to cheaper alternates though the same is not expected to sustain for long. The optimal sourcing mix and affordable product pricing is expected to reinstate the volumes lost along with an anticipated growth through greener pastures. GGL continues focus on placing Natural Gas to affordable markets and has set-up an internal application development center and endeavors improving fuel efficiencies in certain processes targeting to regain the loss volumes and also fuel growth by adding new industries currently using alternate fuel.







### 3.3.1 FINANCIAL INFORMATION OF THE COMPANY

As per Annexure 1

### 3.4 COMPOSITE SCHEME OF ARRANGEMENT IN NATURE OF AMALGAMATION OF GSPC GAS, GGCL, GFSL AND GTCL WITH GDNL (NOW GUJARAT GAS LIMITED) AND RESTRUCTURING OF SHARE CAPITAL OF GDNL (NOW GUJARAT GAS LIMITED)

As mentioned above, the Honorable High Court of Gujarat at Ahmedabad sanctioned the Scheme vide common oral order dated 30<sup>th</sup> March 2015 (certified copy received by the Company on 18<sup>th</sup> April 2015). A copy of the authenticated Order has been filed with the office of the Registrar of Companies on 14<sup>th</sup> May 2015. Accordingly, the Effective Date for the Scheme is 14<sup>th</sup> May 2015. As per the Scheme, the CGD Business of GSPC Gas, GGCL, GFSL and GTCL was transferred and vested in Gujarat Gas Limited.

Since, GGCL was listed on BSE, NSE, ASE and VSE, accordingly, as per the requirement of SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February 2013, GGCL obtained Observation Letters from the NSE, BSE, ASE and VSE vide their letters dated 5 November 2014, 7 November 2014, 10 November 2014 and 11 November 2014, respectively. Further, the Scheme was approved by an overwhelming majority of its Shareholders and unanimously by its Creditors at their meetings held on 5<sup>th</sup> January 2015 & 6<sup>th</sup> January, 2015. As per the Scheme, all assets, debts, liabilities, duties and obligations of every kind pertaining to CGD of the Transferor Companies have vested in Gujarat Gas Limited.

#### 3.4.1. SALIENT FEATURES OF THE SCHEME

The Composite Scheme of Amalgamation and Arrangement is under Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956 and provides for Arrangement in nature of amalgamation of GSPC Gas, GGCL, GFSL and GTCL with GDNL (Now Gujarat Gas Limited) and Restructuring of share capital of GDNL (Now Gujarat Gas Limited).

The Composite Scheme of Amalgamation and Arrangement comprise of the following parts:

- **“Appointed Date”** means 1<sup>st</sup> April 2013 or such other date as may be fixed or approved by the Honorable High Court of Gujarat at Ahmedabad or National Company Law Tribunal or any other appropriate authority.
- **“Effective Date”** means last of the dates on which the certified true copies of the orders sanctioning this Scheme passed by the High Court of Judicature of Gujarat, or such other competent authority, as may be applicable, are filed with the Registrar of Companies, Gujarat. (i.e. 14<sup>th</sup> May 2015 date on which certified true copies of the order filed with ROC) References in this Scheme to the date of **“coming into effect of this Scheme”** or **“upon the Scheme being effective”** shall mean the Effective Date;
- **“Record Date”** means such date to be fixed by the Board of Directors of the Transferee Company in consultation with the Board of Directors of Transferor Companies viz. GSPC Gas, GGCL, and GFSL, after the sanction of this Scheme by the High Court or such other







competent authority as is empowered to sanction the Scheme, to determine the members of Transferor Companies viz. GSPC Gas, GGCL, and GFSL to whom equity shares of Transferee Company will be allotted; i.e. 28 May 2015

- **“Undertakings”** in relation to the Transferor Companies, as the context may require, shall mean whole of the undertakings and business of the Transferor Companies as a going concern, including (without limitation):
  - a) all the businesses, properties, assets and liabilities of whatsoever kind and wheresoever situated as on the Appointed Date;
  - b) without prejudice to the generality of the foregoing clause, Undertakings shall include all rights, powers, authorities, privileges, liberties and all properties and assets whether movable or immovable, tangible or intangible, current or noncurrent, freehold or leasehold, real or corporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated including, without limited to plant and machinery, office equipments, inventories, furniture and fixtures, capital work in progress, power lines, railway sidings, depots, contingent rights or benefits, benefit of any deposits, financial assets, leases and hire purchase contracts, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required by law, assignments and grants in respect thereof, operating agreements, investment of all kinds (including investment in shares, scrips, stocks, bonds, debenture stock, units, mutual funds), sundry debtors, cash and bank balances, loans and advances, amount receivable from ESOP trust, leasehold improvements, accrued interest, vehicles, appliances, computers, software, accessories, registrations, lease, claims, allotments, approvals, consents, letters of intent, registrations, licences including licences with respect to city gas distribution business, contracts, agreements with Ministry of Petroleum and Natural Gas (“MoPNG”) and / or Petroleum and Natural Gas Regulatory Board (“PNGRB”) and / or with any such regulatory authority, credits, titles, interest, import quotas and other quota rights, right of user, right of way to lay pipelines, municipal permissions or powers of every kind, nature and description whatsoever in connection and all other permissions, rights (including rights under any contracts, government contracts, memoranda of understanding, etc.), entitlements, copyrights, patents, trademarks, trade names, domain names and other industrial designs, trade secrets, or intellectual property rights of any nature and all other interest, and advances and or moneys paid or received, all statutory licences, and / or permissions to carry on the operations, deferred tax benefits and any other direct / indirect tax benefits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Transferor Companies, all other claims, rights and benefits, power and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of all agreements, contracts and arrangements and all other interests together with all present and future liabilities (including contingent liabilities), all the provisions including provision for tax, benefits of tax relief including the Income tax Act, 1961 such as credit for advance tax, taxes deducted at source, MAT, unutilised deposits or credits, benefits under the VAT / sales tax law, sales tax credit, unutilized deposits or credits, benefits of any unutilized MODVAT / CENVAT / service tax credits, etc, all deposits and balances with







Government, Semi Government, Local and other authorities and bodies, customers and other persons, earnest moneys and / or security deposits paid or received, all necessary books, records, files, papers, records of standard operating procedures, computer programmes along with their licences, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form, all earnest monies and / or deposits, all permanent and / or temporary employees; and

- c) All liabilities, including, without being limited to, secured and unsecured debts (whether in Indian rupees or Foreign currency), sundry creditors, advances / deposits from customer, deferred revenues, duties and obligation and provisions of every kind, nature and description of whatsoever and howsoever arising, raised, incurred or utilized

#### • **TRANSFER AND VESTING OF UNDERTAKINGS**

- Upon the coming into effect of this Scheme and with effect from the Appointed Date, and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, all the Undertakings shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company so as to become Undertakings of the Transferee Company by virtue of and in the manner provided in this Scheme.
- Further, the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any term(s) or provision(s) of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961. Such modifications will, however, not affect the other clauses of the Scheme.
- All assets, estate, rights, title, interest, etc acquired by the Transferor Companies after the Appointed Date and prior to the Effective Date for operation of Transferor Companies or pertaining to or relating to the Transferor Companies shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme. The transfer and vesting of assets, estate, rights, title, interest, etc, will be treated as an acquisition of assets and liabilities i.e. acquisition of business of the Transferor Companies on and from the Appointed Date.
- All assets of the Transferor Companies, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery, novation and / or endorsement and delivery or by operation of law, pursuant to order of the Court, shall be vested in the Transferee Company. Upon this Scheme becoming effective, the title of such property shall be deemed to have been mutated and recognised as that of the Transferee Company.
- In respect of such of the assets of the Transferor Companies other than those referred to in clause 4.3 above including investment in shares, outstanding loans and advances,







if any, recoverable in cash or in kind or for value to be received, deposits, if any, with Government, semi-Government, local and other authorities and bodies, shall, without any further act, instrument or deed, be and stand transferred to and vested in the Transferee Company and/or be deemed to be transferred to and vested in the Transferee Company on the Appointed Date pursuant to the provisions of Section 394 of the Act upon effectiveness of the Scheme. The Transferee Company shall upon sanction of the Scheme be entitled to the delivery and possession of all documents of title of such movable property in this regard.

- o All immovable properties of the Transferor Companies, including land together with the buildings and structures standing thereon and rights and interests in immovable properties of the Transferor Companies, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto shall stand vested in and/or be deemed to have been vested in the Transferee Company, by operation of law pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. Such assets shall stand vested in the Transferee Company and shall be deemed to be and become the property as an integral part of the Transferee Company by operation of law. Transferee Company shall upon the order of the Court sanctioning the Scheme and upon this Scheme becoming effective, be always entitled to all the rights and privileges attached in relation to such immovable properties and shall be liable to pay appropriate rent, rates and taxes and fulfill all obligations in relation thereto or as applicable to such immovable properties. Upon this Scheme becoming effective and upon payment of applicable stamp duty, the title to such properties shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing thereof with the appropriate Registrar or Sub-Registrar or with the relevant Government agencies shall suffice as record of continuing titles with the Transferee Company and shall be constituted as a deemed mutation and substitution thereof. Transferee Company shall subsequent to scheme becoming effective be entitled to the delivery and possession of all documents of title to such immovable property in this regard. It is hereby clarified that all the rights, title and interest of the Transferor Companies in any leasehold properties shall, pursuant to Section 394(2) of the Act and the provisions of this Scheme, without any further act, instrument or deed, be vested in or be deemed to have been vested in the Transferee Company.
- o Upon the Scheme coming into effect and with effect from the Appointed Date, all debts, liabilities (including contingent liabilities), duties and obligations of every kind, nature and description of the Transferor Companies shall, pursuant to the provisions of Section 394(2) and other applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in, the Transferee Company, so as to become on and from the Appointed Date, the debts, liabilities (including contingent liabilities), duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Companies, and further that it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this clause.



Any statutory licences, authorizations, statutory rights, permissions, approvals, tax



registrations, service tax, provident fund, ESI, Reserve Bank of India, or other registrations, no objection certificates, or any consents to carry on the operations of the Transferor Companies shall stand transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated / facilitated by the statutory authorities concerned therewith in favour of the Transferee Company so as to empower and facilitate the continuation of the operations of the Transferee Company. In so far as the various incentives, service tax benefits, subsidies (including applications for subsidies), rehabilitation Schemes, grants, special status, rights, and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Companies are concerned, the same shall, without any further act or deed, vest with and be available to the Transferee Company on the same terms and conditions as are available to Transferor Companies.

- All registrations, licences, trademarks, copyrights, domain names, applications for copyrights, trade-names and trademarks, etc pertaining to the Transferor Companies, if any, shall stand vested in Transferee Company without any further act, instrument or deed (unless filed only for statistical record with any appropriate authority or Registrar), upon the sanction of the Scheme and upon this Scheme becoming effective.
- All taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, etc) payable by or refundable to the Transferor Companies with effect from the Appointed Date, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, etc as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, etc, as would have been available to the Transferor Companies, shall pursuant to this Scheme becoming effective, be available to the Transferee Company.
- Any third party or authority required to give effect to any provisions of this Scheme, shall take on record the order of the Court sanctioning the Scheme on its file and duly record the necessary substitution or endorsement in the name of the Transferee Company as successor in interest, pursuant to the sanction of this Scheme by the Court, and upon this Scheme becoming effective. For this purpose, the Transferee Company shall file certified copies of such High Court order and if required file appropriate applications or forms with relevant authorities concerned for statistical and information purposes only and there shall be no break in the validity and enforceability of approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licences (including the licences granted by any Governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), and certificates of every kind and description of whatsoever nature.
- For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, certificates, clearances, authorities, power of attorneys given by, issued to or in favour of the Transferor Companies in relation to Undertakings shall stand transferred to the







Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company.

- o Benefits of any and all corporate approvals as may have already been taken by the Transferor Companies, whether being in the nature of compliances or otherwise, including without limitation, approvals under Sections 81(1A), 293(1)(a), 293(1)(d), 295, 297 and 372A, etc, of the Act, read with the rules and regulations made there under, shall stand transferred to and vested in the Transferee Company and the said corporate approvals and compliances shall, upon this Scheme becoming effective, be deemed to have been taken/complied with by the Transferee Company.
- o Upon this Scheme becoming effective, the secured creditors of the respective Transferor Company and/or other security holders having charge over the properties of the respective Transferor Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the respective Transferor Company, as existed immediately prior to the effectiveness of this Scheme, and the secured creditors of the Transferee Company and/or other security holders having charge over the properties of the Transferee Company shall be entitled to security only in respect of the properties, assets, rights, benefits and interest of the Transferee Company, as existed immediately prior to the scheme becoming effective. It is hereby clarified that pursuant to amalgamation, the secured creditors of the respective Transferor Company and/or other security holders having charge over the properties of the respective Transferor Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interest of the Transferee Company and vice versa, and hence such assets of the respective Transferor Company and the Transferee Company, as the case may be, which are not currently encumbered, shall remain free and shall remain available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company.
- o Transferee Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Companies have been a party, including any filings with the regulatory authorities, in order to give formal effect to the above provisions. Transferee Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances referred to above on the part of Transferor Companies.
- o It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, Schemes, arrangements, or other instrument of whatsoever nature which the Transferor Companies owns or to which the Transferor Companies are party to and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferee Company shall hold such assets, contracts, deeds, bonds, agreements, Schemes, arrangements, or other instrument of whatsoever nature in Trust for the benefit of the





Transferee Company in terms of this Scheme, till such time as the transfer is affected.

• **LEGAL PROCEEDINGS**

If any suit, appeal or other proceeding of whatsoever nature by or against the Transferor Companies is pending, the same shall not abate or be discontinued or be in any way prejudicially affected by reason of the transfer of Undertakings or anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Companies, if this Scheme had not been made.

• **TAXATION MATTERS**

- It is expressly clarified that upon the Scheme becoming effective, all taxes payable by the Transferor Companies on and after the Appointed Date shall be treated as the tax liability of the Transferee Company. Similarly, all credits for taxes including but not limited to tax deduction at source of the Transferor Companies shall be treated as credits for taxes of the Transferee Company.
- All taxes of any nature, duties, cess or any other like payment or deductions made by the Transferor Companies to any statutory authorities such as income tax, sales tax, service tax, CENVAT, etc. or any tax deduction or collection at source, relating to the period after the Appointed Date but up to the Effective Date shall be deemed to have been on account of or paid on behalf of the Transferee Company and the relevant authorities shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon the sanction of the Scheme and upon relevant proof and documents being provided to the said authorities.
- Upon this Scheme becoming effective, the Transferee Company is also expressly permitted to revise its income tax, withholding tax, service tax, sales tax, value added tax and any other statutory returns and filings under the tax laws, notwithstanding that the period of filing / revising such return may have lapsed and period to claim refund / advance tax and withholding tax credit, etc, also elapsed pursuant to the provisions of this Scheme. The Transferee Company shall be entitled to refund and / or set-off all amounts paid by the Transferor Companies under income tax, value added tax, service tax, excise duty or any other tax etc or any other disputed amount under appeal, if any, upon this Scheme becoming effective.

• **DECLARATION OF DIVIDENDS**

- The Transferor Companies shall be entitled to declare or pay dividend, whether interim or final, to their equity shareholders in respect of any accounting period prior to the Effective Date, but only consistent with past practice, or in the ordinary course. Any declaration or payment of dividend otherwise than as aforesaid, by the Transferor Companies shall be subject to the prior approval of the Board of Directors of the Transferee Company and in accordance with applicable laws.







- For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividend, whether interim or final, to its equity shareholders as on the record date for the purpose of dividend and the shareholders of the Transferor Companies shall not be entitled to dividend, if any, declared by the Transferee Company prior to the Effective Date.
  - It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies and / or the Transferee Company to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of the Transferor Companies or the Transferee Company, as the case may be, subject to such approvals of the shareholders, as may be required.
- **ALTERATION TO MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION OF TRANSFEE COMPANY**
- Consolidation of Authorised Share Capital of Transferor Companies
    - The authorised share capital of the Transferor Companies as specified in clause 2.2 to clause 2.5 aggregating to 235,100,000 shares of Rs 10 each shall stand transferred to and combined with the authorised share capital of the Transferee Company and shall be re-classified without any further act or deed. The filing fees and stamp duty already paid by the Transferor Companies on its authorised share capital shall be deemed to have been so paid by the Transferee Company on the combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased. The resolution approving the Scheme shall be deemed to be the approval of increase and re-classification in the authorised share capital of the Transferee Company under Section 94 of the Act (Corresponding notified Section 61 of the Companies Act, 2013) and other applicable provisions of the Act. Accordingly, upon sanction of this Scheme and from the date of this Scheme becoming effective, the authorised share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and payment of fees payable to Registrar of Companies, by the authorised share capital of the Transferor Companies.;
    - Clause V of the Memorandum of Association of the Transferee Company and clause 4 of Article of Association of the Transferee Company relating to authorised share capital shall respectively, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94, (Corresponding notified section 13, 14 and 61 of the Companies Act, 2013) and Section 394 of the Act and other applicable provisions of the Act, as the case may be and be replaced with the following clause:
    - Clause V of Memorandum of Association of Transferee Company  
The Authorised Share capital of the company is Rs. 17,571,000,000/- (Rupees seventeen thousand five hundred and seventy one million only) divided into 1,735,100,000 (Seventeen hundred thirty five million and one lac only) Equity





shares of Rs. 10/- each, 17,000,000 (Seventeen million only) 7.5% Redeemable Preference shares of Rs. 10/- each and 5,000,000 (Five million only) Preference shares of Rs. 10/- each.

▪ Clause 4 of Articles of Association of Transferee Company.

The Authorised Share capital of the company is Rs. 17,571,000,000/- (Rupees seventeen thousand five hundred and seventy one million only) divided into 1,735,100,000 (Seventeen hundred thirty five million and one lac only) Equity shares of Rs. 10/- each, 17,000,000 (Seventeen million only) 7.5% Redeemable Preference shares of Rs. 10/- each and 5,000,000 (Five million only) Preference shares of Rs. 10/- each.

○ Amendment to Object Clause of the Transferee Company

▪ Upon the Scheme becoming effective, the following clause shall be inserted in the Main Objects clause of the Memorandum of Association of the Transferee Company after clause 5:

6. "To carry on business of dealing with all aspects of negotiations, procurement, imports, storage, handling processing, distribution and transportation of Natural Gas, Liquefied Natural Gas ("LNG"), Coal Bed Methane ("CBM"), Naphtha, Fuel Oils, Crude Oil & other Petroleum Products, coal and any other fuels and utilization thereof.

7. To administer fuel supply and purchase contracts on behalf of State Government and promoter Companies

8. To develop expertise, provide consultation and render advisory services for various technical, legal and commercial aspects of Fuel Supply Management business and facilitating implementation of Natural Gas, LNG, CBM, Naphtha, Fuel Oils, Crude Oil & Petroleum Products, Coal and any other fuel projects

9. To act as an advisory body to the Government / any other agency appointed by State Government for all aspects related to Policy and regulation of Natural Gas, LNG, CBM, Naphtha, Fuel Oils, Crude Oil & Petroleum Products, Coal and any other fuels import / utilization.

10. To promote and make strategic investment in infrastructure projects and facilities meant for augmenting fuel supply."

▪ Upon the Scheme becoming effective, it shall be deemed that the members of the Transferee Company have also resolved and accorded to relevant consents as applicable under Section 17 of the Act (Corresponding notified section 13 of the Companies Act, 2013). It is further clarified that there will be no need to pass a separate shareholders' resolution as required under Section 17 of the Act (Corresponding notified section 13 of the Companies Act, 2013) for the amendments of the Memorandum of Association of the Transferee Company as above. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Company, Gujarat, for amending the main objects in



accordance with the clause 13.2.1 of this Scheme.

o Alteration to the Name Clause

- Upon the Scheme becoming effective, the name of GSPC Distribution Networks Limited shall be deemed to have been changed to Gujarat Gas Limited in accordance with Section 21 (Corresponding notified section 13 of the Companies Act, 2013), and other relevant provisions of the Act.
- It is hereby clarified that the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting the aforementioned amendment and that no further resolution under Section 21 (Corresponding notified section 13 of the Companies Act, 2013) or any other applicable provisions of the Act, would be required to be separately passed, nor any additional fees (including fees and charges to the relevant Registrar of Companies) or stamp duty, shall be payable by the Transferee Company.

- o Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alterations viz. change in the Capital Clause, Object Clause and Name Clause, referred above, shall become operative upon the Scheme becoming effective by virtue of the fact that the Shareholders of the Transferee Company, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 16, 17, 21, 31, 94 (Corresponding notified section 13, 14 and 61 of the Companies Act, 2013) and Section 394 of the Act, or any other provisions of the Act, and there shall not be a requirement to pass separate resolutions as required under the Act.

• **ISSUE OF EQUITY SHARES AND REORGANIZATION OF SHARE CAPITAL**

o Share Swap Ratio

As per the share swap ratio recommended by the Valuer, M/S/ SSPA & Co., Chartered Accountants, upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertakings of the Transferor Companies to the Transferee Company, the shareholders of the Transferor Companies should be allotted shares of the Transferee Company as per below details:

**TO THE SHAREHOLDERS OF GSPC Gas**

Transferee Company should, without any further application, act, instrument or deed, issue to the equity shareholders of GSPC Gas, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 81 (eighty one) equity share of Rs.10/- each, credited as fully-paid up of the Transferee Company, for every 2 (two) equity shares of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GSPC Gas on the Record Date.

**TO THE SHAREHOLDERS OF GGCL**





Transferee Company should, without any further application, act, instrument or deed, issue to the equity shareholders of GGCL including ESOP Trust but excluding GDNL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 38 (thirty eight) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company for every 1 (one) equity share of Rs.2/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GGCL on the Record Date.

#### TO THE SHAREHOLDERS OF GFSL

Transferee Company should, without any further application, act, instrument or deed, issue to the equity shareholders of GFSL except GGCL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 38 (thirty eight) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 1 (one) equity share of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GFSL on the Record Date.

#### TO THE SHAREHOLDERS OF GTCL

The entire issued, subscribed and paid up share capital of GTCL is held by GGCL. Upon the Scheme becoming effective, GGCL would be amalgamated with the Transferee Company from the Appointed Date and hence no shares of the Transferee Company shall be issued and allotted in consideration of the amalgamation and the share capital of GTCL shall stand cancelled.

- o If the shares are issued as per above swap ratio, the resultant shareholding pattern of the Transferee Company, upon merger would be as follows:

Name of the Shareholder	No. of shares	Resultant Shareholding (%)
Promoter and Promoter Group	3,185,795,015	60.89%
Public and Others	2,045,969,960	39.11%
<b>Total</b>	<b>5,231,764,975</b>	<b>100%</b>

- o Issuance and Allotment of Shares
  - Upon issuance of shares based on the share swap ratio as mentioned above, the Transferee Company will have an expanded capital base which may not be appropriate and required. This wide capital base will further lead to a corresponding fictitious asset which will adversely impact the Net worth and Earning per Share of the Transferee Company. In order to ensure that the Transferee Company has a serviceable equity capital base, instead of issuing shares as per above share swap ratio, the shareholders of GSPC Gas, GGCL and GFSL would be allotted proportionately lower number of shares of the Transferee Company as per below details:

#### TO THE SHAREHOLDERS OF GSPC GAS



The Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GSPC Gas, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 81 (eighty one) equity shares of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 76 (seventy six) equity shares of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GSPC Gas on the Record Date.

#### TO THE SHAREHOLDERS OF GGCL

The Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GGCL including ESOP Trust but excluding GDNL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 1 (one) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company for every 1 (one) equity share of Rs.2/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GGCL on the Record Date.

#### TO THE SHAREHOLDERS OF GFSL

The Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GFSL except GGCL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 1 (one) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 1 (one) equity share of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GFSL on the Record Date.

- The equity shares of the Transferee Company to be issued to the members of the Transferor Companies in terms of clause 14.2.1 above shall be subject to the provisions of Articles of Association of the Transferee Company and shall rank pari-passu, in all respects with the existing equity shares of the Transferee Company.
- Upon the implementation of this scheme, the paid up equity share capital of GGCL held by GDNL, the paid up equity share capital of GDNL held by GSPC Gas, and the paid up equity share capital of GGCL into GFSL and GTCL shall, ipso facto, without any further act or deed stand cancelled on the Effective Date, and no shares of the Transferee Company will be issued or allotted with respect to the equity shares so cancelled.
- Since lower number of shares will be issued to the shareholders of Transferor Companies as mentioned in clause 14.2.1 above, in order to ensure that interest of none of the shareholders is jeopardised, it is decided to reduce proportionately the existing equity share capital of the Transferee Company as prescribed in clause 14.3.1. This reduction of capital will ensure that wealth of Public shareholder remains intact and their percentage holding continues to remain as mentioned in





clause 14.1.2.

- No fractional shares shall be issued by the Transferee Company. The Board of Directors of the Transferee Company shall consolidate all fractional entitlements, if any, arising due to issuance of shares pursuant to amalgamation of the Transferor Companies and allot new equity shares in lieu thereof, to director(s) or such other authorized representative(s) as the Board of Directors of the Transferee Company shall appoint in this behalf, who shall hold the new equity shares issued by the Transferee Company in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times (not later than 15 days from the date of listing of new equity shares of the Transferee Company) and at such price or prices and to such person or persons, as he / they may deem fit and pay to Transferee Company, the net sale proceeds thereof, whereupon Transferee Company shall distribute such net sale proceeds, subject to taxes, if any, to the said members in proportion to their respective fractional entitlements. The Board of Directors of Transferee Company, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.
- The approval of this Scheme by the shareholders of the Transferee Company shall be deemed to be due compliance of the provisions of Section 81(1A) (Corresponding notified section 62(1)(c) of the Companies Act, 2013) and other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Transferee Company to the shareholders of the Transferor Companies, as provided in this Scheme.
- The new equity shares shall be issued in dematerialized form to those equity shareholders who hold the shares of Transferor Companies in dematerialised form, provided all details relating to account with depository participant are available with the Transferee Company. All those equity shareholders who hold shares of Transferor Companies in physical form shall be issued new equity shares in Transferee Company in physical or electronic form, at the option of such shareholders to be exercised by them on or before the record date, by giving a notice in writing to the Transferee Company. Such physical equity share certifications (if any), shall be sent by Transferee Company to the equity shareholders of the Transferor Companies at their respective registered addresses as appearing in the register of member maintained by the Transferor Companies as of record date with respect to their shareholders (or in case of joint shareholders – to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and Transferee Company shall not be responsible for any loss in transit.
- In the event of their being any pending share transfer, whether lodged or outstanding, of any shareholders of the Transferor Companies, the Board of Directors of the Transferee Company or any committee / person duly authorized in this regard by the Board of Directors of Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record date, to effectuate such a transfer as if changes in the registered holder were operative as on the





Record Date, in order to remove any difficulties arising to the Transferor or transferee of equity shares in the Transferor Companies, after the effectiveness of this Scheme.

- The existing equity shares after giving effect to reduction as per clause 14.3.1 and after considering issue of new equity shares to the shareholders of the Transferor Companies as per clause 14.2.1 of this Scheme will be listed and / or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2009, as amended from time to time, on all the stock exchanges on which shares of GGCL are listed on the effective date. The Transferee Company shall enter into such arrangement and give such confirmation and/or undertakings as may be necessary in accordance with the applicable laws or regulations for the Transferee Company with the formalities of the said stock exchanges. The equity shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated Stock Exchange. There shall be no change in the shareholding pattern or control in the Transferee Company between the record date and the listing which may affect the status of the approval of National Stock Exchange of India Limited dated 05.11.2014 and BSE Limited dated 07.11.2014.

#### o REORGANIZATION OF SHARE CAPITAL

- In order to ensure that the interest of none of the shareholders is jeopardized as discussed in clause 14.2.4, it is decided to reduce proportionately the existing equity share capital of the Transferee Company as follows:

On the effective date and after securing necessary approvals and permissions and after cancellation of investment of Rs 4,000,500,000 divided into 400,050,000 shares of Rs 10 each held by GSPC Gas in GDNL as per clause 14.2.3, the Transferee Company shall reduce its remaining fully paid up equity share capital from Rs 5,000,000,000 divided into 500,000,000 shares of Rs 10 each to Rs 131,578,950 divided into 13,157,895 shares of Rs 10 each.

- The differential amount arising upon reduction of share capital of the Transferee Company as per above clause shall be utilised in the manner specified in clause 15.5.
- Upon issuance of shares as per clause 14.2.1 above and reduction of share capital as per clause 14.3.1 above, the resultant shareholding pattern of the Transferee Company would be as below:

Name of the Shareholder	No. of shares	Resultant Shareholding (%)
Promoter and Promoter Group	83,836,710	60.89%
Public and Others	53,841,315	39.11%
<b>Total</b>	<b>137,678,025</b>	<b>100%</b>

- The reduction of share capital as contemplated in clause 14.3.1 above shall be effected as an integral part of the Scheme. The approval of the members of the Transferee Company to the proposed Scheme at the Court conveyed meeting, shall







be deemed to be their approval under the provisions of Section 100 and all other applicable provisions of the Act to such reduction of capital. The Transferee Company shall not be required to undertake any separate proceedings for the same. The Order of the High Court sanctioning the Scheme shall be deemed to be an Order under section 102 of the Act. Further, since the said proposal for reduction does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholders of any paid up share capital, the procedure prescribed under section 101 shall not be required to be undertaken.

- Notwithstanding the reduction as mentioned above, the Transferee Company shall not be required to add "and reduced" as suffix to its name and the Transferee Company shall continue in its existing name.
- The share certificates of the Transferee Company in relation to the shares held by its equity shareholders shall, without any further application, act, instrument or deed be deemed to have been automatically cancelled pursuant to the reduction of capital. It is expressly clarified that shares issued and allotted pursuant to clause 14.2.1 above, shall not be subject to reduction proposed in clause 14.3.1 above.
- The shares and share certificates of the Transferor Companies and / or Transferee Company held by the members of the Transferor Companies and / or Transferee Company shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and non-negotiable and be of no effect on and from the Effective Date.

#### • ACCOUNTING TREATMENT

Upon the Scheme becoming effective, the Transferee Company shall account for the Amalgamation in its books of accounts with effect from the Appointed Date as per the "Purchase Method" as described in Accounting Standard – 14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India, such that:

- The assets liabilities and debts of the Transferor Companies are transferred to and vested in the Transferee Company, pursuant to the Scheme and shall be recorded by the Transferee Company, at their respective fair values, as determined by the Board, as on the Appointed Date.
- With effect from the Appointed Date and upon the Scheme becoming effective, the investment of GSPC Gas in GDNL, the investment of GDNL in GGCL and the investment of GGCL into GFSL and GTCL shall stand cancelled.
- Inter-company transactions and balances including loans, advances, amount receivable or payable inter-se between the Transferor Companies and the Transferee Company as appearing in their books of accounts, if any, shall stand cancelled.
- The Transferee Company shall credit to the Share Capital Account in its books of account, the aggregate face value of equity shares issued to the shareholders of Transferor Companies pursuant to clause 14.2.1 of this Scheme.
- The difference in the value of net assets of Transferor Companies to be vested in the Transferee Company as per clause 4.1 above and issue of shares as per clause 14.2.1 above, after adjustment of the cancellation of investment of GSPC Gas into GDNL, investment of GDNL into GGCL and investment of GGCL into GFSL and GTCL as





per clause 14.2.3, reduction of share capital of GDNL as per clause 14.3.1 and adjustment of differential amount arising as per clause 14.3.2, shall be credited by Transferee Company to "Reserves" or debited to "Goodwill Account", as the case may be.

- o In case of any difference in accounting policy between the Transferee Company and the Transferor Companies or between Transferor Companies, the impact of the same till the Appointed Date would be adjusted in accordance with Accounting Standard – 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

#### • DISSOLUTION OF THE TRANSFEROR COMPANIES

Upon the Scheme being effective, the Transferor Companies shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

### 3.4.2 BRIEF HIGHLIGHTS OF THE SCHEME WITH RESPECT TO ALLOTMENT AND LISTING OF SHARES & OTHER CONSEQUENTIAL ASPECTS

#### 1. Appointed Date for the Scheme:

"Appointed Date" means 1<sup>st</sup> April 2013 or such other date as may be approved by the High Court for the purposes of this Scheme.

#### 2. Share Swap Ratio:

As per the share swap ratio recommended by the Valuer, M/S/ SSPA & Co., Chartered Accountants, upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the Undertakings of the Transferor Companies to Gujarat Gas Limited, the shareholders of the Transferor Companies should be allotted shares of Gujarat Gas Limited as per below details:

##### To the Shareholders of GSPC Gas:

Gujarat Gas Limited should, without any further application, act, instrument or deed, issue to the equity shareholders of GSPC Gas, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 81 (eighty one) equity share of Rs.10/- each, credited as fully-paid up of the Transferee Company, for every 2 (two) equity shares of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GSPC Gas on the Record Date.

##### To the Shareholders of GGCL:

Gujarat Gas Limited should, without any further application, act, instrument or deed, issue to the equity shareholders of GGCL including ESOP Trust but excluding Gujarat Gas Limited,







whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 38 (thirty eight) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company for every 1 (one) equity share of Rs.2/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GGCL on the Record Date.

**To the Shareholders of GFSL:**

Gujarat Gas Limited should, without any further application, act, instrument or deed, issue to the equity shareholders of GFSL except GGCL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 38 (thirty eight) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 1 (one) equity share of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GFSL on the Record Date.

**To the Shareholders of GTCL:**

The entire issued, subscribed and paid up share capital of GTCL is held by GGCL. Upon the Scheme becoming effective, GGCL would be amalgamated with the Transferee Company from the Appointed Date and hence no shares of the Transferee Company shall be issued and allotted in consideration of the amalgamation and the share capital of GTCL shall stand cancelled.

**3. Issuance and Allotment of Shares:**

Upon issuance of shares based on the share swap ratio as mentioned above, Gujarat Gas Limited would have an expanded capital base which may not be appropriate and required. This wide capital base would further lead to a corresponding fictitious asset which would adversely impact the Net worth and Earning per Share of Gujarat Gas Limited. In order to ensure that Gujarat Gas Limited has a serviceable equity capital base, instead of issuing shares as per above share swap ratio, the shareholders of GSPC Gas, GGCL and GFSL would be allotted proportionately lower number of shares of the Gujarat Gas Limited as per below details:

**To the Shareholders of GSPC Gas:**

Gujarat Gas Limited shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GSPC Gas, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 81 (eighty one) equity shares of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 76 (seventy six) equity shares of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GSPC Gas on the Record Date.

**To the Shareholders of GGCL:**

Gujarat Gas Limited shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GGCL including ESOP Trust but excluding GDNL, whose







names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 1 (one) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company for every 1 (one) equity share of Rs.2/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GGCL on the Record Date.

#### **To the Shareholders of GFSL:**

Gujarat Gas Limited shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of GFSL except GGCL, whose names are registered in its register of members on the Record Date, or his/her/its heirs, executors or, as the case may be, successors, 1 (one) equity share of Rs.10/- each, credited as fully-paid up of Transferee Company, for every 1 (one) equity share of Rs.10/- each held by such equity shareholders or their respective heirs, executors or, as the case may be, successors in GFSL on the Record Date.

#### **4. Treatment of fractional entitlements:**

No fractional shares shall be issued by Gujarat Gas Limited. The Board of Directors of Gujarat Gas Limited shall consolidate all fractional entitlements, if any, arising due to issuance of shares pursuant to amalgamation of the Transferor Companies and allot new equity shares in lieu thereof, to director(s) or such other authorized representative(s) as the Board of Directors of Gujarat Gas Limited shall appoint in this behalf, who shall hold the new equity shares issued by Gujarat Gas Limited in trust on behalf of the members entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times (not later than 15 days from the date of listing of new equity shares of Gujarat Gas Limited) and at such price or prices and to such person or persons, as he / they may deem fit and pay to Transferee Company, the net sale proceeds thereof, whereupon Transferee Company shall distribute such net sale proceeds, subject to taxes, if any, to the said members in proportion to their respective fractional entitlements. The Board of Directors of Transferee Company, if it deems necessary, in the interests of allottees, approve such other method in this behalf as it may, in its absolute discretion, deem fit.

#### **5. Listing of equity shares of Gujarat Gas Limited:**

The Equity Shares of Gujarat Gas Limited shall be listed on all the stock exchanges on which the shares of GGCL are listed as on the Effective Date, subject to SEBI granting relaxation under Rule 19(2)(b) of SCRR. Gujarat Gas Limited shall also fulfill the Exchange's criteria for listing and shall also comply with SEBI Act, Rules, Regulations, Directions of SEBI, and Rules, Byelaws, and Regulations of the Exchange, and other applicable statutory requirements and compliances with the necessary procedures that may be required. However, the listing of shares of Gujarat Gas Limited is at the discretion of the Stock Exchanges.

#### **6. Re-organization of Share Capital:**

On the effective date and after securing necessary approvals and permissions and after cancellation of investment of Rs 4,000,500,000 divided into 400,050,000 shares of Rs 10







each held by GSPC Gas in Gujarat Gas Limited, Gujarat Gas Limited shall reduce its remaining fully paid up equity share capital from Rs 5,000,000,000 divided into 500,000,000 shares of Rs 10 each to Rs 131,578,950 divided into 13,157,895 shares of Rs 10 each.

#### 7. Mode of allotment of New Equity Shares:

The new equity shares issued pursuant to the Scheme shall be in dematerialized form to those equity shareholders who held shares of Transferor Companies in dematerialised form, provided all details relating to account with depository participant are available with Gujarat Gas Limited. All those equity shareholders who held shares of Transferor Companies in physical form shall be issued new equity shares in Gujarat Gas Limited in physical or electronic form, at the option of such shareholders exercised by them on or before the record date. \

#### 3.4.3 RATIONALE FOR COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT

GSPC Gas was incorporated in India under the provisions of the Act, on 11th March 1999. GSPC Gas is engaged in the business of distribution of natural gas. GSPC Gas catered to the natural gas requirements of the retail segments, which comprises of industrial, commercial, CNG and residential customers. GSPC Gas was an unlisted company and owned 44.45% stake in GDNL. Besides GSPC Gas, GSPL owned 38.88% in GDNL and GSFC owned the balance 16.67% in GDNL.

GDNL was incorporated in India under the provisions of the Act, on 21 February 2012. GDNL, an unlisted company held 73.70 % stake in GGCL.

GGCL was incorporated in India under the provisions of the Act, on 17 January 1980. GGCL was engaged in the business of transmission and distribution of Natural Gas. GGCL served the entire range of the retail end of the gas value chain i.e. Residential, Industrial, CNG and Commercial. The equity shares of GGCL were listed on BSE, NSE, ASE and VSE.

GFSL was incorporated in India under the provisions of the Act, on 11 April 1994. GFSL was engaged in the business of sale of gas connections in India to its holding company i.e. GGCL and to other commercial and non-commercial customers within India. GFSL was an unlisted company. GGCL held 69.88% equity stake in GFSL.

GTCL was incorporated in India under the provisions of the Act, 26 December 1980. GTCL was engaged in the business of distribution of gas from sources of supply to centres of demand and/or to the end customers. GTCL was an unlisted company. GTCL was a wholly owned subsidiary of GGCL.

All the above companies are part of the GSPC Group and were engaged in the similar line of business i.e. City Gas Distribution. The management of GSPC Group is now desirous of consolidating operations of these companies as they are engaged into similar businesses.

As a measure to consolidate the City Gas Distribution business, GSPC Group management had decided to amalgamate the city gas distribution business of GSPC Gas, GGCL, GFSL and







GTCL into GDNL by way of a Court approved Scheme of Amalgamation. The amalgamation, inter alia, would result in the following benefits:

- a) Through consolidation, the synergies that exist among the entities in terms of similar business processes and resources can be put to the best advantage for the stakeholders. Further, the proposed consolidation will provide an opportunity to better leverage the combined asset and capital base, build a stronger and sustainable business and improve the potential for further growth and expansion of the business of the merged entity;
- b) The proposed amalgamation will not only bring about operational rationalisation, organisational efficiency but also will result in multiple synergies. By pooling together various resources, administrative, managerial and other expenditures will also reduce. The proposed amalgamation will strengthen significantly the position of the combined entity in the industry in terms of asset base, revenue, business volume and market share;
- c) The amalgamated entity will benefit from improved organizational leadership, arising from the combination of people from all the companies, who have diverse skills, talent and vast experience to compete successfully in an increasingly competitive Oil & Gas industry more particular in City Gas Distribution Business;
- d) The combined entity would have greater efficiency in cash management, unfettered access to cash flow generated by the combined businesses which can be deployed more efficiently to fund organic and inorganic growth opportunities. It will have large net worth and borrowing capacity to expand its business at a faster rate. The combined entity will improve the potential for further expansion of the businesses by way of increased borrowing strength of the combined entity;
- e) Further, the amalgamation will result in a significant reduction in the multiplicity of legal and regulatory & other applicable compliances required at present to be carried out by all the Companies.

#### **3.4.4 APPROVAL AND SANCTION OF THE COMPOSITE SCHEME OF AMALGAMATION AND ARRANGEMENT**

The Honorable High Court of Gujarat at Ahmedabad, vide its Common Oral Order dated 30<sup>th</sup> March 2015 (Certified copy of the scheme received by the Company on 18<sup>th</sup> April 2015), has sanctioned the Composite Scheme of Amalgamation and Arrangement between GSPC Gas, GGCL, GFSL and GTCL with GDNL (Now Gujarat Gas limited) and consequent reduction of share capital of GDNL (Now Gujarat Gas limited).

The aforesaid order of the Honorable High Court of Gujarat at Ahmedabad was filed by all the companies involved in the Scheme with the ROC, Ahmedabad on 14<sup>th</sup> May 2015 which is the Effective Date of the Scheme.

Pursuant to the Scheme, the Company has been vested with the CGD Business of GSPC Gas, GGCL, GFSL and GTCL w.e.f. 1<sup>st</sup> April 2013 (i.e. the Appointed Date under the Scheme) as per the Composite Scheme of Amalgamation and Arrangement as sanctioned by the Honorable High Court of Gujarat at Ahmedabad vide its common oral Order dated 30<sup>th</sup> March 2015 under Sections 391 to 394 read with Section 100 to 103 of the Companies Act, 1956.







In accordance with the said Scheme, the Company would require to obtain 19(2) (b) exemption application from SEBI for listing the equity shares of Gujarat Gas Limited issued pursuant to the Scheme. Subject to applicable regulations, the shares of Gujarat Gas Limited, shall be listed and admitted to trading on BSE, NSE, ASE and VSE.

The Company has submitted this Information Memorandum containing information and disclosures in line with the disclosure requirement for public issues, as applicable, to BSE, NSE, ASE and VSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum is made available on the Company's website: [www.gujaratgas.com](http://www.gujaratgas.com). The Company will publish an advertisement in the newspapers containing its details in line with the details required as per Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February 2013. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website, [www.gujaratgas.com](http://www.gujaratgas.com), as well as the Stock Exchanges.

The Company also undertakes that all material information about itself shall be disclosed to the Stock Exchanges on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries, if any.

#### **SECTION 4 – GENERAL INFORMATION**

Gujarat Gas Limited (formerly GSPC Distribution Networks Limited) was incorporated on 21<sup>st</sup> February 2012, as a public limited company under the Companies Act, 1956, with its main object to carry on, sale, purchase, supply, distribution, transport, trading in Natural Gas, CNG, LNG, LPG & other Gaseous from through Pipelines, Trucks/Trains or such other suitable mode for transportation/distribution of Natural Gas, CNG, LNG, LPG & other Gaseous Form.

##### **REGISTERED OFFICE:**

Block No. 15, 3rd Floor,  
Udyog Bhavan, Sector 11,  
Gandhinagar – 382 001,  
Gujarat

**REGISTRATION NO:** CIN – U40200GJ2012SGC069118

##### **REGISTRAR OF COMPANIES:**

ROC Bhavan, Opp Rupal Park Society,  
Behind Ankur Bus Stop,  
Naranpura, Ahmedabad-380013  
Phone: 079-27437597,  
Fax 079-27438371  
[roc.ahmedabad@mca.gov.in](mailto:roc.ahmedabad@mca.gov.in)

##### **COMPLIANCE OFFICER AND COMPANY SECRETARY:**

Rajeshwari Sharma



**BOARD OF DIRECTORS:**

- 1 Mr. L. Chuaungo, IAS, Director (Promoter Director)
- 2 Mr. Atanu Chakraborty, IAS, Director (Promoter Director)
- 3 Mr. Sanjeev Kumar, IAS, Director (Promoter Director)
- 4 Mr. Mukesh Kumar, IAS, Director (Promoter Director)
- 5 Mr. Jal Patel, Independent Director
- 6 Mr. Ajit Kapadia, Independent Director
- 7 Mr. K. D. Chatterjee, Independent Director
- 8 Prof. Pradip Khandwalla, Independent Director
- 9 Mrs. Manjula Shroff, Independent Director

For further details of the Board of Directors of the Company, please see- the section titled "Management".

**FINANCIAL INSTITUTIONS / BANKERS TO THE COMPANY:**

Dena Bank  
 YES Bank Limited  
 IndusInd Bank  
 HDFC Bank Limited  
 Kotak Mahindra Bank Limited  
 Gujarat State Financial Services Limited  
 The Kalupur Commercial Co-Operative Bank Limited  
 HUDCO

Bank of Baroda  
 Oriental Bank of Commerce  
 UCO Bank  
 Corporation Bank  
 ICICI Bank Limited  
 Bank of Maharashtra  
 State Bank of India  
 Axis Bank

**AUDITORS:**

M/s J. S. Maheshwari & Co.  
 Chartered Accountants  
 Ahmedabad

**REGISTRAR AND SHARE TRANSFER AGENT:**

Karvy Computershare Private Limited  
 Karvy Selenium Tower B, Plot No. 31-32,  
 Financial District, Nanakramguda, Serilingampally Mandal,  
 Hyderabad – 500032  
 Ph: 040 – 67161500, 040 – 67161606





**SECTION 5 – CAPITAL STRUCTURE OF THE COMPANY****5.1 CAPITAL STRUCTURE**

Consequent to Issue and Allotment of Shares pursuant to the Scheme, the Share Capital of the Company is as follows:

<b>PARTICULARS</b>	<b>Rs.</b>
<b><u>AUTHORISED SHARE CAPITAL</u></b>	
1,735,100,000 equity shares of Rs.10/- each	17,351,000,000
17,000,000 (Seventeen million only) 7.5% Redeemable Preference shares of Rs. 10/- each	170,000,000
5,000,000 (Five million only) Preference shares of Rs. 10/- each	50,000,000
<b><u>ISSUED, SUBSCRIBED AND PAID SHARE CAPITAL</u></b>	
137,678,025 Equity Shares of Rs. 10/- each	1,376,780,250

The Authorised Share capital of the company is Rs. 17,571,000,000/- (Rupees seventeen thousand five hundred and seventy one million only) divided into 1,735,100,000 (Seventeen hundred thirty five million and one lac only) equity shares of Rs. 10/- each, 17,000,000 (Seventeen million only) 7.5% Redeemable Preference shares of Rs. 10/- each and 5,000,000 (Five million only) Preference shares of Rs. 10/- each.

Prior to issuance, allotment, reduction or cancellation of the equity shares, as per the Scheme, to the shareholders as per their entitlement on the Record Date i.e. 28<sup>th</sup> May 2015, the Issued, Subscribed and Paid-up Equity Share Capital of the Gujarat Gas Limited (formerly GSPC Distribution Networks Limited) was Rs. 9,000,500,000/- divided into 900,050,000 equity shares of Rs.10/- each.

Upon issuance of shares based on the share swap ratio recommended by the Valuer, M/S/ SSPA & Co., Chartered Accountants, since the capital base would had been expanded and which would not have been appropriate and required. This wide capital base would had further led to a corresponding fictitious asset which would had adversely impacted the Net worth and Earning per Share of Gujarat Gas Limited. In order to ensure that Gujarat Gas Limited has a serviceable equity capital base, instead of issuing shares as per the share swap ratio recommended by the Valuer, the shareholders of GSPC Gas, GGCL and GFSL were allotted proportionately lower number of shares of Gujarat Gas Limited. The swap ratio as recommended by the Valuer was as follows:





- 81 (eighty-one) equity shares of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 2 (two) equity shares of Rs. 10/- each held by equity shareholders of the GSPC Gas;
- 38 (thirty-eight) equity shares of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 1 (one) equity share of Rs. 2/- each held by equity shareholders of GGCL;
- 38 (thirty-eight) equity shares of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 1 (one) equity share of Rs. 10/- each held by equity shareholders of GFSL;

Accordingly, it was decided to reduce proportionately, the equity share capital of Gujarat Gas Limited. Therefore, on the effective date and after securing necessary approvals and permissions and after cancellation of investment of Rs 4,000,500,000 divided into 400,050,000 shares of Rs 10 each held by GSPC Gas in Gujarat Gas Limited (formerly GSPC Distribution Networks Limited), the Company reduced its remaining fully paid up equity share capital from Rs 5,000,000,000 divided into 500,000,000 shares of Rs 10 each to Rs 131,578,950 divided into 13,157,895 shares of Rs 10 each. Effectively, the swap ratio based on which, allotment of equity shares was undertaken was as follows:

- 81 (eighty-one) equity shares of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 76 (seventy-six) equity shares of Rs. 10/- each held by equity shareholders of the GSPC Gas;
- 1 (one) equity share of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 1 (one) equity share of Rs. 2/- each held by equity shareholders of GGCL;
- 1 (one) equity shares of Rs.10/- each, credited as fully-paid up of Gujarat Gas Limited, for every 1 (one) equity share of Rs. 10/- each held by equity shareholders of GFSL;

As per Resolution of the Committee of Directors of the Company, in its meeting held on 2<sup>nd</sup> June 2015, the Company allotted 124,520,130 equity shares of Rs. 10/- each to the eligible members of erstwhile Transferor Companies viz. GSPC Gas Company Limited, Gujarat Gas Company Limited and Gujarat Gas Financial Services Limited, as on Record Date i.e. 28<sup>th</sup> May 2015.

## 5.2 EQUITY SHARE CAPITAL HISTORY

Sr. No.	Date of Allotment /Reduction	Consideration	No. of Equity shares	Face Value per share	Issue Price	Lock-in Period*
1.	28/02/2012	Cash (Signatories to Memorandum)	50,000	10	10	NA
2.	20/05/2012	Cash (Further Allotment)	900,000,000	10	10	NA
3.	14/05/2015	Reduction of Share Capital as on effective	13,157,895	10	Share Capital reduced to ensure that the Company	Part of the equity shares (being part of







		date, pursuant to the Composite Scheme of Amalgamation & Arrangement			has a serviceable equity capital base	pre merger share capital) shall be locked in for Three years from the date of listing
4.	02/06/2015	Issuance of Equity Shares pursuant to the Composite Scheme of Amalgamation & Arrangement	124,520,130	10	Issued as per swap ratio pursuant to the scheme of amalgamation	Part of the equity shares (20% of promoters shareholding) shall be locked in for Three years from the date of listing

#### Notes forming part of the Capital Structure:

\*Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013, the promoters shares totaling to 27,535,605, being 20% of the post-merger paid-up capital of Gujarat Gas Limited (Formerly GSPC Distribution Networks Limited) and the pre-merger capital of Gujarat Gas Limited (Formerly GSPC Distribution Networks Limited) held by Gujarat State Fertilizers and Chemicals Limited to the extent of 39, 47, 369 shares, shall be locked-in for a period of three years from the date of listing of shares of Gujarat Gas Limited (Formerly GSPC Distribution Networks Limited).

#### Shareholding Pattern of the Company before and after the Scheme:

Description			Gujarat Gas Limited			
			Pre-arrangement 31.3.2015		Post-arrangement 02.06.2015	
			No. of shares	%	No. of shares	%
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family		0	0		
(b)	Central Government/ State Government(s)		0	0	8995462	6.53%
(c)	Bodies Corporate		750,050,000	83.33%	74841246	54.36%
(d)	Financial Institutions/					





	Banks					
(e)	Any Others					
	<b>Sub Total(A)(1)</b>		<b>750,050,000</b>	<b>83.33%</b>	<b>83836708</b>	<b>60.89%</b>
<b>2</b>	<b>Foreign</b>					
(a)	Individuals (Non-Residents Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Others					
	<b>Sub Total(A)(2)</b>		<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0.00%</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>		<b>750,050,000</b>	<b>83.33%</b>	<b>83836708</b>	<b>60.89%</b>
<b>(B)</b>	<b>Public shareholding</b>					
<b>1</b>	<b>Institutions</b>					
(a)	Mutual Funds/ UTI				4450028	3.23%
(b)	Financial Institutions / Banks				135019	0.10%
(c)	Central Government/ State Government(s)	-				
(d)	Venture Capital Funds	-			-	-
(e)	Insurance Companies				2371946	1.72%
(f)	Foreign Institutional Investors				16906193	12.28%
(g)	Foreign Venture Capital Investors	-				
(h)	Any Other	-			0	0.00%
	<b>Sub-Total (B)(1)</b>				<b>23863186</b>	<b>17.33%</b>
<b>2</b>	<b>Non-institutions</b>					
(a)	Bodies Corporate		150,000,000	16.67%	15990651	11.61%
(b)	Individuals					







I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh				7825160	5.68%
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.				500609	0.36%
(c)	Any Other				5661711	4.12%
(d)	Qualified Foreign Investors				0	0.00%
	<b>Sub-Total (B)(2)</b>		<b>150,000,000</b>	<b>16.67%</b>	<b>29978131</b>	<b>21.77%</b>
(B)	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>		<b>150,000,000</b>	<b>16.67%</b>	<b>53841317</b>	<b>39.11%</b>
	<b>TOTAL (A)+(B)</b>		<b>900,050,000</b>	<b>100.00%</b>	<b>137678025</b>	<b>100.00%</b>
(C)	Shares held by Custodians and against which DRs have been issued					
	<b>GRAND TOTAL (A)+(B)+(C)</b>		<b>900,050,000</b>	<b>100.00%</b>	<b>137678025</b>	<b>100.00%</b>

**Notes:**

1. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
2. There was no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the Hon'ble High Court till this application of listing of the equity shares allotted as per the Scheme.
3. There is only one denomination for the equity shares of the Company, subject to applicable regulations and the Company will comply with such disclosure and accounting norms specified by SEBI, from time to time.
4. The Company has 27763 members as on the Record Date, i.e. 28<sup>th</sup> May 2015.





5. None of equity shares of the Company were under lock-in prior to the Scheme. However, Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February 2013, the promoters shares totaling to 27,535,605, being 20% of the post-merger paid-up capital of Gujarat Gas Limited (formerly GSPC Distribution Networks limited) and the pre-merger capital of Gujarat Gas Limited (formerly GSPC Distribution Networks limited) held by Gujarat State Fertilizers and Chemicals Limited to the extent of 39, 47, 369 shares, shall be locked-in for a period of three years from the date of listing of shares of Gujarat Gas Limited.

## **SECTION 6 – STATEMENT OF POSSIBLE TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY**

As per Annexure 2

## **SECTION 7 – ABOUT THE COMPANY**

Gujarat Gas Limited (Formerly GSPC Distribution Networks Limited) was incorporated on 21<sup>st</sup> February 2012 as a public limited company, in the name and style of GSPC Distribution Networks Limited, under the Companies Act, 1956, in the office of the Registrar of Companies, Gujarat, with an initial Authorised Capital of Rs. 1,000,000 and paid up capital of Rs. 5,00,000 which was further increased to Rs. 15,000,000,000 and Rs. 9,000,500,000, respectively. The Registered office of the Company is situated at Block No. 15, 3rd Floor, Udyog Bhavan, Sector 11, Gandhinagar – 382 001, Gujarat.

Gujarat Gas Limited (Formerly GSPC Distribution Networks Limited) was incorporated by erstwhile GSPC Gas Company Limited as its 100% subsidiary for acquiring controlling stake in GGCL. In October 2012, GSPC announced that it had signed definitive agreement for acquiring 65.12% equity stake in GGCL from London-based British Gas Group through Gujarat Gas Limited (Formerly GDNL). Gujarat Gas Limited (Formerly GDNL) paid Rs. 295 per share to BG Group for acquiring its 65.12% equity stake in GGCL, aggregating to Rs. 2463.46 Crore. Gujarat Gas Limited (Formerly GDNL) acquired further 8.58% stake through an open offer made at a price of Rs. 314.17 per share, aggregating to Rs. 347.68 Crore. Thus, total consideration for acquiring 73.70% stake in GGCL amounted to Rs. 2811.14 Crore. The same has been funded by equity investment of Rs. 900 Crore, NCD issue of Rs. 500 Crore and balance by way of bridge finance from Gujarat State Financial Services Limited.

The Members of the Board at its meeting held on 24<sup>th</sup> February 2014 granted its "in-principle" approval to the consolidation by way of amalgamation of the Company, GSPC Gas, GGCL, GFSL and GTCL through a High Court approved Composite Scheme of Amalgamation and Arrangement. The Board at its meeting held on 21<sup>st</sup> April 2014 approved the Scheme of Amalgamation.

The Company along with the Transferor Companies had filed a petition in Honorable High Court of Gujarat at Ahmedabad requiring CGD Business of the Transferor Companies to transfer and vest in the Company i.e. Gujarat Gas Limited (Formerly GDNL) from the Appointed Date as given in the Scheme i.e. 1<sup>st</sup> April, 2013. From 14<sup>th</sup> May 2015, the Scheme became effective. The Main Objects of the Company are set out hereunder:







1. To carry on, sale, purchase, supply, distribution, transport, trading in Natural Gas, CNG, LNG, LPG & other Gaseous from through Pipelines, Trucks/Trains or such other suitable mode for transportation/distribution of Natural Gas, CNG, LNG, LPG & other Gaseous Form;
2. To lay, design, construct, fabricate, install and maintain gas processing and gas manufacturing plants, gas installations including gas storage, machinery apparatus, pipes, valves, fittings, meters and other allied accessories necessary and useful for the manufacture, supply and distribution of gas energy;
3. To manufacture, produce, to acquire concessions, licences or orders from any authority for supply and distribution of all forms of conventional and/or nonconventional types of energy, including gaseous fuel and products derived from natural gas for domestic, commercial, industrial lighting, heating, motive power or any other purposes;
4. To act as technical advisors, consultants for undertaking market survey, techno-economic feasibility reports, basic knowhow, design, detail engineering including procurement, executing, testing, revamping of the existing installations and commissioning services, required for the manufacture, supply and distribution of gas energy;
5. To carry out in India and in any part of the world, business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing:
  - All types of alcohols, chemicals, heavy chemicals, acids, alkalies, agro chemicals, explosive and their by-products, derivatives and mixtures thereof and maintaining and rendering assistance and services of all and every kind of any description for selling, exchanging, altering, improving and dealing in alcohols and artificial and other fertilizers, heavy chemicals, agro chemicals and their by-products of every description whether required for civil commercial or military defence purposes and requirement or otherwise;
  - All fertilizers, petro-chemicals, plastics methanol, melamine, derivatives thereof whether liquid, solid or gaseous and including specifically benzene, ethylene, propylene, propane ethane, butane, tutadene isoprene, oxides, glycols and poly glycols of ethylene, propylene and butadebe chlorinated hydro carbons, aliphatic and aromatic alcohols, aldehydes, ketones, aromatic acids, anhydrides, vinyl acetate, vinylchloride, acrylics, esters of artho, meta and teraphathalic acids and all gases;
  - All organic and inorganic chemicals, synthetic chemicals, derived from petroleum, hydrocarbons, elements, chemicals and compounds and products of any nature and kind whatsoever including by-products, derivatives and mixtures thereof
6. To carry on business of dealing with all aspects of negotiations, procurement, imports, storage, handling processing, distribution and transportation of Natural Gas, Liquefied Natural Gas ("LNG"), Coal Bed Methane ("CBM"), Naphtha, Fuel Oils, Crude Oil & other Petroleum Products, coal and any other fuels and utilization thereof.







7. To administer fuel supply and purchase contracts on behalf of State Government and promoter Companies
8. To develop expertise, provide consultation and render advisory services for various technical, legal and commercial aspects of Fuel Supply Management business and facilitating implementation of Natural Gas, LNG, CBM, Naphtha, Fuel Oils, Crude Oil & Petroleum Products, Coal and any other fuel projects
9. To act as an advisory body to the Government / any other agency appointed by State Government for all aspects related to Policy and regulation of Natural Gas, LNG, CBM, Naphtha, Fuel Oils, Crude Oil & Petroleum Products, Coal and any other fuels import / utilization.
10. To promote and make strategic investment in infrastructure projects and facilities meant for augmenting fuel supply.

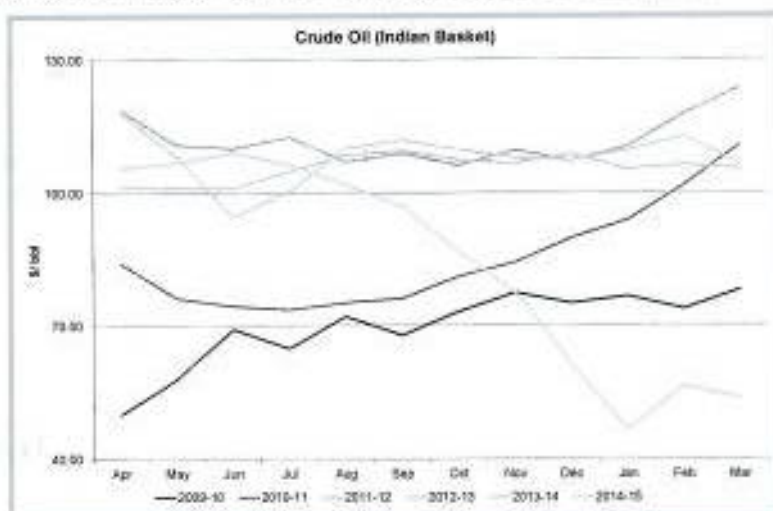
The Objects Incidental or Ancillary to the Attainment of Main Objects are set out hereunder:

38. To establish subsidiaries, companies, amalgamate with, or enter into partnership or into any arrangement for sharing profits, union of interest, joint venture, reciprocal concessions or co-operation with, any person or company carrying on, engaged in, or proposing to carry on or engage in, any business or transaction which the Company is authorized to carry on or engaging or which is capable of being conducted so as directly or indirectly to benefit the Company, and to take or otherwise acquire and hold shares, stock, securities, obligations or other interests in any such person or company, and to subsidize or otherwise assist any such persons or company.

## 7.1 MANAGEMENT DISCUSSION AND ANALYSIS

### 7.1.1. INDUSTRY OUTLOOK AND DEVELOPMENTS

Natural Gas is been used as a fuel since more than a century, but the emergence of Natural Gas as a preferred, clean and safe energy solution has been prevalent only in the last couple of decades. This year Gujarat Gas Limited (GGL or the Company) faced major challenges due to the increasing volatility in the global crude oil prices. The crude oil price (Indian Basket) 2 has fallen by around 50% since the beginning of the year, when it was around \$100+ a barrel. This comes after nearly five years of stability. The oil price is partly determined by actual supply and demand, and partly by expectation. Demand for energy is also closely related to economic activity. The Organization of Petroleum Exporting Countries, which controls nearly 40% of the world market, had failed to reach at an agreement on production curbs, sending the price tumbling further. However the crude price recovery had started. Also hard hit are oil-exporting countries such as Russia (where the rouble has hit record lows), Nigeria, Iran and Venezuela.







Even though this global volatility of crude created competition for Natural Gas from polluting fuels, however Natural Gas continues to emerge preferred fuel and remain a vital energy source amongst various available resources in world's energy consumption and by most of the Company's environment conscious customers. It is one of the cleanest conventional fuels with very low level of greenhouse gas emissions in comparison to other conventional sources. Natural gas is traditionally consumed in the residential, commercial sectors, mostly for heating in the transport sector and in the industrial sector – sometimes industrials such as fertilizer producers use Natural Gas as raw material, and in the power sector. Natural gas will continue to increase its share of the global energy mix, growing at 2.4% per year until 2018. Demand for Natural Gas is expected to be more than 50% higher in 2040, and the only fossil fuel growing significantly at that time. Natural Gas is set to increase its weight in the global energy mix with LNG gaining momentum and contributing to increased energy security as per the projections of International Energy Agency (IEA).<sup>2</sup> Currently Natural Gas accounts for 24.4% of total global energy consumption mix<sup>3</sup>.

With expanding economy comes an increasing demand for energy and, if current trends continue, India will be the world's third largest energy consumer by 2020. India increasingly relies on imported LNG accounting to less than 6% of global imports. India's LNG imports are forecasted to increase at a CAGR of 33 per cent till 2017.<sup>4</sup>

The Petroleum and Natural Gas Regulatory Board (PNGRB) which governs and regulates the downstream gas industry is actively contributing in the growth of City or Local Natural Gas Distribution (CGD) sector by awarding licenses to lay, build, operate and expand CGD business in new geographies including Bhavnagar, Jamnagar, Kutch (East & West) for the round - 3 of CGD bidding and nine new geographies in the round - 4 of CGD bidding including Amritsar, Bengaluru Rural and Urban Districts, UT of Dadra and Nagar Haveli, UT of Daman, Ernakulam, Panipat, Raigarh, Thane and Pune. Continuing its endeavor for developing more CGDs to foster growth and development of the sector, the PNGRB has been inviting competitive bids for developing gas infrastructure including development of new cross country pipelines and CGD networks in the country. With the expected spurt in the expansion of Natural Gas infrastructure in coming years including additional Regasification terminals being erected and commissioned, nationwide cross country pipeline grid being laid and new CGD licenses being issued the reliance of Natural Gas as a primary source of energy in the overall energy basket is envisaged to increase drastically by the end of the current decade and thereafter.

### 7.1.2. Opportunities and Challenges

The Ministry of Petroleum and Natural Gas (MoPNG) and the PNGRB have sent positive signals to the sector with bundle of sops through their policy directive and also by offering new areas for bidding with a concentrated effort to give the much needed boost to the sector. The MoPNG has issued a revised directive for 100% allocation of indigenous (domestic) gas to the CGD sector to boost the demand of CNG (transport) and household (domestic segment) for sustainable growth. While, the quantum of the domestic source available with the Company was reduced as an arrangement to adhere to this directive issued by the MoPNG, however the

<sup>2</sup> <http://www.iea.org>

<sup>3</sup> BP Energy Outlook 2035

<sup>4</sup> <http://indiainbusiness.nic.in/>





Company has benefitted by securing replacement gas volumes from another domestic source, that is cheaper and assured, supporting sustainable future growth of CNG and household markets, which would have otherwise been challenging to develop with RLNG as source of supply. Further the MoPNG and PNGRB, both review the continuous growth and progress of the sector thereby ensuring structured growth and development all across in the sector. The PNGRB issued the tentative list of 71(41 immediate and 30 subsequently) upcoming CGD areas in the last quarter of the previous calendar year and out of which 20 new geographies have been offered for bid. The PNGRB is aggressively looking for the roll out of the CGD development plan across the length and breadth of the country. This give ample opportunity to the Company which has immensely experienced technical and commercial resources in the gas markets to lead this market from the front. The Company is actively evaluating the geographic areas for bid in order to expand its horizon for growth.

The enduring focus of the Company continues to be on the strong industrial growth coupled with well penetrated presence of gas transportation network and an encouraging business environment attracting large investments in the state of Gujarat. The state and union budgetary announcements indicate plans for significant additional investments in manufacturing and urban facilities. It is expected that these investments will continue to fuel further growth of the CGD sector in Gujarat in the near to medium term. The volatility in the global crude oil prices impacted the overall stability maintained during the last five preceding years. The Company was also wedged due to the unexpected steep decline in the oil prices which made the alternate conventional polluting fuels cheaper temporarily eating away some portion of the key industrial sector. The Company could however bravely sustain the tempest due to its strong parentage and the depth & quality of the customer profile couple with optimal gas sourcing decisions. The reliance on imported fuel continued during the preceding year had ensured the gas supplies inspite of the continuous decline in the available indigenous domestic gas and no new major gas finds in the country. The demand of Natural Gas is expected to rise going forward and reinstate the loss of volume in the near future as the volatility is expected to stabilize soon.

### 7.1.3. FUTURE OUTLOOK

The demand for Natural Gas is expected to increase going forward to satiate the ever increasing energy needs in the country. Natural Gas having the merits of being a preferred fuel over the conventional polluting fuel due to its efficiencies and economies coupled with the advantage of the boost from the policy directive is expected to impact the demand of the sector positively. The emphasis on infrastructure development through aggressive roll out by the Regulatory body gives further impetus for the growth of the sector. The global volatility in crude prices is expected to settle down sooner than later to further add to the demand in near future. The Company would continue its focused efforts on growth of volume across its segments of residential, commercial, transport and more specifically in industrial segment through expanding further in the existing areas of operations as well as in the green field opportunities secured through competitive bidding.







## 7.2 MANAGEMENT

## 7.2.1 BOARD OF DIRECTORS

Sr. No.	Name of the Directors	Date of Appointment	Other Directorship
1.	Mr. L. Chuaungo, IAS	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. Gujarat Urja Vikas Nigam Limited</li> <li>2. Gujarat Industries Power Company Ltd.</li> <li>3. Gujarat Energy Transmission Corporation Limited</li> <li>4. Gujarat State Electricity Corporation Limited</li> <li>5. Gujarat State Petroleum Corporation Limited</li> <li>6. Gujarat State Petronet Limited</li> <li>7. Gujarat Power Corporation Limited</li> <li>8. Gujarat State Fertilizers &amp; Chemicals Limited</li> </ol>
2.	Mr. Atanu Chakraborty, IAS	16 <sup>th</sup> April 2015	<ol style="list-style-type: none"> <li>1. Gujarat State Petronet Limited</li> <li>2. Torrent Pipavav Generation Limited</li> <li>3. Gujarat State Petroleum Corporation Limited</li> <li>4. ONGC Petro Additions Limited</li> <li>5. Petronet LNG Limited</li> <li>6. GSPC LNG Limited</li> </ol>
3.	Mr. Sanjeev Kumar, IAS	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. Gujarat Water Infrastructure Limited</li> <li>2. GSPC LNG Limited</li> <li>3. GSPC Pipavav Power Company Limited</li> <li>4. Gujarat Energy Transmission Corporation Limited</li> <li>5. Gujarat Industries Power Company Limited</li> <li>6. Gujarat Urja Vikas Nigam Limited</li> <li>7. Bhavnagar Energy Company Limited</li> <li>8. Gujarat State Police Housing Corporation Limited</li> <li>9. Gujarat State Water Supply &amp; Sewerage Board</li> <li>10. Gujarat Maritime Board</li> </ol>
4.	Mr. Mukesh	21 <sup>st</sup>	The Gujarat State Civil





	Kumar, IAS	April 2015	Supplies Corporation Limited
5.	Mr. Jal Patel	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. ABC Bearings Limited</li> <li>2. Shri Dinesh Mills Limited</li> <li>3. Styrolution ABS (India) Limited</li> <li>4. Jewel Consumer Care Private Limited</li> <li>5. Munjal Auto Industries Limited</li> <li>6. Elecon Engineering Company Limited</li> </ol>
6.	Mr. Ajit Kapadia	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. Quanta Process Solutions Private Limited</li> <li>2. Quanta Modular Plant Private Limited</li> <li>3. Entegra Limited</li> <li>4. Energetech Biofuels Limited</li> <li>5. Asian Oilfield Services Limited</li> <li>6. Green Kurpan Power Private Limited</li> <li>7. Green Mountain Hydro Power Private Limited</li> <li>8. Hurla Valley Power Private Limited</li> </ol>
7.	Mr. K. D. Chatterjee	21 <sup>st</sup> April 2015	-
8.	Prof. Pradip Khandwalla	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. Grow Talent Company Limited</li> <li>2. Cadilla Pharmaceuticals Limited</li> <li>3. Aga Khan Rural Support Programme (India)</li> </ol>
9.	Mrs. Manjula Shroff	21 <sup>st</sup> April 2015	<ol style="list-style-type: none"> <li>1. Allen Enterprises (P) Limited</li> <li>2. Altus Learning Pvt. Ltd</li> <li>3. C3PO Avionics Private Limited</li> <li>4. Calorx Advance Learning and Research Foundation</li> <li>5. Calorx Education and Research Foundation</li> <li>6. Calorx Foundation</li> <li>7. Eimco Elecon (India) Limited</li> <li>8. E-Infochips Institute of training research and academics</li> <li>9. E-Infochips Limited</li> <li>10. Kishangarh Environmental Development Action (P) Ltd</li> <li>11. Lenio Charitable Foundation</li> <li>12. MS Telecom Investment (P) Ltd</li> <li>13. Neelanchal Aqua Farms Pvt. Ltd</li> <li>14. Odisha Television Limited</li> <li>15. Smart Guard System Pvt Ltd</li> </ol>







			16. Surangi Services Ltd 17. Visamo Kids Foundation 18. Yali Education Company (P) Ltd
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### Profile of the Board of Directors:

#### 1. Mr. L. Chuaungo, IAS, Director (Promoter Director)

Shri. L. Chuaungo, IAS, is an Arts Graduate and an IAS Officer of the 1987 batch. He has been Managing Director, Executive Non-Independent Director of Gujarat Industries Power Company Limited. He was placed at the disposal of Energy & Petrochemicals Department (EPD) vide Government of Gujarat (GoG), General Administration Department (GAD) dated 28th April, 2003. He has worked with various departments of the State and the Central Government, he has also worked as the Collector — Valsad, Gujarat State. He was also functioning as the Managing Director of Gujarat Urja Vikas Nigam Ltd. Presently he is working as Principal Secretary, Energy & Petrochemicals Department, Govt. of Gujarat.

#### 2. Mr. Atanu Chakraborty, IAS, Director (Promoter Director)

Shri Atanu Chakraborty, IAS, is Managing Director, GSPC. Shri Atanu Chakraborty, IAS, is an Engineering Graduate with specialization in Electronics and Communication and has done his Post Graduate Diploma in Business Finance and subsequently MBA from UK (Business Administration). He has wide experience of working in various State as well as Central Government Departments and Public Sector Undertakings. Shri Chakraborty has served in the districts of Vadodara, Sabarkantha and was Collector of Amreli district. At Gandhinagar, he has served in Finance, Home, Tribal Development and Labour Departments. Shri Atanu Chakraborty, IAS has also worked as Principal Secretary, (Economic Affairs), Finance Department, Govt. of Gujarat. Shri Atanu Chakraborty, IAS has also served as Managing Director, Gujarat State Financial Services Ltd., Chief Executive Officer, Gujarat Infrastructure Development Board, CEO of Gujarat Maritime Board and Executive Director, Gujarat State Fertilizers and Chemicals Ltd. In the Central Government, he served as Joint Secretary, Ministry of Finance. Shri Atanu Chakraborty, IAS has been contributing Articles on issues relating to PPP and Natural gas transportation etc. Shri Chakraborty is a voracious reader and areas of his interest includes subjects such Finance, Economics, Infrastructure, etc.

#### 3. Mr. Sanjeev Kumar, IAS, Director (Promoter Director)

Shri Sanjeev Kumar, IAS holds degree of B. Tech. (Civil) Engineering Graduate from Indian Institute of Technology, Kharagpur. He is an IAS Officer having rich experience and wide exposure. Presently, he is a Secretary to Government of Gujarat, Finance Department (Expenditure). Shri Sanjeev Kumar is a member on the Board of Directors of GSPC LNG Limited, GSPC Pipavav Power Company Limited, Gujarat Industries Power Company Limited, Gujarat Urja Vikas Nigam Limited, Gujarat Energy Transmission Corporation Limited and Gujarat Gas Company Limited.

#### 4. Mr. Mukesh Kumar, IAS, Director (Promoter Director)







Shri Mukesh Kumar, IAS is a State Project Director, Sarva Shiksha Abhiyan and Ex-officio Commissioner of Primary Education and Mid-day meals, Education Dept. Govt. of Gujarat. Shri Mukesh Kumar, IAS is a B. Tech with specialization in Electrical Engineering from Indian Institute of Technology, Kanpur and has done his Executive Masters in Public Administration from Syracuse University, USA. Shri Mukesh Kumar, IAS has served as Collector in the Dang District and as Municipal Commissioner at Rajkot and Bhavnagar. Shri Mukesh Kumar has also worked as Managing Director, Industrial Extension Bureau (INDEXTB), Industries Dept, Govt. of Gujarat

5. Mr. Jal Patel, Independent Director

Shri Jal Patel, an Associate Member of the Institute of Chartered Accountants of India as well as of the Institute of Company Secretaries of India, has a professional experience of more than 45 years. He was associated with the German FAG group of Bearing companies since 1962 where he handled various managerial functions. In 1977, he took over as the Managing Director of the company. Subsequently, he was promoted as the Vice Chairman and Managing Director before retiring in 2000. His areas of expertise include Finance, Accounts and Administration. He is also actively involved with various social and welfare associations and federations as well as various trusts.

6. Mr. Ajit Kapadia, Independent Director

Mr Ajit Kapadia is B.Sc. (Hons.) and M. Che. (Chemical Engineering). He has worked with Girdler Corporation of Louisville and Engineers India Limited (EIL). At 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 and Exploration Company Limited (HOEC) as the first employee and was soon invited to join the Board as the Managing Director. He has spent 17 years establishing HOEC as the first private sector oil company in India.

7. Mr. K. D. Chatterjee, Independent Director

Shri Krishna Das Chatterjee has done a B.Sc. from University of Calcutta in 1959 and is a member of the Institute of Cost and Works Accountants of India (ICWAI). Shri Chatterjee was awarded the V.Srinivasan Memorial Gold Medal. Shri Chatterjee had worked with Dunlop India Limited and Gujarat State Fertilizers & Chemicals Limited. He was Executive Director (Finance) of Gujarat Narmada Valley Fertilizers Company Limited. He has rich experience in the field of Finance, Human Resources Development, Marketing, Information Systems and Administration functions.

8. Prof. Pradip Khandwalla, Independent Director

Prof. Pradip Khandwalla is an Associate Member of the Institute of Chartered Accountants of India. He has done his MBA from Wharton, Pennsylvania and Ph.D. from Carnegie-Mellon, USA. Prof. Khandwalla's research and teaching contributions have been in organisational theory and design and restructuring of organisations for management of







excellence, innovative turnaround management, effective management of public enterprises and governmental organisations, and creativity and innovation. He taught at McGill University, Canada for several years. He was associated with the Indian Institute of Management, Ahmedabad as a professor from 1975 to 2002. He was L&T Chair Professor of Organisational Behaviour at IIMA from 1985 to 1991 and then the Director of IIMA till 1996. He has made excellent contribution in the areas of management, organisational sciences etc. by authoring over a dozen books and 80 papers and articles in Indian and foreign journals and learned anthologies. He has served on the editorial/advisory boards of several Indian and international journals. He won the 'Lifetime Achievement Award in the field of HR' by the World HRD Congress for his immense contributions in enriching the field of management, science, organisational behavior and leadership.

9. Mrs. Manjula Shroff, Independent Director

An edupreneur, she is regarded by many as the change agent for schooling in the state of Gujarat. As CEO of Calorx, she has been instrumental in founding and managing several premier schools. Calorx, since its inception in 1995, is a name synonymous to professional and excellence in schooling. It has in its umbrella, the Delhi Public Schools, Calorx Olive International School at Ahmedabad and Calorx Public Schools across the Western Belt of India with 40+ educational Institutions and still growing. Calorx is recognized as a quality conscious group with a focus on Innovation and use of Technology in Learning. The one of its kind, sector specific Calorx Teachers' University is developing a creed of teachers to fill the quality gap of Human Capital. She is a postgraduate from York University and executive alumni from London School of Economics. Holding a post-graduate degree from Utkal University and is a Graduate of Management Education Programme IIM, Ahmedabad. Her concern for the marginalized and those with special learning needs is evident through the projects Visamo Kids and Prerna - a school for dyslexics.

**Any relationship between directors:**

- 1 Mr. L. Chuaungo, IAS, Director (Promoter Director)
- 2 Mr. Atanu Chakraborty, IAS, Director (Promoter Director)
- 3 Mr. Sanjeev Kumar, IAS, Director (Promoter Director)
- 4 Mr. Mukesh Kumar, IAS, Director (Promoter Director)

All of the above directors are related to each other as the Promoter Directors

**Interest of Directors:**

The interest of the directors is mentioned in Para 7.2.1

**Compensation of whole time directors:**

The Company does not have any whole time director

**Shareholding of directors in Gujarat Gas Limited:**

NIL



### Brief profile of the Key Managerial Persons:

#### 1. Mr. PPG Sarma, Chief Executive Officer (CEO)

Shri P. P. G. Sarma, a Mechanical Engineer, brings with him in-depth experience of more than 20 years in natural gas transmission and distribution business, apart from 9 years' experience in automobile industry in TVS Group. Shri Sarma is credited with setting up GSPC Gas Company Limited, a start-up venture of GSPC Group and attaining the turnover of Rs. 4000 Crores in a short span of 7 ½ years under challenging environment, execution of multi-location projects for PNG & CNG, stabilized O&M including emergency services, customer services, billing & collection and established the brand of GSPC Gas

#### 2. Mr. Rahul Devi, Chief Financial Officer (CFO)

Rahul Devi, Chief Financial Officer of the Company, is B.Com and CA. He holds the post qualification experience of about 27 years. Prior to joining GSPC Gas, Mr. Devi has mainly worked in companies like NIRMA, Reliance Retail and JMC Projects (I) Ltd.

#### 3. Mrs. Rajeshwari Sharma, Company Secretary

Rajeshwari Sharma, Company Secretary of the Company, is B.Com. Associate Member of Institute of Company Secretaries of India and LL.B. She holds the post qualification experience of about 20 years and was the Company Secretary of erstwhile Gujarat Gas Company Limited.

### 7.3 CORPORATE GOVERNANCE

The provisions of Clause 49 of the listing agreement with respect to corporate governance will be applicable to Gujarat Gas Limited upon the listing of its equity shares on National Stock Exchange of India Limited, BSE Limited, Ahmedabad Stock Exchange Limited and Vadodara Stock Exchange Limited.

Gujarat Gas Limited has appointed independent directors on its Board and has also constituted the Audit Committee and Investors' Grievance Committee as required by Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Details of the Board and its Committees are as follows:

#### • The Board of Directors:

Board of Directors		
1	Mr. L. Chuaungo, IAS	Promoter - Director
2	Mr. Atanu Chakraborty, IAS	Promoter - Director
3	Mr. Sanjeev Kumar, IAS	Promoter - Director
4	Mr. Mukesh Kumar, IAS	Promoter - Director
5	Mr. Jal Patel	Independent Director
6	Mr. Ajit Kapadia	Independent Director
7	Mr. K. D. Chatterjee	Independent Director
8	Prof. Pradip Khandwalla	Independent Director







9	Mrs. Manjula Shroff	Independent Director
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• **Audit Committee:**

Audit Committee		
1	Mr. Jal Patel	Chairman
2	Mr. Atanu Chakraborty, IAS	Member
3	Mr. Sanjeev Kumar, IAS	Member
4	Prof. Pradip Khandwalla	Member
5	Mr. K. D. Chatterjee	Member

• **Risk Management Committee:**

Risk Management Committee		
1	Mr. Atanu Chakraborty, IAS	Chairman
2	Prof. Pradip Khandwalla	Member
3	Mr. Jal Patel	Member
4	Mr. PPG Sarma, CEO	Member
5	Head (Finance & Accounts)	Member

• **CSR Committee:**

CSR Committee		
1	Mr. L. Chuaungo, IAS	Chairman
2	Mr. Atanu Chakraborty, IAS	Member
3	Prof. Pradip Khandwalla	Member
4	Ms. Manjula Shroff	Member

• **Nomination and Remuneration Committee:**

Nomination and Remuneration Committee		
1	Mr. Ajit Kapadia	Chairman
2	Mr. Atanu Chakraborty, IAS	Member
3	Mr. Mukesh Kumar, IAS	Member
4	Mr. Jal Patel	Member
5	Prof. Pradip Khandwalla	Member

• **Stakeholders Relationship Committee:**

Stakeholders Relationship Committee		
1	Mr. Ajit Kapadia	Chairman
2	Mr. Mukesh Kumar, IAS	Member
3	Mr. Sanjeev Kumar, IAS	Member
4	Ms. Manjula Shroff	Member





5	Mr. Jal Patel	Member
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• **Compensation Committee:**

Compensation Committee		
1	Mr. K. D. Chatterjee	Chairman
2	Mr. Mukesh Kumar, IAS	Member
3	Mrs. Majula Shroff	Member

#### 7.4 Employee Stock Option Scheme

##### The salient features of Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("the ESOP 2008"):

1. Gujarat Gas Company Limited formed the Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Trust") in November 2008, which administers the ESOP of the Company.
2. 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 an agreed remuneration.
3. Under the ESOP, Options had been granted, which provided the benefit or right but not an 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.
4. 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.
5. 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 in the name of the Trustee(s) of the Trust.
6. 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 equity shares 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 Trustees are authorized to execute the purchase and sale of shares of the Company, on behalf of the Option holders, in accordance with the ESOP.





**Details of Gujarat Gas Company Limited Employee Stock Option Plan 2008:**

Sr. No.	Particulars	Details
1.	Total number of Options granted	<p>Gujarat Gas Company Limited Employee Stock Option Plan - 2008</p> <ul style="list-style-type: none"> <li>- 14,80,000 Options (2008)</li> <li>- 3,40,000 Options (2009)</li> <li>- 4,03,000 Options (2010)</li> <li>- 84,000 Options (2011)</li> </ul>
2.	Pricing Formula	<p>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.</p>
3.	Exercise Price	<ul style="list-style-type: none"> <li>- 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).</li> <li>- 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).</li> <li>- 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).</li> <li>- 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).</li> <li>- Rs. 277.00, for 1,90,000 Options granted in</li> </ul>





		<p>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).</p> <p>– 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).</p> <p>– 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)</p>
4.	Total number of Options vested	<p>3,38,750 numbers (2010)</p> <p>7,24,500 numbers (2011)</p> <p>5,63,000 numbers (2012)</p> <p>2,07,750 numbers (2013-14)</p> <p>2,08,500 numbers (2014-15)</p>
5.	Total number of Options exercised	<p>2,80,000 numbers (2010)</p> <p>4,34,250 numbers (2011)</p> <p>8,26,750 numbers (2012)</p> <p>1,28,500 numbers (Jan'13-Mar'14)</p> <p>2,08,500 numbers (Apr'14-Mar'15)</p>
6.	The total number of shares a result of exercise of Options	<p>No new equity shares were issued on exercise of options.</p> <p>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.</p> <p>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.</p>





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<sup>th</sup> 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).

Under the ESOP, further options vested on 4 March 2013, 11 May 2013, 26 July 2013 and 1 August 2013. As per the ESOP, some of the Options holders had given the "Mandate of Sale", whereby the Trustees had to sell 7,306 equity shares in March 2013, 52,694 equity shares in June 2013, 500 equity shares in August 2013, 55,500 equity shares in November 2013, 10,000 equity shares in February 2014, 1,28,250 equity shares in May 2014, 58,250 equity shares in June 2014, 11,000 equity shares





		in August 2014, 7,750 equity shares in September 2014, 4,750 equity shares in November 2014, 1000 equity shares in March 2015 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.
7.	Total number of Options lapsed	292,750 (till December 2012) 41,000 (During Jan'13 to March'14) 11,250 (During Apr'14 to March'15)
8.	Variation of terms of Options	N.A
9.	Money realised by exercise of Options	Rs. 23.96 Crores till 31 March 2015
10.	Total number of Options in force	25,500 as on 31 March 2015
11.	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'	N.A.
12.	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.
13.	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.	N.A
14.	The impact of this difference on profits and on EPS of the company	N.A
15.	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. 334/- of the outstanding options as at 31-March-2015. The weighted average fair value per Option at the grant date is Rs 124/- of the outstanding options as at 31-March-2015.
16.	A description of the method significant assumptions used during the year to estimate the fair values of options	N.A

The ESOP Clause of the Composite Scheme of Amalgamation and Arrangement comprise of the following parts:



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1. Upon coming into effect of this Scheme, in respect of stock options granted by GGCL under the ESOP, Gujarat Gas Limited shall issue stock options taking into account the Share Exchange Ratio and on terms and conditions not less favorable than those provided under the ESOP. Such stock options will be issued by Gujarat Gas Limited under a New ESOP to be created Gujarat Gas Limited, inter alia, for the purpose of granting stock options to the Eligible Employees pursuant to this Scheme;
2. It is hereby clarified that upon this Scheme becoming effective, options granted by GGCL to Eligible Employees under ESOP shall automatically stand cancelled. Further, upon the Scheme becoming effective and after cancellation of the options granted to Eligible Employees under ESOP, fresh options shall be granted Gujarat Gas Limited to the Eligible Employees on the basis of the Share Exchange Ratio as mentioned under clause 14.2.1 of this Scheme. The Exercise Price payable for options granted by GGCL to the Eligible Employees shall be based on the exercise price payable by such Eligible Employees under the New Stock Option Plan as adjusted after taking into account the effect of the Share Exchange Ratio;
3. ESOP Trust currently holds sufficient shares of GGCL, which may be required, to meet obligation in respect of vested as well as unvested ESOP issued to Eligible Employees. Upon the coming into effect of this Scheme, all the shares of GGCL held by the ESOP Trust shall stand cancelled and fresh shares of Gujarat Gas Limited shall be issued to the ESOP Trust on the basis of the Share Exchange Ratio as mentioned under clause 14.2.1 of this Scheme. It is hereby clarified that Fractional entitlement, if any, arising pursuant to the applicability of the Share Exchange Ratio as above shall be taken care as per mechanics mentioned in clause 14.2.5 of this Scheme.
4. The grant of options to the Eligible Employees pursuant to sub clause 8.2 of this Scheme shall be effected as an integral part of this Scheme and the consent of the shareholders of Gujarat Gas Limited to this Scheme shall be deemed to be their consent in relation to all matters pertaining to the New Stock Option Plan, without limitation, for the purpose of creating New Stock Option Plan, and all related matters. No further approval of the shareholders of Gujarat Gas Limited would be required in this connection under Section 81(1A) of the Act (Corresponding notified section 62(1)(c) of the Companies Act, 2013).
5. It is hereby clarified that in relation to the options granted under New Stock Option Plan to Eligible Employees, the period during which the options granted by ESOP were held or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law or agreement or deed for stock options granted under the New Stock Option Plan;
6. The Board of Directors of GGCL and Gujarat Gas Limited or any of the committee thereof, shall take such actions to modify and/or execute such further documents as may be necessary or desirable for the purpose of giving effect to the provision of this clause of the Scheme

Gujarat Gas Limited undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges post listing.

#### Shareholding of Directors / Key Management Personnel:

Name of the Directors / KMP	Designation	Number of shares held in GGL
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1	Mr. L. Chuaungo, IAS	Promoter Director	NIL
2	Mr. Atanu Chakraborty, IAS	Promoter Director	NIL
3	Mr. Sanjeev Kumar, IAS	Promoter Director	NIL
4	Mr. Mukesh Kumar, IAS	Promoter Director	NIL
5	Mr. Jal Patel	Independent Director	NIL
6	Mr. Ajit Kapadia	Independent Director	NIL
7	Mr. K. D. Chatterjee	Independent Director	NIL
8	Prof. Pradip Khandwalla	Independent Director	NIL
9	Mrs. Manjula Shroff	Independent Director	NIL
10	Mr. P.P.G Sarma	KMP-CEO	800
11	Mr. Rahul Devi	KMP-CFO	5
12	Mrs. Rajeshwari Sharma	KMP-CS	NIL

The Articles do not require the Directors of the Company to hold any qualification shares.

## 7.5 GSPC GROUP PROFILE

GSPC Group is recognized today as an “Integrated Energy Company” evolving a total energy infrastructure in the State of Gujarat. The group has a high level of managerial and technical competence and has played a pioneering role in transforming Gujarat into a gas based economy, marketing its presence across the energy value chain through its subsidiaries & associates companies, each playing a pivotal role in driving the State’s energy initiatives.

## 7.6 PROMOTERS

Sr No.	Name of the Promoters	Shareholding Pre Scheme	Shareholdings – Post Scheme
1	Gujarat State Petronet Limited	350,000,000	35,468,471
2	Gujarat State Petroleum Corporation Limited	-	39,106,328
3	Government of Gujarat	-	8,995,462
4	Gujarat State Energy Generation Limited	-	266,447

### 6.6.1. GUJARAT STATE PETROLEUM CORPORATION LIMITED

GSPC is public limited company originally incorporated as Gujarat State Petrochemicals Corporation Limited on January 29, 1979 under the Companies Act 1956. Subsequently, on November 10, 1994, name of the company has been changed to Gujarat State Petroleum Corporation Limited. The company is mainly promoted by Government of Gujarat (GoG) along with its public sector undertakings with the aim to discover oil and gas from the acquired fields and also to provide green gas such as CNG, PNG and other gaseous fuels to the citizens of State of Gujarat.







**Shareholding pattern of GSPC as on 31<sup>st</sup> March 2014**  
**Equity shares of Rs. 1 each fully paid**

Name of Shareholder	No. of Shares held	% of Shareholding
Government of Gujarat	2,147,962,140	86.39%
Gujarat State Investment Limited	192,592,441	7.75%

**Board of Directors of GSPC**

<i>Gujarat State Petroleum Corporation Limited</i> <i>List of Directors as on 29 May 2015</i>		
1	Dr. J. N. Singh, IAS	Director
2	Shri L. Chuaungo, IAS	Director
3	Dr. Manjula Subramaniam, IAS (Retd.)	Independent Director
4	Shri M. M. Srivastava, IAS (Retd.)	Director
5	Shri K. Kailashnathan, IAS (Retd.)	Director
6	Dr. T. Harinarayana	Director
7	Dr. Ravindra Dholakia	Independent Director
8	Dr. N. Ravichandran	Independent Director
9	Prof. Yogesh Singh	Independent Director
10	Shri Atanu Chakraborty, IAS	Managing Director

**Financial Performance of GSPC**

(Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	12,037.82
PAT	35.49
Equity Capital	248.62
Reserves	6,862.30
EPS (Rs.)	0.15

**Dividend Policy**

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

GSPC has the following subsidiaries:

1. Gujarat State Petronet Limited
2. GSPC Pipavav Power Company Limited
3. GSPC (JPDA) Limited
4. GSPC LNG Limited
5. Guj. Info Petro Limited





6. GSPL India Transco Limited
7. GSPL India Gasnet Limited
8. Gujarat Gas Limited (Formerly GSPC Distribution Networks limited)

## 7.6.2 GUJARAT STATE PETRONET LIMITED

GSPL is a Promoter of the Company. GSPL was incorporated under the provisions of the Act on 23<sup>rd</sup> December 1998. The business of the Company is to develop and operate natural gas transmission network. GSPL made an initial public offering of its equity shares and allotted the equity shares in February 2006; which equity shares are listed on BSE and NSE

### Details of Promoters of GSPL

Sr. No.	Name	Address
1.	Gujarat State Petroleum Corporation Limited	GSPC Bhavan, Behind Udyog Bhavan, Sector – 11, Gandhinagar 382 010, Gujarat

### Shareholding pattern of GSPL as on 31<sup>st</sup> March 2014

Sr. No.	Category	No. of Shares held	% of Shareholding
1.	Promoters Holding	212,305,270	37.72%
2.	Non-Promoter Holding	350,515,807	62.28%
	<b>Total</b>	<b>562,821,077</b>	<b>100.00%</b>

### Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Limited	212,305,270	37.73%
Gujarat Maritime Board	37,088,000	6.59%

### Board of Directors of Gujarat State Petronet Limited

Name	Designation
Shri M M Srivastava, IAS (Retd.)	Chairman
Shri L Chuaungo, IAS	Non Executive Director
Dr. J N Singh, IAS	Non Executive Director







Smt. Shridevi Shukla	Non Executive Director
Dr. R. Vaidyanathan	Independent Director
Prof. Yogesh Singh	Independent Director
Dr. Bakul Dholakia	Independent Director
Shri Atanu Chakraborty, IAS	Managing Director

#### Financial Performance of GSPL as on 31<sup>st</sup> March 2014 (Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	1,105.88
PAT	419.14
Equity Capital	562.74
Reserves	2,732.09
EPS (Rs.)	7.45

#### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. GSPL declared dividend of Rs. 1 per share for the year ended 31 March 2014.

GSPL has the following subsidiaries:

1. GSPL India Transco Limited
2. GSPL India Gasnet Limited

#### 7.6.3 GUJARAT STATE ENERGY GENERATION LIMITED

GSEG is a Promoter of the Company. GSEG was incorporated under the provisions of the Act on 30<sup>th</sup> December 1998. GSEG is engaged in the business of power generation. GSEG is a Special Purpose Vehicle (SPV) formed by GSPC to generate power in Gujarat by harnessing the eco-friendly and economical natural gas. GSEG is part of the GSPC Group's overall strategy of establishing a presence in both the upstream and downstream segments of the energy value chain. The company is committed to using innovative, advanced and reliable technology for producing gas-based power. GSEG was set up in 1998 as a power generation company. GSEG owns and operates a gas based power plant in Hazira that was commissioned in 2002. The plant was set up to provide electricity for the Gujarat state grid, with all electricity currently produced at the plant sold to Gujarat Urja Vikas Nigam Limited (GUVNL), a Government of Gujarat owned electricity company.

Shareholding pattern of GSEG as on 31<sup>st</sup> March 2014  
Equity shares of Rs. 10 each fully paid





Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Limited	113,541,817	32.59%
Krishak Bharati Co-operative Limited	97,195,453	27.90%
State Bank of India	31,250,000	8.97%
Gujarat Urja Vikas Nigam Limited	29,003,636	8.33%
GAIL	20,760,000	5.96%
IFCI Limited	17,590,000	5.05%

### Board of Directors of GSEG

Name of the Director	Designation
Shri I P Gautam, IAS (Retd.)	Director
Shri H S Patel, IAS	Managing Director
Shri C J Mecwan	Director
Shri Hareet Shukla, IAS	Director
Shri Haribhai Patel, IAS (Retd.)	Independent Director
Ms. Geeta Goradia	Independent Director
Shri Raian Chowdhry	Director
Shri R.K Agarwal	Director
Shri V.R Patel	Director
Shri P.K. Pal	Director
Shri B. Venugopala Reddy	Director

### Financial Performance of GSEG

(Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	119.27
PAT	(178.47)
Equity Capital	348.37
Reserves	(288.11)
EPS (Rs.)	(5.12)

### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31 March 2014.

### 7.6.4 GOVERNMENT OF GUJARAT







Government of Gujarat is a Promoter of the Company.

The Government of Gujarat holds 8,995,462 equity shares i.e. 6.53% of the equity share capital, directly in Gujarat Gas Limited. It acts through the Governor of Gujarat.

## 6.7. GROUP COMPANIES

### 7.7.1 GSPC PIPAVAV POWER COMPANY LIMITED

GPPC was incorporated under the provisions of the Act on 22<sup>nd</sup> February 2006. The business of the GPPC is to carry on any or all businesses of generation of power, energy, electricity from conventional and non-conventional sources and distribution, trade, commerce, transmission, sale and supply of power.

#### Board of Directors of GPPC

Name of the Director	Designation
Shri Pankaj Joshi, IAS	Director
Shri Sanjeev Kumar, IAS	Director
Dr. PK Das, IAS (Retd.)	Independent Director
Dr. Mamata Biswal	Independent Director
Shri S B Khyaiia	Managing Director

#### Shareholding pattern of GPPC as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Limited	376,772,936	100.00%

#### Financial Performance of GPPC

(Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	13.77
PAT	(306.54)
Equity Capital	376.77
Reserves	(315.70)
EPS (Rs.)	(38.62)

#### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31 March 2014.

### 7.7.2 GSPC (JPDA) LIMITED





GSPC (JPDA) was incorporated under the provisions of the Act on 13<sup>th</sup> October 2006. The business of the GSPC (JPDA) is to carry out exploration and production activities in JPDA block (JPDA 06-103) awarded to the company in Joint Petroleum Development Area by Timor Sea Designated Authority. Global Energy Inc, Bharat PetroResources JPDA Limited, Pan Pacific Petroleum (JPDA) Pty Limited, Oilex (JPDA 06-103) Limited and Japan Energy E&P Limited are consortium partners in the said block.

#### Board of Directors of GSPC (JPDA)

GSPC (JPDA) Limited		
Sr. No.	Name of Director	Designation
1	Smt. Meena Bhatt	Independent Director
2	Prof. Yogesh Singh	Independent Director
3	Shri N. K. Mitra	Director
4	Shri Jayesh Dave	Director
5	Shri Samir Biswal	Whole Time Director

#### Shareholding pattern of GSPC (JPDA) as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Limited	97,390,060	100.00%

#### Financial Performance of GSPC (JPDA) (Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	0
PAT	(0.20)
Equity Capital	97.39
Reserves	32.68
EPS (Rs.)	(0.03)

#### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The





Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

### 7.7.3 GSPC LNG LIMITED

GSPC LNG was incorporated under the Companies Act on 27<sup>th</sup> February 2007. GSPC LNG proposes to set up a LNG terminal which will have receiving and re-gasification facilities with 5 MMTPA capacity.

#### Board of Directors of GSPC LNG Limited

Name of the Director	Designation
Shri D J Pandian, IAS	Executive Chairman
Shri L Chuaungo, IAS	Director
Shri Tapan Ray, IAS	Director
Shri Subhash Dave	Director
Shri M Y Farooqui	Director
Shri Pranav Adani	Director
Dr. Malay Mahadevia	Director

#### Shareholding pattern of GSPC LNG as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Government of Gujarat	37,500,000	41.03%
Gujarat State Petroleum Corporation Limited (Including Nominee Shareholders)	8,200,000	8.97%
Adani Enterprise Limited	35,700,000	39.06%
Gujarat Industries Power Co. Limited	10,000,000	10.94%

#### Financial Performance of GSPC LNG (Rs. in Crores)

Particulars	31 March 2014
Sales & Other Income	1.60
PAT	-
Equity Capital	91.40
Reserves	(0.02)
EPS (Rs.)	-



#### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be



disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

#### 7.7.4 GUJ INFO PETRO LIMITED

GIPL was incorporated under the provisions of the Act on 15<sup>th</sup> January 2001. The business of GIPL is to provide information technology related services. The areas of operations of GIPL vary from information technology projects implementation/ consultancy, software development and implementation, data centre applications, internet bandwidth (leased line), co-location of servers, mailing solutions, virtual private network with tunneling solutions, video conferencing, bandwidth management software, facility management services and internet protocol television.

##### Board of Directors of GIPL

Name of the Director	Designation
Shri S.K. Nanda, IAS	Chairman & MD, GSFC
Shri J.P. Gupta, IAS	Director
Prof. T.P. Rama Rao	Director

##### Shareholding pattern of GIPL as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Limited	25,000	49.94%
Gujarat Gas Limited	25,000	49.94%

##### Financial Performance of GIPL (Rs. In crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	44.50
PAT	8.68
Equity Capital	0.05
Reserves	32.30
EPS (Rs.)	1,734.76

##### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

#### 7.7.5 GSPL INDIA TRANSCO LIMITED

GITL was incorporated under the provisions of the Act on 13<sup>th</sup> October 2011 as a subsidiary of GSPL. On 30<sup>th</sup> April 2012, a Joint Venture Agreement was executed between GSPL, IOCL,







BPCL and HPCL, GITL is developing a natural gas pipeline for transmission of natural gas from Mallavarm in Andhra Pradesh to Bhilwara in Rajasthan.

### Board of Directors of GITL

Name of the Director	Designation
Shri Atanu Chakraborty, IAS	Chairman
Shri Ravindra Agrawal	Director
Shri N. Bose Babu	Director
Shri V. K. Khurana	Director
Shri G. K. Satish	Director
Shri I.S. Rao	Director
Shri H. R. Wate	Director
Shri Manish Seth	Director
Shri Chandrasekhar Mani	Independent Director
Dr. Bharatkumar Modi	Independent Director
Smt. Shobhana Desai	Woman Director

### Shareholding pattern of GITL as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petronet Limited (including Nominee Shareholders)	59,800,000	52.00%
Indian Oil Corporation Limited	29,900,000	26.00%
Bharat Petroleum Corporation Limited	12,650,000	11.00%
Hindustan Petroleum Corporation Limited	12,650,000	11.00%

### Financial Performance of GITL (Rs. in Crores)

Particulars	31st March 2014
Sales & Other Income	2.43
PAT	1.64
Equity Capital	115.00
Reserves	2.53
EPS (Rs.)	0.20

### Dividend Policy

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The



Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

#### 7.7.6 GSPL INDIA GASNET LIMITED

GIGL was incorporated under the provisions of the Act on 13<sup>th</sup> October 2011 as a subsidiary of GSPL. On 30<sup>th</sup> April 2012, a Joint Venture Agreement was executed between GSPL, IOCL, BPCL and HPCL. GIGL is developing a natural gas pipeline for transmission of natural gas from Mehsana in Gujarat to Srinagar in Jammu & Kashmir.

#### Board of Directors of GIGL

Name of the Director	Designation
Shri Atanu Chakraborty, IAS	Chairman
Shri Ravindra Agrawal	Director
Shri N. Bose Babu	Director
Shri V. K. Khurana	Director
Shri G. K. Satish	Director
Shri I.S. Rao	Director
Shri H. R. Wate	Director
Shri Manish Seth	Director
Shri Chandrasekhar Mani	Independent Director
Dr. Bharatkumar Modi	Independent Director

#### Shareholding pattern of GIGL as on 31<sup>st</sup> March 2014 Equity shares of Rs. 10 each fully paid

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petronet Limited (including Nominee Shareholders)	71,250,060	52.00%
Indian Oil Corporation Limited	35,625,030	26.00%
Bharat Petroleum Corporation Limited	15,072,128	11.00%
Hindustan Petroleum Corporation Limited	15,072,128	11.00%

#### Financial Performance of GIGL (Rs. in Crores)

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	2.34
PAT	1.58
Equity Capital	137.02
Reserves	2.25
EPS (Rs.)	0.16





**Dividend Policy**

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31 March 2014.

**7.7.7 SABARMATI GAS LIMITED**

Sabarmati Gas Ltd. (SGL) is a joint venture with BPCL, set up in 2006, for the development of city gas distribution networks in Gandhinagar, Sabarkantha and Mehsana districts of north Gujarat.

**Board of Directors of SGL**

Name of the Director	Designation
Shri K. K. Gupta	Director
Shri I. S. Rao	Director
Shri Jayesh Dave	Director
Shri Ravindra Agrawal	Director
Shri Milind Joshi	Director
Shri K. Mukundan	Director
Smt. Bhavna Rao	Director
Smt. Manjula Shroff	Independent Director
Shri Umed Patel	Independent Director
Shri B. B. Mandan	Managing Director

**Shareholding pattern of SGL as on 31<sup>st</sup> March 2014**  
**Equity shares of Rs. 10 each fully paid**

Name of Shareholder	No. of Shares held	% of Shareholding
Gujarat State Petroleum Corporation Ltd.	2250000	11.25
Shri Ravindra Agarwal	2100	0.01
Shri Sandeep Dave	2100	0.01
Shri Manish Goswami	2100	0.01
Shri Chintankumar Vyas	2100	0.01
Bharat Petroleum Corporation Limited	5000000	25.00
Shri Sudarsan Paul	2100	0.01
Shri Sudhir Joshi	2100	0.01





Shri Dayanand Naik Bengre	2100	0.01
Shri Rajendra P Natekar	2100	0.01
Shri Yogesh Tripathy	2100	0.01
Shri P Balsubramaniam	2100	0.01
Shri Subhash Dave	2100	0.01
Shri K Prakash	2100	0.01
India Infrastructure Development Fund	3324934	16.62
Gujarat State Petronet Ltd.	2750000	13.75
India Infrastructure Fund	3324933	16.62
IFCI Venture Capital Funds Limited	3324933	16.62

**Financial Performance of SGL****(Rs. in Crores)**

Particulars	31 <sup>st</sup> March 2014
Sales & Other Income	943.02
PAT	31.15
Equity Capital	20.00
Reserves	162.30
EPS (Rs.)	Basic – 15.57 Diluted – 11.18

**Dividend Policy**

Dividend is intended to be declared based on the quantum and availability of profits and will be disbursed based on the recommendation of the Board of Directors and on shareholders' approval. However Board of Directors may declare Interim Dividend during the Financial Year. The Company has not declared any dividend, interim or final, for the year ended 31<sup>st</sup> March 2014.

**SECTION 8 - LEGAL AND OTHER INFORMATION - OUTSTANDING LITIGATION AND MATERIAL INFORMATION**

**8.1 PROVISION IN THE SCHEME**

Clause 5 of the Scheme provides for manner of dealing with legal proceedings, which is as under:

- 5.1 If any suit, appeal or other proceeding of whatsoever nature by or against the Transferor Companies is pending, the same shall not abate or be discontinued or be in any way prejudicially







affected by reason of the transfer of Undertakings or anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced, as the case may be, by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Companies, if this Scheme had not been made.

## 8.2 OUTSTANDING LITIGATION INVOLVING THE AMALGAMATING COMPANIES

Save as stated herein under, there are no outstanding or pending material litigation, suits, criminal or civil prosecution, proceedings initiated for any offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Companies Act, 1956) or litigation for tax liabilities and there are no material defaults, non payments or overdue or statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits against the Company. No disciplinary action has been taken by SEBI / Stock Exchanges against the Company, its Directors, its Promoters and the Group Companies.

### I. GSPC GAS COMPANY LIMITED

Matters before Gujarat High Court:

*Matters Filed against the Company*

Name of the Parties	Short Description of the Case	Case No.
Indian Auto LPG Coalition (IAC) Versus U.O.I & State of Gujarat & GSPC Gas Co Ltd. Respondent No.8 & others	IAC has filed MCA (for Review) 417 of 2014 against the Common Judgment & order passed by the High Court dt.25.07.2012 in WPIL no. 47 of 2011(PIL) & WPIL No.54 of 2011 (WPIL)	MCA (for Review) 417 of 2014 Filing Date:- 12/02/2014
Hindustan Petroleum Corporation Limited Versus U.O.I, State of Gujarat & GSPC Gas Co. Ltd. Respondent No.8 & others	HPCL has filed MCA (for Review) 419 of 2014 against the Common Judgment & order passed by the High Court dt.25.07.2012 in WPIL no.47 of 2011(PIL) & WPIL No.54 of 2011 (WPIL)	MCA (for Review) 419 of 2014 Filing Date:- 12/02/2014
Gujarat Gas Company Ltd Versus Union of India & Dhangandhra Prakruti Mandal & state of Gujarat & GSPC Gas Co. Ltd. Respondent No. 7	Gujarat Gas states in the miscellaneous civil Application that natural gas should be properly allocated as per guidelines laid down by the Union of India on 14.11.2013 & as per order of Gujarat High Court dated 25.07.2012 in WPIL no.47 of 2011(PIL) & WPIL No.54 of 2011 (WPIL)	MCA No.357 of 2014 Filing Date:- 22/01/2014



Matter before Appellate Tribunal for Electricity at New Delhi*Matter Filed by the Company*

Name of the Parties	Short Description of the Case	Case No.
GSPC GAS Company Limited Versus GAIL(INDIA) LTD & PNGRB	GSPC GAS has filed the Appeal under Section. 33 of PNGRB Act, 2006 against the impugned order of the PNGRB dated 21 <sup>st</sup> July, 2014.	Appeal No.213 of 2014

Matters before Supreme Court of India*Matter Filed by the Company*

Name of the parties	Short Description of the Case	Case No.
GSPC as Appellant & GSPC GAS Company Limited as impleading party Versus GAIL (INDIA) LTD & others	In this civil Appeal, the instant application is being made by the GSPC GAS seeking impleadment as party in the present proceedings.	LA Nos. 25-28 of 2014 in Civil Appeal No.2473-2476 of 2014

Matters before Nadiad GA*Matters Filed by the Company*

Name of the Complainant	Name of the Opponent	Case No:-	Name of the Court	Short Description of the Case	Type of the Case
Zonal Head, Central Zone, GSPC GAS Co. Ltd.	Nimesh Patel	CC No. 2223/212 FIR on 28.09.2012	JMFC Court, Halol	Under Progress	Criminal Case

Matters before National Green Tribunal, Pune

Name of the Complainant	Name of the Opponent	Case No:-	Name of the Court	Short Description of the Case	Type of the Case
Babubhai Saini	GSPC GAS and Others	Original application No. 21 of 2015	National Green Tribunal at Pune West Zone	Pollution matter at Morbi, Gujarat	Original application





Direct and Indirect Tax Matters of GSPC Gas

Statute Amount	Nature of Dues	Amount involved (net off amount deposited with Court) (Rs. in lacs)	Forum where Dispute is pending
Income Tax Act, 1961	Income Tax Assessment order under section 143(3) of the Income Tax Act	6080.20	Commissioner of Income Tax (Appeals) Gandhinagar

**II. GUJARAT GAS COMPANY LIMITED**Matters before Surat court

Gujarat State Regional Transport Corporation (GSRTC)	Gujarat Gas Company Limited.	Special Civil Suit No. 492/12	Principal Senior Civil Judge	GSRTC has alleged in the Suit proceedings that GGCL has made unauthorised use of 291 sq metres of the land ("disputed land") at Lambe Hanuman Road (forming part of the CNG station at Lambe Hanuman Road) and claimed a sum of Rs. 1,22,38,840/- for the period beginning from 2007 till 31/01/2012. GSRTC has further claimed expenses of Rs. 1,87,344/- for construction of the compound wall and Rs. 2,00,000/- along with interest @ 15% from the date of this suit till realization of the amount.
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Matter filed against company before the Jambusar court

Name of the Petitioners or Applicant	Name of the Opponent	Case No:-	Name of the Court	Short Description of the Case
M/s. SCHOTT Glass India Pvt. Ltd.	Gujarat Gas Company Limited	Regular Civil Suit 87/15	Principal Civil Judge, Jambusar	M/s. Schott Glass India Pvt. Ltd. has filed a case against GGCL and prayed for an injunction against our pipeline laying activity near to their main gate approach road.

Matters before Gujarat High CourtMatters Filed against the Company

Name of the Parties	Short Description of the Case	Case No.
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Indian Auto LPG Coalition (IAC) Versus U.O.I & State of Gujarat & Gujarat Gas Co. Ltd. Respondent No.7 & others	IAC has filed MCA (for Review) 417 of 2014 against the Common Judgment & order passed by the High Court dt.25.07.2012 in WPIL no.47 of 2011(PIL) & WPIL No.54 of 2011 (WPIL)	MCA (for Review) 418 of 2014 Filing Date:- 12/02/2014
Hindustan Petroleum Corporation Limited Versus U.O.I, State of Gujarat & Gujarat Gas Co. Ltd. Respondent No.7 & others	HPCL has filed MCA (for Review) 419 of 2014 against the Common Judgment & order passed by the High Court dt.25.07.2012 in WPIL no.47 of 2011(PIL) & WPIL No.54 of 2011 (WPIL)	MCA (for Review) 419 of 2014 Filing Date:- 12/02/2014

*Matter Filed by the Company*

Name of the Parties	Short Description of the Case	Case No.
Gujarat Gas Company Ltd Versus Union of India & Dhangandhra Prakruti Mandal & state of Gujarat & GSPC Gas Co. Ltd. Respondent No. 7	GGCL has filed MCA claiming the guidelines made by the Union post Dhrangadhra as discriminatory and more of window dressing rather than to implement the High Court's order in its true letter and spirit and seeking relief against such discriminatory treatment.	MCA No.357 of 2014 Filing Date:- 22/01/2014

Matter before the Appellate Tribunal for Electricity at New Delhi*Matter Filed by the Company*

Name of the Parties	Short Description of the Case	Case No.
Gujarat GAS Company Ltd Versus PNGRB & United Phosphorus Ltd	UPL a customer of GGCL filed a complaint against GGCL alleging charging of tariff illegally under the CGNDA. The matter was decided against GGCL. GGCL has preferred an appeal at APTEL.	Appeal No.292 of 2014
Gujarat GAS Company Ltd Versus PNGRB	Vide an order dated September 4, 2013 the Petroleum and Natural Gas Regulatory Board (PNGRB) has determined the provisional initial unit natural gas pipeline tariff for Gujarat Gas Company Limited's (GGCL) Hazira Ankleshwer Pipeline's (HAPi Pipeline) (Tariff Order) under the provisions of the PNGRB (Determination of Natural Gas Pipeline Tariff) Regulations, 2008. In	Appeal No.298 of 2013







	the Tariff Order the provisional initial unit natural gas tariff (the Tariff) has been determined to INR 4.92/ mmbtu (GCV basis) as compared to the tariff of INR 7.20/ mmbtu (GCV basis) as submitted by GGCL on 3rd October 2012 and with a retrospective effect. GGCL has filed an appeal at APTEL challenging the said Tariff Order.	
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Indirect Tax Matters of GGCL

Name of statute	Nature of dues	Amount (Rs. in Crores) Net off amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty)	25.56	2005-14	CESTAT & Commission rate

Direct and Indirect Tax Matters of GFSL

Statute	Major Issue of Dispute	Forum where Dispute is pending	Period to which the amount relates (Assessment Year)	Total Demand (In Rs. Crores)	Outstanding Demand (In Rs. Crores)
Income Tax Act, 1961	Disallowance of service charges paid to GGCL	Caveat Filed with High Court	2006-07 to 2009-10	10.90	Nil

**8.3 OUTSTANDING LITIGATION INVOLVING THE PROMOTERS**

- GSPC

Name of the Parties	Short Description of the Case	Case No.
<b><u>LITIGATIONS AGAINST GSPC</u></b>		





Tuff Drilling Private Limited V/S GSPC	<p>The matter pertains to and arises from Platform Drilling Rig Contract dated 22<sup>nd</sup> May, 2010 which was terminated by GSPC due to failure of Tuff to deliver the Platform Drilling Rig at DDW Location in time. Tuff has filed application on 21.04.2011 u/s 9 of Arbitration &amp; Conciliation Act before District &amp; Sessions Court, Gandhinagar seeking interim measures to restrain GSPC from awarding new contract and making payment to any third party in relation to platform drilling rig services.</p> <p>Court initially granted an ex-parte interim order restraining GSPC from making any payment to any third party in relation to platform drilling rig contract. The said interim order was modified on 27<sup>th</sup> April, 2011 upon representation of GSPC allowing GSPC to make payments to third parties however ensuring that separate accounts are maintained in relation to such payments. However, no stay as prayed for by Tuff has been granted.</p>	(AA No. 38/2011 District & Sessions Court Gandhinagar)
Tuff Drilling Private Limited v/s. GSPC	<p>The matter pertains to and arises from Platform Drilling Rig Contract dated 22<sup>nd</sup> May, 2010 which was terminated by GSPC due to failure of Tuff to deliver the Platform Drilling Rig at DDW Location in time. Tuff has invoked arbitration clause of the Contract and appointed its arbitrator on 11/04/2011. Tuff has alleged that the termination of the Contract dated 22<sup>nd</sup> May, 2010 by GSPC is illegal and claimed damages for such alleged illegal termination. Total Claims made by Tuff in the Arbitration Proceedings amount to Rs. 719.33 Crores.</p> <p>GSPC has also made counter-claim on Tuff amounting to Rs. 515.65 Crores on account of additional interest burden, cost of deploying jack-up rig and other damages suffered by GSPC due to breach of Contract by Tuff.</p> <p>Later, Hindustan Cargo filed an application for winding up of Tuff Drilling which was admitted and a provisional liquidator was appointed by the Delhi High Court. Taking note of that the tribunal kept the matter in abeyance. Tuff drilling gave a commitment to the tribunal that the said winding up petition will be set aside as they are settling the matter with Hindustan Cargo and shall be done by 7<sup>th</sup> April 2015. The matter was settled on 10<sup>th</sup> April 2015 but the order copy is not available and hence the tribunal has adjourned the matter.</p>	Arbitration Tribunal comprising of JJs. R A Mehta, D K Trivedi and M B Shah
NIKO Resources Limited v/s	NIKO has issued Arbitration notice dated 25/03/2011 under a Memorandum of Understanding dated 3 <sup>rd</sup>	Arbitration Tribunal





GSPC	<p>October, 2002 in relation to 36" Hazira – Mora Pipeline. NIKO is seeking specific performance of the MOU asking for retransfer of 36" Hazira-Mora Pipeline to the Hazira JV and a share in the revenues generated / to be generated from the Hazira – Mora Pipeline as damages in addition to or in lieu of specific performance of the MOU.</p> <p>NIKO has pleaded that in accordance with the MOU, GSPC had agreed to regain the possession of 36" Hazira – Mora Pipeline from GSPL and agreed to retransfer the pipeline to the Hazira JV (formed under Hazira Field PSC where GSPC holds 67% PI while NIKO holds 33% PI). NIKO has alleged that GSPC has breached the said terms of the MOU and failed in causing the retransfer of the Pipeline.</p> <p>However, it is GSPC's case that GSPC is required to cause the retransfer of the Hazira – Mora Pipeline only after Cost Recovery to the HMPL has been granted by the Government of India under the Hazira PSC. Till date, the said 36" Pipeline has not been granted cost-recovery status and therefore GSPC's obligation under the MOU has not arisen and therefore GSPC is not in any breach of the MOU. Additionally, GSPC has also questioned the jurisdiction of the Arbitration Tribunal to adjudicate the claims of NIKO since the MOU does not have an arbitration clause.</p> <p>NIKO has made total claims amounting to approximately Rs. 200 Crores on GSPC in the nature of damages as per the latest Witness Statement filed by NIKO.</p>	comprising of JJs. R C Lahoti, A M Ahmadi and M B Shah
NIKO Resources Limited v/s Union Of India & GSPC	<p>The matter arises from the Production Sharing Contract for the Hazira Field under which JV of NIKO and GSPC had proposed allowance of cost recovery status to the 36" Hazira-Mora Pipeline which proposal was rejected by the DGH/MOPNG on 6<sup>th</sup> August, 1999. The said decision of DGH / MOPNG was challenged in an arbitration proceeding under the PSC. The arbitration tribunal in the said proceedings passed a Majority Award on 23<sup>rd</sup> December, 2009 allowing cost-recovery status to the Hazira – Mora Pipeline. However, the UOI challenged the said Majority Award under Section 34 of the A&amp;C Act, 1996 and preferred an appeal before the Delhi High Court Single Judge in April 2010.</p> <p>The Single Judge of Delhi High Court, vide Judgment and Order dated 2<sup>nd</sup> July, 2012, allowed the appeal</p>	FAO OS No. 358/2012 Delhi High Court





	<p>preferred by UOI and set aside the Majority Award resulting into cost recovery status to the Hazira – Mora Pipeline being rejected.</p> <p>NIKO has preferred appeal against the said judgment of Single Judge under Section 37 of the A&amp;C Act. The Division Bench of Delhi High Court has heard the final arguments of the Parties and the Order is reserved since 4<sup>th</sup> December, 2014.</p>	
<p>Gujarat State Energy Generation Limited v/s NIKO Resources Limited and GSPC</p>	<p>GSEG has invoked arbitration clause of the Gas Sales Agreement dated 16<sup>th</sup> February, 2000 under which GSEG is the Buyer while NIKO and GSPC are the Sellers.</p> <p>GSEG has alleged that in terms of the GSA, NIKO and GSPC as Sellers were required to supply certain minimum quantities of gas on daily basis (called the Minimum Supply Obligation). GSEG further alleges that the JV of NIKO and GSPC was unable to supply such MSO commencing from August 2010 resulting into Short Supply under the GSA. GSEG has alleged that GSEG is entitled to Liquidated Damages in accordance with the GSA for such short supply to be recovered from the JV of GSPC and NIKO.</p> <p>GSEG has made a claim of approx. USD 129 Million as Liquidated Damages against the JV of NIKO and GSPC where NIKO holds 33% PI while GSPC holds 67% PI.</p> <p>However, it is the case of NIKO and GSPC that the short supply under the GSA is attributable to unexpected decrease and depletion in the Reservoir of Hazira Field due to natural acts of ingress of water and sand into the Reservoir which is a natural geological and geophysical phenomenon and is Force Majeure situation. NIKO and GSPC have therefore put GSEG to notice that the short-supply under the GSA on account of the Force Majeure situation and therefore there is no liability on part of JV to make payment to GSEG towards Liquidated or other Damages under the GSA.</p>	<p>Sole Arbitrator – Justice M B Shah</p>
<p>Saipem Portugal Comercio Meritimo v/s GSPC</p>	<p>Arbitration proceedings have been initiated by Saipem against GSPC on 31/03/2008, pursuant to a dispute in relation to the contractual obligations of Saipem under the contract for services rendered under the Contract dated 1<sup>st</sup> April, 2004 for charter hire of offshore jack up rig in KG Block.</p> <p>Saipem's primary contention is that the Contract is a Time Based Contract and the day rate of 61,800 USD</p>	<p>Arbitration tribunal Consisting of JJs. S. P. Bharucha, A M Ahmadi &amp; B N Srikrishna</p>







	<p>was valid for 600 days only taking into consideration two extension options available to GSPC. Saipem has also raised other several allegations and breaches on part of GSPC.</p> <p>GSPC's primary contention is that the Contract is a Well Based Contract and the day rate of 61, 800 USD is valid for drilling of (4+6+2) 12 wells irrespective of time.</p> <p>Saipem has made a claim of USD 143.45 Million being difference in the market rate for charter hire and contractual rate for entire period after expiry of 600 days during which GSPC utilized the rig.</p> <p>GSPC has also made counter-claim on Saipem amounting to USD 36.90 Million on account of non-performance time attributable to Saipem, time lost in extraction of legs of rig due to failure of jetting mechanism of rig and BOP related costs.</p>	
British Gas v. GoG & Others (GSPCL)	BG has challenged the constitutional validity and legality of imposition of sales tax vide order dated 25 <sup>th</sup> March, 2010 by the Deputy Commissioner of Commercial Tax, Ahmedabad on the sale of natural gas to several entities. The AO was inclusive of sales tax in respect of sale of gas and levies in respect of transportation and processing costs. GSPC has stated that it is not a necessary or proper party for this matter.	SCA no. 5159 of 2010 Gujarat High Court
Reliance Industries Limited v. Bonthu Veera & others (including GSPC as 5 <sup>th</sup> Respondent)	RIL has filed the suit claiming that RIL should be indemnified by Respondents for additional compensation that it had to pay to the Land Owners in the sale transaction relating to certain survey numbers. GSPC has been made a respondent simply because the subject properties were also proposed to be purchased by GSPC even though RIL had already beneficial interest in the said lands.	OS No. 146/2010 Civil Court Kakinada
Katari Sitha Rama Raju and others v. K V Reddy and others (GSPC)	The dispute is pertaining to a property situated in Puducherry and Katari seeks a declaration that the compromise deed entered between him & Reddy and the subsequent sale deeds entered between Katari and GSPC are null and void, on the grounds that the same have been obtained through coercion and misrepresentation by the defendants.	OS no. 8 of 2008 Civil Court Yanam
Essar Power Limited, Essar Steel Limited and others v. UOI and others together with	GSPC has entered into Gas Purchase Agreements with GAIL, IOCL and BPCL in February 2004 for a long tenure of 15 years. The said GSAs were back-to-back arrangement in relation to Gas sourced on long term by PLL from Ras Laffan Natural Gas Company of Qatar for a period of 25 years. GAIL, IOCL and BPCL being	Civil Appeal 4610 and 4609 of 2009 before Supreme Court



GSPC v/s UoI, Petronet LNG Limited, GAIL, IOCL, BPCL & others	<p>the designated Off-takers of the Gas so procured / imported by PLL from Qatar. Under the said GSAs, the price of the Gas was fixed for the first tenure of Five Years i.e. up to 31<sup>st</sup> December, 2008. The said further provides that the Price of Gas can be varied before 31<sup>st</sup> December, 2008 only to the extent Ras Laffan Natural Gas Company Limited revises the price or in accordance with any change in law.</p> <p>During the said initial term of the GSA, the Union if India directed PLL vide a communication dated 6<sup>th</sup> March, 2007 to charge a "uniform pooled price" for all the long term gas procured by PLL. A copy of the said communication was also marked to GAIL, IOCL and BPCL being the Off-takers of PLL Gas.</p> <p>GAIL, IOCL and BPCL alleged that the said communication requiring pooling of gas price was in the nature of "change in law" and therefore GSPC shall also be charged such Pooled Gas Price instead of the price fixed under the GSA.</p> <p>GSPC challenged the said "communication" requiring pooling of gas prices by way of Special Civil Application before Gujarat High Court. Gujarat High Court, on 16<sup>th</sup> May, 2008, passed a Majority Judgment upholding the validity of the said communication directing pooling of gas prices.</p> <p>The said judgment of Gujarat High Court dated 16<sup>th</sup> May, 2008 has been challenged by GSPC as well as by ESL, EPL and others before Supreme Court. The SLPs have been admitted and converted to Civil Appeals. The matter is still sub-judice.</p>	
Mr. V. Manga Tayru v. GSPC and another	<p>Mr. V. Manga Tayaru has preferred OS No. 65 of 2013 before Yanam Sub Court disputing ownership of GSPC over certain portions of land at survey no. 7/1 and 7/8 in Yanam Area through which sub-marine pipeline passes. Mr. Tayaru has also preferred an interim injunction application.</p> <p>Matter was posted for report of the court commissioner and enquiry. Commissioner has filed his Report GSPC has filed its Objections.</p>	OS NO. 65 of 2013 Civil Court Kakinada
Mr. Bhairava Murthy v. GSPC and others	<p>Mr. Bhairava Murthy has preferred OS No. 76 of 2013 before Yanam Sub Court disputing ownership of GSPC over certain portions of land at survey no. 5/1 and 5/10 in Yanam Area through which sub-marine pipeline passes. Mr. Tayaru has also preferred an interim</p>	OS No. 76 Of 2013 Civil Court Kakinada







	injunction application. Matter was posted for report of the court commissioner and enquiry. Commissioner has filed his Report GSPC has filed its Objections.	
NIKO Resources Limited v/s GSPC	<p>NIKO has issued arbitration Notice dated 27<sup>th</sup> August, 2013 under Joint Operating Agreement for Hazira Field claiming that GSPC failed to manage Gas Sales Agreement with GSEG effectively and failed to raise take or pay claims and invoke force majeure provisions causing losses to JV.</p> <p>However, in the Statement of Claim, NIKO has claimed that GSPC failed to ensure timely payments under all the Hazira GSAs during the period of 2002-03 to 2014-15 and also did not raise interest claims on customers for late payment. NIKO alleges that GSPC is therefore liable under the JOA to pay interest to NIKO (amounting to approx. Rs. 8.5 Crores) for delayed payments made by Hazira Customers under the Hazira GSAs. NIKO has further alleged that in relation to GSEG GSA, GSPC has agreed to indemnify NIKO for any liability arising under the GSEG GSA after a period of 10 years from the date of the GSA. Accordingly, NIKO alleges that NIKO is entitled to a declaratory relief against GSPC to the effect that any claim that may be awarded to GSEG under the arbitration proceedings initiated by GSEG should be solely borne by GSPC.</p> <p>GSPC's stand is that neither the interest claims nor the claim for declaratory relief raised by NIKO are covered by NIKO's Arbitration Notice and therefore the Arbitration Tribunal which was constituted to adjudicate claims as described in the Arbitration Notice does not have jurisdiction to adjudicate upon entirely different claims as now raised by NIKO in the Statement of Claim. It is also GSPC's case that interest claims that NIKO is now claiming do not arise out of JOA since the same arises out of the respective GSAs while the indemnity claims also do not arise out of JOA. It is also GSPC's case that NIKO has not been able to produce any indemnity agreement between GSPC and NIKO. In any case all the interest claims made by NIKO are either time-barred or are wrongly raised.</p>	
Deep Drilling 1 Pte Ltd v/s GSPC	Deep Drilling 1 Pte. Ltd. DD1 has initiated arbitration proceedings against GSPC under the Jack Up Rig Contract dated 18 <sup>th</sup> June, 2010. DD1 has claimed for payment in lieu of notice period for termination for convenience as envisaged under the Contract. GSPC had issued a location named DDW - EXT - 1 as the last location to be drilled by DD1 under the Contract.	Arbitration Tribunal Comprising JJs M B Shah, M S Parikh and C K Buch



	<p>However, the said location was not approved by the Marine Warrantor of the Contractor for an "all year operation". The Marine Warrantor approved the location for drilling only till 30<sup>th</sup> September and not beyond. GSPC, vide e-mail dated 30<sup>th</sup> August, 2012, terminated the Contract with immediate effect and asked the Contractor to leave the location after demobilization of all the GSPC personnel and equipments. Such demobilization happened on 14<sup>th</sup> September, 2012 and accordingly, GSPC has paid relevant day rate to the Contractor till that date.</p> <p>However, DD1 has termed the termination as termination for convenience and claimed payments for balance days of the 30 day notice period required in case of termination for convenience and raised a claim of approx. USD 1.6 Million on GSPC.</p> <p>It is GSPC's case that requirement of MWS Approval does not arise out of the Contract and that the termination of the Contract by GSPC was in view of DD1's failure to commence drilling at the location designated by GSPC in accordance with Contract. GSPC has also pleaded in the alternate that even assuming without admitting that termination of Contract was for convenience of GSPC, the Contract does not provide for any payment upon termination for convenience and therefore no payment is due to DD1 in any case.</p>	
Enquest Petro Solution Pvt. Ltd. v. GNRL & GSPC	<p>M/s Enquest has filed a suit under Order XXXVII (Summary suit) of CPC for recovery of Rs.91,05,021.00 towards principal amount and Rs.92,77,528.00 towards interest due @ 18% p.a (Total = 1,83,82,549.00) along with further interest against GNRL as well as GSPC before the Court of Addl. Sr. Civil Judge, Ahmedabad (Rural) at Mirzapur, Ahmedabad.</p> <p>M/s Enquest has alleged that GNRL which is the operator in oil and gas fields of Allora, North Kathana and Kanawara in Gujarat has failed to make payment of its invoice amount of Rs.91,05,021.00 raised by it towards providing drilling project management services in July' 2009. Accordingly, GSPC also being a JV partner in GNRL alongwith GNRL itself would be liable to pay the outstanding amounts to M/s Enquest.</p>	Spl Summary Suit No. 107/2014
Kakinada Mechanized Boat Owners' Association v.	The Kakinada Mechanized Boat Owners' Association has filed the Writ Petition against the action of competent authorities in the State of Andhra Pradesh in distribution of compensation to fishermen. The	WP 34177 of 2012 High Court of AP







Secretary, Industries & Commerce, Hyderabad and 3 others including GSPC	<p>compensation that is subject matter of dispute was deposited by GSPC with Collector East Godavari District, AP, in accordance with the State Support Agreement signed between GSPC and Government of AP.</p> <p>The Association has prayed to the High Court of AP to issue a Writ of Mandamus or any other appropriate writ or order or direction declaring: (a) that the proposed action of the Respondents in providing cash compensation to the affected villages and fishermen of East Godavari District by the offshore activities of GSPC as arbitrary, illegal and as unjust, (b) that the action of the Respondents in not identifying all the affected villages and the fishermen which are going to be affected by the said offshore activities of GSPC in east coast by reason of the drilling and pipeline activity of GSPC as arbitrary, illegal and as unjust, (c) That the action of the respondents in proposing to pay rehabilitation and compensation to few villages and fishermen in Mummidivaram constituency and of Yanam, Union Territory, as arbitrary, illegal and as unjust, (d) That the action of respondents in not considering the claim of the fishermen and villages of Kakinada Constituency, especially of the villages of Yettimogga, Uppalanka, Pagadalapeta as arbitrary, illegal and as unjust and issue a consequential direction directing the Respondents to : (1) identify all the villages in the East Godavari District which are going to be affected by the drilling and pipeline laying activities of GSPC in the east coast, (2) provide compensation and rehabilitation package to the affected fishermen which will be of long term benefit (3) to take steps to provide employment to those families (locals) which are going to be affected by the operations of GSPC and (4) Direct the Respondents not to disburse or release cash compensation to the affected fishermen or villages and (5) Direct the Respondents to make a proper study and identify all the villages and fishermen in east coast which are going to be affected by the drilling and pipeline laying operations of GSPC.</p>	
Jayesh Somabhai Patel v. GSPCL	GSPC has issued two tenders for carrying out EIA studies (1) RFQ No: GSPC/Onshore/CB-ON/2/EIA, RA& DMP Studies/14-15/AS-681/247 and (2) RFQ No: GSPC/Onshore/CB-ONN-2000/1/EIA & EC/14-15/249 on 25 <sup>th</sup> February 2015 and 26 <sup>th</sup> February 2015 for Seismic Activities in Tarapur Block and Drilling of 19 wells of Exploratory/Appraisal/Development nature in Ahmedabad Block respectively. These tenders were	Gujarat HC SCA 4730/2015







	<p>issued by GSPC in accordance with the Terms of Reference (TOR) issued by Ministry of Environment and Forest ("MOEF"). Pursuant to the communication of MOEF it was required by GSPC that the Consultants involved in the preparation of EIA/EMP report after accreditation with Quality Council of India/National Accreditation Board of Education and Training (QCI/NABET) would need to include a certificate in this regard.</p> <p>Later, <i>vide</i> a letter dated 5<sup>th</sup> March, 2015 an objection has been raised by Environmental Consultants Association (through its President -Jayesh Somabhai Patel) with regard to the requirement of mandatory certificate of accreditation with NABET/QCI. A reference has been made to the stay granted by Hon'ble Gujarat High Court in Special Civil Application no. 10311/2012 on the Office Memorandum which was issued on 2<sup>nd</sup> December, 2009 by MOEF mandating accreditation of the EIA Consultants with QCI/NABET.</p> <p>A special civil application has been filed by Shri Jayesh Somabhai Patel in the Gujarat High Court wherein it was requested to quash and set aside the tender/request for quotation (RFQ) issued by GSPC.</p> <p>The High Court has allowed GSPC to continue its tendering process but the same will be subject to the decision of the Supreme Court on this issue.</p>	
Kotipalli Venkateswara Rao v. GSPC & Ors.	Injunction Suit filed for seeking stay against laying of pipeline beneath the Plaintiff's land in an extent of Ac.0-22cents covered by Survey.No.105/7 alleging minimal compensation paid to it by GSPC for grant of ROU in the said plaintiff's land.	Civil Judge, Rajhmundry (OS No. 516 of 2014)
Mrs. Medisetty Subba Lakshmi v. GSPC & Ors.	The Plaintiff has filed a suit alleging that GSPC has made encroachment upon her land bearing Survey no. 651/21 of Mallavaram Gram Panchayat under Tallarevu sub register, Tallarevu Mandal due to which it has become extremely difficult to cultivate her land as her agriculture land has completely become drainage tank	District Legal Services Authority, Rajhmundry (PLC No. 12 /2014)
M/s A. R. Infrastructure v. GSPC & Ors.	It's a case filed against GSPC & M/s EIL and one of its sub - contractor - M/s Avinash EM Projects Pvt. Ltd. for Recovery of an amount of Rs.39.50 Lakhs	A D Judge, Kakinada (OS No. 309 of 2014)
T.Swamy Naicker v. The Director (MOEF), Govt. of India & Ors.	The Petitioner has filed this case alleging illegal construction of storage Tanks by GSPC at its Oil & gas Terminal at Kakinada (A.P) as well as making several other demands to be fulfilled by GSPC for P. Mallavaram Village.	Lok Adalat cum III Addl. Dist. Judge, Kakinada



**LITIGATIONS BY GSPC**

GSPC v.  
GAIL/BPCL/IO  
C (SC)  
Interconnectivity  
Charges

The matter arises from the Gas Sales Agreements dated February 2004 signed between GSPC and GAIL/IOC/BPCL. Under the said GSAs, for effecting supplies of PLL Gas, GAIL, IOC and BPCL were using a 500 Meters Interconnectivity Pipeline and the charges for use of the said 500 Meters Interconnectivity was agreed in the GSA.

Civil Appeal  
No. 2473/2476  
of 2014  
(Supreme  
Court)

However, even after GSPL having completed the direct connecting pipeline to PLL's Dahej Terminal, GSPC was not allowed to use the said direct connectivity and was forced to use and pay for the 500 Meters Pipeline. Further, GAIL IOCL and BPCL also started levying full transportation tariff approved by PNGRB for DVPL Pipeline of GAIL instead of the tariff agreed in the GSA.

GSPC challenged the said action of forcing use of interconnectivity and charging heavily for same on part of GAIL, IPCL and BPCL before PNGRB. PNGRB by majority decision held that the said actions of GAIL, IOCL and BPCL were restrictive trade practices and directed GAIL to allow GSPC to use direct connectivity of GSPL.

GSPC as well as GAIL/IOC/BPCL filed appeals before the APTEL challenging the Order of PNGRB holding GAIL/IOC/BPCL guilty of RTP from the appointed day of the PNGRB Act but affording remedy to GSPC only from the date of filing the complaint. GSPC was allowed direct connectivity but the same was not enforced in view of appeals filed by GAIL/IOC/BPCL.

APTEL passed Judgment dated 18<sup>th</sup> December, 2013 holding that there is no RTP on part of GAIL/IOCL/BPCL since the GSAs were entered into by GSPC at its free will. APTEL reversed the direct-connectivity given to GSPC also and asked GSPC to make payment of differential interconnectivity charges to GAIL.

GSPC has challenged the aforesaid judgment of APTEL before Supreme Court. On 28<sup>th</sup> February, 2014, SC has passed an Order to the effect that GSPC shall make payment to GAIL at lump-sum amount of Rs. 12 per MMBTU (in place of 19.83 per MMBTU as per APTEL Judgment) as interim arrangement.





	On 8 <sup>th</sup> April, 2015 GSPC has filed an application for expedited hearing of the matter.	
GSPC v/s NIKO	<p>The matter arises from a Gas Balancing Agreement signed between NIKO and GSPC under which NIKO had agreed to compensate GSPC for management of short fall supplies effected by GSPC on behalf of NIKO-GSPC JV to various Hazira Customers.</p> <p>From early 2006, Hazira Field started depleting and production from Hazira Field reduced to such an extent that it was not sufficient even to meet the total Minimum Guaranteed Offtake obligations under the Hazira GSAs. For the purpose of saving the JV from claims of Liquidated Damages for short supply under the Hazira GSAs, GSPC started to supply gas to hazira customers from its gas trading portfolio. GSPC continued to manage the short supply right from March – April 2006 till June 2008.</p> <p>For the purpose of compensating GSPC for management of the aforesaid shortfall, a Gas Balancing Agreement was signed where NIKO agreed that NIKO will compensate GSPC by either (i) supplying Five Times NIKO's Share of Shortfall Gas from RIL KG D6 Field to GSPC; or (ii) supplying Five Times NIKO's Share of Shortfall Gas from any other source to GSPC; or (iii) making a onetime payment in accordance with formula defined in the GBA.</p> <p>When GSPC asked NIKO in early 2011 to either supply Five times Gas or to make payment under the GBA in early 2011, NIKO stated that the GBA had not come into force since the same was subject to RIL KG D6 Agreement being signed between RIL-NIKO and GSPC. NIKO stated that since KG D6 Agreement could not be signed in view of Gas Utilization Policy, the said Condition Precedent was not fulfilled and therefore the GBA had not come into force.</p> <p>Accordingly, GSPC has raised arbitration against NIKO claiming cash compensation of USD 18.72 Million (plus 5% escalation every year and plus interest on the said compensation) under the GBA. It is GSPC's case that NIKO has always admitted to GSPC making up the short fall on its behalf and that NIKO has always acknowledged its obligations under the GBA on various occasions. It is GSPC's case that GBA has come into force and GSPC is entitled to compensation under the GBA.</p>	<p>Arbitration Tribunal comprising of JJs. S P Bharucha, A M Ahmadi and SN Variava</p>







GSPC v. IDBI & Republic of Yemen	GSPC led consortium have terminated Production Sharing Agreement (PSA) for 3 blocks awarded in Republic of Yemen. PSAs have been terminated on the ground of existence of force majeure vide letter dated 13 <sup>th</sup> February, 2013. The Company had an apprehension that the Bank Guarantee of 42 Million USD provided by the consortium may be invoked by the Yemen Government and thus the Consortium has filed this civil suit. Consortium has filed series of litigations including civil suit before the City Civil Court at Ahmedabad on 14 <sup>th</sup> February, 2013 for declaring the Injunction against IDBI from invoking the Bank Guarantee's amounting to USD 42 million. However since stay was not granted, an appeal was preferred before the High Court on 16 <sup>th</sup> February, 2013. The SCA application before Gujarat High Court has been disposed off with directions to City Civil Court to hear the matter expeditiously and the stay will continue to operate till the disposal of the application before the City Civil Court.	(CS no. 349 of 2013 City Civil Court Ahmedabad
GSPC, WDC and Alkor v. Yemen Ministry of Minerals and Natural Resources and Government of ROY	<p>GSPC led consortium have terminated Production Sharing Agreement (PSA) for 3 blocks awarded in Republic of Yemen. PSAs have been terminated on the ground of existence of force majeure vide letter dated 13<sup>th</sup> February, 2013. The Company had an apprehension that the Bank Guarantee of 42 Million USD provided by the consortium may be invoked by the Yemen Government and thus the Consortium has initiated arbitration before the International Chamber of Commerce (ICC), Paris and has filed the Request for Arbitration dated 25<sup>th</sup> February, 2013 for declaration about the validity of the termination.</p> <p>GSPC moved an interim application dated 9<sup>th</sup> July, 2013 praying for direction against IBY and ROY from invocation of SBLCs. The said Application was heard on 12<sup>th</sup> September, 2013 where IBY and ROY have been directed not to take steps for invoking the SBLCs while GSPC has been directed to extend the validity of SBLCs.</p> <p>Hearing held on 8<sup>th</sup> – 12<sup>th</sup> September, 2014. Closing submissions has been submitted and order is reserved.</p>	ICC Arbitration Tribunal at Paris
GSPC v. Mamta Steel	GSPC has preferred SLP against Judgment of Gujarat HC in relation to plot allotted by GIDC. Allotment was held to be irregular by HC where both GSPC and GIDC were asked to bear 50% costs each in relation to such allotment. However, GSPC is a bonafide purchaser and has no role in allotment process by GIDC. SLP admitted by SC. Notice issued returnable on 17 <sup>th</sup>	SLP C No. 27610 of 2013 Supreme Court





GAIL v PNGRB & GSPCL	<p>October, 2013.</p> <p>GSPC had approached GAIL for reserving common carrier capacities in its DBNPL and DVPL pipelines on "reasonable endeavour (RE) basis" but GAIL refused to provide the same on RE basis and asked GSPC to book on Firm Basis. GSPC complained before PNGRB under the PNGRB Act and Rules / Guidelines alleging that Common Carrier capacities have to be offered by GAIL on RE basis. GSPC also pointed out that GAIL was in fact providing capacities on RE basis to its certain customers.</p> <p>PNGRB passed order on 20<sup>th</sup> December, 2013 stating that GAIL could not have discriminated between GSPC and its other customers and it should provide capacity on RE basis to GSPC also if they are providing the capacity on RE basis to other customers. A penalty was also imposed by PNGRB on GAIL.</p> <p>Thereafter, GAIL appealed against the PNGRB order before the Appellate Tribunal of Electricity (APTEL). APTEL also held that GAIL has discriminated in booking common carrier capacity leading to restrictive trade practice and has upheld the PNGRB order and penalty.</p> <p>Subsequently, GAIL filed Civil Appeal against the APTEL judgment in the Supreme Court of India along with an application seeking stay on the APTEL judgment and permission to participate in the bid invited by PNGRB for Ennore-Tuticorin natural gas pipeline.</p> <p>The Supreme Court has vide its interim order 18<sup>th</sup> December, 2014 partly allowed the Application of stay filed by GAIL and directed that PNGRB should consider the bid of GAIL for Ennore-Tuticorin natural gas pipeline.</p>	CA 11450/14 Supreme Court
GSPC v. Alkor	<p>Gujarat State Petroleum Corporation Ltd. ("GSPC"), Geo Global Resources (Barbados) Inc. ("GGR"), and Alkor Petroo Limited ("Alkor") (hereinafter collectively referred to as the "Consortium") have entered into a Concession Agreement dated 9<sup>th</sup> March, 2008 ("Concession Agreement") with the Arab Republic of Egypt ("A.R.E.") and Ganoub El-Wadi Holding Petroleum Company ("GANOPE") for South Diyar Block and North Hap'y Blocks in Egypt. GSPC has been designated as Operator for the said Block.</p> <p>The said Minimum Work Program and other operations in the Block were carried out as the Joint Operations</p>	Arbitration tribunal comprising of JJs C K Buch, M B Shah and D A Mehta







		<p>under the JOA by GSPC. In accordance with Article 8.1 of the JOA, all the costs and expenditures incurred by GSPC in carrying out such Joint Operations have to be borne by the Consortium in the proportion of their Participating Interest (i.e. 80% by GSPC and 20% by Alkor). GSPC has been raising Cash Calls / Joint Interest Billing ("JIB") on Alkor for its share of expenditure in the Block. However, Alkor has stopped making payment towards the Cash Calls / JIBs raised by GSPC and amount of USD 7.64 Million (for South Diyar Block) and USD 35.89 Million (for North Hap'y Block) remain unpaid till date in addition to any and all interest (including interest at Agreed Default Interest Rate) and other penal claims that GSPC may have against Alkor in this regard.</p> <p>Accordingly dispute had arisen and GSPC has initiated Arbitration proceedings against Alkor for South Diyar and North Hap'y Blocks, Egypt.</p> <p>GSPC has filed Statement of Claims claiming an amount of USD 35.86 Million for North Hap'y Block and USD 7.64 Million for South Diyar Block.</p>	
GSPC v. Deewanchand Ramsaran Industries Pvt. Limited.		<p>GSPC has preferred two appeals under Section 34 of the Arbitration &amp; Conciliation Act, 1996 against DRIPL arising out of two arbitration awards (one in relation to 1000 HP Rig and the other in relation to 2000 HP rig) – both awards being dated 23<sup>rd</sup> February, 2015. The Arbitration Tribunal, under the Award for 1000 HP Rig has awarded an amount of Rs. 7,35,00,000/- in favour of M/S DRIPL while under the Award for 2000 HP Rig, has awarded an amount of Rs. 16,00,00,000 in favour of M/S DRIPL.</p> <p>GSPC has challenged both the arbitral awards under Section 34 of the Act inter alia on the grounds that (a) the Tribunal has exceeded its jurisdiction and travelled beyond the scope of the Contract by awarding the damages which are not allowed by the Contract; and (b) that the Award suffers from patent illegality and manifest error in calculation of the amounts of damages awarded and that such calculation of damages is against the binding precedents of the Supreme Court of India.</p>	Before Principal District Judge, Gandhinagar CMA No. 95 and 96 of 2015

Direct Tax Litigation





Gross Amount involved (In Lacs)	Issues Involved	Nature of Dues	Appeal Preferred by	Appeal No.	Pending Before
1,801.64	Reopening	Tax & Interest	Department	547 of 2009	ITAT
3,239.46	Claim U/s. 42, Claim U/s. 80IB(9), Securitization charges etc.	Tax & Interest	Department	3029 of 2004	ITAT
	Contribution to Science City, Disallowance of Proportionate Interest Exp. etc.		GSPC	2697 of 2004	ITAT
7,909.78	Claim U/s. 42, Claim U/s. 80IB(9), Claim U/s. 32, Securitization charges, etc.	Tax & Interest	Department	125 of 2006	ITAT
	Contribution to Science City, Disallowance of Proportionate Interest Exp. etc.		GSPC	2605 of 2005	ITAT
16,310.86	Claim U/s. 42, Claim U/s. 80IB(9), Claim U/s. 32, Securitization charges, etc.	Tax & Interest	Department	2461 of 2006	ITAT
	Proportionate Interest Expenses, Preoperative Expenses, Business Promotion Expenses etc.		GSPC	2290 of 2006	ITAT
16,065.58	Claim U/s. 42, Claim U/s. 80IB(9) etc.	Tax & Interest	Department	1726 of 2007	ITAT
	Proportionate Interest Expenses, Preoperative Expenses, etc.		GSPC	1511 of 2007	ITAT
22,886.44	Claim U/s. 80IB(9), Payment made to Non Resident etc.	Tax & Interest	Department	3183 of 2008	ITAT
	Claim U/s. 42, Preoperative Expenses, etc.		GSPC	2688 of 2008	ITAT
18,216.06	Claim U/s. 42, Claim U/s. 80IB(9) & Closing stock	Tax & Interest	Department	2564 of 2009	ITAT
	Claim U/s. 42 & Rebate, etc.		GSPC	2242 of 2009	ITAT
17,165.80	Claim U/s. 42, Claim U/s. 80IB(9), Rebate, Income from Testing Well etc.	Tax & Interest	GSPC		CIT(A) G'nagar
30,184.14	Claim U/s. 42, Claim U/s. 80IB(9), Rebate, Income from Testing Well etc.	Tax & Interest	GSPC		CIT(A) G'nagar







32,577.16	Claim U/s. 42, Claim U/s. 80IB(9), Rebate, Income from Testing Well etc.	Tax & Interest	GSPC		CIT(A) G'nagar
	TDS for payment made towards Hiring Charges of Helicopter			845 of 2014	High Court
19,807.07	Claim U/s. 42, Income from Testing Well, Bidding Expenses etc.	Tax & Interest	Department	331 of 2014	ITAT
	Claim U/s. 80IB(9), Rebate, Business Promotion Expenses, Expenses U/s. 14A, Suppression of Closing Stock etc.		GSPC	3062 of 2013	ITAT
25,943.68	Claim U/s. 42, Reduction in the addition made on account of suppression of closing stock, etc.	Tax & Interest	Department	2980 of 2014	ITAT
	Claim U/s. 80IB(9), Rebate, Business Promotion Expenses, Expenses U/s. 14A, Suppression of Closing Stock etc.		GSPC	3092 of 2014	ITAT
33,733.89	Claim U/s. 42, Claim U/s. 80IB(9), Rebate, Income from Testing Well, Addition on account of suppression of closing stock etc.	Tax & Interest	GSPC		CIT(A) G'nagar

Indirect Tax Litigation

Gross Amount involved (In Lacs)	Issues Involved	Nature of Dues	Appeal Preferred by	Appeal No.	Pending Before
Rs. 1131.62 + Interest + Penalty	Service tax demand on various services/goods procured for usage in KG block	Tax + Interest + Penalty	GSPCL	ST/76/2009	Comm.in view of CESTAT order
Rs. 13.03 + Interest + Penalty	Service tax demanded as per Audit revenue paras of GSPL	Tax + Interest + Penalty	GSPCL	OIO 70/ADC (SC)/2010, OIA 132/2011(Ahd-III)	CESTAT





• **SABARMATI GAS LIMITED**

Matter at Appellate Tribunal for Electricity at New Delhi: -

*Matter Filed by the Company*

Sr.No	Name of the Parties	Short Description of the Case	Case No.	Next Date of Hearing
1	SGL Vs. GAIL and BPCL	PNGRB vide its Judgment dated 13 <sup>th</sup> February, 2015 in the matter "SGL v. BPCL & Ors." has determined that the APTEL Appeal No. 1, 2 & 5 Judgment is not applicable to the facts of the present case and have directed BPCL & GAIL to cease the restrictive trade practice of preventing access to SGL of the GSPL's pipeline with immediate effect.	Appeal no. 14 of 2014	Not decided yet

Matters at Supreme Court of India: -

*Matter Filed by the Company*

Sr.No	Name of the parties	Short Description of the Case	Case No.	Next Date of Hearing
1	PNGRB against IGL arising out of Delhi High Court's Judgment dated 1 <sup>st</sup> June, 2012.	Sabarmati Gas Limited has filed an Intervention Application before Supreme Court for intervening. Delhi High Court in the said Judgment, had quashed an Order of PNGRB determining the MRP of CNG Price to be charged by IGL in NCT of	SLP (C) No. 22273 of 2013	Not finalized







		<p>Delhi and held that PNGRB has no power to determine MRP of CNG.</p> <p>SGL has supported the stand of IGL that PNGRB does not have power to determine the MRP and that in any case, such powers may not be exercised retrospectively by PNGRB. The Intervention Application has been allowed by SC and the matter is pending for Judgment before the Supreme Court.</p>		
2	GSPC v/s BPCL GAIL and others	<p>GSPC has appealed to Supreme Court against APTEL order in case of GAIL connectivity issue. SGL has joined GSPC appeal by way of impleadment application in the matter of GAIL Inter connectivity charges pending before Supreme Court to protect its interest.</p> <p>Intervention application is admitted by Supreme Court</p>	Civil Appeal 2473-2476/2014	Not finalized

Direct and Indirect Tax matter

Sr. No.	Statute Amount	Nature of Dues	Amount (in lacs)	Remarks
1.	Income-tax Act, 1961	Income tax Assessment Order	232.50	The Disputed demand



		A.Y.2007-08			of Income Tax on Initial Connection Charges, Depreciation, Disallowance of additional depreciation and Closing Stock
2.	Income-tax Act, 1961	Income tax Assessment A.Y.2008-09	Order	409.36	
3.	Income-tax Act, 1961	Income tax Assessment A.Y.2009-10	Order	27.09	
4.	Income-tax Act, 1961	Income tax Assessment A.Y.2010-11	Order	408.89	

• **Gujarat State Petronate Limited**

Status of the pending cases before Supreme Court

Sr No	Case No	Petitioner	Respondent	Description	Additional Compensation (in Rs.)	Next Hearing Date	Remarks
<b>Litigation Against GSPL</b>							
1	Appeal No 21/2010 & 22/2010	Meenaben Maganlal Mehta and Ghanshyam Rohitbhai Mehta	1)Res. Manager, Secon 2)GSPL 3)PNGRB	Order dtd 6/05/2009 of APTEL has been challenged. Earlier they had filed a complaint before the PNGRB alleging that GSPL had laid pipelines in their land in violation of Section 19 and 48 of the PNGRB Act, which was dismissed by Board as well as PNGRB. However in appeal before S.C. they have also challenged the virus of Gujarat RoU Act with PMP Act. The matter is admitted.	N.A	Next date of hearing is not notified	The matter is admitted and the Supreme Court has appointed amicus curie. The matter is currently pending for hearing.
2	Appeal Civil No7169/2012	GAIL	PNGRB, GSPL & Ors	Order dated 6/02/2012 of APTEL dismissing the appeal of GAIL against the decision of PNGRB to technically qualify the bid of GSPL led consortium for MBBVPL has been challenged. The	N.A.	Next date of hearing is not notified	The matter is admitted and currently pending for hearing. No stay







				matter is admitted.			has been granted against Project.
<b>Litigation By GSPL</b>							
1	TC 639/2015	GSPL	PNGRB & Anr	Transfer petition seeking transfer of SCA pertaining to challenge to GTA guidelines from Gujarat High Court.		Next date of hearing is not notified	Notice has been issued.
2	SCA 13216/2013	High Court of Gujarat	CLP India Limited	Praying for restraining GSPL from invoking LC against Ship or Pay charges in view of Model GTA Guidelines issued by PNGRB. GSPL has filed affidavit for dismissal of SCA as being infructuous in view of Delhi High Court order dated 11.09.14 wherein relevant part of GTA has been struck down		15/06/2015	The matter is admitted.
<b>HIGH COURT OF GUJARAT</b>							
1	SCA 8715/2015	High Court of Gujarat	Essar Power Limited	PNGRB & GSPL	To restrain GSPL from invoking the letter of credit in relation to ship or pay charges.	10.06.2015	The matter is admitted.
2	SCA 14604/2014	High Court of Gujarat	Torrent Power Limited	UoI, PNGRB & GSPL	Zonal levelised Tariff order dated 11/07/2014 and regulation 5 of PNGRB Tarriff Determination Regulation	N.A.	Next hearing date is not notified.
<b>DELHI HIGH COURT</b>							





1	WP(C) No. 2090 of 2013	De lhi Hi gh Co urt	GAIL (INDIA) LTD	PNGRB, GSPL & GIGL	LoA issued by PNGRB to GSPL led consortium for MBPL Project has been challenged on issue of functioning of Board as Multi Member Board. MBPL project is also challenged on the ground that MBPL is not required.	N.A.	2/11/2015	The matter is on admission stage.
Litigation By GSPL								
1	SCA 13842/2013	Hi gh Co urt of Gu jar at	GSPL	PNGRB & UoI	Validity and legality of Model GTA Guidelines issued by PNGRB have been challenged	N.A.	10/06/2015	

## Status of the pending cases of GSPL at APTEL as on 15/05/2015

Sr No	Case No	Petitioner	Respondent	Description	Additional Compensation (in Rs.)	Next Hearing Date	Remarks
1	Appeal No 113/2015	NIKO Resources Ltd	GSPL	Letter of Authorization dated 19/03/2013 issued for GSPL's Low Pressure Gas Grid to the extent it covers 36" Hazira Mora Pipeline is challenged on the ground that the said pipeline is co-owned by NIKO and GSPL has wrongfully obtained authorization in respect	N.A.	3/07/2015	The matter is on admission stage.

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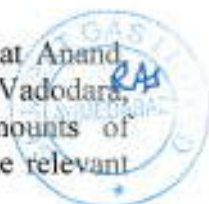
				of said pipeline.			
2	DFR No 2360/2014	Essar Steel India Limited	GSPL	Revised tariff order dated 11/07/2014 is challenged on the grounds inter alia that it was not heard by PNGRB before passing such tariff order despite APTEL's directions in the judgment dated 06/01/2014 in Appeal No. 222 of 2012.	N.A.	3/07/2015	The matter is on admission stage.

**Status of the Complaints filed & pending cases of GSPL at PNGRB as on 15/05/2015**

Sr No	Complaint No	Petitioner	Respondent	Description	Amount of compensation involved	Next Hearing Date
1	53/2013	Essar Power Limited	GSPL	Complaint is filed seeking implementation of the Model GTA Guidelines issued in November, 2012 by PNGRB pertaining to Ship or pay charges GSPL has been directed not to enforce payments provided Essar maintains the value of LC towards the same.	N.A.	Next date of hearing not notified
2	60/2013	CLP India Ltd	GSPL	Complaint is filed seeking implementation of the Model GTA Guidelines and quashing and further restraining GSPL from raising invoices towards ship or pay charges.	N.A.	15/07/2015

**Note on cases before Collector -15/05/2015**

There are several matters initiated against GSPL are pending before various collectors at Anand, Bharuch, Bhavnagar, Gandhinagar, Jamnagar, Mehsana, Rajkot, Surat, Surendranagar, Vadodara, Valsad, Panchmahal. These matters primarily relate to disputes pertaining to amounts of compensation awarded to various parties as a result of acquisition of right of user in the relevant





properties by GSPL. The Competent Authority [under Gujarat Water and Gas Pipelines (Acquisition of Right of User in Land) Act, 2000 and The Petroleum & Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962] has awarded compensation to the appellants in these cases. The Company has paid / offered to pay compensation to such appellants as decided by the Competent Authority. The appellants have filed appeals seeking enhancement of compensation and these appeals are currently pending. The amount of ascertainable claim is approx Rs. 13,66,81,855.

#### GSPL: Details of other Litigations

Sr No	Brief of the Matter
1	<b>Arbitration: GSPL V/s Jindal Pipes Limited</b>
	Pursuant to a purchase order placed by GSPL with Jindal Pipes Limited for supply of steel line pipes for the Mora-Utran pipeline, GSPL alleged that the pipes supplied by Jindal Pipes Limited failed to meet the contractual stipulations and GSPL subsequently invoked the arbitration clause and initiated proceedings against Jindal Pipes Limited. GSPL also invoked two bank guarantees furnished by Jindal Pipes Limited amounting to Rs. 5 million. Further, GSPL has claimed compensation Rs. 31.5 Crores. The matter is pending before the Arbitrator.

#### LIST OF DIRECT & INDIRECT TAX RELATED LITIGATIONS AS ON 30<sup>TH</sup> MAY 2015

##### Matters at Supreme Court of India: -

##### *Matter against the Company*

Sr No.	Name of the parties	Short Description of the Case	Case No.	Next Date of Hearing
1	Commissioner of Central Excise & Service Tax, Ahmedabad III	Special Leave Petition against order of Hon'ble Gujarat High Court up holding order of CESTAT setting aside invocation of extended period of limitation and penalty  Period : July 2005 to March 2008 April 2008 to	SLP (Civil) 3272- 3276/2015	To be Notified by Hon'ble Supreme Court



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		March 2009 April 2010 to Mar 2011		
		Amt. involved : Rs 735.04 lacs (plus penalty)		

Matters Pending at Gujarat High Court:Matters filed against the Company:

Sr No.	Name of the parties	Short Description of the Case	Case No.	Next Date of Hearing
1	Commissioner of Central Excise & Service Tax, Ahmedabad III	Appeal against common order of CESTAT allowing Cenvat credit of input services  Period: July 2005 to March 2008 April 2008 to March 2009  Amt. involved : Rs 9729.70 lacs (plus applicable interest & penalty)	Tax Appeal No. 1047 & 1048 of 2013	To be Notified by Hon'ble Supreme Court
2	Commissioner of Income Tax (TDS) v/s GSPL	Order u/s 201(1) & (1A) for A.Y. 2009-10 - alleged short-deduction of TDS in certain cases & interest thereon. Amount Involved : Rs. 14.16 Lacs	764/2013	Not given



*Matters filed by the Company*

Sr No.	Name of the parties	Short Description of the Case	Case No.	Next Date of Hearing
1	Commissioner of Central Excise & Service Tax, Ahmedabad III	Appeal against common order of CESTAT disallowing Cenvat credit of capital goods  Period : July 2005 to March 2008 April 2008 to March 2009 April 2010 to March 2011  Amt. involved : Rs 9370.58 lacs (plus applicable interest & penalty)	Tax Appeal No. 452 to 454 of 2013	To be notified by Hon'ble High Court
2	GSPL v/s Dy. Commissioner of Income Tax	Order u/s 143(3) for A.Y. 2005-06 – Claim u/s 35D of I.T. Act, 1961 – Amount Involved – Rs.5.53 lacs	151/2009	Not given





*Other Direct and Indirect tax matters:*

Sr No.	Statute /Authority	Nature of Dues	Amount (in lacs)	Remarks
1.	Service Tax	Service tax liability on service from non-resident In respect of FY 2002-03, 03-04 & 04-05	17.90*	Appeal filed by department before CESTAT Ahmedabad against order of CCE (Appeals)
2.	Service Tax	Order for disallowing Cenvat credit of capital goods availed during F.Y.2009-10	4019.40*	Appeal Filed by company before CESTAT Ahmedabad
3.	Service Tax	Order for disallowing Cenvat credit of input service availed during F.Y.2009-10	2881.15*	
4.	Service Tax	Service tax liability under reverse charge Period covered April 2006 to Mar 2011	91.01*	
5.	Service Tax	Order for disallowing Cenvat credit of input service availed during F.Y.2010-11	2099.69*	
6.	Service Tax	Order for disallowing Cenvat credit of capital goods availed during F.Y.2011-12	1002.15*	
7.	Service Tax	Show cause notice disallowing Cenvat credit of input service availed during F.Y.2011-12	3.75*	Matter adjourned sine a die by Asst. Comm. Gandhinagar
8.	Service Tax	Order for	1665.86*	Company in





		disallowing Cenvat credit of capital goods availed during F.Y.2012-13		process of filing appeal before CESTAT
9.	Service Tax	Show cause notice disallowing Cenvat credit of capital goods availed during F.Y.2013-14	1521.69*	Reply under compilation
10.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2003-04 (A.Y. 2004-05)	7.82	Matter remanded back vide ITAT order dated 30.11.2010. Pending disposal at AO
11.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2005-06 (A.Y. 2006-07)	30.95	Matter Remanded back vide ITAT order dated 23.09.2011. Pending disposal at AO
12.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2007-08 (A.Y. 2008-09)	272.69	Appeal filed by Co. & IT dept. at ITAT, pending for disposal. Next Hearing Date : <b>09.06.15</b>
13.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2008-09 (A.Y. 2009-10)	97.72	Appeal filed by Co. & IT dept. at ITAT, pending for disposal. Next Hearing Date : <b>Not given</b>
14.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2009-10 (A.Y. 2010-11)	543.50	Appeal Filed by Co. at CIT (Appeals), pending disposal.
15.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y.	113.99	







		2010-11 (A.Y. 2011-12)		
16.	Income-tax Act, 1961	Assessment Order u/s 143(3) - F.Y. 2011-12 (A.Y. 2012-13)	96.99	
17.	Income-tax Act, 1961	Order u/s 201(1A) - F.Y. 2007-08 (A.Y. 2008-09)	12.60	

*\* plus applicable interest & penalties*

## **SECTION 9 - GOVERNMENT APPROVALS AND REGULAORY AND STATUTORY DISCLOSURES**

The Transferor Companies had all registration certificates / licenses with respect to the business of the Companies and the same have been vested with the Gujarat Gas Limited pursuant to the vesting of CGD Business to Gujarat Gas Limited as per the Scheme. The aforesaid registration certificates / licenses are being transferred in the Gujarat Gas Limited's name and the said approvals are valid as on date.

The Company has also received the following from the Government Authorities.

Government approvals/licenses/permissions:

### **Incorporation Compliances**

- 1 Certificate of Incorporation No. U40200GJ2012SGC06911 dated 21<sup>st</sup> February, 2012 issued by the office of the Registrar of Companies, Gujarat to GSPC Distribution Networks Limited (Name changed to Gujarat Gas Limited vide fresh Certificate of Incorporation with effect from 15<sup>th</sup> May, 2015).

### **Income Tax:**

- 1 Permanent Account No. AAECG8093Q issued by the Income Tax Department, Government of India.
- 2 TAN Number AHMG05349B issued by Income Tax Department.

### **Other Approvals:**

1. TIN GST Number 24060306250 issued by
2. TIN CST Number 24560306250 issued by Gujarat Commercial Tax Department.
3. Service Tax Number AAECG8093QSD001 issued by Central board of Excise and Customs Department, Ministry of finance – Department of Revenue.
4. Excise No. AAECG8093QEM001 issued by Central board of Excise and Customs Department, Ministry of finance – Department of Revenue

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5. Excise No. (Dealer) AAECG8093QED003 issued by Central board of Excise and Customs Department, Ministry of finance – Department of Revenue.
6. Excise No. (Manufacturing – Surat ) AAECG8093QEM002 issued by Central board of Excise and Customs Department, Ministry of finance – Department of Revenue.

## REGULATORY AND STATUTORY DISCLOSURES

### Authority for Listing

The Honorable High Court of Gujarat at Ahmedabad, vide its Common Oral Order dated 30<sup>th</sup> March 2015 has approved the Composite Scheme of Arrangement in nature of amalgamation of GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited and Gujarat Gas Trading Company Limited with GSPC Distribution Networks Limited and Restructuring of share capital of GSPC Distribution Networks Limited. For more details regarding the Scheme please refer the 'Salient Features of the Scheme'. Pursuant to the Scheme, the CGD of the Transferor Companies is transferred to and vested with Gujarat Gas Limited w.e.f 01/04/2013 in accordance with Sections 391 to 394 read Sections 100 to 104 of the Companies Act, 1956. In accordance with the said scheme, the Equity Shares of the Company issued pursuant to the Scheme shall be listed and admitted to trading on BSE, NSE, ASE and VSE. Such admission and listing is not automatic and will be subject to fulfillment by the Company of the listing criteria of the Stock Exchanges for such issues also subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of the application by the Company seeking listing.

### Eligibility Criterion

There being no initial public offering or rights issue, the eligibility criteria of SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 do not become applicable. However, the Company has sought relaxation by making an application to SEBI under sub rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 as per the SEBI Circular no. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 read with SEBI Circular no. CIR/CFD/DIL/8/2013 dated 21<sup>st</sup> May, 2013. The Company has submitted the Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE and NSE for making the said Information Memorandum available to public through their websites [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). The Company has made the said Information Memorandum available on its website [www.gujaratgas.com](http://www.gujaratgas.com). The Company will publish an advertisement in the newspapers containing its details as per the SEBI Circular no. CIR/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 with the details required as in terms of para 6 of part B of the said Circular. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

### Prohibition by Securities and Exchange Board of India

Gujarat Gas Limited and its directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### Identification as willful defaulter by Reserve Bank of India

Gujarat Gas Limited has not been identified as willful defaulter by the Reserve Bank of India.

### Disclaimer Clause of the BSE Limited







As required, a copy of this Information Memorandum is being submitted to BSE. BSE has vide its letter reference no. DCS/AMAL/CS/24(f)/199/2014-15 dated 7<sup>th</sup> November, 2014, approved the Composite Scheme of Amalgamation and Arrangement under clause 24 (f) of the Listing Agreement and by virtue of the said approval BSE's name is included in this Information Memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this Company; and
- It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the National Stock Exchange of India Limited:**

As required, a copy of this Information Memorandum is being submitted to NSE. NSE has vide its letter reference no. NSE/LIST/2257 dated 5<sup>th</sup> November, 2014, approved the Composite Scheme of Amalgamation and Arrangement under clause 24(f) of the Listing Agreement and by virtue of the said approval NSE's name is included in this Information Memorandum as one of the stock exchanges on which this Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE ; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in or in connection with such subscription or acquisition, whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **General Disclaimer from the Company**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisement to be published in terms of para 6 of part B of SEBI Circular SEBI/CFD/DIL/5/2013 dated 4<sup>th</sup> February, 2013 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the





Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

**Listing**

Applications have been made to BSE, NSE, ASE and VSE for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the shares. The Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the stock exchanges mentioned above within a period as approved by SEBI.

**Securities and Exchange Board of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957**

The Company is making an application for an exemption from the application of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 by the Securities and Exchange Board of India.

**Filing**

Copy of this Information Memorandum is being filed with Bombay Stock Exchange and the National Stock Exchange.

**Demat Credit**

The Company has executed a Tripartite Agreement with the Depositories i.e. NSDL and CDSL and Karvy Computershare Private Limited for admitting its securities in demat form. The Company has been allotted ISIN- INE844O01022.

**Expert Opinions**

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

**Dispatch of Share Certificates**

In accordance with the Scheme, new shares have been issued and allotted to the eligible shareholders of all the Transferor Companies on the Record Date i.e. 28<sup>th</sup> May 2015. Gujarat Gas Limited has dispatched the physical share certificates to shareholders holding shares of the Transferor Companies in physical form on 28 May 2015.

**Stock Market Data for Equity Shares of the Company**

The Equity Shares of the Company are not listed on any stock exchanges. Through this Information Memorandum, the Company is seeking approval for listing of its shares.

**Disposal of Investor Grievances**

The Company has the following platforms for addressing investors' grievances:

- a. Email id : [rajeshwari.sharma@GUJARATGAS.com](mailto:rajeshwari.sharma@GUJARATGAS.com)



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- b. SCORES - Shareholders can express their grievances by sending mails to any one of the above 2 mail ids or raise complaints in SCORES (Common Portal introduced by SEBI)

#### **Compliance Officer and Company Secretary**

Name: Mrs. Rajeshwari Sharma  
 Address: 2, Shanti Sadan Society,  
 Near Parimal Garden, Ellisbridge,  
 Ahmedabad - 380006  
 Gujarat  
 Phone: +91-79-26462980, 26460095  
 Email Id: [rajeshwari.sharma@GUJARATGAS.com](mailto:rajeshwari.sharma@GUJARATGAS.com)

### **SECTION 10 – PROVISIONS OF THE ARTICLES OF ASSOCIATION AND MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The Company is in the process of altering its Articles of Association. Once the Articles of Associations are altered with the approval of the Board of Directors and Shareholders, the Company will submit to the Stock Exchanges.

Below are the provisions, of Articles of Association as on date of filing of this Information Memorandum:

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association of Gujarat Gas Limited are detailed below:

#### **Table A to apply**

- 1 The regulations contained in Table A, in Schedule 1 to the Companies Act, 1956. shall apply to the Company except in so far as the same are expressly or impliedly excluded or inapplicable to the Company by the regulations contained herein or by any special resolution of the Company or otherwise.

#### **Express exclusion and modifications**

- 2 [a] Regulations No.9(2), 64, 65, 66 and 80 shall not apply to the Company,  
 [b] Regulation No. 16 shall apply with the substitution of the word 'eighteen' for the word 'five' in sub-clause(l).  
 [c] Regulation No. 18 shall apply with the substitution of the word twelve for the word 'six' in sub-clause (b).
- 3 The exemptions available to a Government Company from the provisions of the Companies Act, 1956 and any other law(s) as in force shall be available to the Company as and when it becomes a Government Company.

### **SHARES**

#### **Authorised Share Capital**

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- 4 The Authorized Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with powers to increase or reduce the Share Capital and to divide the shares in the capital for the time being into several clauses and to attach thereto respectively such preferential or such other rights, privileges or conditions as may be determined in accordance with the regulations of the company and to vary, modify abrogate any such rights, privileges or conditions in such manner as may be provided by regulations of the Company and consolidate or subdivide the shares, and issue share of higher or lower denomination.
- 5 The company may in accordance with the provisions of Section 208 of the Companies Act, 1956, pay interest on the capital.
- 6 Notwithstanding anything contained in these Articles, but subject to provisions of Section 77A and 77B of the Act, the company may buy back its own shares or other specified securities in accordance with the rules prescribed by the Central Government and/or by Securities and Exchange Board of India in this behalf.
- 7 The Company may, in pursuance of a resolution passed under sub-section (1 A) of section 81 of the Companies Act, 1956 and in accordance with the Unlisted Public Companies (Preferential Allotment) Rules, 2003 and other applicable provisions of the Companies Act, 1956, issue Shares on preferential basis and/or through private placement.
- 8 The Company may, in pursuance of a resolution passed under sub-section (1A) of section 81 of the Companies Act, 1956 and in accordance with the Companies (Issue of Share Capital with differential voting rights) Rules, 2001 and other applicable provisions of the Companies Act, 1956, issue Equity shares with differential rights as to voting, dividend or otherwise. "

#### **Shares at the disposal of the Directors**

- 9 Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium or at discount during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

#### **Payment in anticipation of call may carry interest**

- 10 The Directors may, if they think fit, subject to the provision of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so







paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amounts so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

#### **Allotment otherwise than cash**

- 11 Subject to the provision of the Act and these Articles, the Board may allot and issue shares in the capital of the company otherwise than cash including, without limitation, as payment or part payment for the property sold or goods transferred or machinery supplied or for services rendered to the company or as sweat equity or otherwise and any shares which may be so allotted may be issued as fully paid up or partly paid up and if so issued shall be deemed to be fully paid up shares or partly paid up shares.

#### **Payment of installments**

- 12 If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the shares.

#### **Dematerialization of Shares**

- 13 The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.
- a. The Company shall be entitled to dematerialize securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
  - b. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the matter and within the time prescribed, issue to the beneficial owner the required certificates for the securities. If a person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of allottee as the beneficial owner of the securities.
  - c. All securities held by a Depository shall be dematerialized and be in fungible form.
  - d. (i) Notwithstanding anything to the contrary contained in the Companies Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.





- (ii) Save as requires by Applicable Law, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (iii) Every Person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a Member of the Company.
- e. Notwithstanding anything contained in the Companies Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the beneficiary ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
- f. Nothing contained in section 108 of the Companies Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
- g. Notwithstanding anything contained in the Companies Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- h. Nothing contained in the Companies Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.
- i. The register of Members and index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the register and index of Members and security holders for the purposes of these Articles.

#### **Joint Holders**

- 14 The Company shall be entitled to decline to register more than three persons as the joint holders of any shares.

#### **All calls to be paid**

- 15 No shareholder shall be entitled to receive any dividend or exercise any privilege as a shareholder until he shall have paid all calls for the time being, due and payable on every share held by him, whether alone or jointly with any person, together with interest and expenses, if any.

### **LIEN**

#### **Company's lien on shares/Debentures**

- 16 The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien







if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

**Directors may refuse to register transfer**

- 17 Subject to the provisions of Section 111A of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company or law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
- 18 Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of, law of the right to any shares or interest of a member in, share of debentures of the Company.

**SURRENDER OF SHARES**

- 19 The Directors may, subject to the provisions of the Act, accept surrender of any share from or by member desirous of surrendering them on such terms as they think fit.

**BORROWING POWER**

- 20 Subject to the provisions of Sections 58A, 292 and 293 of the Act and these Articles the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept, deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money from the purpose of the company from any source, PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course "of business) exceeds the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the company in general meeting. No debt incurred by the company in excess of the limit imposed by this article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.
- 21 The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms, and conditions in all respect as the Board of Directors may think fit and in particular in pursuance of a resolution passed at a meeting of the Board (and not by Circular Resolution) by the issue of bonds, debenture and debenture stocks and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

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## DIRECTORS

### Number of Directors

- 22 (a) Unless otherwise determined in a general meeting of the Company and subject to the provisions of Section 252 and other relevant provisions of the Act, the number of Directors of the Company shall not be less than 3 not more than 12, atleast two thirds of whom shall be liable to retire by rotation.
- (b) The following persons shall be the first Directors of the Company.
- 1 Shri Tapan Ray, IAS
  - 2 Shri N Bose Babu
  - 3 Shri Ravindra Agrawal

### Chairman

- 23 So long as the Government of Gujarat and/or GSPC Gas Limited and/or their respective nominees are holding not less than 26 percent of shares in the equity share capital of the company either directly or indirectly, the chairman of the Board of Directors shall be nominated/appointed by the Government of Gujarat and/or GSPC Gas Limited and/or their respective nominees, from time to time.

### Government Directors

- 24 Subject to the provisions of the Act and the Articles of Association so long as Government of Gujarat and/or GSPC Gas Limited and /or their respective nominees are holding not less than 26 per cent of shares in the equity share capital of the Company either directly or indirectly, the Government of Gujarat and/or GSPC Gas Limited, shall be entitled to nominate and appoint up to one-third of the Directors (including the Chairman of the Board of Directors) (who are herein, referred to as "Government Directors") on the Board of Directors of the Company, who shall be permanent Directors. Each such Director shall not be liable to retire by rotation or be removed by the Company. Each such Director shall hold office until he is either removed from the office or another is nominated and appointed in his place by the Govt. of Gujarat and/or GSPC Gas Limited and/or their respective nominees, or until he vacates the office by resignation or otherwise. The remaining Directors shall be appointed as per the provisions of the Act and these Articles.

### Debenture Directors

- 25 Any Trust Deed for securing debentures or debenture stock may if so agreed provide for the appointment, from time to time, by the Trustees thereof or by the holders of debentures or debenture stock, of some person to be a Director of the Company and may empower such Trustees or holder of debentures or debenture stock, from time to time, to remove and re-appoint any Director so appointed. The Director appointed under this article is herein referred to as "Debenture Director" and the term "Debenture Director" means the Director for the time being in office under this article. The Debenture Director shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provision as may be agreed between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.





**Corporation Directors**

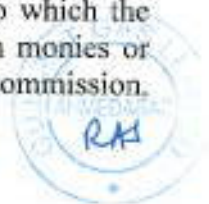
- 26 Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), LIC, SIDBI, IIRB, The Industrial Credit and Investment Corporation of India Limited (ICICI), General Insurance Corporation of India and other institution and / or any one or more of its subsidiaries viz. The New India Assurance Co. Ltd. (NIA), National Insurance Co. Ltd., (NIC), The Oriental Fire and General Insurance Co. Ltd., (OFG) and The United India Fire and General Insurance Co. Ltd., (UIFG) (hereinafter collectively referred to as GIC and its subsidiaries), Unit Trust of India (UTI) IIRB, SIDBI or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, UTI, GIC, NIA, NIC, OFG & UIFG or any other Financing Corporation or Credit Corporation or any other Financing Company or Body is (hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a non-whole time Director or Directors, (which Director or Directors is / are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold Debentures / shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and / or the Meetings of the Committee of which the Nominee Director/s is / are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission,







monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection, with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

PROVIDED THAT if any such Nominee Director/s is an Officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

PROVIDED FURTHER that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

### **Special Directors**

- 27 In connection with any collaboration arrangement with any Company or Corporation or any firm or person for supply of technical know-how and / or machinery or technical advice the Directors may authorise such Company, Corporation, firm or person hereinafter in the clause referred to as "Collaborator" to appoint from time to time any person as a Director of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation so however that such Special Director shall hold office so long as such collaboration arrangement remains in force.

The collaborator may at any time and from time to time remove such Special Director appointed by it and may at any time after such removal and also in the case of death or resignation of the person so appointed, at any time appoint any other Person as Special Director in his place and such appointment or removal shall be made in writing signed by the collaborator or his/ its authorised representative and shall be delivered to the Company at its registered office. It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one such person as a Director so that if more than one collaborator is so entitled there may be at any time as many Special Directors as the number of Collaborators eligible to make the appointment.

### **SHAREHOLDERS RIGHT TO APPOINT / NOMINATE DIRECTOR**

- 28 The Shareholders of the Company holding not less than 25% of the paid up share capital of the Company shall have a right to appoint / nominate atleast one director on the Board of the Company.

### **Limit on number of non-rotational Directors**

- 29 The provisions of Articles are subject to the provisions of Section 255 of the Act and the number of such Directors appointed under Articles excluding the Directors appointed by financial institutions for which special provisions have been made in the respective laws relating to such institutions shall not exceed in the aggregate one third of the total number of Directors for the time being in office. The remaining Directors shall be appointed by the Company in General Meeting. The provisions of this article shall not apply so long as the Company remains a wholly owned Government Company in which case Government of

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Gujarat shall have right to appoint / nominate / retire the Director's of the Company from time to time and at any time.

#### **Appointment of alternate Director**

- 30 The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during absence of the original Director from the State of Gujarat for a period of not less than 3 months. Every such Alternate Director shall subject to his giving to the Company an address in India at which notice may be served on him, be entitled to notice of meeting of Directors and to attend and vote as a Director and be counted for the purpose of a quorum and generally at such meeting to have and exercise all the powers and duties and authorities of the original Director. The Alternate Director appointed under this article shall vacate office as and when the original Director returns to the State of Gujarat. If the term of office of the original Director is determined before he returns to the State of Gujarat any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.

#### **Director may fill vacancies**

- 31 The Directors shall have power at any time and from time to time to appoint- any qualified person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall retain his office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

#### **Share qualification of Directors**

- 32 A Director shall not be required to hold any qualification shares.

#### **Remuneration of Directors**

- 33 Every Director shall be paid out of the funds of the Company such sum as the Directors may from time to time determine for attending every meeting of the Board or any committee of the Board, subject to the ceiling prescribed under the Act. The Directors shall also be paid travelling and other expenses for attending and returning from meeting of the Board and any other expenses properly incurred by them in connection with the business of the Company.

#### **Extra remuneration to Directors for special work**

- 34 Subject to the provisions of Sections 198, 309, 310, 314 and other applicable provisions, if any of the Act, if any Director being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a member, of any Committee formed by the Directors or in relation to signing share certificates) or to make special exertion in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a





fixed sum or otherwise as may be determined by the Directors, and such remuneration may be either in addition to or in sub-situation for his share in the remuneration above provided.

#### **Travelling or other expenses incurred by Directors on Company's business**

- 35 The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

#### **Resignation of Directors**

- 36 A Director other than Managerial person may at any time give a notice in writing of his wish to resign by delivering such notice to the Secretary or leaving the same at the registered office of the Company; and there upon his office shall be vacated.

#### **Directors may contract with Company**

- 37 Subject to compliance with the provisions of Sections 297, 299, 300, 314 and other applicable provisions, if any of the Act and save as therein provided no Director shall be disqualified from his office by reason of his holding any office or place of profit under the Company or under any Company in which this Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract or any arrangement entered into by or on behalf of the Company in which any Director shall be in anyway interested be avoided, nor shall any Director be liable to account to the Company for profit arising from any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

#### **Directors may be Director of Companies promoted by the Company**

- 38 A Director may be or become a Director of any Company promoted by the Company in which it may be interested as a Vendor, shareholder, or otherwise and no such Director shall be accountable for any benefits received as director or shareholder of such Company except in so far as Section 314 of the Act may be applicable.

#### **Eligibility for re-election**

- 39 A retiring Director shall be eligible for re-election.

#### **Company to fill vacancies**

- 40 Subject to Sections 258 and 284 of the Act, the Company at the general meeting at which a Director retires in manner aforesaid may fill up the vacancy by appointing the retiring Director or some other person thereto.

#### **Company may increase or reduce the number of Directors or remove any Directors**







- 41 Subject to the provisions of sections 252, 255 and 259 of the Act, the company may by ordinary resolution from time to time increase or reduce the member of Directors and may prescribe or alter their qualification.

#### **Appointment of Managing Director**

- 42 The Board may from time to time appoint any one or more Directors to be the Managing Director/Whole time Director of the Company on such remuneration and terms and conditions as the Board may think fit, and for a fixed term or without any limitation as to the period for which he is to hold such office and from time to time [subject to the provisions of any contract between him and Company] remove or dismiss him from office and appoint another in his place.

#### **Retirement of Managing / Whole time Director/s**

- 43 Subject to the provisions of the Act and these Articles, the Managing Director or the whole time Director shall not while he continues to hold that office be subject to retirement by rotation but he shall subject to the provisions of any contract between him and the Company, be subject to the other Directors of the company and he shall ipso facto and immediately cease to be a Managing Director or whole time Director if he ceases to hold the office of Director due to any cause provided that if at any time the number of Directors (including Managing Director or whole time Director) as are not subject to retirement by rotation shall exceed 1/3 of the total number of the Directors for the time being then such of the Mng. Directors or whole time Directors or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Articles to the extent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

#### **Remuneration etc of Managing Director**

- 44 Managing Director/Whole time Director shall, in addition to the remuneration payable to him as a Director of the Company as sitting fee, receive such remuneration as may be sanctioned by the Board from time to time and such remuneration may be fixed by way of salary or commission or participation in profit, or perquisites and benefits or by some or all of these modes.

#### **Powers and duties of Managing and / or whole time Directors**

- 45 Subject to the superintendence, control and direction of the Board the day to day management of the company shall be in the hands of the Managing Director(s) and / or whole time Director(s) if any, with power to the Board to distribute such day to day management functions among such Director(s) in any manner as deemed fit by the Board and subject to the provisions of the Act and these Articles the Board may by resolution vest any such Managing Directors or Managing Directors or whole time Directors such of the power vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine and they may subject to the provisions of the Act and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the





powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### **Powers of Board meeting**

- 46 A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or these articles or the regulations for the time being of the Company are vested in or are exercisable by the Board of Directors generally.

#### **Directors may appoint committees**

- 47 The Board of Directors may subject to the provisions of Section 292 and other relevant provisions of Act and of these Articles appoint committee of the Board and delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees of the Board either wholly or in part and either as to the persons or purposes, but every committee of the Board so formed shall in exercise of the powers so delegated confirm to any regulation that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect, as it done by the Board.

#### **Meeting of the Committee how to be governed**

- 48 The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding article.

#### **Remuneration of members of the committee**

- 49 Subject to provisions of Act, the Directors may from time to time fix the remuneration to be paid to any members or members of their body consisting of a Committee appointed by the Board and may pay the same.

#### **Act of Board or Committee valid notwithstanding defective appointment**

- 50 All acts, done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them is deemed to be terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

### **POWERS OF THE BOARD**







- 51 The business of the Company shall be managed by the Board who may exercise all such powers of the company and do all such acts and things as are not by the Act, or any other Act or by the Memorandum or by the Articles of company required to be exercised by the company in general meeting, subject nevertheless to these Articles and to the provisions of the Act, or any other Act and to such regulations (being not inconsistent with the aforesaid regulations or provisions) as may be prescribed by the company in general meeting but no regulations made by the company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

#### **Right of Government of Gujarat**

- 52 In case the Company becomes a Government Company, the Government of Gujarat, may from time to time, issue such directions or instructions as it may consider necessary in regard to the finance and business affairs of the Company, and in like manner may vary and annual any such directions or instructions. The Company and its Directors shall duly comply with and, give immediate effect to the directions or instructions so issued:

#### **THE SEAL**

##### **The Seal, its custody and use**

- 53 (1) The Board of Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody, of the Seal for the time being, under such regulations as the Board may prescribe.
- (2) The Seal shall not be affixed to any instrument except by the authority of the Board of Directors or a Committee of the Board previously given and in the presence of at least one Director of the Company and the Secretary of the Company or such other person as the Board may appoint in that behalf who both shall sign every instrument to which the seal is affixed. Provided that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates) Rules, 1960, and their statutory modifications for the time being in force.

#### **Secrecy Clause**

- 54 Every Director, Manager, Auditor, Treasures, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required, by the Directors before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individual and in matters thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any other provisions, in these presents contained.

#### **Directors' and others' right to indemnity**

- 55 Subject to the provisions of Section 201 of the Act, the Managing Director and every Director of the Company and every employee of the Company shall be indemnified by the Company

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against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Managing Director, Director, Manager, Secretary and other Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Manager, Secretary, Officer or employee or in any way in the discharge of his duties and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

### WINDING UP

56 If the Company shall be wound up and the assets available for distributing among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in the proportion to the capital paid up or which ought to have been paid up at the commencement of winding up, on the shares held by them respectively and if in the winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of capital and up at the commencement of the winding up, the excess shall be distributed amongst members in proportion to the capital at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of share issued upon special terms and conditions.

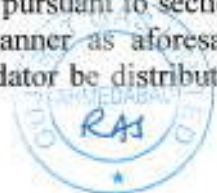
57 (a) If the Company shall be wound up, whether voluntarily or otherwise, the liquidator may, with the sanction of a special resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in Trustees upon such trust for the benefit of the Contributions or any of them as the Liquidator, with the like sanction, shall think fit.

(b) If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) In case any shares to be divided as aforesaid involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

### Right of Shareholder in case of sale

58 A special resolution sanctioning a sale to any other company duly passed pursuant to section 494 of the Act may, subject to the provisions of the Act. In like manner as aforesaid determine that any shares or other consideration receivable by the Liquidator be distributed







against the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential right conferred by the said sanction.

**General authority:**

59 Wherever in the Companies Act, 1956 it has been provided that the Company shall have any right, privilege or authority or that Company cannot carry out any transaction unless the Company is so authorized by its Articles then in that case, Articles hereby authorize and empower the Company to have such rights, privileges or Authority and to carry out such transaction as have been permitted by the Companies Act, 1956.

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The Company has been incorporated on 21<sup>st</sup> February, 2012 and has not entered into any contracts that are outside the ordinary course of its business. The Company also confirms that there are no contracts that may materially or adversely impact or affect the business of the Company.

The following contracts/ documents (not being contracts entered in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered or to be entered into by our Company. Copies of the following documents will be available for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working days, excluding Saturday and Sunday, from the date of the Information Memorandum.

- 1 Memorandum and Articles of Association, as amended till date. Certificate of Incorporation dated 21<sup>st</sup> February, 2012.
- 2 Copy of the Composite Scheme of Arrangement in nature of amalgamation of GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited and Gujarat Gas Trading Company Limited with GSPC Distribution Networks Limited and Restructuring of share capital of GSPC Distribution Networks Limited as sanctioned by the High Court of Gujarat at Ahmedabad on 30 March 2015.
- 3 Copy of the Order dated 30 March 2015 of the Hon'ble High Court of Gujarat at Ahmedabad sanctioning the Composite Scheme of Amalgamation and Arrangement.
- 4 Copy of observation letters received from the stock exchanges i.e. BSE, NSE, ASE and VSE;
- 5 Copy of Listing Application filed with National Stock Exchange of India Limited, BSE Limited, Ahmedabad Stock Exchange Limited and Vadodara Stock Exchange Limited.

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**SECTION 11 – DECLARATION**

To the best knowledge and belief all statements made in this Information Memorandum are true and correct.

Sd/-  
PPG Sarma, CEO

Place: Ahmedabad  
Date: 29 June 2015







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**GSPC DISTRIBUTION NETWORKS LIMITED**  
**BALANCE SHEET AS AT 31.03.2014**

*Annexure-2*

Particulars		Note No.	31.03.2014	31.03.2013
1		2	3	4
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital	2		900.05	0.05
(b) Reserves and surplus	3		(75.27)	(3.86)
(c) Money received against share warrants			-	-
<b>2 Share application money pending allotment</b>	4		-	348.00
<b>3 Non-current liabilities</b>				
(a) Long-term borrowings	5		500.00	1,500.00
(b) Deferred tax liabilities (Net)			-	-
(c) Other Long term liabilities	6		22.72	3.19
(d) Long-term provisions			-	-
<b>4 Current liabilities</b>				
(a) Short-term borrowings			-	-
(b) Trade payables			-	-
(c) Other current liabilities	7		1,645.55	-
(d) Short-term provisions	8		0.02	2.79
<b>TOTAL</b>			<b>2,993.06</b>	<b>1,850.17</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1 (a) Fixed assets</b>				
(i) Tangible assets			-	-
(ii) Intangible assets			-	-
(iii) Capital work-in-progress			-	-
(iv) Intangible assets under development			-	-
(b) Non-current investments	9		2,811.14	347.68
(c) Deferred tax assets (net)			-	-
(d) Long-term loans and advances			-	-
(e) Other non-current assets	10		7.97	-
<b>2 Current assets</b>				
(a) Current investments	11		-	1,499.91
(b) Inventories			-	-
(c) Trade receivables			-	-
(d) Cash and Cash Equivalents	12		165.62	0.06
(e) Short-term loans and advances	13		1.52	0.24
(f) Other current assets	14		6.81	2.28
<b>TOTAL</b>			<b>2,993.06</b>	<b>1,850.17</b>
Significant Accounting Policies	1			
Notes on Financial Statements	2 to 33			

The Accompanying Notes are an integral part of the financial Statements.

For, J. S. Maheshwari & Co.  
Chartered Accountants  
Firm Regn. No. : 001318C

*(Signature)*

(Ashish Maheshwari)

Partner

M. No. : 412441

Place : Gandhinagar

Date : 20-05-2014

For GSPC Distribution Networks Limited

*(Signature)*  
Manish Verma  
Director

*(Signature)*  
PPG Sarma  
Director

*(Signature)*  
Ahmed Khan  
Authorised Signatory

*(Signature)*  
Rohan Sampat  
Company Secretary

Place: Gandhinagar

Date: 20-05-2014



**GSPC DISTRIBUTION NETWORKS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31.03.2014**

(Amounts in Crores)			
Particulars	Note No.	For the year ended on 31.03.2014	For the period from 21.02.2012 to 31.03.2013
	2	3	4
Revenue from operations (Gross)		-	-
Other income	15	122.54	2.27
<b>Total Revenue</b>		<b>122.54</b>	<b>2.27</b>
Expenses:			
Cost of materials consumed		-	-
Purchases of Stock-in-Trade		-	-
Changes in inventories		-	-
Employee benefits expense		-	-
Finance costs	16	189.55	3.24
Depreciation and amortization expense		-	-
Other expenses	17	3.09	2.21
<b>Total expenses</b>		<b>192.64</b>	<b>5.45</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>(70.10)</b>	<b>(3.18)</b>
(a) Prior Period Items		-	-
(b) Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>(70.10)</b>	<b>(3.18)</b>
Extraordinary items		-	-
<b>Profit/(Loss) Before Tax (PBT)</b>		<b>(70.10)</b>	<b>(3.18)</b>
Tax expense:			
(1) Current tax	18	1.31	0.69
(2) Deferred tax		-	-
<b>Profit (Loss) for the period from continuing operations</b>		<b>(71.40)</b>	<b>(3.86)</b>
Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
<b>Profit/(loss) from Discontinuing operations (after tax)</b>		<b>-</b>	<b>-</b>
<b>Profit (Loss) for the period</b>		<b>(71.40)</b>	<b>(3.86)</b>
Earnings per equity share:	19		
(1) Basic (Rs.)		(0.92)	(1,106.21)
(2) Diluted (Rs.)		(0.84)	(1.18)
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 33		

The Accompanying Notes are integral part of the financial Statements.

For, J. S. Maheshwari & Co.

Chartered Accountants

Firm Regn. No.: 001318C



(Ashish Maheshwari)


Partner

M. No.: 412441

Place: Gandhinagar

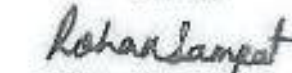
Date: 20-05-2014

For GSPC Distribution Networks Limited

  
Manish Verma  
Director

  
PPG Sarmar  
Director

  
Ahmed Khan  
Authorised Signatory

  
Rohan Sengar  
Company Secretary

Place: Gandhinagar

Date: 20-05-2014

**GSPC DISTRIBUTION NETWORKS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2014**

(Amounts in Crores)

Particulars	For the year ended on 31.03.2014	For the period from 21.02.2012 to 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	(70.10)	(3.18)
Adjustments for:		
Depreciation	-	-
Interest Expense	189.55	3.24
Dividend Income	(85.07)	-
Interest Income	(37.47)	(2.27)
Operating Profit before Working Capital Changes	(3.09)	(2.21)
Adjustments for changes in Working Capital		
(Increase)/Decrease in Trade Receivables	-	-
(Increase)/Decrease in Loan and Advance	0.24	(0.24)
(Increase)/Decrease in Other Current Assets	-	-
(Increase)/Decrease in Inventory	-	-
Changes in Trade and Other Receivables	0.24	(0.24)
Increase/(Decrease) in Trade Payables	-	-
Increase/(Decrease) in Other Liabilities	2.06	-
Increase/(Decrease) in Provision for Expenses	(2.04)	2.06
Changes in Trade and Other Payables	0.03	2.06
Cash Generated from Operations	(2.83)	(0.39)
Extra Ordinary Items and Other Adjustments	-	-
Taxes Paid	3.36	-
Net Cash from Operating Activities	(6.39)	(0.39)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including equip and capital advances	-	-
Interest Received	32.47	-
Investment - Non Current	(2,463.46)	(347.68)
Purchase of Investment - Current	-	(1,499.91)
Sale of Investment - Current	1,499.91	-
Dividend Income	85.07	-
Changes in Fixed Deposits	(347.35)	-
Net Cash used in Investing Activities	(993.37)	(1,847.59)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Capital /Share Application Money	552.00	348.05
Proceeds from Long-term borrowings	500.00	1,500.00
Interest Paid	(26.54)	-
Net Cash from Financing Activities	1,025.46	1,848.05
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	25.71	0.06
Cash and Cash Equivalents at the beginning of the period	0.06	-
Cash and Cash Equivalents at the end of the period	25.77	0.06
<b>Closing Cash and Cash Equivalents comprise:</b>		
Cash in hand	-	-
Balances with Scheduled Banks	0.02	0.06
Balances in Fixed Deposits	25.75	-

**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 issued by the Institute of Chartered Accountants of India.
- Figures in bracket (-) indicate Cash outflow.

For, J. S. Maheshwari & Co.

Chartered Accountants

Firm Regn. No. : 001318C

(Ashish Maheshwari)

Partner

M. No. : 412441

Place : Gandhinagar

Date : 20-05-2014

For, GSPC Distribution Networks Limited

(Signature)

Manish Verma

Director

(Signature)

Ahmed Khan

Authorized Signatory

Place : Gandhinagar

Date : 20-05-2014

(Signature)

PPG Samra

Director

(Signature)

Rohit Sampat

Company Secretary

(Signature)

(Signature)





## GSPC DISTRIBUTION NETWORKS LIMITED

Notes to Financial Statements for the period from 01.04.2013 to 31.03.2014

### Note No. : 1 Significant Accounting Policies

#### 1 CORPORATE INFORMATION

GSPC Distribution Networks Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company was incorporated on 21.02.2012 and the first accounting year was from 21.02.2012 to 31st March, 2013. The Company is a promoted by GSPC Gas Company Limited and belongs to the GSPC group.

The Company is engaged in City Gas Distribution (CGD) business including sale, purchase, supply, distribution, transportation of and trading in natural gas, compressed natural gas ("CNG"), liquefied natural gas ("LNG"), liquefied petroleum gas ("LPG"), and other gases through pipelines, trucks/trains or such other suitable mode for transportation and distribution and to carry on any other business which may be conveniently carried on in connection with the above activities.

#### 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under historical cost convention on accrual and going concern basis of accounting. The financial statements have been prepared and presented to comply in all material aspects with the Generally Accepted Accounting Principles (Indian GAAP) in India and the Accounting Standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and the relevant provisions of the Companies Act, 1956.

The company has consistently applied the accounting principles and policies; and accounting policies not referred to otherwise, are in conformity with generally accepted accounting principles (Indian GAAP) in India.

#### 3 USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) in India requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which they are materialized.

#### 4 REVENUE RECOGNITION

Interest expense and income are recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised, when the right to receive the dividend is established by the reporting date.

All income and expenses are recognized on accrual basis.

Expenditure charged to statement of profit and loss is provided for the period for which the expenditure is incurred. Adequate provisions are made for all known expenses and liabilities.

#### 5 PRELIMINARY EXPENDITURE

Preliminary expenditure is expensed out in the reporting period in which the expenditure is incurred in line with the provisions of Accounting Standard - 26 on "Intangible Assets".

#### 6 TAXES ON INCOME

Tax provision for the reporting period, comprises of current tax and deferred tax.

Tax provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws that have been enacted as on balance sheet date. Current Tax represents amount of income tax payable in respect of the taxable income for the reporting period.

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Deferred tax liability and assets is computed as per Accounting Standard (AS-22) on "Accounting for Taxes on Income". Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### **7 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Provision for contractual obligation has been disclosed based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

Contingent assets are neither recognized nor disclosed in the financial statements.

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", if any, are not recognized for liabilities whose future outcome cannot be ascertained with reasonable certainty but are disclosed in the notes to accounts.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

#### **8 EARNINGS PER SHARE**

The Company reports earnings per share (EPS) in accordance with Accounting Standards - 20 on "Earnings per Share". The earnings considered in ascertaining the Company's EPS comprises of the net profit after tax. Basic EPS is computed by dividing the net profit for the current period by the weighted average number of Equity shares outstanding as on the balance sheet date.

The number of shares used in computing diluted earnings per share (DEPS) comprises the weighted average number of Equity Shares considered for deriving basic earnings per share (BEPs), and the weighted average number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares.

#### **9 CASH FLOW STATEMENT**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### **10 INVESTMENTS**

Investments are classified as long or current term in accordance with Accounting Standard 13 on "Accounting for Investments".

Investments, which are readily realizable and 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.

Long term investments are stated at cost. Provision, if any, is made to recognize any diminution in value of investments, other than that of a temporary nature.

Current investments are stated at lower of cost and fair value.

Any reduction in carrying amount and any reversals of such reductions are charged or credited to the statement of profit and loss.

#### **11 EVENTS OCCURRING AFTER BALANCE SHEET DATE**

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are indicative of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the reports of the board of directors.





**Note 2 SHARE CAPITAL**

**2.1 AUTHORIZED, ISSUED, SUBSCRIBED, FULLY PAID UP SHARE CAPITAL**

Share Capital	As at 31.03.2014		As at 31.03.2013	
	No. of Shares	(Amount in Crores)	No. of Shares	(Amount in Crores)
<b>Authorized Share capital</b>				
Equity Shares of Rs.10 each	1,50,00,00,000	1,500.00	1,50,00,00,000	1,500.00
<b>Issued Share capital</b>				
Equity Shares of Rs.10 each	90,00,50,000	900.05	50,000	0.05
<b>Subscribed Share capital</b>				
Equity Shares of Rs.10 each	90,00,50,000	900.05	50,000	0.05
<b>Fully Paid up Share Capital</b>				
Equity Shares of Rs.10 each fully paid	90,00,50,000	900.05	50,000	0.05
<b>Total</b>	<b>90,00,50,000</b>	<b>900.05</b>	<b>50,000</b>	<b>0.05</b>

**2.2 RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD**

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares of Rs. 10 each fully paid		Equity Shares of Rs. 10 each fully paid	
	No. of Shares	(Amount in Crores)	No. of Shares	(Amount in Crores)
Shares outstanding at the beginning of the period	50,000	0.05	-	-
Shares issued during the period	90,00,00,000	900.00	50,000	0.05
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	<b>90,00,50,000</b>	<b>900.05</b>	<b>50,000</b>	<b>0.05</b>

Board of Directors in its Board meeting held on 20.05.2013, issued and allotted Equity shares of the company at face value of Rs. 10 each to share applicants.

**2.3 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES**

The company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.4 PROPOSED DIVIDEND**

Particulars	As at 31.03.2014		As at 31.03.2013	
	Equity Shares of Rs. 10 each fully paid		Equity Shares of Rs. 10 each fully paid	
	No. of Shares	(Amount in Crores)	No. of Shares	(Amount in Crores)
Dividends proposed to be distributed to equity shareholders	-	-	-	-
Amount per share dividend distributed to equity shareholders	-	-	-	-

## 2.5 (A) SHARE HOLDING BY PRESCRIBED ENTITIES

Out of Equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries and associates are as below :

Share Holder	Nature of Relationship	As at 31.03.2014		As at 31.03.2013	
		Equity Shares of Rs. 10 each fully paid (Number)	(Amount in Crores)	Equity Shares of Rs. 10 each fully paid (Number)	(Amount in Crores)
GSPC GAS Company Limited with nominee's	Associate Company (PVT. Holding Co.)	40,00,50,000	400.05	50,000	0.05
Gujarat State Petronet Limited	Associate Company	35,00,00,000	350.00	-	-

## (B) DISTRIBUTION OF SHAREHOLDING PATTERN (With Voting Rights)

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shareholders	Total No. of Equity Shares	No. of Shareholders	Total No. of Equity Shares
Equity Shares of Rs. 10 each fully paid				
GSPC GAS Company Limited, (with Nominee's)	7	40,00,50,000	7	50,000
Gujarat State Petronet Limited	1	35,00,00,000	-	-
Gujarat State Fertilizers & Chemicals Limited	1	15,00,00,000	-	-
<b>TOTAL</b>	<b>9</b>	<b>90,00,50,000</b>	<b>7</b>	<b>50,000</b>

## 2.6 SHAREHOLDERS HOLDING MORE THAN 5% OF TOTAL SHARE CAPITAL

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Rs. 10 each fully paid				
GSPC GAS Company Limited, (with Nominee's)	40,00,50,000	44.45%	50,000	100.00%
Gujarat State Petronet Limited	35,00,00,000	38.89%	-	-
Gujarat State Fertilizers & Chemicals Limited	15,00,00,000	16.67%	-	-

## 2.7 ALLOTMENT OF SHARES FOR CONSIDERATION OTHER THAN CASH, BONUS SHARES AND BUYBACK OF SHARES

Particulars	As at 31.03.2014	As at 31.03.2013
	(Aggregate No. of Shares)	(Aggregate No. of Shares)
Equity Shares:		
Fully paid pursuant to contract(s) without payment being	-	-
Fully paid up by way of bonus shares	-	-
Shares bought back	-	-





**Note 3 RESERVES AND SURPLUS**

Reserves and Surplus		(Amounts in Crores)	
	As at 31.03.2014	As at 31.03.2013	
<b>Surplus in Statement of Profit and Loss</b>			
Opening balance	(3.86)	-	
(-) Net Profit/(Net Loss) For the current year	(71.40)	(3.86)	
(+) Transfer from Reserves	-	-	(3.86)
<b>Less : Appropriations:</b>			
(-) Proposed Dividends	-	-	
<b>Total Appropriations</b>	-	-	-
Closing Balance	(75.27)	(3.86)	
<b>Total</b>	(75.27)	(3.86)	

**Note 4 SHARE APPLICATION MONEY PENDING ALLOTMENT**

4.1 The Company has received the share application money from the following applicant:

Name of applicants		(Amounts in Crores)	
Sr. No.		As at 31.03.2014	As at 31 March 2013
1	GSPC GAS Company Limited	-	348.00
	<b>Total</b>	-	348.00

Board of Directors in its Board meeting held on 20.05.2013, issued and allotted Equity shares of the company at face value of Rs. 10 each to share applicants.

**Note 5 LONG TERM BORROWINGS**

Long Term Borrowings		(Amounts in Crores)	
		As at 31.03.2014	As at 31.03.2013
<b>MEDIUM TERM LOAN</b>			
<u>Unsecured Term Loan</u>			
<u>Others - From Financial Institutions</u>			
Gujarat State Financial Services Limited		-	1,500.00
<b>DEBENTURES</b>			
<u>Redeemable, Unsecured, Unlisted, and Non-Convertible</u>			
<u>Debentures - NCD</u>			
<u>Others - From Private Placements - Body Corporate</u>		500.00	-
(Refer Note No. 5.1)			
The company does not have any continuing defaults in repayment of loans and interest as at the reporting date.		500.00	1,500.00
<b>Total</b>		500.00	1,500.00

Note 5.1  
Borrowings

UN-SECURED BORROWINGS *	Total Outstanding Amount as on 31.03.2014	Total Outstanding Amount as on 31.03.2013	Repayment Terms					Non-Curr
			Terms of repayment of term loans	Period of Maturity with respect to 31.03.2014	Total Number of Installment s along with interest	Number of Installments payable within one year from 31.03.2014	Rate of interest as on 31.03.2014 in %	Amount of Installments out due within one year from 31.03.2014
MEDIUM TERM LOANS FROM FINANCIAL INSTITUTIONS :								
Gujarat State Financial Services Ltd	100.00	100.00	Bullet Payment from first Disbursement not exceeding 18 Months from the date of disbursement	Aug-14	N.A.	N.A.	9.50% p.a.	-
Gujarat State Financial Services Ltd	1,400.00	1,400.00	Bullet Payment from first Disbursement not exceeding 18 Months from the date of disbursement	Sep-14	N.A.	N.A.	9.50% p.a.	-
Total (A)	1,500.00	1,500.00						-
DEBENTURES :								
Redeemable, Unsecured, Subordinated and Non- Convertible Debentures - NCD	500.00	-	Rs. 495 Crores is repayable after 36 months from the date of allotment of NCD. Rs. 5 Crores NCD holders having call / put option after 18 months for repayment from the date of allotment of NCD	April, 2016	N.A.	N.A.	10.30% p.a payable on semi annually basis	500.00
Total (B)	500.00	-						500.00
Total (A+B)	2,000.00	1,500.00						500.00
** Less : Amount disclosed under the head "Other Current Liabilities" (Note No. 7)								
Net Amount								500.00

The details of security given and other information for all loans are as under :

Particulars	As at 31st March 2014		As at 31st March 2013	
	Un-Secured		Un-Secured	
Secured / Unsecured	Demand Promissory Note and Post dated cheques for repayment of principal and interest has been given to GSFS for Rs. 1500 Crores borrowing.		Demand Promissory Note and Post dated cheques for repayment of principal and interest has been given to GSFS for Rs. 1500 Crores borrowing.	
Guarantee by Directors or others	GRPC GAS and GSPL (Associate Co.) has guaranteed to IDBI Trustee for NCD of Rs. 500 Crores.		None of the loan has been guaranteed by the directors or others.	
Loan from related party	None of the loan has been taken from the related party(ies).		None of the loan has been taken from the related party(ies).	





**Note 6 OTHER LONG TERM LIABILITIES**

(Amounts in Crores)		
Other Long Term Liabilities	As at 31.03.2014	As at 31.03.2013
Interest Accrued but not due on long term borrowings	22.72	3.19
<b>Total</b>	<b>22.72</b>	<b>3.19</b>

**Note 7 OTHER CURRENT LIABILITIES**

(Amounts in Crores)			
Other Current Liabilities	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Other Current Liabilities:</b>			
(a) Current maturities of long-term debt			
Unsecured Term Loan			
Others - From Financial Institutions			
- Gujarat State Financial Services Limited		1,500.00	-
(b) Interest accrued but not due on borrowings		143.48	-
(c) Other Payables:			
BG Asia Pacific Holdings Limited	464.78		
Less: Amount deposited in	464.78		
Escrow Account with Citi Bank			
(Refer Note 7.1)			
(d) Other Payable to related parties			
GSPC Gas Company Limited		3.06	-
(e) Duties & taxes			
TDS payable (Rs. 80)		0.00	-
<b>Total</b>		<b>1,645.55</b>	<b>-</b>

**Note 7.1**

The Company deposited INR 464,78,46,871/- into the escrow account (named BG Asia Pacific Holdings Pte. Limited GSPC Distribution Networks Limited Escrow Account) opened with Citibank N.A. (acting as the escrow agent) on 12th June, 2013, acting as the escrow agent, pursuant to the escrow agreement executed between the BG Asia Pacific Holdings Pte. Limited (the Seller), GSPC Distribution Networks Limited (the Purchaser) and Citibank N.A. The Payment of said amount into Escrow Account which is to be utilized to meet future tax withholding liability (if any) based on outcome of the applications to the Authority for Advance Rulings or otherwise to be remitted to BG Asia Pacific Holdings Pte. Limited (the Seller) directly.

**Note 8 SHORT TERM PROVISIONS**

(Amounts in Crores)			
Short term Provisions	As at 31.03.2014		As at 31.03.2013
I. Provision for Taxation	-	-	0.74
II. Provision for Expenses (CY : Rs. 24,000)	0.00		-
Provision for Auditor Remuneration (PY : Rs. 28,090)	0.02		0.00
Provision for Expenses of increased Authorised Share Capital	-	0.02	2.05
<b>Total</b>		<b>0.02</b>	<b>2.79</b>

Note 9

# NON CURRENT INVESTMENTS

## Details of Other Investments

### Investment in Equity Instruments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)	
			As at 31.03.2014	As at 31 March 2013			As at 31.03.2014	As at 31 March 2013
(a)	Investment in Equity Instruments							
1	Gujarat Gas Company Limited	Subsidiary (Previous year : Others)	9,45,19,080	1,10,60,330	Quoted	Equity Shares of Rs.2 each fully paid	73.70%	8.38%
Total								

Aggregate amount of quoted investments and market value thereof:

Note:

8,35,18,750 Equity Shares of Rs. 2 each were acquired on 12.06.2013 in pursuant to the Share Purchase Agreement dated October 03, 2011 between Gujarat Gas Company Limited for acquisition of 65.12% shares of Gujarat Gas Company Limited at a consideration of INR 2463.46 the open offer made to the Shareholders Of Gujarat Gas Company Limited in February, 2013.





**Note 10 OTHER NON CURRENT ASSETS**

Other Non Current Assets	(Amounts in Crores)	
	As at 31.03.2014	As at 31.03.2013
Non-current Deposits with original maturity for more than twelve months	7.50	-
Interest Accrued but not due on deposit	0.47	-
<b>Total</b>	<b>7.97</b>	<b>-</b>

**Note 11 CURRENT INVESTMENTS**

Current Investments		(Amounts in Crores)	
		As at 31.03.2014	As at 31.03.2013
<b>Certificate of Deposit - Banks</b>			
Sr.	Name of CD	No. of	Date of Sale
1	IDBI Bank	20,000	25/04/2013
2	IDBI Bank	40,000	26/04/2013
3	Punjab National Bank	50,000	25/04/2013
4	Punjab National Bank	20,000	26/04/2013
5	Punjab National Bank	20,000	29/04/2013
6	Andhra Bank	9,500	26/04/2013
* Face value per CD- Rs. 1 lakh			
<b>Total</b>		<b>-</b>	<b>1,499.91</b>

**Note 12 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents		(Amounts in Crores)	
		As at 31.03.2014	As at 31.03.2013
<b>A. Cash and cash equivalents</b>			
<b>I. Balances with banks</b>			
(a) in Current Accounts	0.02		0.06
(b) Deposits with Original Maturity less than three months	-		-
(c) in unpaid Dividend Account	-	0.02	0.06
<b>II. Cheques/Drafts on Hand</b>		-	-
<b>III. Cash on Hand</b>		-	-
<b>IV. Other Cash and Cash Equivalents</b>			
1. Deposits with GSFS with Original Maturity less than three months	25.75	25.75	-
<b>B. Other Bank Balances</b>		25.77	0.06
1. Deposits with original maturity for more than three months but less than twelve months	139.85		-
2. Deposits with original maturity for more than twelve months	7.50		-
	147.35		-
Less: Non-current Deposits with original maturity for more than twelve months (Disclosed under other non-current assets)	7.50	139.85	-
<b>Total</b>		<b>165.62</b>	<b>0.06</b>

**Note 13 SHORT TERM LOAN & ADVANCES**

(Amounts in Crores)

SHORT TERM LOAN & ADVANCES	As at 31.03.2014		As at 31.03.2013	
<i>(Unsecured - considered good, unless otherwise stated)</i>				
Advances Recoverable in Cash or kind or value to be received.				
Advances to Related Parties (Unsecured, considered good)	-	-	0.24	0.24
- GSPC GAS Company Limited				
TDS Receivables	2.83		-	
Less: Provision for Taxation	1.31	1.52	-	
<b>Total</b>		<b>1.52</b>		<b>0.24</b>

**Note 14 OTHER CURRENT ASSETS**

(Amounts in Crores)

Other Current Assets	As at 31.03.2014		As at 31.03.2013	
<i>(Unsecured - considered good, unless otherwise stated)</i>				
Interest Accrued but not due on deposit		6.81		2.28
<b>Total</b>		<b>6.81</b>		<b>2.28</b>



**Note 15 OTHER INCOME**

Particulars	(Amounts in Crores)	
	For the year ended 31.03.2014	For the period ended 31.03.2013
I. Dividend Income	85.07	-
II. Interest Income	37.47	2.27
<b>Total</b>	<b>122.54</b>	<b>2.27</b>

**Note 16 FINANCE COSTS**

Particulars	(Amounts in Crores)	
	For the year ended 31.03.2014	For the period ended 31.03.2013
I. Interest on Loan	140.29	3.19
II. Interest on NCD	49.26	-
III. Interest on Current Tax	-	0.05
<b>Total</b>	<b>189.55</b>	<b>3.24</b>

**Note 17 OTHER EXPENSES**

Particulars	(Amounts in Crores)	
	For the year ended 31.03.2014	For the period ended 31.03.2013
Membership Fees (CY : Rs. 4,496)	0.00	0.01
Legal, Professional & Consultancy Fees	0.19	0.15
Arranger Fees	1.69	-
Auditor Remuneration (PY : Rs. 28,090)	0.02	0.00
Bank Charges	-	-
Demat Charges	0.04	-
Preliminary Expenses	-	0.01
Registration Fees for Increased Authorised Share Capital	-	2.05
Rate, Taxes and duties	1.15	-
Internal Audit Fees (CY : Rs. 24,000)	0.00	-
Miscellaneous Expenses	-	-
<b>Total</b>	<b>3.09</b>	<b>2.21</b>

**PAYMENTS TO AUDITORS**

Particulars	(Amounts in Crores)	
	For the year ended 31.03.2014	For the period ended 31.03.2013
a. for audit (PY : Rs. 28,090)	0.01	0.00
b. for taxation matters (CY : Rs. 12,000)	0.00	-
c. for company law matters	-	-
d. for management services	-	-
e. for other services	-	-
f. for reimbursement of expenses (CY : Rs. 18,236)	0.00	-
<b>Total</b>	<b>0.02</b>	<b>0.00</b>

**Note 18 CURRENT TAX**

(Amounts in Crores)

Particulars	For the year ended 31.03.2014	For the period ended 31.03.2013
<b>Current Income Tax</b>		
Current Tax Payable including Interest on such tax	1.31	0.74
Add / (less) : Short / (Excess) provision of earlier years (CY : Rs. 3)	0.00	-
Less: Interest on Tax Payable U/s 234 B & C of the Income Tax Act.	-	0.05
<b>Total</b>	<b>1.31</b>	<b>0.69</b>

**Note 19 EARNINGS PER SHARE (EPS):**

Particulars		For the year ended 31.03.2014	For the period ended 31.03.2013
Profit / (Loss) attributable to equity shareholders	(Amounts in Crores)	(71.40)	(3.86)
Weighted average number of ordinary equity shares for Basic EPS	Nos.	77,67,62,329	34,931
Weighted average number of ordinary equity shares for DPS	Nos.	84,66,25,342	3,28,61,642
Nominal Value of equity share	Rs.	10	10
Basic EPS	Rs.	-0.92	-1,106.21
Diluted EPS	Rs.	-0.84	-1.18

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**Note 20 CONTINGENT LIABILITIES AND COMMITMENTS**

(Amounts in Crores)		
Contingent liabilities and commitments (to the extent not provided for)	As at 31.03.2014	As at 31.03.2013
<b>(i) Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees	-	-
(c) Disputed statutory claims in respect of	-	-
(e) Other money for which the company is contingently liable	-	-
<b>Sub Total (i)</b>	-	-
<b>(ii) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
(b) Estimated amount of contracts remaining to be executed on Revenue account and not provided for	0.36	-
(c) Uncalled liability on shares and other investments partly paid	-	-
(d) Other commitments (specify nature)	-	-
- Commitment of payment to BG Asia Pacific Holding Pte. Limited, Singapore for acquisition of 65.12% stake i.e. 8,35,18,750 Equity Shares of Rs. 2 each in Gujarat Gas Company Limited at price specified in Share Purchase Agreement dated 03.10.2012	-	2,463.80
<b>Sub Total (ii)</b>	0.36	2,463.80
<b>TOTAL (Subtotal (i) and (ii))</b>	0.36	2,463.80

**Note 21 Value of Imports calculated on CIF Basis**

(Amounts in Crores)		
Particulars	For the year ended 31.03.2014	For the period ended 31.03.2013
(a) Raw Materials	-	-
(b) Components and Spare Parts	-	-
(c) Capital goods	-	-

**Note 22 Expenditure in Foreign Currencies**

(Amounts in Crores)		
Particulars	For the year ended 31.03.2014	For the period ended 31.03.2013
(a) Know-how, Royalty	-	-
(b) Professional and Technical Consultancy Fees	-	-
(c) Interest Expense	-	-
(d) Others Expenses:	-	-

**Note 23 Earnings in Foreign Currencies**

(Amounts in Crores)		
Particulars	For the year ended 31.03.2014	For the period ended 31.03.2013
(a) Export of Goods on FOB Basis	-	-
(b) Interest and Dividends	-	-
(c) Know-how, Royalty, Professional and	-	-
(d) Other Income, if any	-	-

**Note 24 SEGMENT REPORTING**

Considering the nature of company's Business, there are no separate reportable segment as per the requirement of Accounting Standard 17 "Segment Reporting".

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**Note 25 RELATED PARTY DISCLOSURES**

Related party disclosures as required by Accounting Standard - 18 issued by the Institute of Chartered Accountants of India are as under:

**A. List of Related Parties and Relationship:**

Sr. No.	Name of Related Parties	Relationship
1	GSPC GAS Company Limited (GSPC GAS)	Associate Company
3	Gujarat State Petronet Limited (GSPL)	Associate Company
3	Gujarat State Petroleum Corporation Ltd (GSPC)	Ultimate Holding Co. of Associate Company
4	Gujarat Gas Company Limited (GGCL)	Subsidiary Company
5	Gujaratgas Trading Company Limited (GTCL)	Subsidiary Company of GGCL
6	Gujaratgas Financial Services Limited (GFSL)	Subsidiary Company of GGCL

**B. Key Management Personnel:**

Sr. No.	Name of Related Parties	Relationship
1	Mr. Tapan Ray, IAS	Chairman
2	Mr. Ravindra Agrawal	Director
3	Mr. N. Bose Babu	Director
4	Mr. Manishkumar Verma	Director
5	Mr. PPG Sarma	Director

**C. Transaction with Related Parties :**

Sr. No.	Nature of transactions	Transaction With Related Party	( Amounts in Crores )	
			For the year ended 31.03.2014	For the period ended 31.03.2013
1	Reimbursement of Preliminary Expenses	GSPC GAS	2.05	0.01
2	Reimbursement of Legal, Prof. & Consultancy Fees (CY Rs. 7,500)	GSPC GAS	0.00	0.15
3	Rate & taxes Paid	GSPC GAS	0.25	-
4	Bank Guarantee Charges recovered	GSPC GAS	-	0.38
5	Equity Share Capital - Initial Subscription	GSPC GAS	-	0.05
6	Share Capital / Application Money Received	GSPC GAS	52.00	348.00
7	Share Capital / Application Money Received	GSPL	350.00	-
8	Corporate Bank Guarantee given by	Jointly & severally by GSPC GAS and Gujarat Gas	500.00	-
9	Corporate Bank Guarantee given by		500.00	200.00
10	Dividend Received	Gujarat Gas	85.07	-



**D. Outstanding Balances with Related Parties :**

Sr. No.	Nature of transactions	Transaction With	(Amounts in Crores)	
			As on 31.03.2014	As on 31.03.2013
1	Advances to Related Parties	GSPC GAS	-	0.24
2	Share Application Money Received	GSPC GAS	-	348.00
3	Others Payable to related parties	GSPC GAS	2.06	-

**Note 26 RECOVERABLE VALUE OF ALL ASSETS OTHER THAN FIXED ASSETS AND NON CURRENT INVESTMENTS**

*(Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956)*

In the opinion of management, the current assets including loan and advances, current investments and other current assets are recoverable at the value stated in the balance sheet in ordinary course of business.

**Note 27** The Company does not have any employee where disclosure under section 217(2A) of the companies Act, 1956 and disclosure under Accounting Standard-15 (Revised 2005) Employee Benefit is required.

**Note 28** The Company had no transactions during the period with any Micro and Small and Medium Enterprises and hence reporting details of principle and interest amount outstanding under the Micro, Small and Medium Enterprises Development Act, 2006 does not arise.

**Note 29** In pursuance to its objective of carrying on City Gas Distribution (CGD) business, the company had commenced its operation by entering into a Share Purchase Agreement (SPA) with BG Asia Specific Holdings Pte Limited, Singapore to acquire 65.12% shares in Gujarat Gas Company Limited (GGCL -a Company engaged in CGD business) on October 3rd, 2012 and consequently triggered provision of Open offer for acquiring additional 26% of Gujarat Gas Company Limited (GGCL) through public offer in pursuance of SEBI takeover Regulations 2011. The company had given an open offer to purchase shares of Gujarat Gas Company Limited (GGCL) from the public shareholders of Gujarat Gas Company Limited (GGCL) and had purchased 8.58% stake in Gujarat Gas Company Limited (GGCL) through Open Offer. Post acquisition of shares on 12.06.2013 from BG Asia Specific Holdings Pte Limited, Singapore the company have a majority stake of 73.70 % in the City Gas Distribution (CGD) business of Gujarat Gas Company Limited (GGCL). Hence GDNL has become the holding company of Gujarat Gas Company Limited w.e.f. 12 June 2013.

The company carries on the City Gas Distribution (CGD) business of Gujarat Gas Company Limited (GGCL) through the purchase of its shares and also consolidate the City Gas Distribution (CGD) business of Gujarat Gas Company Limited (GGCL) in due course of time.

**Note 30 EVENTS OCCURRING AFTER BALANCE SHEET DATE**

The Board of Directors of GSPC Distribution Networks Limited at its meeting held on 21<sup>st</sup> April, 2014 passed a resolution to consider the Composite Scheme of Amalgamation and Arrangement between GSPC Gas Company Limited ("GSPC Gas"), Gujarat Gas Company Limited ("GGCL"), Gujarat Gas Financial Services Limited ("GFSL"), Gujarat Gas Trading Company Limited ("GTCL") and GSPC Distribution Networks Limited ("GDNL") and their respective shareholders (the "Scheme").

GSPC Gas, GFSL, GTCL and GGCL to merge with GSPC Distribution Networks Limited ("GDNL") under the scheme with appointed date as 1<sup>st</sup> April, 2013.

The scheme is subject to relevant statutory approvals.

**Note 31** As per Accounting Standards -32 on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India (ICAI), deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The Company has not recognised deferred tax asset in view of the reasonable certainty that sufficient future taxable income will not be available.

**Note 32** Previous year's figures have been regrouped or reclassified wherever necessary to confirm to the current year's presentation.

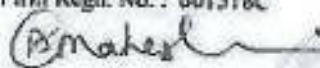
**Note 33** The figures appearing in Financial Statements are rounded off to the nearest INR Crores.

The Accompanying Notes are an integral part of the financial Statements.

For, J. S. Maheshwari & Co.,

Chartered Accountants

Firm Regn. No. : 001318C

  
Ashish Maheshwari  
Partner

M. No. : 412441

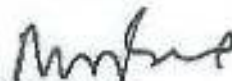
Place : Gandhinagar

Date : 20-05-2014




For, GSPC Distribution Networks Limited

  
Manish Verma  
Director

  
PPG Sarma  
Director

  
Ahmed Khan  
Authorised Signatory

  
Rohan Sampat  
Company Secretary

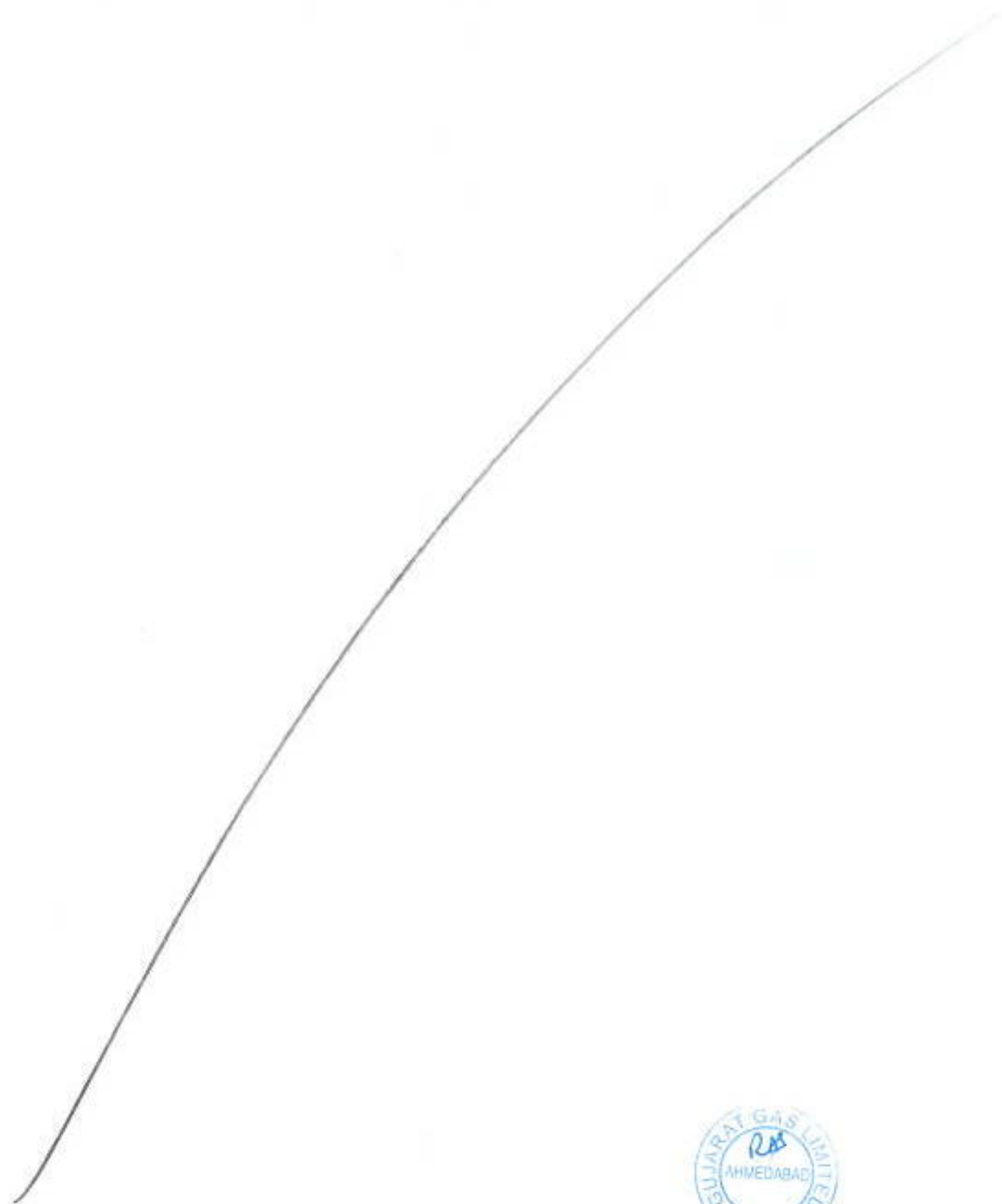
Place : Gandhinagar

Date : 20-05-2014

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# BALANCE SHEET AS AT 31st MARCH, 2014

(Amount in ₹)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	846,196,300	846,196,300
(b) Reserves and surplus	3	4,747,084,885	578,1671,197
<b>Non-current liabilities</b>			
(a) Long-term borrowings	4	10,924,334,838	3,652,914,750
(b) Deferred tax liabilities (Net)	5	1,060,104,638	1,372,978,094
(c) Other Long term liabilities		-	-
(d) Long-term provisions	6	41,919,201	29,357,925
<b>Current liabilities</b>			
(a) Short-term borrowings	7	36,933,030	108,299,127
(b) Trade payables	8	3,581,309,062	2,595,544,474
(c) Other current liabilities	9	5,356,663,860	9,163,405,848
(d) Short-term provisions	10	76,718,818	514,323,859
<b>TOTAL</b>		<b>26,671,264,632</b>	<b>24,064,691,574</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		14,835,292,249	12,573,145,725
(ii) Intangible assets		1,078,282,099	98,7296,520
(iii) Capital work-in-progress		1,994,250,304	3,517,430,181
(iv) Intangible assets under development		2,024,268	2,024,268
<b>Total Fixed Assets (Net Block)</b>		<b>17,909,848,920</b>	<b>17,079,896,694</b>
(b) Non-current investments	12	4,001,565,000	1,580,000
(c) Deferred tax assets (Net)		-	-
(d) Long-term loans and advances	13	209,499,251	3,729,996,213
(e) Other non-current assets	14	90,000	90,000
<b>Current assets</b>			
(a) Current investments		-	-
(b) Inventories	15	73,070,593	66,158,758
(c) Trade receivables	16	4,090,173,848	2,402,732,075
(d) Cash and cash equivalents	17	45,084,787	45,230,764
(e) Short-term loans and advances	18	182,609,493	579,454,625
(f) Other current assets	19	159,322,740	159,552,445
<b>TOTAL</b>		<b>26,671,264,632</b>	<b>24,064,691,574</b>

Significant Accounting Policies-Note 1 and Notes 2 to 46 are accompanying and form integral part of the Financial Statements.

As per our report attached.

For A. R. Sulakhe & Co.  
Chartered Accountants  
Firm Regn. No. : 110540W

Anand Sulakhe  
Partner  
M. No. : 33451

Place : Gandhinagar  
Date : 21-05-2014

R. P. G. Sarma  
Chief Executive Officer

For and on behalf of Board of Directors

Atanu Chakraborty, IAS  
Director

Tapen Ray, IAS  
Director

Rahul Devi  
GM (F&A)

Ahmed Khan  
Company Secretary

Place: Gandhinagar  
Date : 21-05-2014




STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

Particulars	Note No.	(Amount in ₹)	
		For the year ended 31st March 2014	For the year ended 31st March 2013
Revenue from operations (Gross)	20	47,458,971,819	42,862,073,474
Less: Excise Duty		871,587,247	745,310,365
Revenue from operations (Net)		<b>46,587,384,571</b>	<b>42,116,763,109</b>
Other income	21	88,556,422	85,624,781
<b>Total Revenue</b>		<b>46,675,940,993</b>	<b>42,202,387,890</b>
<b>Expenses :</b>			
Cost of materials consumed	22	5,081,110,310	5,175,248,549
Purchases of Stock-in-Trade	23	39,254,112,714	33,384,986,494
Changes in inventories of finished goods and Stock-in-Trade	24	(3,558,510)	(16,884,778)
Employee benefits expense	25	409,555,489	291,921,013
Finance costs	26	1,118,148,881	580,803,480
Depreciation and amortization expense	11	712,479,627	593,954,624
Other expenses	27	1,449,487,524	1,211,136,026
<b>Total expenses</b>		<b>48,021,336,035</b>	<b>41,221,165,408</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>(1,345,395,042)</b>	<b>981,222,482</b>
(a) Prior period items (Net)	28	1,411,039	568,941
(b) Exceptional items	29	-	1,387,382
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>(1,346,806,081)</b>	<b>979,266,159</b>
Extraordinary items		-	-
<b>Profit/(Loss) Before Tax (PBT)</b>		<b>(1,346,806,081)</b>	<b>979,266,159</b>
Tax expense :			
(a) Current tax	30	-	197,353,461
(b) Deferred tax	5	(312,873,456)	379,877,065
<b>Profit (Loss) for the year from continuing operations</b>		<b>(1,033,932,625)</b>	<b>402,035,633</b>
Profit/(Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
<b>Profit (Loss) after Tax</b>		<b>(1,033,932,625)</b>	<b>402,035,633</b>
<b>Earnings per equity share :</b>			
(a) Basic	31	(12.22)	6.54
(b) Diluted	31	(12.22)	6.54

Significant Accounting Policies-Note 1 and Notes 2 to 46 are accompanying and form integral part of the Financial Statements.

As per our report attached.

For A. R. Sulakhe & Co.  
Chartered Accountants  
Firm Regn. No. : 110540W

Anand Sulakhe  
Partner  
M. No. : 33451

Place : Gandhinagar  
Date : 21-05-2014

P. P. G. Sarma  
Chief Executive Officer

**For and on behalf of Board of Directors**

Atanu Chakraborty, IAS      Tapan Ray, IAS  
Director      Director

Rahul Devi  
GM (F&A)

Ahmed Khan  
Company Secretary

Place: Gandhinagar  
Date : 21-05-2014

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	(Amount in ₹)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax	(1,346,806,081)	979,266,159
<b>Adjustments for :</b>		
Depreciation	712,479,627	593,954,624
Loss on Sale of Fixed Assets	244,141	8,182,609
Loss on Disposal of Assets	4,542,330	-
Profit on Sale of Fixed Assets	(13,461)	(36,396,200)
Loss of Material (Capital Inventory)	-	1,387,382
Prior period adjustment on account of depreciation	(541,171)	(99,011)
Provision for Wealth Tax	29,690	21,170
Provision Diminution in Investment	15,000	-
Misc Expenditure written off	-	-
Doubtful Debts (Trade Receivables)	6,025,368	1,017,023
Doubtful Advances	299,751	-
Interest Expense	1,087,562,904	579,901,377
Dividend Income	(750)	(750)
Interest Income	(11,454,270)	(14,884,054)
<b>Operating Profit before Working Capital Changes</b>	<b>452,383,075</b>	<b>2,112,350,329</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	(169,346,714)	(343,203,539)
(Increase)/Decrease in Security Deposit	60,231,212	(55,687,376)
(Increase)/Decrease in Staff Loan and Advance	68,055	(55,749)
(Increase)/Decrease in Advance against Exp.	386,477,776	(392,200,680)
(Increase)/Decrease in Pre-paid Exp.	(5,899,088)	(5,500,996)
(Increase)/Decrease in Cenvat Rece & PLA A/c.	22,387,195	199,303
(Increase)/Decrease in Balance with Govt. Authorities	(143,800)	132,794
(Increase)/Decrease in Claim Recoverable A/c.	3,014,518	40,061,774
(Increase)/Decrease in Other Current Assets	(3,286,550)	(92,755,037)
(Increase)/Decrease in Inventories	(6,911,835)	(35,138,170)
<b>Changes in Trade and Other Receivables</b>	<b>(1,237,529,659)</b>	<b>(884,147,676)</b>
Increase/(Decrease) in Trade Payables	985,764,591	926,251,619
Increase/(Decrease) in Duties and Taxes	(7,064,040)	17,597,839
Increase/(Decrease) in Advance from Customers	70,667,569	42,425,094
Increase/(Decrease) in Deposit from Suppliers	15,947,598	5,087,149
Increase/(Decrease) in Deposits from Customers	577,781,649	535,999,262
Increase/(Decrease) in Employee Benefit Provisions	13,022,903	15,437,054
Increase/(Decrease) in Provision for Revenue Expenses	(11,008,493)	16,819,774
<b>Changes in Trade and Other Payables</b>	<b>1,645,111,777</b>	<b>1,559,617,791</b>
<b>Cash Generated from Operations</b>	<b>859,965,193</b>	<b>2,787,820,444</b>
Extra Ordinary Items and Other Adjustments	-	-
Taxes Refund	-	-
Taxes Paid	(85,103,731)	(221,431,284)
<b>Net Cash from Operating Activities</b>	<b>774,861,462</b>	<b>2,566,389,160</b>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

Particulars	(Amount in ₹)	
	For the year ended 31 <sup>st</sup> March 2014	For the year ended 31 <sup>st</sup> March 2013
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital work in progress and capital advances.	(1,892,034,520)	(3,184,655,992)
Investment in shares	(4,000,000,000)	(500,000)
Advances for Investment in Shares	3,480,000,000	(3,480,000,000)
Proceeds from Margin Money Deposit	-	100,000
Interest Received	11,956,007	10,422,799
Sale of Fixed Assets	33,090	245,900,825
Dividend Income	750	750
<b>Net Cash used in Investing Activities</b>	<b>(2,400,044,673)</b>	<b>(6,408,731,618)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Share Application Money	-	(156)
Proceeds from Long-term borrowings	10,990,800,000	859,000,000
Proceeds from Short-term borrowings	336,933,315	6,508,299,127
Repayment of Long-term borrowings	(7,996,233,742)	(697,306,935)
Repayment of Short-term borrowings	(408,299,412)	(2,116,683,180)
Interest Paid	(1,199,162,192)	(743,871,760)
Dividend Paid (including tax thereon)	(99,000,736)	(68,814,209)
<b>Net Cash from Financing Activities</b>	<b>1,625,037,233</b>	<b>3,740,622,887</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(145,978)</b>	<b>(101,719,571)</b>
Cash and Cash Equivalents at the beginning of the year	45,230,764	146,950,335
Cash and Cash Equivalents at the end of the year	45,084,786	45,230,764
<b>Closing Cash and Cash Equivalents comprise :</b>		
Cash in hand	8,152,011	16,548,981
Balances with Scheduled Banks	36,932,776	28,681,784
Balance in Current Account	-	-
Balance with other Banks	-	-
Balances in Fixed Deposits	-	-

**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 issued by the Institute of Chartered Accountants of India.
- Purchase of fixed assets are stated inclusive of movements of capital work in progress, assets under development and capital advances.
- Previous year figures have been regrouped and reclassified wherever considered necessary to conform to the current year's figures.
- Figures in bracket indicate cash-outflow.

As per our report attached.

For A. R. Sulakhe & Co.  
Chartered Accountants  
Firm Regn. No. : 110540W

Anand Sulakhe  
Partner  
M. No. : 33451

Place : Gandhinagar  
Date : 21-05-2014

P. P. G. Sarma  
Chief Executive Officer

**For and on behalf of Board of Directors**

Atanu Chakraborty, IAS  
Director

Rahul Devi  
GM (F&A)

Tapan Ray, IAS  
Director

Ahmed Khan  
Company Secretary

Place: Gandhinagar  
Date : 21-05-2014



## Notes to financial statements for the year ended 31<sup>st</sup> March 2014

### NOTE No. 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 CORPORATE INFORMATION

GSPC GAS COMPANY LIMITED is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the City Gas Distribution (CGD) business to provide Natural Gas (PNG) to retail, various Industrial, Commercial and Domestic Residential segments' customers. It is also engaged in the business of distribution of CNG Gas to Transport segments' customers through CNG Filling Stations at major cities / towns of the Gujarat state.

#### 1.2 SIGNIFICANT ACCOUNTING POLICIES

##### a. Basis of Preparation and Presentation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual and going concern basis of accounting. The financial statements have been prepared and presented to comply in all material aspects with the Generally Accepted Accounting Principles (Indian GAAP) in India and the Accounting Standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and the relevant provisions of the Companies Act, 1956. The company has consistently applied the accounting principles and policies; and accounting policies not referred to otherwise, are in conformity with generally accepted accounting principles (Indian GAAP) in India.

##### b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (Indian GAAP) in India requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which they are materialized.

##### c. Fixed Assets and Capital Work in Progress

###### (i) Fixed Assets (Tangible)

Fixed assets are stated at their original cost of acquisition / construction less accumulated depreciation and impairment, if any. The cost comprises of the purchase price and any attributable cost for bringing the asset to its working condition for its intended use like freight, duties, taxes and other incidental expenses, net of CENVAT recoverable.

The Company capitalizes to project assets all the cost directly attributable to completing the project. These costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The PNG projects' assets are capitalized at the end of the month in which the asset is put to use / commissioned and CNG projects' assets are capitalized at the date of its commissioning and consequently the borrowing cost attributable to PNG / CNG Projects' assets is added to the capital cost up to their respective date of capitalization.

The gas distribution networks are treated as commissioned when supply of gas commences to the customer(s).

###### (ii) Intangible Assets

Intangible Assets includes amount paid towards obtaining the Right of Use (ROU) of land and Right of Way (ROW) permissions for laying the Gas Pipeline Network, cost of developing software for internal use and corporate club membership. The Company capitalizes software as Intangible Assets in terms of Accounting Standard - 26 "Intangible Assets" where it is reasonably estimated that the software has an enduring useful life.



**(iii) Capital Work In Progress**

Capital Work-in-progress includes expenditure incurred on assets, which are yet to be commissioned and capital inventory, which comprises stock of capital items/construction materials at respective city gas network.

All the expenditure including direct, indirect expenses, incidental and related to construction incurred during the period of construction on a project, till it is commissioned, is kept as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective fixed assets.

**d. Depreciation and Amortization**

Depreciation on fixed assets is provided as per Straight Line Method (SLM) at the rates specified and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except as under:

- Depreciation on Plant and Machinery - pipelines (Steel and MDPE) is provided at 3.17 % on Straight-Line Method (SLM) considering useful life of thirty years. The company has changed the depreciation rate on natural gas pipelines from 5.28% per annum on SLM basis as per schedule XIV to 3.17% per annum on SLM basis w.e.f. 1st April, 2011 in terms of approval of Ministry of Corporate Affairs (MCA) vide its letter no. 45/5/2011-CL-III dated 1<sup>st</sup> September, 2011.
- Cost of mobile phones, which are expensed off in the year of purchase.

Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Assets costing up to Rs. 5000/- are depreciated fully in the year of purchase / capitalization.

Cost of leasehold land is amortized equally over the period of lease.

Intangible assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the company for its intended use. The useful lives as estimated by the management for the intangible assets are as follows:

Right of Way (ROW) Permissions	30 Years
Software and other Intangibles	5 Years

The persuasive evidence exists to the affect that useful life of an intangible asset - Right of Way (ROW) Permission exceeds ten years as against the rebuttable presumption that the useful life of an intangible asset will not exceed ten years. The company amortizes the intangible asset over the best estimate of its useful life. The useful lives of ROW Permission are inextricably linked with the pipeline Networks being laid, which corresponds with the useful life of 30 years of Plant and Machinery - Pipelines for which the Right of Way (ROW) Permission has been obtained. The Useful life of 30 years of the Right of Way (ROW) Permissions is dependent on the useful life of Plant and Machinery - Pipelines i.e. Pipeline network of the company.

No Depreciation is being charged on Right of Use (RoU) of Land being perpetual in nature.

**e. Impairment of Assets**

In accordance with Accounting Standard 28 on "Impairment of Assets" when at the balance sheet date, Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognized in the Profit and loss statement for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. The impairment loss, if any, recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**f. Revenue Recognition**

Sale of Natural Gas is recognized on supply of gas to customers by metered/assessed measurements and when no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed

bi-monthly for domestic customers, monthly for commercial and non-commercial customers and fortnightly for industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to consumers from retail outlets.

#### Initial Connection Charges and deposit from customers:

- (i) The amounts collected towards initial connection charges from industrial customers and Commercial-non commercial customers are in the nature of installation fees and for providing, the infrastructure to facilitate the supply of gas and are recognized as revenue only when such infrastructure is laid by the Company and accepted by the customers and supply of gas commences to the customer(s).
- (ii) The amounts collected towards "registration and connection charges" from certain domestic customers are "non-refundable charges". Accordingly, the same are recognized as revenue as and when the Company commences the supply of gas to the customers and such amount charged to customers. Until then, the amounts so collected are shown as "Advances received from customers" in the balance sheet. The company has provided the installments facility to the domestic customers towards "connection charges" which are non-refundable, the total amount of such installments are recognized revenue as and when the company commences the supply of gas to the customers.
- (iii) The "registration and connection amounts" collected from certain domestic customers which are "refundable". Accordingly, the same are recognized as a liability under head "Deposit from Customers" in the balance sheet as and when the Company commences the supply of gas to the customers. Until then, the amounts so collected are shown as advances received from customers in the balance sheet. The company has provided the installments facility to the domestic customers towards "connection amount" which is refundable, the same are recognized as a liability under head "Deposit from Customers" in the balance sheet as and when the recovered. The difference between the amounts charged from customers for gas connections and amounts of registration and connection" which are refundable, is disclosed as revenue as and when the company commences the supply of gas to the customers.
- (iv) The amounts collected towards extra charges, modification charges and alteration charges from domestic customers are in the nature of non-refundable charges to avail the extra facility for gas connection. Accordingly, the same are recognized as revenue as and when the company complete such installations and the customers accept such installations. Until then, the amounts so collected are shown as "Advances received from customers" in the balance sheet.
- (v) The amounts collected towards "Security Deposit" from industrial customers, Commercial-non commercial customers and domestic customers are in the nature of refundable to secure the gas usage bills. Accordingly, the same are recognized as liability under head "Deposit from Customers" in the balance sheet as and when the recovered.

Revenue in respect of interest/ late payment charges on delayed realizations from customers and cheque bounce charges, if any, is recognized on grounds of prudence, as and when recovered and on the basis of certainty of collection, is accounted for on availability of documentary evidence that the customer has accepted the liability.

Liquidated damages income, if any is recognized at the time of recording the purchase of materials in books of accounts and the matter is considered settled by the Management.

Interest expense and income are recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised, when the right to receive the dividend is established by the reporting date.

Other operating income and Misc. income are accounted on accrual basis as and when the right to receive arises.

Expenditure charged to profit and loss statement is provided for the period for which the expenditure is incurred.

Adequate provisions are made for all known expenses and liabilities.





**g. Borrowing Costs**

Interest and other costs in connection with the borrowing of funds to the extent they relate to the acquisition / construction of qualifying fixed assets as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such assets up to the date of commissioning. The Expenses incurred in connection with the arrangement of borrowings are capitalized over the period of the borrowing and every year; such cost is apportioned to assets based on the actual amount borrowed during the year. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the profit and loss statement.

**h. Investments**

Investments are classified as long term or current term in accordance with Accounting Standard 13 on "Accounting for Investments". Investments, which are readily realizable and 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.

Long term investments are stated at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Provision, if any, is made to recognize any diminution in value of investments, other than that of a temporary nature.

Current Investments are stated at lower of cost and fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss statement.

**i. Inventories**

Stock of CNG in cascades and natural Gas in pipelines is valued at the lower of weighted average cost or net realizable value.

The Stock of PNG has been calculated on the basis of the cumulative length of Steel Pipelines and PE Pipelines of various diameters laid down as at the end of the Financial year.

The Stock of CNG has been calculated on the basis of the cumulative number of cascades on number of LCVs and HCVs operated as at the end of financial year.

Stores, spares and consumables are valued at cost on moving weighted average basis.

Inventories of Project materials (Capital Inventory) are valued at cost on moving weighted average basis.

**j. Foreign Currency Transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.

Monetary items (assets and liabilities) denominated in foreign currencies at the period-end are reported at the exchange rate prevailing on the balance sheet date.

Non-monetary foreign currency items are carried at cost using the exchange rates on the date of transaction.

Any income or expense on account of foreign exchange difference either on settlement or on translation is recognized in the profit and loss statement in line with the provisions of Accounting Standard -11 on "The Effects of Changes in Foreign Exchange Rates".

**k. Employee Benefits**

Employees Benefits are provided in the books as per Accounting Standard -15 on "Employee Benefits" (revised 2005) in the following manner:

**Gratuity and Leave Encashment:**

The liability in respect of gratuity benefits and leave encashment being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using projected unit credit method as on the balance sheet date and charged to the profit and loss statement for the period.

#### **Provident Fund :**

Retirement benefits in the form of provident fund and family pension fund, which are defined contribution schemes, are accrued in accordance with statutes and deposited with the Regional Provident Fund Commissioner (RPFC) and charged to the profit and loss statement for the period, in which the contributions to the respective funds accrue.

Short-term employee benefits are recognized as an expense in the profit and loss statement for the year in which related services are rendered.

#### **L Preliminary Expenditure**

Preliminary expenditure is expensed out in the year in which the expenditure is incurred in line with the provisions of Accounting Standard - 26 on "Intangible Assets".

#### **m. Taxes on Income**

Tax provision for the reporting period, comprises of current tax and deferred tax.

Tax provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws that have been enacted as on balance sheet date. Current Tax represents amount of income tax payable in respect of the taxable income for the reporting period.

Deferred tax liability and assets is computed as per Accounting Standard (AS-22) on "Accounting for Taxes on Income". Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that 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 recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative 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.

Provision for Wealth Tax is made in accordance with the provisions of the Wealth Tax Act, 1957.

#### **n. Leases**

The Company's significant license arrangements are in respect of operating license for office premises and project offices. The lease and license arrangements range between 11 months to six years, and are renewable by mutual consent on agreed terms and conditions. The aggregate rentals payable are charged as rent expenses in the profit and loss statement for the relevant period.

#### **o. Earnings per Share**

The Company reports earnings per share (EPS) in accordance with Accounting Standards - 20 on "Earnings per Share". The earnings considered in ascertaining the Company's EPS comprises of the net profit after tax. Basic earnings per share (BEPS) is computed by dividing the net profit for the current period by the weighted average number of Equity shares outstanding as on the balance sheet date.

The number of shares used in computing diluted earnings per share (DEPS) comprises the weighted average number of Equity Shares considered for deriving basic earnings per share (BEPS), and the weighted average





number of Equity Shares that could have been issued on the conversion of all dilutive potential Equity Shares.

**p. Cash Flow Statement**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand, current account balances with Banks and demand deposits with banks.

**q. Prior Period Adjustments**

In respect of the transactions pertaining to the one or more prior periods, the expenditure / (income) relating to prior period as a result of errors or omission in the preparation of financial statements, is shown under the head "Prior Period Adjustments Account" in the profit and loss statements as per the provisions of Accounting Standard 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".

**r. Proposed Dividend**

Dividend recommended by the Board of directors is provided for in the accounts, subject to the approval the shareholder in the Annual General Meeting.

**s. Insurance Claims**

The company accounts for insurance claims when there is certainty that the claims are realizable and acknowledge by insurance company and amount recognized in books of accounts is as under :

In case of loss of asset / goods by transferring, either the carrying cost of the relevant asset / goods or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance". In case insurance claim is, less than carrying cost the difference is charged to Profit and Loss statement.

As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to Profit and Loss statement.

**t. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Provision for contractual obligation has been disclosed based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", if any, are not recognized for liabilities whose future outcome cannot be ascertained with reasonable certainty but are disclosed in the Notes to Financial Statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**u. Event Occurring after Balance Sheet Date**

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the reports of the board of directors.

## Note 2 SHARE CAPITAL

### 2.1 AUTHORISED, ISSUED, SUBSCRIBED, FULLY PAID UP SHARE CAPITAL

Share Capital	As at 31st March 2014		As at 31st March 2013	
	No. of Shares	Amount (in ₹)	No. of Shares	Amount (in ₹)
<b>Authorised</b> Equity Shares of Rs.10 each	200,000,000	2,000,000,000	200,000,000	2,000,000,000
<b>Issued, Subscribed and Paid up</b> Share capital Equity Shares of Rs.10 each fully paid up	84,619,630	846,196,300	84,619,630	846,196,300
<b>Total</b>	<b>84,619,630</b>	<b>846,196,300</b>	<b>84,619,630</b>	<b>846,196,300</b>

### 2.2 RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING YEAR

Particulars	As at 31st March 2014 Equity Shares of ₹ 10 each fully paid		As at 31st March 2013 Equity Shares of ₹ 10 each fully paid	
	Equity Shares	Amount (in ₹)	No. of Shares	Amount (in ₹)
Shares outstanding at the beginning of the year	84,619,630	846,196,300	59,209,024	592,090,240
Shares issued during the year (Refer note No: 2.2.1)	-	-	25,410,606	254,106,060
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>84,619,630</b>	<b>846,196,300</b>	<b>84,619,630</b>	<b>846,196,300</b>

- 2.2.1 Board of Directors in its 58th Board meeting held on 27/02/2013 had decided to issue and allot 2,54,10,606 Equity shares of the Company to various share applicants. Pursuant to the same, the Board had decided that the share applicants from whom application money had been received on or before 05/04/2010 may be allotted equity shares at the price of Rs. 50/- per share (Rs.40/- premium and Rs. 10 face value) and the share applicants from whom application money had been received after 06/04/2010 has been allotted equity shares at the price of Rs. 181.41/- (Rs.171.41/- premium and Rs.10 face value.)

Accordingly, the Company had on 27/02/2013 i.e. in financial year 2012-2013 issued and allotted 2,54,10,606 equity shares to the various share applicants as per following details.



Name of allottee	No. of Shares (Fully Paid up)	Share capital @ ₹ 10 per share
Gujarat State Fertilizers and Chemicals Limited	5,000,000	50,000,000
Gujarat Industrial Development Corporation	5,000,000	50,000,000
Gujarat Alkalies & Chemicals Limited	4,000,000	40,000,000
Government of Gujarat	8,440,187	84,401,870
Gujarat State Petronet Limited	2,970,419	29,704,190
<b>Total</b>	<b>25,410,606</b>	<b>254,106,060</b>

### 2.3 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES

The company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 2.4 PROPOSED DIVIDEND

(Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956)

Particulars	As at 31st March 2014 Equity Shares of ₹ 10 each fully paid		As at 31st March 2013 Equity Shares of ₹ 10 each fully paid	
	No. of Shares	Amount (in ₹)	No. of Shares	Amount (in ₹)
Dividend proposed to be distributed to equity shareholders	-	-	84,619,630	84,619,630
Amount of dividend per share distributed to equity shareholders	-	-	-	1

## 2.5 SHARE HOLDING BY PRESCRIBED ENTITIES

(Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956)

Out of Equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries and associates are as under :

Share Holder (Nature of Relationship)	As at 31st March 2014		As at 31st March 2013	
	No. of Equity Shares of ₹ 10 each fully paid	Amount (in ₹)	No. of Equity Shares of ₹ 10 each fully paid	Amount (in ₹)
(i) Gujarat State Petroleum Corporation Limited (Holding Company)	36,692,358	366,923,580	36,692,358	366,923,580
(ii) Gujarat State Petronet Limited (Subsidiary Company of Holding Company)	24,637,085	246,370,850	24,637,085	246,370,850
(iii) Gujarat State Energy Generation Limited (Associate Company of Holding Company)	250,000	2,500,000	250,000	2,500,000

## 2.6 SHAREHOLDERS HOLDING MORE THAN 5% OF TOTAL SHARE CAPITAL

(Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956)

Name of Shareholder	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Gujarat State Petroleum Corporation Limited, (Holding Company)	36,692,358	43.36%	36,692,358	43.36%
Gujarat State Petronet Limited, (Subsidiary Company of Holding Company)	24,637,085	29.12%	24,637,085	29.12%
Government of Gujarat	8,440,187	9.97%	8,440,187	9.97%
Gujarat State Fertilizers & Chemicals Limited	5,100,000	6.03%	5,100,000	6.03%
Gujarat Industrial Development Corporation	5,000,000	5.91%	5,000,000	5.91%





## 2.7 ALLOTMENT OF SHARES FOR CONSIDERATION OTHER THAN CASH, BONUS SHARES AND BUYBACK OF SHARES

(Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956)

Particulars	Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
(i) Equity Shares of Rs. 10 each fully paid pursuant to contract(s) without payment being received in cash. (Refer sub note 2.7.1)	-	970,419	-	-	-
(ii) Equity Shares Fully paid up by way of bonus shares	-	-	-	-	-
(iii) Equity Shares bought back	-	-	-	-	-

**2.7.1** The Company had acquired assets of Rs. 17,60,43,751/- consisting of Steel Pipelines situated in the State of Gujarat from Gujarat State Petronet Limited (GSPL) with effect from 01.10.2010 by executing the Sale Deed dated 29th October, 2010. In pursuance of the sale deed, consideration for purchase of such assets is paid by allotment of fully paid up Equity Shares of the aggregate value of Rs. 17,60,43,751/-.

The Board of Directors in its 58th Meeting held on 27/02/2013 decided to allot equity shares against the above acquisition of assets at the price of Rs. 181.41 (Rs.171.41/- Premium and Rs. 10/- face value).

Financial Year	Name of allottee	No. of shares (Fully Paid up Equity share)	Fully Paid up Share capital @ 10 per share	Premium Amount @ 17.41 per share	Total Consideration (Amt. in ₹)
2012-13	Gujarat State Petronet Limited (Subsidiary Company of Holding Company)	970,419	9,704,190	166,339,521	176,043,711

Amount Refunded Rs.40/- vide cheque No. 10426 from Kotak Bank dated 31.03.2013.



**Note 3 RESERVES AND SURPLUS**

(Amount in ₹)

Reserves and Surplus	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013	As at 31st March 2013
<b>Securities Premium Account</b>				
Opening Balance	1,846,708,405		340,570,870	
Add : Securities premium received during the year (Refer note no. 3.1)	-		1,506,137,535	
Less : Premium utilised				
For Redemption of Debentures	-		-	
For Issue of Bonus Shares	-		-	
Closing Balance		<b>1,846,708,405</b>		<b>1,846,708,405</b>
<b>General Reserve</b>				
Opening Balance	36,788,420		36,788,420	
Add : Transfer from Statement of Profit and Loss	-		-	
Less : Written Back during the year	-		-	
Closing Balance		<b>36,788,420</b>		<b>36,788,420</b>
<b>Surplus in Statement of Profit and Loss</b>				
Opening balance	3,898,174,372		3,594,485,788	
Add : Profit/(Loss) for the year as per Statement of Profit and Loss	(1,033,932,625)		402,035,633	
Sub Total	2,864,241,747		3,996,521,421	
<b>Less : Appropriations :</b>				
Proposed Dividend	-		84,619,630	
Corporate Tax on Proposed Dividend	-		13,727,419	
Short-(Excess) Provision of earlier year	653,687		-	
Transfer to General Reserves	-		-	
Closing Balance		<b>2,863,588,060</b>		<b>3,898,174,372</b>
<b>Total</b>		<b>4,747,084,885</b>		<b>5,781,671,197</b>



- 3.1 Board of Directors in its 58th Board meeting held on 27/02/2013, had decided to issue and allot 2,54,10,606 Equity shares of the company to various share applicants.

With reference to the same, the Board had decided that the share applicants from whom application money had been received on or before 05/04/2010 be allotted equity shares at the price of Rs. 50/- per share (Rs. 40/- premium and Rs. 10 face value) and the share applicants from whom application money had been received after 06/04/2010 be allotted equity share at the price of Rs. 181.41/- (Rs. 171.41/- premium and Rs. 10 face value). Accordingly company had issued 2,16,84,000 equity shares at price of Rs. 50/- per share (Premium Rs. 40/- per share amounting to Rs. 86,73,60,000) and 37,26,606 equity shares at price of Rs. 181.41/- per share (Premium Rs. 171.41/- per share amounting to Rs. 63,87,77,534/-).

- A. Details of Shares allotted to the share applicants from whom application money received on or before 05th April 2010 :

Name of allottee	No of shares (Fully Paid up Equity share)	Fully Paid up Share Capital @ Rs. 10 per share	Premium Amount @ Rs. 40 per share	Total Consideration (Amt. in Rs.)
Gujarat State Fertilizers and Chemicals Limited	5,000,000	50,000,000	200,000,000	250,000,000
Gujarat Industrial Development Corporation	5,000,000	50,000,000	200,000,000	250,000,000
Gujarat Alkalies & Chemicals Limited	4,000,000	40,000,000	160,000,000	200,000,000
Government of Gujarat	5,684,000	56,840,000	227,360,000	284,200,000
Gujarat State Petronet Limited (GSPL)	2,000,000	20,000,000	80,000,000	100,000,000
(A)	21,684,000	216,840,000	867,360,000	1,084,200,000

- B. Details of shares allotted to share applicants from whom application money received on or after 06th April 2010 :

Name of allottee	No of shares (Fully Paid up Equity share)	Fully Paid up Share Capital @ Rs. 10 per share	Premium Amount @ Rs. 40 per share	Total Consideration (Amt. in Rs.)
Gujarat State Fertilizers and Chemicals Limited	5,000,000	50,000,000	200,000,000	250,000,000
Government of Gujarat	2,756,187	27,561,870	472,438,013	499,999,883
Gujarat State Petronet Limited (GSPL)	970,419	9,704,190	166,339,520	176,043,710
(B)	3,726,606	37,266,060	638,777,535	676,043,595
Total (A+B)	25,410,606	254,106,060	1,506,137,535	1,760,243,595

\*The company has refunded Rs. 156/- (Rs.40/- to GSPL and Rs. 116/- to Government of Gujarat) on 31.03.2013

**Note 4 LONG TERM BORROWINGS**

(Amount in ₹)

Long Term Borrowings	As at 31st March 2014	As at 31st March 2013
<b>LONG TERM LOAN</b>		
<b>Secured</b>		
<b>(a) Term loans</b>		
from banks	9,257,701,510	2,619,581,418
(Refer detailed Note 4.1)		
from other parties	833,300,000	-
(Refer detailed Note 4.1)		
<b>Unsecured</b>		
<b>(a) Term loans</b>		
From other parties	-	-
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest :</b>		
1. Period of default	-	-
2. Amount of Loan	-	-
3. Amount of Interest	-	-
<i>The company does not have any continuing defaults in repayment of loans and interest as at the reporting date.</i>		
<b>Total - [A]</b>	<b>10,091,001,510</b>	<b>2,619,581,418</b>
<b>MEDIUM TERM LOAN</b>		
<b>Unsecured</b>		
<b>(a) Term loans</b>		
from banks	-	-
(Refer detailed Note 4.2)		
<b>Unsecured</b>		
<b>(a) Term loans</b>		
from other parties	833,333,328	1,033,333,332
(Refer detailed Note 4.2)		
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest :</b>		
1. Period of default	-	-
2. Amount of Loan	-	-
3. Amount of Interest	-	-
<b>Total - [B]</b>	<b>833,333,328</b>	<b>1,033,333,332</b>
<b>Total - [A + B]</b>	<b>10,924,334,838</b>	<b>3,652,914,750</b>



## 4.1 LONG TERM BORROWINGS

Secured Loans *	Total Outstanding Amount as on 31.03.2014 in ₹	Total Outstanding Amount as on 31.03.2013 in ₹	Repayment Terms					Non-Current Portion		Current Maturities **	
			Terms of repayment of term loans	Maturity of Loan	Total Number of Installments payable after 31.03.2014	Number of Installments payable within one year from 31.03.2014	Rate of interest as on 31.03.2014 in %	Amount of Installments not due within one year from 31.03.2014 in ₹	Amount of Installments not due within one year from 31.03.2014 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹
State Bank of India	-	134,735,950	Monthly installment along with interest from December 2010	Nov.-13	N.A.	-	N.A.	-	-	134,735,950	-
Dena Bank TL - III	547,665,859	647,687,368	Quarterly Installment from December 2012	Sep.-19	22	4	11.00%	447,665,859	547,687,368	100,000,000	100,000,000
IDBI Bank	-	60,199,470	Monthly installment along with interest from December 2010 or from the date of loan	Dec.-13	N.A.	-	N.A.	-	-	60,199,471	-
The Kalapur Commercial Co-op	58,606,200	100,275,612	Monthly installment along with interest from December 2010 or from the date of loan	Aug.-15	17	12	10.90%	16,938,536	58,608,946	41,666,664	41,666,666
The Kalapur Commercial Co-op	262,038,561	299,548,284	Quarterly installment from September 2013	Jun.-19	21	4	10.90%	212,038,561	262,048,285	50,000,000	37,500,000
Oriental Bank of Commerce TL - I	160,482,302	235,519,826	Monthly installment along with interest from December 2010 or after moratorium period of one year from the date of loan	May-16	26	12	11.00%	85,482,302	160,519,827	75,000,000	75,000,000
Oriental Bank of Commerce TL - II	73,961,089	98,964,384	Monthly installment along with interest from started from December 2010 or after moratorium period of one year from the date of loan	Mar.-17	36	12	11.00%	48,961,081	73,964,377	25,000,008	25,000,008
Oriental Bank of Commerce TL - III	211,071,596	278,217,037	Monthly installment along with interest from December 2010 or after moratorium period of one year from the date of loan	May-17	38	12	11.00%	143,935,460	211,080,901	67,136,136	67,136,136
Bank of Maharashtra Corporation Bank	525,981,773	574,002,794	Quarterly installment from December 2012	Sep.-19	22	4	11.00%	465,981,773	526,002,795	60,000,000	48,000,000
	878,821,585	201,385,624	Quarterly installment from December 2012	Sep.-19	22	4	11.00%	778,821,585	121,385,624	100,000,000	80,000,000

4.1 LONG TERM BORROWINGS

Secured Loans *	Total Outstanding Amount as on 31.03.2014 in ₹	Total Outstanding Amount as on 31.03.2013 in ₹	Repayment Terms				Non-Current Portion		Current Maturities **	
			Terms of repayment of term loans	Maturity of Loan	Total Number of Installments payable after 31.03.2014	Number of Installments payable within one year from 31.03.2014	Rate of Interest as on 31.03.2014 in %	Amount of Installments not due within one year from 31.03.2014 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹
UCO Bank	658,306,744	718,283,295	Quarterly Installment from December 2012	Sep.-19	22	4	11.00%	583,306,744	658,283,295	75,000,000
Bank of Baroda	599,583,727	99,766,232	Quarterly Installment from December 2012	Sep.-19	22	4	11.00%	474,583,727	-	125,000,000
Deva Bank TL - IV	5,999,984,882	-	Quarterly Installment from June 2015	Mar.-23	32	-	11.00%	5,999,984,882	-	-
<b>Total (A)</b>	<b>9,976,504,318</b>	<b>3,448,585,882</b>						<b>9,257,701,510</b>	<b>2,619,581,418</b>	<b>829,004,464</b>
Term Loans from Financial Institutions										
HUDCO	833,300,000	-	Quarterly Installment from August 2016	May-23	28	-	11.10%	833,300,000	-	-
<b>Total (B)</b>	<b>833,300,000</b>	<b>-</b>						<b>833,300,000</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>10,809,804,318</b>	<b>3,448,585,882</b>						<b>10,091,001,510</b>	<b>2,619,581,418</b>	<b>829,004,464</b>
The above amount includes :										
Secured Borrowings								10,091,001,510	2,619,581,418	829,004,464
Unsecured Borrowings								-	-	-
<b>Total Secured and Unsecured Borrowings</b>								<b>10,091,001,510</b>	<b>2,619,581,418</b>	<b>829,004,464</b>
** Less : Amount disclosed under the head "other Current Liabilities" (Note No. 9)										
<b>Net Amount</b>								<b>10,091,001,510</b>	<b>2,619,581,418</b>	<b>-</b>



The details of security given and other information for all loans are as under :

Particulars	As at 31st March 2014	As at 31st March 2013
Secured Loan	First pari - passu charge on Present & Future Fixed Assets (Movable & Immovable) of the Company and Second pari - passu charge on Present & Future Current Assets of the Company	First pari - passu charge on Present & Future Fixed Assets (Movable & Immovable) of the Company and Second pari - passu charge on Present & Future Current Assets of the Company
Gaurantee by Directors or others Loan from related party	None of the loan has been guaranteed by the directors or others None of the loan has been taken from the related party(ies)	None of the loan has been guaranteed by the directors or others None of the loan has been taken from the related party(ies)



#### 4.2 MEDIUM TERM LOAN BORROWINGS

Un-Secured Loans *	Total Outstanding Amount as on 31.03.2014 in ₹	Total Outstanding Amount as on 31.03.2013 in ₹	Repayment Terms				Non-Current Portion		Current Maturities **		
			Terms of repayment of term loans	Maturity of Loan	Total Number of Installments payable after 31.03.2014	Number of Installments payable within one year from 31.03.2014	Rate of Interest as on 31.03.2014 in %	Amount of Installments not due within one year from 31.03.2014 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹	Amount of Installments not due within one year from 31.03.2013 in ₹	
Medium Term Loans from Financial Institutions											
Gujarat State Financial Services Ltd I	-	-	In six Equal Half Yearly Installments along with interest	Mar-13	N. A.	N. A.	N. A.	-	-	-	-
Gujarat State Financial Services Ltd II	-	150,000,000	In six Equal Half Yearly Installments along with interest	Oct-13	N. A.	N. A.	N. A.	-	-	-	150,000,000
Gujarat State Financial Services Ltd III	333,333,335	1,000,000,001	In six Equal Half Yearly Installments along with interest	Jul-14	1	1	9.50%	-	333,333,335	333,333,335	666,666,666
Gujarat State Financial Services Ltd IV	499,999,997	833,333,332	In six Equal Half Yearly Installments along with interest	Aug-15	3	2	9.50%	166,666,661	499,999,997	333,333,336	333,333,335
Gujarat State Financial Services Ltd V	1,333,333,333	300,000,000	In six Equal Half Yearly Installments along with interest	Mar-16	4	2	9.50%	666,666,667	200,000,000	666,666,666	100,000,000
Total (A)	2,166,666,665	2,283,333,333						833,333,328	1,033,333,332	1,333,333,337	1,250,000,001
Medium Term Loans from Banks											
Dena Bank ***	-	4,249,985,509	Bullet Payment from first Disbursement but not exceeding 18 Months from the date of first disbursement	Sep-13	N. A.	N. A.	N. A.	-	-	-	4,249,985,509
Total (B)	-	4,249,985,509						-	-	-	4,249,985,509
Total (A+B)	2,166,666,665	6,533,318,842						833,333,328	1,033,333,332	1,333,333,337	5,499,985,510
** Less : Amount disclosed under the head "Other Current Liabilities" (Note No. 9)											
Net Amount								833,333,328	1,033,333,332	-	-



The details of security given and other information for all loans are as under :

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured Loan	Demand Promissory Note and Post dated cheques for repayment of principal and interest Demand Promissory Note and Post dated cheques for repayment of principal and interest	First pari - passu charge on Present & Future Fixed Assets (Movable & Immovable) of the Company and Second pari - passu charge on Present & Future Current Assets of the Company
Gaurantee by Directors or others Loan from related party	None of the loan has been guaranteed by the directors or others None of the loan has been taken from the related parties	None of the loan has been guaranteed by the directors or others None of the loan has been taken from the related parties

\*\*\* The said Loan has been converted into Long Term Loan in FY 2013-14.



**Note 5 DEFERRED TAX LIABILITY (NET)**

Major components of deferred tax liability and assets are as follows:

(Amount in ₹)

Component	As at 31st March 2014 Deferred Tax Asset	As at 31st March 2014 Deferred Tax Liability	As at 31st March 2013 Deferred Tax Asset	As at 31st March 2013 Deferred Tax Liability
Depreciation	-	1,744,344,049	-	1,384,711,523
Expenditure Disallowed U/s. 43B of the Income Tax Act, 1961	17,661,561	-	11,733,429	-
On account of Carry-forward of loss	666,577,848	-	-	-
<b>Total</b>	<b>684,239,409</b>	<b>1,744,344,049</b>	<b>11,733,429</b>	<b>1,384,711,523</b>
<b>Net Amount Recognised in the Balance sheet</b>		<b>1,060,104,638</b>		<b>1,372,978,094</b>
<b>Increase/(Decrease) during the year and recognised in Profit and Loss Statement</b>		<b>(312,873,456)</b>		<b>379,877,065</b>

**Note 6 LONG TERM PROVISIONS**

(Amount in ₹)

Long Term Provisions	As at 31st March 2014	As at 31st March 2013
<b>Provision for employee benefits</b>		
Provision for employee benefits-Gratuity		
Gratuity (unfunded) (Refer note 6.1)	-	1,244,817
Leave Encashment (unfunded) (Refer note 6.1)	41,919,201	28,113,108
<b>Total</b>	<b>41,919,201</b>	<b>29,357,925</b>

6.1 The Company has implemented Accounting Standard - 15 (AS-15) (Revised 2005) on "Employee Benefits", issued by the Institute of Chartered Accountants of India.

(a) **Provident Fund** - Defined Contribution Plan

All employees are entitled to provident fund benefits and amount charged to Statement of Profit and Loss during the year is Rs. 2,16,49,101/- (Previous year Rs. 1,46,87,069/-)

(b) **Gratuity and Leave Encashment** - Defined Benefit Plans (payable in future)

Provision has been made for the year ended 31.03.2014 for gratuity and leave encashment as per actuarial valuation. The principal assumptions used in actuarial valuation and necessary disclosures are as below:



Assumptions	Gratuity For the year ended 31st March 2014	Leave Encashment For the year ended 31st March 2014	Gratuity For the year ended 31st March 2013	Leave Encashment For the year ended 31st March 2013
A. Discount rate	9.10%	9.10%	8.10%	8.10%
Rate of return on plan assets	N.A.	N.A.	N.A.	N.A.
Salary Escalation	8.5%	8.5%	7%	7%
				Amount in ₹
<b>B. Change in Defined Benefit Obligations</b>				
Liability at the beginning of the year	1,871,200	29,593,577	1,441,142	14,586,581
Interest Cost	122,816	2,148,730	122,497	1,124,422
Current Service Cost	6,759,788	6,650,715	211,358	6,419,779
Prior year Charge	13,320,857	-	-	-
Benefits Paid	(709,913)	(6,132,096)	-	(2,716,165)
Actuarial (Gain) / Loss on obligations	2,593,488	10,876,129	96,203	10,178,960
Liability at the end of the year - Total	23,958,236	43,137,055	1,871,200	29,593,577
<b>C. Change in Fair Value of plan Assets</b>				
Opening fair Value of plan assets	-	-	-	-
Expected return on plan assets	325,299	-	-	-
Actuarial (Gain) / Loss	(23,904)	-	-	-
Contributions by employer	22,306,216	-	-	-
Benefits Paid	-	-	-	-
Closing fair Value of plan assets	22,607,611	-	-	-
<b>D. Expenses Recognised in the Profit and Loss Statement</b>				
Current Service Cost	6,759,788	6,650,715	211,358	6,419,779
Interest Cost	122,816	2,148,730	122,497	1,124,422
Expected return on plan assets	(325,299)	-	-	-
Prior year Charge	13,320,857	-	-	-
Actuarial (Gain) / Loss	2,617,392	10,876,129	96,203	10,178,960
Exps. charged to Statement of Profit & Loss	22,495,554	19,675,574	430,058	17,723,161
<b>E. Balance Sheet Reconciliation</b>				
Opening Net Liability	1,871,200	29,593,577	1,441,142	14,586,581
Expenses Charged to Profit and Loss Statement	22,495,554	19,675,574	430,058	17,723,161
Contributions by employer	-	(22,306,216)	-	-
Benefits Paid	(709,913)	(6,132,096)	-	(2,716,165)
Closing Liability	1,350,625	43,137,055	1,871,200	29,593,577
<b>F. Current/Non-Current Liability :</b>	<b>44,040,070</b>	<b>44,040,075</b>		
Current	1,350,625	1,217,854	626,383	1,480,469
Non-Current	-	41,919,201	1,244,817	28,113,108

The estimates of future salary increase considered in the actuarial valuation takes into account inflation, promotion and other relevant factors such as supply and demand in the employment market. Future separation and mortality rates are obtained from relevant data of Life Insurance Corporation of India.

**Note 7 SHORT TERM BORROWINGS**

(Amount in ₹)

Short Term Borrowings	As at 31st March 2014	As at 31st March 2013
<b>Unsecured</b>		
(a) Loans repayable on demand (Refer detailed Note 7.1)	36,933,030	108,299,127
<b>In case of continuing default as on the balance sheet date in repayment of loans and interest</b>		
1. Period of default	-	-
2. Amount	-	-
3. Amount of Interest	-	-
<i>The company does not have any continuing defaults in repayment of loans and interest as at the reporting date.</i>		
<b>Total</b>	<b>36,933,030</b>	<b>108,299,127</b>



## 7.1 SHORT TERM LOAN BORROWINGS

Un-Secured Loans	Total Outstanding Amount as on 31.03.2014 In ₹	Total Outstanding Amount as on 31.03.2013 In ₹	Repayment Terms					Non-Current Portion		Current Maturities	
			Terms of repayment of term loans	Maturity of Loan	Total Number of Installments payable after 31.03.2014	Number of Installments payable within one year from 31.03.2014	Rate of interest as on 31.03.2014 in %	Amount of Installments not due within one year from 31.03.2014 In ₹	Amount of Installments not due within one year from 31.03.2013 In ₹	Amount of Installments not due within one year from 31.03.2014 In ₹	Amount of Installments not due within one year from 31.03.2013 In ₹
Short Term Loans from Banks											
Kotak Mahindra Bank Limited	36,933,030	108,299,127	Repayable on Demand	N.A.	1	1	11.00%	-	36,933,030	108,299,127	
Total	36,933,030	108,299,127						-	36,933,030	108,299,127	

The details of security given and other information for all loans are as under :

Particulars	As at 31st March 2014	As at 31st March 2013
Unsecured Loan	Demand Promissory Note and Post dated cheques for repayment of principal and interest	Demand Promissory Note and Post dated cheques for repayment of principal and interest
Guarantee by Directors or others	None of the loan has been guaranteed by the directors or others	None of the loan has been guaranteed by the directors or others
Loan from related party	None of the loan has been taken from the related party(ies)	None of the loan has been taken from the related party(ies)



**Note 8 TRADE PAYABLES**

(Amount in ₹)

Trade Payables	As at 31st March 2014	As at 31st March 2013
Sundry Creditors - Gas Purchase / Transmission	3,482,531,366	2,436,024,800
Sundry Creditors - Others (Refer Note 9.1 for details of dues to micro and small enterprises)	98,777,696	159,519,674
<b>Total</b>	<b>3,581,309,062</b>	<b>2,595,544,474</b>

- 8.1** The balances of Trade payables for the amount due to them are subject to confirmation. Necessary adjustments, if any, will be made when the accounts are settled after the confirmation is received.

**Note 9 OTHER CURRENT LIABILITIES**

(Amount in ₹)

Other Current Liabilities	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013	As at 31st March 2013
<b>Other Current Liabilities :</b>				
Current maturities of long-term debt (Term Loans)				
From Banks (Secured)	718,802,808		829,004,464	
From Banks (Unsecured)			4,249,985,509	
From Other Parties (Unsecured) (Refer Note No. 4.1 and 4.2)	1,333,333,337	2,052,136,145	1,250,000,001	6,328,989,974
Interest accrued but not due on borrowings		26,272,978		36,205,266
<b>Other Payables :</b>				
Sundry Creditors for Capital Goods and Services (Refer Note 9.1 for details of dues to micro, small and medium enterprises)		665,561,829		842,871,646
PF Payable		3,610,759		3,908,063
Duties and Taxes		124,148,108		130,893,674
Advances Received from Customers		297,994,110		227,326,542
Security Deposit received from Suppliers		37,924,547		21,976,948
Security Deposits received from Customers		2,149,015,384		1,571,233,735
<b>Total</b>		<b>5,356,663,860</b>		<b>9,163,405,848</b>

**9.1 Information in respect of Micro, Small and Medium Enterprises Development Act, 2006 :**

The Company had sought confirmation from the vendors to know whether they fall in the category of Micro, Small and Medium Enterprises. In absence of confirmation from the vendors, company has not been able to show the outstanding from Micro, Small and Medium Enterprises separately.



**Note 10 SHORT TERM PROVISIONS**

(Amount in ₹)

(Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956)

Short Term Provisions	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013	As at 31st March 2013
<b>Provision for Income Tax</b>				
Total : Income Tax Payable	-		197,438,400	
Less: MAT Credit Utilization	-		-	
Less: Advance Tax Paid and TDS	-		123,683,609	
Net Provision for Income Tax		-		73,754,791
Provision for Interest on Income Tax		-		6,520,625
Provision for Wealth Tax		29,690		211,70
Provision for Proposed Dividend	-		84,619,630	
Provision for Dividend Distribution Tax	-	-	13,727,419	98,347,049
Provision for Expenses				
For Revenue Expenses	16,873,154		27,881,647	
For Capital Expenses	57,247,495	74,120,649	305,691,725	333,573,372
Provision for Employee Benefits				
Gratuity (unfunded)	1,350,625		626,383	
Leave Encashment (unfunded)	1,217,854	2,568,479	1,480,469	2,106,852
(Refer note no. : 6.1)				
<b>Total</b>		<b>76,718,818</b>		<b>514,323,859</b>



## Note 11 FIXED ASSETS

<sup>(f)</sup> Schedule pursuant to Note no. 100. (g) Note no. 100 (j). Note no. 1 and Note no. 1 of Part I of Schedule VI to the Companies Act, 1956

(Amount in ₹)

Particulars	Gross Block					Depreciation and Amortisation			Net Block		
	As at 1st April 2013 A	Addition B	Disposal C	Borrowing Cost D	Other Adjustments* E	As at 31st March 2014 F=A+B-C+D-E	As at 1st April 2013 G	For the year H	Disposal / Adjustment I	As at 31st March 2014 J= G+H-I	As at 31st March 2013 L=A-G
TANGIBLE ASSETS :											
Lease hold Land	113,030,047	4,359,297	-	-	-	117,389,344	5,463,650	1,715,190	-	7,178,841	107,586,397
Freehold Land	463,919,344	-	-	-	14,551,407	449,367,977	-	-	-	449,367,977	463,919,344
Buildings	465,473,817	364,245,691	-	7,354,327	-	737,073,745	24,432,008	10,107,298	-	34,539,308	641,041,808
Plant and Machinery	13,047,038,386	2,496,367,293	17,428,152	128,268,125	16,604,802	15,637,635,061	1,695,382,521	587,612,627	4,745,486	2,278,248,661	13,359,385,400
Furniture and Fixture	61,409,270	16,423,865	-	-	-	77,925,136	12,253,723	5,722,786	-	17,976,511	49,245,546
Computer Equipments	102,644,403	11,745,536	33,080	-	-	114,357,059	39,222,339	17,651,241	13,461	56,260,320	63,422,064
Office Equipments	70,457,948	7,759,453	-	-	-	78,217,403	12,179,124	3,706,228	-	15,885,353	58,278,825
Vehicles	57,936,931	2,270,495	688,163	-	-	59,539,264	19,941,106	6,460,385	278,754	26,122,737	38,075,826
Total Tangible Assets (A)	14,382,020,396	2,803,167,543	18,148,405	135,622,453	31,156,000	17,227,594,980	1,808,874,673	632,375,761	5,037,703	2,436,212,731	12,573,145,725
INTANGIBLE ASSETS :											
Know Permission	901,602,019	154,259,781	-	3,857,160	4,259,180	1,055,458,633	106,323,154	31,480,008	540,539	137,472,524	795,078,095
ROU	50,326,360	16,010,306	15,250	-	-	66,321,417	-	-	-	66,321,417	50,326,360
Software and other Intangibles	253,141,629	616,194	-	-	-	253,837,624	111,256,133	48,613,957	-	159,860,091	141,891,295
Total Intangible Assets (B)	1,205,069,809	170,966,283	15,250	3,857,161	4,259,289	1,375,618,714	217,773,289	80,103,866	540,540	297,336,615	987,296,529
Total Assets	15,587,090,207	2,974,133,826	18,164,655	139,479,614	35,415,298	18,647,123,694	2,026,647,962	712,479,627	5,578,243	2,733,549,346	13,560,442,245
Previous Year	12,818,366,099	2,954,063,814	239,501,523	65,657,034	11,485,817	15,587,090,207	1,453,851,940	593,954,624	20,958,802	2,826,647,962	11,364,714,799

\* Other adjustments indicate de-capitalization of assets.



**11.1 CAPITAL WORK IN PROGRESS**

(Amount in ₹)

Capital Work-in-Progress	As at 31st March 2014	As at 31st March 2013
Capital Inventory (CNG and PNG Projects)	845,858,874	1,161,254,571
Capital Work-in-Progress (CNG and PNG Projects)	1,011,705,702	2,161,256,811
Interest During the construction period	134,821,551	172,634,164
Loan Syndication Expense	1,864,177	22,284,635
<b>Total</b>	<b>1,994,250,304</b>	<b>3,517,430,181</b>

**11.2 INTANGIBLE ASSETS UNDER DEVELOPMENT**

(Amount in ₹)

Intangible Assets under development	As at 31st March 2014	As at 31st March 2013
Software Assets under Development	2,024,268	2,024,268
<b>Total</b>	<b>2,024,268</b>	<b>2,024,268</b>

**11.3 IMPAIRMENT OR REVALUATION**

Disclosure pursuant to Note no. 1 (iv) and 3 (iii) of Part I of Schedule VI to the Companies Act, 1956

The following disclosure is for each class of asset :

(Amount in ₹)

Particulars	2009-10	2010-11	Financial Year 2011-12	2012-13	2013-14
<b>Asset details :</b>					
<b>Balance as at 1 April</b>	-	-	-	-	-
a. Impairment	-	-	-	-	-
b. Revaluation	-	-	-	-	-
<b>Balance as at 31st March</b>	-	-	-	-	-

- 11.4** There is no impairment of any assets in terms of Accounting Standard - 28 (AS-28) on "Impairment of Assets". Based on the review, the management is of the opinion that there are no impairment indicators that necessitate any adjustments to the carrying value of assets.
- 11.5** The Company has constructed / installed CNG stations' buildings and machineries, on land taken on lease from various lessees under lease deed for periods ranging from 35 years to 99 years. However, assets constructed / installed on such land have been depreciated at the rates specified in Schedule XIV to the Companies Act, 1956, as the management does not foresee non-renewal of the above lease arrangements by the lessees. Capital assets installed at the consumers' premises on the land of the customers have been depreciated at the rates specified in schedule XIV of the Companies Act, 1956.
- 11.6** Capital Work in Progress includes Rs. 13,48,21,551/- (Previous year Rs. 17,26,34,164/-) of borrowing cost capitalised pertaining to borrowings for qualifying assets as per AS-16.
- 11.7** Additions to the fixed assets during the current year includes borrowing costs capitalized Rs. 13,94,79,614/- (Previous Year Rs. 6,56,57,033/-) pertaining to borrowings for qualifying assets as per the requirements of AS-16 "Borrowing Costs" issued by the Institute of Chartered Accountants of India.
- 11.8** Leasehold Land disclosed under Tangible Assets includes land in respect of certain projects for which execution of lease/conveyance deeds are in process or yet to be executed or registered on 31st March, 2014.
- 11.9** Buildings have been constructed on Freehold Land as well as Leasehold Land acquired on lease.



**Note 12 NON-CURRENT INVESTMENTS**

(Amount in ₹)

(Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956)

Non-Current Investments	As at 31st March 2014	As at 31st March 2013
<b>Other Investments</b>		
Investment in Equity instruments (Refer Note 12.2)	4,002,255,000	2,255,000
<b>Total</b>	<b>4,002,255,000</b>	<b>2,255,000</b>
Less : Aggregate Provision for diminution in the value of Investments (Krishna Godavari Gas Network Limited)	(690,000)	(675,000)
<b>Total</b>	<b>4,001,565,000</b>	<b>1,580,000</b>

**12.1 AGGREGATE AMOUNT OF QUOTED AND UNQUOTED INVESTMENTS**

(Amount in ₹)

(Disclosure pursuant to Note no. K(iii)(a) and K(iii)(b) of Part I of Schedule VI to the Companies Act, 1956)

Particulars	As at 31st March 2014	As at 31st March 2013
Aggregate amount of quoted investments (Market value of Rs. N.A. (Previous Year Rs. N.A.))	-	-
Aggregate amount of unquoted investments	4,002,255,000	2,255,000
Aggregate amount of Provision for diminution in the value of Unquoted Investments	(690,000)	(675,000)



## 12.2 DETAILS OF OTHER INVESTMENTS

## Investment in Equity Instruments

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted/ Unquoted	Partly Paid/ Fully paid Equity Shares each of Rs.	Extent of Holding (%)		Amount in Rs.		Whether stated at Cost Yes / No	If Answer to Column (12) is "No" - Basis of Valuation
			As at 31st March 2014	As at 31st March 2013			As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>(a) Investment in Equity Instruments</b>												
1	Gaj Info Petro Limited	Associate Company	25,000	25,000	Unquoted	10	49.34%	49.04%	250,000	250,000	Yes	-
2	Krishna Godavari Gas Network Limited	Other	150,000	150,000	Unquoted	10	3.00%	3.60%	1,500,000	1,500,000	Yes	-
3	The Kalupur Co Op Comm Bank Ltd	Other	200	200	Unquoted	25	0.001%	0.001%	5,000	5,000	Yes	-
4	GSPC Distribution Network Limited	Associate Company*	400,050,000	50,000	Unquoted	10	44.48%	100%	4,000,500,000	500,000	Yes	-
<b>Total</b>									<b>4,002,255,000</b>	<b>2,255,000</b>		

\*Subsidiary in previous year.



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**Note 13 LONG TERM LOANS AND ADVANCES - NON CURRENT ASSETS**

(Amount in ₹)

Long Term Loans and Advances	As at 31st March 2014		As at 31st March 2013	
<b>Capital Advances</b>				
To Others [Unsecured, considered good]	68,051,050		46,800,357	
To related parties [Unsecured, considered good] (Refer Note No. 13.1)	-	68,051,050	3,480,000,000	3,526,800,357
<b>Security Deposits</b>				
To Others [Unsecured, considered good] (Refer Note No. 13.3)	125,911,963		178,843,175	
To related parties [Unsecured, considered good] (Refer Note No. 13.1)	6,300,000	132,211,963	13,600,000	192,443,175
<b>Loan to Employees</b>				
To Employees [Unsecured, considered good]		1,599,132		1,781,388
<b>Prepaid Expenses</b>				
For Rent CPRS/MRS		6,127,106		7,145,392
<b>Advance against Expenses</b>				
For Advance against Expenses-other [Unsecured, considered good]	1,510,000		1,825,901	
For Advance against Expenses-doubtful	296,128		-	
	1,806,128		1,825,901	
Less: Provision for doubtful	296,128		-	
	1,510,000		1,825,901	
For Advance against Expenses-related parties [Unsecured, considered good] (Refer Note 13.1)	-	1,510,000	-	1,825,901
<b>Total</b>		<b>209,499,251</b>		<b>3729,996,213</b>

**13.1 Loans and advances to related parties pertain to:**

(Amount in ₹)

Particulars	As at 31st March 2014	As at 31st March 2013
<b>a. Capital Advances</b>		
GSPC Distribution Networks Limited (Associate Company) *	-	3,480,000,000
<b>Total</b>	-	<b>348,000,000</b>
<b>b. Security Deposit</b>		
Gujarat State Petronet Limited (Subsidiary Company of Holding Company)	6,300,000	13,200,000
Gujarat State Energy Generation Limited (Associate Company of Holding Company)	-	400,000
<b>Total</b>	<b>6,300,000</b>	<b>13,600,000</b>

\*Subsidiary in previous year





**13.2 Disclosure pursuant to Note no. L (iv) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in ₹)

Particulars	As at 31st March 2014	As at 31st March 2013
Directors	-	-
Other officers of the Company	-	-
Firm in which director is a partner	-	-
Private Company in which director is a member	-	-
<b>Total</b>	-	-

- 13.3** The Company has given refundable security deposits in form of fixed deposits to various project authorities to be held in their name and custody. It will be refunded after satisfactory completion of work. The company has therefore shown these fixed deposits amounting Rs. 3,64,01,604/- (Previous Year Rs. 5,41,74,689 /-), till the same are in custody with project authorities as "Security Deposits" under the Note- "Long term Loans and Advances" in the balance sheet.

**Note 14 OTHER NON-CURRENT ASSETS**

(Amount in ₹)

Other non-current assets	As at 31st March 2014	As at 31st March 2013
Bank Balances	90,000	90,000
<b>Total</b>	<b>90,000</b>	<b>90,000</b>

**Note 15 INVENTORIES**

(Disclosure pursuant to Note no. O (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956)

(Amount in ₹)

Inventories	As at 31st March 2014	As at 31st March 2013
Stores and spares (Valued at Cost on moving weighted average basis)	51,872,784	48,304,228
<b>Goods-in transit</b>		
Natural Gas in Pipeline (Refer Note 1.2.i)	16,687,255	10,159,728
CNG in Cascades (Refer Note 1.2.i)	4,510,554	7,694,802
<b>Total</b>	<b>73,070,593</b>	<b>66,158,758</b>



**Note 16 TRADE RECEIVABLES - CURRENT ASSETS**

(Amount in ₹)

Trade Receivables	As at 31st March 2014	As at 31st March 2013
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment</b>		
Secured, considered good	70,188,666	53,539,789
Unsecured, considered good (Refer Note 16.1)	3,506,283,881	1,797,458,834
Unsecured, considered good	499,510,901	528,370,412
Doubtful	-	-
<b>Total (A)</b>	<b>4,075,983,448</b>	<b>2,379,369,035</b>
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, considered good	184,010	98,080
Unsecured, considered good (Refer Note 16.1)	136,334	10,699,831
Unsecured, considered good	13,870,056	12,565,129
Doubtful	7,764,158	1,738,789
<b>Total (B)</b>	<b>21,954,558</b>	<b>25,101,829</b>
<b>Total (A+B)</b>	<b>4,097,938,006</b>	<b>2,404,470,864</b>
Less: Provision for doubtful debts	7,764,158	1,738,789
<b>Total</b>	<b>4,090,173,848</b>	<b>2,402,732,075</b>

**16.1** Trade Receivables of Rs. 3,50,64,20,216/- (Previous Year Rs. 1,80,81,58,666/-) are backed in form of Bank Guarantees.

**16.2** Trade Receivable stated above include debts due from : (Amount in ₹)

Particulars	As at 31st March 2014	As at 31st March 2013
Directors	-	-
Other officers of the Company	-	-
Firm in which director is a partner	-	-
Private Company in which director is a member	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**16.3** The balances of trade receivables for amount due are subject to confirmation. Necessary adjustments, if any, will be made when the accounts are settled after the confirmation is received.





**Note 17 CASH AND CASH EQUIVALENTS**

(Disclosure pursuant to Note no. Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956)

(Amount in ₹)

Cash and cash equivalents	As at 31st March 2014		As at 31st March 2013	
<b>Cash and cash equivalents</b>				
Balances with banks				
(a) In Current Accounts - including Sweep-in Facility Accounts	36,932,776		28,681,784	
(b) Deposits with Original Maturity of less than three months	-		-	
(c) In unpaid Dividend Account	-		-	
Cheques/Drafts on Hand	-		-	
Unpaid Matured Deposits	-		-	
Cash on Hand	8,152,011	45,084,787	16,548,981	45,230,764
<b>Other Bank Balances</b>				
I. Deposits with original maturity of more than three months but less than twelve months	-		-	
II. Deposits with original maturity of more than twelve months	90,000		90,000	
III. Margin Money Deposit	-		-	
	90,000		90,000	
Less : Non-current Deposits with original maturity of more than twelve months (Disclosed under other non-current assets)	90,000	-	90,000	-
<b>Total</b>		<b>45,084,787</b>		<b>45,230,764</b>



**Note 18 SHORT TERM LOANS AND ADVANCES**

(Amount in ₹)

Short-term loans and advances	As at 31st March 2014	As at 31st March 2013
<b>Loans and advances to related parties</b> (Refer notes 18.1 and 40.1)		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful recovery	-	-
<b>Advance Against Expenses</b>		
Unsecured, considered good - Other	3,633,679	16,971,702
Unsecured, considered good to related party (Refer notes 18.2)	24,476,973	397,600,576
<b>Loan To Employees</b>		
Unsecured, considered good	599,654	508,387
<b>Staff Advance</b>		
Unsecured, considered good	127,736	104,802
Less: Provision for doubtful recovery	-	-
<b>Advance Tax and TDS</b>		
Unsecured, considered good	116,013,239	111,184,925
<b>Pre Paid Expenses</b>		
Unsecured, considered good	24,710,396	17,793,022
<b>CENVAT Credit Account</b>		
Unsecured, considered good	8,318,188	31,841,975
<b>Balances with PLA Account</b>		
Unsecured, considered good	4,143,328	3,006,736
<b>Balances with Stamp Duty Authorities</b>		
Unsecured, considered good	586,300	442,500
<b>Total</b>	<b>182,609,493</b>	<b>579,454,625</b>



**18.1 Disclosure pursuant to Note no. R (iv) of Part I of Schedule VI to the Companies Act, 1956**

(Amount in ₹)

Particulars	As at 31st March 2014	As at 31st March 2013
Directors	-	-
Other officers of the Company	-	-
Firm in which director is a partner	-	-
Private Company in which director is a member	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**18.2 Advances for expenses to Related Parties pertain to :**

(Amount in ₹)

Particulars	As at 31st March 2014	As at 31st March 2013
Gujarat State Petroleum Corporation Limited (Holding Company)	-	-
Gujarat State Petronet Limited (Subsidiary Company of Holding Company)	1,469,087	397,587,221
Guj Info Petro Limited	11,236	13,355
Gujarat State Energy Generation Limited (Associate Company of Holding Company)	16,150	-
GSPC Distribution Networks Limited (Associate Company)	22,980,500	-
<b>Total</b>	<b>24,476,973</b>	<b>397,600,576</b>

**Note 19 OTHER CURRENT ASSETS**

(Amount in ₹)

Other current assets	As at 31st March 2014	As at 31st March 2013
Interest Accrued But Not Due on Fixed Deposits	4,246,439	6,132,400
Interest Accrued But Not Due on Security Deposits	2,812,429	1,428,206
Unbilled Revenue	152,263,872	93,944,671
Claims Recoverable - Insurance	-	3,014,518
Expense Recoverable against GGCL acquisition	-	55,032,650
<b>Total</b>	<b>159,322,740</b>	<b>159,552,445</b>



**Note 20 REVENUE FROM OPERATIONS**

(Amount in ₹)

Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
<b>Sale of products</b>				
- Finished Goods (CNG)	6,871,914,722		5,899,669,701	
- Traded Goods (CNG)	334,541,229		261,046,831	
- Traded Goods (PNG)	39,842,690,276	47,049,146,227	36,318,546,195	42,479,262,727
<b>Other operating revenues</b>				
Initial Connection Charges Income (Refer sub-Note 20.1)	87,248,370		101,920,844	
Registration Charges Income from Domestic, Comm-Non Commercial Connections (Refer sub-Note 20.1)	42,187,935		55,098,440	
Contract Renewal Charges Income	84,315,670		54,029,075	
Late Payment Charges Income	63,814,744		70,282,743	
Take or Pay Charges Income	51,234,275		34,439,156	
Alteration, Modification and Extra Connection Charges Income	63,446,166		60,930,229	
Other Operating Income	17,578,432	409,825,592	6,110,260	382,810,747
<b>Revenue from Operations (Gross)</b>		<b>47,458,971,819</b>		<b>42,862,073,474</b>
Less :				
Excise Duty		871,587,248		745,310,365
<b>Revenue from Operations (Net)</b>		<b>46,587,384,571</b>		<b>42,116,763,109</b>

- 20.1** The Company has been advised by its counsel, that since the company does not pass-on any ownership or other right in the pipeline and equipments in favour of the customer, the amounts received by the company as Initial Connection Charges from the Industrial, Commercial-non Commercial Customers and the Registration / Connection Charges from Domestic Customers are not in the nature of remission of the cost of the pipeline and equipments and hence the same needs to be accounted for as income. In view of this, Company has accounted the same as its income in the Statement of Profit and Loss.



**Note 21 OTHER INCOME**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest Income	11,454,270	14,884,054
Dividend Income	750	750
Liquidated Damages Income	5,717,984	4,082,930
Profit on Sale of Assets	13,461	36,396,200
Commission Income	-	117,908
Material Recovery Income	34,514,044	-
Tender / EOI Income	560,000	240,400
Provision Liability No Longer Required	3,773,277	2,350,180
Income from sharing of resources for database	-	15,600,000
Other non-operating income	32,522,636	11,952,359
<b>Total</b>	<b>88,556,422</b>	<b>85,624,781</b>

**Note 22 COST OF MATERIAL CONSUMED**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Purchases of Natural Gas for CNG	4,854,821,014	5,003,969,700
Add : Gas Transportation Charges	226,289,296	171,278,849
<b>Total</b>	<b>5,081,110,310</b>	<b>5,175,248,549</b>

**Note 23 PURCHASE OF STOCK-IN-TRADE**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Purchases of Natural Gas	42,524,339,630	36,445,987,767
Less: Transfer for CNG Conversion	4,854,821,014	5,003,969,700
Add: Gas Transportation Charges	1,241,641,578	1,661,156,931
	<b>38,911,160,194</b>	<b>33,103,174,997</b>
Purchases of CNG	342,952,520	281,811,497
<b>Total</b>	<b>39,254,112,714</b>	<b>33,384,986,494</b>

**Note 24 CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Stock-in-Trade		
Natural Gas in Pipeline and in CNG Cascades		
Inventory at the beginning of the year	16,884,778	-
Less : Inventory at the end of year	20,443,288	16,884,778
<b>Changes in Inventories - (-)Increase/(+)Decrease</b>	<b>(3,558,510)</b>	<b>(16,884,778)</b>



**Note 25 EMPLOYEE BENEFITS EXPENSE**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Salaries and Incentives	338,831,962	248,317,179
Contributions to -		
(i) Provident fund	21,649,101	14,687,069
(ii) Leave Encashment	19,675,574	19,965,731
Gratuity fund contributions	22,689,338	430,058
Staff welfare expenses	6,709,514	8,520,976
<b>Total</b>	<b>409,555,489</b>	<b>291,921,013</b>

**Note 26 FINANCE COSTS**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>I. Interest expense</b>		
Interest on Term Loan	1,171,714,506	674,206,538
Interest on Share Application Money	-	23,799,222
Interest on Working capital Loan	2,162,916	4,370,434
Interest on Security Deposits	12,003,010	10,636,071
<b>(a) Total Interest Expense</b>	<b>1,185,880,432</b>	<b>713,012,265</b>
(b) Less: Interest Capitalised as per AS 16	101,667,000	139,631,513
<b>Net Interest Expense [(a)-(b)]</b>	<b>1,084,213,432</b>	<b>573,380,752</b>
<b>II. Interest on current income tax</b> (under section 234B and 234C of the Income Tax)	3,349,472	6,520,625
<b>III. Other borrowing costs</b>	30,585,977	902,103
<b>Total</b>	<b>1,118,148,881</b>	<b>580,803,480</b>



**Note 27 OTHER EXPENSES**

(Amount in ₹)

Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
Consumption of Stores and Spare Parts		47,816,377		34,804,887
<b>Power and Fuel</b>				
Electricity Expenses - CNG Stations	187,234,158		173,676,701	
Electricity Expenses - PNG	5,106,631		5,682,548	
Electricity Expenses - Others	4,496,544	196,837,333	3,790,352	183,149,601
<b>Rent</b>				
Rent - Office / Store	34,973,340		30,913,185	
Rent - Govt. Authorities (Refer Note 27.1)	31,080,160	66,053,500	38,428,603	69,341,788
<b>Repair and Maintenance Expenses</b>				
Repairs to Buildings	2,501,346		1,308,974	
Repairs to Machinery - CNG	9,875,416		9,988,883	
Repairs to Machinery - PNG	6,713,930		5,678,291	
Repairs and Maintenance Others	12,461,457	31,552,149	8,280,509	25,256,657
<b>Operation and Maintenance Expense</b>				
Operation and Maintenance Expense - CNG	175,406,811		157,563,288	
Operation and Maintenance Expense - PNG	269,427,526	444,834,337	242,945,860	400,509,148
LCV/HCV Hiring, Operating and Maintenance Charges		201,129,107		187,098,593
Lease (Wet) Machinery Expense		10,823,113		10,644,945
Instrument Testing Expenses		10,147,847		8,645,349
<b>Franchisee, Commission and Profit Margin Exp.</b>				
DMA Agency Commission Expenses	14,028,987		17,099,351	
Franchisee Commission and Profit Margin Exp.	33,394,731	47,423,718	27,112,573	44,211,924
Software Operation and Maintenance Charges		33,622,423		24,210,715
Business Promotion and Marketing Expenses		856,514		8,662,745
Advertisement and Publicity		13,296,241		19,324,168
Legal, Professional and Technical Consultancy Exp.		77,966,966		24,015,927
Insurance		25,754,369		22,308,011
<b>Rates and Taxes (Excluding taxes on Incomes)</b>				
Rates, taxes and duties	13,964,116		4,213,195	
Provision for Wealth Tax	29,690	13,993,806	21,170	4,234,365
Administration and Establishment Expenses		670,323		893,686
Office Expenses		13,123,195		10,439,228



**Note 27 OTHER EXPENSES**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Safety and Environment Expenses	6,332,711	8,533,789
Director Sitting Fees and Out of - Pocket Expenses	163,525	80,539
Security Service Expenses	44,381,832	38,461,313
Stationery and Printing Expenses	7,498,662	9,183,467
Telephone and Communication Expenses	17,715,945	19,182,415
Mobile Instrument Exp.	1,511,599	2,108,038
Conveyance and Travelling Expenses	10,528,241	8,735,413
Vehicle Hiring and Running Expenses	25,490,640	25,401,855
Audit Fees (Refer Note 27.2)	1,179,780	814,610
Cost Audit Fees	129,214	138,596
Donations	-	200,000
Penalties	2,500	95,310
Bank Charges	5,395,684	4,696,833
Loss of Sale of Assets	244,141	8,182,609
Loss on Disposal of Assets	4,542,330	-
Commission Expenses	354,836	-
Cost of Material Sold as Scrap	16,867,431	-
Bad Debts Written Off	291,003	-
Doubtful Debts (Trade Receivables)	6,025,368	1,017,023
Doubtful Advances	296,128	-
Provision Diminution in Investment	15,000	-
Other Interest Cost	667,850	109,818
Material Shortage Written Off	58,246,480	-
Miscellaneous Expenses	5,705,305	6,442,661
<b>Total</b>	<b>1,449,487,524</b>	<b>1,211,136,026</b>

- 27.1** The Rent - Govt. Authorities Expenses, if any, is recognized as an expenses at the time of receipt of demand note from the concerned govt. authorities like Municipal Corporation, Nagarpalika, Gram Panchayat etc. and the joint measurement is settled and approved by the Management.

**27.2 PAYMENTS TO AUDITOR**

(Amount in ₹)

Payments to auditor	For the year ended 31st March 2014	For the year ended 31st March 2013
For Statutory Audit	898,880	674,160
For Taxation Matters	-	-
For Company Law Matters	-	-
For Management Services	-	-
For Other Services	280,900	140,450
<b>Total</b>	<b>1,179,780</b>	<b>814,610</b>



**Note 28 PRIOR PERIOD ITEMS (NET)**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Administrative and Establishment Expense	-	4,203
Agency Commission to DMA - PNG	(15,939)	6,856
Depreciation	(541,171)	(99,011)
Electricity Expenses - CNG Stations	(13,747)	-
Instrument Testing Expenses	26,364	-
Insurance	14,617	-
Interest on Security Deposits	12,000	-
Interest Income	37,564	-
Legal, Professional and Technical Consultancy Expenses	4,970	(42,798)
Office Expenses	(1,000)	-
Operational and Maintenance Expense - CNG	(32,357)	293,421
Operational and Maintenance Expense - PNG	2,273,965	387,814
Other Operating Income	50,336	-
Rates and Taxes	(2,548)	-
Rent Expenses	4,500	12,630
Repairs and Maintenance Expense	96,971	-
Salary Exps.	(471,537)	-
Stationery and Printing Exp	-	655
Staff Welfare Expenses	(33,060)	-
Telephone and Communication Expenses	1,111	5,171
<b>Total</b>	<b>1,411,039</b>	<b>568,941</b>

**Note 29 EXCEPTIONAL ITEMS**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Loss of Material (Refer Note 29.1)	-	1,387,382
<b>Total</b>	<b>-</b>	<b>1,387,382</b>

- 29.1** The fire incident which took place in warehouse/store yard in last financial year on 24.03.2012 wherein, capital inventory and spare parts were damaged and for which company had filed a claim of Rs. 4,21,03,603/- (Carrying Cost or Insurance value whichever is lower) and transferred the same under the head "Claim Receivable" in previous year 2012-13. During the financial year 2012-13, considering the weighted average moving price of damaged material, the claim of Rs. 3,06,933/- was found in excess. Company had received Rs. 3,92,72,900/- from insurance company and Rs. 11,36,388/- from scrap sale resulting into Loss of Material (Rs. 13,87,382/-).



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**Note 30 CURRENT TAX**

(Amount in ₹)

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Current Tax Payable including Interest on such tax	3,349,472	203,959,026
Less : Interest on Tax Payable	3,349,472	6,520,625
<b>Current Tax Payable</b>	-	<b>197,438,401</b>
Less : MAT Credit Entitlement	-	-
<b>Net Current Tax Liability for the year</b>	-	<b>197,438,401</b>
Short / (Excess) Provision of Tax made in earlier years	-	(84,940)
<b>Net Current Tax Liability</b>	-	<b>197,353,461</b>

**Note 31 EARNINGS PER SHARE (EPS)**

(Amount in ₹)

Particulars		For the year ended 31st March 2014	For the year ended 31st March 2013
Profit /(Loss) attributable to equity shareholders	Rs.	(1,033,932,625)	402,035,633
Weighted average number of ordinary equity shares for Basic EPS *	Nos.	84,619,630	61,506,421
Nominal Value of equity share	Rs.	10	10
Basic EPS	Rs.	(12.22)	6.54
Diluted EPS	Rs.	(12.22)	6.54

\*Weighted average number of ordinary equity shares for Basic EPS for previous year

Particulars	As at	Period of Holding (in Days)	No. of Shares	Weighted Average No. of Shares
Equity Shares at the Beginning of the year	1-Apr-12	365	59,209,024	59,209,024
Equity Shares Issued During the year	27-Feb-13	33	25,410,606	2,297,397
<b>Total</b>			<b>84,619,630</b>	<b>61,506,421</b>





**Note 32 IMPORTED AND INDIGENOUS RAW MATERIALS, COMPONENTS AND SPARE PARTS CONSUMED**

Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
	% of Total Consumption	Amt. in Rs.	% of Total Consumption	Amt. in Rs.
<b>Raw Materials</b>				
<b>Natural Gas</b>				
- Imported	-	-	-	-
- Indigenous	11.54%	5,081,110,310	13.41%	5,175,248,549
<b>Purchase of stock in Trade</b>				
- Imported	-	-	-	-
- Indigenous	88.44%	39,254,112,714	86.50%	33,384,986,494
<b>Stores and Spare Parts</b>				
- Imported	-	-	-	-
- Indigenous	0.11%	47,816,377	0.09%	34,804,887
<b>Total</b>	<b>100%</b>	<b>44,383,039,401</b>	<b>100%</b>	<b>38,595,039,930</b>

**Note 33 DETAILS OF MANUFACTURED GOODS, TRADED GOODS AND WORK-IN-PROGRESS****33.1 MANUFACTURED GOODS**

(Amount in ₹)

Particulars	Sales for the year ended 31st March 2014	Sales for the year ended 31st March 2013	Closing Inventory as at 31st March 2014	Closing Inventory as at 31st March 2013
<b>Manufactured Goods</b>				
- Compressed Natural Gas* (CNG)	6,000,327,474	5,154,359,337	3,756,032	6,725,050
<b>Total</b>	<b>6,000,327,474</b>	<b>5,154,359,337</b>	<b>3,756,032</b>	<b>6,725,050</b>

\* Sale in value of CNG is net of discounts and excise duty

**33.2 TRADED GOODS**

(Amount in ₹)

Particulars	Sales for the year ended 31st March 2014	Sales for the year ended 31st March 2013	Closing Inventory as at 31st March 2014	Closing Inventory as at 31st March 2013
<b>Traded Goods</b>				
- Natural Gas (PNG)	39,842,690,276	36,318,546,195	16,687,255	10,159,728
- CNG	334,541,229	261,046,831	-	-
<b>Total</b>	<b>40,177,231,505</b>	<b>36,579,593,026</b>	<b>16,687,255</b>	<b>10,159,728</b>

### 33.3 WORK IN PROGRESS

(Amount in ₹)

Particulars	As at 31st March 2014	As At 31st March 2013
<b>Work-in-progress</b>		
- Natural Gas	-	-
- Other	-	-
<b>Total</b>	-	-

### 33.4 QUANTITATIVE DETAILS

Particulars	Unit of Measurements	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Purchase Goods</b>			
Purchase of Natural Gas	MMBTU	47,196,432	53,069,275
Purchase of CNG	KGS	6,270,609	6,018,961
<b>Traded Goods (PNG)</b>			
Sale of Natural Gas - PNG	SCM at various Calorific values	1,051,652,058	1,231,268,476
Sale of CNG	KGS	6,270,609	6,018,961
<b>Manufactured Goods (CNG)</b>			
Sale of Natural Gas - CNG	KGS	134,696,668	134,277,199
<b>Closing Inventory</b>			
Natural Gas	SCM	420,067	353,595
CNG	SCM	201,722	202,066

- 33.4.1** Difference in reconciliation of purchases and sales of gas quantities is on account of measurement tolerance and normal loss. In addition, the purchase is effected mostly in energy terms (MMBTU / Kcals etc), while the sale is done in terms of volume (SCM). Hence both the figures are not comparable.



**Note 34 CONTINGENT LIABILITIES**

(Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956) (Amount in ₹)

Contingent liabilities and commitments (to the extent not provided for)	As at 31st March 2014	As at 31st March 2013
<b>Contingent Liabilities</b>		
(a) Claims against the company not acknowledged as debt	4,088,502	653,835
(b) Guarantees	313,951,347	29,368,496
(c) Letters of credit	594,106,675	-
(d) Corporate Guarantee given to GDNL*	5,000,000,000	-
(e) Other Contingent Liabilities ( Refer Note 34.1)	732,580,566	215,061,936
<b>Sub Total (A)</b>	<b>6,644,727,090</b>	<b>245,084,267</b>
<b>Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,499,703,924	2,991,585,926
(b) Estimated amount of contracts remaining to be executed on Revenue account and not provided for	1,280,375,046	1,616,283,287
<b>Sub Total (B)</b>	<b>3,780,078,970</b>	<b>4,607,869,213</b>
<b>TOTAL (A+B)</b>	<b>10,424,806,060</b>	<b>4,852,953,480</b>

\*Jointly and severally with Gujarat State Petronet Ltd.

**34.1 Other Money for which Company is contingently liable**

(Amount in ₹)

Sr. No.	Particulars	As at 31st March 2014	As at 31st March 2013
1	Disputed statutory claims in respect of Appeals filed against / by company :		
(a)	Excise Duty - related to the financial year 2003-2004 on account of appeal filed by the Commissioner of Central Excise and Customs, Surat with Custom, Excise and Service Tax Appellate Tribunal.	2,365,736	2,365,736
(b)	Income Tax - related to the financial year 2006-07. ITAT, Ahmedabad has partly allowed the appeal and for other issues remanded the matter back to A.O. for fresh verification.	-	5959740
(c)	Income Tax - related to the financial year 2007-08. ITAT, Ahmedabad has partly allowed the appeal and for other issues remanded the matter back to A.O. for fresh verification.	-	84541610
(d)	Income Tax - related to the financial year 2008-09. ITAT, Ahmedabad has partly allowed the appeal and for other issues remanded the matter back to A.O. for fresh verification.	-	14,31,81,970
(e)	Income Tax - related to the financial year 2009-10. Appeal has been filed with ITAT, Ahmedabad against the order of CIT(A).	122,194,850	122,194,850
(f)	Income Tax - related to the financial year 2010-11 on account of assessment order u/s.143 (3) of the Income Tax Act against which appeal has been filed with CIT (A).	608,019,980	-
<b>TOTAL</b>		<b>732,580,566</b>	<b>215,061,936</b>



The company is contesting the demands and the management including its tax advisors believe that its position is likely to be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

#### Note 35 OPERATING LEASE

The Company has taken certain premises for office use and store yards under license agreements and land for setting up CNG Stations. The total rentals recognized as expense for the year ended on 31st March, 2014 under the above license agreements aggregate to Rs. 3,49,73,340 /- (Previous year Rs.3,09,13,185/-). The future minimum lease payment obligations are as under:

(Amount in ₹)		
Future Minimum Lease Payments	As at 31st March 2014	As At 31st March 2013
Not later than one year	25,897,274	13,736,035
Later than one year and not later than five years	54,970,965	15,490,311
More than five years	80,340,973	12,930,270

#### Note 36 VALUE OF IMPORTS CALCULATED ON CIF BASIS

(Amount in ₹)		
Particulars	As at 31st March 2014	As At 31st March 2013
Raw Materials	-	-
Components and Spare Parts	-	-
Capital goods	-	-

#### Note 37 EXPENDITURE IN FOREIGN CURRENCIES

(Amount in ₹)		
Particulars	As at 31st March 2014	As At 31st March 2013
Know - how, Royalty	-	-
Professional, Technical and	-	-
Consultancy Fees etc.	-	-
Sponsorship Expenses (Training)	-	-
Interest Expense	-	-
Other Expenses :	-	-
- Travelling Expenses	-	-



**Note 38 EARNINGS IN FOREIGN CURRENCIES**

Particulars	(Amount in ₹)	
	As at 31st March 2014	As At 31st March 2013
Export of Goods on FOB Basis	-	-
Interest and Dividends	-	-
Know-how, Royalty	-	-
Professional and Consultancy Fees	-	-
Other Income, if any	-	-

**Note 39 SEGMENT REPORTING**

Based on the Accounting Standard – 17 on "Segment Reporting" (AS-17), issued by the Institute of Chartered Accountants of India, business segment of the company is the primary segment comprising of 'Supply of Natural Gas'. As the company operates only in a single primary business segment, there is no disclosure requirements as per Accounting Standard 17 "Segment Reporting".

**Note 40 RELATED PARTY DISCLOSURES**

Related party disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India are as under (Refer Note 40.1)

**List of Related Parties and Relationship :**

Sr. No.	Name of Related Parties	Relationship
i	Gujarat State Petroleum Corporation Ltd (GSPC)	Holding Company
ii	Gujarat State Petro net Limited (GSPL)	Subsidiary of Holding Company
iii	Gujarat State Energy Generation Limited (GSEG)	Associate of Holding Company
iv	GSPC Pipavav Power Company Ltd. (GPPC)	Subsidiary of Holding Company
v	GSPC LNG Limited (GLL)	Subsidiary of Holding Company
vi	Sabarmati Gas Limited (SGL)	Associate of Holding Company
vii	Guj Info Petro Limited (GIPL)	Subsidiary of Holding Company
viii	GSPC JPDA Limited	Subsidiary of Holding Company
ix	GSPC Distributions Network Limited*	Associate Company

\* Subsidiary Company in previous year

**Key Managerial Personnel :**

Sr. No.	Name of Related Parties	Relationship
i	Mr. Tapan Ray, IAS	Director
ii	Mr. PPG Sarma	Chief Executive Officer

**Relative of Key Managerial Personnel :**

Sr. No.	Name of Related Parties	To whom the related parties
i	Ms. P Subbalakshmi	Mr. PPG Sarma

During the year, the Company has paid Rent of Rs. 3,60,000/- (previous year : Rs. 3,60,000) for hiring residential premises from Ms. P Subbalakshmi.



#### 40.1 Related Party Disclosures

Sr. No.	Nature of Transactions (Significant Influence)	Transactions with Holding Company		Transactions with Subsidiary of Holding Company	
	Financial Year	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
1	Gujarat State Petroleum Corporation Ltd. Purchase of Natural Gas 1) GSPC 2) GSPC NIKO JV Salary and Allowances Paid Dividend Paid Rent Paid CNG Sales GGCL Share Acquisition Exp. Received Administration Expenses Software Maintenance Received O&M Charges Paid (GSPC NIKO JV)	48,154,843,636 3,543,168 2,678,094 36,692,358 2,466,302 1,071,391 16,988,401 - - - 4,280	41,753,245,693 3,520,166 2,494,122 36,692,358 164,832 - - 128,983 2,150,817 -		
2	Gujarat State Petronet Ltd. Gas Transportation Charges Exp. Interest paid on Share Application Money Supervision Charges (Paid) Supervision Charges (Received) ROW Charges Sale of Capital Goods Reimbursement of Exp (Paid) Deposit Given (Assets) Deposit Received (Liability) Dividend Paid GGCL Share Acquisition Exp. Received CNG Sales Rent Paid Rent paid in advance Reimbursement of Exp (Received)			1,401,487,516 - 676,419 112,360 7,502,280 34,373,053 - 1,900,000 8,800,000 24,637,085 16,988,401 870,405 3,573,530 - 1,345,142	1,843,768,804 23,799,222 2,584,280 - 89,824,998 5,237,969 355,607 3,400,000 - 21,666,666 - - 3,668,305 91,325 8,516,721
3	Sabarmati Gas Ltd. Gas Transportation Charges paid CNG Purchase PNG Gas Sales Gas Transportation Charges Received Supervision Charges Paid Deposit Given (Assets)				
4	Guj Info Petro Ltd. Bandwidth Charges Charge Allowances Recovered Reimbursement of Exp (Received)			288,016 86,839 58,097	732,868 79,151 -
5	Gujarat State Energy Generation Ltd. Dividend Paid Deposit Received (Liability) CNG Sales Administration Expenses				
6	GSPC Distribution Network Ltd. Investment (Share capital acquired) Bank Guarantee Charges Paid Preliminary Exp Paid Reimbursement of Exp (Paid) Loan & Advances Given # Reimbursement of Exp (Received) Administration Expenses (Received)				
7	Key Management Personnel Shri PPG Sarma Remuneration Paid				
	<b>Total Transactions **</b>	<b>48,218,287,630</b>	<b>41,798,396,971</b>	<b>1,502,699,143</b>	<b>1,983,725,916</b>

# Out of Total Investment of Rs.400 crores, Rs.348 crores has been paid in FY 12-13 as advance.

\* Subsidiary in Previous Year

\*\* The above transactions are inclusive of all taxes like Excise, VAT, Service Tax, and Royalty etc.



Transactions with Associates of Holding Company		Transactions with Associates Company*		Key Managerial Personnel		Value of Total Transactions**	
For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
						48,154,843,636	41,753,245,693
						3,543,168	3,520,166
						2,678,094	2,494,122
						36,692,358	36,692,358
						2,466,302	164,832
						1,071,391	-
						16,988,401	-
						-	128,983
						-	2,150,817
						4,280	-
						1,401,487,516	1,843,768,804
						-	23,799,222
						676,419	2,584,280
						112,360	-
						7,502,280	69,824,998
						34,373,053	5,237,969
						-	355,607
						1,900,000	3,400,000
						8,800,000	-
						24,637,085	216,666,666
						16,988,401	-
						870,405	-
						3,573,530	3,668,305
						-	91,325
						1,345,142	8,516,721
6,173,659	4,512,936					6,173,659	4,512,936
394,395,396	321,107,396					394,395,396	321,107,396
296,679,147	235,811,171					296,679,147	235,811,171
461,956	419,355					461,956	419,355
449,440	-					449,440	-
200,000	-					200,000	-
						288,016	732,868
						86,839	79,151
						58,097	-
250,000	250,000					250,000	250,000
400,000	-					400,000	-
72,480	205,917					72,480	205,917
15,333	3,400					15,333	3,400
		4,000,000,000	500,000			4,000,000,000	500,000
		-	3,820,540			-	3,820,540
		-	63,098			-	63,098
		-	1,466,680			-	1,466,680
		(3,480,000,000)	3,480,000,000			(3,480,000,000)	3,480,000,000
		20,473,000	-			20,473,000	-
		7,500	-			7,500	-
			-			-	-
			-			-	-
			-			-	-
			-			-	-
699,097,411	562,310,175	540,480,500	3,485,850,318	7,226,635	7,196,850	7,226,635	7,196,850
				7,226,635	7,196,850	50,967,791,320	47,837,480,230

Sr. No.	Balance outstanding	Balance outstanding with Holding Company		Balance outstanding with Subsidiary of Holding Company	
	Financial Year	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
1	Gujarat State Petroleum Corporation Ltd. GSPC-Niko-Accounts Payable Accounts Payable Accounts Receivable Deposits (Liability)	3,203,388,332 110,597 5,000	2,389,621,306 66,617 5,000		
2	Gujarat State Petronet Ltd. Accounts Payable Accounts Receivable Deposits (Assets) Deposits (Liability)			89,059,000 44,259 6,300,000 (60,000)	- 405,142,250 13,200,000 -
3	Sabarmati Gas Ltd. Accounts Payable Accounts Receivable Deposits (Liability)				
4	Guj Infr Petro Ltd. Accounts Receivable			11,236	13,355
5	Gujarat State Energy Generation Ltd. Accounts Payable Deposit Assets Accounts Receivable Deposit-Liability				
6	GSPC Distribution Network Ltd. Accounts Payable Accounts Receivable Share Application Money Paid Investment				
7	Key Management Personnel Accounts Payable Accounts Receivable				

\* Subsidiary in Previous Year



Balance outstanding with Associates		Balance outstanding with Associates Company*		Balance outstanding with Key Managerial Personnel		Total Outstanding	
As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
						3,203,388,332	2,389,621,306
						110,597	65,617
						5,000	5,000
						89,059,000	-
						44,259	405,142,250
						6,300,000	13,200,000
						(60,000)	-
14,416,988	47,144,150					14,416,988	47,144,150
9,640,379	34,624,776					9,640,379	34,624,776
382,950	582,950					382,950	582,950
						11,236	13,355
1,409	3,400					1,409	3,400
-	400,000					-	400,000
22,836	19,773					22,836	19,773
808,500	808,500					808,500	808,500
		2,353,860	2,353,860			2,353,860	2,353,860
		22,980,500	-			22,980,500	-
		-	3,480,000,000			-	3,480,000,000
		4,000,500,000	500,000			4,000,500,000	500,000
				-	-	-	-
				-	-	-	-



**Note 41 UNUTILISED AMOUNTS OF PROCEEDS FROM ISSUE OF SECURITIES**

*(Disclosure pursuant to Note no. 6(V) of Part I of Schedule VI to the Companies Act, 1956)*

Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the balance sheet date, Indicate below how such unutilized amounts have been used or invested. } **NOT APPLICABLE**

**Note 42 RECOVERABLE VALUE OF ALL ASSETS OTHER THAN FIXED ASSETS AND NON CURRENT INVESTMENTS**  
*(Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956)*

In the opinion of management, the current assets including loans and advances, debtors and other current assets are recoverable at the value stated in the balance sheet in ordinary course of business.

**Note 43** GSPC GAS Company Limited had applied to the 'Petroleum & Natural Gas Regulatory Board' in May 2008 for authorization of its 10 Geographical Areas (GA)- City Gas Distribution Network under section 18(1) of the 'Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand local or City Gas Distribution Network) Regulations, 2008.

The Company has received authorisations for Rajkot, Surendranagar, Navsari and Nadiad GA's from PNGRB. The authorisations for Valsad, Hazira, Palej and Gandhinagar are under process of authorisation with PNGRB. The Company has also received authorisation for Jamnagar GA pursuant to its competitive bid in February 2011.

The PNGRB has not considered the application of authorisation of Halol and Khambhat GA by issuing a speaking order in May, 2011. The management of company has replied to PNGRB against the said speaking order and requested to continue to operate in Halol and Khambhat GA in public interest and company continue to operate and book the income thereof. Further, the company is engaged with PNGRB to obtain authorisation for Halol and Khambhat GA as well along with other GA's under relevant rules of the PNGRB Act, 2006. Company has not received any further communication from PNGRB in this regard.

**Note 44** GSPC Gas has incurred capital expenditure amounting to Rs. 6.97 Crores (Previous year Rs. 6.03 crores) in Bhavnagar area for PNG, the authorization for which from PNGRB is recently awarded to Gujarat Gas Company Ltd. The company has executed business conduction agreement w.e.f 1st May, 2014 with Gujarat Gas Company Ltd., and as such there is no impairment of these assets.

**Note 45** The Board of Directors of GSPC Gas Company Limited at its meeting held on 21st April, 2014 passed a resolution to consider the Composite Scheme of Amalgamation and Arrangement between GSPC Gas Company Limited ("GSPC Gas"), Gujarat Gas Company Limited ("GGCL"), Gujarat Gas Financial Services Limited ("GFSL"), Gujarat Gas Trading Company Limited ("GTCL") and GSPC Distribution Networks Limited ("GDNL") and their respective shareholders (the "Scheme"). GSPC Gas, GFSL, GTCL and GGCL to merge with GSPC Distribution Networks Limited ("GDNL") under the Scheme with appointed date as 1st April, 2013. The scheme is subject to relevant statutory approvals.

**Note 46** Previous year's figures have been regrouped or reclassified wherever necessary to confirm to the current year's presentation.

The Accompanying Notes are an integral part of the financial Statements.

As per our report attached.

For A. R. Sulakhe & Co.  
Chartered Accountants  
Firm Regn. No. : 110540W

Anand Sulakhe  
Partner  
M. No. : 33451

Place : Gandhinagar  
Date : 21-05-2014

P. P. G. Sarma  
Chief Executive Officer

**For and on behalf of Board of Directors**

Atanu Chakraborty, IAS  
Director

Tapan Ray, IAS  
Director

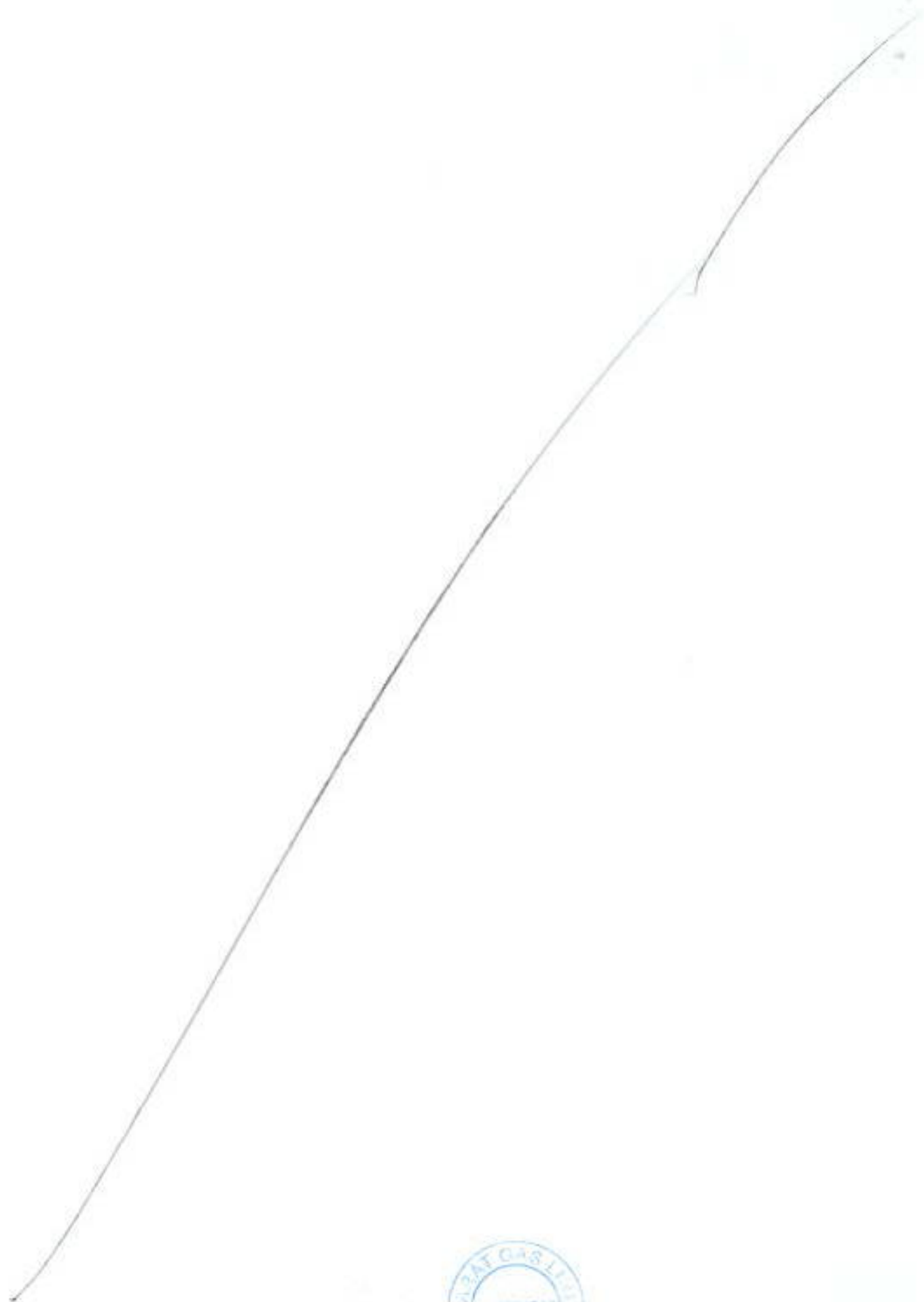
Rahul Devi  
GM (F&A)

Ahmed Khan  
Company Secretary

Place: Gandhinagar  
Date : 21-05-2014







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**GUJARAT GAS COMPANY LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2014**

	Note	As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	3	25.65	25.65
Reserves and Surplus	4	1,199.83	916.24
		1,225.48	941.89
<b>Non-current liabilities</b>			
Deferred tax liabilities (Net)	5	119.92	93.25
Other Long term liabilities	6	306.95	268.90
		426.87	362.15
<b>Current liabilities</b>			
Trade payables		123.70	101.64
Other Current liabilities	7	111.29	137.16
Short-term provisions	8	5.70	8.25
		240.69	247.05
<b>Total</b>		<b>1,893.04</b>	<b>1,551.09</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	9		
Tangible assets		863.43	750.98
Intangible assets		42.48	45.90
Capital work-in-progress		56.12	105.01
Intangible assets under development		-	1.36
		962.03	903.25
<b>Non-current investments</b>	10	2.53	2.53
Long-term loans and advances	11	14.32	20.42
Other non-current assets	12	0.75	1.01
		979.63	927.21
<b>Current assets</b>			
Current investments	13	664.64	370.64
Inventories	14	27.72	24.33
Trade receivables	15	176.86	183.45
Cash and cash equivalents	16	30.89	30.02
Short-term loans and advances	17	8.77	3.82
Other current assets	18	4.53	11.62
		913.41	623.88
<b>Total</b>		<b>1,893.04</b>	<b>1,551.09</b>

General Information and Significant Accounting Policies

1 &amp; 2

The notes are an integral part of these financial statements.

As per our report of even date.

**For Manubhai & Shah**  
Chartered Accountants  
Firm Registration Number – 106041 W

For and on behalf of the Board

**G.R.Parmar**  
Partner  
Membership No. 121462

**Dr. Varesb Sinha, IAS**  
Chairman

**Tapan Ray, IAS**  
Director

**PPG Sarma**  
CEO

**Jai Patel**  
Director

**Nitesh Bhandari**  
Financial Controller

**Rajeshwari Sharma**  
Company Secretary

Place : Ahmedabad  
Date : 15 May, 2014

Place : Gandhinagar  
Date : 15 May, 2014







GUJARAT GAS

March 2014

34<sup>th</sup> ANNUAL REPORT

**GUJARAT GAS COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE 15 MONTHS**  
**PERIOD ENDED 31 ST MARCH 2014**

	Note	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
<b>Income</b>			
Revenue from operations (Net)	21	3,901.12	3,092.13
Other income	22	88.00	65.43
<b>Total Revenue</b>		<b>3,989.12</b>	<b>3,157.56</b>
<b>Expenses</b>			
Material consumed/ processed		3,018.99	2,483.75
Employee benefits expense	23	78.81	63.51
Finance costs	26	0.52	0.16
Depreciation and amortization expense	9	96.50	65.36
Other expenses	27	182.37	139.94
<b>Total Expenses</b>		<b>3,377.19</b>	<b>2,752.72</b>
<b>Profit Before Tax</b>		<b>611.93</b>	<b>404.84</b>
<b>Tax Expense</b>			
Current Tax		165.41	107.50
Income Tax Provision for earlier years written back		-	(2.52)
Deferred Tax	5	26.67	13.20
<b>Profit for the year</b>		<b>419.85</b>	<b>286.66</b>
<b>Earnings per equity share (EPS):</b>			
Basic Earnings per Share of Rs. 2/- each (Rs.)		32.74	22.33
Diluted Earnings per Share of Rs. 2/- each (Rs.)		32.74	22.33

General Information and Significant Accounting Policies 1 & 2

The notes are an integral part of these financial statements.

As per our report of even date.

For Manubhai & Shah  
Chartered Accountants  
Firm Registration Number – 106041 W

G.R.Parmar  
Partner  
Membership No. 121462

Place : Ahmedabad  
Date : May 15, 2014

For and on behalf of the Board

Dr. Varesb Sinha, IAS  
Chairman

Tapan Ray, IAS  
Director

PPG Sarma  
CEO

Jal Patel  
Director

Nitesh Bhandari  
Financial Controller

Rajeshwari Sharma  
Company Secretary

Place : Gandhinagar  
Date : May 15, 2014

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**GUJARAT GAS COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED 31ST MARCH 2014**

	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	611.93	404.84
<b>Adjustments for:</b>		
Depreciation and Amortisation Expense	96.50	65.36
Provision for Gratuity benefits	-	1.96
Provision for accrued Leave benefits	0.14	0.30
Provision for diminution in value of asset / Capital work in progress	-	1.73
Provision against doubtful capital advances	2.00	3.35
(Profit) / Loss on sale of Tangible Assets (Net)	(1.39)	1.66
Provision for Doubtful Debts	0.95	0.35
Share Based Compensation Expenses	0.48	1.20
Provision for Wealth Tax	0.02	0.04
Provision for Assets write off	0.13	-
Bad debts / Advances written off	0.37	0.11
Provision / write off for inventory obsolescence	3.84	3.70
Deposits from supplier written back	-	(3.87)
Inventory written back	-	(5.00)
Profit on sale of investment (Net)	(25.64)	(8.08)
Provisions / Liabilities no longer required written back	(5.15)	(15.38)
Dividend Income	(36.07)	(21.52)
<b>Operating Profit before working capital changes</b>	<b>648.11</b>	<b>430.75</b>
<b>Adjustments for changes in working capital</b>		
Increase/(Decrease) in other long term liabilities	0.63	0.21
Increase/(Decrease) in trade payables	22.06	(20.03)
Increase/(Decrease) in other current liabilities	(3.19)	17.23
(Increase)/Decrease in inventories	(6.67)	(7.28)
(Increase)/Decrease in trade receivables	5.27	(19.20)
(Increase)/Decrease in long term loans & advances	5.70	10.96
(Increase)/Decrease in short term loans & advances	(1.31)	2.53
(Increase)/Decrease in other non current assets	0.26	0.08
(Increase)/Decrease in other current assets	7.09	(9.02)
<b>Cash generated from operations</b>	<b>677.95</b>	<b>406.23</b>
Taxes paid (Net of refunds & TDS)	(171.08)	(101.22)
<b>Net Cash from Operating Activities</b>	<b>506.87</b>	<b>305.01</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Tangible / Intangible Assets / Capital work in progress including capital advances	(181.87)	(149.97)
Sale of Tangible Assets	5.82	2.80
Purchase of Current Investments	(4,291.78)	(3,475.43)
Sale of Current Investments	3,983.42	3,600.65
Dividends received	36.07	21.52
<b>Net Cash used in Investing Activities</b>	<b>(408.34)</b>	<b>(0.43)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Preference Shares redemption	-	(14.40)
Deposits accepted during the year (Net)	37.42	14.37
Dividend Paid (including Corporate Dividend Tax)	(135.08)	(283.79)
<b>Net Cash used in Financing Activities</b>	<b>(97.66)</b>	<b>(283.82)</b>





**NET INCREASE IN CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents at the beginning of the year

Cash and Cash Equivalents at the end of the year

**Closing Cash and Cash Equivalents comprise:**

Balances with Banks:

- In Current Accounts

- In Dividend Accounts

Cash in hand

**Total Cash and Cash Equivalents as per Cash Flow Statement**

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
0.87	20.76
30.02	9.26
30.89	30.02
27.97	27.28
2.92	2.73
-	0.01
30.89	30.02

**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 classification.
- 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 they became due for payment.
- Figures in brackets indicate cash outflows.

As per our report of even date

**For Manubhai & Shah**

Chartered Accountants

Firm Registration Number – 106041W

**G.R.Parmar**

Partner

Membership No. 121462

Place : Ahmedabad

Date : May 15, 2014

**For and on behalf of the Board****Dr. Varesh Sinha, IAS**  
Chairman**Tapan Ray, IAS**  
Director**PPG Sarma**  
CEO**Jai Patel**  
Director**Nitesh Bhandari**  
Financial Controller**Rajeshwari Sharma**  
Company Secretary

Place : Gandhinagar

Date : May 15, 2014





**GUJARAT GAS COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE 15 MONTHS PERIOD ENDED**  
**31ST MARCH 2014**

**(1) General Information:**

Gujarat Gas Company Limited ("Company") is 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 pursuant to Companies (Accounting Standards) Rules 2006 as per Section 211(3C) of the Companies Act, 1956 (which, as per clarification issued by the Ministry of Corporate Affairs, continues to apply under section 133 of the Companies Act, 2013) 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) Use of Estimates**

The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates and assumptions are based on evaluation of relevant facts and circumstances as on date of the financial statements. Differences between actual results and estimates, if any, are recognized in the periods in which the results are known / materialize.

**c) 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 recognized in the Statement of Profit and Loss.
- (iii) Capital inventory represents items of capital nature lying in store valued at cost.

**d) 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 over a period of one year.
- (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.
- (iii) No depreciation is charged on Right of Use of Land being perpetual in nature.

**e) Investments:**

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

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

**f) Inventories:**

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

**g) 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.

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**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 recognized in the Statement of Profit and Loss.

**h) 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 recognized in the Balance sheet as reduced by the fair value of Gratuity Fund. Actuarial losses/ gains are recognized 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 recognized 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 recognized during the period when the employee renders the services. Short term employee benefits also include 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 recognized as employee compensation cost which is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option.

**i) Revenue Recognition:**

- (i) Revenue on sale of natural gas is recognized on transfer of title to customers at delivery point. Sales of natural gas are stated at net of value added tax.
- (ii) Gas transmission income is recognized 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 recognized on establishment of certainty of receipt of consideration from its customers. Delayed payment charges are recognized on establishment of certainty of receipt of consideration from its customers.
- (iv) 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.
- (v) Dividend income is recognized when the right to receive dividend is established.

**j) 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 recognized in Statement of Profit and Loss in the period in which they are incurred.



**k) 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 recognized 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 recognized 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 recognized 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 recognized 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.

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

Basic earnings per share are 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.

**m) 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 recognized for all taxable timing differences. Deferred tax assets are recognized 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 realized. 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 realized. At each reporting date, the unrecognized deferred tax assets is reassessed and recognized 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 realized.

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

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**n) 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 recognized for an asset in prior accounting periods may no longer exist or may have decreased.

**o) Provision and Contingencies:**

**Provisions:** Provisions are recognized 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.

**p) Segment Reporting**

The Company 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 comprised 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.

**q) Cash and Cash Equivalents**

In the Cash Flow Statement, cash and cash equivalents represent cash on hand and demand deposits with bank. Cash equivalents consist of investments with original maturity of three months or less and which are readily convertible to known amounts of cash.



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**GUJARAT GAS COMPANY LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE 15 MONTHS PERIOD**  
**ENDED 31 ST MARCH 2014**

<b>(3) Share Capital</b>		As at	As at
<b>a) Authorized</b>		31-03-2014	31-12-2012
<b>i Equity Shares</b>			
Number of shares of Rs. 2/- each		14,00,00,000	14,00,00,000
Rs. in Crores		28.00	28.00
<b>ii 7.5% Redeemable Preference Shares</b>			
Number of shares of Rs. 10/- each		1,70,00,000	1,70,00,000
Rs. in Crores		17.00	17.00
<b>Total Authorized Share Capital (Rs. in Crores)</b>		45.00	45.00
<b>b) Issued, Subscribed and Paid up</b>		As at	As at
		31-03-2014	31-12-2012
<b>i Equity Shares</b>			
Number of shares of Rs. 2/- each		12,82,50,000	12,82,50,000
Rs. in Crores		25.65	25.65
<b>Total Paid up Share Capital (Rs. in Crores)</b>		25.65	25.65
<b>c) Rights, preferences and restrictions attached to equity shares</b>			
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.			
<b>d) Reconciliation of movement in number of Equity Shares</b>		As at	As at
		31-03-2014	31-12-2012
Shares outstanding at the beginning of the period / year		12,82,50,000	12,82,50,000
Shares issued during the period / year		-	-
Shares bought back during the period / year		-	-
Shares outstanding at the end of the period / year		12,82,50,000	12,82,50,000
Paid up Share Capital (Rs. in Crores)		25.65	25.65
<b>e) Shareholder holding more than 5% equity shares</b>		As at	As at
		31-03-2014	31-12-2012
Sr. No.	Name of the shareholder	No. of shares held (% of shareholding)	No. of shares held (% of shareholding)
1	GSPC Distribution Networks Limited	9,45,19,080 (73.70%)	-
2	Aberdeen Global Indian Equity (Mauritius) Limited	1,22,56,000 (9.56%)	-
3	BG Asia Pacific Holdings Pte. Limited	-	8,35,18,750 (65.12%)
4	Aberdeen Global Indian Equity Fund Mauritius Limited	-	1,22,56,000 (9.56%)

BG Asia Pacific Holdings Pte. Limited (BGAPH) was the holding company of Gujarat Gas Company Limited. The ultimate holding company being BG Group Plc till 11 June 2013.



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GSPC Distribution Networks Limited (GDNL) is the holding company of Gujarat Gas Company Limited w.e.f. 12 June 2013. The ultimate holding company being Gujarat State Petroleum Corporation Limited w.e.f. 12 June 2013.

**f) Shareholder holding more than 5% preference shares**

The preference shares were fully held by BG Asia Pacific Holdings Pte. Limited (holding company till 11 June 2013). 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 Crores)

As at 31-03-2014	As at 31-12-2012
-	1,44,00,000
-	-
-	1,44,00,000
-	-
-	-

- 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 6,41,25,000 shares of face value Rs 2 each to 12,82,50,000 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  
Balance at the end of the period / year

As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
14.40	-
-	14.40
14.40	14.40

**b) Stock Options Outstanding Account (Net) (Refer Note 25)**

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

4.07	7.94
-	-
1.78	6.42
1.00	3.36
0.46	0.81
2.83	4.07

Less: Deferred Stock Option Outstanding Account

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

1.08	3.09
-	-
0.82	1.74
0.46	0.81
0.34	0.54
0.14	1.08

Net balance

2.69	2.99
------	------

**c) General Reserve**

As per last Balance Sheet  
Add: Transferred from Statement of Profit and Loss  
Less: Adjustment to Stock Options Outstanding Account  
Balance at the end of the period / year

258.42	233.08
42.00	28.70
1.00	3.36
299.42	258.42





## d) Surplus from Statement of Profit and Loss

As per last Balance Sheet
Add: Profit for the period / 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 period / year

As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
640.43	501.52
419.85	286.66
-	0.27
-	-
-	0.04
115.42	89.78
19.54	14.56
-	14.40
42.00	28.70
<b>883.32</b>	<b>640.43</b>
<b>1,199.83</b>	<b>916.24</b>

**Total**

## (5) Deferred Tax Liabilities (Net)

	As at 31-12-2012 Rs. in Crores	Movement during the period / year Rs. in Crores	As at 31-03-2014 Rs. in Crores
Deferred Tax Liabilities:			
Tax impact of difference between carrying amount of fixed assets in the financial statements and the Income Tax Act.	102.66	24.06	126.72
<b>Total (A)</b>	<b>102.66</b>	<b>24.06</b>	<b>126.72</b>
Deferred Tax Assets:			
Provision for doubtful debts	0.78	(0.44)	0.34
Provision for Diminution in the value of Fixed Assets / Capital Work in Progress / Capital Advances	2.47	(0.64)	1.83
Expenditure under section 43B of the Income Tax Act	6.16	(1.53)	4.63
<b>Total (B)</b>	<b>9.41</b>	<b>(2.61)</b>	<b>6.80</b>
<b>Total (A-B)</b>	<b>93.25</b>	<b>26.67</b>	<b>119.92</b>
Previous year	80.05	13.20	93.25

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	304.31	266.89
Dues to Micro, Small and Medium Enterprises	0.05	-
Deposit from collection centres and others	2.49	2.01
Other payables	0.10	-
<b>Total</b>	<b>306.95</b>	<b>268.90</b>

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.

**(7) Other Current liabilities**

Dues to Micro, Small and Medium Enterprises	0.55	0.26
Advance From Customers	7.32	12.29
Deposit from collection centres and others	0.68	0.68
Deposit from customers towards Minimum Guarantee off take	17.57	12.25
Unpaid dividends to equity shareholders (Refer Note below)	2.92	2.73
Dues to subsidiary-Gujarat Gas Financial Services Limited	7.78	3.24
Employee payable	9.74	8.71
Other Payables	47.98	77.74
Other Liabilities for statutory dues	16.75	19.26
<b>Total</b>	<b>111.29</b>	<b>137.16</b>

Note : Unpaid dividend will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date they became due for payment.

**(8) Short-term provisions**

Proposed Dividend ( including Corporate Dividend Tax )	-	0.31
Provision for employee	-	-
- Gratuity benefits	-	2.16
- Accrued Leave benefits	5.70	5.56
Provision for Taxation	-	820.13
Less : Advance payment of Tax and Tax deducted at source	-	819.91
	-	0.22
<b>Total</b>	<b>5.70</b>	<b>8.25</b>

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GUJARAT GAS COMPANY LIMITED

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(9) FIXED ASSETS		(Rs. in Crores)									
Particulars	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK				
	As at 1-1-2013	Additions For the Period/Year	Deduction/ Adjustments For the Period/Year	As at 31-3-2014	As at 1-1-2013	For the Period/Year	Deduction/ Adjustments For the Period/Year	As at 31-3-2014	As at 1-1-2013	For the Period/Year	As at 31-12-2012
<b>Tangible Assets:</b>											
Land (Refer Note 1 below)	40.90	-	-	40.90	-	-	-	-	-	-	40.90
Buildings	42.37	4.33	0.51	46.19	7.56	1.21	0.13	8.64	3.48	0.13	3.48
Plant and Machinery	1,005.76	193.06	4.10	1,194.72	360.85	76.18	1.69	435.34	758.78	1.69	644.31
Office equipment	10.58	1.83	0.60	11.81	3.43	0.74	0.38	3.79	8.02	0.38	7.15
Computer Hardware	39.95	1.85	5.28	36.52	26.17	5.32	5.24	26.25	10.27	5.24	13.78
Furniture, Fixtures and Fittings	7.69	0.50	0.26	7.93	3.60	0.58	0.23	3.95	3.98	0.23	4.09
Vehicles	10.30	0.34	3.56	6.88	4.15	1.00	2.20	2.95	3.93	2.20	5.95
<b>Assets given on Finance Lease</b> (Prior to April 1, 2001)											
Plant and Machinery	27.96	-	27.96	-	8.58	-	8.58	-	-	-	19.38
<b>(Less)/Add:</b>											
Lease Terminal Adjustment	1,184.71	201.91	42.27	1,344.35	414.34	85.03	18.45	480.92	863.43	18.45	770.37
<b>TOTAL</b>	1,184.71	201.91	42.27	1,344.35	433.73	85.03	37.84	480.92	863.43	37.84	750.98
<b>Intangible Assets:</b>											
Software/License	60.56	8.05	-	68.61	17.06	11.47	-	28.53	40.08	-	43.50
Right of use of Land	2.40	-	-	2.40	-	-	-	-	2.40	-	2.40
<b>Capital Work in Progress</b> (Refer Notes 2.3 and 4 below)											
Intangible assets under development	62.96	8.05	-	71.01	17.06	11.47	-	28.53	42.48	-	45.90
<b>TOTAL</b>	1,247.67	209.96	42.27	1,415.36	450.79	96.50	37.84	509.45	962.03	37.84	903.25
Previous Year	1,033.67	164.30	13.26	1,184.71	381.73	60.80	8.80	433.73	750.98	8.80	750.98
Tangible Assets	27.01	35.95	-	62.96	12.50	4.56	-	17.06	45.90	-	45.90

NOTES:

1. Land includes leasehold land of Rs. 0.02 Crores (Previous year Rs. 0.02 Crores).
2. Capital Work in Progress includes inventory of Capital items of Rs. 33.75 Crores net of provision of Rs. 0.56 Crores (Previous year Rs. 45.16 Crores).
3. Capital Inventory includes material in transit of Rs. 0.29 Crores (Previous year Rs. 8.43 Crores).
4. Capital Work in Progress is shown net of a provision for diminution in value of asset of Rs. 1.73 Crores (Previous year Rs. 1.73 Crores).



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**(10) Non-current investments**

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

Equity Shares

Trade - Unquoted

**Total****Details of investment are:****(a) In equity shares of Subsidiary companies**

13,97,500 shares (Previous year 13,97,500 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 Ultimate Holding company**

2,00,00,000 shares (Previous year 2,00,00,000 shares) of Re 1 each fully paid-up in Gujarat State Petroleum Corporation limited

Aggregate cost of Unquoted Investments

**(11) Long-term loans and advances**

(Unsecured - considered good, unless otherwise stated)

Capital Advance - Considered good

Capital Advance - Considered doubtful

Less: Provision against doubtful advances

Deposits

Balances with government authorities

Amount recoverable from ESOP Trust

Loans to employees

**Total****(12) Other non-current assets**

Prepayments for services - Unsecured - considered good

Other Receivable

Less: Provision for Doubtful

**Total****(13) Current Investments**

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

In Units of Mutual Funds (Unquoted)

Aggregate cost of Unquoted Investments

	As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
<b>(10) Non-current investments</b>		
(At cost less provision for other than temporary diminution in value of investments)		
Equity Shares		
Trade - Unquoted	2.53	2.53
<b>Total</b>	<b>2.53</b>	<b>2.53</b>
<b>Details of investment are:</b>		
<b>(a) In equity shares of Subsidiary companies</b>		
13,97,500 shares (Previous year 13,97,500 shares) of Rs 10 each fully paid-up in Gujarat Gas Financial Services Limited	1.40	1.40
9,000 shares (Previous year 9,000 shares) of Rs 100 each fully paid-up in Gujaratgas Trading Company Limited	0.13	0.13
<b>(b) In equity shares of Ultimate Holding company</b>		
2,00,00,000 shares (Previous year 2,00,00,000 shares) of Re 1 each fully paid-up in Gujarat State Petroleum Corporation limited	1.00	1.00
Aggregate cost of Unquoted Investments	2.53	2.53
<b>(11) Long-term loans and advances</b>		
(Unsecured - considered good, unless otherwise stated)		
Capital Advance - Considered good	4.20	4.60
Capital Advance - Considered doubtful	3.66	5.89
Less: Provision against doubtful advances	3.66	5.89
	-	-
Deposits	1.20	1.40
Balances with government authorities	0.06	0.09
Amount recoverable from ESOP Trust	7.33	12.65
Loans to employees	1.53	1.68
<b>Total</b>	<b>14.32</b>	<b>20.42</b>
<b>(12) Other non-current assets</b>		
Prepayments for services - Unsecured - considered good	0.75	1.01
Other Receivable	0.36	0.36
Less: Provision for Doubtful	0.36	0.36
	-	-
<b>Total</b>	<b>0.75</b>	<b>1.01</b>
<b>(13) Current Investments</b>		
(At cost or fair market value whichever is lower, determined categorywise)		
In Units of Mutual Funds (Unquoted)	664.64	370.64
Aggregate cost of Unquoted Investments	664.64	370.64



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## (13) Current Investments—Details of Investment in Mutual Funds

Scheme	As at 31-03-2014		As at 31-12-2012	
	No. of Units	Rs. in Crores	No. of Units	Rs. in Crores
Baroda Pioneer Liquid Fund Plan - B - Direct - Dividend	3,31,541	33.17	-	-
Birla Sunlife Cash Plus Plan - Dividend	-	-	3,56,992	3.58
Birla Sunlife Floating Rate Fund - Short Term Plan	-	-	-	-
Direct - Dividend	42,39,220	42.40	-	-
Birla Sunlife Floating Rate Long Term - Direct - Dividend	42,82,059	42.92	-	-
Birla Sunlife Savings Fund Institutional - Growth	-	-	5,86,160	10.09
Birla Sunlife Dynamic Bond Fund - Retail Plan Dividend	-	-	31,50,955	3.25
Birla Sunlife Short Term Fund - Dividend	-	-	2,10,28,737	24.50
DSP BlackRock Liquidity Fund - Institutional Plan - Dividend	-	-	1,80,388	18.04
DSP BlackRock Liquidity Fund - Direct - Dividend	62,641	6.27	-	-
DWS Cash Opportunities Fund - Regular Plan - Dividend	-	-	2,01,58,418	20.21
DWS Insta Cash Plus Fund - Direct - Dividend	15,34,226	15.39	-	-
DWS Treasury Fund Investment - Direct - Dividend	78,65,194	8.04	-	-
DWS Treasury Fund - Cash Regular Plan - Dividend	-	-	9,60,274	9.64
DWS Ultra Short Term Fund - Direct - Dividend	2,94,68,555	29.52	-	-
HDFC Cash Management Fund - Savings Plan	-	-	-	-
Direct - Dividend	2,08,65,235	22.19	-	-
HDFC Cash Management Fund - Savings Plan - Dividend	-	-	66,71,789	7.10
HDFC High Interest Fund - Short Term Plan - Dividend	-	-	72,03,170	7.63
ICICI Prudential Flexible Income Plan Premium - Growth	-	-	5,99,938	10.12
ICICI Prudential Liquid - Direct - Dividend	5,04,404	5.05	-	-
JM High Liquid Fund - Dividend	-	-	1,80,20,121	18.80
JM High Liquidity Fund - Direct - Dividend	4,64,73,436	48.47	-	-
JM Money Manager Fund - Super Plus - Direct - Dividend	3,24,27,171	32.45	-	-
JM Money Manager - Super Plus Plan - Dividend	-	-	50,51,791	5.05
JM Short Term Fund - Dividend	-	-	2,01,14,789	20.21
JP MORGAN India Liquid Fund - Direct Plan - Dividend	8,38,80,698	83.97	-	-
JP MORGAN India Liquid Fund -	-	-	-	-
Super Institutional - Dividend	-	-	1,68,78,170	16.89
Kotak Liquid Institutional Premium - Dividend	-	-	1,60,21,830	19.59
Kotak Banking & PSU Debt Fund - Direct - Dividend	1,29,90,840	13.07	-	-
Kotak Flexi Debt Scheme Institutional - Growth	-	-	1,35,60,374	15.13
Kotak FMP Series 100 Direct Plan - Growth	25,00,000	2.50	-	-
Kotak FMP Series 82 - Growth	-	-	20,00,000	2.00
Kotak Liquid Scheme Plan A - Direct - Dividend	80,283	9.82	-	-
L & T Cash Fund Direct - Dividend	46,915	5.00	-	-
L & T Liquid Fund Direct - Dividend	19,800	2.00	-	-
L & T Liquid Super Institutional - Dividend	-	-	2,14,632	21.71
L & T Ultra Short Term Fund Direct - Dividend	63,84,603	6.65	-	-
LIC Nomura MF Liquid Fund - Direct - Dividend	39,267	4.31	-	-
Principal Cash Management Fund - Direct - Dividend	1,12,955	11.30	-	-







## (13) Current Investments-Details of investment in Mutual Funds

Scheme	As at 31-03-2014		As at 31-12-2012	
	No. of Units	Rs. in Crores	No. of Units	Rs. in Crores
Principal Cash Management Fund - Dividend	-	-	2,01,172	20.12
Reliance FHF- XXI- Series 6 - Growth	-	-	50,05,606	5.01
Reliance Fixed Horizon Fund - XXI - Series 18 - Growth	-	-	55,07,250	5.51
Reliance Fixed Horizon Fund - XXIII Series 5 - Direct - Growth	1,00,00,000	10.00	-	-
Reliance Liquid Fund - Treasury Plan - Direct - Dividend	1,98,559	30.35	-	-
Reliance Liquid Fund - Treasury Plan - Institutional - Dividend	-	-	95,777	14.64
Reliance Liquid Fund - Cash Plan - Direct - Dividend	1,35,191	15.06	-	-
Reliance Money Manager Fund - Institutional Option - Growth	-	-	1,22,338	15.12
Reliance Short term Fund - Retail - Dividend	-	-	30,91,611	3.33
Religare FMP series XIII Plan F - Growth	-	-	20,00,000	2.00
Religare Invesco Liquid Fund - Direct - Dividend	3,46,303	34.66	-	-
Religare Liquid Fund - Super Institutional - Dividend	-	-	43,484	4.35
Religare Short Term Plan - Plan A - Dividend	-	-	1,51,20,442	15.14
Religare Invesco Ultra Short Term Fund - Direct - Dividend	2,00,076	20.13	-	-
SBI Debt Fund Series - 13 months - 13 - Growth	-	-	20,00,000	2.00
SBI Debt Fund Series - 367 Days - 16 - Growth	-	-	30,00,000	3.00
SBI Premier Liquid Fund - Direct - Dividend	4,16,740	41.81	-	-
SBI Premier Liquid Fund - Institutional - Dividend	-	-	1,00,187	10.05
SBI SHDF - Short Term - Institutional - Dividend	-	-	47,97,540	5.05
Sundaram BNP Money Fund Institutional - Dividend	-	-	1,59,24,693	16.08
Sundaram Fixed Term Plan DH 378 days Direct - Growth	25,00,000	2.50	-	-
Sundaram Money Fund - Direct - Dividend	1,25,33,286	12.66	-	-
Sundaram Ultra Short Term Fund Direct - Dividend	99,97,442	10.04	-	-
Tata Liquid Super High Institutional - Dividend	-	-	41,953	4.68
Tata Money Market Fund Direct - Dividend	1,50,208	15.04	-	-
Templeton India Low Duration Fund - Direct - Dividend	32,98,816	3.46	-	-
Templeton India Treasury Management Account - Institutional - Dividend	-	-	37,230	3.73
Templeton India Treasury Management Account - Super Institutional Direct - Dividend	2,57,992	25.83	-	-
Templeton Ultra Short Bond Fund Super Institutional Direct - Dividend	46,68,084	4.68	-	-
UTI Floating Rate Fund - STP - Regular Plan Direct - Dividend	52,100	5.61	-	-
UTI Money Market Fund - Dividend	-	-	49,114	4.93
UTI Money Market Fund - Institutional Plan Direct - Dividend	82,936	8.32	-	-
UTI Short Term Income Fund - Institutional Income - Dividend	-	-	23,10,548	2.36
<b>TOTAL</b>	<b>29,89,46,776</b>	<b>664.64</b>	<b>21,22,07,471</b>	<b>370.64</b>



**(14) Inventories**

Stones and Pipe Fittings (valued at cost or net realisable value whichever is lower)

27.72 24.33

**(15) Trade receivables**

Secured - Considered Good\*

- Exceeding Six Months

0.68 0.15

- Others

108.53 157.69

Unsecured - Considered Good including those covered by bank guarantees Rs. 57.15 crores (Previous period Rs. 51.91 crores)

- Exceeding Six Months

0.18 0.29

- Others

112.39 65.84

Unsecured - Considered Doubtful

Exceeding Six Months

0.63 2.04

Less: Provision for Doubtful Debt

0.63 2.04

Less: Advance From Customers towards MGO

44.92 40.52

**Total**

176.86 183.45

\* Secured against Security Deposit received from the customers and disclosed under Note 6 Other Long term liabilities

**(16) Cash and cash equivalents**

Balances with Banks in Current Accounts

27.97 27.28

Balances with Banks in Dividend Accounts

2.92 2.73

Cash on hand

- 0.01

**Total**

30.89 30.02

The balances 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 they became due for payment.

**(17) Short-term loans and advances**

(Unsecured - considered good, unless otherwise stated)

Finance lease receivable

- 0.88

Deposits

0.02 1.52

Balances with government authorities

1.24 0.14

Amount recoverable from ESOP Trust

1.30 0.10

Loans to employees

1.17 1.18

Advance payment of Tax and Tax deducted at source

990.63 -

Less: Provision for Taxation

985.59 -

5.04 -

**Total**

8.77 3.82

**(18) Other current assets**

(Unsecured - considered good, unless otherwise stated)

Receivable for sale of asset

- 8.02

Insurance claim receivable

0.14 -

Balance with gratuity trust fund

1.19 -

Prepayments for goods

1.37 2.45

Prepayments for services

1.83 1.15

**Total**

4.53 11.62



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**(19) Contingent Liabilities:**

- (a) Claims against the Company not acknowledged as debts Rs. 5.08 Crores (Previous year Rs. 2.60 Crores).
- (b) Claims of Rs. 2.17 Crores (Previous year Rs. 2.17 Crores) against the Company have been disputed by the Company. The Company is, however, indemnified by an insurance policy.
- (c) Income tax related exposures Rs. 10.68 Crores (Previous year Rs. 7.95 Crores)
- (d) Service tax related exposures Rs. 36.36 Crores (Previous year Rs. 30.67 Crores)
- (e) Excise related exposures Rs. 0.12 Crores (Previous year Rs. 0.18 Crores)

- (20)** Estimated amount of contracts net of advances remaining to be executed on capital account and not provided for Rs. 28.59 Crores (Previous year Rs. 33.26 Crores).

**(21) Revenue from operations**

Sales of natural gas (Gross)

Less: Excise Duty

Sales of natural gas (Net)

Other Operating Revenue:

Gas transmission income

Service and fitting income (Net)

Lease income

Income from Finance Lease

**Total****(22) Other income**

Interest on Others (Customers and Staff advances)

Dividend from subsidiaries

Dividend from trade investments

Dividend from Mutual Funds

Profit on Sale of Current Investments (Net)

Profit on Sale of Fixed assets (Net)

Liabilities no longer required written back

Other miscellaneous income

**Total****(23) Employee benefits expense**

Salaries and Wages

Share based compensation

Contribution to Provident and other funds

Welfare Expenses

**Total**

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2013 Rs. in Crores
3,960.53	3,121.84
81.23	54.93
3,879.30	3,066.91
17.91	14.68
3.72	10.10
0.11	0.09
0.08	0.35
3,901.12	3,092.13
9.45	3.94
0.42	0.42
1.00	0.40
34.65	20.70
25.84	8.08
1.39	-
5.15	15.38
10.30	16.51
88.00	65.43
70.15	53.41
0.48	1.20
3.51	4.83
4.67	4.07
78.81	63.51



**(24) Disclosures as per AS-15 (Revised) 'Employee Benefits' for year ended 31 March, 2014:****a) Disclosures for Defined Contribution Plans**

Employer's contribution to Provident Fund

3.51 2.87

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

12.79 10.15

Service cost

1.04 1.01

Interest cost

1.30 0.88

Actuarial loss/(gain)

(1.36) 1.24

Benefits paid

(1.06) (0.49)

**Defined benefit obligation as at year end**

12.71 12.79

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

10.63 7.82

Expected return on plan assets

1.32 0.78

Contributions by employer

3.35 2.13

Actuarial (loss)/gain

(0.34) 0.39

Benefits paid

(1.06) (0.49)

**Fair value of plan assets as at year end**

13.90 10.63

**Present value of unfunded obligations**

(1.19) 2.16

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

Current Service cost

1.04 1.01

Interest cost

1.30 0.88

Expected return on plan assets

(1.32) (0.78)

Net actuarial loss/(gain) recognised

(1.02) 0.85

**Net amount recognised**

- 1.96

**Actual return on Plan Assets**

0.98 1.17

**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:**

Mortality

Indian Assured Lives Mortality (2006-08) Ult  
LIC (1994-96) published table of mortality rate

Discount Rate

9.13% 8.16%

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.



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## 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**

Service cost	4.97	4.99
Interest cost	1.00	0.50
Actuarial loss/(gain)	0.47	0.43
Benefits paid	(0.59)	(0.95)
	(0.29)	0.00
<b>Defined benefit obligation as at year end</b>	<b>5.56</b>	<b>4.97</b>

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

Current Service cost	1.00	0.50
Interest cost	0.47	0.43
Net actuarial loss/(gain) recognised	(0.59)	(0.95)
<b>Net amount recognised</b>	<b>0.88</b>	<b>(0.02)</b>

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

Mortality	Indian Assured Lives Mortality (2006-08) UR	LIC (1994-96) published table of mortality rate
Discount Rate	9.13%	8.16%
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 Crores)

	15 Months ended 31-03-2014	12 Months ended 31-12-2012	12 Months ended 31-12-2011	12 Months ended 31-12-2010	12 Months ended 31-12-2009
Present Value of defined benefit obligation as at beginning of the year	12.79	10.15	7.92	6.48	5.23
Current Service cost	1.04	1.01	0.84	0.69	0.59
Interest Cost	1.30	0.88	0.69	0.55	0.43
Actuarial (Gains)/Loss	(1.36)	1.24	0.80	0.27	0.35
Benefits Paid	(1.06)	(0.49)	(0.10)	(0.07)	(0.12)
Present Value of defined benefit obligation as at end of the year	12.71	12.79	10.15	7.92	6.48

**Change in plan assets - Gratuity (Funded)**

(Rs. in Crores)

	15 Months ended 31-03-2014	12 Months ended 31-12-2012	12 Months ended 31-12-2011	12 Months ended 31-12-2010	12 Months ended 31-12-2009
Fair value of plan assets as at beginning of the year	10.63	7.82	6.98	5.51	3.73
Expected return on plan assets	1.32	0.78	0.66	0.56	0.42
Contributions by employer	3.35	2.13	1.16	0.97	1.05
Actuarial (loss)/gain	(0.34)	0.39	(0.88)	-	0.43
Benefits paid	(1.06)	(0.49)	(0.10)	(0.06)	(0.12)
Fair value of plan assets as at year end	13.90	10.63	7.82	6.98	5.51
Present value of unfunded obligations	(1.19)	2.16	2.33	0.94	0.97



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## Change in the defined benefit obligations - Accrued Leave Benefits (Unfunded) (Rs. in Crores)

	15 Months ended 31-03-2014	12 Months ended 31-12-2012	12 Months ended 31-12-2011	12 Months ended 31-12-2010	12 Months ended 31-12-2009
Present value of defined benefit obligation as at beginning of the year	4.97	4.99	3.99	3.26	2.69
Current Service cost	1.00	0.50	0.36	0.37	0.23
Interest Cost	0.47	0.43	0.35	0.27	0.22
Actuarial (Gains)/Loss	(0.59)	(0.95)	0.38	0.15	0.22
Benefits Paid	(0.29)	-	(0.09)	(0.06)	(0.10)
Present value of defined benefit obligation as at end of the year	5.56	4.97	4.99	3.99	3.26

## (25) 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. For the 15 months period ended on 31st March 2014, there are no purchases from the market.

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 31 March, 2014 is as follows:

	15 Months ended 31-03-2014		12 Months ended 31-12-2012	
	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	4,14,750	257	13,28,750	162
Add: Options granted during the year	-	-	-	-
Less: Options forfeited during the year	41,000	297	87,250	242
Less: Options expired during the year	-	-	-	-
Less: Options exercised during the year	1,28,500	158	8,26,750	106
Options outstanding at end of the year	2,45,250	303	4,14,750	257

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 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.



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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 March 2014 is 1.67 years. (Previous year 2.67 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. 0.48 Crores (Previous year Rs. 1.20 Crores) has been recognised as an expense in Employee Benefits Expenses (Note 23) and corresponding liability has been disclosed as Stock Options Outstanding Account (Note 4). The balance of Rs. 2.69 Crores (Previous year Rs. 2.99 Crores) in Stock Options Outstanding Account (Note 4) represents the amortised cost of stock options outstanding. As on 31 March 2014, the amount recoverable from ESOP trust is Rs. 8.63 Crores (Previous year Rs. 12.75 Crores).

The Company has adjusted loss of Rs. 1.00 Crores (Previous year loss of Rs. 3.36 Crores) 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.

	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
(26) Finance costs		
Interest and other financial charges	0.52	0.16
<b>Total</b>	<b>0.52</b>	<b>0.16</b>
(27) Other expenses		
Stores and Chemicals consumed	3.10	2.84
Power and Fuel	32.03	24.77
Rent	13.12	9.66
Rates and Taxes	1.09	0.27
Repairs:		
- To Buildings	1.28	0.51
- To Plant and Machinery	39.20	24.42
- To Others	14.43	10.77
<b>Total Repairs</b>	<b>54.91</b>	<b>35.70</b>
Insurance	1.99	1.66
Stationery and Printing	1.00	0.87
Advertisement Expenses	2.51	1.99
Communication Expenses	2.47	2.26
Vehicle Hire Charges	9.84	7.03
Travelling Expenses	1.75	2.17
Donation	0.68	0.31
Legal, Professional and Consultancy	8.70	11.99
Loss on Sale of Fixed assets (Net)	-	1.66
Bad debts / Advances written off	0.37	0.11
Wealth Tax	0.02	0.04
Provision for Doubtful Debts	0.95	0.35
Provision for diminution in value of asset / Capital work in progress	-	1.73
Provision for Assets write off	0.13	-
Provision against doubtful capital advances	2.00	3.35
Provision / write off for inventory obsolescence	3.84	3.70
Service Charges	19.60	12.65
Foreign exchange fluctuations loss (net)	0.08	0.01
Agency & Contract Staff Expenses	12.23	6.33
Miscellaneous Expenses	9.96	8.49
<b>Total</b>	<b>182.37</b>	<b>139.94</b>

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. 1.03 Crores (Previous year Rs. 1.10 Crores). The lease agreement typically ranges from 1 to 9 years.



**(28) Related Party Transactions:**

The following related party transactions were carried out during the period January 2013 to March 2014 in the ordinary course of business:

Name of the Related Party	Nature of Relationship	Nature of Transaction	(Rs. in Crores)	
			15 Months ended 31-03-2014	12 Months ended 31-12-2012
Gujarat State Petroleum Corporation Limited	Ultimate Holding Company (w.e.f. 12-6-2013)	Expenses:		
		Purchase of Natural Gas (Net of VAT)	1,153.08	-
		Amount Receivable written-off	1.58	-
		Amount payable at period end	85.74	-
GSPC Gas Company Limited	Under common control (w.e.f. 12-6-2013)	Investment at period end	1.00	-
		Expenses:		
		Cost of Seconded Employees	0.01	-
		Reimbursement of Rent	0.04	-
Gujarat State Petronet Limited	Under common control (w.e.f. 12-6-2013)	Income:		
		Income from Secondment of Employees	0.09	-
		Amount Receivable at period end	0.07	-
		Expenses:		
GSPC Distribution Networks Limited	Holding Company (w.e.f. 12-6-2013)	Transmission expenses (Net of Service Tax)	11.30	-
		Amount Payable at period end (Net)	2.43	-
Gujarat Gas Financial Services Limited (Refer Note 2)	Subsidiary	Equity Dividend paid (including distribution tax)	85.07	-
		Equity Share Capital held at period end	18.90	-
Gujaratgas Trading Company Limited (Refer Note 2)	Subsidiary	Income:		
		Service Charges for domestic gas connections	-	0.25
		Dividend received	0.42	0.42
		Expense:		
		Cost of gas connections	67.25	31.25
		Alteration charges	7.45	4.16
		Amount payable at period end	7.78	3.24
		Investment at period end	1.40	1.40
Gujarat Gas Company Limited Employee Stock Option Welfare Trust	Enterprise controlled by the Company	Income:		
		Service charges (including service tax)	0.04	0.03
		Expenses:		
		Purchase of Natural Gas (Net of VAT)	34.36	115.37
Gujarat Gas Company Limited Employees Gratuity Trust Fund	Enterprise controlled by the Company	Amount payable at period end	-	9.34
		Investment at period end	0.13	0.13
Gujarat Gas Company Limited Employee Stock Option Welfare Trust	Enterprise controlled by the Company	Amount Received for options exercised (Excluding adjustment of Rs. 1.79 Crores (Previous year Rs. 6.42 Crores) on account of exercise of option during the year)	2.33	11.08
		Amount Receivable at period end	8.63	12.75
Gujarat Gas Company Limited Employees Gratuity Trust Fund	Enterprise controlled by the Company	Contribution paid	3.35	2.13



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Name of the Related Party	Nature of Relationship	Nature of Transaction	(Rs. in Crores)	
			15 Months ended 31-03-2014	12 Months ended 31-12-2013
BG International Limited	Under common control (up to 11-6-2013)	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 period end Dividend paid - Equity - Preference (Refer Note 5 below) Share Capital held at period end	- - - - - 0.14 0.65 -	0.04 0.85 0.02 - 1.23 0.08 7.87 6.82 158.67 1.08 16.70
BG Asia Pacific Holdings Pte. Limited	Holding company (up to 11-6-2013)	Purchase of Natural Gas (Net of VAT)	87.03	1,568.01
BG India Energy Solutions Private Limited	Under common control (up to 11-6-2013)	Amount payable at period end Income: Liability no longer required Service charges for secondment of employees Reimbursement of Expenses (Received) Expenses: Legal and Professional Reimbursement of Expenses (Paid) Amount payable at period end	5.21 - 2.92 - - 1.84 0.05 0.13	46.51 - - 0.07 0.06 5.50 0.54 3.82
BG Exploration and Production India Limited	Under common control (up to 11-6-2013)	Remuneration as Managing Director	-	0.96
Shaleen Sharma	Key Management Personnel (upto 30-6-2012)	Remuneration as Managing Director	1.06	0.69
Sugata Sircar	Key Management Personnel (upto 11-12-2013)			

**Notes:**

- The Company was controlled by BG Asia Pacific Holdings Pte. Limited till 11 June 2013, the ultimate parent being BG Group plc. W.e.f. 12 June 2013 GSPC Distribution Networks Limited (GDNL) has acquired 9,45,19,080 (73.70%) equity shares of Gujarat Gas Company Limited. Hence, GDNL has become the holding company of Gujarat Gas Company Limited w.e.f. 12 June 2013.
- Gujarat Gas Financial Services Limited and Gujaratgas Trading Company Limited have been using 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.
- The above do not include BG North Sea Holdings Ltd and BG Energy Holdings Ltd, who are holding company of BG Asia Pacific Holding Pte Ltd but with whom no transaction have occurred up to 11th June 2013.
- Mr. PPG Sarma was appointed as In-charge CEO of GGCL w.e.f. 12<sup>th</sup> December 2013. There are no transactions between the Company and Mr. PPG Sarma.  
Mr. Tapan Ray, IAS was appointed director on board of GGCL w.e.f. 12<sup>th</sup> June 2013. There are no transactions between the Company and Mr. Tapan Ray, IAS. The sitting fees which become payable to him are directly deposited in Government Treasury Account.
- Preference dividend accrued to BG Asia Pacific Holdings Pte. Limited for the period January 2012 to March 2012 amounting to Rs. 0.27 Crores was paid on 29<sup>th</sup> August 2013, after it ceased to be related party.

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## GUJARAT GAS COMPANY LIMITED

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## (29) Assets given on lease

Leasing operations of the company mainly involved leasing of gas based generator sets.

Under finance lease arrangements, the lease agreements had 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.

	15 Months ended 31-03-2014				12 Months ended 31-12-2012			
	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum Lease Payment receivable	Gross Investment in the lease	Unearned Finance Income	Taxes	Present Value of Minimum lease Payment receivable
Total	-	-	-	-	0.98	0.08	0.01	0.89
Out of the above, receivable:								
Not Later than 1 year	-	-	-	-	0.98	-	-	0.89
Later than 1 year and not later than 5 years	-	-	-	-	-	-	-	-
Later than 5 years	-	-	-	-	-	-	-	-



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**(30) Payments to Auditors  
(Excluding Service Tax)**

- Audit Fees
- Certification Fees
- Reimbursement of Expenses

Note: The figures for 15 months ended on 31st March 2014 include payment to previous auditors

- Audit Fees Rs. 0.21 crores
- Certification Fees Rs. 0.12 crores
- Reimbursement of Expenses Rs. 0.03 crores

**(31) Value of Imports calculated on C.I.F. Basis**

- Capital Goods
- Spare parts

**(32) Earnings per Share**

- Net Profit after tax (Rs. in Crores)
- Less: Preference Dividend and corporate dividend tax on preference dividend (Rs. in Crores)
- Net Profit attributable to Equity Shareholders (Rs. in Crores)
- Weighted average number of equity shares outstanding during the year (No. in Crores)
- Basic earnings per share of Rs. 2/- each (in Rs.)

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.

**(33) Value of Imported and Indigenous Raw Material and Stores and spares and percentage thereof to the total consumption**

	15 Months ended 31-03-2014		12 Months ended 31-12-2012	
	Percentage	Rs. in Crores	Percentage	Rs. in Crores
(a) Raw Materials - Natural Gas				
- Indigenous	100%	3,018.99	100%	2,483.75
(b) Stores and spares (includes consumption towards repairs and maintenance)				
- Imported	3%	0.31	3%	0.46
- Indigenous	97%	11.45	97%	15.19
<b>TOTAL</b>	<b>100%</b>	<b>11.76</b>	<b>100%</b>	<b>15.65</b>

**(34) Purchases, Production / Processed and Sales:**

	15 Months ended 31-03-2014		12 Months ended 31-12-2012	
	Qty (in LSCM)	Rs. in Crores	Qty (in LSCM)	Rs. in Crores
<b>Natural Gas</b>				
Purchased / Processed	12,049.30	3,018.99	11,820.07	2,483.75
Sales*	11,943.80	3,879.30	11,573.83	3,066.91

\* Excluding line loss and internal consumption of 105.50 LSCM (Previous year 246.24 LSCM)



**(35) Expenditure in foreign currency**

- (i) Travelling expenses
- (ii) Subscription
- (iii) Training
- (iv) Legal & Professional
- (v) Repairs
- (vi) Telecommunication

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
0.03	0.04
0.02	0.03
-	0.09
0.16	0.41
-	0.95
-	0.15

**(36) Dividends proposed/declared by the Company (excluding dividend distribution tax)**

Particulars	Rs. Per share	Rs. in Crores	Date/Period/Year ended
Equity			
- Interim Dividend	9.00	115.42	Nov. 12, 2013
	(7.00)	(89.78)	Sept. 25, 2012
Preference Dividend	0.00%	-	March 31, 2014
	(7.50%)	(0.27)	Dec. 31, 2012

Previous year figures are in brackets

**Dividends remitted by Company in foreign currency during the year**

Particulars	Rs. in Crores	No. of Non Resident Shareholders	No. of Shares	Period/Year ended
Equity				
- Final Dividend	-	-	-	-
	(100.21)	(1)	(8,35,11,750)	Dec. 31, 2011
- Interim Dividend	-	-	-	-
	(58.46)	(1)	(8,35,11,750)	Sept. 25, 2012
Preference Dividend	0.27	1	1,44,00,000	August 29, 2013
	(1.08)	(1)	(1,44,00,000)	Dec. 31, 2011

Previous year figures are in brackets

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

(Rs. in Crores)

Particulars	15 Months ended 31-03-2014	12 Months ended 31-12-2012
Principal amount remaining unpaid as at the end of accounting year [including interest due thereon - Nil (Previous year - Nil)]	0.60	0.26
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	-	-







- (38) The amount of foreign currency expense payables that are not hedged by a derivative instrument as on March 31, 2014 are as under:

Particulars	As at 31-03-2014	As at 31-12-2012
Value in Rs. Crores	0.05	-
	(Includes EURO 2,884 USD 4,723)	(Includes EURO 565)

- (39) The provision for income tax has been calculated based on income earned during the 15 months period ended 31 March 2014. However the tax year end of the Company being 31 March 2014 the ultimate liability for the Assessment Year 2014-15 will be determined based on the total income of the Company for the 12 months period ending 31 March 2014.
- (40) The Board of Directors in its meeting held on 21 April 2014 has considered and approved the scheme of amalgamation and arrangement between the Company, GSPC Gas Company Limited, Gujaratgas Trading Company Limited, Gujarat Gas Financial Services Limited and GSPC Distribution Networks Limited. The scheme is subject to relevant statutory approvals.
- (41) The current Financial Year that began on 1 January 2013 has been extended by a period of three months, to close on 31 March 2014, such that the Financial Statements giving effect to such extension are compiled for a period of fifteen months from 1 January 2013 to 31 March 2014. Hence, the current year's Statement of Profit and Loss, Cash Flow Statement and related Notes are not comparable with those of previous period.
- (42) Previous year figures have also been regrouped/reclassified wherever considered necessary to conform to current year's classification.

**For Manubhai & Shah**  
Chartered Accountants  
Firm Registration Number – 106041W

**G.R.Parmar**  
Partner  
Membership No. 121462

Place : Ahmedabad  
Date : May 15, 2014

**For and on behalf of the Board**

**Dr. Varesh Sinha, IAS**  
Chairman

**Tapen Ray, IAS**  
Director

**PPG Sarma**  
CEO

**Jai Patel**  
Director

**Nitesh Bhandari**  
Financial Controller

**Rajeshwari Sharma**  
Company Secretary

Place : Gandhinagar  
Date : May 15, 2014



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**GUJARAT GAS FINANCIAL SERVICES LIMITED  
BALANCE SHEET AS AT 31 ST MARCH 2014**

	Note	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	20,000	20,000
Reserves and surplus	4	3,33,566	2,83,982
<b>Current liabilities</b>			
Trade payables	5	99,055	35,169
Other current liabilities	6	7,074	5,780
Short-term provisions	7	1,766	8,719
<b>Total</b>		<b>4,61,461</b>	<b>3,53,650</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible Assets	8	-	-
Non-current investments	9	-	-
Deferred tax assets	10	61,426	72,391
Long-term loans and advances	11	65	225
<b>Current assets</b>			
Inventories	12	1,43,299	63,911
Trade receivables	13	77,801	32,369
Cash and bank balances	14	1,04,560	1,16,158
Short-term loans and advances	15	73,608	67,564
Other current assets	16	702	1,032
<b>Total</b>		<b>4,61,461</b>	<b>3,53,650</b>

The accompanying notes form an integral part of these financial statements

**For R. S. Patel & Co.**  
Chartered Accountants  
FRN 107758W

**Rajan B. Shah**  
Partner  
Membership No. 101998

Place : Ahmedabad  
Date : May 14, 2014

**For and on behalf of the Board**

**Tapan Ray, IAS**  
Chairman

**PPG Sarma**  
Director

Place : Gandhinagar  
Date : May 14, 2014







GUJARAT GAS

March 2014

34<sup>th</sup> ANNUAL REPORT

**GUJARAT GAS FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR 15 MONTHS ENDING 31 ST MARCH 2014**

	Note	15 Months ending 31-03-2014 Rs. in thousand	Year ended 31-12-2012 Rs. in thousand
Revenue from operations	19	6,57,971	3,37,159
Other income	20	9,211	11,828
<b>Total Revenue</b>		<b>6,67,182</b>	<b>3,48,987</b>
<b>Expenses:</b>			
Installation Cost	21	5,82,022	2,47,775
Employee Benefits Expense	22	5,270	4,347
Depreciation	8	-	-
Other Expenses	23	6,508	2,069
<b>Total Expenses</b>		<b>5,93,800</b>	<b>2,54,211</b>
<b>Profit before tax</b>		<b>73,382</b>	<b>94,776</b>
<b>Tax expenses:</b>			
Current tax		15,337	22,915
Less: MAT Credit Entitlement		2,551	1,653
Net Current tax		12,786	21,262
Income Tax Provision for earlier years written back		-	(59)
Deferred tax		10,965	9,590
<b>Profit After Tax</b>		<b>49,631</b>	<b>63,983</b>
<b>Earning per Equity Share (Nominal Value of Rs. 10/- each)</b>	24		
a. Basic		24.82	31.99
b. Diluted		24.82	31.99

The accompanying notes form an integral part of these financial statements

**For R. S. Patel & Co.**  
Chartered Accountants  
FRN 107758W

**For and on behalf of the Board**

**Rajan B. Shah**  
Partner  
Membership No.101998

**Tapan Ray, IAS**  
Chairman

**PPG Sarma**  
Director

Place : Ahmedabad  
Date : May 14, 2014

Place : Gandhinagar  
Date : May 14, 2014

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**GUJARAT GAS FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR 15 MONTHS ENDING 31ST MARCH 2014**

	15 Months ending 31-03-2014 Rs. in thousand	Year ended 31-12-2012 Rs. in thousand
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	73,382	94,776
<b>Adjustments for:</b>		
Depreciation	-	-
(Profit)/Loss on sale of fixed assets(Net)	-	-
Interest Income on Term Deposits	(4,429)	(6,216)
Provision for SMC deposit	3,561	-
Provision for Doubtful Advances	282	-
Investment written off	116	-
Provision for diminution in value of Investment write back	(116)	-
Provision for Gratuity and Leave encashment	20	258
<b>Operating Profit Before Working Capital Changes</b>	<b>72,818</b>	<b>88,818</b>
<b>Adjustments for changes in working capital</b>		
(Increase)/Decrease in Sundry Debtors	(45,432)	34,007
(Increase)/Decrease in Other Current Assets	433	(4,811)
(Increase)/Decrease in Long - Term Loans And Advances	160	(161)
(Increase)/Decrease in Short - Term Loans And Advances	(2,257)	18,624
(Increase)/Decrease in Inventories	(79,388)	17,122
Increase/(Decrease) in Trade Payables	63,886	6,403
Increase/(Decrease) in Other Current Liabilities	1,093	(21,404)
<b>Cash generated from/(used in) operations</b>	<b>11,311</b>	<b>1,38,598</b>
Taxes Paid (Including TDS)	(20,416)	(54,532)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(9,105)</b>	<b>84,066</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income received on Term Deposits	4,326	5,704
<b>Net Cash from Investing Activities</b>	<b>4,326</b>	<b>5,704</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid (including Corporate Dividend Tax)	(6,819)	(6,739)
<b>Net Cash used in Financing Activities</b>	<b>(6,819)</b>	<b>(6,739)</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(11,598)</b>	<b>83,031</b>
Cash & Cash Equivalents at the beginning of the period	1,16,158	33,127
Cash & Cash Equivalents at the end of the period	<b>1,04,560</b>	<b>1,16,158</b>
<b>Closing Cash &amp; Cash Equivalents Comprise of:</b>		
Cash in Hand	-	20
Balance with Scheduled Banks:		
- In Current Account	13,193	14,272
- In Dividend Account (Refer Note (b) below)	1,067	866
- In Term Deposit	90,300	1,01,000
<b>Total Cash &amp; Cash Equivalents as per Cash Flow Statement</b>	<b>1,04,560</b>	<b>1,16,158</b>

**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 period's figures.
- Figures in brackets indicate cash outflows.

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

For R. S. Patel & Co.  
Chartered Accountants  
FRN.107758W

Rajan B. Shah  
Partner  
Membership No.101998

Place : Ahmedabad  
Date : May 14, 2014

For and on behalf of the Board

Tapan Ray, IAS  
Chairman

PPG Sarma  
Director

Place : Gandhinagar  
Date : May 14, 2014



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## 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 Revised 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. Sales revenue comprises of 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 & 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.



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## 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 recognised 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 31-03-2014		As at 31-12-2012	
	Number	Rs. in thousand	Number	Rs. in thousand
<b>Authorised</b>				
Equity Shares of Rs. 10/- each	70,00,000	70,000	70,00,000	70,000
Preference Shares of Rs. 10/- each	50,00,000	50,000	50,00,000	50,000
	<b>1,20,00,000</b>	<b>1,20,000</b>	<b>1,20,00,000</b>	<b>1,20,000</b>
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of Rs. 10/- each fully paid up (Refer foot note (a) below)	2,000,000	20,000	2,000,000	20,000
<b>Total</b>	<b>2,000,000</b>	<b>20,000</b>	<b>2,000,000</b>	<b>20,000</b>

**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.

(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	
	15 months ending 31-03-2014		Year Ended 31-12-2012	
	Number	Rs. in thousand	Number	Rs. in thousand
Shares outstanding at the beginning of the period	20,00,000	20,000	20,00,000	20,000
Shares issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the period	20,00,000	20,000	20,00,000	20,000

**(C) Shareholder holding more than 5 percent shares:**

Particulars	Equity Shares		Equity Shares	
	As at 31-03-2014		As at 31-12-2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Gujarat Gas Company Limited	13,97,500	69.88%	13,97,500	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 March 31, 2014. Further, the company has not bought back any shares during the 5 years preceding March 31, 2014.







**GUJARAT GAS FINANCIAL SERVICES LIMITED**  
NOTES TO THE FINANCIAL STATEMENT

**Note No. 4 - Reserves And Surplus**

Particulars	15 months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>(a) General Reserve</b>		
Balance as at the beginning of the period	1,09,944	1,03,545
Add: Transferred from Profit & Loss Account	-	6,399
Balance as at the end of the period	1,09,944	1,09,944
<b>(b) Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the period	1,74,038	1,23,427
Add: Net Profit for the current period	49,631	63,983
Less: Appropriations		
Proposed Dividends	-	6,000
Corporate Dividend Tax	47	973
Transfer to General Reserves	-	6,399
Balance as at the end of the period	2,23,622	1,74,038
<b>Total</b>	<b>3,33,566</b>	<b>2,83,982</b>

**Note No. 5 - Trade Payables**

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Trade Payables</b>		
Dues to Micro, Small and Medium Enterprises ( Refer Note)	6,055	938
Dues to Others	93,000	34,231
<b>Total</b>	<b>99,055</b>	<b>35,169</b>

**Note No. 6 - Other Current Liabilities**

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
Employee Payable	1,127	1,101
Statutory Dues	3,652	2,666
Unpaid Dividend (Refer Note Below)	1,067	866
Other Payable	1,228	1,147
<b>Total</b>	<b>7,074</b>	<b>5,780</b>

**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 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Provision for Employee Benefits : (Refer Note 25)</b>		
For Leave Encashment	462	482
For Gratuity	1,304	1,264
<b>Other Provisions:</b>		
Proposed Dividend (Including Corporate Dividend Tax)	-	6,973
<b>Total</b>	<b>1,766</b>	<b>8,719</b>



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**GUJARAT GAS FINANCIAL SERVICES LIMITED**  
NOTES TO THE FINANCIAL STATEMENT

Rs. in thousand

Particulars	Gross Block			Depreciation		Net Block	
	As at 1-01-2013	Additions	Disposals	As at 31-03-2014	For the period	As at 31-03-2014	As at 31-12-2012
Assets given on Lease							
Plant and Equipment	5,75,875	-	-	5,75,875	4,39,287	1,36,588	1,36,588
	5,75,875	-	-	5,75,875	4,39,287	1,36,588	1,36,588
Less: Lease Equalisation Reserve	-	-	-	-	-	(1,36,588)	(1,36,588)
Net Tangible Assets	5,75,875	-	-	5,75,875	-	-	-
Grand Total	5,75,875	-	-	5,75,875	-	-	-
Previous year	5,75,875	-	-	5,75,875	-	-	-

GUJARAT GAS COMPANY LIMITED



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## GUJARAT GAS FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENT

## Note No. 9 - Non - current investments (At cost)

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Other Investments</b>		
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
Less: Provision for diminution in value of investment	-	116
<b>Total</b>	-	-

Note:

## Note No. 10 - Deferred Tax Assets

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

Nature of Timing Differences	15 months ending 31-03-2014 Rs. in thousand	Year ended 31-12-2012 Rs. in thousand
<b>Deferred Tax Asset:</b>		
Balance as at the beginning of the period	72,391	81,981
Deferred tax (expense)/income for the period	(10,965)	(9,590)
<b>Balance as at the end of the period</b>	<b>61,426</b>	<b>72,391</b>
In respect of difference in book and tax depreciation	59,541	71,824
In respect of allowances under Income Tax Act	1,885	567
<b>Net Deferred Tax Asset</b>	<b>61,426</b>	<b>72,391</b>

## Note No. 11 - Long - Term Loans And Advances

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Unsecured, considered good</b>		
Loan to employees	65	225
<b>Total</b>	<b>65</b>	<b>225</b>

## Note No. 12 - Inventories

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
Traded Goods	1,43,299	63,911
<b>Total</b>	<b>1,43,299</b>	<b>63,911</b>

## Note No. 13 - Trade Receivables

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others (Receivable from Holding Company-Gujarat Gas Company Limited)	77,801	32,369
<b>Total</b>	<b>77,801</b>	<b>32,369</b>

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## GUJARAT GAS FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENT

## Note No. 14 - Cash And Bank Balances

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Cash &amp; Cash Equivalents</b>		
Cash on hand	-	20
Bank Balances		
In current accounts	13,193	14,272
Demand deposits ( Less than 3 months maturity)	70,300	101,000
Demand deposits ( More than 3 months & Less than 12 months maturity)	20,000	-
Other Bank Balances		
Unpaid dividend accounts	1,067	866
<b>Total</b>	<b>1,04,560</b>	<b>1,16,158</b>

## 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 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Unsecured, considered good</b>		
CENVAT Credit Receivable	2,628	616
Prepayment to vendors	1,053	6,580
Other Deposits	12,403	10,429
Loan to employees	517	562
MAT Credit Entitlement	4,204	1,653
Advance payment of Tax and Tax deducted at source	3,26,130	3,05,714
Less: Provision for Taxation	(2,73,327)	(2,57,990)
	73,608	67,564
<b>Doubtful</b>		
Prepayment to vendors	282	-
Less: Provision for doubtful Advances	(282)	-
Other Deposits	3,561	-
Less: Provision for doubtful Deposits	(3,561)	-
	-	-
<b>Total</b>	<b>73,608</b>	<b>67,564</b>

## Note No. 16 - Other Current Assets

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
<b>Unsecured, considered good</b>		
Interest accrued on term deposits but not due	702	599
Other Receivable	-	433
<b>Total</b>	<b>702</b>	<b>1,032</b>







## 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.1,84,609 Thousands (Previous Year Rs.1,90,563 Thousands)

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

## Note No. 18 - Proposed Dividend

	15 months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
The final dividend proposed for the period is as follows:		
On Equity Shares of Rs. 10 each		
Amount of dividend proposed	-	6,000
Dividend per Equity Share		Rs. 3 per share
<b>Total</b>	<b>-</b>	<b>6,000</b>

## Note No. 19 - Revenue From Operations

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Traded Goods</b>		
Sale of Gas Connections (Refer Note Below)	6,57,971	3,36,871
<b>Sale of Services</b>		
Processing Fees	-	288
<b>Total</b>	<b>6,57,971</b>	<b>3,37,159</b>

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	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Interest Income</b>		
Interest on Term Deposits	4,429	6,216
Interest on Income Tax Refund	-	3,035
<b>Other Non operating Income</b>		
Recovery against balances written off in earlier years	1,049	-
Provision for diminution in value of Investment write back	116	-
Miscellaneous Income	3,617	2,577
<b>Total</b>	<b>9,211</b>	<b>11,828</b>

## Note No. 21 - Installation Cost

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
Cost of Traded Goods	3,54,341	1,69,051
Labour Charges	2,27,681	76,211
Service Charges	-	2,513
<b>Total</b>	<b>5,82,022</b>	<b>2,47,775</b>



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**GUJARAT GAS FINANCIAL SERVICES LIMITED**  
NOTES TO THE FINANCIAL STATEMENT

**Note No. 22 - Employee Benefits Expenses**

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Employee benefit expenses</b>		
Salaries and wages and bonus	4,869	3,783
Employer's Contribution to provident and other funds	279	432
Staff welfare expenses	122	132
<b>Total</b>	<b>5,270</b>	<b>4,347</b>

**Note No. 23 - Other Expenses**

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
Payment to Auditors		
Audit Fees	463	350
Reimbursement of Expenses (including Service Tax)	21	82
For other services	112	-
Legal and professional fees	1,169	514
Travelling and conveyance	21	21
Provision for doubtful Deposit	3,561	-
Provision for Doubtful Advances	282	-
Rates and taxes	7	640
Communication expenses	34	28
Insurance charges	33	160
Advertisement expenses	-	3
Net loss on foreign currency transaction	332	92
Investment written off	116	-
Miscellaneous expenses	357	199
<b>Total</b>	<b>6,508</b>	<b>2,089</b>

**Note No. 24 - Earnings Per Equity Share**

Particulars	Unit	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Earnings Per Equity Share:</b>			
Net profit after tax	-	49,631	63,983
Weighted average number of equity shares outstanding during the period	No. of shares	20,00,000	20,00,000
Nominal Value of Equity Shares	Rs.	10.00	10.00
Basic / Diluted Earnings per Share	Rs.	24.82	31.99

**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 15 Months ending March 31, 2014

## a) Disclosures for Defined Contribution Plans

(Rs. in thousand)

	15 Months ending 31-03-2014	Year Ended 31-12-2012
Employer's contribution to Provident Fund	239	178
<b>Total</b>	<b>239</b>	<b>178</b>

## b) Disclosures for Defined Benefit Plans

## (i) Present Value of Defined Benefit Obligation

(Rs. in thousand)

	Gratuity		Leave Encashment	
	15 Months ending 31-03-2014	Year ended 31-12-2012	15 Months ending 31-03-2014	Year ended 31-12-2012
Balance at the beginning of the period	1,264	1,010	482	468
Current Service cost	83	68	66	271
Interest Cost	129	87	26	41
Actuarial (Gains) / Losses	(172)	99	(112)	(298)
<b>Balance at the end of the period</b>	<b>1,304</b>	<b>1,264</b>	<b>462</b>	<b>482</b>

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

(Rs. in thousand)

	Gratuity		Leave Encashment	
	15 Months ending 31-03-2014	Year ended 31-12-2012	15 Months ending 31-03-2014	Year ended 31-12-2012
Current Service Cost	83	68	66	271
Interest Cost	129	87	26	41
Actuarial (Gains) / Losses	(172)	99	(112)	(298)
<b>Total Expense</b>	<b>40</b>	<b>254</b>	<b>(20)</b>	<b>14</b>

## (iii) Actuarial Assumptions

The principal actuarial assumptions used are as follows

Discount rate	9.13%	8.16%
Rate of increase in Salary Cost (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

(Rs. in thousand)

	15 Months Ending 31-03-2014	Year Ended 31-12-2012	Year Ended 31-12-2011	Year Ended 31-12-2010	Year Ended 31-12-2009
<b>Gratuity</b>					
Present Value of defined benefit obligation as at beginning of the period	1,264	1,010	770	664	539
Current Service cost	83	68	57	47	43
Interest Cost	129	87	67	56	44
Actuarial (Gains)/Loss	(172)	99	116	3	38
Present Value of defined benefit obligation as at end of the period	1,304	1,264	1,010	770	664
<b>Leave Encashment</b>					
Present Value of defined benefit obligation as at beginning of the period	482	468	364	309	330
Current Service cost	66	271	20	20	11
Interest Cost	26	41	31	26	27
Actuarial (Gains)/Loss	(112)	(298)	53	9	(59)
Present Value of defined benefit obligation as at end of the period	462	482	468	364	309

## 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	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Transactions with Holding Company</b>		
<b>Revenue</b>		
Sale of gas connections (including service tax and VAT)	7,46,973	3,54,050
<b>Expenses</b>		
Service Charges paid for pre regulatory connections	-	2,513
Dividend Paid	4,193	4,193
<b>Amount receivable at year end</b>	<b>77,801</b>	<b>32,369</b>
<b>Equity Share Capital held</b>	<b>13,975</b>	<b>13,975</b>

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	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
Traded Goods	68,274	24,755
<b>Total</b>	<b>68,274</b>	<b>24,755</b>







## GUJARAT GAS FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENT

## Note No. 28

The provision for income tax has been calculated based on income earned during the 15 Months ending March 31, 2014. The tax year end of the company being March 31, 2014, the ultimate liability for the A.Y. 2014-15 will be determined on the total income of the company for the 15 Months ending March 31, 2014.

## Note No. 29 - Details of Material Consumption

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
<b>Value of imported and indigenous materials consumed:</b>		
Imported Traded Goods	84,948	35,655
Percentage of total consumption	24%	21%
Indigenous Traded Goods	2,69,393	1,33,396
Percentage of total consumption	76%	79%

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

	15 Months ending 31-03-2014			Year ended 31-12-2012		
	Qty. (Nos.)	Amount Rs. in Thousand	Total Rs. in Thousand	Qty. (Nos.)	Amount Rs. in Thousand	Total Rs. in Thousand
<b>Opening Stock</b>						
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
<b>Purchases</b>						
Meters	76,857	91,889		33,804	32,204	
Regulators	47,919	47,217		17,176	17,527	
Others (Refer Note below)		2,94,623	4,33,729		1,02,198	1,51,929
<b>Cost of Traded Goods</b>						
Meters	71,587	84,948		35,046	35,655	
Regulators	39,325	36,577		12,697	14,010	
Others (Refer Note below)		2,32,816	3,54,341		1,19,386	1,69,051
<b>Closing Stock</b>						
Meters	12,086	19,818		6,816	12,877	
Regulators	18,538	21,297		9,944	10,657	
Others (Refer Note below)		1,02,184	1,43,299		40,377	63,911

## Note:

- (a) Other includes pipe fittings and support spares 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.



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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	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
The principal amount remaining unpaid as at the end of accounting period [including interest due thereon - 132 thousand (Previous Year - 110 thousand)]	6187	1048
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 period	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) 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 period (Refer Note below)	132	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 current Financial Year that began on 1 January 2013 has been extended by a period of three months, to close on 31 March 2014, such that the Financial Statements giving effect to such extension are compiled for a period of fifteen months from 1 January 2013 to 31 March 2014. Hence, the current year's Statement of Profit and Loss, Cash Flow Statement and related Notes are not comparable with those of previous period.

For R. S. Patel & Co.  
Chartered Accountants  
FRN 107758W

Rajan B. Shah  
Partner  
Membership No. 101998

Place : Ahmedabad  
Date : May 14, 2014

For and on behalf of the Board

Tapan Ray, IAS  
Chairman

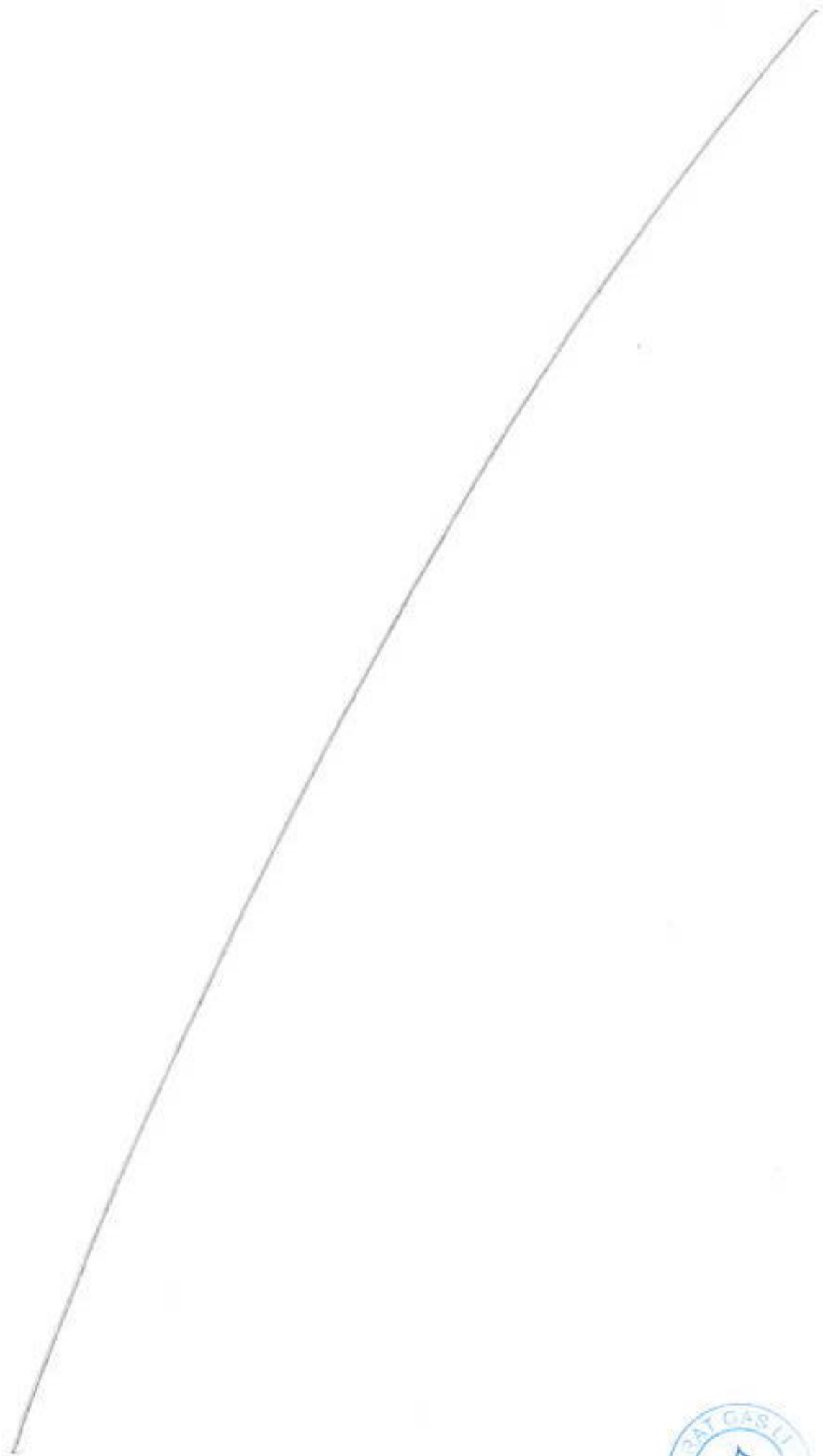
PPG Sarma  
Director

Place : Gandhinagar  
Date : May 14, 2014



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**GUJARAT GAS TRADING COMPANY LIMITED**  
**BALANCE SHEET AS AT 31 ST MARCH 2014**

	Note	As at 31-03-2014 Rs. in Thousand	As at 31-12-2012 Rs. in Thousand
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	3	900	900
Reserves and Surplus	4	1,42,865	1,32,919
		1,43,765	1,33,819
<b>Non-current liabilities</b>			
Other Long term liabilities		-	12,325
<b>Current liabilities</b>			
Trade payables	5	-	92,919
Other Current liabilities	6	351	4,785
Short-term provisions	7	-	14,753
		351	1,12,457
<b>Total</b>		<b>1,44,116</b>	<b>2,58,601</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Long-term loans and advances	8	-	12,325
<b>Current assets</b>			
Current investments	9	1,41,678	1,48,705
Trade receivables	10	-	93,350
Cash & Bank Balances	11	1,074	3,883
Short-term loans and advances	12	1,364	338
		1,44,116	2,46,276
<b>Total</b>		<b>1,44,116</b>	<b>2,58,601</b>

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

As per our report of even date attached.

**For Talati & Talati**  
Chartered Accountants  
(Firm Regn No : 110758W)

**Aniket Talati**  
(Partner)  
Membership No: 131567

Place : Ahmedabad  
Date : May 14, 2014

**For and on behalf of the Board**

**Manish Verma**      **PPG Sarma**  
Director              Director

Place : Gandhinagar  
Date : 14 May 2014



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GUJARAT GAS

March 2014

34<sup>th</sup> ANNUAL REPORT

**GUJARATGAS TRADING COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE 15 MONTHS PERIOD ENDED 31ST MARCH 2014**

	Note	15 Months ended 31-03-2014 Rs. in Thousand	12 Months ended 31-12-2012 Rs. in Thousand
<b>Income</b>			
Revenue from Operation (Sale of natural gas)		3,43,624	11,53,657
Other income	14	11,853	9,913
<b>Total Revenue</b>		<b>3,55,477</b>	<b>11,63,570</b>
<b>Expenses</b>			
Material Purchase (Natural Gas)		3,43,341	11,52,629
Other expenses	15	2,182	923
<b>Total Expenses</b>		<b>3,45,523</b>	<b>11,53,552</b>
<b>Profit Before Tax</b>		<b>9,954</b>	<b>10,018</b>
<b>Tax Expenses</b>			
Current Tax		8	15
<b>Profit for the year</b>		<b>9,946</b>	<b>10,003</b>
<b>Earnings per equity share (EPS):</b>			
Basic/Diluted Earning per Share of Rs 100 each (in Rs.)	15	1,105.11	1,111.44

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

As per our report of even date attached.

**For Talati & Talati**  
Chartered Accountants  
(Firm Regn No : 110756W)

**Aniket Talati**  
(Partner)  
Membership No: 131567

Place : Ahmedabad  
Date : May 14, 2014

**For and on behalf of the Board**

**Manish Verma**      **PPG Sarma**  
Director              Director

Place : Gandhinagar  
Date : 14 May 2014





**GUJARAT GAS TRADING COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE 15 MONTHS PERIOD ENDED 31ST MARCH 2014**

	15 Months ended 31-03-2014 Rs. In Thousand	12 Months ended 31-12-2012 Rs. In Thousand
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax	9,954	10,018
<b>Adjustments for:</b>		
Profit on sale of investment (Net)	(15)	(5)
Dividend Income	(11,458)	(9,784)
<b>Operating Profit before working capital changes</b>	<b>(1,519)</b>	<b>229</b>
<b>Adjustments for changes in working capital</b>		
Increase/(Decrease) in other long term liabilities	(12,325)	-
Increase/(Decrease) in trade payables	(92,919)	(31,337)
Increase/(Decrease) in other current liabilities	(4,434)	(5,015)
(Increase)/Decrease in trade receivable	93,350	39,988
(Increase)/Decrease in long term loans and advances	12,325	-
(Increase)/Decrease in short term loans and advances	338	-
<b>Cash generated from Operations</b>	<b>(5,184)</b>	<b>3,865</b>
Taxes (paid)/refunded (net of TDS)	(16,125)	(1,693)
<b>Net Cash from Operating Activities</b>	<b>(21,309)</b>	<b>2,172</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(26,958)	(55,285)
Sale of Investments	34,000	30,500
Dividend received	11,458	9,784
<b>Net Cash from Investing activities</b>	<b>18,500</b>	<b>(15,001)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,809)</b>	<b>(12,829)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>3,883</b>	<b>16,712</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,074</b>	<b>3,883</b>
<b>Cash and Cash Equivalents comprise</b>		
Cash in hand	-	2
Balances with Banks		
- In Current Accounts	1,074	3,881
<b>Total Cash and Cash Equivalents at the end of the year</b>	<b>1,074</b>	<b>3,883</b>

As per our report of even date attached.

**For Talati & Talati**  
Chartered Accountants  
(Firm Regn No.: 110758W)

**Aniket Talati**  
(Partner)  
Membership No:131567

Place : Ahmedabad  
Date : May 14, 2014

**For and on behalf of the Board**

**Manish Verma**      **PPG Sarma**  
Director              Director

Place : Gandhinagar  
Date : 14 May 2014







## GUJARAT GAS 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. The Board of Directors in its meeting held on 21 April 2014 have considered & approved the amalgamation and arrangement between the Company, GSPC Gas Company Limited, Gujarat Gas Company Limited (holding company), Gujarat Gas Financial Services Limited & GSPC Distribution Networks Limited w.e.f. 1st April 2013. The scheme is subject to relevant statutory approvals.

### (2) Summary of Significant Accounting Policies:

#### a) Use of Estimate

The preparation of financial statements in conformity with Generally Accepted Accounting Policy requires the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities, Revenues & Expenses and disclosure of Contingent Liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of the financial statements. Differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

#### b) 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 by Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956, read with General Circular No 15/2013 dated 13th September 2013, issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. Accounting policies not specifically referred to otherwise, are consistent with those used in the previous years. In applying accounting policies, consideration has been given to prudence, substance over form and materiality. 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 Revised Schedule VI to the Companies Act, 1956.

#### c) 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. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value determined categorywise, whichever is lower.

#### d) 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 & 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.

#### e) Revenue Recognition

- (i) Revenue from sale of natural gas is recognised at delivery point when all risks and rewards connected with ownership have been transferred to the buyer. Sale of natural gas are stated at net of value added tax.
- (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.

#### f) Earnings Per Share (EPS)

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

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**g) 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 is recognized subject to consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and laws enacted or substantively enacted at the reporting date. Deferred tax assets are reviewed at each balance sheet date to assess realization. If there is unabsorbed depreciation or carry forward of losses under the tax laws, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty of its realization supported by convincing evidence. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative Tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date & writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

**h) Provisions, Contingent Liabilities and Contingent Assets**

**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. The Company does not recognise & disclose contingent assets.

**i) 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.

**j) Cashflow Statement**

The Cash Flow Statement is prepared under the "Indirect Method" as set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. In the Cash Flow Statement, cash represents cash on hand and demand deposits with bank. Cash equivalents consist of short term highly liquid investments which are readily convertible into cash.







(3) Share Capital

Number of shares of Rs. 100 each  
Rs. in Thousand

Number of shares of Rs. 100 each  
Rs. In Thousand

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.

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

## Name of the shareholder

Gujarat Gas Company Limited - Holding Company and its nominees

The Company is controlled by Gujarat Gas Company Limited which is the beneficial owner of 100% shares. The ultimate parent of the Company was BG Group Plc till 11th June 2013. W.e.f. 12th June 2013, GSPC Distribution Networks Limited has acquired majority shareholding in Gujarat Gas Company Limited.

e) The Company has not issued or 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.

Balance as at the beginning of the year  
Balance at the end of the year

Balance as at the beginning of the year  
Add: Profit for the period  
Balance at the end of the year

Total

As at 31-03-2014	As at 31-12-2012
10,000	10,000
1,000	1,000
9,000	9,000
900	900
9,000	9,000
-	-
-	-
9,000	9,000
No. of shares held % of shareholding	No. of shares held % of shareholding
9,000	9,000
100%	100%
As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
26,650	26,650
26,650	26,650
1,06,269	96,266
9,946	10,003
1,16,215	1,06,269
1,42,865	1,32,919

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**GUJARAT GAS TRADING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
<b>(5) Trade payables</b>		
Dues to Micro, Small and Medium Enterprises	-	-
Other Creditors	-	92,919
<b>Total</b>	-	92,919
<b>(6) Other Current Liabilities</b>		
Payables to Non-trade creditors	318	4,686
Other Liabilities (includes TDS, VAT & Service Tax)	33	99
<b>Total</b>	351	4,785
<b>(7) Short-term provisions</b>		
Provision for Taxation (Net of Advance Tax & TDS)	-	14,753
<b>(8) Long term loans &amp; advances</b>		
(Unsecured - considered good)		
Other receivables	-	12,325
<b>Total</b>	-	12,325
<b>(9) Current Investments</b>		
Investment in Mutual Funds (At cost or fair market value whichever is lower, determined categorywise)		
Units of Mutual Funds (Unquoted)	1,41,678	1,48,705
<b>Total</b>	1,41,678	1,48,705
Aggregate amount of unquoted investments	1,41,678	1,48,705

**Details of investments in Mutual Funds**

Scheme	31-03-2014		31-12-2012	
	No. of units	Rs. in thousand	No. of units	Rs. in thousand
Birla SL Savings Fund-Dividend	-	-	5,55,955	55,634
Birla SL Cash Plus Fund Direct-Dividend	4,48,155	44,903	-	-
Reliance Liquidity Fund-Dividend	-	-	53,398	53,426
Reliance Liquidity Fund Direct-Dividend	49,466	49,491	-	-
HDFC Floating Rate Income Fund-Dividend	-	-	39,32,727	39,645
HDFC Cash Management Fund Direct-Dividend	44,45,433	47,284	-	-
<b>Total</b>	<b>49,43,054</b>	<b>1,41,678</b>	<b>45,42,080</b>	<b>1,48,705</b>

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
<b>(10) Trade receivables</b>		
Unsecured - Considered Good		
- Exceeding Six Months	-	-
- Others (receivable from Gujarat Gas Company Limited)	-	93,350
<b>Total</b>	-	93,350

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**GUJARAT GAS TRADING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
<b>(11) Cash &amp; Bank Balances</b>		
<b>Cash &amp; cash equivalents</b>		
Cash on hand	-	2
Bank Balance in current account	1,074	3,881
<b>Total</b>	<b>1,074</b>	<b>3,883</b>
<b>(12) Short-term loans and advances</b>		
(Unsecured - considered good, unless otherwise stated)		
Balance with Government Authorities	-	338
Advance Tax & TDS (Net of Provision for Taxation)	1,364	-
<b>Total</b>	<b>1,364</b>	<b>338</b>
<b>(13) Contingent Liability</b>		
Claims not acknowledged as debt		
a) Income Tax matters of Rs.74,029 Thousand (Previous Year Rs.17,881 Thousand)		
	15 Months ended 31-03-2014 Rs. In Thousand	12 Months ended 31-12-2012 Rs. In Thousand
<b>(14) Other Income</b>		
Interest on income tax refund	376	124
Dividend from Mutual Funds (Refer Note 2e (ii))	11,458	9,784
Profit on sale of Current Investments	15	5
Other Miscellaneous income	4	-
<b>Total</b>	<b>11,853</b>	<b>9,913</b>
<b>(15) Other Expenses</b>		
Rates and Taxes	341	8
Legal, Professional and Consultancy Expenses	1,418	578
Miscellaneous Expenses	423	337
<b>Total</b>	<b>2,182</b>	<b>923</b>
Payment to Auditors (included in Legal, Professional and Consultancy Expenses)		
As Auditor	169	169
For other services		
- Amalgamation	125	-
- Tax accounts	84	-
- Limited Review certification	27	-
Reimbursement of expenses (including service tax)	-	16
<b>Total</b>	<b>405</b>	<b>185</b>
<b>(16) Earnings per share (EPS)</b>		
Net Profit/(Loss) attributable to Equity shareholders (Rs. In Thousands)	15 Months ended 31-03-2014 9,946	12 Months ended 31-12-2012 10,003
Weighted average number of equity shares (of Rs 100 each) outstanding during the period (No. In Thousands)	9	9
Basic EPS (In Rs.)	<b>1,105.11</b>	<b>1,111.44</b>
The Company does not have any outstanding dilutive potential equity shares. Consequently the basic and diluted EPS of the Company remain the same.		





**GUJARAT GAS TRADING COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**(17) Related Party Transactions**

The following transactions were carried out during the period January 2013 to March 2014 in ordinary course of business

Name of the related party	Nature of Relationship	Nature of Transactions	15 Months ended 31-03-2014 Rs. In Thousand	12 Months ended 31-12-2012 Rs. In Thousand
Gujarat Gas Company Limited	Holding Company	Expense :		
		Service charges paid (including service tax)	421	335
		Income :		
		Sale of Natural Gas	3,43,624	11,53,657
		Share capital held	900	900
BG Energy Holding Limited	Under Common Control (till 11th June 2013)	Balance Receivable	-	93,350
		Commission on purchases	1,398	4,276
		Commission on corporate guarantee given to supplier	452	1,392
		Balance Payable	-	4,585

**Note:**

- (1) The Company is controlled by Gujarat Gas Company Limited which is the beneficial owner of 100% shares. The ultimate parent of the Company was BG Group Plc till 11<sup>th</sup> June 2013. GSPC Distribution Networks Limited ("GDNL") is the holding Company of Gujarat Gas Company Limited w.e.f. 12 June 2013. GDNL is part of the GSPC Group.
- (2) There are no transactions between the Company and Mr. Sugata Sircar, the director of the Company. He was the director of GTCL till 11<sup>th</sup> December 2013. Mr. PPG Sarma was appointed as director in GTCL w.e.f. 20<sup>th</sup> January 2014. There are no transactions between the Company and Mr. PPG Sarma.
- (3) The Company is using the ERP software packages implemented by Gujarat Gas Company Limited being "SAP" since August 2003, without payment of any consideration.

**(18) Purchase and Sale of Natural Gas**

Particulars	15 Months ended 31-03-2014		12 Months ended 31-12-2012	
	Qty in LSCM	Rs. In Thousand	Qty in LSCM	Rs. In Thousand
Purchases	283.47	3,43,341	1,030.14	11,52,629
Sales	283.47	3,43,624	1,030.14	11,53,657

**Note:** Material Purchase amount includes loss of Rs. 7,275 thousands (Previous Year gain of Rs. 77 thousands) as foreign exchange fluctuation.

**(19) Expenditure in Foreign currency**

	15 Months ended 31-03-2014 Rs. In Thousand	12 Months ended 31-12-2012 Rs. In Thousand
Material consumed/processed	3,43,341	11,52,629







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

- (20) The amount of foreign currency payable that are not hedged by a derivative instrument as on 31<sup>st</sup> March 2014:

	As at 31-03-2014	As at 31-12-2012
Value in Rs. Thousands	Nil	92,919 (includes USD 1,696 thousand)

- (21) The current Financial Year that began on 1 January 2013 has been extended by a period of three months, to close on 31 March 2014, such that the Financial Statements giving effect to such extension are compiled for a period of fifteen months from 1 January 2013 to 31 March 2014. Hence, the current year's Statement of Profit & Loss, Cash Flow Statement and Notes relating to Statement of Profit & Loss and Cash Flow Statement are not comparable with those of previous period.
- (22) Previous year figures have also been regrouped/reclassified wherever considered necessary to conform to current year's figures.

As per our report of even date attached.

**For Talati & Talati**  
Chartered Accountants  
(Firm Regn No : 110758W)

**Aniket Talati**  
(Partner)  
Membership No:131567

Place : Ahmedabad  
Date : May 14, 2014

**For and on behalf of the Board**

**Manish Verma**      **PPG Sarma**  
Director              Director

Place : Gandhinagar  
Date : 14 May 2014



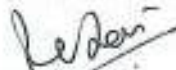
Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

Amount in INR crores

		Unaudited and provisional As at 31st December 2014	Audited As at 31st March 2014
BALANCE SHEET AS ON DECEMBER 31, 2014			
	Note	TOTAL	TOTAL
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	137.68	900.05
Reserves and Surplus	3	1,884.16	(75.28)
		<u>2,021.84</u>	<u>824.77</u>
<b>Non-current liabilities</b>			
Long-term borrowings	4	1,511.56	500.00
Deferred tax liabilities (Net)	5	346.34	-
Other long-term liabilities	6	560.13	22.72
Long-term provisions	7	12.80	-
		<u>2,430.83</u>	<u>522.72</u>
<b>Current liabilities</b>			
Short-term borrowings	8	2.25	-
Trade payables	9	443.24	-
Other Current liabilities	10	1,931.39	1,645.54
Short-term provisions	11	69.65	0.02
		<u>2,446.53</u>	<u>1,645.56</u>
<b>Total</b>		<u><b>6,899.20</b></u>	<u><b>2,993.05</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	4,263.66	-
Intangible assets		148.77	-
Capital work-in-progress	12.1	325.18	-
Intangible assets under development		0.20	-
		<u>4,737.81</u>	<u>-</u>
Non-current investments	13	162.03	2,811.14
Long-term loans and advances	14	61.59	-
Other non-current assets	15	0.01	7.96
		<u>223.63</u>	<u>2,819.10</u>
<b>Current assets</b>			
Current investments	16	976.11	-
Inventories	17	40.98	-
Trade receivables	18	408.90	-
Cash and cash equivalents	19	250.43	165.62
Short-term loans and advance	20	197.57	1.52
Other current assets	21	63.76	6.81
		<u>1,937.76</u>	<u>173.95</u>
<b>Total</b>		<u><b>6,899.20</b></u>	<u><b>2,993.05</b></u>

Significant Accounting Policies - Note 1 and Notes 2 to 35 are accompanying and form integral part of the Financial statements

For Gujarat Gas Limited

  
Rahul Bhatt  
Executive Vice President (F&A)





Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

		Amount in INR crores	
		Unaudited and provisional 9 months ended 31st December 2014	Audited Year ended 31st March 2014
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED DECEMBER 31, 2014			
	Note	TOTAL	TOTAL
<b>Income</b>			
Revenue from operations (Gross)		7,182.65	-
Less : Excise duty		96.84	-
Revenue from operations (Net)	22	7,085.81	-
Other income	23	79.59	122.54
<b>Total Revenue</b>		<b>7,165.40</b>	<b>122.54</b>
<b>Expenses</b>			
Cost of materials consumed/processed	24	5,815.96	-
Purchases of Stock-in-Trade	25	21.20	-
Changes in inventories	26	0.35	-
Employee benefits expense	27	82.91	-
Finance costs	28	248.56	189.55
Depreciation and amortization expense	12	175.94	-
Other expenses	29	220.83	3.09
<b>Total Expenses</b>		<b>6,565.75</b>	<b>192.64</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>		<b>599.65</b>	<b>(70.10)</b>
(a) Prior period items (Net)	30	12.46	-
(b) Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>587.19</b>	<b>(70.10)</b>
Extraordinary items		-	-
<b>Profit/(Loss) Before Tax (PBT)</b>		<b>587.19</b>	<b>(70.10)</b>
Tax expense:			
(a) Current tax	31	133.40	1.31
(b) Deferred tax	5	50.98	-
<b>Profit (Loss) after Tax</b>		<b>402.81</b>	<b>(71.41)</b>
<b>Earnings per equity share (EPS):</b>			
Basic Earnings per Share of Rs. 10/- each (INR) (not annualised)		29.26	(0.79)
Diluted Earnings per Share of Rs. 10/- each (INR) (not annualised)		29.26	(0.79)

Significant Accounting Policies - Note 1 and Notes 2 to 35 are accompanying and form integral part of the Financial statements

For Gujarat Gas Limited

  
Rahul Devi  
Executive Vice President (F&A)



## Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014	Amount in INR crores	
	Unaudited and provisional For 9 months ended 31st December, 2014	Audited For year ended 31st March, 2014
Particulars		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Tax	587.19	(70.10)
Adjustments for:		
Depreciation	175.94	-
(Profit)/Loss on Sale of Fixed Assets	3.44	-
Profit on Sale of Investments	(1.63)	-
Loss of Material (Capital Inventory)	0.17	-
Depreciation Adjustment for previous period	0.01	-
Provision for Gratuity and Leave encashment	4.05	-
Provision for Doubtful Deposit	1.06	-
Bad Debt written Off	0.22	-
Doubtful Debts (Trade Receivables)	1.27	-
Provision for Assets written Off	0.16	-
Provision against Doubtful Capital Advances	0.74	-
Share Based Compensation expenses	(0.02)	-
Provision / write off for inventory obsolescence	0.01	-
Interest Expense	247.34	189.55
Dividend Income	(40.35)	(85.07)
Interest Income	(14.49)	(37.47)
Provisions / Liabilities no longer required written back	(0.92)	-
<b>Operating Profit before Working Capital Changes</b>	<b>964.18</b>	<b>(3.09)</b>
<b>Adjustments for changes in Working Capital</b>		
(Increase)/Decrease in Trade Receivables	104.84	-
(Increase)/Decrease in Other Current Assets	(6.18)	-
(Increase)/Decrease in Inventories	(5.12)	-
(Increase)/Decrease in Short - Term Loans And Advances	0.67	0.24
(Increase)/Decrease in Long - Term Loans And Advances	(16.21)	-
<b>Changes in Trade and Other Receivables</b>	<b>78.00</b>	<b>0.24</b>
Increase/(Decrease) in Trade Payables	(31.59)	-
Increase/(Decrease) in Other Current Liabilities	46.24	0.03
Increase/(Decrease) in Long term provisions	4.94	-
Increase/(Decrease) in Short term provisions	6.62	-
Increase/(Decrease) in Provision for Expenses	(0.02)	-
Increase/(Decrease) in other long term liabilities	(3.03)	-
<b>Changes in Trade and Other Payables</b>	<b>23.16</b>	<b>0.03</b>
<b>Cash Generated from Operations</b>	<b>1,065.35</b>	<b>(2.83)</b>
Taxes paid (net of refund)	(142.92)	(3.56)
<b>Net Cash from Operating Activities before impact of scheme of arrangement relating to earlier periods</b>	<b>922.43</b>	<b>(6.39)</b>
<b>Impact of Scheme of arrangement relating to earlier periods (Refer Note no. 32)</b>	<b>466.39</b>	<b>-</b>
<b>Net Cash from Operating Activities</b>	<b>1,388.82</b>	<b>(6.39)</b>



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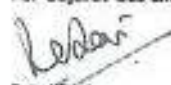


Gujarat Gas Limited (Formerly known as ISPC Distribution Networks Limited)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014	Amount in INR crores	
	Unaudited and provisional For 9 months ended 31st December, 2014	Audited For year ended 31st March, 2014
Particulars		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets including capital work in progress and capital advances	(217.47)	-
Purchase of Investment - Non Current	-	(2,463.66)
Purchase of Investment - Current	(2,366.92)	-
Sale of Investment - Non Current	0.13	-
Sale of Investment - Current	2,071.27	1,499.91
(Increase)/Decrease in Fixed Deposits	7.50	(7.50)
Interest Received on Fixed Deposits	0.28	-
Interest Received - Others	21.39	32.48
Sale of Fixed Assets	0.54	-
Dividend Income	40.35	85.07
Net Cash used in Investing Activities before impact of scheme of arrangement relating to earlier periods	(442.93)	(853.51)
Impact of Scheme of arrangement relating to earlier periods (Refer Note no. 32)	(526.22)	-
Net Cash used in Investing Activities	(969.15)	(853.51)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Application Money	-	552.00
Proceeds from Long-term borrowings	83.33	500.00
Proceeds from Short-term borrowings	2.25	-
Repayment of Long-term borrowings	(137.31)	-
Repayment of Short-term borrowings	(3.69)	-
Deposits from Customers	(14.29)	-
Interest Paid	(370.74)	(26.54)
Dividend Paid (including tax thereon)	(0.20)	-
Net Cash from Financing Activities before impact of scheme of arrangement relating to earlier periods	(440.65)	1,025
Impact of Scheme of arrangement relating to earlier periods (Refer Note no. 32)	53.04	-
Net Cash from Financing Activities	(387.61)	1,025
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>32.06</b>	<b>165.56</b>
Cash and Cash Equivalents at the beginning of the period	165.62	0.06
Cash and Cash Equivalents acquired on implementation of scheme of arrangement (Refer Note no. 32)	52.75	-
Cash and Cash Equivalents at the end of the period	250.43	165.62
<b>Closing Cash and Cash Equivalents comprise:</b>		
Cash in hand	250.43	165.62
Balances with Scheduled Banks	1.13	-
Balance in Current Account	10.83	0.02
Balance with other Banks	-	-
In Dividend Account	2.83	-
Balances in Fixed Deposits	235.65	165.60

Significant Accounting Policies - Note 1 and Notes 2 to 35 are accompanying and form integral part of the Financial statements

For Gujarat Gas Limited

  
Ramesh Chandra  
Executive Vice President (F&A)



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## Note 1 - Significant Accounting Policies

## 1. General Information

Gujarat Gas Limited ("Company") formerly known as GSPC Distribution Networks Limited (GDNL) is 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 a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and belongs to the GSPC group. The Company was originally incorporated as GSPC Distribution Networks Limited (GDNL) on 21 February 2012, and as a part of the scheme of arrangement (offer made by GSPC Gas Company Limited (GSPC Gas), Gujaratgas Company Limited (GGCL) and its subsidiaries Gujaratgas Financial Services Limited (GGFSL) and Gujarat Gas Trading Company Limited (GGTCL). The company's name has been changed from GSPC Distribution Networks Limited to Gujarat Gas Limited with effect from 29th May 2015.

## 2. Basis of Preparation of Financial Statements

The financial statements have been prepared under historical cost convention on accrual and going concern basis of accounting. The financial statements have been prepared and presented to comply in all material aspects with the Generally Accepted Accounting Principles (GAAP) in India and the Accounting Standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The company has consistently applied the accounting principles and policies, and accounting policies not referred to otherwise, are in conformity with GAAP.

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 III to the Companies Act, 2013.

These financial statements are the revised financial statements of the company prepared in accordance with the scheme of arrangement discussed in note 32.

## 3. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Such estimates and assumptions are based on evaluation of relevant facts and circumstances as on date of the financial statements. Differences between the actual results and estimates are recognised in the period in which they are materialised/known.

## 4. Fixed Assets and Capital Work in Progress (CWP)

## Tangible assets

Fixed assets are stated at their original cost of acquisition / construction less accumulated depreciation and impairment, if any. The cost comprises of the purchase price and any attributable cost for bringing the asset to its working condition for its intended use like freight, duties, taxes and other incidental expenses, net of CENVAT receivable.

The Company capitalises to project assets, all the cost directly attributable and ascertainable, to completing the project. These costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The gas distribution network are treated as commissioned when supply of gas commences to the customer(s). Costs of meter / regulator consumed for initial connection to customers are capitalised and consumed for replacement are charged to revenue.

Gains or losses arising from disposal/retirement of fixed assets, which are carried at cost, are recognised in the Statement of Profit and Loss.

## Intangible Assets

Intangible Assets includes amount paid towards obtaining the Right of Use (ROU) of land and Right of Way (ROW) permissions for laying the gas pipeline network and cost of developing software for internal use. The Company capitalises software as Intangible Asset in terms of Accounting Standard - 26 "Intangible Assets" where it is expected to provide future enduring economic benefits.

On the acquisition of an undertaking, the difference between the purchase consideration and the value of the net assets acquired is recognised as goodwill.

## Capital Work in Progress

CWP includes expenditure incurred on assets, which are yet to be commissioned and capital investments, which comprises work of capital items/construction materials at respective city gas network.

All the identifiable and ascertainable expenditure including direct, indirect expenses, incidental and related to construction incurred during the period of construction on a project, till it is commissioned, is kept as Capital work in progress (CWP) and after commissioning the same is transferred / allocated to the respective fixed assets.

## 5. Depreciation and Amortisation

Depreciation is provided on Straight Line Method (SLM) over the useful lives of the assets as specified in schedule II of the Companies Act, 2013, read with the following notes:

a) The Schedule specifies useful life of Pipelines as 30 years for those used in exploration, production and refining of oil and gas. The Company has considered the useful life of 20 years for the pipelines used in city gas distribution business.

b) City gas stations, shd, pressure regulating stations, meters & regulators are estimated to have useful life of 10 years based on technical evaluation by external valuers.

License / Software are amortised on a straight line basis over a period of six years from the date of its availability for use by the Company.

The persuasive evidence leads to the effect that useful life of an intangible asset - Right of Way (ROW) Permission exceeds ten years as against the rebuttable presumption that the useful life of an intangible asset will not exceed ten years. The company amortises the intangible asset over the best estimate of its useful life. The useful lives of ROW Permissions are specifically based with the pipeline Networks being laid, which corresponds with the useful life of 30 years of Plant and Machinery - Pipelines for which the Right of Way (ROW) Permission has been obtained. The Useful life of 30 years of the Right of Way (ROW) Permissions is dependent on the useful life of Plant and Machinery - Pipelines, i.e. Pipeline network of the company.

Cost of leasehold land is amortised equally over the period of lease. No amortisation is charged on Right of Use (ROU) of Land being perpetual in nature.

The carrying value of the assets as at 1 April 2014, net of residual value, is depreciated or amortised over the revised remaining useful lives. For the fixed assets whose remaining useful life as on 1 April 2014 was nil, the amount of depreciation / amortisation has been accounted through the opening retained earnings pursuant to the transitional provisions of Companies Act 2013.



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**Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)**

**6 Impairment of Assets**

In accordance with Accounting Standard 28 on "Impairment of Assets" when at the balance sheet date, Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognised in the Profit and loss statement for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. The impairment loss, if any, recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. 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.

**7 Revenue Recognition**

Sale of Natural Gas is recognised on supply of gas to customers by metered/estimated measurements and when no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed to monthly for domestic customers, monthly for commercial and sub-commercial customers and fortnightly for industrial customers.

Revenue on sale of Compressed Natural Gas (CNG) is recognised on sale of gas to consumers from retail outlets. Sales of natural gas are stated at net of value added tax.

Initial Connection Charges and deposit from customers are accounted for based on the terms of the contract under consideration by accounting the revenue on commencement of the supply of gas to the customer as Service and Fitting Income Other Operating Revenue.

The amounts collected towards "Security Deposit" from industrial customers, Commercial and sub-commercial customers and domestic customers are in the nature of refundable. Accordingly, the same are recognised as liability under head "Deposit from Customers" in the Balance sheet as and when the received.

The company has provided the refund facility to the domestic customers towards "connection amount" which is refundable, the same are recognised as a liability under head "Deposit from Customers" in the balance sheet as and when the received. The difference between the amounts charged from customers for gas connections and amounts of registration and connection which are refundable, is disclosed as revenue as and when the company commences the supply of gas to the customers.

Revenue in respect of interest/late payment charges on delayed realisations from customers and service bounce charges, if any, is recognised on grounds of preference, as and when recovered and on the basis of certainty of collection, is accounted for on availability of documentary evidence that the customer has accepted the liability.

Liquidated damages income, if any is recognised at the time of recording the purchase of materials or books of accounts and the matter is considered settled by the Management.

Interest expense and income are recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognised, when the right to receive the dividend is established by the reporting date.

**8 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.

**9 Investments**

Investments are classified as long term or short term in accordance with Accounting Standard 13 on "Accounting for Investments". Investments, which are readily realisable and 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.

Long term investments are stated at cost less provisions recorded to recognise any decline, other than temporary, in the carrying value of each investment. Provision, if any, is made to recognise any diminution in value of investments, other than that of a temporary nature.

Current investments are stated at lower of cost and fair value determined categories wise. Any reduction in carrying amount and any reversal of such reductions are charged or credited to the profit and loss statement.

**10 Inventories**

Stock of natural Gas is valued at the lower of weighted average cost or net realisable value.

Stores, spares and consumables are valued at cost on moving weighted average basis.

Inventory of Project materials (Capital inventories) are valued at cost on moving weighted average basis.

**11 Foreign Currency Transactions**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.

Monetary items (assets and liabilities) denominated in foreign currencies at the period end are reported at the exchange rate prevailing on the period end date.

Non-monetary foreign currency items are carried at cost using the exchange rates on the date of transaction.

Any income or expense on account of foreign exchange difference either on settlement or on translation is recognised in the statement of profit and loss in line with the provisions of Accounting Standard-11 on "The Effects of Changes in Foreign Exchange Rates".



**12 Employee Benefits**

Employee benefits are provided in the books as per Accounting Standard -15 on "Employee Benefits" (revised 2002) in the following manner:

**Post-employment benefit plans****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.

**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. The company's liability is actuarially determined using the Projected Unit Credit method at the end of each year and is recognized in the Balance sheet as reduced by the fair value of Gratuity Fund. Actuarial losses/gains are recognized in the Statement of Profit and Loss in the year in which they arise.

**Long term employee benefits**

The liability in respect of accrued leave benefits which are expected to be settled 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 recognized in the Statement of Profit and Loss in the year in which they arise.

**Short term employee benefits**

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

**Employee Stock Option Plan**

Stock Option grants to the employees who accept the grant under the Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee 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 at the date of the grant of the option is recognized as employee compensation cost which is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option.

**13 Leases****Operating Lease****As a lessee**

The Company has entered into cancellable operating lease arrangements for office premises, staff quarters and others. The lease rentals paid for the same are charged to the Statement of Profit and Loss. The lease rentals on non-cancellable lease contracts is accounted for on an charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

**As a lessor**

The Company 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 recognized 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 benefits derived from the use of the leased asset is diminished. Initial direct costs are recognized as an expense in the Statement of Profit and Loss over the period in which they are incurred.

**Finance lease****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.

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 amount so as to recover the capital cost of the leased asset within the terms 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 recognized as a receivable. Unearned finance income is amortized, as the difference between the aggregate of minimum lease payments and its present value based on the rate of return implicit in the terms of the agreement. Finance income is recognized over the term of the lease using rat method, which reflects a constant periodic rate of return. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred.

**14 Taxes on Income**

Tax provision for the reporting period, comprises of current tax and deferred tax.

Tax provision is made for the current tax based on tax liability computed in accordance with relevant tax rules and tax laws that have been enacted as on balance sheet date.

Deferred tax liability and assets is computed as per Accounting Standard (AS-22) on "Accounting for Taxes on Income". Deferred tax is recognized, subject to considerations of prudence, in timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. 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 realized. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that 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 recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative 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.





15.	<p><b>Earnings per Share</b></p> <p>Basic earnings per share are 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, if any, and any attributable distribution tax payable for the period.</p> <p>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.</p>
16.	<p><b>Provisions, Contingent Liabilities and Contingent Assets</b></p> <p>Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.</p> <p>Provision for contractual obligation has been disclosed based on management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.</p> <p>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.</p> <p>Contingent liabilities are disclosed in the Notes to Financial Statements 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.</p> <p>Contingent assets are neither recognised nor disclosed in the financial statements.</p> <p>Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.</p>
17.	<p><b>Segment reporting</b></p> <p>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 region. Accordingly, disclosures relating to primary and secondary business segments under the Accounting Standard 17 on Segment Reporting are not relevant to the Company.</p>
18.	<p><b>Cash Flow Statement</b></p> <p>The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 7 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand, current account balances with Banks and demand deposits with banks.</p> <p>Cash equivalents consist of investments with original maturity of three months or less and which are readily convertible to known amounts of cash.</p>
19.	<p><b>Prior Period Adjustments</b></p> <p>In respect of the transactions pertaining to the one or more prior periods, the expenditure / income relating to prior period as a result of errors or omission in the preparation of financial statements, is shown under the head "Prior Period Adjustments Account" in the profit and loss statements as per the provisions of Accounting Standard 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".</p>
20.	<p><b>Proposed Dividend</b></p> <p>Dividend recommended by the Board of directors is provided for in the accounts, subject to the approval of the shareholder in the Annual General Meeting.</p>
21.	<p><b>Insurance Claims</b></p> <p>The company accounts for insurance claims when there is certainty that the claims are realisable and acknowledge by insurance company and amount recognised in books of accounts is as under:</p> <p>In case of loss of asset (goods by transferring, either the carrying cost of the relevant asset / goods or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable Insurance". In case insurance claims, less than carrying cost the difference is charged to Profit and Loss statement.</p> <p>As and when claims are fully received from insurers, the difference, if any, between Claims Recoverable Insurance and claims received is adjusted to Profit and Loss statement.</p>
22.	<p><b>Events Occurring after Balance Sheet Date</b></p> <p>Material adjusting events (that provides evidence of conditions that existed at the balance sheet date) occurring after the balance sheet date are recognised in the financial statements. Non-adjusting events (that are indicative of conditions that arise subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the reports of the Board of directors.</p>



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
**Notes to Financial Statements for the period ended on 31st December 2014**  
**Note 2 SHARE CAPITAL**

**2.1 AUTHORIZED, ISSUED, SUBSCRIBED, FULLY PAID UP SHARE CAPITAL**

Share Capital	As at 31st Dec 2014		As at 31st March 2014	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Equity Shares of INR.10 each	1,735,100,000	1,735.10	1,500,000,000	1,500.00
7.5% Redeemable preference Shares of INR.10 each	17,000,000	17.00	-	-
Preference shares of INR. 10 each	5,000,000	5.00	-	-
<b>Issued, Subscribed and Paid up</b>				
Equity Shares of INR.10 each fully paid up	137,678,025	137.68	900,050,000	900.05
<b>Total</b>	<b>137,678,025</b>	<b>137.68</b>	<b>900,050,000</b>	<b>900.05</b>

**2.2 RECONCILIATION OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD**

Particulars	As at 31st Dec 2014		As at 31st March 2014	
	Equity Shares of INR. 10 each fully paid		Equity Shares of INR. 10 each fully paid	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the period	900,050,000	900.05	30,000	0.05
Add: Shares issued during the period for cash	-	-	900,050,000	900.00
Add: Shares issued during the period pursuant to the scheme of amalgamation and arrangement (Refer note No: 32)	4,731,764,975	4,731.76	-	-
Less: on account of capital reduction (Refer note No: 32)	5,094,038,950	5,094.09	-	-
Less: Shares cancelled pursuant to the scheme of amalgamation (Refer note No: 32)	400,050,000	400.05	-	-
Shares outstanding at the end of the period	137,678,025	137.68	900,050,000	900.05

- 2.2.1 Pursuant to the scheme of amalgamation and arrangement 4731,764,975 equity shares of INR. 10 each were issued at face value to the shareholders of the transferor companies post consummation of scheme of amalgamation and arrangement for transfer of the assets and liabilities determined by the management as on the appointed date. Further, the shares to be issued to the shareholders of GSPC Gas Company Limited during the year 2013-14 have been cancelled and the resultant share capital was subsequently reduced in line with the capital reduction per the scheme of amalgamation and arrangement.

**2.3 TERMS/ RIGHTS ATTACHED TO EQUITY SHARES**

The company has only one class of equity shares having a face value of INR.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**2.4 SHARE HOLDING BY PRESCRIBED ENTITIES**

Out of Equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries and associates are as under

Share Holder (Nature of Relationship)	As at 31st Dec 2014		As at 31st March 2014	
	No. of Equity Shares of INR. 10 each fully paid	Amount	No. of Equity Shares of INR. 10 each fully paid	Amount
(i) Gujarat State Petroleum Corporation Limited (Holding Company)	39,106,329	39.11	-	-
(ii) Gujarat State Petronet Limited (Subsidiary of Holding co. & Entity having significant influence)	35,468,472	35.47	350,000,000	350.00
(iii) GSPC GAS Company Limited with nominee's (PY - Holding Company)	-	-	400,050,000	400.05



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Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

2.5 SHAREHOLDERS HOLDING MORE THAN 5% OF TOTAL SHARE CAPITAL

Name of Shareholder	As at 31st Dec 2014		As at 31st March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Rs. 10 each fully paid				
Gujarat State Petroleum Corporation Limited	3,91,06,329	28.40%	-	-
Gujarat State Petronet Limited	3,54,88,472	25.78%	35,00,00,000	38.89%
Aberdeen Global Indian Equity (Mauritius) Limited	1,21,10,262	8.80%	-	-
GSPC GAS Company Limited, (with Nominee's)	-	-	40,00,00,000	44.45%
Gujarat State Fertilisers and Chemicals Limited	93,82,895	6.82%	15,00,00,000	16.67%
Government of Gujarat	85,93,462	6.59%	-	-

2.6 ALLOTMENT OF SHARES FOR CONSIDERATION OTHER THAN CASH, BONUS SHARES AND BUYBACK OF SHARES:

Particulars	Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
Equity Shares:					
(i) Equity Shares of Rs. 10 each fully paid pursuant to contract(s) without payment being received in cash. (Refer sub note 2.2.1)	4,73,17,64,975	-	-	-	-
(ii) Equity Shares Fully paid up by way of bonus shares	-	-	-	-	-
(iii) Equity Shares bought back	-	-	-	-	-



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 3 RESERVES AND SURPLUS

Reserves and Surplus	Amount in INR crores	
	As at 31st Dec 2014	As at 31st Mar 2014
<b>Reserve</b>		
Adjustments pursuant to scheme of amalgamation and arrangement	1,541.50	-
<b>Closing Balance</b>	<b>1,541.50</b>	<b>-</b>
<b>Stock option outstanding Account</b>		
Transferred pursuant to scheme of amalgamation and arrangement	2.83	-
<u>Less</u> : Options exercised	0.45	-
<u>Less</u> : Adjustment on exercise of options during the period	2.05	-
<b>Closing balance</b>	<b>0.33</b>	<b>-</b>
<u>Less</u> : Deferred Stock Option Outstanding Account	-	-
Transferred pursuant to scheme of amalgamation and arrangement	0.14	-
<u>Less</u> : Options exercised	0.12	-
<b>Closing balance</b>	<b>0.02</b>	<b>-</b>
<b>Net balance in stock options outstanding Account</b>	<b>0.31</b>	<b>-</b>
<b>Debenture Redemption Reserve</b>		
<b>Opening Balance</b>	<b>-</b>	<b>-</b>
<u>Add</u> : Provision during the current period	83.33	-
<b>Closing balance of Debenture Redemption Reserve</b>	<b>83.33</b>	<b>-</b>
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	(75.28)	(3.86)
<u>Add</u> : Profit/(Loss) for the period as per Statement of Profit and Loss	402.81	(71.41)
<u>Add</u> : Adjustment on exercise of options during the period	2.05	-
<u>Less</u> : Impact of depreciation (net of deferred tax) pursuant to changes in the useful life per Schedule II of the Companies Act 2013	7.30	-
<u>Less</u> : Transfer to Debenture Redemption Reserve	83.33	-
<u>Add</u> : Impact of scheme of arrangement relating to earlier period (Refer note no. 32)	71.03	-
<u>Appropriation on account of scheme of arrangement relating to earlier period</u> :	-	-
<u>Less</u> : Adjustment on exercise of options during the period	1.05	-
<u>Less</u> : Interim dividend declared	30.36	-
<u>Less</u> : Corporate dividend tax	19.55	-
<b>Closing Balance</b>	<b>259.02</b>	<b>(75.28)</b>
<b>Total</b>	<b>1,884.16</b>	<b>(75.28)</b>



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Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

Notes to Financial Statements for the period ended on 31st December 2014

Note 4 LONG TERM BORROWINGS

Long Term Borrowings	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
<b>LONG TERM LOANS</b>		
Secured		
Term loans		
from banks	811.57	-
from financial institutions	166.66	-
Unsecured		
Redeemable, Unsecured, Unlisted, and Non-Convertible Debentures - NCD	500.00	500.00
In case of continuing default as on the balance sheet date in		
1. Period of default	-	-
2. Amount of Loan	-	-
3. Amount of Interest	-	-
<b>Total - [A]</b>	<b>1,478.23</b>	<b>500.00</b>
<b>Medium Term Loan</b>	<b>As at 31st December 2014</b>	<b>As at 31st March 2014</b>
Unsecured		
Term loans		
from financial institutions	33.33	-
In case of continuing default as on the balance sheet date in repayment of loans and		
1. Period of default	-	-
2. Amount of Loan	-	-
3. Amount of Interest	-	-
<b>Total - [B]</b>	<b>33.33</b>	<b>-</b>
<b>Total - [A + B]</b>	<b>1,511.56</b>	<b>500.00</b>



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## Notes to Financial Statements for the period ended on 31st December 2014

## 4.1 LONG TERM BORROWINGS

The details of security given and other information for all loans are as under :

Long term Loan	As at 31st December 2014	As at 31st March 2014
Secured Loan	First pari - passu charge on Present & Future Fixed Assets (Movable & Immovable) of the erstwhile GSPC Gas Company Limited and Second pari - passu charge on Present & Future Current Assets of the erstwhile GSPC Gas Company Limited	-
Guarantee by Directors or others	Gujarat State Petronet Limited (GSPNL) (Entity having significant influence) has guaranteed to IDBI Trustee for NCD of Rs. 500 Crores.	GSPC Gas Company Limited and Gujarat State Petronet Limited (Entities having significant influence.) have guaranteed to IDBI Trustee for NCD of Rs. 500 Crores.
Loan from related party	None of the loan has been taken from the related party(ies)	None of the loan has been taken from the related party(ies)
Medium Term Loan	As at 31st December 2014	As at 31st March 2014
Unsecured Loan (Refer Note 10 for current maturities)	Demand Promissory Note and Post dated cheques for repayment of principal and interest has been given to Gujarat State Financial Services (GSFS) for Rs. 1500 Crores borrowing.	Demand Promissory Note and Post dated cheques for repayment of principal and interest has been given to Gujarat State Financial Services (GSFS) for Rs. 1500 Crores borrowing.
Guarantee by Directors or others	None of the loan has been guaranteed by the directors or others.	None of the loan has been guaranteed by the directors or others.
Loan from related party	None of the loan has been taken from the related party(ies).	None of the loan has been taken from the related party(ies).



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

Notes to Financial Statements for the period ended on 31st December 2014

Note 5 DEFERRED TAX LIABILITY (NET)

Major components of deferred tax liability and assets are as follows: Amount in INR crores

Component	As at 31st December 2014	As at 31st March 2014
	(DTA) / DTL	(DTA) / DTL
Balance as on 1 April 2014	-	-
Transferred pursuant to the scheme of amalgamation and arrangement	225.97	-
Movement in deferred tax for the period 1 April 2013 to 31 March 2014	72.40	-
Current Period Charge		
Depreciation	53.41	-
Expenditure Disallowed U/s. 43B of the Income Tax Act.	(2.08)	-
Provision for doubtful assets	(0.94)	-
Fixed Asset/ Capital work in progress/ Capital advances	0.59	-
Change to statement of P&L for the current period	50.98	-
Total	349.35	-
Increase/(Decrease) during the period on account of depreciation adjustment*	(3.01)	-
Net Amount Recognised in the Balance sheet	346.34	-

\*Adjustment of deferred tax for the carrying value of assets, whose remaining useful life is Nil as at 1 April 2014, and therefore its residual value is charged to the opening balance of retained earnings as per the provisions of the Companies Act, 2013.

Note 6 OTHER LONG TERM LIABILITIES

Amount in INR crores

Other Long Term Liabilities	As at 31st December 2014	As at 31st March 2014
Interest Accrued but not due on long term borrowings	10.02	22.72
Deposits from Customers*	546.48	-
Deposit from collection centres and others	3.59	-
Other payables	0.04	-
Total	560.13	22.72

\*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.

Note 7 LONG TERM PROVISIONS

Amount in INR crores

Long Term Provisions	As at 31st December 2014	As at 31st March 2014
Provision for employee benefits		
Gratuity	-	-
Leave Encashment	12.80	-
Total	12.80	-

Note 8 SHORT TERM BORROWINGS

Amount in INR crores

Short Term Borrowings	As at 31st December 2014	As at 31st March 2014
Unsecured		
Loans repayable on demand from banks	2.25	-
In case of continuing default as on the balance sheet date in repayment of loans and interest		
1. Period of default	-	-
2. Amount	-	-
3. Amount of interest	-	-
Total	2.25	-



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Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 9 TRADE PAYABLES

Amount in INR crores		
Trade Payables	As at 31st December 2014	As at 31st March 2014
Sundry Creditors - Gas Purchase	428.99	-
Sundry Creditors - Others	14.25	-
<b>Total</b>	<b>443.24</b>	<b>-</b>

Note 10 OTHER CURRENT LIABILITIES

Amount in INR crores		
Other Current Liabilities	As at 31st December 2014	As at 31st March 2014
<b>Other Current Liabilities :</b>		
Current maturities of long-term debt		
From Banks (Secured)	132.10	-
From Financial Institutions (Unsecured)	1,600.00	1,500.00
	<b>1,732.10</b>	<b>1,500.00</b>
Interest accrued but not due on borrowings	45.09	143.48
Bank Book draft	0.01	-
<b>Other Payables :</b>		
Sundry Creditors for Capital Goods and Services	57.01	-
Other Payable to related parties	-	2.06
PF Payable	0.42	-
Duties and Taxes	27.13	0.00
Advances Received from Customers	37.14	-
Advance From Customers towards MGO deposit	24.83	-
Security Deposit received from Suppliers	4.04	-
Sundry deposits from collection centers and others	0.73	-
Unpaid Dividend (Refer Note 1 Below)	2.83	-
Other Liabilities (Refer Note 2 Below)		
BG Asia Pacific Holdings Limited	464.78	-
Less: Deposited in Escrow A/c	<u>464.78</u>	-
Other Payable	0.06	-
<b>Total</b>	<b>1,931.39</b>	<b>1,645.54</b>

Note 1: 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 2: The Company deposited INR 464.78 crores into the escrow account ("named BG Asia Pacific Holdings Pte. Limited GSPC Distribution Networks Limited Escrow Account") opened with Citibank N.A. (acting as the escrow agent) on 12th June, 2013, acting as the escrow agent, pursuant to the escrow agreement executed between the BG Asia Pacific Holdings Pte. Limited (the Seller), GSPC Distribution Networks Limited (the Purchaser) and Citibank N.A. The Payment of said amount into Escrow Account which is to be utilized to meet future tax withholding liability (if any) based on outcome of the applications to the Authority for Advance Rulings or otherwise to be remitted to BG Asia Pacific Holdings Pte. Limited (the Seller) directly.

Note 11 SHORT TERM PROVISIONS

Amount in INR crores		
Short Term Provisions	As at 31st December 2014	As at 31st March 2014
<b>Provision for Expenses</b>		
For Revenue Expenses	34.59	0.02
For Capital Expenses	31.18	-
	<b>65.77</b>	<b>0.02</b>
<b>Provision for Employee Benefits</b>		
Gratuity	3.39	-
Leave Encashment	0.49	-
	<b>3.88</b>	<b>-</b>
<b>Total</b>	<b>69.65</b>	<b>0.02</b>



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Gujarati Gas Limited (Formerly known as GSPCL Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 12: FIXED ASSETS

Particulars	Gross Book					Depreciation and Amortisation				Net Book	
	As at 31st April 2014	Transferred amounts to schemes of amalgamation and arrangements (Refer Note 12)	Additions from 1 April 2013 to 31 March 2014	Disposals and other adjustments from 1 April 2013 to 31 March 2014	Disposals during the period	As at 31st Dec 2014	As at 31st April 2014	For the period from 1 April 2013 to 31 March 2014	Deposits/Deposits	As at 31st Dec 2014	As at 31st March 2014
<b>IMMOVABLE ASSETS :</b>											
Land held Land	-	10.76	0.44	-	-	11.20	-	0.12	-	11.32	-
Freehold Land	-	380.65	(1.35)	-	0.27	379.55	-	-	-	379.55	-
Buildings	-	588.05	31.09	2.55	0.43	622.41	-	1.82	0.43	623.84	-
Plant and Machinery	-	3,558.16	813.52	11.67	13.71	4,386.07	-	368.54	0.56	4,754.63	-
Furniture and fixtures	-	11.04	1.82	0.50	0.82	14.18	-	0.47	0.25	14.43	-
Computer Equipments	-	15.98	3.86	0.96	0.81	21.61	-	0.04	0.01	21.66	-
Other Equipments	-	12.38	2.47	0.41	0.40	15.66	-	5.29	0.42	20.95	-
Motor vehicles	-	12.35	0.93	2.56	0.83	16.67	-	0.78	0.03	17.48	-
Tools and Equipments	-	-	-	0.10	0.10	0.20	-	-	0.04	0.16	-
<b>Total Immovable Assets (A)</b>	-	<b>5,135.57</b>	<b>451.33</b>	<b>87.27</b>	<b>158.25</b>	<b>6,132.42</b>	-	<b>285.06</b>	<b>1.69</b>	<b>6,417.48</b>	-
<b>INTANGIBLE ASSETS :</b>											
Motor Vehicles	-	78.51	19.80	0.26	0.24	108.81	-	8.17	0.45	116.98	-
Software and other Intangibles	-	7.43	1.60	0.00	0.64	9.67	-	20.08	0.77	29.44	-
<b>Total Intangible Assets (B)</b>	-	<b>85.94</b>	<b>21.40</b>	<b>0.26</b>	<b>1.15</b>	<b>128.55</b>	-	<b>28.25</b>	<b>1.22</b>	<b>146.77</b>	-
<b>Total Assets</b>	-	<b>5,221.51</b>	<b>472.73</b>	<b>87.53</b>	<b>159.40</b>	<b>6,260.97</b>	-	<b>313.31</b>	<b>2.91</b>	<b>6,564.25</b>	-

Note 1: During the current year, the Company has reported the assets of certain fund assets as per the schedule in Schedule 1 to the Companies Act, 2013 or as recommended by the Company to an 1 April 2014. Accordingly, the carrying value of fund assets as at 31st Dec 2014, net of residual value, has been depreciated over the remaining useful life. Depreciation adjustment amount of Rs. 10.51 Crores represents the carrying value of assets, whose remaining useful life is up to 31st April 2014 against change in useful life of assets as per Companies Act, 2013. Rs. 7.50 Crores (100% net of deferred tax at 10%) 1.01 Crores (100% net of deferred tax at 10%)

Note 2: There is no impairment of any assets in terms of Accounting Standard - 18 (AS-18) on "Impairment of Assets". Based on the review, the management is of the opinion that there are no impairment indicators that necessitate any adjustments to the carrying value of assets.



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 12.1

Amount in INR crores

	As at 31st Dec 2014	As at 31st March 2014
Capital work in progress*		
Capital Inventory	146.59	-
Capital Work-in-Progress	158.57	-
Interest during the construction period	19.84	-
Loan Syndication Expenses	0.18	-
Total	325.18	-

Amount in INR crores

	As at 31st Dec 2014	As at 31st March 2014
Intangible assets under development*		
Software Assets under Development	0.20	-
Total	0.20	-

\* Acquired in pursuant to scheme of amalgamation and arrangement -(Refer Note no. 32)



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Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
**Notes to Financial Statements for the period ended on 31st December 2014**

**Note 13 NON-CURRENT INVESTMENTS**

Non-Current Investments	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Other Investments		
Investment in Equity instruments (Refer Note 13.1)	162.03	2,811.14
Less : Aggregate Provision for diminution in the value of Investments	-	-
<b>Total</b>	<b>162.03</b>	<b>2,811.14</b>



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Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

**Notes to Financial Statements for the period ended on 31st December 2014**

Note 14 LONG TERM LOANS AND ADVANCES - NON CURRENT ASSETS

Long Term Loans and Advances	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
<b>Capital Advances</b>		
To Others (Unsecured, considered good)	19.63	-
To Others (Unsecured, considered doubtful)	-	-
Less: Provision against doubtful advances	-	-
To related parties (Unsecured, considered good)	-	-
	19.63	-
<b>Security Deposits</b>		
To Others (Unsecured, considered good)	20.17	-
To Others (Unsecured, considered doubtful)	5.44	-
Less: Provision against doubtful deposits	5.44	-
To related parties (Unsecured, considered good)	0.93	-
	21.10	-
<b>Loan to Employees</b>		
To Employees (Unsecured, considered good)	1.92	-
<b>Amount Recoverable from ESOP Trust</b>	3.02	-
<b>Prepaid Expenses</b>	2.44	-
Prepayment to vendors		
Prepayment to vendors - Doubtful		
Less: Provision for doubtful Advances		
<b>Advance against Expenses</b>		
For Advance against Expenses-other (Unsecured, considered good)	0.18	-
For Advance against Expenses-doubtful	0.03	-
	0.21	-
Less: Provision for doubtful	0.03	-
	0.18	-
For Advance against Expenses-related parties	-	-
	0.18	-
<b>Other receivables</b>		
Receivable from Government authorities	13.30	-
<b>Total</b>	<b>61.59</b>	<b>-</b>



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 15 OTHER NON-CURRENT ASSETS

Other non-current assets	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Other Bank Balances	0.01	7.50
Interest Accrued but not due on deposit	-	0.46
Other Receivable (Considered doubtful)	0.36	-
Less : Provision for Doubtful Receivable	0.36	-
<b>Total</b>	<b>0.01</b>	<b>7.96</b>

Note 16 CURRENT INVESTMENTS

CURRENT INVESTMENTS	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Investment in Mutual Funds	976.11	-
<b>Total</b>	<b>976.11</b>	<b>-</b>

Note 17 INVENTORIES

Inventories	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Stores and spares (Valued at Cost on moving weighted average basis)	36.47	-
Natural Gas Inventory	4.51	-
<b>Total</b>	<b>40.98</b>	<b>-</b>





Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

**Notes to Financial Statements for the period ended on 31st December 2014**

**Note 18 TRADE RECEIVABLES - CURRENT ASSETS**

Trade Receivables	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	74.13	-
Unsecured, considered good (refer note below)	336.64	-
Unsecured, considered good	38.88	-
Doubtful	-	-
Total (A)	449.65	-
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	0.18	-
Unsecured, considered good (refer note below)	1.02	-
Unsecured, considered good	1.54	-
Doubtful	3.33	-
Total (B)	6.08	-
Total (A+B)	455.73	-
Less: Provision for doubtful debts	3.33	-
Less: Advance From Customers towards MGO deposit	43.49	-
Total	408.90	-

Note: Trade receivables are backed by Bank Guarantees.

**Note 19 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Cash and cash equivalents		
Balances with banks		
(a) In Current Accounts - including Sweep-in	10.83	0.02
(b) Deposits with Original Maturity of less than three months	-	25.75
Cash on Hand	1.13	-
	11.96	25.77
Other Bank Balances		
I. Unpaid dividend accounts (Refer note below)	2.83	-
II. Deposits with original maturity of more than three months but less than twelve months	235.50	139.85
III. Deposits with original maturity of more than twelve months	0.15	7.50
	238.48	147.35
Less: Non-current Deposits with original maturity of more than twelve months (Disclosed under other non-current assets)	0.01	7.50
	238.47	139.85
Total	250.43	165.62

Note: The balances 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 they became due for payment.



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 20 SHORT TERM LOANS AND ADVANCES

Short-term loans and advances	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
<b>Advance Against Expenses (Receivables in cash/kind in value to be received)</b>		
Unsecured, considered good - Other	2.99	-
Unsecured, considered good - to related party	1.13	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful recovery	-	-
	4.12	-
<b>Loan To Employees</b>		
Unsecured, considered good	1.41	-
<b>Staff Advance</b>		
Unsecured, considered good	0.02	-
Less: Provision for doubtful recovery	-	-
	0.02	-
<b>Advance Tax and TDS</b>		
Advance Tax (Net of Provision)	182.35	1.52
<b>Pre Paid Expenses</b>		
Unsecured, considered good	1.75	-
<b>CENVAT Credit Account</b>		
Unsecured, considered good	2.55	-
<b>Balances with PLA Account</b>		
Unsecured, considered good	0.02	-
<b>Balances with Stamp Duty Authorities</b>		
Unsecured, considered good	0.05	-
<b>Other Receivables</b>	0.94	-
Amount recoverable from ESOP Trust		
<b>Other Deposits</b>	2.35	-
Other Deposits - Doubtful	0.24	-
Less: Provision for doubtful Deposits	0.24	-
	2.35	-
<b>Total</b>	<b>197.57</b>	<b>1.52</b>

Note 21 OTHER CURRENT ASSETS

Other current assets	Amount in INR crores	
	As at 31st December 2014	As at 31st March 2014
Interest Accrued But Not Due on Fixed Deposits	0.59	6.81
Interest Accrued But Not Due on Security Deposits	0.28	-
Unbilled Revenue	62.77	-
Claims Recoverable - Insurance	0.13	-
<b>Total</b>	<b>63.76</b>	<b>6.81</b>





Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

Notes to Financial Statements for the period ended on 31st December 2014

Note 22: REVENUE FROM OPERATIONS

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Sale of products		
Natural Gas	7,128.64	-
Other operating revenues		
Initial Connection Charges Income	8.55	-
Registration Charges Income from Domestic, Comm-Non		-
Commercial Connections	1.49	-
Gas transmission income	12.76	-
Contract Renewal Charges Income	4.72	-
Take or Pay Charges Income	9.72	-
Service & Fitting Income	15.28	-
Other Operating Income	1.49	-
	54.01	-
Revenue from Operations (Gross)	7,182.65	-
Less: Excise duty	96.84	-
Revenue from Operations (Net)	7,085.81	-

Note 23: OTHER INCOME

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Interest Income*	34.23	37.47
Dividend Income**	40.35	85.07
Profit on Sale of Current Investments	1.55	-
Provision Liability No Longer Required	1.04	-
Other non-operating income	2.42	-
Total	79.59	122.54

\* Includes interest income on customer and staff advances

\*\* Includes dividend income on mutual funds & trade investments



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)

Notes to Financial Statements for the period ended on 31st December 2014

Note 24 COST OF MATERIALS CONSUMED/PROCESSED

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Natural Gas	5,593.94	-
Add: Gas Transmission Charges	222.02	-
Total	5,815.96	-

Note 25 PURCHASE OF STOCK-IN-TRADE

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Purchases of CNG	21.20	-
Total	21.20	-

Note 26 CHANGES IN INVENTORIES

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Inventory at the beginning of the period	4.36	-
Less: Inventory at the end of period	4.21	-
Total	0.35	-

Note 27 EMPLOYEE BENEFITS EXPENSE

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Salaries and Incentives	68.41	-
Share based compensation	(0.02)	-
Contributions to -		
(i) Provident fund	5.10	-
(ii) Leave Encashment	3.66	-
Gratuity fund contributions	3.25	-
Staff welfare expenses	2.51	-
Total	82.91	-

Note 28 FINANCE COSTS

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Interest expense		
Interest on Term Loan	255.14	189.55
Interest on Working capital loan	0.49	-
Interest on Security Deposits	1.55	-
(a) Total Interest Expense	257.18	189.55
(b) Less: Interest Capitalised as per AS 16	9.68	-
Net Interest Expense [(a)-(b)]	247.50	189.55
i. Interest on income tax (under section 234B and 234C of the Income Tax)		
Other borrowing costs	1.06	-
Total	248.56	189.55





Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 29 : OTHER EXPENSES

Particulars	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
Consumption of Spares and Spare Parts	6.29	-
Service & Fitting expense	5.17	-
Power and Fuel	38.59	-
Rent		
Rent - Others	2.57	-
Rent - Pipeline	9.11	-
	11.68	-
Repair and Maintenance Expenses		
Repairs to Buildings	0.82	-
Repairs to Plant & Machinery	65.38	-
Repairs and Maintenance Others	9.88	-
	76.08	-
LCV/HCV Hiring, Operating and Maintenance Charges	16.35	-
Lease (Wet) Machinery Expense	0.93	-
Franchisee and other Commission	15.81	-
Advertisement and Business Promotion	1.58	-
Legal, Professional and Technical Consultancy Expenses	7.59	1.88
Insurance	4.10	-
Rates and Taxes (Excluding taxes on incomes)		
Rates, taxes and duties	1.16	1.15
Billing and collection expenses	3.13	-
Office & Administrative Expenses	2.31	-
Safety and Environment Expenses	0.69	-
Stationery and Printing Expenses	1.33	-
Telephone and Communication Expenses	2.54	-
Mobile Instrument Exp.	0.21	-
Agency & Contract Staff Expenses	11.00	-
Conveyance and Travelling Expenses	0.77	-
Vehicle Hiring and Running Expenses	3.73	-
Audit Fees (Refer Note 29.1)	0.19	0.02
Donations	1.05	-
Bank Charges	0.56	-
Loss on Disposal of Assets	3.44	-
Loss on sale and diminution in inventory	0.17	-
Bad Debts Written Off	0.22	-
Assets written off	0.16	-
Provision for Doubtful Deposit	1.15	-
Provision for Doubtful Debt	1.92	-
Other Interest Cost	0.01	-
Net loss on foreign currency transaction	0.03	-
Miscellaneous Expenses	0.89	0.04
<b>Total</b>	<b>220.83</b>	<b>3.09</b>

29.1 : PAYMENTS TO AUDITOR

Payments to auditor	Amount in INR crores	
	9 months ended 31st December 2014	Year ended 31st March 2014
For Statutory Audit	0.18	0.01
For Taxation Matters	-	0.01
For Other Services	0.01	-
For reimbursement of expenses	0.00	0.00
<b>Total</b>	<b>0.19</b>	<b>0.02</b>



Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited)  
Notes to Financial Statements for the period ended on 31st December 2014

Note 30 PRIOR PERIOD ITEMS (NET) Amount in INR crores

Particulars	9 months ended 31st December 2014	Year ended 31st March 2014
Franchisee and other Commission	0.04	-
Agency & Contract Staff Expenses	0.01	-
Depreciation	(0.01)	-
Power and Fuel	0.01	-
Repairs to Plant & Machinery	0.01	-
Legal, Professional and Technical Consultancy Expenses	0.06	-
Other Interest Costs	12.32	-
Other non-operating income	0.01	-
Repairs and Maintenance Others	0.01	-
Telephone and Communication Expenses	0.01	-
<b>Total</b>	<b>12.46</b>	<b>-</b>

Note 31 CURRENT TAX Amount in INR crores

Particulars	9 months ended 31st December 2014	Year ended 31st March 2014
Current Tax Payable	167.59	1.31
Less: MAT Credit Entitlement	34.19	-
<b>Total</b>	<b>133.40</b>	<b>1.31</b>





### 32 Scheme of arrangement

The Board of Directors of the Companies at its meeting held on 21st April, 2014 passed a resolution to consider the Composite Scheme of Amalgamation and Arrangement between GSPC Gas Company Limited (GSPC Gas), Gujaratgas Company Limited (GGCL) and its subsidiaries Gujaratgas Financial Services Limited (GGFSL) and Gujarat Gas Trading Company Limited (GGTCL) ("Transferor companies") and GSPC Distribution Networks Limited (GDN) and their respective shareholders (the "Scheme") for merger of the transferor companies with GDN under the Scheme with appointed date as 1st April, 2015. The said scheme has been approved by Gujarat High Court vide its order dated 30th March 2015. The certified copy of order was received on 18th April 2015 and filed with ROC on 14th May 2015. Subsequently, the company's name has been changed from GSPC Distribution Networks Limited to Gujarat Gas Limited with effect from 15th May 2015.

In accordance with provisions of the scheme,

(i) The business of the transferor companies have been transferred to the company on a going concern basis. As per the Scheme, the "appointed date" of transfer of assets and liabilities, at fair value, is April 01, 2015. However the effect of the same is considered in the books of the Company on April 01, 2014.

(ii) Assets and liabilities transferred from the transferor companies and considered under the respective schedules, are as under:

Particulars	Amount in INR crores				
	GGCL	GSPC Gas	GGFSL	GGTCL	Total
Tangible assets	1,787.53	2,367.65	-	-	4,155.18
Intangible assets	16.23	103.97	-	-	120.20
Capital work-in progress	88.03	351.74	11.51	-	451.28
Intangible assets under development	2.79	0.20	-	-	2.99
Non-current investments	162.08	0.58	-	-	162.66
Deferred tax assets (Net)	-	-	7.08	-	7.08
Long-term loan and advances	19.84	24.95	0.02	1.23	46.04
Other non-current assets	0.78	0.01	-	-	0.79
Current investments	379.87	-	-	13.55	393.42
Inventories	24.28	0.62	-	-	24.90
Trade receivables	345.23	239.52	5.65	7.78	598.18
Cash and cash equivalents	37.39	4.52	10.52	0.29	52.72
Short-term loans and advance	30.76	18.18	6.94	0.13	55.91
Other current assets	41.37	15.96	0.37	-	57.70
Deferred stock compensation A/c	0.70	-	-	-	0.70
<b>Total Assets (A)</b>	<b>2,748.13</b>	<b>3,133.87</b>	<b>42.08</b>	<b>22.95</b>	<b>5,947.03</b>
Long-term borrowings	-	365.29	-	-	365.29
Deferred tax liabilities (Net)	95.75	137.30	-	-	233.05
Other long term liabilities	280.43	157.58	-	1.23	439.24
Long-Term provisions	5.70	2.84	0.00	-	8.54
Short-term Borrowings	-	10.83	-	-	10.83
Trade payables	104.32	219.79	9.43	8.13	341.67
Other Current liabilities	63.21	257.97	0.58	0.02	321.78
Stock options outstanding	3.50	-	-	-	3.50
Short-term provisions	29.17	51.82	0.83	-	81.82
<b>Total Liabilities (B)</b>	<b>562.86</b>	<b>1,793.52</b>	<b>10.43</b>	<b>9.18</b>	<b>2,375.99</b>
<b>Net assets taken over (C) = (A) - (B)</b>	<b>2,185.27</b>	<b>1,340.35</b>	<b>31.65</b>	<b>13.77</b>	<b>3,571.04</b>

The above mentioned inventories have been increased by INR 2.12 crores and Long Term loans and advances have been reduced by INR 1.55 crores on account of recognition of provision for doubtful advances for alignment of accounting policies. These adjustments have been recorded in the opening reserves as per the accounting treatment prescribed by the scheme.

(ii) As a consideration for the transfer of the above mentioned assets and liabilities and consequential expected future cash flows from the transferor companies, the company has issued 4,731,764,975 equity shares of INR 10 each. This has resulted in recognition of goodwill of INR 1,022.53 crores (equity shares of INR 4,731.77 crores for net assets of INR 3,639.24 crores) based on the Purchase method of accounting as prescribed under AS 14 - "Accounting for amalgamations".

Further, in accordance with the scheme, cancellation of intercompany investments has resulted in creation of goodwill of INR 2,811.14 crores. This along with the amount of goodwill as mentioned in (ii) above has been fully adjusted against the reserves arising on account of capital reduction to reduce the share capital to comprise of 137,678,025 equity shares of INR 10 each.

(iii) The entire purchase consideration has been paid through issue of equity shares, hence there is no impact on cash flow due to transfer of above mentioned assets and liabilities. Further, net cash flows for the period 1 April 2013 to 31 March 2014 pertaining to the transferor companies on account of operating, investing and financing activities aggregating to INR 466.39 crores, INR 526.22 crores and INR 53.04 crores respectively have been included in the statement of cash flows as a separate line item under the respective heads.



Since the Scheme of Amalgamation and arrangement has been approved after 31st March, 2014, operations of the transferor companies from 1 April 2013 to 31 March 2014 have been accounted as a separate line item in the balance of profit and loss account disclosed under the "Reserves and Surplus". The details of the same are as under:

Amount in INR crores	
	TOTAL
Revenue from operations (Gross)	7,953.19
Less : Excise duty	(153.14)
Revenue from operations (Net)	7,800.05
Other income	(14.14)
<b>Total Revenue</b>	<b>7,785.91</b>
<b>Expenses</b>	
Cost of materials consumed/processed	6,774.17
Purchases of Stock-in-Trade	34.30
Changes in inventories	(6.75)
Employee benefits expense	103.64
Finance costs	112.33
Depreciation and amortisation expense	308.92
Other expenses	301.11
<b>Total Expenses</b>	<b>7,633.72</b>
<b>Profit/(Loss) before exceptional and non-ordinary items and tax</b>	<b>152.19</b>
(a) Prior period items (Net)	0.14
(b) Exceptional items	5.47
<b>Profit/(Loss) before extraordinary items and tax</b>	<b>146.23</b>
Extraordinary items	-
<b>Profit/(Loss) before Tax (PBT)</b>	<b>146.23</b>
<b>Tax expense:</b>	
(a) Current tax	2.80
(b) Deferred tax	72.41
<b>Profit (Loss) after Tax</b>	<b>71.03</b>

**Note 33 - Previous year figures**

Previous year figures are of standalone entity for twelve months without the impact of the Scheme of Amalgamation and Arrangement. Hence they are not comparable with the current period figures which are for nine months.

**Note 34 -** The Company has prepared these financial statements for the nine months period ended on 31st December, 2014 for the purpose of use by Management in relation to submission of Information Memorandum to the stock exchanges. The financial statements are not intended to, and do not, comply with the disclosure provisions applicable to preparation of financial statements under the provisions of the Companies Act, 2013.

**Note 35 -** Previous year's figures have been regrouped or reclassified wherever necessary to conform to the current period's presentation.

For Gujarat Gas Limited

*Rahul Dave*

Rahul Dave  
Executive Vice President (F&A)







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**SECTION 6 – STATEMENT OF POSSIBLE TAX BENEFITS TO THE**  
**SHAREHOLDERS OF THE COMPANY**

*Annexure-2*

Date. 5<sup>th</sup> June, 2015

To,  
The Board of Directors,  
Gujarat Gas Limited  
Block No. 15, 3rd Floor,  
Udyog Bhavan, Sector 11,  
Gandhinagar – 382 011,  
Gujarat

**Sub: Statement of Possible Tax Benefits Available to the Company and its Shareholders**

Dear Sirs,

We hereby report that the enclosed Annexure states the possible tax benefits that may be available to Gujarat Gas Limited (the "Company") and to the shareholders of the Company under the provisions of the Income Tax Act, 1961 ("IT Act"), the Wealth Tax Act, 1957, and other allied Direct tax laws presently prevailing and in force in India.

The contents of this Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India. Several of these benefits are subject to the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its Shareholders to derive tax benefits is subject to the fulfillment of such conditions.

The benefits discussed in the Annexure are not exhaustive. The information being furnished by us is general in nature and it is neither designed nor intended to be a substitute for professional tax advice. Investors are advised to consult their own tax consultants with respect to the specific tax implication arising out of their participation in the listing of shares of the Company.

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Further, we do not express any opinion or provide any assurance as to whether:

- i. The Company or its shareholders will continue to obtain these benefits in future;  
or
- ii. The conditions prescribed for availing the benefits have been/would be fulfilled by them.

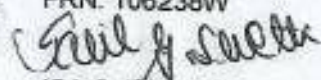
This report is intended solely for the information and for listing of shares in NSE, BSE, ASE and VSE and is not to be used, referred to or distributed for any other purpose without obtaining our prior written consent.

Place: Ahmedabad

Dated: 5<sup>th</sup> June, 2015



For Mehta Sheth & Associates  
Chartered Accountants  
FRN: 106238W

  
(CA Salil Sheth)  
Partner  
Membership No.: 110500





**Annexure to the Report on Statement of Tax Benefits available to the Company and its Shareholders:**

**Indian Tax Considerations**

**1. Benefits available to the company**

- 1.1 The Company will be entitled to claim depreciation allowance at the prescribed rates on assets under section 32 of the IT Act. Further, subject to fulfillment of conditions prescribed in section 32(d)(iii) of the IT Act, the Company will be entitled to claim accelerated depreciation of 20 per cent of the actual cost of certain new machinery or plant which has been acquired and installed after 31st March, 2005. If, however, the assets are put to use for less than 180 days in the year in which they are acquired, the rate of accelerated depreciation will be 10 per cent in the year of acquisition and balance 10% additional depreciation will be allowed in the immediately succeeding year.
- 1.2 Businesses losses, if any, for an assessment year can be carried forward and set-off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.
- 1.3 The Company is eligible to exemption under section 10(34) in respect of income by way of dividend received from other domestic companies subject to disallowances, if any, under section 14A, for expenditure incurred in relation to earning such income.
- 1.4 The Company will be eligible for exemption under section 10(35) in respect of income by way of dividend received from units of mutual funds specified under section 10(23D) of the Act, income by way of dividend received in respect of units from the Administrator of specified undertaking and income by way of dividend received in respect of units from the specified company subject to disallowances, if any, under section 14A, for expenditure incurred in relation to earning such income.





- 1.5 Long Term Capital Gain arising on transfer of equity shares of a company or units of an equity oriented fund (as defined) which has been set up under a scheme of a mutual fund specified under Section 10(23D), on a recognized stock exchange on or after October 1, 2004 are exempt from tax under Section 10(38) of the Act provided the transaction is chargeable to Securities Transaction Tax (STT) and subject to conditions specified in that section. Income by way of long term capital gain exempt u/s 10(38) of a company is to be taken into account in computing the Book profit and income-tax payable under section 115JB, if attracted.
- 1.6 As per section 111A of the Act, Short Term Capital Gain arising on sale of equity shares or units of equity oriented mutual fund (as defined) under Section 10(38), on a recognized stock exchange are subject to tax at the rate of 15 per cent (plus applicable surcharge and cess), provided the transaction is chargeable to STT. Transactions where STT is not applicable are taxable @ 30 per cent (plus applicable surcharge and cess).
- 1.7 Long term capital gain accruing to the Company from the transaction where STT is not applicable, will be subject to tax in accordance with and subject to the provisions of Section 112 of the Act, instead of normal rate of 30% (plus applicable surcharge and cess) applicable to the Company:
- If long term capital gain is computed with indexation @ 20% (plus applicable surcharge and cess)
  - In the case of certain listed shares, securities and units, if long term capital gain is computed without indexation @ 10% (plus applicable surcharge and cess)



1.8 As per the provisions of section 115O of the Act, in addition to the income-tax chargeable in respect of the total income of a domestic company, any amount declared, distributed or paid by such company by way of dividends, is liable to additional income-tax in the form of dividend distribution tax, computed after grossing up, which at present is 15 per cent (plus applicable surcharge and cess) on the total amount distributed as dividend. While computing the dividend in accordance with the provisions of section 115O of the Act, the amount of dividend, if any, received by the domestic company during the financial year is deductible, if:

- (a) such dividend is received from its subsidiary;
- (b) the subsidiary has paid tax under that section on such dividend; and
- (c) the domestic company is not a subsidiary of any other company

1.9 As per the provisions of section 115JAA of the Act, the Company is eligible to claim credits for MAT paid for any assessment year commencing from on or after 1<sup>st</sup> April, 2006 against normal income tax payable in subsequent assessment years. MAT credit shall be allowed for any assessment year to the extent of difference between tax payable as per normal provisions of the Act and tax paid on book profits as computed under section 115JB of the Act for that assessment year. Such MAT credit is available for set off upto 10 assessment years succeeding the assessment year in which the MAT credit arises.

## 2. Benefits available to resident shareholders

### 2.1 Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act provided the Company declaring the dividend has paid dividend distribution tax, computed after grossing up, which at present is 15 per cent (plus applicable surcharge and cess) on the total amount distributed as dividend. However it is pertinent to note that Section 14A of the Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn the dividend income is not an allowable expenditure.







**2.2 Long term capital gain exempt under section 10(38)**

Income arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund is exempt provided securities transaction tax has been paid on such transfer.

**2.3 Computation of Capital gains**

- a. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a company, or any other securities listed in a recognized stock exchange in India, will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".
- b. Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.
- c. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at the rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, calculated at the rate of 20 per cent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 per cent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore, would be chargeable to tax at a concessional rate of 10 per cent (plus applicable surcharge and education cess) without indexation benefits.



- d. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section. No deduction under chapter VI-A of the Act shall be allowed from such income;
- e. Short term capital gains arising on sale of equity shares where such transaction is not chargeable to STT, is presently taxable at the normal rate of tax as applicable (plus applicable surcharge and cess)
- f. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.
- g. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year is allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and setoff against long term capital gain arising during subsequent 8 years.

#### 2.4 Exemption of capital gain from Income Tax

- a. According to section 10(38) of the Act, long-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of shareholders being company, profits on transfer of above referred long term capital asset shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115 JB of the Act.





- b. According to the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) of the Act and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment that can be made in the bonds under Section 54EC during the financial year in which long term capital asset is sold or in subsequent financial year is presently Rs. 5 million.
- c. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

**3. Benefits available to Non-residents (Other than Foreign Institutional Investors)**

**3.1 Dividends exempt under Section 10(34)**

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions, of Section 10(34) of the Act. However, the Company will presently be liable to pay dividend distribution tax at the rate of 15 per cent (plus applicable surcharge and education cess) on the total amount distributed as dividend.

**3.2 Computation of capital gains**

- a. Capital assets may be categorised into short term capital assets and long term capital assets based on the period of holding. Shares held in a company, or any other securities listed in a recognized stock exchange in India, will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term



capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains"

- b. Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of an Indian company's shares by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition / improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. The shareholders are not entitled to indexation benefit in such case.
- c. In case investment is made in Indian Rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 per cent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities, calculated at the rate of 20 per cent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 per cent without indexation benefit, then such excess shall be ignored for the purpose of computing the tax on capital gains and therefore capital gains therefore, would be chargeable to tax at a concessional rate of 10 per cent (plus applicable surcharge and education cess) without indexation benefits.
- d. As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section.





- e. Short term capital gains arising on sale of equity shares or units of equity oriented mutual fund, where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).
- f. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.
- g. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

**3.3 Exemption of capital gain from income tax**

- a. According to section 10(38) of the Act, long-term capital gains on sale of equity shares or unit of equity oriented fund, where the transaction of sale is chargeable to STT shall be exempt from tax. However, in case of companies, long term capital gains so earned (which are exempt under section 10(38) of the Act) shall be taken into account in computing the book profit for the purposes of computation of MAT.
- b. According to the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment that can be made in the bonds under





Section 54EC during the financial year in which long term capital asset is sold or in subsequent financial year is presently Rs. 5 million.

- c. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

### 3.4 Benefits under Double Taxation Avoidance Agreements (DTAA)

As per Section 90 of the Act, the non-resident shareholder can claim relief in respect of double taxation, if any, as per the provision of the applicable DTAA entered into by the Government of India with the country of residence of the non-resident investor.

## 4. Benefits available to Foreign Institutional Investors (FIIs)

### 4.1 Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act. However, the Company will be liable to pay dividend distribution tax at the rate of 15 per cent (plus applicable surcharge and cess) on the total amount distributed as dividend.

### 4.2 Taxability of capital gains

- a. As per the provisions of section 115 AD of the IT Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the IT Act at the following rates:

Nature of Income	Rate of Tax
Long Term Capital Gains	10%
Short Term Capital Gains	30%*

\*15% where the provisions of section 111A of the Act are applicable.

- b. The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to an FII.







- c. According to Section 111A of the IT Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess) in addition to the other requirements, as specified in the section.
- d. Short term capital gains arising on sale of equity shares, where such transaction is not chargeable to STT, shall be taxable at the rate of 30% (plus applicable surcharge and cess).
- e. As per section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gain as well as long term capital gain. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 years.
- f. As per section 71 read with section 74 of the Act, long term capital loss arising on sale of equity shares which are not subjected to STT during a year are allowed to be set-off only against long term capital gain. Balance loss, if any, shall be carried forward and set-off against long term capital gain arising during subsequent 8 years.

4.3 Exemption of capital gain from income tax

- a. According to section 10(38) of the Act, long-term capital gains on sale of shares or unit of equity oriented fund where the transaction of sale is chargeable to STT shall be exempt from tax. However, long term capital gain so earned may be required to be taken into account in computing the book profit for the purpose of computation of MAT.



- b. According to the provisions of section 54EC of the IT Act and subject to the conditions and investment limits specified therein, long-term capital gains not exempt under section 10(38) and arising to the assessee on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, according to Section 54EC(2) of the Act, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. The maximum investment that can be made in the bonds under Section 54EC during the financial year in which long term capital asset is sold or in subsequent financial year is presently Rs. 5 million.
- c. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

#### 5. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Government may by notification in the Official Gazette specify in this behalf.

#### 6. Gift to an Individual or Hindu undivided family

As per provisions of Section 56(2)(vii) of the IT Act and subject to exception provided in second proviso regarding gifts to relatives, where any Individual or Hindu Undivided Family receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the aggregate fair market value of such shares and securities as exceeds such



consideration, is chargeable to Income-tax under the head Income from other sources.

#### 7. Tax Treaty Benefits

A non-resident investor has the option to be governed by the provisions of the Act or the provisions of the Tax Treaty that India has entered into with the country of which the non-resident investor is a tax resident, whichever is more beneficial.

#### 8. Benefits available under the Wealth-tax Act, 1957

Assets as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

#### 9. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. This is however subject to the provisions of Section 56 of the Act.

#### 10. Securities Transaction Tax (STT)

STT in respect of any taxable securities transaction shall be collected from the seller or the buyer, on the value of such transaction, by every recognized stock exchange or the prescribed person in case of any Mutual Fund, at the rate specified in section 98 of Chapter VII of the Finance Act 2004.

#### Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2014
2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.



The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Equity Shares held as investment (and not as stock in trade). The statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

Place: Ahmedabad

Dated: 5<sup>th</sup> June, 2015



For Mehta Sheth & Associates  
Chartered Accountants

FRN: 106238W

*Salil Sheth*

(CA Salil Sheth)

Partner

Membership No.: 110500

