



GUJARAT GAS

COLLABORATING STRENGTHS GROWING MARKETS CREATING VALUE



34th Annual Report | 2013 -14

Gujarat Gas Company Limited (GGCL) is committed to build Shareholders' value by collaborating strengths, integrating efficiencies, growing markets and investing in growth opportunities.

COLLABORATING STRENGTHS

GGCL is now a part of India's leading integrated energy conglomerate, Gujarat State Petroleum Corporation (GSPC) Group.

Be it GSPC Group's integrated energy value chain, LNG sourcing, infrastructure prowess and economies of scale or be it GGCL's 24 years of operating expertise of providing efficient energy solutions through a culture of safety in one of the India's most industrialized and energy intensive zones - the prospects of collaborating on each other's strengths are aplenty.

For GGCL, this synergy opens up new vistas of integration, cost efficiencies, infrastructure optimization and supply securities.

GROWING MARKETS

India is moving towards a natural gas powered economy and by 2025 the share of natural gas in the energy mix will increase to 20%*. Amidst this positive outlook, GGCL is investing in organic growth opportunities.

From tapping the unleveraged zones in the geographical areas under its operation to adopting integrated expansion model with industrial and CNG segments as anchor load, GGCL is exploring new geographical areas through Petroleum and Natural Gas Regulatory Board's (PNGRB's) bid route. GGCL has also been actively pursuing the opportunities of network expansion for future growth in its existing areas of operations.

CREATING VALUE

Apart from network expansion, GGCL continues to focus on growing sales volumes in the value adding categories of industrial segment and add on to the number of domestic, CNG and commercial customers to ensure steady volume expansion. At the same time, it continues to focus on process and cost efficiencies, infrastructural synergies with other GSPC Group companies and long-term natural gas supply security to further the bottom-line performance.



* "Vision 2030" - Natural Gas Infrastructure in India



GUJARAT GAS

COLLABORATING STRENGTHS

GGCL with its presence in geographical areas of Surat, Bharuch and Tapi Districts is now extending its network to new geographical areas of Bhavnagar and Botad. GGCL has 24 years of strong track record of operating in one of the most industrialized zones of India; making it as one of the most experienced CGD operators in the Country.

Coming together with GSPC Group, India's leading integrated energy conglomerate having its presence across the energy value chain, has further strengthened GGCL's drive towards investing in growth opportunities, sustaining profitability, enhancing shareholders' worth and creating value for everyone; including its customers, society and the environment.

The strategic fit of GGCL within GSPC Group creates an indomitable force that leverages on infrastructure integration, access to key markets, sourcing securities, process efficiencies, cost optimization, expertise and knowledge bandwidth and more so, economies of scale.



GROWING MARKETS

Growth in the Existing Markets

GGCL has sustained its top-line growth year-on-year through organic growth in its areas of operation. Following a multipronged strategy of extending its network in to new potential areas of various cities and unconnected zones within areas of operation, intensifying existing network usage, focusing on high-value industrial and commercial segments and expanding CNG infrastructure to cover villages, towns and road junctions, GGCL has consistently delivered high performance. During the 15 months period, the Company commissioned close to 2,40,000 scmd of new volumes in the industrial segment and added around 71,500 residential connections. The consolidated net sales for the 15 months period were Rs. 3,879 crore compared to Rs. 3,067 crore in the corresponding period of 12 months of the previous year.

Investing in New Markets of Growth

As a part of its continuing growth strategy, GGCL continues to assess and evaluate opportunities in to high-value and high-volume new geographical areas.

GGCL is proud to announce that it has received authorization from PNGRB on 13th of March 2014 to lay, build, operate or expand CGD network for Bhavnagar and Botad Districts after winning the bid. With a combined coverage area of 8,153 sq. kms., GGCL has been granted 300 months of infrastructure exclusivity and 60 months of marketing exclusivity for both the districts. GGCL has already begun its operations with Group's support in these newly awarded geographical areas and is confident of adding new volumes as a result of this expansion.



Growing Markets in the Future

Natural gas is a vital, reliable and efficient energy source and accounts for 23.94%* of total global energy mix. Government of India too is focusing on moving towards a natural gas powered economy by increasing the share of natural gas in the energy mix to 20%** by 2025.

There is an impetus by the Government of India on improving local hydrocarbon discoveries alongwith expansion and commissioning of LNG import terminals, development of nationwide natural gas pipeline grid, rapid expansion of the CGD network and prioritizing CGD sector in domestic gas allocation. Adding to this, new investments in the industrial sector, development of urban infrastructure, DMIC Freight Corridor, Dholera SIR, Dahej PCPIR, etc. within the State of Gujarat, surely promises a future full of opportunities.

Given this promising business landscape coupled with GGCL's operating expertise and professional experience of more than 24 years and the synergistic advantages of being part of GSPC Group, GGCL is all set to leverage its organic growth strategy of higher penetration in existing markets, integrated expansion and tapping new viable markets from a position of strength.

* Minutes of Standing Committee on Petroleum & Natural Gas on "Allocation & Pricing of Gas"

** "Vision 2030" – Natural Gas Infrastructure in India



CREATING VALUE

Creating Value for Shareholders

GGCL was adjudged by 2013 ET 500 Survey as one of the top 12 Fittest Companies in India rated on various financial parameters including net profit over the last 3 years. Sustaining profitability is one of the core objectives at GGCL and it has been constantly pursuing this objective by focusing on high-value Industrial and CNG segments and optimising gas supply portfolio coupled with its cost management.

The consolidated net Profit for the Financial Year (15 months period) under review stood at Rs. 420 crore as compared to Rs. 289 crore during the previous year (12 months period). This records an increase of more than 16% if compared with proportionate 12 months period of the previous year.

GGCL is persistently working with GSPC Group to leverage process and cost efficiencies, infrastructural synergies and long-term gas supply securities in order to further improve its bottom-line performance. Taking this strategic fit forward, GGCL executed gas supply contracts in the month December, 2013 with GSPC for supply of RLNG up to 0.65 mmscmd on a long-term basis valid till July 2025, ensuring long-term supply security to its industrial customers.

Creating Value for Customers, Society and Environment

While GGCL collaborates, grows and profits commercially, it has an unwavering focus ahead of its commercial interest – focus of responsibility towards its most important stakeholders – customers, society and environment.

GGCL is ever committed to high quality of customer service and places utmost priority to safety standards and asset integrity. During the Financial Year under review GGCL recorded a Total Recordable Case Frequency (TRCF) of 0.604 and it was also honoured by Gujarat Safety Council (GSC) with Rotating Shield & Certificate of Honour for lowest Disabling Injury Index (DII).

The Corporate Social Responsibility (CSR) strategy of GGCL addresses the need for supporting various sustainable development projects to benefit the communities in the operational areas of the Company. During the financial year under review, GGCL has undertaken various CSR initiatives viz., supporting school enrollment drive of Government of Gujarat, supporting Uttarakhand relief activities, organizing “Science is Fun – 2013” events for educating school students on experiential learning of science in Surat and Bharuch and extending support to livelihood projects to provide cattle raising services and livelihood activities.

GGCL continues its commitment towards environment conservation and in recognition, M/s DNV has approved continuation of ISO 14001:2004 and ISO 18001:2007 certifications. GGCL continually strives towards energy optimization and safeguarding Mother Nature for the future generations.





GUJARAT GAS

BOARD OF DIRECTORS

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

Mr. Sudhir Mankad (Upto 6 May 2013)
Mr. Hasmukh Shah (Upto 12 June 2013)
Mr. Shahram Jahanbani (Upto 12 June 2013)
Mr. Shaleen Sharma, (Upto 12 June 2013)
Mr. Sugata Sircar (Upto 11 December 2013)

Mr. PPG Sarma, In Charge CEO (w.e.f. 12 December 2013)
Ms. Rajeshwari Sharma, Company Secretary

GROUP HEADS

Mr. Chirag Brahmbhatt, Head - HR
Mr. Himanshu K. Upadhyay, Director - Policy and Corporate Affairs
Mr. Maqsood Shaikh, Head - Commercial
Mr. Nitin Patil, Director - Technical & HSSE
Mr. Nitesh Bhandari - Financial Controller

SUBSIDIARY COMPANIES

Gujarat Gas Financial Services Ltd

BOARD OF DIRECTORS

Mr. Tapan Ray, IAS (w.e.f. 9 July 2013)
Mr. PPG Sharma (w.e.f. 9 July 2013)
Mr. Ravindra Agarwal (w.e.f. 20 January 2014)
Mr. Manu Verma (Upto 8 July 2013)
Mr. Sadhan Banerjee (Upto 8 July 2013)
Mr. Sugata Sircar (Upto 11 December 2013)

Gujaratgas Trading Company Ltd

BOARD OF DIRECTORS

Prof. Pradip Khandwalla
Mr. PPG Sarma, (w.e.f. 20 January 2014)
Mr. Manish Verma, (w.e.f. 21 April, 2014)
Mr. Manu Verma (Upto 9 July 2013)
Mr. Sugata Sircar (Upto 11 December, 2013)
Mr. Tapan Ray, IAS (resigned w.e.f. 27 March 2014)

BANKERS

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

AUDITORS

Gujarat Gas Company Limited

Manubhai & Shah, Chartered Accountants
2nd Floor, 'B' Wing, Premium House,
Near Gandhigram Rly. Station, Navrangpura,
Ahmedabad-380009

Gujaratgas Trading Company Limited

Talati & Talati
Ambica Chambers, Near Old High Court, Navrangpura,
Ahmedabad-380009

Gujarat Gas Financial Services Limited

R. S. Patel & Co.
801, Popular House, Near Income Tax Circle, Ashram Road,
Ahmedabad-380009

COST AUDITORS

Gujarat Gas Company Limited

Atul Bhatt & Co.
C-3, "Prathana, Opp. Dudhia Dairy, Nr. Jain Merchant
Society, Paldi, Ahmedabad-380007

CORPORATE OFFICE

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

OFFICES

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

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

BHARUCH: Anand Mangal Society, Son Talavadi,
Bharuch-392001

BHAVNAGAR: Survey No.411, Paiki-2, Bhavnagar-
Vallabhipur Road, Opp. Rangoli Restaurant, Village-Vartej,
Dist. Bhavnagar 364060

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DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors have pleasure in presenting the 34th Annual Report and the audited accounts for the Financial Year of fifteen months ended on 31 March 2014.

1. FINANCIAL RESULTS

(Rs. in Crores)

Particulars	Consolidated Financials		Stand-alone Financials	
	15 Months ended	12 Months ended	15 Months ended	12 Months ended
	31-03-2014	31-12-2012	31-03-2014	31-12-2012
Total income	3,993.03	3,163.23	3,989.12	3,157.56
Gross profit before interest, depreciation and tax	711.54	475.44	708.95	470.36
Less: Interest	0.52	0.16	0.52	0.16
Depreciation	96.84	65.83	96.50	65.36
Profit before tax	614.18	409.45	611.93	404.84
Tax expenses	194.07	120.90	192.08	118.18
Net Profit	420.11	288.55	419.85	286.66
Minority Interest	1.50	1.93	-	-
Profit attributable to Group	418.61	286.62	419.85	286.66
Add: Undistributed profit of earlier years	651.63	513.28	640.43	501.52
Balance available for Appropriation	1,070.24	799.90	1,060.28	788.18
Less: Appropriations:				
Transfer to general reserve	42.00	29.15	42.00	28.70
Preference dividend	-	0.27	-	0.27
Proposed Equity dividend	-	-	-	-
Corporate dividend tax on proposed dividend	-	0.11	-	0.04
Interim Dividend	115.42	89.78	115.42	89.78
Corporate dividend tax on interim dividend	19.54	14.56	19.54	14.56
Transfer to Capital Redemption Reserve	-	14.40	-	14.40
Surplus retained	893.28	651.63	883.32	640.43
Earning per Share (Rs.)	32.64	22.32	32.74	22.33

2. DIVIDEND

Your Directors recommend to the shareholders at their Annual General Meeting, the confirmation as the final dividend of the Interim Dividend of Rs. 9/- per fully paid up equity share of Rs. 2.00 each on 12,82,50,000 equity shares of the Company, declared by the Board of Directors on 12 November 2013 and paid on 9 December 2013, to those equity shareholders whose names appeared on the Register of Members of the Company as at the close of business hours of 25 November 2013.

A sum of Rs. 42 crs is proposed to be transferred to the General Reserve during the year.

3. CHANGE IN CONTROL OF THE COMPANY

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



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

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

As per the provisions of SPA, Mr Sugata Sircar continued as Director/MD for the transition period of 6 months w.e.f. 12th June 2013 till 11th December 2013, in order to ensure smooth transfer of GGCL into the folds of GSPC Group. Subsequent to the exit of Mr Sircar from GGCL, the GSPC group appointed Mr PPG Sarma as the In Charge Chief Executive Officer of the Company to take care of the day to day executive functions w.e.f. 12 December 2013.

4 COMPOSITE SCHEME OF AMALAGAMATION

The Board at its meeting dated 24 February 2014, granted its "in-principle" approval to the consolidation by way of amalgamation of the Company, GSPC Gas Company Limited ("GSPC Gas"), GSPC Distribution Networks Limited ("GDNL"), Gujarat Gas Financial Services Limited ("GFSL") and Gujarat Gas Trading Company Limited ("GTCL") through a High Court approved Composite Scheme of Amalgamation and Arrangement.

The Board at its meeting held on 21 April 2014 approved the Scheme of Amalgamation. The report of SSPA & Co, gives a fair ratio of exchange in the event of amalgamation. In consideration of the amalgamation, GDNL to issue and allot the shares as per the following swap ratio:

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

On the above share swap ratios, SBI Capital Markets Ltd has also provided its fairness certificate.

Your Company has initiated the process of Amalgamation as per the relevant provisions of Companies Act, 1956/ or Companies Act 2013, the SEBI requirements including the provisions under the listing agreements with the stock exchanges.

5 MANAGEMENT ANALYSIS

5.1 Industry outlook and developments

Natural Gas has emerged and continues to remain a vital energy source amongst various available resources in world's energy consumption. It is one of the cleanest conventional fuels with very low level of greenhouse gas emissions in comparison to other conventional sources. Natural Gas has found increasing usage in different sectors like power, automobile etc. Currently it accounts for 23.94% of total global energy mix¹. As per the projections of International Energy Agency (IEA), demand for Natural Gas would grow to approximately 43% through year 2035².

India is amongst one of the fastest growing energy economies in the world which has shown high degree of resilience during recent period of recessions experienced by various other economies. The production of natural gas has steadily increased from 31.33 BCMs during 2005-06 to 39.78 BCMs during 2012-13, registering a CAGR of 3.03%, most of this increase attributed to the discovery of new reserves³. On the other hand, the consumption of natural gas has grown much faster at a CAGR of 6% over previous five years i.e. from 118 mmscmd in year 2007-08 to 158 mmscmd in year 2012-13, driven by growth in sectors like power, fertiliser and city gas distribution (CGD)⁴.



The downstream regulator, the Petroleum and Natural Gas Regulatory Board (PNGRB) is contributing in promoting the growth of the CGD sector in the country. During the period it has awarded licenses to operate and grow cities viz. Bhavnagar, Jamnagar, etc. for which bids were submitted under round - 3 of CGD bidding to the PNGRB. Further, continuing its endeavour, the PNGRB is again inviting competitive bids for developing gas infrastructure (round - 4) including development of new cross country pipelines and CGD networks in the country. Given that all the plans for expansion in natural gas supply in the country, it is envisaged that the share of natural gas in the primary energy mix would reach 20% by 2025⁵, with additional RLNG terminals being erected and commissioned, nationwide transmission pipeline network laid and transnational pipelines expected to materialize in the next decade.

Though the economy is bullish, the changes expected in policies to be more industry friendly coupled with change in global scenario, India is being viewed as a potential market for future investments and growth. Most of the measurable indicators are pointing towards India whose economy will grow faster in 2014 and thereafter in immediate next years, but the primary driver to fuel this growth remains "Energy" and with increased focus of the Government in improving the local hydrocarbon discoveries and growing environment concerns to have better cities for its citizens, there is an expected shift of this solid fuel economy to move to natural gas for fuelling its energy needs, apart from testing other renewable fuels during the course of time.

5.2 Opportunities and Challenges

The PNGRB which has been mandated for regulating the CGD sector has been actively pursuing its objective of growth in the sector by awarding new pipeline projects and new geographies during the last year. This would provide the much needed push for growth of the gas markets. The PNGRB has outlined its vision of expanding CGD network to more than 300 cities in India, as part of which, 60 cities have been identified for developing CGD network by 2021 - 22. Your company has rich technical and commercial resources having varied experience in gas markets and has over 10,000 man years' experience of managing gas networks and servicing customers consuming natural gas and hence is well equipped and most suitable company to lead this market from the front. The PNGRB has announced the winners from its third round of bidding during this financial year. Further, the PNGRB has announced the fourth CGD Bid Round by inviting bids to develop CGD networks in 14 new geographic areas. Your Company is actively evaluating the geographic areas for bid in order to expand its horizon of growth.

Recently, based on a recent Court verdict, the Ministry of Petroleum and Natural Gas (MoPNG) issued a directive for allocating indigenous (domestic) gas to the CGD sector to boost the demand of CNG (transport) and household (domestic segment) for sustainable growth. While, some quantum of the domestic source already available with Your Company was reduced as an arrangement to adhere to this directive issued by the MoPNG, however Your Company 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 otherwise could have been challenging to develop with sole RLNG as source of supply.

Your Company continues to focus on strong industrial growth coupled with the presence of a well-developed gas transportation network and an encouraging business environment attracting large investments in the state of Gujarat. Recent 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. While, there is reversal in trend in domestic gas production from a level of 130 mmscmd two years ago, to a level of 94 mmscmd in 2012 - 13, leading to an unprecedented gas shortage in the country for various sectors including the industrial sector, however this has put significant reliance on imported fuel to meet the ever increasing demand in these sectors. The demand for natural gas remains strong under dynamic range of gas cost scenarios as the product has several advantages over most of its competing alternate fuels. On its path of evolution and maturity the natural gas pricing is moving towards a market determined pricing mechanism and Indian gas market is getting increasingly aligned with the global trends. Though, the natural gas pricing linked to oil economy continues to create huge pressures on sustenance of natural gas as fuel to few industrial sectors that had switched from solid fuel to natural gas, whereby these industries are switching back to solid fuels to sustain competitive pressure amongst their peers, Your Company continues to place the product in affordable markets by growing in to new geographies and expanding its networks beyond in-fill areas.

In 2012 India imported about 2.0 bcf/day of natural gas through two of its regasification facilities in Gujarat, at Dahej and Hazira. With the commissioning in 2013 of its Dabhol facility in Maharashtra, India now has three import terminals: Dahej, with a capacity to import 10 million tons a year (MMTPA) of LNG (approximately 1.3 bcf/day); Hazira (3.5 MMTPA, or 0.46 bcf/day); and Dabhol (5 MMTPA, or 0.66 bcf/day). India is embarking on an ambitious plan to expand its LNG regasification capacity at Dahej and Hazira. In addition, a number of new import facilities are either under construction or in the planning phase. Thus, availability of natural gas to its markets shall be assured.

Your Company is aware and equipped to manage and grow in the dynamic gas market and the challenges that surround it due to its expertise in this business for more than two and half decades. Your Company has tied up for supply of RLNG on long term basis up to 2025 for serving demand from its industrial customers. Further, it is also aspiring to grow its horizons in new geographies with continuous focus on safety for a safe delivery system in its operations.

1 Minutes of standing committee on Petroleum & Natural Gas on
3 www.bp.com/content//Energy_Outlook_2035
5 "Vision 2030" Natural Gas Infrastructure in India

2 "Allocation & Pricing of Gas"
4 Energy Statistics 2014, CSO



5.3 Operations and Market Performance

Your Company is proud to announce that it has won the coveted Bid for the geographic area of Bhavnagar in the PNGRB CGD third bid round, pursuant to which Your Company has been awarded license by the PNGRB to lay, build, operate or expand the areas comprising of Bhavnagar district and few talukas of the newly formed district of Botad. Your Company has been granted 300 months of infrastructure exclusivity i.e. valid up to March 2039 and 60 months of marketing exclusivity valid up to March 2019 for the CGD network. GGCL having accepted the authorization has begun its operations in the newly awarded geographic area of Bhavnagar with full vigor and determination to develop new geographies.

Your Company met the challenges of depleting domestic gas availability in the country by successfully sourcing natural gas through the year by procuring R-LNG at competitive prices through equitable mix of long term and medium term contracts with various suppliers to ensure uninterrupted gas supplies to customers. Your Company will continue to make concerted efforts to secure such supplies to ensure an efficient balance of medium and short term RLNG in its gas sourcing portfolio. This will safeguard the supply security for your Company's customers and generate flexibility in managing the variations in gas requirements of our diverse market segments.

Your Company recently has experienced drop in volume sales in industrial segments on account of industries switching to cheaper alternates may be at cost of environment, however may be it would be for their survival, at this instance. Your Company continues focus on placing natural gas to affordable markets and has set-up an internal application development centre and endeavours improving fuel efficiencies in certain processes targeting to regain the loss volumes and also fuel growth by adding new industries currently using alternate fuel.

Your Company connected over 75,000 new household customers on natural gas during the year, taking the total number of domestic customers on your Company's network to around 440,000. More than 205,000 vehicles now ply in your Company's operating areas on CNG. Sales volumes grew by 7.4% in the residential segment and 0.6% in the CNG segment during calendar year 2013.

5.4 Future outlook

The natural gas sector is at the threshold of rapid development in India supported by ever increasing demand for the fuel in the country. The increased exploration efforts under NELP, commissioning of the LNG import terminals in the West Coast, projected upcoming LNG terminals and the Government's initiatives in the direction of development of a nationwide natural gas pipeline grid and new CGD networks is augmenting development as envisaged. The demand for natural gas is expected to grow as has been outlined above. It will be critical for your Company to grow in high value industrial markets and expand its network & CNG station infrastructure in order to meet the growth in demand. Your Company plans to continue extending its network to areas contiguous to its current areas of operation and beyond.

Your Company will diligently continue to assess and evaluate growth opportunities within its existing areas of operation and to new geographical areas. Your Company will endeavor to grow by value and volume by identifying and accessing high value market segments.

5.5 Internal Control System and Risk Management

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

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

The approach adopted by your Company is to embed internal controls in its software solutions to the extent possible. The Company has successfully implemented the ERP modules in 2012 like IS-Utility & Customer Care System (IS-U CCS), Inventory Management (IM) and Plant Maintenance (PM) solutions of SAP to address billing, revenue collection, customer services management, metering management, inventory handling, plant management. This comprehensive solution of SAP now integrates with the existing SAP solutions for financial accounting and procurement and significantly improves the efficiency, effectiveness, reliability and scalability of the aforesaid functions. The Company also uses a Geographical Information System (GIS) to effectively manage its pipeline network.

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



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

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

5.6 Health, Safety, Security and Environment (HSSE)

Duty of care for Health, Safety, Security and the Environment (HSSE) is a core value of the Company, a GSPC Group Company. The management of the Company aims to protect the health, safety and security of its people, to minimize the environmental impact associated with its business and to assure the integrity and safe operation of its assets.

The Company believes that outstanding business performance requires outstanding HSSE performance. The safe delivery of projects and operation of its facilities is a critical success factor for the Company's business. We place HSSE concerns ahead of Company's commercial interest. Our HSSE goal is to deliver the company business with zero injuries to our people and to minimize the environmental impact of our activities. We seek to continuously improve our HSSE performance.

The Company believes that every individual has a duty to both themselves and those around them to ensure that safe practice is adhered to at all times. We expect all our personnel to recognize their personal responsibility for supporting outstanding HSSE performance and to accept a duty to intervene when necessary to promote and reinforce compliance with the Company Policy. All our managers are accountable for HSSE within their area of the business and are responsible for ensuring that our team adopts exemplary HSSE behaviour.

The management of the Company supports the following business principles:

- believes that all injuries are preventable;
- provides healthy, safe and secure work environments;
- makes a positive contribution to the protection of the environment; and
- goes beyond compliance with local environmental regulation to meet internationally accepted best practices
- reduces to the minimum practicable any adverse effect of its operations on the environment

The management sets HSSE goals, develops improvement plans, monitors implementation of plans and regularly reviews HSSE performance using leading and lagging indicators. The Company has strong self-assurance process as well as independent audit process to ensure that controls are in place to manage HSSE risks effectively. The learning culture in the Company ensures the improvement in the HSSE performance through learning from its own incidents including near miss incidents and significant incidents of other organisations.

Total Recordable Case Frequency (TRCF) for year January 2013 to March, 2014 was 0.604 against target of Zero (0).

An excellent HSSE performance is fundamental requirement for excellent business performance. Over past years the safety culture in GGCL has been getting better and matured too. January 2013 to March, 2014 saw ownership and proactive involvement of all concerns which had a significant contribution in HSSE performance. Periodic campaign on safety critical areas helped to enhance the best practices and improve the safety critical process. Celebration of various National Safety events viz. Road Safety Week, National Safety Week etc. during this period supported in raising the awareness and involvement of various stakeholders. Audits, Mock drills and HSSE tours conducted by Senior Management Team and Managerial cadre assisted in improving site engagement and subsequently improvement in site safety. A comprehensive Safety Culture Survey was conducted for all employees to gather their inputs for continual improvement in HSSE processes and performance. Senior Managers carried out regular HSSE performance review meetings.

We were honoured by Gujarat Safety Council (GSC) with Rotating Shield & Certificate of Honor for lowest Disabling Injury Index (DII).

**Contribution to Environment**

- Det Norske Veritas M/s DNV approved continuation of the Certificates as per the ISO 14001:2004 & ISO 18001:2007 standards based on the Periodic Assessment audit
- World Environment Day was celebrated on June 5 2013:
 - Communication shared with employees on Do's & Don't to avoid food wastage
 - Awareness Session with canteen staff at all locations on importance of food storage / preventing wastage
 - Clean Plate In - Clean Plate Out" campaign observed by all employees during the week in canteen
- As a part of developing Energy Management Plan, an Energy Audit was carried out to give an opportunity to identify areas of energy optimization
- Review and awareness activities on Odorant Handling and Spill Management process.

5.7 Contribution to Society

During the year, Your Company continued to work on Corporate Social Responsibility (CSR) initiatives, focusing on environmental, education and skill development. The CSR strategy of your Company addresses the need for supporting various sustainable development projects to benefit the communities in the operational areas of the Company.

Your Company continued to support the Government of Gujarat's initiative "School Enrolment Drive" by providing school bags at Government schools of Bharuch district. This programme is aimed at motivating children to enrol in the schools.

Your Company supported the Uttarakhand Relief activities by supplying relief materials to the victims of the natural calamity.

Your Company has organized "Science is fun 2013" event at Ankleshwar and Surat with the support of Vikram A Sarabhai Community Science Center. The event spanned over 4 days aims at developing students' interest in the study of pure science and maths. This event got overwhelming response in both the cities. More than 20,000 students visited the exhibition held as a part of the event and participated in various science related competitions. The participating students represented 250 schools.

Your Company also extended support to GRISERVE under Livelihood Project, a programme focussed on providing services on cattle raising as well as supporting various livelihood activities in the tribal villages of Valia and Mangrol Talukas.

6 SUBSIDIARIES**6.1 Gujaratgas Trading Company Limited (GTCL)**

Gujaratgas Trading Company Limited (GTCL) is a wholly-owned subsidiary of the Company. The purchase contract for Cairn gas had been re-assigned to GGCL w.e.f. 3rd June 2013 post which there has been no gas purchase or sale by GTCL. During the 15 months period ending March 2014, GTCL achieved sales of Rs. 34.36 crores as against Rs. 115.37 crores during the 12 months of previous year. Total income for the fifteen months ended on 31 March 2014 was Rs. 35.55 Cr as against total income of Rs. 116.36 Cr in the twelve months ended on 31 December 2012.

Profit after tax (PAT) was Rs. 1.00 Cr during the fifteen months ended on 31 March 2014 as against Rs. 1.00 Cr in the 12 months period of the previous year.

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

6.2 Gujarat Gas Financial Services Limited (GFSL)

Gujarat Gas Financial Services Limited (GFSL), another subsidiary of Your Company, carried out the job of installing gas connections for residential and commercial customers of the Company. With the regulatory impetus, the company connected 71,529 residential connections in the 15 months period against 34,640 residential connections in 12 months of the previous year.

During the 15 months period of the current year, the net total income was Rs. 66.72 crores as compared to Rs. 34.90 crores in the 12 months period of previous year. the Profit after tax was Rs. 4.96 crores for the 15 month period of current year as compared to Rs. 6.40 crores for the previous year.

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

**7 FINANCE**

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

8 STATUTORY INFORMATION

As required under Section 212 of the Companies Act, 1956, the audited accounts for the 15 month period ended on 31 March 2014 and Auditors' Report thereon, along with the Directors' Reports of Gujaratgas Trading Company Limited and Gujarat Gas Financial Services Limited, the subsidiaries of GGCL, are attached to GGCL's Balance Sheet.

8.1 Energy, Technology and Foreign Exchange

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

8.2 Human Relations and Particulars of Employees

Your Company employed 523 employees as on 31st March 2014. During the year, Your Company continued its focus on building capabilities and developing competencies of its employees through a robust Annual Development Review process. The average training man days for the year was 3.64 per employee.

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

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

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

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

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

Under the ESOP, Options have been granted, which provide 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. The ESOP provides for graded vesting of Options granted, over a period of 4 years from the date of grant. The Options are to be exercised within a maximum period of 2 years from the date of Vesting. Within the Exercise Period, the Option holder has the option to either purchase the shares from the Trust at the Exercise Price or to give a Mandate of Sale of the shares ("the Mandate") to the Trust in accordance with the terms and conditions of the ESOP.

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



Under the ESOP, these Equity Shares are subsequently sold following the Mandate from the Option holders or transferred to the Option holders, as the case may be, at the time of the Exercise of the Options upon Vesting. Accordingly, the Trustee(s) sold 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.

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

8.4 Directors' Responsibility Statement

Your Directors hereby state:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31 March 2014 and of the profit of the Company for the year ended on that date;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

8.5 Report on Corporate Governance

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

9 AUDITORS.

As Your Company is a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, the C&AG had appointed Manubhai & Shah, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company for the Financial Year 2013 - 14, who will retire at the ensuing Annual General Meeting.

C&AG will appoint the statutory auditors for the current financial year and the Board has recommended the proposal to the shareholders at their ensuing AGM of the Company for the fixing of the remuneration of Statutory Auditors of the Company for Financial Year 2014-15, based on the appointment by CAG.

The Company has received "Nil" Comment Report from the office of CAG for the period of fifteen months ended 31 March 2014, which is annexed herewith and forms part of Directors' Report.

10 COST AUDITOR AND COST AUDITORS' REPORT

Pursuant to the directions of the Central Government for audit of Cost Accounts, Your Company has appointed M/s. Atul Bhatt & Co, as the Cost Auditor for the period from 01.04.2014 to 31.03.2015.

The Central Government had approved the appointment of M/s. Atul Bhatt & Co, as Cost Auditor for Financial Year 2013 - 14 on recommendation by the Company for the said businesses. The Cost Audit Report for the Financial Year 2013 - 14 which is due to be filed in XBRL with the Ministry of Corporate Affairs by 27 September, 2014.

11. DIRECTORS

On 12 June 2013, BGAPH's four Nominee Directors on the Board of GGCL viz. Mr. Hasmukh Shah, Mr. Shaleen Sharma, Mr. Shahram Jahanbani and Mr. Sugata Sircar had resigned and in their place five Nominees of GDNL viz. Dr. Varesb Sinha, IAS, Dr. Hasmukh Adhia, IAS, Mr. D.J. Pandian, IAS, Mr. Tapan Ray, IAS, and Mr. Sugata Sircar had been appointed as the Promoter-Directors.

Mr. Sudhir Mankad resigned as the Independent Director from the Board of Directors of the Company w.e.f. 7 May 2013.

Mr. Sugata Sircar was re-appointed as the Managing Director upon the nomination by GDNL. As per the provisions of SPA, Mr. Sugata Sircar continued as Director/MD for the transition period of 6 months w.e.f. 12th June 2013 till 11th December 2013, in order to ensure smooth transfer of GGCL into the folds of GSPC Group.

Mr. Tapan Ray, IAS, the Director retiring by rotation at the ensuing Annual General Meeting and being eligible is being proposed for re-appointment by the shareholders at the AGM. The Independent Directors of the Company will be appointed at the Annual General Meeting as per the provisions of the Companies Act, 2013.



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

12. APPRECIATION

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

The Directors also wish to place on record the sincere thanks to various regulatory authorities and the Central Government for the continuous support extended to the Company.

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

Your Directors also thank the Promoters and the Shareholders for their valuable support, trust and confidence in the Company.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Place: Gandhinagar
Date: August 28, 2014



ANNEXURE – 1
COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988
FORM – B

Sr. No.	Particulars	Action taken	
1	Research and Development (R&D)		
A	Specific areas in which R&D carried out by the Company	Nil	
B	Benefits derived as a result of the above R&D	NA	
C	Future plan of action	Nil	
D	Expenditure on R&D		
	a. Capital	Nil	
	b. Recurring	Nil	
	c. Total	Nil	
	d. Total R&D expenditure as a percentage of total turnover	Nil	
2	Technology absorption, adaptation and innovation		
A	Efforts in brief, made towards technology absorption, adaptation and innovation	Nil	
B	Benefits derived as a result of the above efforts	Nil	
C	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil	
	a. Technology imported		
	b. Year of import		
	c. Has technology been fully absorbed?		
	d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action		
3	Foreign Exchange Earnings & Outgo		
		Current Year (Rs. in crores)	Previous Year (Rs. in crores)
	Total Foreign Exchange earned	Nil	Nil
	Total Foreign Exchange outgo	7.62	2.38

For and on behalf of the Board

Dr. Varesb Sinha, IAS
Chairman

Place: Gandhinagar
Date: August 28, 2014



ANNEXURE - 2

Statement as at 31 March 2013 pursuant to clause 12 (Disclosures in the Directors' Report) of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

a) Total number of Options granted	Gujarat Gas Company Limited Employee Stock Option Plan - 2008 14,80,000 Options (2008) 3,40,000 Options (2009) 4,03,000 Options (2010) 84,000 Options (2011)
b) (i) Pricing Formula	The Pricing Formula as approved by the Shareholders of the Company provides that the Exercise Price for Grants made in November, 2008, shall be calculated at 10% discount of the latest available closing price of the Shares on the Stock Exchange on which there was highest trading volumes on the date of the Board Meeting in which the grant of Options is approved. The Compensation Committee has decided the Exercise Price for all subsequent grants. The Exercise Price has been calculated as rounded off to the nearest integer.
(ii) Exercise Price	Rs. 95.00, adjusted on allocation of bonus for 13,93,000 Options granted in November, 2008, (Rs. 189.00, calculated at 10% discount of the Rs. 210.00 being the closing price of the Shares on the NSE having highest trading volumes on 23 October 2008). Rs. 115.00, adjusted on allocation of bonus for 2,89,000 Options granted in May 2009, (Rs. 230.00, calculated at 10% discount of the Rs. 255.00 being the closing price of the Shares on the BSE having largest trading volumes on 29th April 2009). Rs. 143.00, adjusted on allocation of bonus for 21,000 Options granted in August 2009, (Rs. 286.00 calculated at 10% discount of the Rs. 317.40 being the closing price of the Shares on the BSE having largest trading volumes on 27 July 2009). Rs. 219.00, for 95,000 Options granted in March 2010, (Rs. 219.00 calculated at 10% discount of the Rs. 242.95 being the closing price of the Shares on the NSE having largest trading volumes on 3 March 2010). Rs. 277.00, for 1,90,000 Options granted in 22 July 2010, (Rs. 277.00 calculated at 10% discount of the Rs. 308.00 being the closing price of the Shares on the NSE, having largest trading volumes on 23 July 2010). Rs. 352.00, for 1,18,000 Options granted in October 2010, (Rs. 352.00 calculated at 10% discount of the Rs. 391.00 being the closing price of the Shares on the NSE having largest trading volumes on 27 October 2010). Rs. 337.00, for 84,000 Options granted in April 2011, (Rs. 337.00 calculated at 10% discount of Rs. 374.45 being the closing price of the Shares on the NSE having largest trading volumes on 27 April 2011).
c) Total number of Options vested	3,38,750 numbers (2010) 7,24,500 numbers (2011) 5,63,000 numbers (2012) 2,07,750 numbers (2013-14)
d) Total number of Options exercised	2,80,000 numbers (2010) 4,34,250 numbers (2011) 8,26,750 numbers (2012) 1,28,500 numbers (Jan'13-Mar'14)



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

No new equity shares were issued on exercise of options.

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

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

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

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

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

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 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.

f) Total number of Options lapsed	292,750 (till December 2012)
	41,000 (During Jan'13 to March'14)
g) Variation of terms of Options	NA



h)	Money realised by exercise of Options	Rs 17.69 Crores till 31 March 2014
i)	Total number of Options in force	2,45,250 as on 31 March 2014
j)	Employee wise details of options granted to;	
(i)	senior managerial personnel;	<p>Himanshu Upadhyay – 65,000 (Vested and Exercised – 12,500) – (2010) (Vested and Exercised – 3,750) – (2011) (Vested and Exercised – 45,000) – (2012) (Vested and Exercised – 3,750) – (Jan'13 to March'14)</p> <p>Nitin Patil – 50,000 (Vested and Exercised – 12,500) – (2011) (Vested and Exercised – 37,500) – (2012)</p> <p>Nitesh Bhandari – 50,000 (Vested and Exercised – 30,000) – (2011) (Vested and Exercised – 16,250) – (2012) (Vested and Exercised – 3,750) – (Jan'13 to March'14)</p> <p>Chirag Brahmabhatt – 50,000 (Vested and Exercised – 6,250) – (2010) (Vested and Exercised – 12,500) – (2011) (Vested and Exercised – 7,500) – (2012) (Vested and Exercised – 2,500) – (Jan'13 to March'14) Outstanding as on 31 March 2014 – 21,250</p>
(ii)	any other employee who received a grant in any one year of Option amounting to 5% or more of Option granted during that year.	Nil
(iii)	identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	Nil
k)	Diluted Earnings Per Share (EPS) pursuant to issue of equity shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'.	NA
l)(i)	Method of calculation of employee compensation cost	The employee compensation cost has been calculated based on the Fair Value method of accounting using the Black-Scholes Option Pricing Formula.
(ii)	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed.	NA
(iii)	The impact of this difference on profits and on EPS of the company	NA



m) Weighted-average exercise prices and weighted-average fair values of options granted for options whose exercise price either equals or exceeds or is less than the market price of the stock	<p>The weighted average exercise price per Option is Rs. 303/- of the outstanding options as at 31-March-2014.</p> <p>The weighted average fair value per Option at the grant date is Rs 114/- of the outstanding options as at 31-March-2014.</p>
n) A description of the method and significant assumptions used during the year to estimate the fair values of options	NA

Note:

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

For and on behalf of the Board

Dr. Varesb Sinha, IAS
Chairman

Place: Gandhinagar
Date: August 28, 2014

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

under Section 619(4) of the Companies Act, 1956 on the accounts of
Gujarat Gas Company Limited for the period from 1 January 2013 to 31 March 2014

The preparation of financial statements of Gujarat Gas Company Limited, for the period from 1 January 2013 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Auditor Report dated 15 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Gujarat Gas Company Limited, for the period from 1 January 2013 to 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: Ahmedabad
Date: August 01, 2014

(H. K. Dharmadarshi)
Accountant General
(E & RSA), Gujarat



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

We have examined all relevant records of Gujarat Gas Company Limited for the purpose of certifying compliance of the conditions of Corporate Governance under clause 49 of the listing agreement with Bombay Stock Exchange Limited, National Stock Exchange Of India Limited, Vadodara Stock Exchange Limited and Ahmedabad Stock Exchange Limited for the financial year ended 31st March, 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

The composition of the Board of Directors of the Company was not as per the stipulation regarding the number of independent Directors as the number of Independent Directors had fallen below one - half due to resignation of one Independent Director viz Mr. Sudhir Mankad on 7th May, 2013 as the company has not appointed Independent Director in place of the outgoing Independent Director within 180 days.

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

For, MANOJ HURKAT & ASSOCIATES
Company Secretaries

Manoj R. Hurkat
Partner
Membership No.: FCS 4287
Certificate of Practice No.: CP-2574

Place: Ahmedabad
Date: August 06, 2014



A REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the period from 1st January, 2013 to 31st March, 2014 (i.e. 15 months being the period of financial year).

1. GGCL's philosophy on Corporate Governance

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

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

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

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

2. Board of Directors

As on 31st March, 2014, the Board comprises of seven Directors of which all are Non-Executive Directors (NED). Out of these seven NED, three are Independent Directors. The composition of the Board of Directors of the Company has undergone change, pursuant to the takeover of control of the Company on 12th June, 2013 by GSPC Distribution Network Limited from BG Asia Pacific Holdings Pte Limited. During the year, one independent director has resigned from the Board w.e.f. 7th May, 2013. Due to this, the proportion of independent director has fallen below one half. As on 31st March, 2014, the Board of Directors of the Company has seven Directors comprising of four Promoter Nominees on the Board of GGCL and three Independent Directors also continue on the Board.

In order to comply with Clause 49 of the Listing Agreement, the Company is required to appoint one Independent Director on the Board of Directors of the Company.

The details of composition of the Board, category of the directors as well as their directorships on Board and memberships in committees of companies, as on 31st March 2014 are given below:

Names of the Directors	Category	Number of Directorships held	Number of Board Committees in which Chairman / Member**	
			Membership ⁺	Chairmanship
Dr. Varesh Sinha, IAS, Chairman	Promoter and Non-executive Directors	7	-	-
Mr. D.J. Pandian, IAS		15	2	1
Mr. Tapan Ray, IAS		15	3	3
Dr. Hasmukh Adhia, IAS		11	4	-
Prof. Pradip Khandwalla	Non-executive and Independent Directors	5	3	1
Mr. Jal Patel		6	5	3
Mr. Ajit Kapadia		5	2	1

*Excluding Directorship held in Private Limited Companies, Foreign Companies and Section 25 Companies.

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

+Membership does not include chairmanship.



The Board Meetings are generally held in Gandhinagar/Ahmedabad. The Board meets at regular intervals to discuss and decide on various issues including strategy related matters pertaining to the business/company. The Board meets at least once a quarter with a gap between two meetings not exceeding four months. It has remained the practice of the Company to place before the Board, all the matters listed in Annexure IA of Clause 49 of the Listing Agreement. The board agenda papers and other explanatory notes are circulated to the Directors in advance. The draft minutes of the meetings of the Board of Directors and its Committees are circulated to the Directors for their comments before being recorded in the Minute Books. Similarly, minutes of the subsidiary companies are circulated to the directors as a part of the Board Agenda. Apart from this, approval of the Board is obtained through circulation of resolution to all the Directors in case some urgent/special situation arises. Such circular resolution is also confirmed in the next Board Meeting. The directors also have access to all the information about the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior Management Personnel are invited to attend the Board Meetings to provide clarifications as and when required.

The Board met 11 (Eleven) times during the reporting period under review. Details of these Meetings are as follows:-

Sr. No.	Date of Meeting
1	21st February, 2013
2	20th April, 2013
3	4th May, 2013
4	12th June, 2013 (10.30 a.m.)
5	12th June, 2013 (12.00 p.m.)
6	28th June, 2013
7	7th August, 2013
8	12th November, 2013
9	6th January, 2014
10	11th February, 2014
11	24th February, 2014

The details of attendance of the Directors at the Board Meetings held during the Reporting period and at the last Annual General Meeting is given below:

Names of the directors	Number of Board Meetings held while holding the office	Number of Board Meetings attended while holding the office	Attendance at the last AGM
Dr. Varesn Sinha, IAS	7	7	Yes
Mr. D.J. Pandian, IAS	7	Nil	No
Dr. Hasmukh Adhia, IAS	7	7	No
Mr. Tapan Ray, IAS	7	7	Yes
Prof. Pradip Khandwalla	11	11	Yes
Mr. Jal Patel	11	8	Yes
Mr. Ajit Kapadia	11	8	Yes
Mr. Hasmukh Shah, resigned w.e.f. 12 June 2013	4	4	NA
Mr. Sudhir Mankad, resigned w.e.f. 7 May 2013	3	3	NA
Mr. Shahram Jahanbani, resigned w.e.f. 12 June 2013	4	3	NA
Mr. Shaleen Sharma, resigned w.e.f. 12 June 2013	4	4	NA
Mr. Sugata Sircar, resigned w.e.f. 12 December 2013	8	8	Yes



Brief resume of Director being appointed/ reappointed at the ensuing Annual General Meeting, nature of expertise in specific functional areas and names of the other companies in which holding Directorship etc. are furnished in the Explanatory Statement annexed to the Notice convening 34th Annual General Meeting.

3. Audit Committee

The composition of the Audit Committee as on 31 st March, 2014 was as follows:-

- | | |
|----------------------------|----------|
| 1. Mr. Jal Patel | Chairman |
| 2. Prof. Pradip Khandwalla | Member |
| 3. Dr. Hasmukh Adhia, IAS | Member |

Ms. Rajeshwari Sharma, Company Secretary acts as Secretary of the Audit Committee.

Note: All the members of the Committee are Non-executive Directors. Mr. Jal Patel and Prof. Pradip Khandwalla are Independent Directors. All the members of the Committee are qualified professionals and have accounting or related financial management expertise. The quorum of the Committee is two members. Mr. Jal Patel, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer the queries of shareholders.

The powers and functions of Audit Committee are as follows:

The functions of the Audit Committee of the Company inter alia, include the recommendation for appointment, remuneration and terms of appointment of auditors of the Company, review and monitor the auditor's independence and performance, and effectiveness of audit process, examination of the financial statement and the auditors' report thereon, approval or any subsequent modification of transactions of the Company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the company, wherever it is necessary, evaluation of internal financial controls and risk management systems, monitoring the end use of funds raised through public offers and related matters.

The terms of reference and powers of the Audit Committee are in compliance with the provisions of the Corporate Governance Code of the Listing Agreements and the Companies Act, 2013. The major terms include overseeing the financial reporting process, review of financial statements, ensuring independence of external auditors, review of internal control systems and overseeing of the internal audit department. The Committee reviews internal audit reports and findings of the statutory auditors. The Committee also reviews the risk register recording the key risks, mitigation plan and responsibility assigned for the risks. Also, all relevant information and reports are placed before the Audit Committee in compliance with the provisions of the Corporate Governance Code.

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

The Committee met five times during the FY 2013-14 under review.

Details of meetings of Audit Committee and attendance

Sr. No.	Date of Meeting	Number of Members	Attendance
1	21 st February, 2013	4	4
2	4th May, 2013	4	4
3	6th August, 2013	3	3
4	12th November, 2013	3	3
5	11 th February, 2014	3	3

4. Remuneration of Directors

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

The Composition of HR Committee as on 31 st March, 2014 is as follows:



1. Dr. Varesh Sinha, IAS, (Chairman)
2. Dr. Hasmukha Adhia, IAS
3. Mr. D J Pandian, IAS
4. Mr. Tapan Ray, IAS
5. Prof. Pradip Khandwalla

The details of managerial remuneration paid to the Managing Director in the financial year 2013-14 are given below.

Details of remuneration package of the former Managing Director.

Elements of remuneration package	Fixed component / Performance linked incentive	Mr. Sugata Sircar (from 1 Jan 2013 to 11 December 2013) Amount Rs.
Basic salary	Fixed	58,59,298
Contribution to provident fund and gratuity fund		9,84,947
Perquisites and Allowances	Value of benefits with upper ceiling	
HRA/Rent free accommodation, Medical and other allowance		19,54,576
Gas, electricity and other expenses		43,231
Expenses on cook, sweeper and servant		85,161
Performance bonus	Performance linked incentive	16,91,692
Total		1,06,18,906

Other Details

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

Details of sitting fees paid during FY 2013-14

Sitting fees were paid to the Chairman, Non-executive Directors and Independent Directors for attending meetings of the Board of Directors and its Committees. An amount of Rs.20,000/- per meeting was paid as sitting fees for attending Board Meetings and Rs.18,000/- per meeting for attending Committee Meetings. The Managing Director was not paid sitting fees for attending the meetings of the Board of Directors or its Committees. Total sitting fees paid during the financial year 2013-14 amounted to Rs. 23,80,000/-.

5. Shareholders' Grievances Committee

GGCL has a Shareholders' Grievances Committee to approve share transfers, transmissions, consolidation, sub-division, etc. and for redressal of complaints / requests received from the shareholders.

The Composition of Shareholders Grievances Committee as on 31st March, 2014 is as under:

1. Prof. Pradip Khandwalla – Chairman
2. Mr. D J Pandian, IAS – Member
3. Mr. Jal Patel – Member



Ms. Rajeshwari Sharma, Company Secretary acts as the Compliance Officer.

The Committee met six times during the reporting period as under:

Sr. No.	Date of Meeting	Number of Members	Attendance
1	21st February, 2013	3	3
2	4th May, 2013	3	3
3	3rd June, 2013	3	3
4	7th August, 2013	4	3
5	12th November, 2013	4	3
6	11th February, 2014	3	2

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

The Company received 354 complaints during the financial year 2013-14. All the complaints were resolved to the satisfaction of the shareholders.

6. Compensation Committee

The Composition of Committee as on 31st March, 2014 is as under:

1. Prof. Pradip Khandwalla, - Chairman
2. Mr. D J Pandian, IAS - Member
3. Mr. Jal Patel - Member

The Committee met five times during the reporting period as under:

Sr. No.	Date of Meeting	Number of Members	Attendance
1	21st February, 2013	3	3
2	4th May, 2013	3	3
3	7th August, 2013	3	2
4	12th November, 2013	3	2
5	11th February, 2014	3	2

The Compensation Committee administers and superintends the GGCL - Employee Stock Option Plan 2008 ("the ESOP 2008" or "the Plan"), inter alia including the formulation of the following detailed terms and conditions:

- a. Eligibility and Quantum of options to be granted under the ESOP 2008 per employee and in aggregate;
- b. the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- c. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- d. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- e. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- f. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.
- g. the grant, vest and exercise of option in case of employees who are on long leave;
- h. Determine the procedure for cash less exercise of Options;



- i. Constitution of the Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Trust"), to administer the ESOP 2008, through the allocation of the equity shares to be purchased from the market either by the transfer of shares to the employees or by execution of the mandate of sale given by the employee for the sale of equity shares in accordance with the Deed of Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("the Deed of Trust").
- j. direct the trustee(s) of the trust to administer the provisions of the Plan, as and when required, as per the applicable laws and resolve any issue that arises in the administration of the Plan through the Trust;
- k. Any other related or incidental matter.

7. General Body Meetings

Location and time of last three AGMs / EGMs

Date	Time	Venue
22 August 2013 (AGM)	11.00 a.m.	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad - 380 015
26 April 2012 (AGM)	10.00 a.m.	
28 April 2011 (AGM)	10.00 a.m.	

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

Annual General Meeting held on 22 August 2013

- (1) A special resolution for grant of approval to the payment of commission for the financial year 2012 to Mr. Sudhir Mankad, former Independent Director of the Company.
- (2) A special resolution was passed for alterations of Articles of Association of the Company.

Annual General Meeting held on 26 April 2012

No Special Resolution was passed at the Annual General Meeting held on 26 April 2012.

Annual General Meeting held on 28 April 2011

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

Special resolution passed last year through postal ballot – details of voting pattern

Special Resolution for Alteration of Articles of Association of the Company dated 29 January 2013.

545 total number of Ballot Papers were received and 22 Shareholders casted E-Voting for 18020990 shares as detailed under:

Particulars	No. of Postal Ballot forms	No. of Shares	% of total paid up equity capital	% of total valid postal ballot
(a) Total Postal Ballot forms received	545	84366266	65.78	
(b) Less; Invalid Postal Ballot forms	36	16396	0.013	
(c) Net Valid Postal Ballot forms	509	84349870	65.77	
(d) Less: Out of valid postal ballot votes not exercised	40	24588	0.019	
(e) Net Valid postal ballots with voting exercised	469	84325282	65.75	
(f) Voting exercised through e-voting	22	18020990	14.05	
(g) Total Valid votes exercised	491	102346272	79.80	100
(h) Physical Postal Ballot with assent (favour) for the resolution	460	84319118	65.75	93.69
(i) Physical Postal Ballot with dissent (against) for the resolution	9	6164	0.00	1.83
j) E-voting ballot with assent (favour) for the resolution	21	18020890	14.05	4.28
k) E-voting ballot with dissent (against) for the resolution	1	100	0.00	0.20



Person who conducted the postal ballot exercise : Mr. Chirag Shah, Partner, Samdani Shah and Associates, Practicing Company Secretaries, was appointed as the Scrutinizer

8. Disclosures

Related Party Transactions

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

Whistle Blower policy

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

Code of Conduct

GGCL has implemented a Code of Conduct based on its business principles along with implementation framework for its directors and senior management of the Company. The Code of Conduct has also been posted on GGCL website. In compliance with the Code, the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code for the financial year ended 31 March 2014 (from 1st January, 2013 to 31st March, 2014). A declaration to this effect has been received from the CEO (in charge).

Other disclosures

1. There are no non-compliances by the Company on any matter related to capital markets, during the last three years. Similarly, there are no penalties or strictures imposed by the stock exchanges, SEBI or any statutory authority on any matter related to capital markets during the last three years.
2. The Company has a detailed Business Risk Management Process which is periodically reviewed by the Board of Directors for determining its effectiveness.
3. The Board of Directors and the Audit Committee periodically review the status of compliances in respect of applicable laws and report thereon by the Internal Audit team.
4. The Company is not having any material non listed Indian Subsidiary company.

9. Means of Communication

The Company regularly brings out its Quarterly Results for information of its Shareholders through publications thereof in one English language newspaper, having nation wide circulation and in one regional language newspaper. The Company has its own web site - <http://www.gujaratgas.com>, on which the Quarterly Results and Presentations made to the institutional investors and analysts are displayed. The Directors' Report deals with all the matters stipulated under the Management Discussion and Analysis Report. GGCL has not mailed half-yearly results to the shareholders in view of the above-mentioned means of communication adopted by the Company. The documents referred to but not sent to the persons entitled to receive notice of the Annual General Meeting, will be made available for inspection of Shareholders at the Registered Office of the Company during working hours for a period of 21 days before the date of AGM.

10. General Shareholder Information

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

11. Compliance

GGCL has complied with the mandatory requirements of the Corporate Governance Code. The Board would review implementation of the non-mandatory requirements of the Corporate Governance Code in due course of time. Certificate regarding compliance with the Corporate Governance Code for the financial year 2013-14 is annexed to this report.

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Place: Gandhinagar
Date: August 28, 2014



CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To,
The Shareholders,
Gujarat Gas Company Limited

Gujarat Gas Company Limited has in place a Code of Conduct ("the code") for its Board of Directors and Senior Management Personnel. I report that the code has been complied with by the Board of Directors and Senior Management of the Company for FY 2013-2014.

For Gujarat Gas Company Limited
PPG Sarma
In-Charge CEO

Place: Ahmedabad
Date: August 05, 2014



INDEPENDENT AUDITOR'S REPORT

To,
The Board of Directors of
Gujarat Gas Company Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Gujarat Gas Company Limited** ("the Company") and its subsidiaries (collectively referred to as "the group"), which comprise the consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the period from January 1, 2013 to March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014.
- (b) in the case of the consolidated Statement of Profit and Loss of the profit for the period ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Other Matters

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of ₹ 60.56 Crores as at March 31, 2014, total revenues of ₹ 44.06 Crores and net cash outflow of ₹ 1.44 Crores for the period then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors.

For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

Place: Ahmedabad
Date: May 15, 2014

(G. R. Parmar)
Partner
Membership No.121462



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

	Note	As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	25.65	25.65
Reserves and Surplus	4	1,222.15	939.80
		1,247.80	965.45
Minority Interest	5	10.66	9.16
Non-current liabilities			
Deferred tax liabilities (Net)	6	115.05	87.68
Other Long term liabilities	7	306.95	268.90
		422.00	356.58
Current liabilities			
Trade payables		123.70	101.59
Other Current liabilities	8	114.16	138.50
Short-term provisions	9	5.76	8.48
		243.62	248.57
Total		1,924.08	1,579.76
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		849.48	742.69
Intangible assets		42.48	45.90
Capital work-in-progress		70.45	111.40
Intangible assets under development		-	1.36
		962.41	901.35
Non-current investments	11	1.00	1.00
Long-term loans and advances	12	15.57	21.48
Other non-current assets	13	0.75	1.01
		979.73	924.84
Current assets			
Current investments	14	678.81	385.51
Inventories	15	27.72	24.33
Trade receivables	16	176.86	183.45
Cash and cash equivalents	17	41.45	42.03
Short-term loans and advances	18	14.92	7.22
Other current assets	19	4.59	12.38
		944.35	654.92
Total		1,924.08	1,579.76

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 – 106041W

G.R.Parmar

Partner
Membership No. 121462

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Tapan Ray, IAS
Director

PPG Sarma
CEO

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary

Place : Ahmedabad
Date : May 15, 2014

Place : Gandhinagar
Date : May 15, 2014



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE 15 MONTHS
PERIOD ENDED 31ST MARCH 2014**

	Note	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
Income			
Revenue from operations (Net)	22	3,903.35	3,096.05
Other income	23	89.68	67.18
Total Revenue		3,993.03	3,163.23
Expenses			
Material consumed/ processed		3,018.96	2,483.64
Employee benefits expense	24	79.34	63.94
Finance costs	27	0.52	0.16
Depreciation and amortization expense	10	96.84	65.83
Other expenses	28	183.19	140.21
Total Expenses		3,378.85	2,753.78
Profit Before Tax		614.18	409.45
Tax Expenses			
Current Tax		166.70	109.64
Income Tax Provision for earlier years written back		-	(2.53)
Deferred Tax	6	27.37	13.79
Profit for the period/year (Before Adjustment for Minority Interest)		420.11	288.55
Minority Shareholders Interest		1.50	1.93
Profit for the period/year		418.61	286.62
Earnings per equity share (EPS):			
Basic Earnings per Share of Rs. 2/- each (Rs.)		32.64	22.32
Diluted Earnings per Share of Rs. 2/- each (Rs.)		32.64	22.32

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 – 106041W

G.R.Parmar

Partner
Membership No. 121462

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 : Ahmedabad
Date : May 15, 2014

Place : Gandhinagar
Date : May 15, 2014



**CONSOLIDATED 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
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	614.18	409.45
Adjustments for:		
Depreciation and amortization expense	96.84	65.83
Provision for Gratuity benefits	-	1.98
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	2.36	3.35
(Profit) / Loss on sale of Tangible Assets (Net)	(1.39)	1.66
Provision for Assets write off	0.13	-
Provision for Doubtful Debts	0.95	0.35
Share based compensation expenses	0.48	1.20
Provision for Wealth Tax	0.02	0.04
Other Provisions	0.02	-
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)	(25.65)	(8.08)
Provisions / Liabilities no longer required written back	(5.15)	(15.38)
Dividend Income	(36.79)	(22.08)
Interest Income	(0.44)	(0.62)
Operating Profit before working capital changes	649.91	434.67
Adjustments for changes in working capital		
Increase/(Decrease) in other long term liabilities	(0.60)	0.21
Increase/(Decrease) in trade payables	22.10	(19.17)
Increase/(Decrease) in other current liabilities	(1.67)	18.63
(Increase)/Decrease in inventories	(6.67)	(7.28)
(Increase)/Decrease in trade receivables	5.27	(19.20)
(Increase)/Decrease in long term loans & advances	6.94	10.95
(Increase)/Decrease in short term loans & advances	(1.51)	4.39
(Increase)/Decrease in other non current assets	0.26	0.08
(Increase)/Decrease in other current assets	7.13	(9.50)
Cash generated from operations	681.16	413.78
Taxes paid (Net of refunds & TDS)	(174.73)	(106.84)
Net Cash from Operating Activities	506.43	306.94
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Tangible / Intangible Assets / Capital work in progress including capital advances	(184.49)	(143.27)
Sale of Tangible Assets	5.83	2.80
Purchase of Current Investments	(4,254.47)	(3,480.96)
Sale of Current Investments	3,986.82	3,603.70
Interest received	0.44	0.57
Dividends received	36.79	22.08
Net Cash used in Investing Activities	(409.08)	4.92

**C. CASH FLOWS FROM FINANCING ACTIVITIES**

Preference Shares redemption	-	(14.40)
Deposits accepted during the year (Net)	37.42	14.37
Dividend Paid (including Corporate Dividend Tax)	(135.34)	(284.04)
Net Cash used in Financing Activities	(97.92)	(284.07)

NET INCREASE/(DECREASE) 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

- In Term Deposits

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
-	(14.40)
37.42	14.37
(135.34)	(284.04)
(97.92)	(284.07)
(0.57)	27.79
42.03	14.24
41.46	42.03
29.40	29.10
3.03	2.82
9.03	10.10
-	0.01
41.46	42.03

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

For and on behalf of the Board**Dr. Varesh Sinha, IAS**

Chairman

Tapan Ray, IAS

Director

PPG Sarma

CEO

Jal Patel

Director

Nitesh Bhandari

Financial Controller

Rajeshwari Sharma

Company Secretary

Place : Ahmedabad

Date : May 15, 2014

Place : Gandhinagar

Date : May 15, 2014



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE 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.

These financial statements comprise consolidation of the financial statements of Gujarat Gas Company Limited and its subsidiary companies Gujaratgas Trading Company Limited and Gujarat Gas Financial Services Limited (collectively referred to as 'the Group'). The financial statements have been prepared in accordance with the principles and procedures laid down in the Accounting Standard 21 'Consolidated Financial Statements' notified under Companies (Accounting Standards) Rules, 2006.

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.
- (iv) On the acquisition of an undertaking, the difference between the purchase consideration and the value of the net assets acquired is recognized as goodwill.

d) Depreciation / Amortization

- (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 / Software are amortized 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.
- (iv) Goodwill which has a limited useful economic life is amortized over a period of five years on a straight line basis from the year of creation.

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.

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 Group does not carry any other obligation apart from the monthly contribution.

ii. Defined Benefit Plan

The Group provides for gratuity, a defined benefit plan covering eligible employees in accordance with the Payment of Gratuity Act, 1972, through an approved Gratuity Fund. The Gratuity Fund is administered through a Trust. Contributions in respect of gratuity are made to the approved Gratuity Fund. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year and is 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 Group's Stock Option Plan are accounted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India. The Group follows the fair value method for option pricing and accordingly the fair value of the option as of the date of the grant of the option is 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 Group has leased certain tangible assets and such leases where the Group has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are 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 Group has leased certain tangible assets and such leases where the Group has passed on substantially all the risks and rewards of ownership are classified as finance leases.

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

In respect of assets leased after April 1, 2001, the aggregate of minimum lease payments less unearned finance income is 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 Group's earnings per share is the net profit for the period after deducting preference dividends, if any, 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.

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

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

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 Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

p) Segment Reporting

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

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.

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

Number of shares of Rs. 2/- each
Rs. in Crores

As at 31-03-2014	As at 31-12-2012
14,00,00,000	14,00,00,000
28.00	28.00
1,70,00,000	1,70,00,000
17.00	17.00
45.00	45.00

ii 7.5% Redeemable Preference Shares

Number of shares of Rs. 10/- each
Rs. in Crores

Total Authorized Share Capital (Rs. in Crores)

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

Number of shares of Rs. 2/- each
Rs. in Crores

As at 31-03-2014	As at 31-12-2012
12,82,50,000	12,82,50,000
25.65	25.65

c) Rights, preferences and restrictions attached to equity shares

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

d) Reconciliation of movement in number of Equity Shares

	As at 31-03-2014	As at 31-12-2012
Shares outstanding at the beginning of the year	12,82,50,000	12,82,50,000
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	12,82,50,000	12,82,50,000
Paid up Share Capital (Rs. in Crores)	25.65	25.65

e) Shareholder holding more than 5% equity shares

Sr. No.	Name of the share holder	As at 31-03-2014 No. of shares held (% of shareholding)	As at 31-12-2012 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. 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

	As at 31-03-2014	As at 31-12-2012
Shares outstanding at the beginning of the year	-	1,44,00,000
Shares issued during the year	-	-
Shares redeemed during the year	-	1,44,00,000
Shares outstanding at the end of the year	-	-
Paid up Share Capital (Rs. in Crores)	-	-

- h)** Gujarat Gas Company Limited 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 at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
As per last Balance Sheet	14.40	-
Add: Transferred from Statement of Profit and Loss	-	14.40
Balance at the end of the period / year	14.40	14.40

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

As per last Balance Sheet	4.07	7.94
Add: Allotment of new options during the period / year	-	-
Less: Exercise of options during the period / year	1.78	6.42
Add: Adjustment to General Reserve on exercise of options during the period / year	1.00	3.36
Less: Lapse of options during the period / year	0.46	0.81
Balance at the end of the period / year	2.83	4.07

Less: Deferred Stock Option Outstanding Account

As per last Balance Sheet	1.08	3.09
Add: Allotment of new options during the period / year	-	-
Less: Expenses during the period / year	0.82	1.74
Less: Lapse of options during the period / year	0.46	0.81
Add: Amortized portion on lapsed options	0.34	0.54
Balance at the end of the period / year	0.14	1.08
Net balance	2.69	2.99

c) General Reserve

As per last Balance Sheet	270.78	244.99
Add: Transferred from Statement of Profit and Loss	42.00	29.15
Less: Adjustment to Amount recoverable from ESOP Trust	1.00	3.36
Balance at the end of the period / year	311.78	270.78

**d) Surplus from Statement of Profit and Loss**

As per last Balance Sheet	651.63	513.28
Add: Profit for the period / year	418.61	286.62
Less: Appropriations		
Proposed Dividend		
- Preference Shares	-	0.27
- Equity Shares	-	-
Corporate Dividend Tax on Proposed Dividend	-	0.11
Interim Equity Dividend	115.42	89.78
Corporate Dividend Tax on Interim Equity Dividend	19.54	14.56
Transfer to Capital Redemption Reserve	-	14.40
Transfer to General Reserve	42.00	29.15
Balance at the end of the period / year	893.28	651.63

Total**1,222.15** **939.80****(5) Minority Interest**

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

	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
Opening balance	9.16	7.44
Add: Share in Current Year Profit	1.50	1.93
Less: Share in Proposed Dividend and Corporate Dividend Tax	-	0.21
Closing Balance	10.66	9.16

(6) Deferred Tax Liabilities (Net)

	As at 31-12-2012 Rs. in Crores	Movement during the 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.	97.13	24.91	122.04
Total (A)	97.13	24.91	122.04
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	6.20	(1.38)	4.82
Total (B)	9.45	(2.46)	6.99
Total (A-B)	87.68	27.37	115.05
Previous year	73.89	13.79	87.68

**(7) Other Long term liabilities**

Deposits from customers

Dues to Micro, Small and Medium Enterprises

Deposit from collection centres and others

Other payables

Total

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

(8) Other Current liabilities

Dues to Micro, Small and Medium Enterprises

Advance From Customers

Deposit from collection centres and others

Deposit from customers towards Minimum Guarantee offtake

Unpaid dividends to equity shareholders (Refer Note below)

Employee payable

Other Payables

Other Liabilities for statutory dues

Total

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.

(9) Short-term provisions

Proposed Dividend (including Corporate Dividend Tax)

Provision for employee Gratuity benefits

Provision for employee accrued Leave benefits

Total

As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
304.31	266.89
0.05	-
2.49	2.01
0.10	-
306.95	268.90
1.16	0.35
7.32	12.29
0.68	0.68
17.57	12.25
3.03	2.82
9.85	8.82
57.43	81.75
17.12	19.54
114.16	138.50
-	0.59
-	2.28
5.76	5.61
5.76	8.48



GUJARAT GAS COMPANY LIMITED (CONSOLIDATED)

(10) FIXED ASSETS		(Rs. in Crores)									
Particulars		GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
		Asat 1-1-2013	Additions For the Period/Year	Deduction/ Adjustments For the Period/Year	Asat 31-3-2014	Asat 1-1-2013	For The Period/Year	Deduction/ Adjustments For the Period/Year	Asat 31-3-2014	Asat 31-3-2014	Asat 31-12-2012
Tangible Assets:											
	Land (Refer Note 1 below)	40.90	-	-	40.90	-	-	-	-	40.90	40.90
	Buildings	42.37	4.33	0.51	46.19	7.56	1.21	0.13	8.64	37.55	34.81
	Plant and Machinery	990.38	187.74	4.10	1,174.02	359.52	75.11	1.69	432.94	741.08	630.86
	Office equipment	10.58	1.83	0.60	11.81	3.43	0.74	0.38	3.79	8.02	7.15
	Computer Hardware	39.95	1.85	5.28	36.52	26.17	5.32	5.24	26.25	10.27	13.78
	Furniture, Fixtures and Fittings	7.69	0.50	0.26	7.93	3.60	0.58	0.23	3.95	3.98	4.09
	Vehicles	10.14	0.34	3.60	6.88	4.19	1.00	2.24	2.95	3.93	5.95
Assets given on Finance Lease											
	(Prior to April 1, 2001)	85.55	-	27.96	57.59	47.33	1.40	8.58	40.15	17.44	38.22
	Plant and Machinery	1,227.56	196.59	42.31	1,381.84	451.80	85.36	18.49	518.67	863.17	775.76
	(Less)/Add:	-	-	-	-	33.07	-	19.38	13.69	(13.69)	(33.07)
	Lease Terminal Adjustment										
	TOTAL	1,227.56	196.59	42.31	1,381.84	484.87	85.36	37.87	532.36	849.48	742.69
Intangible Assets:											
	Goodwill	0.12	-	-	0.12	0.12	-	-	0.12	-	-
	Software/License	60.56	8.06	-	68.62	17.06	11.48	-	28.54	40.08	43.50
	Right of use of Land	2.40	-	-	2.40	-	-	-	-	2.40	2.40
		63.08	8.06	-	71.14	17.18	11.48	-	28.66	42.48	45.90
Capital Work in Progress											
	(Refer Notes 2, 3 and 4 below)									70.45	111.40
Intangible assets under development											
	TOTAL	1,290.64	204.65	42.31	1,452.98	502.05	96.84	37.87	561.02	962.41	901.35
	Previous Year									-	1.36
	Tangible Assets	1,081.52	159.30	13.26	1,227.56	432.38	61.26	8.80	484.84	742.72	
	Intangible Assets	27.13	35.95	-	63.08	12.62	4.56	-	17.18	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. 48.08 Crores net of provision of Rs. 0.56 Crores (Previous year Rs. 51.55 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).



(11) Non-current Investments

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

Equity Shares

Trade - Unquoted

1.00

1.00

Other than Trade - Unquoted

-

0.01

Less: Provision

-

0.01

Total

1.00

1.00

Aggregate cost of Unquoted Investments

1.00

1.01

Aggregate provision for diminution in value of investments

-

0.01

(12) Long-term loans and advances

(Unsecured - considered good, unless otherwise stated)

Capital Advance - Considered good

5.44

5.64

Capital Advance - Considered doubtful

4.02

5.89

Less: Provision against doubtful advances

4.02

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

1.54

1.70

Total

15.57

21.48

(13) Other non-current assets

Prepayments for services - Unsecured - considered good

0.75

1.01

Other Receivable

0.36

0.36

Less: Provision for Doubtful

0.36

0.36

-

-

Total

0.75

1.01

(14) Current Investments

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

In Units of Mutual Funds (Unquoted)

678.81

385.51

Aggregate cost of Unquoted Investments

678.81

385.51

(15) Inventories

Stores and Pipe Fittings

(valued at cost or net realisable value whichever is lower)

27.72

24.33



(16) Trade receivables

Secured – Considered Good *

- Exceeding Six Months

- Others

Unsecured – Considered Good including those covered by bank guarantees Rs. 57.15 crores (Previous period Rs. 51.91 crores)

- Exceeding Six Months

- Others

Unsecured – Considered Doubtful

Exceeding Six Months

Less: Provision for Doubtful Debt

Less: Advance From Customers towards MGO

Total

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

(17) Cash and cash equivalents

Balances with Banks in Current Accounts

Balances with Banks in Dividend Accounts

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

Balances with Banks In Fixed Deposit Account (more than 3 months but less than 12 months maturity)

Cash on hand

Total

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.

(18) Short-term loans and advances

(Unsecured – considered good, unless otherwise stated)

Finance lease receivable

Deposits

Balances with government authorities

Amount recoverable from ESOP Trust

Loans to Employees

Advance payment of Tax and Tax deducted at source

Less: Provision for Taxation

Total

As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
0.68	0.15
108.53	157.69
0.18	0.29
112.39	65.84
0.63	2.04
0.63	2.04
-	-
44.92	40.52
176.86	183.45
29.39	29.10
3.03	2.82
7.03	10.10
2.00	-
-	0.01
41.45	42.03
-	0.88
0.02	1.52
1.50	0.20
1.30	0.10
1.22	1.27
1,043.19	868.82
1,032.31	865.57
10.88	3.25
14.92	7.22

**(19) Other current assets**

(Unsecured – considered good, unless otherwise stated)

Receivable for sale of asset

Insurance claim receivable

Interest accrued on term deposits but not due

Balance with gratuity trust fund

Prepayments for goods

Prepayments for services

Total

As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
-	8.02
0.14	-
0.07	0.06
1.07	-
1.48	3.11
1.83	1.19
4.59	12.38

(20) Contingent Liabilities

- (a) Claims against holding company, Gujarat Gas Company Limited, not acknowledged as debts Rs. 5.08 Crores (Previous year Rs. 2.60 Crores).
- (b) Claims against holding company, Gujarat Gas Company Limited of Rs. 2.17 Crores (Previous year Rs. 2.17 Crores) have been disputed by the holding company. The holding company is, however, indemnified by an insurance policy.
- (c) Income tax related exposures of Rs. 36.54 crores (Previous year Rs. 28.80 crores)
 1. For holding company, Gujarat Gas Company Limited: Rs. 10.68 crores (Previous year Rs. 7.95 crores)
 2. For subsidiary company, Gujarat Gas Financial Services Limited: Rs. 18.46 crores (Previous Year Rs. 19.06 crores)
 3. For subsidiary company, Gujaratgas Trading Company Limited: Rs. 7.40 crores (Previous Year Rs. 1.79 crores)
- (d) Interest tax related exposures of subsidiary company, Gujarat Gas Financial Services Limited Rs. 0.42 crores (Previous Year Rs. 0.42 crores).
- (e) Service tax related exposures of holding company, Gujarat Gas Company Limited Rs. 36.36 crores (Previous year Rs. 30.67 crores)
- (f) Excise related exposures of holding company, Gujarat Gas Company Limited Rs. 0.12 crores (Previous year Rs. 0.18 crores)

- (21) 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).

(22) 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

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
3,960.53	3,121.84
81.23	54.93
3,879.30	3,066.91
17.91	14.68
5.95	14.02
0.11	0.09
0.08	0.35
3,903.35	3,096.05

**(23) Other income**

	15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
Interest on bank fixed deposits	0.44	0.62
Interest on income tax refund	0.04	0.31
Interest on Others (Customers and Staff advances)	9.45	3.94
Dividend from trade investments	1.00	0.40
Dividend from Mutual Funds	35.80	21.68
Profit on Sale of Current Investments (Net)	25.64	8.08
Liabilities no longer required written back	5.26	15.38
Profit on Sale of Fixed assets (Net)	1.39	-
Other miscellaneous income	10.66	16.77
Total	89.68	67.18

(24) Employee benefits expense

Salaries and Wages	70.64	53.79
Share based compensation	0.48	1.20
Contribution to Provident and other funds	3.54	4.87
Welfare Expenses	4.68	4.08
Total	79.34	63.94

(25) Disclosures as per AS - 15 (Revised) 'Employee Benefits':**a) Disclosures for Defined Contribution Plans**

Employer's contribution to Provident Fund	3.54	2.89
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b) Disclosures for Defined Benefit Plans - Gratuity (Funded)**Change in the defined benefit obligations**

Defined benefit obligation as at beginning of the period / year	12.91	10.25
Service cost	1.05	1.01
Interest cost	1.31	0.89
Actuarial loss/(gain)	(1.38)	1.25
Benefits paid	(1.06)	(0.49)

Defined benefit obligation as at period / year end**Change in plan assets**

Fair value of plan assets as at beginning of the period / 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 period / year end**Present value of unfunded obligations****The Net amount recognized in the Statement of****Profit and Loss is as follows**

Current Service cost	1.05	1.01
Interest cost	1.31	0.89
Expected return on plan assets	(1.32)	(0.78)
Net actuarial loss/(gain) recognised	(1.04)	0.86
Net amount recognised	-	1.98

Actual return on Plan Assets

	0.98	1.17
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The major categories of plan assets as a percentage of total plan assets as at period / year end are as follows:

Government of India Securities
Insurer Managed Funds

The principal actuarial assumptions used are as follows:

Mortality

Discount Rate
Expected rate of return on Plan Assets
Rate of increase in Compensation Levels (Refer Note below)

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

c) Disclosures for Defined Benefit Plans-Accrued Leave

Encashment (Unfunded)

Change in the defined benefit obligations

Defined benefit obligation as at beginning of the period / year

Service cost

Interest cost

Actuarial loss/(gain)

Benefits paid

Defined benefit obligation as at period / year end

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

Current Service cost

Interest cost

Net actuarial loss/(gain) recognised

Net amount recognised

The principal actuarial assumptions used are as follows:

Mortality

Discount Rate
Rate of increase in Compensation Levels (Refer Note below)

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.

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
-	-
100%	100%
Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96) published table of mortality rates
9.13%	8.16%
9.00%	9.00%
7.00%	7.00%
5.02	5.04
1.01	0.53
0.47	0.44
(0.60)	(0.98)
(0.29)	(0.01)
5.61	5.02
1.01	0.53
0.47	0.44
(0.60)	(0.98)
0.88	(0.01)
Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96) published table of mortality rates
9.13%	8.16%
7.00%	7.00%



(25) Disclosures as per AS - 15 (Revised) 'Employee Benefits' (continued):

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 period / year	12.91	10.25	8.00	6.55	5.29
Current Service cost	1.05	1.01	0.84	0.69	0.59
Interest Cost	1.31	0.89	0.69	0.55	0.44
Actuarial (Gains)/Loss	(1.38)	1.25	0.82	0.27	0.35
Benefits Paid	(1.06)	(0.49)	(0.10)	(0.06)	(0.12)
Present Value of defined benefit obligation as at end of the period / year	12.83	12.91	10.25	8.00	6.55

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 period / year	10.63	7.82	6.98	5.51	3.73
Expected return on plan assets	1.32	0.78	0.67	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)	0.00	0.43
Benefits paid	(1.06)	(0.49)	(0.10)	(0.06)	(0.12)
Fair value of plan assets as at period / year end	13.90	10.63	7.82	6.98	5.51
Present value of unfunded obligations	(1.07)	2.28	2.43	1.02	1.04

Change in the defined benefit obligations - Leave Encashment (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 period / year	5.02	5.04	4.03	3.30	2.73
Current Service cost	1.01	0.53	0.36	0.37	0.23
Interest Cost	0.47	0.44	0.35	0.28	0.23
Actuarial (Gains)/Loss	(0.60)	(0.98)	0.39	0.15	0.21
Benefits Paid	(0.29)	0.00	(0.08)	(0.07)	(0.09)
Present value of defined benefit obligation as at end of the period / year	5.61	5.02	5.04	4.03	3.30

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

The Group implemented an Employee Stock Option Plan 2008 ('ESOP 2008') which provides for the allotment of equity shares of Rs. 2/- each to eligible employees of the holding Company and its subsidiaries. The Scheme is administered by an ESOP Trust (Gujarat Gas Company Limited Employee Stock Option Welfare Trust) which purchases, out of the funds advanced by the Group, the shares equivalent to the number of options granted, for allotment to the grantees. IDBI Trusteeship Services Limited are the trustees of the said trust. The trustees can purchase or sell the shares from the market as per the approved scheme. For the 15 months period ended on 31st March 2014, there are no purchases from the market.

Pursuant to the above scheme, the Group has granted options, as mentioned here below, convertible into equity shares of Rs. 2/- each to employees of the holding Company and its subsidiaries. The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options 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 holding Company, to the issue of Bonus Shares in the ratio of one equity share of the Company of Rs. 2/- each for every one equity share of the Company held by the Shareholders of the Company as on September 19, 2009, being the Record Date, the Compensation Committee of the Board of Directors of the Company, on September 22, 2009, had approved adjustments to the Options granted & unvested as on September 19, 2009, under the Gujarat Gas Company Ltd-Employee Stock Option Plan 2008, whereby each option had been doubled and the Exercise Price thereof been halved with effect from September 22, 2009.

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. The weighted average remaining contractual life of options outstanding as on 31 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 & 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 24) 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
(27) Finance costs		
Interest and other financial charges	0.52	0.16
Total	0.52	0.16
(28) 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	1.12	0.33
Repairs:		
- To Buildings	1.28	0.51
- To Plant and Machinery	39.20	24.42
- To Others	14.43	10.77
Total Repairs	54.91	35.70
Insurance	1.99	1.68
Stationery and Printing	1.00	0.87
Advertisement Expenses	2.51	1.99
Communication Expenses	2.48	2.26
Vehicle Hire Charges	9.84	7.03
Travelling Expenses	1.75	2.17
Donation	0.68	0.31
Legal, Professional and Consultancy	9.03	12.15
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	2.36	3.35
Provision / write off for inventory obsolescence	3.84	3.70
Service Charges	19.60	12.65
Foreign exchange fluctuations loss (net)	0.11	0.02
Agency & Contract Staff Expenses	12.23	6.33
Miscellaneous Expenses	10.02	8.51
Total	183.19	140.21

The Company has taken premises for business and residential use for its employees under cancellable 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.

**(29) 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:

			(Rs. in Crores)	
Name of the Related Party	Nature of Relationship	Nature of Transaction	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	-
		Investment at period end	1.00	-
GSPC Gas Company Limited	Under common control (w.e.f. 12-6-2013)	Expenses:		
		Cost of Seconded Employees	0.01	-
		Reimbursement of Rent	0.04	-
		Income:		
		Income from Secondment of Employees	0.09	-
Gujarat State Petronet Limited	Under common control (w.e.f. 12-6-2013)	Amount Receivable at period end	0.07	-
		Expenses:		
		Transmission expenses (Net of Service Tax)	11.30	-
GSPC Distribution Networks Limited	Holding Company (w.e.f. 12-6-2013)	Amount Payable at period end (Net)	2.43	-
		Equity Dividend paid (including distribution tax)	85.07	-
		Equity Share Capital held at period end	18.90	-
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
Gujarat Gas Company Limited Employees Gratuity Trust Fund	Enterprise controlled by the Company	Amount Receivable at period end	8.63	12.75
		Contribution paid	3.35	2.13



(29) Related Party Transactions (Continued):

			(Rs. in Crores)	
Name of the Related Party	Nature of Relationship	Nature of Transaction	15 Months ended 31-03-2014	12 Months ended 31-12-2012
BG International Limited	Under common control (up to 11-6-2013)	Expense :		
		Reimbursement of salary for seconded personnel (Paid) (including Tax Deducted at Source)	-	0.04
		Reimbursement of Software		
		License charges	-	0.85
		Reimbursement of Expenses (Paid)	-	0.02
		Income:		
		Service charges for secondment of employees	-	1.23
		Reimbursement of Expenses (Received)	0.14	0.08
		Provision no longer required written back	0.65	7.87
		Amount payable at period end	-	6.82
BG Asia Pacific Holdings Pte. Limited	Holding company (up to 11-6-2013)	Dividend paid		
		- Equity	-	158.67
		- Preference (Refer Note 4 below)	-	1.08
		Share Capital held at period end	-	16.70
BG India Energy Solutions Private Limited	Under common control (up to 11-6-2013)	Purchase of Natural Gas (Net of VAT)	87.03	1,568.01
		Amount payable at period end	5.21	46.51
BG Exploration and Production India Limited	Under common control (up to 11-6-2013)	Income:		
		Liability no longer required	2.92	-
		Service charges for secondment of employees	-	0.07
		Reimbursement of Expenses (Received)	-	0.06
		Expenses:		
		Legal and Professional	1.84	5.50
		Reimbursement of Expenses (Paid)	0.05	0.54
		Amount payable at period end	0.13	3.82
BG Energy Holding Limited	Under common control (up to 11-6-2013)	Purchase Commission	0.14	0.43
		Guarantee Commission	0.05	0.14
		Amount Payable at period end	-	0.46



(29) Related Party Transactions (Continued):			(Rs. in Crores)	
Name of the Related Party	Nature of Relationship	Nature of Transaction	15 Months ended 31-03-2014	12 Months ended 31-12-2012
Shaleen Sharma (upto 30-6-2012)	Key Management Personnel	Remuneration as Managing Director	-	0.96
Sugata Sircar (upto 11-12-2013)	Key Management Personnel	Remuneration as Managing Director	1.06	0.69

Notes:

- 1) 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.
- 2) The above do not include BG North Sea Holdings Ltd who are holding company of BG Asia Pacific Holding Pte Ltd but with whom no transaction have occurred up to 11 June 2013.
- 3) Mr. PPG Sarma was appointed as In-charge CEO of GGCL w.e.f 12 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 December 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.
- 4) 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 August 2013, after it ceased to be related party.

**GUJARAT GAS COMPANY LIMITED (CONSOLIDATED)****(30) 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 Payments 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	-			-	-			-

(Rs. in Crores)



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

Name of the Undertaking	Relationship	Country of Incorporation	Proportionate beneficial ownership interest/voting power
Gujarat Gas Financial Services Limited	Subsidiary	India	69.88%
Gujaratgas Trading Company Limited	Subsidiary	India	100%

(32) Earnings per Share:

	15 Months ended 31-03-2014	12 Months ended 31-12-2012
Net Profit after tax (Rs. in Crores)	418.61	286.62
Less: Preference Dividend and corporate dividend tax on preference dividend (Rs. in Crores)	-	0.31
Net Profit attributable to Equity Shareholders (Rs. in Crores)	418.61	286.31
Weighted average number of equity shares outstanding during the year (No. in Crores)	12.83	12.83
Basic earnings per share of Rs. 2/- each (in Rs.)	32.64	22.32

There are no outstanding dilutive potential equity shares. Consequently the basic and diluted earnings per share remain the same.

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

Particulars	Rs. Per share	Rs. in Crores	Period/Year ended
Equity			
- Interim Dividend	9.00 (7.00)	115.42 (89.78)	November 12, 2013 September 25, 2012
Preference Dividend	- (7.50%)	- (0.27)	March 31, 2014 December 31, 2012

Previous year figures are in brackets

(34) Disclosures 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 - Rs. 0.01 crores (Previous year-Rs. 0.01 crores)]	1.22	0.36
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	0.01	0.01
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 to the enterprises covered under Micro, Small and Medium Enterprises Development Act, 2006 according to the terms agreed with the enterprises.



- (35) In view of the general clarification issued by the Institute of Chartered Accountants of India on Accounting Standard 21 "Consolidated Financial Statements", the consolidated financial statements do not include notes such as quantitative information, forex earnings/expense etc. which are not necessary to present true and fair view of the financial statements.
- (36) 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.
- (37) 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.
- (38) 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.
- (39) 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

Tapan Ray, IAS

Director

PPG Sarma

CEO

Jal Patel

Director

Nitesh Bhandari

Financial Controller

Rajeshwari Sharma

Company Secretary

Place : Gandhinagar

Date : May 15, 2014



INDEPENDENT AUDITORS' REPORT

To,
The Members of
Gujarat Gas Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Gujarat Gas Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the period from January 1, 2013 to March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the Profit for the period ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
- e. As the Company is a Government Company, in terms of notification no. G.S.R 829(E) dated 21st October 2003, issued by department of company affairs, ministry of finance, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable.

For Manubhai & Shah

Chartered Accountants

Firm Registration No. 106041W

Place: Ahmedabad

Date: May 15, 2014

(G. R. Parmar)

Partner

Membership No.121462

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items, other than underground gas pipelines which are not physically verifiable, over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during period and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the period.
- (ii) (a) The inventory [excluding stocks with third parties] has been physically verified by the Management during the period. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted/taken any loans, secured or unsecured, to /from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) [(b), (c) and (d)] / (f) and (g)] of the said Order are not applicable to the Company.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the Company has entered all the transactions required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, customs duty, excise duty and other material statutory dues, as applicable, with appropriate authorities, except that the service tax on commitment charges was not deposited within the prescribed time limit. The amount of service tax outstanding for a period exceeding six months from the date they become payable was ₹ 1.38 Crore. The same has since been paid.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, wealth tax and customs duty which have not been deposited on account of any dispute. The particulars of dues of service tax, excise and income tax as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:



Name of the Statute	Nature of dues	Amount (₹ In Crores)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax (including interest and penalty)	35.79	2005-2012	CESTAT
Central Excise Act, 1944	Excise Duty (including interest and penalty)	11.86	October 2006	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax and Interest thereon	0.79	Assessment Year 2010-11	Commissioner of Income Tax (Appeal).
Income Tax Act, 1961	Income Tax and Interest thereon	0.35	Assessment Year 1996-97	Commissioner of Income Tax (Appeal).

- (x) The Company has no accumulated losses as at the period ended March 31, 2014 and it has not incurred any cash losses in the period ended on that date or in the immediately preceding financial year.
- (xi) As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 4(xi) of the Order are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- (xiii) As the provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.
- (xvi) The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the period. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- (xix) The Company has not issued any debentures during the period and does not have any debentures outstanding as at the beginning and at the period end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the period, nor have we been informed of any such case by the Management.

For Manubhai & Shah
Chartered Accountants
Firm Registration No. 106041W

Place: Ahmedabad
Date: May 15, 2014

(G. R. Parmar)
Partner
Membership No.121462



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
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	25.65	25.65
Reserves and Surplus	4	1,199.83	916.24
		1,225.48	941.89
Non-current liabilities			
Deferred tax liabilities (Net)	5	119.92	93.25
Other Long term liabilities	6	306.95	268.90
		426.87	362.15
Current liabilities			
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
Total		1,893.04	1,551.09
ASSETS			
Non-current assets			
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
Non-current investments			
Long-term loans and advances	10	2.53	2.53
Other non-current assets	11	14.32	20.42
	12	0.75	1.01
		979.63	927.21
Current assets			
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
Total		1,893.04	1,551.09

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 – 106041W

G.R.Parmar

Partner

Membership No. 121462

For and on behalf of the Board

Dr. Varesh Sinha, IAS

Chairman

Tapan Ray, IAS

Director

PPG Sarma

CEO

Jal Patel

Director

Nitesh Bhandari

Financial Controller

Rajeshwari Sharma

Company Secretary

Place : Ahmedabad
Date : 15 May, 2014

Place : Gandhinagar
Date : 15 May, 2014



GUJARAT GAS 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 Crores	12 Months ended 31-12-2012 Rs. in Crores
Income			
Revenue from operations (Net)	21	3,901.12	3,092.13
Other income	22	88.00	65.43
Total Revenue		3,989.12	3,157.56
Expenses			
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
Total Expenses		3,377.19	2,752.72
Profit Before Tax		611.93	404.84
Tax Expense			
Current Tax		165.41	107.50
Income Tax Provision for earlier years written back		-	(2.52)
Deferred Tax	5	26.67	13.20
Profit for the year		419.85	286.66
Earnings per equity share (EPS):			
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 – 106041W

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



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
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	611.93	404.84
Adjustments for:		
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)
Operating Profit before working capital changes	648.11	430.75
Adjustments for changes in working capital		
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)
Cash generated from operations	677.95	406.23
Taxes paid (Net of refunds & TDS)	(171.08)	(101.22)
Net Cash from Operating Activities	506.87	305.01
B. CASH FLOWS FROM INVESTING ACTIVITIES		
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	(4,251.78)	(3,475.43)
Sale of Current Investments	3,983.42	3,600.65
Dividends received	36.07	21.52
Net Cash used in Investing Activities	(408.34)	(0.43)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
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)
Net Cash used in Financing Activities	(97.66)	(283.82)

**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

For and on behalf of the Board**Dr. Varesh Sinha, IAS**

Chairman

Tapan Ray, IAS

Director

PPG Sarma

CEO

Jal Patel

Director

Nitesh Bhandari

Financial Controller

Rajeshwari Sharma

Company Secretary

Place : Ahmedabad

Date : May 15, 2014

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.

**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.

**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.



GUJARAT GAS COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE 15 MONTHS PERIOD
ENDED 31ST MARCH 2014

(3) Share Capital		As at 31-03-2014	As at 31-12-2012
a) Authorized			
i Equity Shares			
Number of shares of Rs. 2/- each		14,00,00,000	14,00,00,000
Rs. in Crores		28.00	28.00
ii 7.5% Redeemable Preference Shares			
Number of shares of Rs. 10/- each		1,70,00,000	1,70,00,000
Rs. in Crores		17.00	17.00
Total Authorized Share Capital (Rs. in Crores)		45.00	45.00
b) Issued, Subscribed and Paid up		As at 31-03-2014	As at 31-12-2012
i Equity Shares			
Number of shares of Rs. 2/- each		12,82,50,000	12,82,50,000
Rs. in Crores		25.65	25.65
Total Paid up Share Capital (Rs. in Crores)		25.65	25.65
c) Rights, preferences and restrictions attached to equity shares			
The Company has only one class of equity shares. Each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, is subject to shareholders' approval in the ensuing Annual General Meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive the residual assets of the Company in proportion to their shareholding.			
d) Reconciliation of movement in number of Equity Shares		As at 31-03-2014	As at 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
e) Shareholder holding more than 5% equity shares		As at 31-03-2014	As at 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.



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
883.32	640.43
1,199.83	916.24

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
Total (A)	102.66	24.06	126.72
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
Total (B)	9.41	(2.61)	6.80
Total (A-B)	93.25	26.67	119.92
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.



	As at 31-03-2014 Rs. in Crores	As at 31-12-2012 Rs. in Crores
(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	-
Total	306.95	268.90
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 offtake	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
Total	111.29	137.16
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
Total	5.70	8.25



GUJARAT GAS COMPANY LIMITED

(9) FIXED ASSETS		(Rs. in Crores)								
Particulars		GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK	
	Asat 1-1-2013	Additions For the Period/Year	Deduction/ Adjustments For the Period/Year	Asat 31-3-2014	Asat 1-1-2013	For The Period/Year	Deduction/ Adjustments For the Period/Year	Asat 31-3-2014	Asat 31-3-2014	Asat 31-12-2012
Tangible Assets:										
Land (Refer Note 1 below)	40.90	-	-	40.90	-	-	-	-	40.90	40.90
Buildings	42.37	4.33	0.51	46.19	7.56	1.21	0.13	8.64	37.55	34.81
Plant and Machinery	1,005.16	193.06	4.10	1,194.12	360.85	76.18	1.69	435.34	758.78	644.31
Office equipment	10.58	1.83	0.60	11.81	3.43	0.74	0.38	3.79	8.02	7.15
Computer Hardware	39.95	1.85	5.28	36.52	26.17	5.32	5.24	26.25	10.27	13.78
Furniture, Fixtures and Fittings	7.69	0.50	0.26	7.93	3.60	0.58	0.23	3.95	3.98	4.09
Vehicles	10.10	0.34	3.56	6.88	4.15	1.00	2.20	2.95	3.93	5.95
Assets given on Finance Lease (Prior to April 1, 2001)										
Plant and Machinery	27.96	-	27.96	-	8.58	-	8.58	-	-	19.38
	1,184.71	201.91	42.27	1,344.35	414.34	85.03	18.45	480.92	863.43	770.37
(Less)/Add:										
Lease Terminal Adjustment										
	-	-	-	-	19.39	-	19.39	-	-	(19.39)
TOTAL	1,184.71	201.91	42.27	1,344.35	433.73	85.03	37.84	480.92	863.43	750.98
Intangible Assets:										
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
	62.96	8.05	-	71.01	17.06	11.47	-	28.53	42.48	45.90
Capital Work in Progress (Refer Notes 2,3 and 4 below)										
Intangible assets under development									56.12	105.01
	1,247.67	209.96	42.27	1,415.36	450.79	96.50	37.84	509.45	962.03	903.25
TOTAL	1,247.67	209.96	42.27	1,415.36	450.79	96.50	37.84	509.45	962.03	903.25
Previous Year									-	1.36
Tangible Assets	1,033.67	164.30	13.26	1,184.71	381.73	60.80	8.80	433.73	750.98	
Intangible Assets	27.01	35.95	-	62.96	12.50	4.56	-	17.06	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).



(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
2.53	2.53
2.53	2.53
1.40	1.40
0.13	0.13
1.00	1.00
2.53	2.53
4.20	4.60
3.66	5.89
3.66	5.89
-	-
1.20	1.40
0.06	0.09
7.33	12.65
1.53	1.68
14.32	20.42
0.75	1.01
0.36	0.36
0.36	0.36
-	-
0.75	1.01
664.64	370.64
664.64	370.64



(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
TOTAL	29,89,46,776	664.64	21,22,07,471	370.64

**(14) Inventories**

Stores 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

**(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 31-12-2012 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
25.64	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

b) Disclosures for Defined Benefit Plans - Gratuity (Funded)

Change in the defined benefit obligations

Defined benefit obligation as at beginning of the year

Service cost

Interest cost

Actuarial loss/(gain)

Benefits paid

Defined benefit obligation as at year end

Change in plan assets

Fair value of plan assets as at beginning of the year

Expected return on plan assets

Contributions by employer

Actuarial (loss)/gain

Benefits paid

Fair value of plan assets as at year end

Present value of unfunded obligations

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

Current Service cost

Interest cost

Expected return on plan assets

Net actuarial loss/(gain) recognised

Net amount recognised

Actual return on Plan Assets

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

The principal actuarial assumptions used are as follows:

Mortality

Discount Rate

Expected rate of return on Plan Assets

Rate of increase in Compensation Levels (Refer Note below)

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.

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
3.51	2.87
12.79	10.15
1.04	1.01
1.30	0.88
(1.36)	1.24
(1.06)	(0.49)
12.71	12.79
10.63	7.82
1.32	0.78
3.35	2.13
(0.34)	0.39
(1.06)	(0.49)
13.90	10.63
(1.19)	2.16
1.04	1.01
1.30	0.88
(1.32)	(0.78)
(1.02)	0.85
-	1.96
0.98	1.17
-	-
100%	100%
Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96) published table of mortality rate
9.13%	8.16%
9.00%	9.00%
7.00%	7.00%



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

Interest cost

Actuarial loss/(gain)

Benefits paid

Defined benefit obligation as at year end

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

Current Service cost

Interest cost

Net actuarial loss/(gain) recognised

Net amount recognised

The principal actuarial assumptions used are as follows:

Mortality

Discount Rate

Rate of increase in Compensation Levels (Refer Note below)

4.97	4.99
1.00	0.50
0.47	0.43
(0.59)	(0.95)
(0.29)	0.00
5.56	4.97
1.00	0.50
0.47	0.43
(0.59)	(0.95)
0.88	(0.02)
Indian Assured Lives Mortality (2006-08) Ult	LIC (1994-96) published table of mortality rate
9.13%	8.16%
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



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.



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.

(26) Finance costs

Interest and other financial charges

Total

(27) Other expenses

Stores and Chemicals consumed

Power and Fuel

Rent

Rates and Taxes

Repairs:

- To Buildings

- To Plant and Machinery

- To Others

Total Repairs

Insurance

Stationery and Printing

Advertisement Expenses

Communication Expenses

Vehicle Hire Charges

Travelling Expenses

Donation

Legal, Professional and Consultancy

Loss on Sale of Fixed assets (Net)

Bad debts / Advances written off

Wealth Tax

Provision for Doubtful Debts

Provision for diminution in value of asset / Capital work in progress

Provision for Assets write off

Provision against doubtful capital advances

Provision / write off for inventory obsolescence

Service Charges

Foreign exchange fluctuations loss (net)

Agency & Contract Staff Expenses

Miscellaneous Expenses

Total

15 Months ended 31-03-2014 Rs. in Crores	12 Months ended 31-12-2012 Rs. in Crores
0.52	0.16
0.52	0.16
3.10	2.84
32.03	24.77
13.12	9.66
1.09	0.27
1.28	0.51
39.20	24.42
14.43	10.77
54.91	35.70
1.99	1.66
1.00	0.87
2.51	1.99
2.47	2.26
9.84	7.03
1.75	2.17
0.68	0.31
8.70	11.99
-	1.66
0.37	0.11
0.02	0.04
0.95	0.35
-	1.73
0.13	-
2.00	3.35
3.84	3.70
19.60	12.65
0.08	0.01
12.23	6.33
9.96	8.49
182.37	139.94

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	-
		Equity Dividend paid (including distribution tax)	85.07	-
		Equity Share Capital held at period end	18.90	-
Gujarat Gas Financial Services Limited (Refer Note 2)	Subsidiary	Income:		
		Service Charges for domestic gas connections	-	0.25
		Dividend received	0.42	0.42
		Expense :		
Gujaratgas Trading Company Limited (Refer Note 2)	Subsidiary	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
		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



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
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	5.21	46.51
BG Exploration and Production India Limited	Under common control (up to 11-6-2013)	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 Remuneration as Managing Director	2.92 - - - 1.84 0.05 0.13 -	- 0.07 0.06 5.50 0.54 3.82 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:

- 1) 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.
- 2) 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.
- 3) 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.
- 4) Mr. PPG Sarma was appointed as In-charge CEO of GGCL w.e.f 12th 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. 12th 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.
- 5) 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 29th August 2013, after it ceased to be related party.



GUJARAT GAS COMPANY LIMITED

(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	-	-	-	-	-	-	-	-



**(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
TOTAL	100%	11.76	100%	15.65

(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
Natural Gas				
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

Tapan Ray, IAS
Director

PPG Sarma
CEO

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary

Place : Gandhinagar
Date : May 15, 2014



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

Name of the subsidiary	Gujarat Gas Financial Services Ltd.
1. The financial year of the Subsidiary Company ended on	31st March 2014
2. (a) No. of Equity Shares held by Gujarat Gas Company Limited in the subsidiary as on 31st March, 2014	13,97,500 Equity Shares of Rs.10/- each fully paid up (Previous year 13,97,500)
(b) Extent of interest of Gujarat Gas Company Limited in the capital of the subsidiary	69.88% (Previous year 69.88%)
3. Net Aggregate amount of profits of the subsidiary so far as it concerns the members of Gujarat Gas Company Ltd., and is not dealt with in the Company's accounts	
(a) Profit for the financial year ended on 31st March, 2014 of the subsidiary.	Rs. 3.46 crores (Previous year Rs. 4.40 crores)
(b) Profit for the previous financial years of the subsidiary since it became subsidiary of Gujarat Gas Company Limited.	Rs. 20.38 crores (Previous year Rs. 16.40 crores)
4. Net Aggregate amount of Profit / (Loss) of the subsidiary so far as dealt with or provision is made for those profits / (Loss) in Gujarat Gas Company Limited's accounts.	
(a) For the subsidiary's Financial year ended on 31st March, 2014	Rs. 0.42 crores (Previous year Rs. 0.42 crores)
(b) For its previous financial years since it became the subsidiary of Gujarat Gas Company Ltd.	Rs. 7.53 crores (Previous year Rs. 7.11 crores)

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Tapan Ray, IAS
Director

PPG Sarma
CEO

Place : Gandhinagar
Date : May 15, 2014

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary



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

Name of the subsidiary	Gujaratgas Trading Company Ltd.
1. The financial year of the Subsidiary Company ended on	31st March 2014
2. (a) No. of Equity Shares held by Gujarat Gas Company Limited in the subsidiary as on 31st March, 2014	9,000 Equity Shares of Rs. 100 each fully paid up (Previous year 9,000)
(b) Extent of interest of Gujarat Gas Company Limited in the capital of the subsidiary	100 % (Previous year 100%)
3. Net Aggregate amount of profits of the subsidiary so far as it concerns the members of Gujarat Gas Company Ltd., and is not dealt with in the Company's accounts	
(a) Profit for the financial year ended on 31st March, 2014 of the subsidiary.	Rs. 0.99 crores (Previous year Rs. 1.00 crores)
(b) Profit for the previous financial years of the subsidiary since it became subsidiary of Gujarat Gas Company Limited.	Rs. 13.29 crores (Previous year Rs. 12.29 crores)
4. Net Aggregate amount of Profit / (Loss) of the subsidiary so far as dealt with or provision is made for those Profit / (Loss) in Gujarat Gas Company Limited's accounts.	
(a) For the subsidiary's Financial year ended on 31st March, 2014	Nil (Previous year Nil)
(b) For its previous financial years since it became the subsidiary of Gujarat Gas Company Ltd.	Rs. 13.75 crores (Previous year Rs. 13.75 crores)

For and on behalf of the Board

Dr. Varesh Sinha, IAS
Chairman

Tapan Ray, IAS
Director

PPG Sarma
CEO

Place : Gandhinagar
Date : May 15, 2014

Jal Patel
Director

Nitesh Bhandari
Financial Controller

Rajeshwari Sharma
Company Secretary



GUJARATGAS TRADING COMPANY LIMITED DIRECTORS' REPORT

Dear Shareholders,

Your Directors are glad in presenting the 33rd Annual Report together with the audited accounts of Gujaratgas Trading Company Limited for the financial year 2013 - 14.

FINANCIAL RESULTS

(Rs. in Lac)

Particulars	15 Months ended on 31-03-2014	12 Months ended on 31-12-2012
Total income	3,554.77	11,635.70
Profit before tax	99.54	100.18
Tax (Current)	0.08	0.15
Profit after tax	99.46	100.03
Add: Profit brought forward from previous year	1062.69	962.66
Profit available for appropriation	1162.15	1062.69
Surplus retained	1162.15	1062.69

DIVIDEND

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

CHANGE IN CONTROL OF GUJARAT GAS COMPANY LIMITED.

Your Company is the wholly-owned subsidiary of Gujarat Gas Company Limited.

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

In compliance with the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), GDNL further made a mandatory Open Offer along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL.

COMPOSITE SCHEME OF AMALAGAMATION

The Board at its meeting dated 21 April 2014, granted its approval to the consolidation by way of amalgamation of the Company, GSPC Gas Company Limited ("GSPC Gas"), GSPC Distribution Networks Limited ("GDNL"), Gujarat Gas Company Limited ("GGCL") and Gujarat Gas Financial Services Limited ("GFSL") through a High Court approved Composite Scheme of Amalgamation and Arrangement. In consideration of the amalgamation, GDNL to issue and allot the shares as per the following swap ratio:

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

On the above share swap ratios, SBI Capital Markets Ltd has also provided its fairness certificate.

Your Company has initiated the process of Amalgamation as per the relevant provisions of Companies Act 1956/ or Companies Act 2013, the SEBI requirements including the provisions under the listing agreements with the stock exchanges.

OPERATIONS

Your Company, the wholly-owned subsidiary of Gujarat Gas Company Limited is engaged in the business of selling natural gas. During the fifteen months ended on 31 March 2014 under review, your Company achieved sales of Rs. 3,436.24 lacs as against Rs. 11,536.57 lacs during the twelve months ended on 31 December 2012. The total income for the fifteen months ended on 31 March 2014 was Rs. 3,554.77 lacs including other income of Rs. 118.53 lacs as against total income of Rs. 11,365.70 lacs including other income of Rs. 99.13 lacs in the twelve months ended on 31 December 2012. The Profit before tax (PBT) was Rs. 99.54 lacs during the fifteen months ended on 31 March 2014 as against Rs. 100.18 lacs in the twelve months ended on 31 December 2012.

**STATUTORY INFORMATION****Energy, Technology and Foreign Exchange**

The particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not required to be reported as your Company is a trading company. During the year under review, there were no foreign exchange earnings whereas foreign exchange outgo was to the extent of Rs. 64.35 lacs.

Particulars of Employees

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

Fixed Deposits

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

Directors' Responsibility Statement

Your directors hereby state

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31 March 2014 and of the profit of the company for the year ended on that date;
- iii. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. that the directors have prepared the annual accounts on a going concern basis.

AUDITORS' REPORT

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

STATUTORY AND C&AG AUDIT

As your Company is a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, the C&AG had appointed Talati & Talati, Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company for the Financial Year 2013 - 14. C&AG has given NIL comment report for the Financial Year 2013 - 14. The NIL comment report is enclosed herewith.

The Statutory Auditors of the Company for the Financial Year 2013 - 14 will retire at the ensuing Annual General Meeting. C&AG will appoint the statutory auditors for the current financial year and the Board has recommended the proposal to the shareholders at their ensuing AGM of the Company for the fixing of the remuneration of Statutory Auditors of the Company for Financial Year 2014 - 15, based on the appointment by CAG.

DIRECTORS

Mr. Tapan Ray, IAS and Mr. Sugata Sircar, have resigned as Director of the Company. Mr. PPG Sarma and Mr. Manish Verma have been appointed as the Additional Directors of the Company.

Prof. Pradip Khandwalla retires by rotation at the forthcoming Annual General Meeting and being eligible, is proposed for appointment at the ensuing AGM. Your directors recommend his re-appointment.

APPRECIATION

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

Your directors are grateful to the promoter viz. Gujarat Gas Company Limited for its valuable contribution throughout the year.

For and on behalf of the Board

PPG Sarma
Chairman

Place: Gandhinagar

Date: August 26, 2014

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

under Section 619(4) of the Companies Act, 1956 on the accounts of
Gujarat Gas Trading Company Limited for the period from 1 January 2013 to 31 March 2014

The preparation of financial statements of Gujarat Gas Trading Company Limited, for the period from 1 January 2013 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Gujarat Gas Trading Company Limited for the period from 1 January 2013 to 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: Ahmedabad
Date: July 19, 2014

(H. K. Dharmadarshi)
Accountant General
(E & RSA), Gujarat



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
Gujaratgas Trading Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Gujaratgas Trading Company Limited ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the period from 1st January 2013 to 31st March 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that gives a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements gives the information required by the Act in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet and the Statement of Profit and Loss and the Cash Flow Statement dealt with this Report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.;
- e) As the Company is a Government Company, in terms of notification no G.S.R 829(E) dated 21st October 2003, issued by department of companies affairs, ministry of finance, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable.

For Talati & Talati.

Chartered Accountants
Firm Regn No: 110758W

Place: Ahmedabad
Date: May 14, 2014

Aniket Talati

(Partner)
Membership No: 131567

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT:**

(Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.)

- (i) In respect of its fixed assets:
The Company does not hold any fixed assets during the period under audit and hence the provisions of Clause (i) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its Inventories:
The Company does not hold any physical inventory during the period. Therefore, the provisions of Clause (ii) of paragraph 4 of the Order are not applicable to the Company.
- (iii) (a) During the period the Company has not given any loans secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence Clause (iii) (b), (c) and (d) of paragraph 4 of the Order are not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence Clause (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the period have been made at prices which appear reasonable as per information available with the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (ix) In respect of statutory dues:
- (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) The disputed Statutory dues aggregating to ₹ 41,626.32 thousands that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Name of the statute	Nature of dues	Amt. under dispute not yet deposited As on 31.03.2014 (₹ in Thousands)	Periods to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax including interest as applicable	41,626.32	2011 - 12	CIT (Appeal)
	Total	41,626.32		



- (x) The Company does not have any accumulated losses during the period ended on that date. The Company has not incurred cash losses during the period ended on that date covered by our audit and in the immediately preceding financial year.
- (xi) The Company does not have any borrowings from any financial institution or bank nor it has issued any debentures during the period under audit. Therefore, the provisions of Clause (xi) of paragraph 4 of the Order are not applicable to the Company.
- (xii) In our opinion and according to explanations given to us and based on the information available, no loans and advances have been granted by Company on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause (xii) of paragraph 4 of the Order are not applicable to the Company.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (xv) In our opinion, and according to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the period. Accordingly, the provisions of Clause (xv) of paragraph 4 of the Order are not applicable to the Company.
- (xvi) The Company has not raised any Term Loans during the period covered under audit. Accordingly, the provisions of Clause (xvi) of paragraph 4 of the Order are not applicable to the Company.
- (xvii) Based on the information and explanations given to us and on an overall examination of the balance sheet of the Company as at March 31, 2014, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained u/s.301 of the Companies Act, 1956.
- (xix) During the period covered by our audit report, the Company has not issued any debentures. Accordingly, the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of Public Issues during the period.
- (xxi) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud on or by the Company has been noticed or reported for the period under audit.

For Talati & Talati.

Chartered Accountants
Firm Regn No: 110758W

Place: Ahmedabad
Date: May 14, 2014

Aniket Talati
(Partner)
Membership No: 131567



GUJARATGAS TRADING COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH 2014

	Note	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	900	900
Reserves and Surplus	4	1,42,865	1,32,919
		1,43,765	1,33,819
Non-current liabilities			
Other Long term liabilities		-	12,325
Current liabilities			
Trade payables	5	-	92,919
Other Current liabilities	6	351	4,785
Short-term provisions	7	-	14,753
		351	1,12,457
Total		1,44,116	2,58,601
ASSETS			
Non-current assets			
Long-term loans and advances	8	-	12,325
Current assets			
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
Total		1,44,116	2,58,601

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



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
Income			
Revenue from Operation (Sale of natural gas)		3,43,624	11,53,657
Other income	14	11,853	9,913
Total Revenue		3,55,477	11,63,570
Expenses			
Material Purchase (Natural Gas)		3,43,341	11,52,629
Other expenses	15	2,182	923
Total Expenses		3,45,523	11,53,552
Profit Before Tax		9,954	10,018
Tax Expenses			
Current Tax		8	15
Profit for the year		9,946	10,003
Earnings per equity share (EPS):			
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 : 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



GUJARATGAS 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
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before Tax	9,954	10,018
Adjustments for:		
Profit on sale of investment (Net)	(15)	(5)
Dividend Income	(11,458)	(9,784)
Operating Profit before working capital changes	(1,519)	229
Adjustments for changes in working capital		
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	-
Cash generated from Operations	(5,184)	3,865
Taxes (paid)/refunded (net of TDS)	(16,125)	(1,693)
Net Cash from Operating Activities	(21,309)	2,172
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(26,958)	(55,285)
Sale of Investments	34,000	30,500
Dividend received	11,458	9,784
Net Cash from Investing activities	18,500	(15,001)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(2,809)	(12,829)
Cash and Cash Equivalents at the beginning of the year	3,883	16,712
Cash and Cash Equivalents at the end of the year	1,074	3,883
Cash and Cash Equivalents comprise		
Cash in hand	-	2
Balances with Banks		
- In Current Accounts	1,074	3,881
Total Cash and Cash Equivalents at the end of the year	1,074	3,883

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



GUJARATGAS TRADING COMPANY LIMITED NOTES TO THE FINANCIAL STATEMENTS

(1) General Information:

Gujaratgas Trading Company Limited ("Company") is engaged in Natural Gas Business in Gujarat. Natural gas business involves distribution of gas from sources of supply to centres of demand and/or to the end customers. 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.

**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.



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(3) Share Capital		As at 31-03-2014	As at 31-12-2012
a) Authorized Equity Share Capital			
Number of shares of Rs. 100 each		10,000	10,000
Rs. In Thousand		1,000	1,000
b) Equity Share Capital – shares issued, subscribed and paid up			
Number of shares of Rs. 100 each		9,000	9,000
Rs. In Thousand		900	900
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.			
c) Reconciliation of the number of Equity Shares			
Shares outstanding at the beginning of the year		9,000	9,000
Shares Issued during the year		-	-
Shares bought back during the year		-	-
Shares outstanding at the end of the year		9,000	9,000
d) Shareholder holding more than 5% equity shares and Shares held by holding Company			
Name of the shareholder		No. of shares held % of shareholding	No. of shares held % of shareholding
Gujarat Gas Company Limited – Holding Company and its nominees		9,000 100%	9,000 100%
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.			
(4) Reserves & Surplus		As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
a) General Reserve			
Balance as at the beginning of the year		26,650	26,650
Balance at the end of the year		26,650	26,650
b) Surplus in Statement of Profit & Loss			
Balance as at the beginning of the year		1,06,269	96,266
Add: Profit for the period		9,946	10,003
Balance at the end of the year		1,16,215	1,06,269
Total		1,42,865	1,32,919



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
(5) Trade payables		
Dues to Micro, Small and Medium Enterprises	-	-
Other Creditors	-	92,919
Total	-	92,919
(6) Other Current Liabilities		
Payables to Non-trade creditors	318	4,686
Other Liabilities (includes TDS,VAT & Service Tax)	33	99
Total	351	4,785
(7) Short-term provisions		
Provision for Taxation (Net of Advance Tax & TDS)	-	14,753
(8) Long term loans & advances		
(Unsecured - considered good)		
Other receivables	-	12,325
Total	-	12,325
(9) Current Investments		
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
Total	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	-	-
Total	49,43,054	1,41,678	45,42,080	1,48,705

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
(10) Trade receivables		
Unsecured - Considered Good		
- Exceeding Six Months	-	-
- Others (receivable from Gujarat Gas Company Limited)	-	93,350
Total	-	93,350



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31-03-2014 Rs. In Thousand	As at 31-12-2012 Rs. In Thousand
(11) Cash & Bank Balances		
Cash & cash equivalents		
Cash on hand	-	2
Bank Balance in current account	1,074	3,881
Total	1,074	3,883
(12) Short-term loans and advances		
(Unsecured - considered good, unless otherwise stated)		
Balance with Government Authorities	-	338
Advance Tax & TDS (Net of Provision for Taxation)	1,364	-
Total	1,364	338
(13) Contingent Liability		
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
(14) Other Income		
Interest on income tax refund	376	124
Dividend from Mutual Funds (Refer Note 2e (iii))	11,458	9,784
Profit on sale of Current Investments	15	5
Other Miscellaneous income	4	-
Total	11,853	9,913
(15) Other Expenses		
Rates and Taxes	341	8
Legal, Professional and Consultancy Expenses	1,418	578
Miscellaneous Expenses	423	337
Total	2,182	923
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
Total	405	185
(16) Earnings per share (EPS)		
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.)	1,105.11	1,111.44

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



GUJARATGAS TRADING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(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 11th 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 11th December 2013. Mr. PPG Sarma was appointed as director in GTCL w.e.f. 20th 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 31st 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 FINANCIAL SERVICES LIMITED DIRECTORS' REPORT

Dear Shareholders

Your Directors have pleasure in presenting the Twentieth Directors' Report together with the audited annual accounts for the Financial year ending on 31 March 2014.

FINANCIAL PERFORMANCE

(Rupees in thousands)

Particulars	2013-14 (15 Months)	2012 (12 Months)
Net Income	85,160	1,01,212
Operating expenditure	(11,778)	(6436)
Profits before depreciation, interest, and tax	73,382	94,776
Less:		
Depreciation	-	-
Interest	-	-
Profit before Tax	73,382	94,776
Less:		
Provision for Tax – current and deferred	(23,751)	(30,793)
Profit after Tax	49,631	63,983
Add: Surplus of earlier years	1,74,038	1,23,427
Amount available for appropriations	2,23,669	1,87,410
Appropriations:		
Transfer to General Reserve	-	6399
Dividend	-	6000
Dividend Distribution Tax Surplus	47	973
	2,23,622	1,74,038

During the year under review, the net income was Rs. 8.5 crs as compared to Rs. 10.12 crs in the year 2012 and the profit after tax was Rs. 4.96 crs as compared to Rs. 6.4 crs for the previous year.

CHANGE IN CONTROL OF GUJARAT GAS COMPANY LIMITED.

Your Company is the subsidiary of Gujarat Gas Company Limited.

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

In compliance with the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, (SAST Regulations), GDNL further made a mandatory Open Offer along with Gujarat State Petroleum Corporation Limited (GSPC), Gujarat State Petronet Limited (GSPL) and GSPC Gas Company Limited (GSPC GAS) to acquire at the price of Rs. 314.17/- per equity share, up to 33,345,000 equity shares representing 26% of equity shares from the shareholders of GGCL.

COMPOSITE SCHEME OF AMALAGAMATION

The Board at its meeting dated 21 April 2014, granted its approval to the consolidation by way of amalgamation of the Company, GSPC Gas Company Limited ("GSPC Gas"), GSPC Distribution Networks Limited ("GDNL"), Gujarat Gas Company Limited ("GGCL") and Gujaratgas Trading Company Limited ("GTCL") through a High Court approved Composite Scheme of Amalgamation and Arrangement. In consideration of the amalgamation, GDNL to issue and allot the shares as per the following swap ratio:



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

On the above share swap ratios, SBI Capital Markets Ltd has also provided its fairness certificate.

Your Company has initiated the process of Amalgamation as per the relevant provisions of Companies Act 1956/ or Companies Act 2013, the SEBI requirements including the provisions under the listing agreements with the stock exchanges.

OPERATIONS

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

INVESTMENTS

During the year, the Company maintained its investments in bank deposits. The total portfolio of investment in bank deposits was Rs. 9.3 crs. as on 31 March 2014.

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

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

FINANCE AND INSURANCE

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

HUMAN RESOURCES

The number of employees as on 31 March 2014 were four.

STATUTORY INFORMATION

- There are no employees, whether employed throughout the year or any part thereof, in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.
- Since the Company is not a schedule industry details in respect of conservation of energy, technology absorption is not required to be furnished.
- During the period, there were no foreign exchange earnings whereas the foreign exchange outgo was to the extent of Rs. 6.8 crs. Information pursuant to Part II of Schedule VI of the Companies Act, 1956, has been given in the notes to the accounts.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for financial year 2013-14, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2013-14 and of the profit or loss of the Company for that period.
3. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The directors had prepared the annual accounts on a going concern basis.

**STATUTORY AND C&AG AUDIT**

As your Company is a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, the C&AG had appointed R. S. Patel & Co., Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company for the Financial Year 2013 - 14. C&AG has given NIL comment report for the Financial Year 2013 - 14. The NIL comment report is enclosed herewith.

The Statutory Auditors of the Company for the Financial Year 2013 - 14 will retire at the ensuing Annual General Meeting. C & AG will appoint the statutory auditors for the current financial year and the Board has recommended the proposal to the shareholders at their ensuing AGM of the Company for the fixing of the remuneration of Statutory Auditors of the Company for Financial Year 2014 - 15, based on the appointment by CAG.

COST AUDITOR AND COST AUDITORS' REPORT

Pursuant to the directions of the Central Government for audit of Cost Accounts, your Company has maintained the Cost Records prescribed under Section 209 (1) (d) of the Companies Act, 1956 and M/s. V. H. Shah, Cost Accountants have given the Compliance Report.

The Company has maintained the Cost Records prescribed under Section 209 (1) (d) of the Companies Act, 1956 and notified under GSR No. 429 (E) dated 03-06-2011 as amended from time to time in accordance with the Generally Accepted Cost Accounting Principles and Cost Accounting Standards issued by the Institute of Cost Accountants of India for its product so as to give a true and fair view of the cost of production / operation, cost of sales and margin of the product of the Company and the profit of product has been duly reconciled with the overall profit of the Company as reflected in the audited Profit and Loss Accounts of the Company for the year / period (01-01-2013 to 31-03-2014) ended on 31st March, 2014. The Company has kept detailed unit-wise and product / activity-wise cost statements and schedules thereto in respect of the product groups / activities.

SECRETARIAL COMPLIANCE CERTIFICATE FOR F.Y. 2013-14

GFSL had the practice to appoint Company Secretary, who looked into the compliance requirements of the Company under the Companies Act. The Company Secretary carried out the compliances under the Companies Act. Mr. Chintan Trivedi, the Company Secretary resigned w.e.f. 1st August, 2013.

Consequent to his resignation, as per the provisions of the Companies Act, 1956 and the Companies (Compliance Certificate) Rules, 2001, the Company has obtained the Compliance Certificate dated 14th May, 2014 for the F.Y. 2013 - 14 from M/s. Manoj Hurkat & Associates - Practising Company Secretaries, which is attached herewith.

DIRECTORS

Mr. Sugata Sircar has resigned as Director of the Company. Mr. Ravindra Agarwal (DIN: 00157236) has been appointed as an Additional Director of the Company.

Mr. PPG Sarma (DIN: 05199653) retires by rotation at the ensuing Annual General Meeting. Being eligible, he has offered himself for re-appointment.

APPRECIATION

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

For & on behalf of the Board

Tapan Ray, IAS
Chairman

Place: Gandhinagar

Dated: August 25, 2014

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**

under Section 619(4) of the Companies Act, 1956 on the accounts of
Gujarat Gas Financial Services Limited for the period from 1 January 2013 to 31 March 2014

The preparation of financial statements of Gujarat Gas Financial Services Limited, for the period from 1 January 2013 to 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 14 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Gujarat Gas Financial Services Limited for the period from 1 January 2013 to 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the
Comptroller & Auditor General of India**

Place: Ahmedabad
Date: July 07, 2014

(H. K. Dharmadarshi)
Accountant General
(E & RSA), Gujarat



GUJARAT GAS FINANCIAL SERVICES LIMITED COMPLIANCE CERTIFICATE

We have examined the registers, records, books and papers of M/s. Gujarat Gas Financial Services Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year starting from the 1st January, 2013 and ending on 31st March, 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met eight times on 21st January, 2013; 19th February, 2013; 26th April, 2013; 9th July, 2013; 7th August, 2013; 12th November, 2013; 20th January, 2014 and 11th February, 2014 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes book maintained for the purpose. The Company has not passed any circular resolution during the year.
5. The Company was not required to close its Register of Members.
6. The Annual General Meeting for the year ended on 31st December, 2012 was held on 21st August, 2013 (extension of three months for holding Annual General Meeting were granted by ROC. Ahmedabad) after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. The Company has not held any Extraordinary General Meeting of the Company during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons or firms or Companies referred in Section 295 of the Act.
9. As informed by the management, the Company has not entered into any contract falling within the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government, as the case may be.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - i. Has delivered share certificates upon lodgments for transfer/transmission or for any other purpose during the financial year and except these no occasion to deliver Share Certificates as there was no allotment of any securities during the financial year.
 - ii. The Company has declared final dividend for the calendar year ended on 31st December, 2012 in the Annual General Meeting held on 21st August, 2013 and deposited the amount of final dividend declared in a separate bank account within 5 days from the date of declaration of such dividend.
 - iii. Paid dividend to all the members within a period of 30(Thirty) days from the declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with the HDFC Bank during the year under review.
 - iv. Not transferred any amounts of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of 7 (seven) years to Investor Education and Protection Fund, as there were no such amounts,
 - v. Duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There were appointments of three additional directors during the year under review. Except this, there was no appointment of any director, alternate director or director to fill casual vacancy during the Financial Year.
15. The Company has not made any appointment of Managing Director/ Whole time Director or Manager during the year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company has obtained approval of the Registrar of Companies, Ahmedabad for extension of time for holding Annual general Meeting during the year under review. Except this the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director or such other authorities as may be prescribed under the various provisions of the Act.



18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares/debentures/other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares/debentures and hence there is no question of redemption of the same.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted or invited any deposit including unsecured loans falling within the purview of Section 58A of the Companies Act, 1956 and hence no comments are offered for the same.
24. The Company has not borrowed any amount from any Directors, Members, Public, Financial Institutions, Banks and others during the financial year.
25. During the financial year under report, the Company has not made any loans and investments, or given guarantees or provided securities to other bodies corporate within the meaning of Section 372A of the Act.
26. The Company has not altered the provisions of Memorandum with respect to situation of the Company's Registered Office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to situation of the Company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. The Company has not received any show cause notice and no prosecutions were initiated against the Company for alleged offences under the Act and no fines and penalties or any other punishment were imposed on the Company during the financial year.
32. The Company has not received any amount as security from its employees during the year under certification and hence the question of deposit of the same as per provisions of Section 417(1) of the Act does not arise.
33. The Company has not constituted any Provident Fund pursuant to Section 418 of the Act and hence no comments are offered.

For, MANOJ HURKAT & ASSOCIATES
Practicing Company Secretaries

Manoj R. Hurkat
Partner

Membership No.: FCS 4287
Certificate of Practice No.: CP - 2574

Place: Ahmedabad
Date: May 14, 2014

**ANNEXURE - A****LIST OF REGISTERS AS MAINTAINED BY THE COMPANY:**

1. Register of investment not held in company's name under section 49
2. Register of charges under section 143
3. Register and index of member under Section 150
4. Minutes book of General Meeting under Section 193
5. Minutes book of Board Meeting under Section 193
6. Minutes book of Committee meetings under Section 193
7. Books of accounts under Section 209
8. Register of contracts and general notice of directors under section 301
9. Register of Directors etc. under section 303
10. Register of Directors shareholding under section 307
11. Register of investments etc. under section 372A
12. Register of renewed and duplicate share certificate under Rule 7(2) of the Companies (Issue of Share Certificate) Rules, 1960



ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during/in respect of the financial year ending on 31 st March, 2014.

A. REGISTRAR OF COMPANIES, GUJARAT:

Sr. No.	Form No.	Under Section/Rule	Purpose	Date of filing	Whether filed Within time?
1.	61	166(1)	File an application for extension of time for holding Annual General Meeting up to 30th September, 2013 (i.e. for three months)	13-05-2013	Yes
2.	A-XBRL	209(1)(d)	File XBRL document in respect of compliance report and other documents with the central government for the period 1st January, 2012 to 31st December, 2012.	27-06-2013	Yes
3.	32	303(2)	Particulars of Cessation of Mr. Sadhan Banerjee as Director & Mr. Manu Verma as Additional Director w.e.f. 9th July, 2013 and Particulars of Appointment of Mr. Tapan Ray & Mr. Palepuparatparagopala Sarma as Additional Director w.e.f. 9th July, 2013 and Particulars of Cessation of Company Secretary Mr. Chintan Trivedi w.e.f. 31st July, 2013	01-08-2013	Yes
4.	32	303(2)	Particulars of Regularisation of Mr. Tapan Ray and Mr. Palepuparatparagopala Sarma as Director of the Company w.e.f. 21st August, 2013	18-09-2013	Yes
5.	23AC & 23AC A XBRL	220	Balance sheet as on 31st December, 2012 and Profit and Loss Statement for the year ended 31st December, 2012 with the all annexure and attachments	20-09-2013	Yes
6.	20B	159	Annual Return made up to 21st August, 2013 (Original & Revised)	21-10-2013 (SRN No: Q15094139 Status: Paid) (SRN No: Q14902233 Status: Expired)	Yes
7.	5INV	Rule - 3	Statement of unclaimed and unpaid amounts for the financial year ended on 31st December, 2012	04-12-2013 (SRN No: S28394492) 18-12-2013 (SRN No: S28622918)	Yes
8.	32	303(2)	Particulars of Appointment of Mr. Ravindra Kailash Baboo Agarwal as Additional Director w.e.f. 20th January, 2014	21-03-2014	No (Additional Fees Paid)
9.	DIR12	168 (of Companies Act, 2013)	Particulars of cessation of Mr. Sugata Sircar w.e.f. 12th December, 2013	27-05-2014	No (Additional Fees Paid)



ANNEXURE - B

B. REGIONAL DIRECTOR, CENTRAL GOVERNMENT OR OTHER AUTHORITIES

NIL

For, MANOJ HURKAT & ASSOCIATES

Company Secretaries

Manoj R. Hurkat

Partner

Membership No.: FCS 4287

Certificate of Practice No.: CP - 2574

Place: Ahmedabad

Date: May 14, 2014



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUJARAT GAS FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Gujarat Gas Financial Services Limited ('the Company') which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the 15 months ending 31st March, 2014 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and Presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to, in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view & are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the 15 months ending 31st March, 2014; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the 15 months ending 31st March, 2014.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - e. The Company being a Government Company, in the view of Notification No. GSR 829 (E) dated 21st October, 2003 issued by the Government of India; the provisions of clause (g) of sub-section (1) of Section 274 of the act are not applicable to it.

For R. S. Patel & Co.
Chartered Accountants
Firm Registration No. 107758W

Place: Ahmedabad
Date: May 14, 2014

(Rajan B. Shah)
Partner
Membership No.101998

**ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

(Referred to in our report of even date to the members of Gujarat Gas Financial Services Limited ('the Company') on the Financial Statements as of and for the 15 months ending 31st March 2014)

- 1) The Company does not hold any fixed assets during the 15 months ending 31st March, 2014. Therefore, the provisions of clause 4 (i) of the order are not applicable to the company.
- 2) (a) The inventory has been physically verified by the management during the period of 15 months ending 31st March, 2014.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3) (a) The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, reporting requirements under clause (iii) (a), (b), (c) & (d) of CARO are not applicable.
(b) The Company has not taken any loans, secured or unsecured, from Companies, Firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, reporting requirements under clause (iii) (e), (f), & (g) of CARO are not applicable.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory and fixed assets and sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weakness in the aforesaid internal control system.
- 5) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under section 301 of the act.
- 6) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the act and rules made there under.
- 7) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- 8) The Central Government has prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained by the Company. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 9) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Custom Duty and Excise Duty which have not been deposited with the appropriate authorities on account of any dispute. The particulars of dues of Income Tax as at March 31, 2014 which have not been deposited by the Company on account of disputes are as follow:

Name of statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax and Interest thereon	19,38,254.00	Assessment Year 1996-97	Assessing Officer
		30,52,960.00	Assessment Year 2010-11	CIT(A)
		6,59,560.00	Assessment Year 2011-12	CIT(A)



- 10) The Company does not have any accumulated losses at the end of the period of 15 months ending 31 st March 2014 and has not incurred any cash losses in the period of 15 months ending 31 st March 2014 and in the immediately preceding financial year.
- 11) The Company does not have any outstanding dues to any financial institution, banks or debenture holders during the period of 15 months ending 31 st March, 2014, the provisions of clause 4(xi) of the order are not applicable to the company.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, the provisions of clause 4(xii) of the order are not applicable to the company.
- 13) In our opinion, considering the nature of activities carried on by the Company during the period of 15 months ending 31 st March, 2014, the Company is not a chit fund / nidhi / mutual benefit fund / society, the provisions of clause 4(xiii) of the order are not applicable to the company.
- 14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.
- 15) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the order are not applicable to the company.
- 16) The Company did not have any term loans outstanding during the period of 15 months ending 31 st March, 2014. Accordingly, the provisions of clause 4(xvi) of the order are not applicable to the company.
- 17) The Company has not raised any funds on short-term basis during the period of 15 months ending 31 st March, 2014. Accordingly, the provisions of clause 4(xvii) of the order are not applicable to the company.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the period of 15 months ending 31 st March, 2014. Accordingly, the provisions of clause 4(xviii) of the order are not applicable to the company.
- 19) The Company has not issued any debenture during the period of 15 months ending 31 st March, 2014 and does not have any debentures outstanding as at the beginning and end of that period. Accordingly, the provisions of clause 4(xix) of the order are not applicable to the company.
- 20) The Company has not raised any money by public issues during the period of 15 months ending 31 st March, 2014. Accordingly, the provisions of clause 4(xx) of the order are not applicable to the company.
- 21) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the period of 15 months ending 31 st March, 2014, nor have we been informed of any such case by the Management.

For R. S. Patel & Co.
Chartered Accountants
Firm Registration No. 107758W

Place: Ahmedabad
Date: May 14, 2014

(Rajan B. Shah)
Partner
Membership No.101998



GUJARAT GAS FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH 2014

	Note	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	20,000	20,000
Reserves and surplus	4	3,33,566	2,83,982
Current liabilities			
Trade payables	5	99,055	35,169
Other current liabilities	6	7,074	5,780
Short-term provisions	7	1,766	8,719
Total		4,61,461	3,53,650
ASSETS			
Non - current assets			
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
Current assets			
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
Total		4,61,461	3,53,650

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 FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT & LOSS FOR 15 MONTHS ENDING 31ST 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
Total Revenue		6,67,182	3,48,987
Expenses:			
Installation Cost	21	5,82,022	2,47,775
Employee Benefits Expense	22	5,270	4,347
Depreciation	8	-	-
Other Expenses	23	6,508	2,089
Total Expenses		5,93,800	2,54,211
Profit before tax		73,382	94,776
Tax expenses:			
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
Profit After Tax		49,631	63,983
Earning per Equity Share (Nominal Value of Rs. 10/- each)	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



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
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	73,382	94,776
Adjustments for:		
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
Operating Profit Before Working Capital Changes	72,816	88,818
Adjustments for changes in working capital		
(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)
Cash generated from/(used in) operations	11,311	1,38,598
Taxes Paid (Including TDS)	(20,416)	(54,532)
Net Cash from/(used in) Operating Activities	(9,105)	84,066
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income received on Term Deposits	4,326	5,704
Net Cash from Investing Activities	4,326	5,704
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid (including Corporate Dividend Tax)	(6,819)	(6,739)
Net Cash used in Financing Activities	(6,819)	(6,739)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(11,598)	83,031
Cash & Cash Equivalents at the beginning of the period	1,16,158	33,127
Cash & Cash Equivalents at the end of the period	1,04,560	1,16,158
Closing Cash & Cash Equivalents Comprise of:		
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
Total Cash & Cash Equivalents as per Cash Flow Statement	1,04,560	1,16,158

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

**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.

**GUJARAT GAS FINANCIAL SERVICES LIMITED**

NOTES TO THE FINANCIAL STATEMENT

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

X Provisions and Contingent Liabilities**Provisions**

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

Contingent Liabilities

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

XI Segment Reporting

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

XII Earnings Per Share

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

XIII Cash and Cash Equivalents

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

XIV Finance Leases**As a Lessor**

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

Assets given on Lease before April 1, 2001:

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

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

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



GUJARAT GAS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENT

Note No. 3 - Share Capital

Particulars	As at 31-03-2014		As at 31-12-2012	
	Number	Rs. in thousand	Number	Rs. in thousand
Authorised				
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
	1,20,00,000	1,20,000	1,20,00,000	1,20,000
Issued, Subscribed and Paid up				
Equity Shares of Rs.10/- each fully paid up (Refer foot note (a) below)	2,000,000	20,000	2,000,000	20,000
Total	2,000,000	20,000	2,000,000	20,000

Footnote:

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

(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
(a) General Reserve		
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) Surplus in Statement of Profit and Loss		
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
Total	3,33,566	2,83,982

Note No. 5 - Trade Payables

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
Trade Payables		
Dues to Micro, Small and Medium Enterprises (Refer Note)	6,055	938
Dues to Others	93,000	34,231
Total	99,055	35,169

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
Total	7,074	5,780

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
Provision for Employee Benefits : (Refer Note 25)		
For Leave Encashment	462	482
For Gratuity	1,304	1,264
Other Provisions:		
Proposed Dividend (Including Corporate Dividend Tax)	-	6,973
Total	1,766	8,719



GUJARAT GAS FINANCIAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENT

GUJARAT GAS COMPANY LIMITED

Note No. 8 - Tangible Fixed Assets

Rs. in thousand

Particulars	Gross Block			Depreciation			Net Block	
	As at 1-01-2013	Additions	Disposals	As at 31-03-2014	As at 1-01-2013	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)	(1,36,588)
Net Tangible Assets	5,75,875	-	-	5,75,875	5,75,875	-	-	-
Grand Total	5,75,875	-	-	5,75,875	5,75,875	-	-	-
Previous year	5,75,875	-	-	5,75,875	5,75,875	-	-	-



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
Other Investments		
Unquoted, fully paid-up		
11,600 equity shares of Rs. 10/- each fully paid up (Previous Year 11,600 equity shares of Rs. 10/- each) in Prudential Sugar Corporation Limited (formerly Prudential Mouli Sugars Limited)	-	116
Less: Provision for diminution in value of investment	-	116
Total	-	-

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
Deferred Tax Asset:		
Balance as at the beginning of the period	72,391	81,981
Deferred tax (expense)/income for the period	(10,965)	(9,590)
Balance as at the end of the period	61,426	72,391
In respect of difference in book and tax depreciation	59,541	71,824
In respect of diallowances under Income Tax Act	1,885	567
Net Deferred Tax Asset	61,426	72,391

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
Unsecured, considered good		
Loan to employees	65	225
Total	65	225

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
Total	1,43,299	63,911

Note No. 13 - Trade Receivables

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
Unsecured, considered good		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others (Receivable from Holding Company-Gujarat Gas Company Limited)	77,801	32,369
Total	77,801	32,369



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
Cash & Cash Equivalents		
Cash on hand	-	20
Bank Balances		
in current accounts	13,193	14,272
Demand deposits (Less then 3 months maturity)	70,300	101,000
Demand deposits (More than 3 months & Less then 12 months maturity)	20,000	-
Other Bank Balances		
Unpaid dividend accounts	1,067	866
Total	1,04,560	1,16,158

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
Unsecured, considered good		
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
Doubtful		
Prepayment to vendors	282	-
Less: Provision for doubtful Advances	(282)	-
Other Deposits	3,561	-
Less: Provision for doubtful Deposits	(3,561)	-
	-	-
Total	73,608	67,564

Note No. 16 – Other Current Assets

Particulars	As at 31-03-2014 Rs. in thousand	As at 31-12-2012 Rs. in thousand
Unsecured, considered good		
Interest accrued on term deposits but not due	702	599
Other Receivable	-	433
Total	702	1,032



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
Total	-	6,000

Note No. 19 - Revenue From Operations

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
Traded Goods		
Sale of Gas Connections (Refer Note Below)	6,57,971	3,36,871
Sale of Services		
Processing Fees	-	288
Total	6,57,971	3,37,159

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
Interest income		
Interest on Term Deposits	4,429	6,216
Interest on Income Tax Refund	-	3,035
Other Non operating Income		
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
Total	9,211	11,828

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
Total	5,82,022	2,47,775



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
Employee benefit expenses		
Salaries and wages and bonus	4,869	3,783
Employer's Contribution to provident and other funds	279	432
Staff welfare expenses	122	132
Total	5,270	4,347

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
Total	6,508	2,089

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
Earnings Per Equity Share:			
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
Total	239	178

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)
Balance at the end of the period	1,304	1,264	462	482

(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)
Total Expense	40	254	(20)	14

(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
Gratuity					
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
Leave Encashment					
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
Transactions with Holding Company		
Revenue		
Sale of gas connections (including service tax and VAT)	7,46,973	3,54,050
Expenses		
Service Charges paid for pre regulatory connections	-	2,513
Dividend Paid	4,193	4,193
Amount receivable at year end	77,801	32,369
Equity Share Capital held	13,975	13,975

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

Note No. 27 - CIF Value of Imports

Particulars	15 Months ending 31-03-2014 Rs. in thousand	Year Ended 31-12-2012 Rs. in thousand
Traded Goods	68,274	24,755
Total	68,274	24,755



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
Value of imported and indigenous materials consumed:		
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
Opening Stock						
Meters	6,816	12,877		8,058	16,328	
Regulators	9,944	10,657		5,465	7,140	
Others (Refer Note below)		40,377	63,911		57,565	81,033
Purchases						
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
Cost of Traded Goods						
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
Closing Stock						
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.



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

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





GUJARAT GAS

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