



18th Annual Report 1997-'98

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CS	<input checked="" type="checkbox"/>	DDY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DEV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	...	<input checked="" type="checkbox"/>
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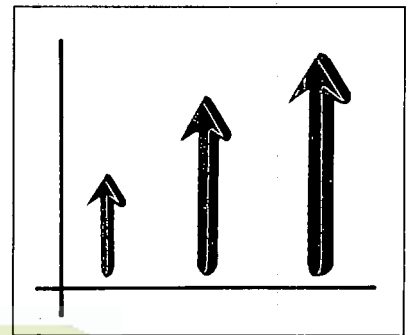
Our core business is a 1000 km long story.



Gujarat Gas Company Limited

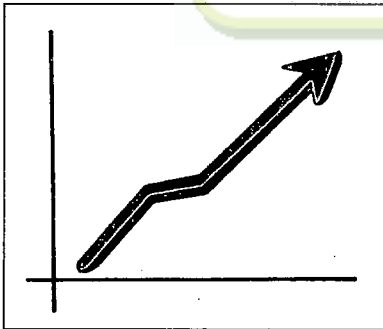
In the Natural Gas Distribution business, moving in first makes a difference. Moving in fast locks it in for good. Today, Gujarat Gas services more than 1,00,000 customers (domestic, industrial and commercial). In 3 cities. And our pipeline network spans a formidable 1000 kilometers. Feeding 7.7 Lakh SCMD of Natural Gas. Precisely why we chose installing a bigger pipeline - with an 18" eye. It increases our capacity

more than a sign of our commitment. It empowers competitive strength. Additional guaranteed gas supplies will increase our capacity to 11.7 Lakh SCMD by 2000 AD. We will soon conclude deploying financial resources worth 10 times our equity. Our



to feed larger volumes of energy.

Networth has trebled over last five years. Which is how for three years in a row, we have been honouring dividends of 40%.



But consolidation comes before shifting gears. For

It is the fundamental details that yield stamina to sustain and accelerate pace of growth. And shapes the constitution of a confident, buoyant annual review. Growth then will be a reflex phenomenon.

one, British Gas, our new promoters and world's leading energy company, opens access to a wealth of global expertise and resources. Investments in fixed assets is



EIGHTEENTH ANNUAL GENERAL MEETING

Date : 20th August, 1998
Day : Thursday
Time : 10.00 a.m.
Venue: Bhaikaka Hall,
Near Law Garden, Ellisbridge,
Ahmedabad - 380 006.

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1. Shareholders seeking information on accounts published herein, are requested to furnish their queries to the Company at least TEN DAYS before the date of Meeting.
 2. Shareholders are requested to bring their copies of the Annual Report to the Meeting.
 3. Shareholders are requested to communicate about change of address, if any, to the Registered Office of the Company.



BOARD OF DIRECTORS : EDWARD leM TRAFFORD, Chairman (w.e.f. 26/9/97)
 HRISHIKESH A. MAFATLAL
 GOPAL S. PATEL (upto 26/9/97)
 DR. N. M. DHULDHOYA (upto 26/9/97)
 ARVIND K. PARIKH (upto 26/9/97)
 AJIT C. KAPADIA (upto 26/9/97)
 S. JAGADEESAN, IAS (upto 20/10/97)
 L. MANSINGH, IAS (upto 26/9/97)
 P. K. LAHERI, IAS (w.e.f. 26/9/97)
 R. SATHYAMURTHY, IDBI NOMINEE (upto 12/3/98)
 B. D. USHIR, IDBI NOMINEE (w.e.f. 12/3/98)
 MARK SANDY (w.e.f. 26/9/97 upto 4/6/98)
 JINNY CHONG CHIN WAH (Ms) (w.e.f. 26/9/97)
 GERARD REES (w.e.f. 26/9/97)
 GRAHAM HALL (w.e.f. 26/9/97)
 KEVIN WEARING (w.e.f. 26/9/97)
 CLAIRE HAWKINGS (Ms) (w.e.f. 4/6/98)
 F. B. VIRANI, Managing Director

MANAGER FINANCE & COMPANY SECRETARY :

J. A. MEHTA

DIVISIONAL/SERVICE

K. P. SINHA, Vice President (Gas Division)

GROUP HEADS :

M. K. SINHA, Vice President (Corporate Technical Services & HS&E)

S. V. TAMBRAPARNI, Vice President (LPG Division)

N. N. VAISHNAV, General Manager (LNG & NBD)

N. YAJNIK, General Manager (Infotech)

N. M. DAVE, Senior Manager (Management Services)

AUDITORS :

C. C. CHOKSHI & CO., Chartered Accountants,
 Ahmedabad

CORPORATE & REGISTERED

OFFICE :

2, Shantisadan Society, Near Parimal Garden, Ellisbridge,
 Ahmedabad - 380 006.

GAS DIVISION

SURAT UNIT :

1. 1, Neeva Apartments,
 Opp. Neelkanth Mahadeo Temple,
 Court Road, Nanpura, Surat - 395 009.
2. Mahyavanshi Mohalla, Post Box No. 915,
 P. O. Navyug College, Adjan Gam,
 Surat - 395 009.

ANKLESHWAR UNIT :

Surti Bhagol, Umarwada Road,
 Via Piraman Naka, Ankleshwar - 393 001.

BHARUCH UNIT :

Near Anand Mangal Society,
 Sontalawadi, Bharuch - 392 001.

LPG DIVISION

CENTRAL OFFICE :

9th Floor, Avdhesh House, Near Thaltej Cross Road,
 Sarkhej - Gandhinagar Highway No-8,
 Ahmedabad - 380 054.

RAJKOT AREA MARKETING OFFICE :

402, Star Chambers, Harihar Chowk, Rajkot - 360 001.

INDORE AREA MARKETING OFFICE :

206, Classic Center, 2nd Floor, 575,
 M.G. Road, Indore - 425 001.



NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the members of Gujarat Gas Company Limited will be held on Thursday, the 20th August, 1998, at 10 a.m. at Bhaikaka Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006, to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Audited Profit and Loss Account for the year ended March 31, 1998, the Balance Sheet as at that date and the Auditor's Report thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr.Gerard Rees who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.H A Mafatlal, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr.Kevin Wearing, who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed a Director of the company."

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

"RESOLVED THAT Mr.P K Laheri - IAS, who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed a Director of the company."

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

"RESOLVED THAT Mr.Graham Hall, who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of the Director, be and is hereby appointed a Director of the company."

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

"RESOLVED THAT Ms.Claire Hawkings, who was appointed as an Additional Director of the company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the company has received a notice in writing from a member proposing her candidature for the office of the Director, be is hereby appointed a Director of the company."



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

"RESOLVED THAT the increase in salary, perquisites and commission payable to Mr. F B Virani, Managing Director of the company with effect from 23rd January, 1998, for the remaining part of his tenure be and is hereby determined as stated in the explanatory statement annexed hereto."

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

"RESOLVED THAT pursuant to Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, and the Memorandum and Articles of Association of the company but subject to all other permissions, sanctions and approvals that may be necessary, consent be and is hereby accorded to the Board of Directors of the company to transfer/sell and/or otherwise dispose off the whole of the assets/undertaking of Liquefied Petroleum Gas (LPG) business of the company including the customers, the two plants located at Lodhika and Sanand, as in present condition and other assets, at such price and upon such terms and conditions as may be decided by the Board of Directors and to finalise and execute necessary documents, deeds, assignments, conveyances and agreements and to do all such acts, deeds and things that may be necessary and expedient at their discretion for the completion of the transfer/sell or otherwise disposal of the LPG Division."

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

"RESOLVED THAT in supercession of the resolution passed in this regard at the seventeenth Annual General Meeting of the company held on 9th August, 1997, the consent of the company be and is hereby accorded pursuant to Clause (d) of subsection (1) of Section 293 and other applicable provisions, if any of the Companies Act, 1956, to the Board of Directors of the company for borrowing from time to time any monies, which together with the monies already borrowed by the company (apart from temporary loans such as Cash Credit/Overdraft facilities obtained or to be obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves (that is to say, reserves not set apart for any specific purpose) provided that the maximum amount of monies so borrowed by the company shall not exceed the sum of Rs. 3000 million (Rupees Three thousand million)."

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

"RESOLVED THAT pursuant to the provisions of Clause (a) of sub-section (1) of Section 293 and other applicable provisions, if any of the Companies Act, 1956, the consent of the company be and is hereby accorded to the Board of Directors of the company for mortgaging and/or charging all or any of the present and/or future movable and/or immovable properties and assets and the whole or substantially the whole of the undertaking (s) of the company in such form and manner, as the Directors may determine for the purpose of securing unto various lenders who have granted and/or who may hereafter grant to the company, financial facilities in the nature of short term/long term loans, bridge loans, short term/long term secured Non-Convertible Debentures or other forms of secured financial facilities for an aggregate nominal value not exceeding Rs. 3000 million (Rupees Three thousand million) for the purpose of securing the said financial facilities granted to the company, together with interest, further interest, liquidated damages, cost, charges and expenses and other monies payable by the counder the terms of the respective financial facilities."

"FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to finalise with the respective lenders the security documents and such other agreements for creating or evidencing the creation of mortgage and/or charge as aforesaid and to do all such other acts, deeds and things as may be necessary for giving effect to this resolution."



14. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :
- "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and subject to receipt of requisite government approvals, the Articles of Association of the company be and is hereby altered as follows:
- The following Article 2 (ii)(a) to be added after Article 2(ii) :
 "BGAPH means British Gas Asia Pacific Holdings Pte Limited, a company incorporated and registered under the Companies Act, 1967 of Singapore, having its registered office at 83, Clemenceau Avenue, # 14-08 UE Square, Singapore 239920 including its nominees; successors and assigns or such other subsidiary of British Gas plc. a company incorporated in England, as shall hold shares in the Company from time to time including such subsidiary's nominees, successors and assigns."
 - The following paragraphs appearing in Article 3 (i) to be deleted :
 "The MIL and GIIC shall take up and subscribe for at par 36% and 15% respectively of the issued Equity Share Capital of the company."
 "The Balance of the Equity Share Capital shall be offered for public subscription in India and abroad."
 "In the event of no public issue of Share Capital, MIL and GIIC each shall take up and subscribe for at par 70% and 30% respectively of the issued Equity Share Capital of the Company."
 - The following paragraph appearing in Article 3 (ii) to be deleted :
 "The preference shares of the Company shall be open for subscription to the general public, the financial institutions and other bodies corporate, provided that the preference shares shall be first offered to GIIC and the State Government of Gujarat for subscription and thereafter to MIL."
 - The following lines appearing in Article 33 to be deleted :
 "No transfer of shares shall be registered in violation of the Shareholders' Agreement dated 23rd April, 1991 between GIIC and MIL so long as the said Agreement subsists. Neither GIIC nor MIL shall transfer or sell its respective equity shareholding or portion thereof until the Company has supplied Natural Fuel Gas to the extent of atleast 60% of the estimated supply of natural fuel gas to the domestic as well as industrial consumer for a continuous period of two months."
 - The words "and 111A" to be added after the words "Section 111" appearing in the first line of Article 37 (i).
 - The present Article 59 to be deleted and be substituted by the following :
 "59. The Chairman of the Board shall preside at general meetings. In case he is absent at such meeting, the Directors present representing BGAPH shall elect one of them to preside at such general meeting. In case there is no Director representing BGAPH present at such meeting, the members present shall elect one of them, being a member entitled to vote, to be the Chairman."
 - The present Article 73 (ii) to be deleted and be substituted by the following :
 "So long as GIIC continue to hold a minimum of 4.79% in the Equity Share Capital of the Company, through itself and Gujarat State Investment Limited, GIIC shall be entitled to appoint one non-executive Director, liable to retire by rotation. So long as MIL continue to hold 5% in the Equity Share Capital of the Company, through Mishapar Investments Limited, MIL shall be entitled to appoint one non-executive Director, liable to retire by rotation provided that any Director so appointed by GIIC and MIL, who shall remain in office on 31 December, 2000, shall resign or otherwise vacate office as a Director no later than 1 January, 2001."
 - The following paragraphs appearing in Article 73 to be deleted :
 "(iii) In the event of appointment of Additional Directors in the company, the number of Additional Directors of the GIIC and that of MIL will always be proportionate to the strength of their Directors and in mutual consultation."



"(iv) In the event of GIC reducing its equity shareholdings, GIC/Government of Gujarat shall continue to be represented by one Director so long as it holds any shares below 10% of the Equity in the company."

"(v) Provided further that in the event of MIL reducing its equity shareholding, MIL representation on the Board will be reduced by one Director for every reduction of 17.5% or 9% as the case may be in its equity shareholding without public issue respectively."

o The words "such sum as may be prescribed by the Central Government" appearing in lines 3 and 4 of Article 75, to be deleted.

o The following paragraphs appearing in Article 81 (a) to be deleted :

"(i) GIC and MIL and their respective nominees/associates shall be represented on the Board of Directors of the Company, both in the rotational and non-rotational categories, in terms of the Shareholders' Agreement between GIC and MIL dated 21st December, 1987 and as modified from time to time."

"(ii) Representative of GIC and MIL on the Board of Directors of the Company shall so exercise their voting rights at Board Meeting and General Meetings of the Company, so as to ensure that the provisions of the Shareholders' Agreement dated 21st December, 1987 between GIC and MIL are effect to or complied with."

o The present Article 90 to be deleted and be substituted by the following :

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

The Chairman shall have a casting vote at the Board Meeting and General Meeting. The Chairman of the Board shall preside at the Meetings of Board and Committee thereof. In the event, the Chairman is not present in any Board Meeting or Committee thereof, the Directors present representing BGAPH shall elect one of them to preside thereat at such meetings. In case no Director representing BGAPH is present at such meeting, the Directors present shall elect one of them to preside at such meeting."

o The following sentence appearing at the end of Article 92 (i) to be deleted:

"Any committee appointed by the Board of Directors shall have on it atleast one Director of GIC."

o The following paragraphs appearing in Article 96 (ii) to be deleted:

"provided that the appointment of a person of a post carrying a salary of Rs.6000/- per month or above or on pay scale the maximum of which is Rs.6,000/- per month or above shall be made only by means of resolution passed at a Board Meeting."

"Provided further that Board shall arrange to constitute a selection committee consisting of atleast one representative of the GIC for recruitment for all categories of employment/post, irrespective of their monthly salary/ emoluments."

o The first paragraph alongwith the first proviso thereto of the present Article 98 (i) to be deleted and be substituted by the following:

"The Managing Director or Whole-time Director of the Company will be appointed by the Board Of Directors and further that such Managing Director or Whole-time Director shall be nominated by BGAPH subject to the right of "the Corporation" to appoint whole time Director under Article 81(b). He shall be a professional person possessing the requisite qualifications, business experience and competence."

By Order of the Board

J A MEHTA
Manager Finance & Company Secretary

Regd Office :
2, Shantisadan Society,
Near Parimal Garden, Ellisbridge,
Ahmedabad - 380 006.
Place: Ahmedabad.
Date : July 22, 1998.



NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.
2. The relevant Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of this Notice.
3. The register of members and the share transfer books of the company will remain closed from 11th August, 1998 to 19th August, 1998 (both days inclusive) for the purpose of determining the shareholders eligible for dividend, if any.
4. The dividend as recommended by the Board of Directors, if approved in the Annual General Meeting shall be paid to those members whose names appear on the Register of Members as on 20th August, 1998.
5. Bank Mandate form for the purpose of dividend payment is sent herewith. Members are advised to avail of this facility and are further requested to fill in thier bank details in the form and return it immediately to the registered office of the company.
6. All documents referred to in the accompanying Notice are open for inspection at the registered office of the company during office hours on all working days except Saturdays, between 11 a.m. to 1 p.m. up to the date of the Annual General Meeting.
7. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. The company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for the financial years 1991-92, 1992-93 and 1993-94. Shareholders who have not encashed their dividend warrants for the above years, are requested to lodge their claim with the Registrar of Companies, Gujarat, Ahmedabad.

