

WE GROW  
WE PROGRESS



23<sup>rd</sup> A N N U A L R E P O R T

**GUJARAT GAS COMPANY LIMITED**

2, Shantisadan Society, Nr. Parimal Garden, Ellisbridge, Ahmedabad 380 006.

# Our growth is our progress

We are not what we were a moment ago. For we have grown every single moment prior to this moment. Matured by our experience. Grown by our learning. Advancing by the minute, progressing by the second.

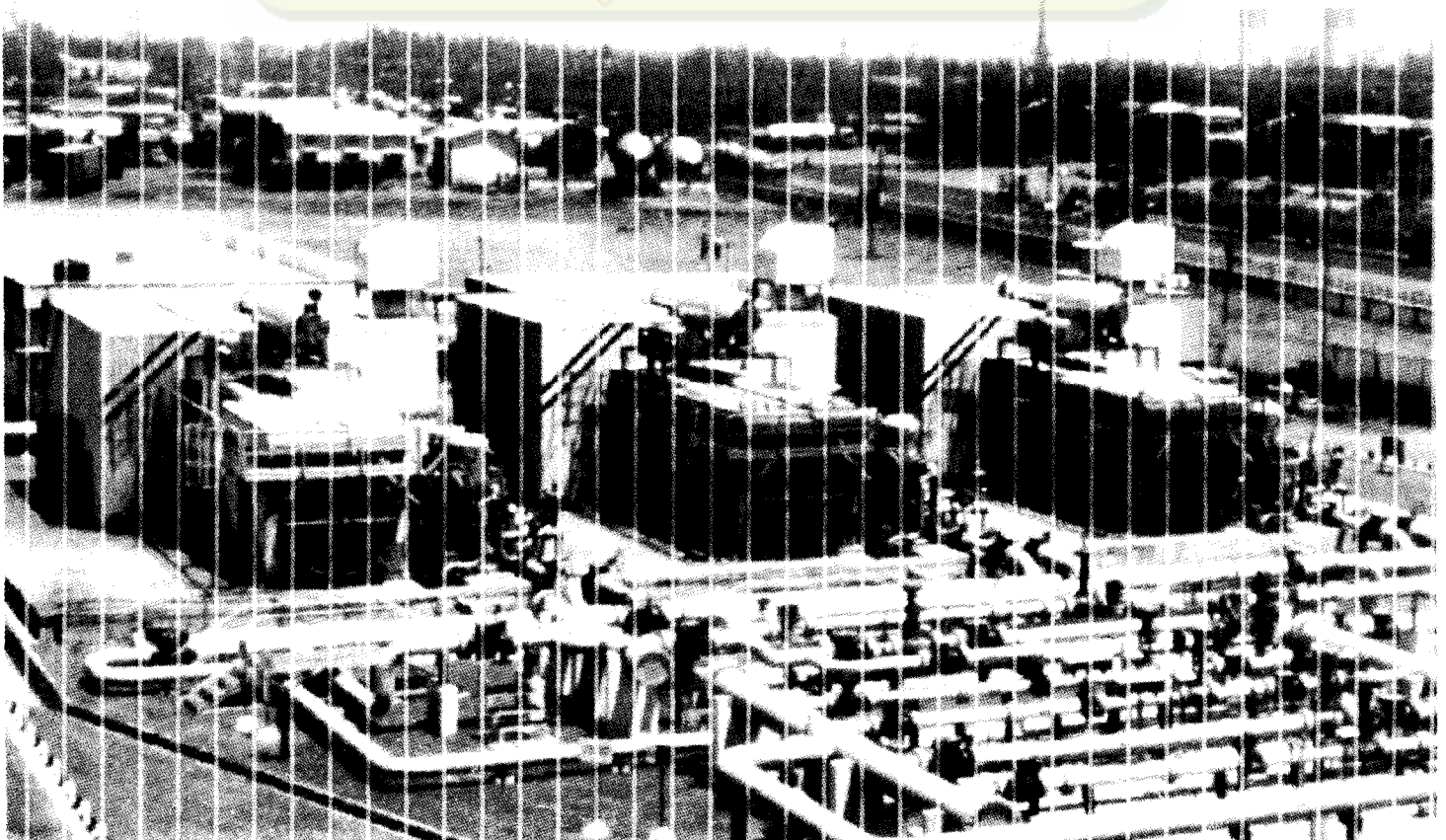
We cherish this moment because we grow, because we make progress.

What if we simply stop growing? The purpose of growth towards which we grow is lost and we stop progressing.

At Gujarat Gas Company Limited (GGCL), our saga of growth is continuous. Each moment.

A pioneer in gas retailing business, city gas distribution and third party transmission, Gujarat Gas has over the years seen its business grow, volumes increase and profitability go up. From a volume of 1.7 lakh cubic metres of gas per day in 1989, GGCL increased its supply to more than 20 lakh cubic metres of gas per day as on December 2002.

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# Moving up the growth trajectory

Thanks to our shareholders' faith and investors' vision, Year 2002 has been the year of consolidation for GGCL. Efficient use of our capacities and tight cost controls drove our performance in 2002. We successfully managed to get additional gas, thus ensuring distribution volume to double in the coming year. We have consolidated our corporate position by winning BG Chairman's Health, Safety & Environment (HS&E) Award for the year in the category of health.



In Year 2002, our customers increased to 1,43,714. Our sales volume grew by 16% over the previous year. The Income from Operations grew by 23%, resulting in topline of Rs. 444 crore. The Board of Directors recommended a dividend of Rs. 10 (100%) per share. With further increase in volume in 2003, we are confident of growth in future.

In our endeavour to be more efficient, productive and agile, our key business driver has been our customer. We are committed to sharpen our customer focus. This will ensure that we grow and remain profitable.

The success of GGCL is reflected in the confidence the investment community has in us. And in turn, we are confident of growth in future.



# Increasing volumes

Just as it's best to sing scales rather than songs at first; for us the key to highest growth is in volume – in increasing volumes metres by kilometres.

During brazenly uncertain times, when the going is slow; when companies are trying to restructure, cut costs and make their operations efficient; when the oil and gas

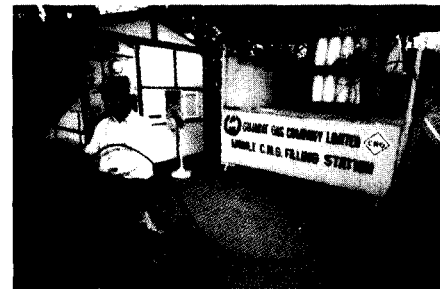
industry is in a transition phase – we grabbed the opportunity. We filled the

pipelines with gas optimally and installed new pipelines. We pumped up the volume.

The arrival of additional 12.7 lakh cubic metres per day of gas from a consortium led by Cairns Energy in November 2002 helped GGCL step on the gas. This additional gas ensured that there was a quantum jump in the gas available with GGCL.

Hazira Ankleshwar pipeline carried more than double the gas compared to last year and we invested in pipeline from Ankleshwar to Jhagadia (23 km.) this year. We also commissioned new compressors.

Today, Gujarat Gas distributes approximately 20 lakh scmd and transports in excess of 30 lakh scmd of gas through its 1,600 km pipeline infrastructure to 1,40,166 domestic, 1,758 commercial, 443 industrial and 1,347 CNG customers, in the cities of Surat, Bharuch, Ankleshwar and surrounding industrial estates.





## GUJARAT GAS COMPANY LIMITED

### BOARD OF DIRECTORS

HASMUKH SHAH, *Chairman*

NIGEL SHAW

ANTONY SEIGEL

P. K. LAHERI, IAS

PROF. PRADIP N. KHANDWALLA

JAL R. PATEL

B. S. SHANTHARAJU *Managing Director*

ROBERT W. THOMAS, *Managing Director (upto 28.2.2003)*

JAGDISH A. MEHTA, *General Manager & Company Secretary*

### GROUP HEADS

ALLAN PERRIN, *Director - Technical*

HARBINDERSINGH AHLUWALIA, *Director - Finance*

R.R. PRASAD, *Director - HR*

P. P. G. SARMA, *Director - Operations*

N. M. DAVE, *Vice President (Management Services)*

SUBROTO CHAKRABORTY, *Vice President (Commercial)*

H. K. UPADHYAY, *General Manager (External Affairs)*

DILIP JOSHI, *General Manager (Internal Audit)*

### BANKERS

HDFC Bank Limited

Standard Chartered Bank

### AUDITORS

PRICE WATERHOUSE,

*Chartered Accountants*

PW Centre, Saidulajab,

Mehrauli-Badarpur Road,

Opp. D Block, Saket,

New Delhi – 110 030

### CORPORATE & REGISTERED OFFICE

2, Shantisadan Society,

Near Parimal Garden, Ellis Bridge,

Ahmedabad – 380 006, India

### OFFICES

#### SURAT

Plot No. 87-88,

Mayavanshi Mohallo,

Adajan Gam,

Surat

#### ANKLESHWAR

Surati Bhagol, Umarwada Road,

Near Piraman Naka,

Ankleshwar

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### 23rd Annual General Meeting

Date: 15 May 2003

Day: Thursday

Time: 10.00 a.m.

Venue: H. T. Parekh Convention Centre,  
Ahmedabad Management Association,  
ATIRA, Dr. Vikram Sarabhai Marg,  
Vastrapur, Ahmedabad – 380 015.







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GUJARAT GAS COMPANY LIMITED

### NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Gujarat Gas Company Limited will be held on Thursday, 15 May 2003 at 10.00 a.m. at H. T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA, Dr. Vikram Sarabhai Marg, Vastrapur, Ahmedabad – 380 015 to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the audited Profit and Loss Account and Cashflow statement for the year ending on 31 December 2002, the Balance Sheet as at that date and the Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Jal R. Patel who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Prof. Pradip N. Khandwalla 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 pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary under various statutes, the company hereby approves re-appointment of Mr. Robert W. Thomas as the Managing Director of the company for a further period of one year with effect from 29 September 2002 on the terms and conditions of employment including remuneration as detailed in the explanatory statement annexed to the Notice."

"RESOLVED FURTHER THAT Mr. Robert W. Thomas shall not be liable to retire by rotation in accordance with Section 255 read with Article 98 (ii) of the Articles of Association 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 pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary under various statutes, the company hereby approves appointment of Mr. B. S. Shantharaju as the Managing Director of the company for a period of five years with effect from

1 March 2003 on the terms and conditions of employment including remuneration as detailed in the explanatory statement annexed to the Notice, with the liberty to the Board of Directors to alter and vary the terms and conditions including remuneration as may be agreed to between the Board of Directors and Mr. B. S. Shantharaju."

"RESOLVED FURTHER THAT Mr. B. S. Shantharaju shall not be liable to retire by rotation in accordance with Section 255 read with Article 98 (ii) of the Articles of Association of the company."

#### By Order of the Board

Jagdish A. Mehta  
General Manager &  
Company Secretary

#### Registered Office

2, Shantisadan Society,  
Near Parimal Garden, Ellisbridge,  
Ahmedabad – 380 006

Date: 13 March 2003

#### 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. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. Members desirous of getting any information about the accounts and operations of the company are requested to address their queries to the Company Secretary at the registered office so as to reach him at least seven days before the date of the meeting to enable the management to keep the required information readily available at the meeting.



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## ANNEXURE TO NOTICE

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

## ITEM NO. 3

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

## Brief resume and nature of expertise

Mr. Jal R. Patel is an Associate Member of the Institute of Chartered Accountants of India and an Associate Member of the Institute of Company Secretaries of India. He possesses professional experience of more than 40 years.

Since 1962, he was associated with the German FAG group of companies and handled various managerial functions. In 1977, he took over as the Managing Director. In 1997, he was promoted as Vice Chairman and Managing Director before retiring in 2001. His area of expertise includes Finance, Accounts and Administration.

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

Mr. Jal R. Patel is on the Board of your company from March 2001. He is the Chairman of the Audit Committee and a member of the Shareholders' Grievances Committee of your company from April 2001.

## Directorship

Apart from directorship of Gujarat Gas Company Limited, Mr. Jal R. Patel holds directorship of the following companies:

Sr. No.	Name of the Company	Designation
1.	Tata Finance Limited	Director
2.	Coronet Products Pvt. Ltd.	Director

Your directors recommend re-appointment of Mr. Jal R. Patel as a director.

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

## ITEM NO. 4

Prof. Pradip N. Khandwalla, Director retires by rotation and being eligible offers himself for re-appointment.

## Brief resume and nature of expertise

Prof. Pradip N. Khandwalla is an Associate Member of the Institute of Chartered Accountants of India. He has done his MBA from Wharton, Pennsylvania and Ph.D. from Carnegie-Mellon, USA.

Prof. Pradip N. Khandwalla's research and teaching contributions have been in organisational theory and design and restructuring of organisations for management of excellence, innovative turnaround management, effective management of public enterprises and governmental organisations, and creativity and innovation. He has

been a consultant to many Indian and international organisations in the areas of team building, innovative excellence, management and organisational restructuring and creativity training.

He taught at McGill University, Canada for several years. He was associated with the Indian Institute of Management, Ahmedabad as a professor from 1975 to 2002. He was L&T Chair Professor of Organisational Behaviour at IIMA from 1985 to 1991 and then the Director of IIMA up to 1996.

He has made excellent contribution in the areas of management, organisational sciences etc. by authoring over a dozen books and 80 papers and articles in Indian and foreign journals and learned anthologies. He is on the editorial/advisory boards of several Indian and international journals.

He has served on the boards of numerous corporations and on the governing councils of several institutions. He is a member of Government of India's National Renewal Fund and a trustee of India Brand Equity Fund Trust. He has won many international and Indian awards. Several international Who's Who carry his biographical entry.

Prof. Pradip N. Khandwalla is on the Board of your company from March 2001. He is the Chairman of the Shareholders' Grievances Committee and a member of the Audit Committee from April 2001.

## Directorship

Apart from directorship of Gujarat Gas Company Limited, Prof. Khandwalla holds directorship and membership of the following companies / committees:

## Directorship

Sr. No.	Name of the Company	Designation
1.	Bharat Petroleum Corporation Limited	Director
2.	Cadila Pharmaceuticals Ltd.	Director
3.	Bank of Baroda	Director

## Membership of Committees

Sr. No.	Name of the Company	Designation
1.	Audit Committee – Bharat Petroleum Corporation Limited	Member
2.	Audit Committee – Gujarat Gas Company Limited	Member
3.	Shareholders' Grievances Committee - Gujarat Gas Company Limited	Chairman
4.	Audit Committee – Cadila Pharmaceuticals Ltd.	Member
5.	IT Steering Committee - Bank of Baroda	Member

Your directors recommend re-appointment of Prof. Pradip N. Khandwalla as a director.

No director, other than Prof. Pradip N. Khandwalla, is in any way interested or concerned in the said resolution.





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**ITEM NO. 6**

Pursuant to the nomination of Mr. Robert W. Thomas as the Managing Director by British Gas Asia Pacific Holdings Pte. Ltd., Singapore under Article 98 (i) of the Articles of Association, the Board of Directors appointed him as the Managing Director for a period of two years effective from 29 September 2000. His appointment was approved by the shareholders at the 21st annual general meeting of the company held on 25 June 2001.

On expiry of his term of two years, the Board of Directors re-appointed him as the Managing Director for a further period of one year effective from 29 September 2002 subject to necessary approvals under various statutes including approval of the shareholders.

**Brief resume and nature of expertise**

Mr. Robert W. Thomas holds a Bachelor's degree in Economics from University of Wales, UK and a Masters' Degree in Management from DE Montfort University, UK. On completion of his study, he joined BG plc (BG), a reputed and pioneer company involved in exploration, production, transmission and distribution of gas and oil.

Mr. Robert W. Thomas has been associated with BG group of companies since 1975 and has held various positions associated with the core business of gas transmission and distribution. He has worked in various functions including engineering, management services, marketing and finance and has a broad experience of all aspects of the business. Since 1995, he has worked both in UK and overseas, within the International group, which has operations in over 20 countries.

Mr. Robert W. Thomas has helped the company successfully face challenges and position itself as the leading private sector gas company in India.

It may be noted that Mr. Robert W. Thomas has resigned effective from 1 March 2003, on his taking up other assignment at U.K.

**Directorship**

Apart from directorship of Gujarat Gas Company Limited, Mr. Robert W. Thomas held directorship and membership of the following companies/ committees:

**Directorship**

Sr. No.	Name of the Company	Designation
1.	Gujarat Gas Financial Services Limited	Chairman
2.	Gujaratgas Trading Company Limited	Chairman
3.	Invensys Metering Systems India Limited	Director

**Membership of committees**

Sr. No.	Name of the Company	Designation
1.	Shareholders' Grievances Committee – Gujarat Gas Company Limited	Member
2.	Audit Committee – Invensys Metering Systems India Limited	Member

**TERMS AND CONDITIONS OF APPOINTMENT INCLUDING REMUNERATION:**

**I. Tenure of Appointment:** One year starting from 29 September 2002.

**II. Remuneration:** Details of remuneration of Mr. Robert W. Thomas are given below:

**1. Salary:** Rs. 2,62,500 per month.

**2. Perquisites and Allowances:** Perquisites and allowances of Rs.38,00,000 per annum to be allowed in addition to salary, as detailed below:

**Category 'A'****(i) Housing**

The Managing Director to be provided rent free furnished accommodation to be maintained by the company. The Managing Director to have free use of furniture and other consumer durables, when and if required.

**(ii) Other Perquisites & Allowances**

- reimbursement of the expenditure incurred on gas, electricity, water and furnishing
- soft furnishing
- all medical expenses incurred for himself and his family to be reimbursed, upto a ceiling of one month's salary
- fees for clubs subject to a maximum of two clubs, excluding admission and life membership fees
- leave travel to hometown in U.K. for self, once in a year
- rest and relaxation trip to U.K. for self, once in a year
- premium for personal accident insurance not exceeding Rs.10,000 per annum
- children's education and hostel allowance
- any other payment in the nature of perquisites and allowances

**Category 'B'**

- encashment of earned / privilege leave as per rules of the company
- chauffeur driven company car for official use
- telephone at the Managing Director's residence for official use. Personal long distance calls to be reimbursed to the company.
- no contribution to be made to provident fund and pension/ superannuating fund



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(e) gratuity as per the provisions of Payment of Gratuity Act, 1972

### 3. Performance Bonus

A performance bonus up to Rs. 80,00,000 per annum to be paid based upon achievement of targets as defined by the Board.

The above-referred remuneration shall be paid as minimum remuneration in case of absence or inadequacy of profit in any financial year, subject to such approvals as may be necessary.

### III. Other Terms

- He would report to the Board of Directors of the company and his powers and responsibilities would be decided by the Board from time to time.
- In terms of Article 98 (ii) of the Articles of Association of the company, Mr. Robert W. Thomas shall not be subject to retirement by rotation during his tenure as the Managing Director.
- Mr. Robert W. Thomas is permitted to give personal consulting services to BG International and its subsidiaries.
- No sitting fees shall be paid to the Managing Director for attending the meetings of the Board of Directors or any committee thereof.

Your directors recommend approval of the above resolution.

No director, other than Mr. Robert W. Thomas, is in any way interested or concerned in the said resolution.

### ITEM NO. 7

In terms of Article 98 (i) of the Articles of Association of the company, British Gas Asia Pacific Holdings Pte. Ltd., Singapore has nominated Mr. B. S. Shantharaju as the Managing Director to take over from Mr. Robert W. Thomas. Your directors have appointed Mr. B. S. Shantharaju as the Managing Director of the company, subject to such approvals as may be necessary under various statutes including approval of the shareholders.

### Brief resume and nature of expertise

Mr. B. S. Shantharaju is an Associate Member of the Institute of Cost and Works Accountants of India and holds Masters in Business Administration from IMI, Delhi. He is also a Post Graduate in Computer Management from Poona University and has received professional training at Columbia Business School, New York, US in "Transition to General Management".

He started his career with Hindustan Aeronautics Limited in 1979 as Management Trainee in Finance area. He resigned as Dy. Manager (Finance) to pursue further studies. On completion of his studies, he joined Eicher Tractors Limited as Manager heading Finance and Systems division at Alwar plant.

In 1989, he joined SmithKline Beecham Pharmaceuticals (India)

Limited as Executive Assistant to the Managing Director and became Finance Manager with additional responsibility of Information Technology in a year's time. He was elevated to the post of Chief Financial Officer in 1993 responsible for Finance, Investor Relations, Legal and Information Technology. In 1999, he assumed additional responsibility as Country Manager – Bangladesh and was elevated to the Board position in August 1999. He joined British Gas India Private Limited as Director – Finance & Administration in April 2001. In this role, he has actively participated in BG's investment decisions and managing various aspects of finance and performance management of BG's assets in India.

He has been associated with the company as a director and a member of the Audit Committee from July 2001. As such, he is fully aware of the vision of the company and challenges posed before the company.

Reports of discoveries of large volume of gas in Gujarat and southern India, Union Budget proposal for reduction in basic custom duty on capital goods import for LNG projects and likely introduction of VAT with a peak rate of 12.5% in Gujarat, are expected to result in rapid development and expansion of the gas industry. Appointment of Mr. B. S. Shantharaju as the Managing Director would help the company consolidate its position as the leading private sector gas company in India.

### Directorship

Apart from directorship of Gujarat Gas Company Limited, Mr. B. S. Shantharaju holds directorship and membership of the following companies / committees:

### Directorship

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

### Membership of committees

Sr. No.	Name of the Company	Designation
1	Shareholders' Grievances Committee – Gujarat Gas Company Limited	Member

### TERMS AND CONDITIONS OF APPOINTMENT INCLUDING REMUNERATION:

#### I. TENURE OF APPOINTMENT

Five years starting from 1 March 2003.

#### II. REMUNERATION

Total remuneration payable to Mr. B. S. Shantharaju shall not exceed Rs.95,00,000 per annum divided into various heads stated below, with an option to the Board of Directors to decide the remuneration payable under each head from time to time.