



Rapidly Growing Customer Base. Served with Commitment

This has been a landmark year for Gujarat Gas Company Limited (GGCL). The customer base crossed the 5 lakh mark. The GGCL brand remained strong and the trust of customers inspired the Company to recommit itself to its core values and comprehensive customer service.

The Company's net sales rose by 31% over last year at Rs. 23,819 million. Total volume of gas sold during the year rose to 1246 mmscm. Higher realisation and volume growth in high value market segments helped post a strong turnover. In the CNG segment, 32,000 more vehicles were converted to CNG resulting in a 14% volume rise.

Declining availability of indigenous gas has necessitated the procurement of RLNG (Regassified Liquefied Natural Gas). The Company has very successfully pooled market priced RLNG in its gas sourcing portfolio and adapted its pricing strategy accordingly. While sourcing competitively priced gas is a priority, the focus is on high value market segments to mitigate the rising cost of gas. The Company's sales, margins and earnings were robust for the year 2011 and increased over the previous year. The severe depreciation in the Indian Rupee adversely impacted gas costs and margins temporarily in the fourth quarter.

The Company currently distributes 3.5 mmscmd of natural gas to 3,40,000 industrial, commercial and domestic customers through a pipeline network of 3,980 km, and CNG to over 1,68,000 vehicles through 44 retail outlets. We continue to be India's largest private sector gas distribution company in terms of sales volume.



Future Focus: Modernise and Strengthen Assets

The consumption of Natural Gas is much higher in the Company's areas of operation than the national average. This demand remains strong despite changing economies of gas cost as natural gas continues to command an edge over alternate fuels on several fronts. The Company is exploring all possibilities of growth: geographical expansion, deeper penetration in existing markets, new and higher value product usages.

At this stage of corporate growth, modernisation and expansion are critical to consolidation. The Company expects to receive authorisation from the PNGRB shortly for its current areas as well as for its transmission pipeline. During the year, the Company also participated in a significant geographic expansion opportunity to enable its future growth, by submitting a bid for the Geographic Area of Bhavnagar District. The outcome of the bidding process is awaited.

The Company has invested extensively in extension and reinforcement of its existing network and IT infrastructure. A strong Internal Control Framework, a Governance Process and a Risk Management Process has been established. The IT infrastructure is being upgraded, which includes hardware as well as solutions such as SAP ISU CCS for billing, GIS, etc. These initiatives are expected to bring greater efficiency, scalability and optimisation of the Company's resources.



Wider Scope of Safety. Reduced Carbon Foot Print

The learning culture of the Company emphasizes continued nurturing of an important core value: HSSE. The Company recorded a Total Recordable Case Frequency (TRCF) of 0.13 in alignment with the goal of "Zero Injury." This was made possible by implementing a systematic approach of focusing on one "Life Saver" every quarter on issues like Working at Heights, Electrical Safety, Driving Safety and Excavation Safety. We sought to secure safety through several other measures too like Safety Culture Maturity Survey, third party damage prevention initiatives, promoting HSSE culture among contractors, and a comprehensive safety audit of CNG operations.

The inherently environment-friendly business makes numerous direct and indirect contributions to a greener world. DNV conducted the EHSMS periodic audit across all our installations. Our activities to reduce carbon footprint include observing World Environment Day, tree plantation drives, Save Power day, car pooling, "No Print" day. The wider use of natural gas in the Company's areas of operation contributed towards reduction of around 160 tonnes of CO₂ through various Green House Gas emission reduction projects.



Raise a Safety-smart Workforce. Enable a Better Life

The Company saw a committed CSR vision in 2010 focused towards environment education and skill development. This year too, the Company supported sustainable development projects to benefit the communities in its areas of operation. The Skill Development Project launched two years back, has now been extended to new areas. A programme on gas plumbing was started to equip local unemployed youth with technical and safety skills. Two batches of 83 trainees completed this programme in the year.

Other areas of focus was improving the living conditions of excavation workers by providing 300 tents to contractors, conducted health camps for workers and opened crèches for the safe keep of their children. 'Prakriti', the environment education bus project, implemented by Center for Environment Education, Ahmedabad and supported by us, explored environment issues with 26,000 school children over 168 venues. The company continued its support to the education of children from economically weak background.



Strong Proactive Measures Earn Healthy Growth

The Company delivered a healthy financial performance despite challenges of a rising cost scenario. Strong proactive measures to promptly address the situation helped to perform well on financial parameters. PAT was a robust Rs. 2,748 million compared to Rs. 2,590 million for the previous year.

A portion of the earnings is allocated to finance a resource enhancement plan to support the Company's growth strategy. The Company continued to invest in human resources and in systems and processes that strengthen the integrity, safety, capability and productivity of the Company's assets. Pipeline network was extended, reinforced and upgraded. IT solutions and hardware were also upgraded to raise reliability and scalability.

Investors earned an appreciable dividend yield: an Interim Dividend of Rs.10 per equity share on the face value of Rs. 2 each and a final dividend of Rs. 12 per share.



GUJARAT GAS COMPANY LIMITED

BOARD OF DIRECTORS

Hasmukh Shah, *Chairman*

Jal Patel

Prof. Pradip Khandwalla

Ajit Kapadia

Walter Simpson

Martha Desmond (w.e.f. 3 November 2011)

Sudhir Mankad (w.e.f. 10 January 2012)

Shaleen Sharma, *Managing Director*

Alan Derek Fisher (Upto 3 November 2011)

Bikash C. Bora (Upto 18 August 2011)

Rajeshwari Sharma, *Company Secretary*

GROUP HEADS

Arun Ramakrishnan, *Head – Strategy and Regulations*

Chirag Brahmabhatt, *Head – HR and Administration*

Himanshu K. Upadhyay, *Director – Policy and Corporate Affairs*

Manu Verma, *Director – Commercial*

Nitin Patil, *Director – Technical & Incharge - HSSE*

Sadhan Banerjee, *Director – Management Services*

Siddharth Shetty, *Director – Legal and Governance*

Sugata Sircar, *Director – Finance*

SUBSIDIARY COMPANIES

Gujarat Gas Financial Services Ltd.

BOARD OF DIRECTORS

Shaleen Sharma

Sugata Sircar

Sadhan Banerjee

Gujaratgas Trading Company Ltd.

BOARD OF DIRECTORS

Shaleen Sharma

Sugata Sircar

Prof. Pradip Khandwalla

32nd Annual General Meeting

Date : 26 April 2012

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

BANKERS

HDFC Bank Limited

ICICI Bank Limited

State Bank of India

Kotak Mahindra Bank Limited

AUDITORS

PRICE WATERHOUSE

Chartered Accountants

Building 8, 7th & 8th Floor Tower B,

DLF Cyber City Gurgaon – 122 022

Haryana

REGISTERED OFFICE

2, Shanti Sadan Society, Near Parimal Garden

Ellisbridge, Ahmedabad – 380 006

OFFICES

SURAT

Adajan Gam, Post Box No. 915,

P.O. Navyug College, Surat-395009

CNG Office (Surat)

CNG Office, 3rd Floor, Swastik House,

Kargil Chowk, Piplod, Surat-395007

ANKLESHWAR

Surati Bhagol, Umarwada Road

Via Piramal Naka, Ankleshwar-393001

BHARUCH

Anand Mangal Society,

Son Talavadi, Bharuch-392001

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NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of the Members of Gujarat Gas Company Limited will be held on Thursday, 26 April 2012 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 ended on 31 December 2011, the Balance Sheet as that date and the Auditors' Report thereon.
2. To declare Dividend on Preference Shares.
3. To confirm payment of Interim Dividend and declare Final Dividend on Equity Shares.
4. To appoint a Director in place of Mr. Jal Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Prof. Pradip Khandwalla, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

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

the Company, liable to retire by rotation."

By Order of the Board

Gujarat Gas Company Limited
Rajeshwari Sharma
Company Secretary

Date : 14 March 2012

Place : Ahmedabad

NOTES:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto and forms part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Registered Office of the Company, not less than forty eight hours before the commencement of the Annual General Meeting.
3. Members/proxies are requested to bring the attendance slip duly filled in for attending the meeting along with copy of the Annual Report for Financial Year 2011.
4. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary, at the Registered Office, so as to reach at least seven days before the date of the meeting to enable the management to keep the required information readily available at the Thirty Second Annual General Meeting.
5. Members are advised that pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investor Education and Protection Fund of the Central Government ('IEPF'). After such transfer, no claim of the members whatsoever shall lie on the said amount. Therefore, Members are advised to encash their Dividend Warrants immediately on receipt. Members who have not encashed their Dividend Warrants for the Financial Year ended 31 December 2004, or any subsequent Financial Year(s) are requested to lodge their claim with the Company Secretary. In respect of Dividend for the Financial Year ended 31 December 2004, it will not be possible to entertain the claims received by the Company Secretary after 10 June 2012.
6. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Reports can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their

e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to get their e-mail addresses registered with Karvy Computershare Private Limited, RTA of the Company.

7. The Board of Directors, in its meeting held on 3 November 2011, had declared an Interim Dividend of Rs. 10.00 per Share on the paid-up Equity Share Capital of the Company, which was paid on 22 November 2011. Members who have not received or not encashed their dividend warrants may approach Karvy Computershare Pvt. Ltd, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
8. SEBI has made it mandatory for the transferee(s) to furnish a copy of PAN Card to the Company/ RTAs for registration of transfers and for securities market transactions and off market/ private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical mode should attach a copy of their PAN Card for every transfer request sent to the Company / RTA.
9. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding the shares in physical form may obtain and send the ECS mandate form to Karvy Computershare Pvt. Ltd, RTA of the Company. Those holding shares in Electronic form may obtain and send the ECS mandate form directly to their Depository Participant (DP). Those who have already furnished the ECS mandate form to the Company /RTA/DP with complete details need not send it again.

The Shareholders who do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number to Karvy Computershare Private Limited, RTA of the Company to enable them to print these details on the dividend warrants.
10. Members, holding the shares in physical form and wishing to avail the nomination facility, are requested to send the duly filled nomination form to Karvy Computershare Pvt. Limited, Hyderabad, the RTA. Nomination form may be downloaded from the Company's website www.gujaratgas.com under the investors section.
11. Pursuant to SEBI circular, the shareholders holding shares in physical form are requested to submit the notarised copy of the PAN in compliance of the KYC norms.
12. Members are requested to notify immediately any change of address:
 - i) to their Depository Participant (DP) in respect of shares held in dematerialized form, and
 - ii) to the Company at its Registered Office or to its RTA, Karvy Computershare Pvt. Ltd in respect of their physical shares, if any, quoting their folio number.

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirty Second Annual General Meeting to be held on Thursday, 26 April 2012:

ITEM NO. 4

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

Brief resume and nature of expertise

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

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

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

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

Apart from Gujarat Gas Company Ltd., Mr. Jal Patel holds directorships and memberships of the following companies/ committees.

Directorships

| Sr. No. | Name of the Company | Designation |
|---------|----------------------------------|-------------|
| 1. | ABC Bearings Limited | Director |
| 2. | Shri Dinesh Mills Limited | Director |
| 3. | INEOS ABS (India) Limited | Director |
| 4. | Jewel Consumer Care Pvt. Limited | Director |
| 5. | Munjal Auto Industries Limited | Director |
| 6. | Eimco Elecon India Limited | Director |

Committee Memberships

| Sr. No. | Name of the Company | Committee | Designation |
|---------|----------------------------|---|-------------|
| 1 | ABC Bearings Limited | Audit Committee | Chairman |
| 2 | Shri Dinesh Mills Limited | Shareholder Grievance Committee | Member |
| 3 | INEOS ABS (India) Limited | Audit Committee and Shareholder Grievance Committee | Member |
| 4 | Eimco Elecon India Limited | Audit Committee | Chairman |

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

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

ITEM NO. 5

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

Brief resume and nature of expertise

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

Prof. Khandwalla's research and teaching contributions have been in organizational theory and design and restructuring of organizations for management of excellence, innovative turn-around management, effective management of public enterprises and governmental organizations and creativity and innovations. He has been consultant to many Indian and international organizations in the areas of team building, innovative excellence, management and organizational restructuring and creative 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 behavior at IIMA from 1985 to 1991 and then the Director of IIMA up to 1996.

He has made an excellent contribution in the areas of management, organizational sciences etc., by authoring over a dozen books and 80 papers and articles in Indian and foreign journals and learned anthologies. He has served on the editorial/advisory boards of several Indian and international journals. He has been awarded the "Lifetime Achievement Award in the field of HR" by the World HRD Congress for his immense contributions in enriching the field of management science, organizational behavior and leadership.

He has served on the Board of Directors of numerous companies and on the governing councils of several institutions. He has served as a member of Government of India's National Renewal Fund and as the 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. Khandwalla does not hold any shares or beneficial interest in any shares of your Company. He is on the Board of Directors of your Company since March 2001. He is also the Chairman of the Shareholder's Grievance Committee and a member of the Audit Committee of your Company since April 2001. He is also the Chairman of the Compensation Committee and a member of the Remuneration Committee of the Company.

Apart from Gujarat Gas Company Limited, Prof. Pradip Khandwalla holds directorships of the following companies/committees.

Directorships

| Sr. No. | Name of the Company | Designation |
|---------|---|-------------|
| 1. | Gujaratgas Trading Company Limited | Director |
| 2. | Micro Inks Limited | Director |
| 3. | Grow Talent Company Limited | Director |
| 4. | Cadila Pharmaceuticals Limited | Director |
| 5. | Aga Khan Rural Support Programme (India) Section 25 | Director |

Committee Memberships

| Sr. No. | Name of the Company | Committee | Designation |
|---------|--------------------------------|-----------------|-------------|
| 1. | Micro Inks Limited | Audit Committee | Member |
| 2. | Cadila Pharmaceuticals Limited | Audit Committee | Member |

Your Directors recommend the re-appointment of Prof. Pradip Khandwalla, as a Director of the Company.

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

ITEM NO. 7

Ms. Martha Desmond was appointed as an Additional Director of the Company, by the Board of Directors at its meeting held on 3 November 2011. As per the provisions of section 260 of the Companies Act, 1956, and the Articles of Association of the Company, she holds the office of Director till the conclusion of this Annual General Meeting. A notice under section 257 of the Companies Act, 1956, alongwith the requisite deposit has been received from a shareholder, signifying the intention to propose her candidature for appointment as the Director of the Company.

Brief resume and nature of expertise

Ms. Martha Desmond is the Deputy Managing Director, BG India and is responsible for supporting the delivery of upstream and midstream BG businesses and leading strategic projects to improve performance across the BG portfolio in India.

She joined the BG Group, UK in the BG Advance team in 2006 from Thames Water Plc, where she had served as Business Services Director for the International Region for over five years. Her Career experience spans over a wide variety of business activities in the past 10 years including mergers and acquisitions and restructures and divestments. At BG Group, she pioneered various path breaking HR initiatives across the technical functions leading to the strong positioning that the technical community enjoys in the Industry. Her last assignment at BG Group was as HR Director – Central functions.