



Gujarat State Petroleum Corporation Limited

33<sup>rd</sup>

ANNUAL REPORT 2011-2012





## Board of Directors

Shri A. K. Joti, IAS  
Dr. Varesh Sinha, IAS (w.e.f. 24/08/2012)  
Shri K. Kailashnathan, IAS  
Shri D J Pandian, IAS  
Dr. Urjit Patel  
Shri Y. B. Sinha  
Shri N. Ravichandran  
Dr. T. Harinarayana  
Shri Tapan Ray, IAS  
Shri M. M. Srivastava, IAS (Retd.) (upto 31/07/2012)  
Shri Suresh Mathur (upto 12/07/2012)

**Chairman**

**Managing Director**

## Executives

Shri Samir Biswal, Director (Exploration)  
Shri Padam Singh, Director (Operations)  
Shri Manish Verma, ED (F & A)  
Shri A K Vijay Kumar, ED (CA)  
Shri D. P. Bansal, Advisor (E&P)  
Shri Alok Chaudhuri , SEVP (E & C)  
Shri Vijay Vir Singh, EVP (KG Operations)  
Shri Rakesh Johari, President (Field Services)  
Shri M Y Farooqui, GM (Overseas Operation)  
Shri R N Pandey, GM ( R & D)  
Shri Jayesh Dave, GM ( Accounts)  
Shri Vinay Kumar, ED (HR)

**Statutory Auditors**

Talati & Talati,  
Chartered Accountants.  
Ahmedabad

**Internal Auditors**

KPMG

**RT&A**

Karvy Computershare Pvt. Ltd.

**Company Secretary**

Shri Sandeep Dave, DGM (S&L)

## Bankers

Bank of India  
Bank of Baroda  
Canara Bank  
Corporation Bank  
Dena bank  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
Indian Bank  
Axis bank  
Uco Bank  
Syndicate Bank

Indian Overseas Bank  
Bank of Maharashtra  
State Bank of India  
Allahabad Bank  
Punjab & Sind Bank  
Exim Bank  
Union Bank  
Vijaya Bank  
Indus Ind Bank Ltd.  
Yes bank

**Corporate & Registered Office**

GSPC Bhavan , Sector - 11,  
Gandhinagar - 382010.

## DIRECTORS' REPORT

TO,

The Members,

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report along with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March 2012.

### FINANCIAL PERFORMANCE

The financial performance of the Company for the financial year ended March 31, 2012 is summarized below:

(₹ in crore)

Particulars	2011-12	2010-11
Revenue from Operations (Net)	8,489.72	4,770.24
Other Income	45.08	35.75
<b>Total Revenue</b>	<b>8,534.80</b>	<b>4,805.99</b>
Purchase of Stock in Trade	6,735.60	3,970.08
Changes in inventories of Finished Goods, Stock in process and Stock in Trade	-77.18	-149.78
Employee Benefits Expense	8.42	8.5
Finance Cost	62.97	41.74
Depreciation, Amortization, Depletion and Impairment	109.79	130.15
Other Expenses	414.14	338.83
Exploration cost written off	339.35	62.96
<b>Total Expenses</b>	<b>7,593.09</b>	<b>4,402.48</b>
<b>Profit Before Tax and Adjustments</b>	<b>941.71</b>	<b>403.51</b>
Prior period Adjustments	0.16	0.29
<b>Profit Before Tax</b>	<b>941.55</b>	<b>403.22</b>
Tax Expenses	333.81	80.27
<b>Profit for the Period</b>	<b>607.74</b>	<b>322.95</b>

Your Company has excelled on all performance parameters. Highlights of financial performance of the Company for the current financial year are summarized below:

Total Income increased from ₹4,805.99 crore in previous year to ₹8,534.80 crore recording increase of 77.59%

- PBT increased from ₹ 403.22 crore in previous year to ₹941.55 crore, recording an increase of 133.50%
- PAT increased from ₹ 322.95 crore in previous year to ₹607.74 crore, recording an increase of 88.18%

### SHARE CAPITAL

During the financial year, paid up share capital of the Company has increased from ₹223.44 Crore to ₹ 229.61 Crore on account of allotment of shares on private placement basis.

### DIVIDEND

Your Directors are pleased to recommend dividend @ 20% for the Financial Year ending on 31<sup>st</sup> March, 2012. Total outgo on account of dividend payment (including dividend tax) would be ₹53.37 crore.

### BUSINESS:

The Company along with its subsidiaries and associates has evolved strategically as an "Integrated Energy Company" with significant presence across the entire energy value chain spanning wide range of oil & gas activities comprising oil and gas exploration, development and production, gas trading, gas transmission, gas distribution and power generation. The Company has played a proactive role in the development of entire gas value chain in the State of Gujarat through its initiative of participation in the midstream and downstream segments as well as gas based power generation and initiating activities for setting up of LNG Terminal. Segment wise performance highlights are summarized below:

#### I. Upstream Business Activities

Your Company has grown from operatorship of small onshore fields in Gujarat to an expansive oil and gas exploration entity across India and overseas. The Company has significant growth potential with a diversified portfolio of onshore and offshore blocks, both within India and overseas, along with combination of matured blocks and blocks under development and exploration. The company holds participating interest in 64 onshore and offshore exploration and production blocks of which 53 blocks are located in India and 11 located Overseas covering a total area of more than 257, 810 square kilometers.

The Company is an operator in 9 blocks overseas and 10 blocks in India.

The exploration and development portfolio in India includes 9 blocks in the KG basin, 24 blocks in the Cambay basin, 8 blocks in the Cauvery basin, 5 blocks in the Mumbai basin, 2 blocks in the Rajasthan basin, 1 block each in the Kerala-Konkan and Assam-Arakan basin, 2 block in the Andaman basin and 1 block in the Gujarat-Kutch offshore basin. The overseas exploration and development portfolio includes 2 blocks in Australia, 5 blocks in Egypt (out of which Concession Agreement for 2 blocks is yet to be executed), 3 blocks in Yemen and 1 block in Indonesia.

Technology plays an important role in E&P sector. The Company has inducted best in class technology in all spheres of its exploration, development and production activities. In addition, your Company has also entered into strategic service agreements with reputed service providers like Schlumberger, Halliburton, Baker Hughes, M I Overseas, B J Services, Weatherford, ITS, Aban Offshore, Nabors, Precision Drilling, Fugro, Blade energy, EIL, L&T, Punj Loyd etc. to have cutting edge in E&P operations.

The major achievement are summarized below:

## I UPSTREAM BUSINESS ACTIVITIES

### 1.1. DDW Development Project

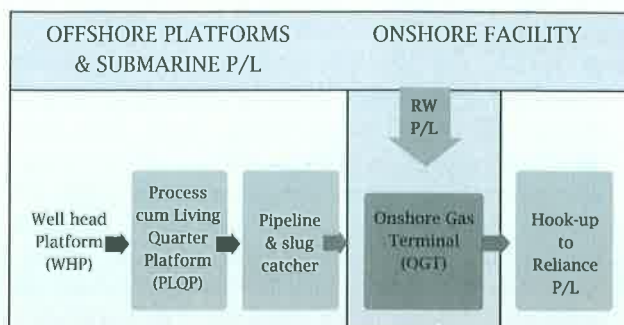
The KG-OSN-2001/3 offshore block was awarded to GSPC under a production sharing contract with Government of India in February, 2003. The Company since then drilled total of 18 exploratory / appraisal wells, some of these wells were drilled to 6000m depth, which are among the deepest HPHT wells globally.

The Company has carried out detailed G&G studies and deployed internationally renowned technical consultants i.e. Schlumberger, Fugro Robertson and Blade Energy. These technical studies have helped in developing better understanding about the geological system and development philosophy.

The overall strategy for development of KG Offshore block is one involving an integrated development of Deen Dayal Area. The basis of development is to initiate the development of Deen Dayal field by building production facility in the DDW area which is currently being undertaken through several projects outlined below. It is envisaged that an integrated field development strategy allows for a phased development and early monetization of the reserve in the Deen Dayal Field. DDW area is accordingly being developed as the first phase of development along with development of additional mining lease area of 20.5 sq.km granted by GoI in January 2012, an area associated with extension of DDW area. The second phase would involve integrated DOC and development of other discovery areas, among them are DDE, DDN, DDW-DT and DD NE. The integrated DOC is currently under preparation for submission to DGH / MOPNG. After approval of DOC, the development plan is envisaged to be submitted.

The Company is fully geared up and committed to proceed ahead with the successful execution and implementation of the Deen Dayal West Field Development Project which is hailed as the first offshore HPHT (High Pressure High Temperature) field development in India.

### DDW FDP PROJECT - DIAGRAM



- **Well Head Platform**

The Company has successfully installed 6 legged Well Head Platform (WHP) Jacket in 57 mtr water depth with Deck Facilities and it is ready for drilling. The weight of WHP is 6000 MT and it has 3 Levels of Decks namely Sub cellar, Deck, Cellar Deck and Main Deck.

- **Process Cum Living Quarter Platform (PLQP)**

The Company has awarded contract to M/s L&T for 4 Legged PLQP Jacked in 57 mtr water Depth with Deck, TG Module, LQ Module, Flare Tripod and Bridges. The PLQP is scheduled for completion in beginning of first quarter of FY 2013-14.

- **Submarine Pipeline**

The Company has awarded contract to M/s Punj Lloyd for 20" Dia, 25 Km Multi Phase Pipeline (22 km. Offshore + 3 km. Onshore) & Slug Catcher and 10" Dia, 15 k.m, OGT effluent Flow Line (12 k.m. Offshore + 3 k.m. Onshore). The Submarine Pipeline is scheduled for completion in beginning of first quarter of FY 2013-14.

- **Onshore Gas Terminal**

The Company has awarded the Contract for development of Onshore Gas Terminal to EIL, which will be operational by mid of 2013.

- **Installation of Platform Rig :**

The Company has successfully completed installation of 3000 HP Platform rig capable of drilling up to 7000 mtrs, on 14<sup>th</sup> March, 2012. As compared to the conventional Cantilever Jack Up rig this type of Rig is a highly economic solution. The Company has started development drilling operations in DDW field.

The first gas flow from this field is expected by mid 2013 which will add significantly to the domestic gas production in India.

## 1.2 Other E&P block

### Overseas Blocks

- In the overseas portfolio, comprising the company is currently focusing major effort in Egypt in Block No.6 (North Hap'y), deepwater block. After successful acquisition, processing and interpretation of 3D seismic data completed by international agencies M/s FRL, UK and M/s Spectrum Geopex, several drillable prospects were identified. A semi-submersible floater rig, namely, Noble Paul Romano was mobilized for undertaking the ambitious deepwater drilling campaign in the North Hap'y block. The company has drilled two exploratory wells. In exploration block 8 (South Diyur), located onshore in the western desert, 2D seismic data is being acquired and processed. The work is being carried out by M/s Geophysika Torun of Poland. The Drillable prospects are identified. Suitable rig is being identified to drill the prospects.
- In other overseas blocks, the first phase of exploration involving activity of seismic acquisition, processing and interpretation is being initiated.

### Cambay Basin - Operated Blocks

- The Company has successfully drilled two wells in Ingoli field of Ahmedabad Block and increased oil production by order of 300-350 BOPB - the field is currently producing close to 1,050 BOPD FROM 4 wells. The field is now taken up for studies on secondary oil recovery to arrest decline of reservoir pressure and to maximize the incremental recovery of oil. As a fulfillment of extended exploration campaign, the Company along with partner GAIL has signed Ring-fence PSC for a part of Ahmadabad Block with Government of India. Under this contract, the Company will now be able to carry out appraisal / development of GSAH-5 oil discovery.
- Tarapur field is currently producing 120 barrels of oil per day along with ,8,000 cubic meter of gas per day. The Company has embarked on various plans for improved oil recovery, which includes installation of artificial lift and drilling of horizontal well with multi-stage hydraulic fracturing.
- During the year, the Company has progressively matured various plan as a part of implementation of Field development strategies for enhancement of onshore hydrocarbon production. Field development plans for Tarapur-G gas discovery, Sanand East oil discovery, Miroli oil discoveries and Ankleshwar-21 oil discovery are presently lined up for Management Committee approval ahead of commencement of commercial production.

- Oilex, the Operator of Cambay Field wherein Company holds 55% participating interest has successfully drilled 610 m horizontal pilot well with eight-stage hydraulic fracturing. The results from drilling, logging and initial flow-back operation are all encouraging with elevated presence of gas and condensate. As the well could not be flowed back due to operational constraints of milling and fishing, the fractured reservoir will now be re-entered with an offset well for conventional testing. Being part of tight hydrocarbon development, the field has been independently certified by international reserves auditor to hold best care contingent resources of 493 billion cubic feet of natural gas and 84 million barrels of oil and condensate.

### Non operated Blocks - Domestic

In domestic non-operated blocks portfolio, some discoveries have been made by company's partner ONGC, pursuant to drilling campaign carried out. In block CB-ONN-2004/3, the discovery well located near Dabka, was gas bearing and flowed at the rate of 33,086 SCMD through 6mm bean size. In block CB-ONN-2004/2, oil well Vadtal-5, two zones were tested and confirmed presence of hydrocarbons. The discovery is being evaluated for potential commercial interest. In block MB-OSN-2005/1, during drilling of first well in the Mahuwa formation, total gas 45.4% was observed. The well is under drilling

## II Midstream Business Activities:

### 2.1 Gas Trading

The Company has viewed LNG as a critical source to meet the demand-supply Deficit and played an important role of demand aggregator to meet the demand of various Independent Power Producers (IPPs), gas distribution companies, fertilizer plants and industrial units in the State. Today, your Company is one of the leading gas marketing companies in the country and has also been instrumental in developing gas markets, by marketing gas at market determined prices.

The major achievement in Gas trading business for the current financial year 2011-12 are summarized below,

- The Company has imported 9 LNG cargoes (8 at Dahej and 1 at Hazira) from global markets including Australia, Egypt, Nigeria, Qatar and United States of America.
- In May 2011, the Company and Gazpron Marketing and Trading Singapore (GMTS), have signed a Memorandum of Understanding (MOU) for supply of up to 2.5 MMTPA of LNG starting from the year 2016/2018.
- In September 2011, the Company has entered into a Heads of Agreement (HoA) with BG India, subsidiary of the BG Group, for the long-term supply of up to 2.5 MMTPA LNG for 20 years starting from 2014 / 15.

- The Company has also entered into short term LNG sales & purchase contract with leading global companies for supplies during financial Year 2011-12. In its endeavor to source long term LNG, the Company has carried out negotiation with several Global LNG suppliers and has made progress during this year in this direction.

## 2.2 Gas Transmission

In the midstream section of the integrated value chain, GSPL the listed subsidiary of the Company has emerged as the leading player in the State of Gujarat which provides connectivity to major demand centers and supply sources in the State of Gujarat. GSPL owns and operates more than 2000 kilometers of gas pipelines. GSPL has transported 12430 mmscm of gas during the financial year 2011-12 (Previous year: 13010mmscm).

GSPL has recorded increase in turnover from Rs. 1068.15 Crores in 2010-11 to Rs. 1174.63 Crores in 2011-12 recording increase of 10% as compared to last financial year.

The Petroleum & Natural Gas Regulatory Board awarded the three major cross-country gas pipeline projects to GSPL consortium. GSPL has a majority stake of 52% along with IOCL(26%), BPCL(11%) and HPCL (11%).

GSPL along with its consortium partners IOCL, BPCL and HPCL is all set to develop about 4000 kms of cross country interstate natural gas pipelines network which will be connected to the existing Gujarat grid covering a distance of more than 2000 kms, thereby creating an integrated network covering approximately 1/3<sup>rd</sup> of the country's geographical area. This will enable flow of gas from multiple gas source to principal demand centers.

The said three cross country natural gas pipeline projects will be implemented through two SPVs. Accordingly following SPVs have been incorporated to carry out the aforesaid projects :

### • GSPL India Transco Limited (GITL)

Project	Kms. (approx.)
Mallavaram-Vijaipur Bhilwara Pipeline Project	1585

The pipeline will traverse through the State of Andhra Pradesh, Maharashtra, Rajasthan and Madhya Pradesh.

### • GSPL India Gasnet Limited (GIGL)

Project	Kms. (Approx.)
Mehsana-Bhatinda Pipeline Project	1670
Bhatinda-Jammu- Srinagar Project	740

The pipeline will traverse through the State of Gujarat, Rajasthan, Punjab, Haryana and Jammu-Kashmir.

GSPL along with its consortium partners have achieved financial closure for the said three pipeline projects. Further, GIGL and GITL are fully geared up and committed to proceed ahead with the successful execution of the aforesaid pipeline projects of national importance.

### 2.3 LNG terminal

The Company has incorporated GSPC LNG Limited for developing LNG Receiving, Storage and Regasification Terminal in the State of Gujarat with an initial capacity of 5 MMTA of ensure energy security. The LNG terminal is designed to have two LNG storage tanks. FEED has been completed.

## III. Downstream Business activities

### 3.1 City Gas Distribution

In the downstream section of integrated value chain, GSPC gas Company Limited (GSPC GAS) and Sabarmati Gas Limited (SGL) have scaled following milestones by developing pipeline infrastructure and supplying piped natural gas.

- GSPC gas has customer base of 3,55,101 domestic customers, 1647 industrial customers and 1292 commercial establishments as well as 137 CNG stations in various areas in the State of Gujarat. GSPC Gas has achieved remarkable sale of 4 MMSCMD of gas, which make it India's largest City Gas Distribution Company in terms of volume of gas sales.
- GSPC Gas has also recorded increase in turnover from ₹ 1900.58 Crores in 2010-11 to ₹ 3237.46 Crores in 2011-12 recording increase of 70.34% as compared to last financial year.
- SGL has customer base of 61414 domestic customers, 223 industrial customers and 304 commercial establishments as well as 23 CNG stations in three Districts of North Gujarat. The average daily gas sale from all the segments is approx 0.774752 MMSCMD.

CGD business is growing very rapidly and CGD companies of GSPC Group are expected to grow by leaps and bounds in the year to come.

#### IV. Power Generation :

##### 4.1 Gas based Power Generation :

The existing and new power projects scheduled to commission projects scheduled to commission in the financial year 2012-13 will increase the gas based power generation capacity to approx 1200 MW.

- Gujarat State Energy Generation Ltd. (GSEG), the associate of the Company, has successfully commissioned its 351.43 MW combined cycle power plant at Hazira in FY 2011-12. With addition of new capacity, total power generation capacity of GSEG is approx. 500 MW.
- GSPC Pipavav Power Company Limited (GPPC), a subsidiary of the Company, is scheduled to commission 702 MW combined cycle power plant at Pipavav during FY 2012-13.

##### 4.2 Alternate sources of Power Generation :

Your Company being committed to promote clean and green energy has also set up alternate sources of power generation as follows :

- The Company had set up a 52.5 MW wind farm in Gujarat in FY 2009-10. GSPL had set up a 52.5 MW wind farm in Gujarat in FY 2010-11. During the current FY, the Company has commissioned wind power project of 18.9 MW, thereby achieving total wind power generation capacity of 123.9 MW for GSPC Group.
- GSPC Pipavav Power Company Limited, a subsidiary of the Company, has successfully commissioned 5 MW Solar Power Plant at Gujarat Solar Park.

#### V. Other Operations.

##### 5.1 IT Infrastructure

The Company has promoted GIPL (Guj Info Petro Limited) for providing IT related services with specific focus on energy sector. GIPL is an IT arm of GSPC which has always remained in the vanguard of taking initiatives which transforms the lives of people in Gujarat. GIPL currently holds a category "A" internet service provider license from the Department of Telecom, Government of India for operations across India.

##### 5.2 Gujarat Energy Research and Management Institute (GERMI)

GERMI is promoted by GSPC with a vision to establish it as a leading one stop institution for the entire gamut of educational, training and research requirements of the energy sector. This institute develops the talent pool for the oil and gas sector, conduct research and training in petroleum sector, assists in devising techno economically feasible solutions for various problems encountered in exploration, drilling, and production and transportation operations. GERMI has also established a center of excellence in Energy with focus on oil and gas, solar and environmental research.

#### MANAGEMENT DISCUSSION & ANALYSIS :

Management Discussion & Analysis Report for the year under review is presented separately as Annexure - I.

#### INTERNAL CONTROL SYSTEM

The Company has put in place well established and efficient internal control systems and processes commensurate with its size and scale of operations. The Company has appointed M/s KPMG to carry out the work of Internal Audit so as to ensure adherence to policies and mitigation of the operational risks. The key findings of Internal Auditor are being reviewed by the Audit Committee from time to time and appropriate action plans are prepared so as to implement the recommendations / observations of the Internal Auditor.

The Company uses SAP system for integration of various business processes across the organization.

#### QUALITY, HEALTH, SAFETY AND ENVIRONMENT POLICY

At GSPC, Quality, Health, Safety & Environment (QHSE) Policy, is of paramount importance. The Company is committed to achieve high level of QHSE performance as an integral part of company's business performance for sustainable development, safe workplaces and enrichment of quality of life of the employees, customers and community at large.

To ensure that the QHSE management system is functioning satisfactorily, the Company has adopted the best auditing mechanisms and the recommendations of such audits are consistently implemented.

The Company has taken many initiatives to achieve continuous improvement in QHSE activities which includes formal safety management systems, comprehensive incident and 'near-miss' reporting and investigation system, establishing Emergency Responses System and Oil Spill Response Plan, Safety and Environmental audits and Systematic HSE Training for employees. These facilities are periodically reviewed, audited and upgraded for continuous excellence.

To create safety awareness amongst employees, the Company organizes various training programs from time to time. Apart from the above the Company takes active part in spreading the awareness amongst customers, citizens and authorities at large in the area of hazards and risks associated in natural gas handling, importance of the clean and environment friendly fuel and the safety measures required.

#### **Corporate Social Responsibility**

The Company undertakes the corporate social responsibility as a genuine expression of goodwill and gratitude towards society. The Company being a state sector entity is fully recognizing its social responsibilities and is keen to make significant contributions towards development of social infrastructure, economic, environmental and social upliftment of communities in and around the work centers in the major thrust areas such as community development, infrastructure, literacy enhancement, education aids and healthcare. The Company is committed towards its corporate social responsibility in the areas of its operation. The Company has contributed from the time to time for the benefit of local communities.

In the spirit of enhancing "Educational Awareness" among children especially girl child in the rural areas of Gujarat, your company whole heartedly participated in the Kanya Kelvani Mahotsav. The Company has also adopted a school for promoting educational activities in rural areas.

The cultural programs, social awareness campaigns and volunteer activities are just the right opportunities for GSPC to act and reinforce its commitment towards the society. GSPC prides itself in being always there for the society and desires to be closely intertwined with the society in the future as well.

GSPC has tried to make difference in the lives of the senior citizens by supporting the Old Age homes. As a socially responsible organization, blood donation camps are organized at regular intervals. Besides, GSPC assumes leading role in promoting awareness about various social issues affecting the society today like education, women empowerment, preserving scarce natural resources, etc.

The company has always emphasized on the objective of promoting fuel efficiency and conservation aspect of natural resources in line with national wide oil and gas Conservation campaign.

#### **HR Initiatives:**

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. GSPC Human Resources remain its biggest strength as the Company sets out to meet the challenges in the days ahead.

The Board has approved HR initiatives which are summarized below:

- As the business grows in size and complexity, the requirements in terms of skills, expertise and experience would increase significantly. The Company continues to focus on initiatives which will contribute towards enhancing the capabilities of the next generation of leaders and promote the development of a high performance culture.
- The Company has worked out the manpower requirement for the next three years as per the business needs in various functional areas at various geographical locations in India and abroad. Similarly, keeping in view the business plan, it has put in place an Organizational Structure as per the functional & operational needs of the Company.
- The company believes that training and personnel development is of vital importance to create a climate where people maximize their technical skills and inner potential which can help the Company in capitalizing the emerging business opportunities through their involvement. During the year, employees were sent for various training programs and seminars in line with the Annual Training Calendar.
- A new HR policy has been put in place to facilitate the HR objectives and company's business needs.

#### **FIXED DEPOSITS**

During the year, the Company has not accepted any Fixed Deposits from the public.

#### **DIRECTORS**

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri N. Ravichandran and Shri Urjit Patel, Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Shri M. M. Srivastava, IAS (Retd.) and Shri Suresh Mathur have ceased to be the Director of the Company. Your Directors wish to place on record appreciation of the services rendered by Shri M. M. Srivastava, IAS (Retd.) and Shri Suresh Mathur for their valuable contribution to the Company during their tenure as Director of the Company.

Dr. Varesh Sinha has been appointed as Additional Director on the Board of the Company w.e.f. 24<sup>th</sup> August, 2012. It is proposed to regularize his appointment at the ensuing Annual General Meeting.

#### **AUDITORS**

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General

of India. Accordingly, M/s Talati & Talati Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2011-12. The Accounts were submitted to the CAG office after approval of the Board of Directors of the Company.

The Company has received "NIL" Comment Report from the office of CAG for the Financial Year ended 31st March, 2012 which is annexed here with and forms part of Director's Report.

**AUDIT COMMITTEE**

The Company has constituted Audit Committee in compliance with the provisions of Section 292A of the Companies Act, 1956. The Audit Committee consists of following Directors :

Dr. Urjit Patel	Chairman
Shri M M Srivastava , IAS	Member
Shri Suresh Mathur	Member
Shri Y B Sinha	Member

Audit Committee has approved and recommended the Annual Accounts for the year ended on 31<sup>st</sup> March, 2012 for approval of the Board at its meeting held on 12<sup>th</sup> July, 2012.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that,

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- (ii) accounting policies are selected and applied consistently and judgments and estimates 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 and of profit of the company for that period
- (iii) 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 is taken
- (iv) the annual accounts are prepared on a going concern basis.

**COST ACCOUNTING RECORDS**

The company has maintained cost records as required by Cost Accounting Records (Petroleum Industry) Rules, 2011.

The Board of Director has appointed M/s Kailash Sankhlecha And Associates as Cost auditor for the financial year 2011-12.

**PARTICULARS OF EMPLOYEES**

Particulars of the employees of the Company drawing remuneration, which require disclosure under Section 217 (2A) of the Companies Act, 1956, as amended, read with the Companies (Particulars of Employees) Rules, 1975 are set out in Annexure - II attached herewith.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

**Conservation of Energy**

Your Company is in the business of exploration of oil and gas wherein consumption of energy is not significant. However, the Company is still taking all steps for efficient consumption of energy.

**Technology Absorption**

The Company has not imported any technology. However, based on the technology used by the Contractors and Joint Venture partners, the Company is continuously upgrading its skills.

**Foreign Exchange Earnings and Outgo**

Foreign Exchanges	₹ In Crores
Earnings	28.22
Outgo	925.64

**ACKNOWLEDGMENTS**

The lead in hydrocarbon sector that GSPC has attained so far is indeed the end result of persistent hard work of its employees coupled with unstinted support from the Government of Gujarat.

The Directors convey their sincere appreciation for the valuable services rendered by employees at all levels, without whose contributions the excellent performance and growth of the Company would not have been possible.

The Directors are extremely grateful for all the support given by the Government of Gujarat at all levels. Their guidance, encouragement and moral support enabled GSPC to carry out this high risk business of exploration in a bold and professional manner.

The Directors place on record their sincere thanks to the Ministry of Petroleum & Natural gas, Directorate General of Hydrocarbon, PNGRB Government of Gujarat, Natural Gas Suppliers, Customers, Joint Venture partners, Lenders, and investors for their continuous support and guidance.

*For and on behalf of the Board of Directors*

**A. K. Joti, IAS  
Chairman**

Date : 12th September, 2012  
Place : Gandhinagar

## Annexure - I

### Management Discussion & Analysis

The year 2011 witnessed some significant developments which hampered growth prospects, including several events in the gas industry as well, like spiraling LNG prices on account of natural disasters hitting Japan, drastic reduction in the gas production from one of India's biggest gas finds - RIL's KG D6 fields and significant depreciation of India Rupee against US Dollar.

Accordingly, the Indian economy also suffered a slowdown compared not just to the previous two years but 2003 to 2011 (except 2008-9). As per Economic Survey 2011-12, the Indian economy is estimated to grow by 6.9% in 2011-12, after having grown at the rate of 8.4% in each of the 2 preceding years. The Economic Survey 2011-12, goes on to mention that one of the foremost challenges in the coming years is to meet the energy requirement and the 12<sup>th</sup> Plan projections made by the Planning Commission indicate that for a GDP growth rate of 9% p.a., energy supply has to grow at around 6.5% p.a.

As per data published by the Petroleum Planning & Analysis Cell (PPAC), in 2011-12 natural gas production from Domestic fields reduced by about 10% y-o-y, while the LNG Imports in to India increased from 8.86 MMT in 2010-11 to 10.13 MMT in 2011-12 (i.e. an increase by 14% on y-o-y basis).

Moreover, with only GSPC'S DDW field set for commercial production in the near future and burgeoning demand of gas in the country, LNG is set to play a pivotal role in bridging the demand-supply gap in India. Though India has recently finalized import of Gas through Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline, the increase in availability of supplies through such transnational pipeline shall take a few years to materialize.

Gujarat State Petronet Ltd. (GSPL), a subsidiary of GSPCL, was awarded Letter of Authorization (LoA) for development of three cross country pipelines namely, Mehsana-Bhatinda pipeline, Bhatinda-Jammu-Srinagar pipelines and Mallavaram -Bhilwara pipelines traversing across more than 100 cities. With fall in domestic gas production and no major discovery expected soon, such cross country pipelines proposed to be developed by companies like GSPL can be optimally utilized by imported natural gas. Hence, import of LNG is the only feasible option to meet gas burgeoning demand of natural gas in the country.

India's gas market creates / offers a lot of opportunities for LNG trading, as LNG constitutes almost 30% of the natural gas being consumed in the country. Further, with PLL and HLPL in the process of expanding their LNG import & regassification capacities at Dahej & Hazira respectively and new terminals being set up / proposed to be set up at Kochi, Dabhol, Ennore, Mundra, Pipavav, Gangavaram and Kakinada are set to add

significant LNG Import capacity of India shall grow from existing 13.7 MMTPA to more than 50 MMTPA, thereby corroborating the fact that LNG imports & LNG trading are set to increase substantially and on a macro level gas availability may improve significantly.

Your Company's various initiatives in promotion and participation of business activities which provide synergistic value, complement well with the growing opportunities in LNG trading. GSPC in its role as a demand aggregator has been making significant efforts towards building a LNG import terminal.

### **E&P business : Producing Assets**

Oil and gas production volumes, which depend on the yield from the company's producing fields, have a significant impact on the Company's results of operations. Currently, all of our producing fields are within the Cambay basin, where company holds participating interests in 15 producing fields. The Cambay basin is a maturing resource province with declining production levels, especially of gas. The volume of production from oil and gas fields generally declines as reserves are depleted with ongoing production.

The Company also intends to continue exploration activities in its existing exploration blocks to discover new oil and gas reserves for development. The company's future production will be significantly dependent upon success in finding and developing reserves in a timely and cost effective manner.

### **Assets under development**

The company's primary asset is its KG- OSN-2001/3 block, located offshore in the KG basin, off the east coast of Andhra Pradesh, India, which includes the Deen Dayal field. The Deen Dayal Field is a high temperature, high pressure (HTHP) tight and deep gas field with a complex structural / stratigraphic trap involving several separate fault blocks associated with rift geology. One fault block (DDW) has been approved for development, while another discovery area DDE has recently been appraised with drilling and testing of two appraised with drilling and testing of two appraisal wells and confirmed as a gas bearing area. Several discoveries in other areas require further appraisal and study before becoming part of a long term plan for developing the greater field. The development strategy for Deen Dayal West consists of a Well head Platform (WHP) bridge-linked to a Processing and Living Quarter Platform (PLQP). The Company has appointed reputed project management consultants, to co-ordinate the overall construction and development work for DDW Development Project.

The company's future production will be significantly dependent upon its success and timely execution of the FDP for DDW. Moreover, GOI has granted additional 20.5 sq. km

area towards south of DDW Field beyond the block boundary, associated with extension of DDW area for development (under extended Mining Lease area). Following GOI approval of this extension area, the total development area for DDW is in the order of 37.5 sq. km, for which an additional development, plan is being submitted to DGH/GOI.

Alongside development of DDW area, an appraisal plan is concurrently being undertaken involving drilling and testing of appraisal wells in other discovery areas in DDE, DDW Downthrown etc. The outcome of the campaign would enable the company to ascertain commerciality potential of these areas, based on which an integrated declaration of commerciality for these fields is being prepared and submitted to DGH/GOI. Subsequent to GoI approval, an FDP formulated for these fields will be submitted.

**Forward Looking Statements :**

This report contains forward looking statements which address expectations or projections about the future, including but not limited to statements about the company's strategy for growth, product development, market position, expectations and financial results. The company can not guarantee that these assumptions and expectations are accurate or will be realized.

**ANNEXURE - II**  
**PARTICULARS OF EMPLOYEES (FOR THE FINANCIAL YEAR 2011-12) PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956.**

Name of the employee	Remuneration received	Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & experience of the employee	Date of commencement of employment	Age of the employee	The last employment held by such employee before joining the company
Mr. Alan Brambaugh	\$1750/- USD per day	Contractual	One Year Contract	Sr. Drilling Engineer	BSC Aerospace Engineering	21st December 2006	58 years	Transocean
Mr. Rakesh Johri	₹750750/- per month	Contractual	Five Year Contract	Sr. Executive Vice President (Drilling)	Bachelor of Engineering Mechanical	19th Dec 2009	58 years	ONGC
Mr. Vijay Vir Singh	₹616666/- Per month	Contractual	Five Years Contract	Executive Vice president	B. E. Chemical	8th Feb 2010	60 years	ONGC
Mr. Alok Chaudhuri	₹715000/ Per month	Contractual	Five Years Contract	Sr. Executive Vice President (E & C)	Bachelor of Technology Applied Physics	15th March 2010	60 years	ONGC

**PARTICULARS OF EMPLOYEE (FOR PART OF THE FINANCIAL YEAR 2011-12) PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956.**

Name of the employee	Remuneration received	Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & experience of the employee	Date of commencement of employment	Age of the employee	The last employment held by employee before joining the company
Mr. Samiranjan Biswal	700000/- per month	Contractual	Five Years Contract	Director (Exploration)	M. Tech Petroleum Exploration, ISM Dhanbad	03rd October, 2011	55 years	Reliance Industries Ltd.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 OF THE  
ACCOUNTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED  
FOR THE YEAR ENDED ON 31 MARCH, 2012**

The preparation of financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinions 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 21 July 2012.

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 State Petroleum Corporation Limited for the year ended 31 March 2012. 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 Auditor's Report under section 619(4) of the Companies Act, 1956.

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

(Meera Swarup)  
Accountant General  
(E & RSA), Gujarat

**AUDITOR'S REPORT**

To,  
The Members  
Gujarat State Petroleum Corporation Limited

- 1) We have audited the attached Balance Sheet of Gujarat State Petroleum Corporation Limited (the Company) as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the company for the year ended on that date annexed thereto in which are incorporated the Company's share in the total value of assets, liabilities, expenditure, income and net profit/net loss of sixty eight (Previous Year: sixty eight) joint ventures for exploration and production audited by other auditors or certified by the management. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendments) Order, 2004 (herein after refers to as 'the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company. Our comments in the Annexure are restricted to the activities of the Company only and exclude matters relating to the Company's interest in the unincorporated joint ventures, which are not subject to audit under the Companies Act, 1956 and their auditors have not reported on matters specified in paragraphs 4 and 5 of the Order.
- 4) (a) We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.  
  
(b) As stated in Accounting Policy 1. of Significant Accounting Policies and Note No. 32, the financial statements of the unincorporated joint ventures are prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts of the unincorporated joint ventures. Hence, certain adjustment / disclosures required under the mandatory accounting standards and the Companies Act, 1956 have been made in these accounts to the extent of information available with the Company.  
  
(c) (i) The accounts include fixed assets aggregating to ₹ 719.28 crores, other assets aggregating to ₹ 69.37 crores, liabilities aggregating to ₹ 53.83 crores, income aggregating to ₹ 109.07 crores and expenditure aggregating to ₹ 34.81 crores relating to Company's share in Ten producing joint ventures, which have been incorporated on the basis of accounts of Ten joint ventures, audited by other auditors.  
  
(ii) The accounts include fixed assets aggregating to ₹ 72.16 crores, other assets aggregating to ₹ 0.65 crores, liabilities aggregating to ₹ 1.09 crores, income aggregating to ₹ 115.12 crores and expenditure aggregating to ₹ 57.98 crores relating to Company's share in Four producing joint venture, which has been incorporated on the basis of unaudited information approved by the management made available to us, in the absence of audited accounts;  
  
(iii) In respect of forty three joint ventures which are under exploration and development phase, exploration / development expenditure aggregating to ₹ 8849.83 crores, other assets aggregating to ₹ 89.70 crores and liabilities aggregating to ₹ 414.60 crores have been incorporated on the basis of accounts audited by other auditors.  
  
(iv) In respect of Eleven unincorporated joint ventures which are under exploration and development phase, exploration/development expenditure aggregating to ₹ 778.51 crores, other assets aggregating to ₹ 110.00 crores and liabilities aggregating to ₹ 219.38 crores have been incorporated on the basis of the unaudited information approved by the management made available to us, in the absence of audited accounts.

(d) Without qualifying our opinion, we draw attention to :

I) Accounting policy No.1. L. and also Note No 6 regarding Deferred Tax Liability.

ii) note no 26(1) regarding Change in Accounting Policy for recognition of Dividend income from Subsidiary due to applicability of Revised Schedule -VI. Had Company continued policy as per previous year, profit would have been higher by ₹21.60 crores, consequently Reserves and Surplus and Current assets would have been higher to that extent.

(iii) note No 16.1.2 and 23 (i) regarding contingent liabilities amounting to ₹ 659.13 crores towards disputed income tax demands / claims by the Income Tax Authority.

5) Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes of our audit, except for the unaudited financial information relating to Fifteen unincorporated joint venture for the year ended March 31,2012 referred to in paragraph 4 ( c) (ii) and 4 ( c) (iv) above and read with our comments in paragraph 4 (b);

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 the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, Statements of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 read with paragraph 4(b) above;

e) As the company is a Government Company, in terms of notification no. G.S.R. 829 (E) dated 21<sup>st</sup> 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.

6) Subject to our comments with the respect to the unincorporated joint venture in paragraph 4 ( c) (ii) and 4 ( c) (iv) above to the extent of the unaudited amounts stated therein, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policy and notes thereon and our comments in paragraph 4 above give the information required by the Companies Act, 1956 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 31<sup>st</sup> March, 2012;

(b) In the case of Statement of Profit and Loss, of the Company for the year ended on that date; and

(c) In the case of Cash flow Statement, of the cash flows of the Company for the year ended on that date.

**For Talati & Talati**  
**Chartered Accountants**  
**(Firm Reg. No. 110758W)**

**Umesh H. Talati**  
**Partner**  
**Membership No. - 34834.**

**Place : Ahmedabad**  
**Date : 12<sup>th</sup> July 2012**

**ANNEXURE TO THE AUDITORS REPORT**  
(Referred to in paragraph 3 of our report of even date)

In terms of information and explanations, given to us and on the basis of such checks of books and records as we considered appropriate in the normal course of audit and to the best of our knowledge and belief, we state as under :

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) According to the information and explanations given to us, the fixed assets which are underground / submerged / under joint venture, pertaining to producing properties having substantial value have been physically verified by the management at regular intervals and for other assets there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion and on the basis of information and explanations given to us the Company has not disposed off a substantial part of its fixed assets during the year and hence the going concern status of the Company is not affected.
- (ii) (a) The inventories has been physically verified (excluding inventories with joint ventures and materials in transit) during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories 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 records of the company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification of stocks as compared to book records were not material having regard to the size of operations of the Company and have been properly dealt with in the books of accounts.
- (iii) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. And hence, clause (iii) (b to d, f & g) of paragraph 4 of Companies (9Auditor's Report) Order, 2003 are not applicable.
- (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, 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 weakness in internal control system.
- (v) Based on the audit procedures applied by us and according to information and explanation provided by the management, we are of the opinion that there are no transactions that need to be entered into register maintained under section 301 of the Companies Act, 1956. Therefore, the provision of clause (v) of paragraph 4 of Companies (Auditor's Report) Order, 2003 are not applicable to 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 during the year 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 an not applicable to the company.
- (vii) The Company has appointed Independent Consulting firm as its Internal Auditor for the year under audit. The Internal Audit for the year is therefore carried out by the said firm. On the basis of internal audit reports broadly reviewed by us, we are of the opinion that, internal audit system, which in conjunction with the existing internal controls and checks, is commensurate with the size and nature of its Company's business.

- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) In respect of statutory dues :
- (a) The Company is generally regular in depositing, 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 statutory dues to appropriate authorities. According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31<sup>st</sup> March 2012 for the period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of dues of Income Tax and Service Tax which have been deposited on account of any dispute are given below :

Name of the status	Nature of dues	Amount under dispute not yet deposited (₹ in Crores)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax Including Interest and Penalty as applicable.	1.62 8.70 13.28	1996-1997 1997-1998 1998-1999	High Court
Income Tax Act 1961	Income Tax Including Interest and Penalty as applicable.	18.02 32.40 79.10 163.11 160.66 230.30 183.08 1.75	1999-2000 2000-2001 2001-2002 2002-2003 2003-2004 2004-2005 2005-2006 2008-2009	Income Tax Appellate Tribunal
Service Tax Act	Service Tax including interest and penalty, as applicable	12.90	2002-2003 to 2006-2007	Commissioner of Central Excise

- (x) The company does not have any accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company does not have any debentures.
- (xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provision of this clause (xii) of paragraph 4 of Companies (Auditors Report) the Order are not applicable to the Company.
- (xiii) In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of Companies (Auditors Report) Order, 2003 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 Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xv) According to the information and explanation given to us, the company has given guarantee for loans taken by others from bank or financial institutions, and the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the company.
- (xvi) The Company has raised new term loans during the year. The term loans outstanding at the beginning of the year and those raised during the year have been applied for the purpose for which they were raised.
- (xvii) According to information and explanation given to us and on an overall examination of the financial statements and other records of the company, we report that amount raised from banks and GSFS Ltd though used for long term investments are not considered as short term loans as the said borrowings are rolled over and considered by the company available for long term period.
- (xviii) According to information and explanation given to us, during the year, the Company has not made any preferential allotment of shares to parties and companies / firms covered in register under Section 301 of the Companies Act, 1956.
- (xix) During the period covered by our audit report, the Company has not issued any debentures, accordingly the provision of clause (xix) of paragraph 4 of Companies (Auditor's Report) Order, 2003 is not applicable.
- (xx) During the year, the company has not raised any money by way of public issues and hence clause (xx) of paragraph 4 of Companies (Auditor's Report) Order, 2003 is not applicable.
- (xxi) In our opinion and according to the information and explanations given to us and based on management representation, no material fraud on or by the Company has been noticed or report during the year.

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No 110758W)

Place : Ahmedabad  
Date : 12<sup>TH</sup> July, 2012

Umesh H. Talati  
Partner  
Membership No.34834

### Balance Sheet as at 31<sup>st</sup> March, 2012

₹ in Crores

	Note No.	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011	
<b><u>EQUITY AND LIABILITIES</u></b>				
Shareholder's Funds				
Share Capital	2	229.61	223.44	
Reserve & Surplus	3	4,603.11	3,499.40	
		4,832.72	3,722.84	
<b>Share Application Money Pending Allotment</b>	4			500.00
<b><u>Non-Current Liabilities</u></b>				
Long Term Borrowings	5	5,516.71	4,014.48	
Net Deferred Tax Liabilities	6	91.90	61.35	
Trade Payables		0.02	0.02	
Other Long Term Liabilities	7	23.57	39.30	
Long Term Provisions	8	52.09	51.99	4,167.14
		5,684.29	51.99	
<b><u>Current Liabilities</u></b>				
Short Term borrowings	9	3,790.01	2,980.32	
Trade payables	10	942.39	667.75	
Other Current Liabilities	11	1,046.23	372.37	
Short Term provisions	12	117.82	80.03	4,100.47
		5,896.45	80.03	
<b>TOTAL</b>		<b>16,413.46</b>	<b>12,490.45</b>	
<b><u>ASSETS</u></b>				
<b><u>Non-Current Assets</u></b>				
Fixed Assets				
Tangible Assets	13	880.77	774.49	
Intangible Assets	13	7.60	8.78	
Capital Work in Progress	14	12,380.02	9,434.17	
Intangible Assets under development	14	0.12	0.43	
Non-Current Investments	15	459.25	450.96	
Long Term Loans & Advances	16	1,306.29	1,040.10	
Other Non-Current Assets	17	77.89	69.91	
		15,111.94	69.91	11,778.84
<b><u>Current Assets</u></b>				
Inventories	18	230.5	152.86	
Trade Receivables	19	583.37	318.43	
Cash & Bank	20	257.98	38.47	
Short Term loan and Advances	21	228.40	200.15	
Other Current Assets	22	1.72	1.70	
		1,301.52	1.70	711.61
<b>TOTAL</b>		<b>16,413.46</b>	<b>12,490.45</b>	

The accompanying notes are an integral part of these Financial Statements (1 to 44)  
As per our Report of even date

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No. 110758W)

For and on behalf of the Board of Directors

Achal kumar Joti, IAS  
Chairman

Tapan Ray, IAS  
Managing Director

Umesh H. Talati  
Partner  
Membership No.34834

Sandeep Dave  
Company Secretary

Manish Verma  
Executive Director - F&A

Date : 12/07/2012  
Place : Ahmedabad

Date : 12/07/2012  
Place : Gandhinagar

### Statement of Profit and Loss for the year ended 31st March, 2012

	Note No.	2011-2012	2010-2011	₹ in Crores
<b>INCOME</b>				
Revenue from Operations (Gross)	25	8,489.72	4,770.24	
Less : Excise Duty		-	-	
Revenue from Operations (Net)		<u>8,489.72</u>	<u>4,770.24</u>	4,770.24
Other Income	26	45.08		35.75
<b>Total Revenue</b>		<b><u>8,534.80</u></b>	<b><u>4,805.99</u></b>	
<b>EXPENSES</b>				
Cost of materials Consumed		-	-	
Purchases of Stock in Trade	27	6,735.60		3,970.08
Changes in inventories of Finished Goods, Stock in process and Stock in Trade	28	(77.18)		(149.78)
Employee Benefits Expense	29	8.42		8.50
Finance Cost	30	62.97		41.74
Depreciation, Amortisation, Depletion and Impairment	13	109.79		130.15
Other Expenses	31	414.14		338.83
Exploration cost written off		339.35		62.96
<b>Total Expenses</b>		<b><u>7,593.09</u></b>	<b><u>4,402.48</u></b>	
Profit Before Tax and Adjustments		<u>941.71</u>		<u>403.51</u>
Prior period Adjustments		0.16		0.29
Profit before Tax		<u>941.55</u>		<u>403.22</u>
Tax Expenses				
Current Tax		304.00	127.91	
Mat credit entitlement		-	(44.30)	
Deferred Tax		30.55	(2.73)	
Short / (Excess) provision of Tax		<u>(0.74)</u>	<u>(0.61)</u>	80.27
<b>Profit for the Period</b>		<b><u>607.74</u></b>	<b><u>322.95</u></b>	
Basic and Diluted Earning per equity share of face value of ₹1 each	41	2.72		1.45

The accompanying are an integral part of these Financial Statements 1 to 44  
As per our Report of even date

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No. 110758W)

For and on behalf of the Board of Directors

Achal kumar Joti, IAS  
Chairman

Tapan Ray, IAS  
Managing Director

Umesh H. Talati  
Partner  
Membership No.34834

Sandeep Dave  
Company Secretary

Manish Verma  
Executive Director - F&A

Date : 12/07/2012  
Place : Ahmedabad

Date : 12/07/2012  
Place : Gandhinagar

## Cash Flow Statement for the year ended 31st March, 2012

₹ in Crores

PARTICULARS	2011-12	2010-11
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit after Tax	607.74	322.95
Add : Income Tax	304.00	83.61
Deferred Tax	30.55	(2.73)
Less : Excess provision of Tax	(0.74)	(0.61)
	<b>941.55</b>	<b>403.22</b>
Add : Depreciation and Amortisations being non-cash item		
Depreciation	109.79	130.15
Interest & Finance Charges being financing cash outflow	62.97	41.74
Loss on Sale of Assets	0.04	0.44
Foreign Exchange Loss / (Gain)	-	(0.51)
Commodity Heading Loss	7.11	-
Misc. Exp. Written Off (net)	1.72	1.70
Exploration Cost Written off	339.35	62.96
Diminution in the value of Investment	0.26	-
Less : Interest / Dividend Income	1,462.79	639.70
Profit on sale of Assets	(27.98)	(28.71)
<b>Operating Profit before working capital changes</b>	<b>1,434.81</b>	<b>610.99</b>
Add / Less : Working Capital Adjustments		
Increase / Dec in current Assets (-)	(785.03)	(333.49)
Increase / Dec in current Liabilities (+)	720.45	204.77
	<b>1,370.23</b>	<b>482.27</b>
Less: Direct Tax Paid	(306.56)	(98.26)
Less : Prior Period Adjustment	(0.16)	(0.29)
Less : Misc. Expenditure Incurred during the year	(0.14)	(19.69)
<b>Net Cash Flow Operating Activities (A)</b>	<b>1,063.37</b>	<b>364.03</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Cash Paid for purchase of Assets / CWIP including joint Ventures (Net)	(2,569.49)	(1,266.95)
Sale of Fixed Assets	0.37	0.84
Investments in Subsidiaries	(0.05)	-
Other Investments	(8.50)	(27.42)
Interest / Dividend Income	27.98	28.71
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(2,549.69)</b>	<b>(1,264.82)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Equity Share issue	500.00	306.52
Proceed from Share Application Money	(500.00)	500.00
Repayment of Debentures	-	(300.00)
Proceed / (Repayment) to Secured Loans (net)	1,809.69	(199.06)
Proceed from of Unsecured Loans (net)	653.30	1,241.90
Interest & Financing Charges Paid	(847.54)	(625.68)
Dividend Paid (including dividend tax)	(51.07)	(48.93)
<b>Net Cash Flow from Financing Activities (C)</b>	<b>1,564.38</b>	<b>874.75</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents (D) (A+B+C)</b>	<b>78.06</b>	<b>(26.04)</b>
<b>Cash and Cash equivalents at the Beginning of the Year</b>		
Cash on hand	0.05	0.03
Bank Balances	38.22	64.28
	<u>38.27</u>	<u>64.31</u>
<b>Cash and Cash equivalents at the End of the Year</b>		
Cash on hand	0.04	0.05
Bank Balances	116.29	38.22
	<u>116.33</u>	<u>38.27</u>

**Notes :**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 issued by The Institute of Chartered Accountants of India.
  2. Adjustments have not been made to 'Purchase of Fixed Asset' (Investing Activities), on account of increase/decrease in Capital. The Impact of the above is not readily ascertainable.
  3. Brackets indicate cash outflow / deduction.
- As per our report of even date

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No. 110758W)

Umesh H. Talati  
Partner  
Membership No.34834

Date : 12/07/2012  
Place : Ahmedabad

For and on behalf of the Board of Directors

Achal kumar Joti, IAS  
Chairman

Sandeep Dave  
Company Secretary

Date : 12/07/2012  
Place : Gandhinagar

Tapan Ray, IAS  
Managing Director

Manish Verma  
Executive Director - F&A

## Notes to financial statements for the year ended 31<sup>st</sup> March 2012.

### A. Basis of Preparation of Financial Statements:

The Financial Statements are prepared under the historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, the applicable accounting standards notified under the companies (Accounting Standard) Rules, 2006, guidance notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities and the practices prevalent in the industry in India. All income and expenditures having material bearing on the financial statements are recognized on accrual basis.

Accounting Policies not specifically referred to other wise are consistent with those used in the previous year. In applying the accounting policies consideration has been given to Prudence, Substance over Form and Materiality.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### B. Use of Estimates

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.

### C. Tangible & Intangibles & Depreciation Depletion & Amortization.

C.1. Fixed Assets other than producing properties are stated at cost of acquisition or construction less accumulated depreciation and impairment loss if any, including

C.2. Attributable interest and financial costs till such assets are ready for its intended use.

C.3. The cost of leasehold assets is amortized over the period of the lease.

C.4. Depreciation is provided on written down value method at the rates and in the manner prescribed in Schedule -XIV to the Companies Act, 1956 except the following:

C.4.1. Mobile communication instruments purchased by the company have been expensed off in the year of its purchase.

C.4.2. Costs incurred on intangible assets-software, resulting in future economic benefits are capitalized as intangible assets and amortized at 40% on written down value method beginning from the date of capitalization.

C.5. Depreciation on fixed assets used for exploration and drilling activities is initially capitalized as part of exploration or development costs.

C.6 No depreciation/depletion has been provided in the accounts of the Joint Ventures. However the depreciation/depletion has been provided for by the Company in respect of its participating interest.

The depletion on producing properties has been calculated and provided, using the unit of production method as described in the Guidance Note on Accounting for Oil and Gas Producing Activities issued by ICAI, in proportion of oil and gas production achieved vis a vis the proved and probable reserves considering the estimated future expenditure (reviewed & revised) and other costs to be incurred on developing the reserves. Para 50 of the guidance note on Accounting for Oil and Gas producing activities under full cost method states that "Proved Oil and Gas" reserves for calculating depletion comprise developed and undeveloped oil and gas reserves estimated at the end of the period as increased by the production during the period.

As Guidance Note is for "Producing Activities", the company keeping in mind the prudent industry practice considers the assets for depletion only once the commercial production is commenced with the approval of the Management Committee as per the provisions of the Production Sharing Contract (PSC). Till that time, neither the reserves are taken for depletion nor are the assets with respect to the said PSC are capitalized.

### D. Abandonment Costs

D.1. The full eventual estimated liabilities towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities is recognized at the initial stage as cost of producing property and provision is made for abandonment cost, based on the latest technical assessment available with the Company.

D.2. Costs relating to dismantling, abandoning and restoring onshore well sites and allied facilities are accounted for in the year in which such costs are considered after estimating the salvage value.

**E. Investments**

Investments are classified as long term and current investments. Long term investments are stated at cost less provision for diminution other than temporary, in value, if any. Current investments are carried at cost or fair value whichever is lower.

**F. Inventories**

- F.1. Natural gas in pipelines and crude oil in flow lines is technically not feasible to be quantified due to operational constraints and hence not valued and not accounted.
- F.2. Inventory of crude oil in Joint Ventures are valued as per Crude Off take and Sale Agreement (COSA).
- F.3. Natural gas imported as LNG and stored in the storage tank of the LNG terminal are valued at cost or net realizable value whichever is lower.

**G. Revenue Recognition :**

- G.1. Company's share of Revenue from Joint Ventures is considered on the basis of Accounts submitted by Joint Ventures.
- G.2. Sale of crude oil and gas produced from exploratory wells in progress is adjusted against expenditure incurred on such wells.
- G.3. Income from sale of gas is recognized when practically all risks and rights connected with ownership have been transferred to the buyer. Sales of Gas are stated at net of state value added tax. Any retrospective revision in prices is accounted for in the year of such revision.
- G.4. Revenue from sales of wind power is recognized on monthly basis in accordance with the terms of power purchase agreement.
- G.5. Revenue in respect of interest on delayed realizations from customers, if any, is recognized when there is reasonable certainty regarding the ultimate collection.
- G.6. Revenue in respect of Take or Pay (short lifted quantity of gas) is recognized when there is reasonable certainty regarding ultimate collection.
- G.7. Profit Petroleum paid to MoPNG is subject to the approval of Director General of Hydrocarbon (DGH) and difference, if any, is accounted for in the period of settlement of such differences.
- G.8. Dividend income is recognized when the shareholders' right to receive payment is established by the Balance Sheet date.
- G.9. Interest income is recognized on accrual basis.

**H. Allocation of General Administrative Expenses**

In case of Joint ventures, in which Company is operator, the allocation of Corporate General Administrative Expenses and Employee cost to various operated blocks,

are on the basis of time devoted by each employee for various blocks.

**I. Accounting for Oil and Gas Joint Ventures**

The company has adopted Full Cost Method with effect from 1-4-2005 for accounting for its oil and gas activity and all costs incurred in prospecting, acquisition, exploration and development of blocks are accumulated considering the country as a cost center. However as a matter of policy, the company is writing off the balance of entire cost of the block which is permanently abandoned, in the year of abandonment. All Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. Accordingly the financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Joint Venture operations which are accounted on the basis of available information on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company and also as per the various joint venture agreements except in cases of abandonment, impairment, depletion and depreciation which are accounted as per the accounting policies of the Company. The financial statements of the unincorporated joint ventures are prepared by the respective Operators in accordance with the requirements prescribed by the respective Production Sharing Contracts of the unincorporated joint ventures. Hence, certain adjustments/disclosures required under the mandatory Accounting Standards and the Companies Act, 1956 have been made in the financial statements of the Company only to the extent of information available with the Company. Such information include information relating to foreign exchange differences, information relating to micro, small and medium enterprises, particulars of expenditure in foreign currency, particulars of earnings in foreign currency, particulars of CIF value of imports, transactions with related parties, details of commitments and contingencies and information relating to consumption of stores and spares.

**J. Borrowing Costs**

Borrowing Costs, whether specific or general utilized for acquisition, construction or production of qualifying assets are capitalized as part of cost of such assets till the activities necessary for its intended use or sale are complete. General borrowing costs are capitalized at the weighted average of such borrowings outstanding during the period. Borrowings costs also include exchange differences arising from foreign currency borrowings. All other borrowing costs are charged to profit and loss statement of the period in which incurred.

K. Charges on Bank guarantee at the time of submission of bids or prior to the award of contract and for Annual Work Programme is charged to statement of profit and loss as and when incurred.

#### L. Income Tax and Deferred Tax

Tax Expense comprises of Current Tax and Deferred Tax. Provision for Current Tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment years after consideration of the applicable provisions of the Income Tax Act, 1961 including benefits, allowances and deductions admissible under the said Act.

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 and is measured using tax rates and loss that have been enacted or subsequently enacted up to balance sheet date. Deferred tax assets are reviewed at each balance sheet date to assets realization.

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 and write 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.

#### M. Employees Benefits

M.1. All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

M.2. Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the GSPC Employee's

Provident Fund Trust equal to a specified percentage of the covered employee's salary. The company also contributes to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

#### M.3. Superannuation Fund

Certain employees of the company are also participants in a defined contribution plan and have accordingly participated in the Group Superannuation Scheme of Life Insurance Corporation of India.

#### M.4. Gratuity

The company provides for gratuity, a defined benefit retirement 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. Liabilities with regard to the Gratuity Plan are determined by third party actuarial valuation as of the balance-sheet date, based upon which, the Company contributes all the ascertained liabilities to in-Group Gratuity scheme of Life Insurance Corporation of India.

#### M.5. Leave Encashment

The Company has participated in Leave Encashment Scheme of Life Insurance Corporation of India, the contribution is paid as per actuarial valuation at the end of the financial year.

Gratuity and leave encashment are determined using the Projected Unit Credit Method with actuarial valuations being carried out by third party actuaries at each balance sheet date.

#### N. Foreign Currency Transactions

N.1. All transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.

N.2. Monetary items denominated in foreign currency at the year end are restated at the rate of exchange prevailing on the date of the Balance Sheet. Resultant gain or loss is recognized in the Statement of Profit and Loss during the year except in case of long term borrowings relating to the acquisition of depreciable capital assets which is adjusted to the carrying cost of such assets.

N.3. In case of non-integrated overseas unincorporated Joint Ventures, the summarized revenue and expenses reflected in Statement of Profit and Loss are translated into Indian Rupees at an average exchange rate. The assets and liabilities are translated into Indian Rupees at the closing exchange rate prevailing on balance sheet date. The resultant excess/shortfall, arising from reporting of interest in Joint Venture as per AS-27, has been disclosed as foreign currency translation reserve.

**O. Derivative Transaction**

- i. The company uses derivative instruments to hedge its exposure to movements in foreign exchange rate and interest rate. The objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading or speculation. Swap and option contracts entered into by the company for hedging the exposure to variability in cash flows attributable to foreign exchange and interest rate fluctuation associated with a recognized asset or liability are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies".
- ii. The company uses commodity hedging contracts to cover all potential risk on account of natural gas price fluctuation relating to import of gas. Such commodity hedging contracts is governed by the Company's Natural Gas Price Risk Management Program, approved by the management. Company does not use commodity hedging contracts for speculative purposes.  
As per the Institute of Chartered Accountants of India (ICAI) announcement, Accounting for derivative contracts, derivative contracts other than those covered under AS 11, as specified in the Companies (Accounting Standard) Rules, 2006; the effect of change in rates, are Marked to Market on portfolio basis and the net loss after considering the offsetting effects on the underlying hedge item, is charged to Statement of Profit & Loss. Net gains are ignored.

**P. Impairment**

As provided in the Guidance Note on Accounting for Oil & Gas Producing Activities, for the purpose of AS 28 on Impairment of Assets, each cost center used for depreciation / depletion purpose is treated as a Cash Generating Unit. An asset is considered as impaired in accordance with AS-28 when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and the value in use.). In assessing the value in use, the estimated future cash flow expected from the continuing use of the asset

and its ultimate disposal are discounted to their present value using a predetermined discount rate. The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss.

**Q. Earnings per share**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity share holders of the company by the weighted average number of equity shares issued during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity share holders (after adjustment for diluted earnings) by weighted average no. of equity shares outstanding during the year.

**R. Misc./Deferred Revenue Expenditure**

The expenditures incurred on account of raising of equity capital through the process of private placement has been written off equally over a period of five years.

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

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligation arising from past events where it is not probable that an out flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent assets are neither disclosed nor recognized.

**T. Cash flow statements**

The Cash Flow statement is prepared by the "indirect method" set out in Accounting Standard 3 on "cash Flow Statements" and presents the cash flow by operating, investing and financial activities of the company. Cash and cash equivalents presented in the cash flow statements consist of cash on hand and demand deposit with banks.

## Notes forming part of Financial Statements

## 2. SHARE CAPITAL :

₹ in Crores

Particulars	As at 31 <sup>st</sup> Mar-2012	As at 31 <sup>st</sup> Mar-2011
Authorised Share Capital : 300,00,00,000 Equity shares of ₹ 1 each (P.Y. 300,00,00,000 Equity shares of ₹ 1 each)	300.00	300.00
<b>TOTAL</b>	<b>300.00</b>	<b>300.00</b>
Issued, Subscribed and Paid up share Capital: 229,60,91,425 Equity shares of ₹ 1 each (P.Y. 223,43,63,030 Equity shares of ₹ 1 each)	229.61	223.44
<b>TOTAL</b>	<b>229.61</b>	<b>223.44</b>

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

EQUITY SHARE	2011-12		2010-11	
	No of shares	₹ in Crores	No of shares	₹ in Crores
At the beginning of the period	2,234,363,030	223.44	2,197,326,000	219.73
Add: Issued during the period by converting compulsory convertible Debenture	-	-	37,037,030	3.71
Add: Shares Issued during the year	61,728,395	6.17	-	-
Outstanding at the end of the period	<u>2,296,091,425</u>	<u>229.61</u>	<u>2,234,363,030</u>	<u>223.44</u>

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the five years immediately preceding the reporting date:

Particulars	2011-12		2010-11	
	No of shares	₹ in Crores	No of shares	₹ in Crores
Equity shares allotted as fully paid bonus shares by capitalization of securities premium (during 2008-09)	1,056,110,700	105.61	1,056,110,700	105.61
	<u>1,056,110,700</u>	<u>105.61</u>	<u>1,056,110,700</u>	<u>105.61</u>

Details of share holders holding more than 5% share in the company.

Name of Shareholders	2011-12		2010-11	
	No of shares held	% of Holding	No of shares held	% of Holding
Equity shares of Rs 1 each fully paid Government of Gujarat	<u>2,007,221,400</u>	<u>87.42%</u>	<u>2,007,221,400</u>	<u>89.83%</u>

As per records of the company, including its registers of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of share

**Terms /Rights attached to equity shares.**

The company has only one class of equity shares having a face value of Rs 1 per share. Each holder of equity shares is entitled to one vote per share. The company declared and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31 March 2012 the amount of per share dividend recognized as distributions to equity shareholders is ₹ 0.20 (P.Y ₹ 0.20)

In the events of liquidation of the company, the holders of equity shares will be entitled to remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportions to the number of equity share held by the shareholders.

**3. RESERVES AND SURPLUS**

₹ in Crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Capital Reserve</b>	1.28	1.28
Balance as per last Balance Sheet	<u>11.86</u>	<u>-</u>
Addition/utilisation during the year	13.14	1.28
<b>Securities Premium Reserve</b>		
Balance as per last Balance Sheet	983.65	680.84
Addition /utilisation during the year	<u>493.83</u>	<u>302.81</u>
	1,477.48	983.65
<b>General Reserve</b>		
Balance as per last Balance Sheet	2,245.14	1,945.14
Transfer from Statement of Profit & Loss	<u>500.00</u>	<u>300.00</u>
	2,745.14	2,245.14
<b>Foreign Exchange Translation Reserve</b>		
Balance as per last Balance Sheet	<u>(25.25)</u>	<u>(11.95)</u>
Addition/utilisation during the year	<u>43.65</u>	<u>(13.30)</u>
	18.40	(25.25)
<b>Surplus in the Statement of Profit &amp; loss</b>		
Balance as per last Balance Sheet	294.58	323.45
Add : Profit for the year	<u>607.74</u>	<u>322.95</u>
	902.32	646.39
<b>Less: Appropriations</b>		
Proposed Dividend on Equity Shares	45.92	44.58
Tax on Dividend	7.45	7.23
Transferred to General Reserve	<u>500.00</u>	<u>300.00</u>
Total Appropriations	553.37	351.81
Net Surplus in the Statement of Profit & Loss	348.95	294.58
<b>TOTAL</b>	<u><u>4,603.11</u></u>	<u><u>3,499.40</u></u>

**4. SHARE APPLICATION MONEY PENDING ALLOTMENT :**

Company had received ₹ 500 crore as share application money during 2010-11 against which 61,728,395 shares of face value of ₹ 1 each at security premium of ₹ 80 per share were issued during 2011-12 and the balance amount of ₹ 5/- to be refunded and is currently shown under other current liabilities. (refer note no.11)

**5. LONG TERM BORROWINGS:**

₹ in Crores

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Non-current	Current	Non-current	Current
<b>Secured Loans</b>				
Term Loan From Banks				
Rupee Loan	3,094.55	23.04	2,672.19	23.04
Foreign Currency Loan	1,422.16	394.08	1,342.29	108.83
	<u>4,516.71</u>	<u>417.12</u>	<u>4,014.48</u>	<u>131.87</u>
<b>Unsecured Loans</b>				
From Others				
GSFS	1,000.00	-	-	-
	<u>1,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u>5,516.71</u>	<u>417.12</u>	<u>4,014.48</u>	<u>131.87</u>

Foreign currency loans (ECB-1) amounting to USD 325 million (Current outstanding USD 300.63 million) are from consortium of four member banks lead by State Bank of India. Presently the loan is secured by way of first ranking parri passu charge on all the present and future receivables of the Company, including Bank Guarantees provided by gas sales customers of the company. However on commencement of production from KG-OSN-2001/3, the lenders will have a primary charge over the receivables from KG-OSN-2001/3 only. In addition to above security, the lenders also have a charge on Company's Participating Interest in KG-OSN-2001/3.

Consortium of fourteen member banks lead by Bank of Baroda has provided Rupee Term loan to the tune of ₹ 3,000/- Crs (current outstanding ₹ 2945.40 Crs). The loan is secured by way of first ranking parri passu charge / assignment of the borrower's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the borrower's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

Consortium of Three member banks lead by Bank of Baroda (ECB-2), London branch has provided new Foreign Currency Loan of USD 200 Million (Current outstanding of USD 70.00 Million). The loan is secured by way of first ranking parri passu charge / assignment of the borrower's participating interest in the Production Sharing Contract (PSC) for KG-OSN-2001/3 block and the borrower's share of cash flow from the KG-OSN-2001/3 and the Trust and Retention Account to be established as per the financing agreement.

Term loan of ₹ 172.19 crs (P.Y. ₹195.22 crs) from Dena Bank for 52.50 MW wind mill project at Jakhau is secured by way of paripassu charge on all the assets created relating to wind mill project.

**Loan Repayment Schedule**
**₹ in Crores**

Sr. No.	Particulars	Total Outstanding	Rate of Interest p. a	Repayable in 12 months	Repayable in 2 to 4 year	Repayable in 5 to 7 year	Repayable in 8 to 10 year
A	Rupee Term Loan	2,945.40	Base Rate + 50 bps	-	589.08	1,251.80	1,104.52
B	External Commercial Borrowing -ECB-1	1,458.14	6 m Libor + 300 bps	394.08	1,064.06	-	-
C	External Commercial Borrowing - ECB-2	358.10	6 m Libor + 340 bps	-	89.53	179.04	89.53
D	Term Loan (Wind Mill)	172.19	Base Rate + 50 bps	23.04	69.12	69.12	10.91
E	GSFS	1,000.00	9.25 %	-	1,000.00	-	-
	<b>Total</b>	<b>5,933.83</b>		<b>417.12</b>	<b>2,811.79</b>	<b>1,499.96</b>	<b>1,204.96</b>

**Derivative Contracts:**

- The company enters into Currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest in connection with Foreign Currency Loans.
- Nominal amounts of derivative contracts entered into by the company and outstanding as on 31st March, 2012 amounts to USD 300.625 Millions (Previous year USD 325 Millions). Category wise break up is given as below:

Currency	Particulars	As at 31st March, 2012			As at 31st March, 2011		
		No of Contracts	₹ in crores	USD in Million	No of Contracts	₹ in crores	USD in Million
US Dollar	Interest Rate swaps and Currency options(Call)	7	1,458.14	300.625	7	1,451.13	325.00

Foreign Currency loans that are not hedged by derivative instruments as on 31st March 2012 is 70 millions USD (P.Y USD NIL) ₹ 358.10 crore (P.Y.NIL)

**6. DEFERRED TAX LIABILITIES:**

As required by Accounting Standard (AS 22) "Taxes on Income" issued by The Institute of Chartered Accountants of India, and in view of the company's policy (Refer accounting policy no.1(l)) the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating to ₹ 30.55 Crores (P.Y. ₹ (2.73) crores) in the Statement of Profit and Loss, the details of which are as under:

₹ in crores

Particulars	As on 31-March-2011	For the year 2011-12	As on 31-March-2012
<b>Deferred Tax Liability</b>			
(a) On excess of WDV as per Books over WDV as per I.T.	57.83	41.66	99.49
(b) Others	7.80	(2.19)	5.61
<b>Total (A)</b>	65.63	39.47	105.10
<b>Deferred Tax Asset</b>			
(a) On excess of WDV as per I.T. over WDV as per Book Value.	4.20	6.69	10.89
(b) Retirement Benefits	0.07	(0.07)	0.00
(c) Others	0.01	2.30	2.31
<b>Total (B)</b>	4.28	8.92	13.20
<b>Net Deferred Tax Liability (A-B)</b>	61.35	30.55	91.90

**7. OTHER LONG TERM LIABILITIES:**

₹ in crores

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Joint Ventures (Refer Note No 32 & 36)	11.04		26.86	23.04
Others*	12.53	23.57	12.44	39.30
<b>TOTAL</b>		<u>23.57</u>		<u>39.30</u>

\* Includes deposits received from customers

**8. LONG TERM PROVISIONS :**

₹ in crores

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Provision for Abandonment Cost		52.09		51.99
<b>TOTAL</b>		<u>52.09</u>		<u>51.99</u>

**8.1 Disclosures required by Accounting Standard- 29 "Provisions, Contingent Liabilities and Contingent Assets".**
**Movement in Provisions**
**₹ in Crores**

Sr. No.	Particulars of Disclosure	Provision for Contingencies 2011-12	Provision for Contingencies 2010-11
1	Opening Balance	51.99	40.88
2	Provision made during the year	0.10	11.11
3	Paid during the period	-	-
4	Closing Balance	52.09	51.99

**8.2 Nature of the Provision**

The above amounts relates to provision for Abandonment Cost and Take or Pay provisions in relation to Gas Trading Activities

**9. SHORT TERM BORROWINGS:**
**₹ in Crores**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured Loans		
From Banks (Loans Repayable on demand)	3,290.01	1,835.32
From Others		
GSFS	500.00	1,145.00
<b>TOTAL</b>	<b>3,790.01</b>	<b>2,980.32</b>

**10. TRADE PAYABLES :**
**₹ in Crores**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables		
- Micro, small and medium Enterprises	-	-
- Others	942.39	667.75
<b>TOTAL</b>	<b>942.39</b>	<b>667.75</b>

10.1 The company has not received any Memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprise Development Act, 2006) claiming their status as micro, small and medium enterprise as on the Balance Sheet date. Consequently, the amount payable to micro, small and medium enterprises during the year Rs. Nil (Previous year Nil)

## 11. OTHER CURRENT LIABILITIES :

₹ in crores

Particulars	As at 31st March, 2012		As at 31st March, 2011	
Current Maturities of Long Term Borrowings From Bank	-			
Rupee Term Loan	23.04		23.04	
Foreign Currency Loans	394.08	417.12	108.83	131.87
Interest accrued but not due on borrowings		24.08		14.79
Share Application Money Due for refund (₹5/- (P.Y. NIL)) (Refer note no.4)		0.00		-
Other Payables				
Subsidiaries	5.97		4.77	
Joint Ventures (Refer Note No 32 & 36)	474.90		146.48	
Payables for Fixed Assets	36.87		0.50	
Others*	87.29	605.03	73.96	225.71
<b>TOTAL</b>		<b>1,046.23</b>		<b>372.37</b>

\* includes statutory dues.

## 12. SHORT TERM PROVISIONS :

₹ in crores

Particulars	As at 31st March, 2012		As at 31st March, 2011	
<b>Provision for employee benefits</b>				
Provision for Gratuity	-		0.96	
Provision for Leave benefits	0.13		1.05	
		0.13		2.01
<b>Other Provision</b>				
Provision for Proposed Dividend	45.92		44.58	
Provision for Dividend Distribution Tax	7.45		7.23	
Provision for Profit Petroleum	48.70		24.05	
Provision for Commodity Hedging Loss	7.11		-	
Provision for other Expenses	8.51		2.16	
		117.69		78.02
<b>TOTAL</b>		<b>117.82</b>		<b>80.03</b>

For Hedging commodity related risks: As per the Institute of Chartered Accountants of India (ICAI) announcement, Accounting for derivative contracts, derivative contracts other than those covered under AS 11, as specified in the Companies (Accounting Standard) Rules, 2006; the loss amounting to ₹ 7.11 crore, on account of Marked to Market, is charged to Statement of Profit & Loss. Further In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 the company has charged an amount of ₹ Nil (Previous year ₹ Nil) to the Statement of Profit & Loss in respect of derivative contracts other than those contracts which are effective hedges.

Particulars	Gross Block				Depreciation, Depletion, Impairment and Amortisation				Net Block	
	As at 31-March-2011	Additions / Adjustments	Deduction	As at 31-March-2012	As at 31-March-2011	During the Period*	Impairment reversed during the year	Deductions	As at 31-March-2012	As at 31-March-2011
<b>Tangible Assets</b>										
Land	123.81	-	-	123.81	-	-	-	-	123.81	123.81
Freehold Land	8.13	2.98	-	11.11	0.54	0.25	-	0.79	10.32	7.59
Leasehold Land	36.03	-	-	36.03	9.71	1.34	-	11.05	24.98	26.32
Buildings	327.46	102.84	-	430.30	88.15	36.73	-	124.88	305.42	239.31
Plant & Machinery										
Producing Properties (being Company's share in joint Venture)	1,262.21	104.71	-	1,366.92	907.85	64.43	-	972.28	394.64	354.36
Furniture & Fixtures	11.60	0.79	0.02	12.37	6.69	0.85	-	7.52	4.85	4.91
Vehicles	6.66	2.48	0.94	8.20	3.57	0.99	-	3.94	4.26	3.09
Office Equipments	18.07	0.52	0.14	18.45	8.54	1.35	-	9.83	8.62	9.53
Computer Equipments	21.22	0.67	0.08	21.81	15.65	2.36	-	17.94	3.87	5.57
Previous Year	1,815.19	214.99	1.18	2,029.00	1,040.70	108.30	-	1,148.23	880.77	774.49
The above includes Company's Share in Unincorporated Joint Venture Assets (refer note no. 32)	1,779.08	43.44	7.33	1,815.19	919.14	126.16	1.48	1,040.70	774.49	859.94
	1,295.34	106.86	0.16	1,402.04	922.45	67.52	-	989.85	412.19	372.89
Previous Year	1,257.52	37.93	0.11	1,295.34	844.37	78.18	-	922.45	372.89	413.15
<b>Intangible Assets</b>										
Intangibles-(Software)	24.41	2.81	-	27.22	15.63	3.99	-	19.62	7.60	8.78
Previous Year	24.41	2.81	-	27.22	15.63	3.99	-	19.62	7.60	8.78
	22.72	1.69	-	24.41	9.92	5.71	-	15.63	8.78	12.80

\*It includes depreciation of ₹ 2.51 crore (P.Y. ₹ 3.20 crore) which has been capitalised during the period as per policy.

## 14. CAPITAL WORK IN PROGRESS AND INTANGIBLE ASSETS UNDERDEVELOPMENT

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Tangible</b>		
<b>Exploration &amp; Development</b>		
Exploration	7,379.24	6,686.14
Development	2,628.35	1,235.39
	<u>10,007.59</u>	<u>7,921.53</u>
Borrowing Cost	2,370.29	1,512.64
	12,377.88	9,434.17
CWIP Building	0.76	-
CWIP Others	1.38	-
<b>TOTAL</b>	<u><u>12,380.02</u></u>	<u><u>9,434.17</u></u>
<b>14.2 INTANGIBLE ASSETS UNDER DEVELOPMENT.</b>		
Software	0.12	0.43
<b>TOTAL</b>	<u><u>0.12</u></u>	<u><u>0.43</u></u>

**Borrowing Costs and Test Production**

- The borrowing costs amounting to ₹ 918.74 crores (P.Y ₹ 589.79 crores) and depreciation amounting to ₹ 2.51 crs (P.Y. ₹3.20crs) has been capitalized in the current year to CWIP tangibles Exploration & Development.
- In the current year an amount of ₹ 0.96 crores (P.Y. ₹ 3.61 crores) being sales of test production from various exploratory wells have been credited to CWIP. These blocks are not considered as producing property in accordance with the accounting policy (Refer note no.1.C.5 and no.1.G.2 of Significant accounting policies).

**15. NON-CURRENT INVESTMENTS:**

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>I. TRADE INVESTMENT (Valued at cost unless stated otherwise)</b>		
<b>INVESTMENT IN EQUITY INSTRUMENTS</b>		
<b>INVESTMENT IN SUBSIDIARY</b>		
<b>Quoted Equity Investments</b>		
In 212,305,270 (P.Y. 212,305,270) Equity Shares of Gujarat State Petronet Ltd. of ₹.10 per share {M.V. ₹ 16,241,353,155/- (P.Y. ₹.21,050,067,520)}	213.31	213.31
<b>Unquoted Equity Investments</b>		
In 25000 (P.Y. 25000) shares of Guj Info Petro Ltd. at ₹.10 per share fully paid up	0.03	0.03
In 36692338 (P.Y. 36692338) shares of GSPC Gas Co Ltd. of ₹.10 per share fully paid up (Previously known as Gujarat State Fuel Management Company Ltd.)	57.42	57.42
In 36890436 (P.Y. 36890436) shares of GSPC Pipavav Power Co. Ltd at ₹.10 per share fully paid up	36.89	36.89
In 1400000 (P.Y. 1400000) shares of GSPC JPDA Ltd at ₹.10 per share fully paid up	1.40	1.40
In 50000 (P.Y. NIL) shares of GSPC Marginal Fields Ltd at ₹.10 per share fully paid up	0.05	-
In 50000 (P.Y. 50000) shares of GSPC LNG Ltd at ₹.10 per share fully paid up	0.05	0.05
<b>INVESTMENT IN ASSOCIATES</b>		
<b>Unquoted Equity Investments</b>		
In 113541817 (P.Y. 105814545) shares of Gujarat State Energy Generation Ltd of ₹10 per share fully paid up	119.83	111.33
In 2,250,000 (P.Y. 2,250,000) shares of Sabarmati Gas Company Ltd at ₹.10 per share fully paid up	8.96	8.96
<b>TOTAL TRADE INVESTMENT (A)</b>	<b>437.94</b>	<b>429.39</b>
<b>II. NON TRADE INVESTMENTS (Valued at cost unless stated otherwise)</b>		
<b>Quoted Equity Investments</b>		
In 3,697,000 (P.Y. 3,697,000) Equity Shares of ₹.10 of Gujarat Industries Power Company Ltd. M.V. ₹.341,972,500 (P.Y. ₹.423,306,500)}	10.00	10.00

Particulars	₹ in crores	
	As at 31st March, 2012	As at 31st March, 2011
<b>Unquoted Equity Investments</b>		
In 500000 (P.Y. 500000) equity shares of ₹.10/-per share of Gujarat Science At Action Ltd fully paid up	0.50	0.50
In 4033 (P.Y. 4033) shares of ONGC Petro Additions Ltd at ₹.10 per share fully paid up (Rupees 40330/- P.Y. ₹.40330)	-	0.00
In 575000 (P.Y. 575000) shares of Krishna Godavari Gas Network Ltd. at ₹.10 per share fully paid up	0.57	0.57
In 10500000 (P.Y. 10500000) shares of Alcock Ashdown (Gujarat) Ltd at ₹.10 per share fully paid up	<u>10.50</u>	<u>10.50</u>
	21.57	21.57
Less: Provision for Diminution in the Value of Investments (KGGNL)	<u>0.26</u>	<u>-</u>
<b>TOTAL NON TRADE INVESTMENT (B)</b>	<u>21.31</u>	<u>21.57</u>
<b>TOTAL</b>	<u>459.25</u>	<u>450.96</u>
Total Quoted Investments	223.31	223.31
Total Unquoted Investments	236.20	227.65
Total Provision for Diminution in Value of investment	<u>(0.26)</u>	<u>-</u>
<b>TOTAL</b>	<u>459.25</u>	<u>450.96</u>
Market Value of Quoted Investments	<u>1,648.70</u>	<u>2,139.20</u>

15.1 The Company has given the following Guarantees/Security on behalf of Gujarat State Energy Generation Limited (GSEG):

- Security by way of pledging GSPC's Investment in Equity Shares {22,949,969 shares (P.Y. 22,949,969 shares)} of Gujarat State Energy Generation Ltd equivalent to ₹ 22.95 Crores (P.Y. 22.95 Crores) to various banks / FIs of GSEG.

15.2 An investment of ₹ 0.57 crore was made by the company in the year 2006-07 in equity shares of Krishna Godavari Gas Network Ltd. (KGGNL), which was set-up to implement CGD network in the state of Andhra Pradesh. The Board of Directors of KGGNL in its meeting held on 27th June 2011 have decided to go for voluntary winding-up of KGGNL. Accordingly, as required by Accounting Standard 13 an estimated provision of 45% reduction in value of investment amounting to ₹ 0.26 crore is made in Statement of Profit & Loss in current year.

**16. LONG TERM LOANS & ADVANCES:**

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured considered good unless otherwise stated		
<b>Sundry deposits</b>		
Sundry deposits	0.10	0.09
<b>Loans &amp; Advances to related parties</b>		
<b>Advances for Investments (Pending Allotment)</b>		
<b>I.Subsidiary Companies**</b>		
i) GSPC (JPDA) Ltd	89.31	84.71
ii) GSPC Pipavav Power Company Ltd	5.38	5.38
iii) GSPC LNG Ltd.	11.38	11.38
	106.07	101.47
<b>Other Loans &amp; Advances</b>		
<b>Advances for Investments (Pending Allotment)</b>		
i) ONGC Petro Additions Ltd	29.00	29.00
ii) Alcock Ashdown (Gujarat) Ltd.	1.00	1.00
	30.00	30.00
Advances Recoverable in cash or in kind or for value to be received		
Joint Venture (Refer Note No 32 & 36)	1,061.92	801.30
Others***	4.17	4.17
Advance Income Tax (Net of Provisions)	97.56	98.72
Advances to Employees*	6.47	4.35
<b>TOTAL</b>	1,306.29	1,040.10

\* Out of Total advances to employees ₹58,924,697/- (P.Y. ₹ 31,754,678/-) is secured

\*\* Please refer Note No.36

\*\*\* Includes deposits from vendors

**16.1 Advance Income Tax (Net of Provision)**

16.1.1 Provision of Tax for the current year is ₹ 304.00 Crores (P.Y ₹ 83.62 crores). Provision for Wealth tax included in Rent, Rates & Taxes is of ₹ 0.03 Crores (P.Y. ₹ 0.02 crores).

16.1.2 The company has continuously maintained a position that allowances / claims U/s. 42 and deduction U/s. 80IB (9) is admissible under the Income Tax Act, 1961. The company has been treating each well as a separate undertaking for the purpose of claiming deduction U/s 80IB(9). This view has not been accepted by the first assessing authorities. However, the Commissioner of Income Tax (Appeal) [C.I.T. (A)] has accepted the company's contention regarding claim U/s. 80IB (9). The second appellate authority, i.e. Income Tax Appellate Tribunal (ITAT) has also upheld the company's contention for A.Y. 2000-01 and allowed the claim U/s 80IB (9). Finance (No. 2) Act, 2009 has amended the provisions of Section 80IB (9) with retrospective effect from 1st April

2000, i.e. A.Y. 2000-01 in order to restrict the benefit of deduction U/s 80IB(9) to a "production sharing contract" instead of "well". The company has been claiming deduction U/s. 80IB (9) by treating each well as a separate undertaking. The company had challenged the above amendment by filing a writ petition before the Hon'ble High Court of Gujarat. The Hon'ble High Court has granted an interim relief to the company and has directed the Income tax authorities, not to give effect to the provisions of explanation I to section 80IB(9) of the Income tax Act, 1961 retrospectively i.e. for the period prior to Assessment Year 2010-11, till then.

Further to the above, in case of claim U/s 42, the ITAT has upheld the department's contention for claim U/s. 42 in respect of Hazira Field. In view of the ITAT order, CIT (A) has also upheld department's contention for Claim U/s. 42 in respect of Hazira Field for the first time in A.Y. 05-06. However, due to this, the company does not envisage any tax liability. Both company and department have preferred appeals before Hon'ble High Court of Gujarat against the order of ITAT on issues which are not decided in their favour. The company is confident of its position.

No provision is made for such disputed Income tax liabilities, which is estimated at ₹659.13 Crores. (P.Y. ₹ 570.51 Crores). However the same is disclosed by way of a note as contingent liability vide note no.23

- 16.1.3 The Company has availed deduction U/s.42 as well as claiming tax holiday U/s 80IB (9) of the Income Tax Act, 1961 for exploration / development costs. This has impact of temporary differences which in the management's view, considering the past performance and future estimates will be reversed during the "Tax Holiday Period"- and to that extent the deferred tax is not recognized and accordingly no provision for deferred tax liability in respect thereof is made.
- 16.1.4 During the previous year ended 31st March, 2011 the Company has recognized ₹ 44.30 Crores as MAT credit entitlement, which represents the portion of the MAT Liability of P.Y.2009-10, the credit of which is taken during the year under the provision of Section 115JB of the Income Tax Act 1961 and accordingly Mat credit entitlement of ₹ 44.30 Crores is fully utilized against income tax liability of ₹ 128.02 Crores during 2010-11.

17. OTHER NON CURRENT ASSETS:

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unsecured considered good unless otherwise stated		
Site Restoration Fund - Deposits with bank*	57.16	47.58
Unamortised Expenses	20.73	**22.33
<b>Total</b>	<b>77.89</b>	<b>69.91</b>

\*Deposited u/s 33ABA of Income Tax Act, 1961 and could be withdrawn only for the purposes specified in the scheme.

\*\* Includes payment made to auditors during the year for company law matter ₹ 0.25 crs.

**18. INVENTORIES:**

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>As taken, valued &amp; certified by the Management</b>		
Finished Goods - Crude Oil (Valued at Rate specified in COSA) (Refer note no.32)	7.07	5.16
Stock in Trade - Liquified Gas (Valued at Cost)	222.98	140.70
<b>TOTAL</b>	<u>230.05</u>	<u>152.86</u>

**19. TRADE RECEIVABLES :**

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Secured, considered good</b>		
- More than Six Months	7.07	0.17
- Others	<u>483.35</u>	<u>170.71</u>
	483.35	170.88
<b>Unsecured, considered good</b>		
More than Six Months	9.86	8.65
- Others	<u>90.16</u>	<u>138.90</u>
	100.02	147.55
<b>TOTAL</b>	<u>583.37</u>	<u>318.43</u>

**20. CASH & BANK BALANCES :**

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Cash &amp; Cash Equivalent</b>		
Balance with Banks - Current accounts	116.29	38.22
Cash on Hand	0.04	0.05
<b>Other Bank Balance</b>		
Fixed Deposits with Bank* (More than 3 months but less than 12 mouths) (Refer note no.42)	<u>141.65</u>	<u>0.20</u>
<b>Total</b>	<u>257.98</u>	<u>38.47</u>

## 21. SHORT TERM LOANS &amp; ADVANCES :

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>Unsecured considered good unless otherwise stated</b>		
<b>Sundry deposits</b>		
Sundry deposits	1.31	4.17
<b>Loans &amp; Advances to related parties*</b>		
I. Subsidiary Companies	0.92	1.04
II Associates	1.49	1.13
<b>Other Loans &amp; Advances</b>	141.65	
i) Advance to GERMI	0.01	0.01
ii) Krishna Godavari Gas Network Ltd (₹31935/- (P.Y. 31935/-)	0.00	0.00
	0.01	0.01
Advances Recoverable in cash or in kind or for value to be received		
Advance to Joint Venture (Refer Note No 32 & 36)	205.07	162.54
Others**	18.22	29.79
Advances to Employees	1.38	1.47
<b>TOTAL</b>	<b>228.40</b>	<b>200.15</b>

\*Please refer note no.36.

\*\* Includes prepaid expenses.

## 22. OTHER CURRENT ASSETS :

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
Balance with Govt. Treasury in PLA (₹.NIL) (P.Y.₹.31394)		0.00
Unamortised Expenses	1.72	1.70
<b>TOTAL</b>	<b>1.72</b>	<b>1.70</b>

## 23. CONTINGENCIES :

Contingent liabilities

I) Claims against the company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
Income Tax (Ref. note no.16.1)	659.13	570.51
Joint Ventures	774.57	462.60

ii) Bank Guarantees, Letter of Credit and performance guarantees given by the company

₹ in crores

Particulars	As at 31st March, 2012	As at 31st March, 2011
Letter of Credits	1,057.41	474.17
Financial Guarantees to Ministry of Petroleum and Natural Gas (MOPNG)	197.19	155.16
Other Bank Guarantees *	1,333.58	1,263.21

\*This also includes the counter guarantee given by GSPC to the Banks and bank guarantees given for overseas blocks

iii) The company has provided Corporate Guarantee for the payments to the Fuel Supplier and to the O&M Contractors of GSEG, an associate company. In case of any default by GEB in making payments, the amount paid to the Fuel Supplier and the O&M Contractor, would be recovered from the Government of Gujarat Guarantee provided to GSEG. In addition GSEG has provided Bank Guarantee to the Fuel Supplier to mitigate the risk to that extent.

**24. CAPITAL COMMITMENTS:**

- a. Estimated amount of Contracts remaining to be executed on capital accounts and not provided for:
  - 1.) In respect of Joint Ventures ₹ 650.90 crs (P.Y ₹ Nil crores)
  - 2.) In respect of others ₹ 1.18 crores (P.Y. ₹ 0.45 crores)
- b. Minimum Work Programme Committed under various Production Sharing Contracts in India and Outside India.
  - 1.) In India ₹ 976.03 crores (P.Y. ₹ 3,371.41 crores)
  - 2.) Outside India ₹ 1,993.81 crores (P.Y. ₹ 1,120.54 crores)

**25. REVENUE FROM OPERATIONS :**

₹ in crores

Particulars	2011 - 2012	2010 - 11
<b>Sales of Products</b>		
Natural Gas Trading	8,204.42	4,528.79
Sale of Gas-Joint Ventures (Refer Note No 32)	60.74	87.78
Sale of Oil-Joint Ventures (Refer Note No 32)	163.45	119.63
Sale of Electricity - WIND MILL	34.59	31.19
	8,463.20	4,767.39
<b>Other Operating revenues</b>		
Take or Pay Income	26.52	2.85
<b>TOTAL</b>	8,489.72	4,770.24

## 26. OTHER INCOME :

₹ in crores

Particulars	2011 - 2012	2010 - 11
<b>Interest Income :</b>		
Interest on Deposits	1.83	-
Other Interest Gross	2.00	0.30
	3.83	0.30
<b>Income From Long term investments</b>		
Dividend From Subsidiary Companies	25.82	24.90
Dividend From Other Companies	4.00	3.51
	29.82	28.41
<b>Other Non Operating Income</b>		
Usage Charges	3.18	2.66
Other Income-Joint Ventures	4.22	2.63
Hire Charges	-	0.15
Miscellaneous Income	0.15	1.09
	7.55	6.53
<b>Net Foreign Exchange-Gain</b>	3.88	0.51
<b>TOTAL</b>	<b>45.08</b>	<b>35.75</b>

## 26.1 Dividend from subsidiary companies:

Till the year ended 31st March, 2011, the company, in accordance with pre-revised schedule VI requirement, was recognizing dividend declared by subsidiary companies after the reporting date in the current year statement of profit and loss if such dividend pertained to the period ending on or before the reporting date. The revised schedule VI, applicable for financial years commencing on or after 1st April, 2011 does not contain this requirement. Hence, to comply with AS 9 - "Revenue Recognition", the company has changed its accounting policy for recognition of dividend income from subsidiary companies. In accordance with the revised policy, the company recognises dividend as income only when the right to receive the same is established by the reporting date.

Had the company followed continued to use the earlier policy of recognizing dividend, there would have been a credit to the statement of profit and loss which would have increased the profit for the period by ₹ 21.60 crore, balance of Reserve & Surplus and the current assets would have been increased to that extent.

## 27. PURCHASE OF STOCK IN TRADE

₹ in crores

Particulars	2011 - 2012	2010 - 11
Purchase of Gas	5,147.87	2,891.06
Import Purchase of Gas	1,587.73	1,079.02
<b>TOTAL</b>	<b>6,735.60</b>	<b>3,970.08</b>

**28. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK -IN-TRADE.**

₹ in crores

Particulars	2011 - 2012		2010 - 11	
<b>FINISHED GOODS (Refer Note No 32)</b>				
Opening stock of Oil	5.16		3.24	
Closing stock of Oil	7.07		5.16	
	(1.91)		(1.92)	
Increase/ decrease in stock of Oil	0.01	(1.90)	(0.16)	(2.08)
<b>STOCK IN TRADE</b>				
Opening stock of Liquified Gas	147.70		-	
Closing stock of Liquified Gas	222.98	(75.28)	147.70	(147.70)
<b>TOTAL</b>		<b>(77.18)</b>		<b>(149.78)</b>

**29. EMPLOYEE BENEFIT EXPENSES**

₹ in crores

Particulars	2011 - 2012		2010 - 11	
Salaries, wages & allowances	7.61		7.08	
Contribution to Provident Fund and Other Funds	0.66		1.26	
Staff welfare Expenses	0.15		0.16	
<b>TOTAL</b>		<b>8.42</b>		<b>8.50</b>

Details of Allocation of Expenditure: Expenditure incurred during the year on Payments to and Provision for employees

Particulars	2011 - 2012		2010 - 11	
Salaries, wages & allowances	26.85		23.84	
Contribution to Provident Fund and Other Funds	2.32		4.25	
Staff welfare Expenses	0.54		0.53	
<b>TOTAL</b>		<b>29.71</b>		<b>28.62</b>
Allocated to Operated E&P Blocks	21.29		20.12	
<b>Net Expenditure for Corporate</b>		<b>8.42</b>		<b>8.50</b>

**Employee Benefits :**
**A. Defined Contribution Plans**

- I. Company's contribution to Provident Fund is ₹ 0.52 Crores (P.Y. ₹ .0.55 Crores)
- ii. Company's contribution to Super Annuation fund ₹. 0.14 Crores (P.Y. ₹. 0.11 crores)

**B. Defined Benefit Plans**

The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in company's financial statements as at 31st March, 2012 as required by Accounting Standard (AS) 15 (Revised 2005)

₹ in crores

Particulars	Gratuity (Funded)		Leave Encashment (Funded)	
	2011-12	2010-11	2011-12	2010-11
<b>I Change in obligation during the year ended 31st March, 2012</b>				
1 Liability at the beginning of the year	2.99	2.01	3.82	2.70
2 Interest cost	0.24	0.17	0.32	0.22
3 Current service cost	0.41	0.40	0.29	0.55
4 Past service cost	0.00	0.00	0.00	0.00
5 Benefit Paid	(0.01)	(0.01)	(0.12)	(0.04)
6 Actuarial (gain) / Losses	(0.96)	0.42	(0.13)	0.39
7 Liability at the end of the year	2.67	2.99	4.18	3.82
<b>II Change in assets during the year ended 31st March, 2012</b>				
1 Plan assets at the beginning of the year	2.02	1.88	2.77	2.60
2 Expected return of plan assets	0.23	0.18	1.09	0.00
4 Benefit paid	(0.01)	(0.01)	(0.12)	(0.04)
6 Actuarial gain / (Loss)	(0.01)	(0.03)	0.01	(0.04)
7 Plan assets at the end of the year	3.11	2.02	4.05	2.77
8 Total Actuarial Gain/(Loss) To Be Recognized	0.95	(0.45)	0.14	(0.43)
<b>III Actual Return on plan assets</b>				
1 Expected return of plan assets	0.23	0.18	0.30	0.25
2 Actuarial gain / (loss)	(0.01)	(0.03)	0.01	(0.04)
3 Actual return on plan assets	0.22	0.15	0.31	0.21
<b>IV Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2012</b>				
1 Liability at the end of the year	2.67	2.99	4.18	3.82
2 Plan assets at the end of the year	3.11	2.02	4.05	2.77
3 Amount recognized in the Balance Sheet Accrued (Pre paid)	(0.44)	0.97	0.13	1.05
<b>V Expenses recognized in the statement of profit &amp; loss account for the year ended 31st March, 2012</b>				
1. Current service cost	0.41	0.40	0.29	0.55
2. Interest cost	0.24	0.17	0.32	0.22
3. Expected return on plan assets	(0.23)	(0.18)	(0.30)	(0.25)
4. Actuarial (gain) / Losses	(0.95)	0.45	(0.14)	0.43
5. Past service cost	0.00	0.00	0.00	0.00
6. Total expenses	(0.53)	0.84	0.17	0.95
<b>VI Balance Sheet reconciliation</b>				
1. Opening net liability	0.97	0.13	1.05	0.10
2. Expenses as above	(0.53)	0.84	0.17	0.95
3. Employer contribution	(0.88)	0.00	(1.09)	0.00
4. Amount recognized in the Balance Sheet	(0.44)	0.97	0.13	1.05
<b>VII Actuarial assumptions: (LIC 1994-96)</b>				
1. Discount rate	8.50%	8.34%	8.50%	8.34%
2. Rate of return on plan assets	9.25%	9.25%	9.25%	9.25%
3. Salary Escalation	7.00%	7.00%	7.00%	7.00%

**VIII Amount for the current & previous four periods are as follows:**

Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
<b>Gratuity (Funded)</b>					
Defined Benefit obligation	2.67	2.99	2.01	1.14	0.82
Plan asset	3.11	2.02	1.88	0.82	0.74
Surplus/(deficit)	0.44	(0.97)	(0.13)	(0.32)	(0.08)
Experience adjustment on plan liability	(0.91)	-	-	-	-
Experience adjustment on plan liability	(0.00)	-	-	-	-
<b>Leave Encashment (Funded)</b>					
Defined Benefit obligation	4.18	3.82	2.70	1.34	0.86
Plan asset	4.05	2.77	2.60	1.03	0.94
Surplus/(deficit)	(0.13)	(1.05)	(0.10)	(0.31)	0.08
Experience adjustment on plan liability	(0.04)	-	-	-	-
Experience adjustment on plan assets	(0.01)	-	-	-	-

**IX Investment details :**

The funds are managed by LIC and LIC has not provided break up of planned assets by investment type for the year 2011-12.

**X Expected Employers contribution for the next financial year:**

For the gratuity & leave encashment which are funded, company is expecting to contribute the amount which can mitigate future liability. The estimate of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market. The above information is certified by the actuary.

Gratuity and Leave Encashment is administered through duly constituted and approved independent trusts, also through Group gratuity / leave encashment scheme with Life Insurance Corporation of India.

**30. FINANCE COST**
**₹ in crores**

Particulars	2011 - 2012	2010 - 11
Interest on buyers' credit	22.47	5.13
Interest - Wind Mill	20.27	19.70
Interest on Current Income Tax (u/s 234B & 234C of Income Tax Act, 1961)	3.71	0.08
Other Cost*	16.52	16.83
<b>TOTAL</b>	<b>62.97</b>	<b>41.74</b>

\* Includes Bank Guarantee & L C Charges

## 31. OTHER EXPENSES

₹ in crores

Particulars	2011 - 2012	2010 - 11
<b>Expenses related to Gas Trading</b>		
Gas transmission charges	102.17	73.00
Import Expenses	181.03	164.55
Commodity Hedging and Mark to Market losses (Refer note no.12.1)	17.43	-
Annuity & Meter Validation Charges	1.23	1.29
Other Expenses	0.22	0.10
Take or Pay*	-	(1.29)
<b>TOTAL (A)</b>	<b>302.08</b>	<b>237.65</b>
<b>Expenses related to E&amp;P Activities (Refer Note No 32)</b>		
Production Expenditure	35.65	35.51
Duties & Taxes (includes Profit Petroleum ₹ 19,08,02,557/- (P.Y. ₹16,71,76,049/-)	36.21	31.49
Other G&A Expenses	20.93	11.09
Bidding Expenditure	-	0.09
<b>TOTAL (B)</b>	<b>92.79</b>	<b>78.12</b>
<b>Expenses related to Wind Mills</b>		
Insurance expenses	0.15	0.25
Rebat on Wind Energy Sales	0.30	0.28
<b>TOTAL (C)</b>	<b>0.45</b>	<b>0.53</b>
<b>Administrative Expenses</b>		
Electricity Expenses	0.62	0.41
Rent, Rates & Taxes (Refer note no.16.1.1)	0.47	0.33
<b>Repairs &amp; Maintenance:</b>		
Building Repairs	0.11	0.05
Others	1.37	0.34
Insurance expenses	0.41	0.36
Business Development & Promotion	2.66	4.46
Advertisement & publicity	0.27	0.93
Administration & establishment	2.58	2.90
Travelling Expenses	0.76	0.73
Stationery & Printing	0.84	0.92
Professional & Technical Expenses	5.52	2.96
Donations	-	5.00
Telephone, Trunk calls & Postage	0.11	0.14
Vehicle running Expenses	0.18	0.10
Bandwidth Expenses	0.11	0.08

₹ in crores

Particulars	2011 - 2012		2010 - 11	
<b>Payment to Auditors</b>				
As Auditor	0.11		0.11	
Company Law matter	0.12		-	
Other Services	0.02		0.01	
For reimbursement of expenses	0.01	0.26	0.01	0.13
Net Loss on Sale/discarding of Fixed		0.04		0.44
Other Expenses		0.53		0.55
<b>TOTAL (D)</b>		<b>16.84</b>		<b>20.83</b>
<b>Misc. Expenditure W/off during the year(E)</b>		1.72		1.70
<b>Provision for Diminution in the value of Investment (F)</b>		0.26		-
<b>TOTAL (A+B+C+D+E+F)</b>		<b>414.14</b>		<b>338.83</b>

**31.1 Details of Allocation of Expenditure :** Expenditure incurred during the year on Payments to and Provision for employees and Administrative and Other expenses

₹ in crores

Administrative Expenses	2011 - 2012		2010 - 11	
Electricity Expenses		1.47		1.42
Rent, Rate & Taxes		1.06		1.06
<b>Repairs &amp; Maintenance :</b>				
Building Repairs	0.27		0.16	
Others	3.26	3.53	1.19	1.35
Insurance expenses		0.97		1.27
Business Development & Promotion		2.66		4.46
Advertisement & publicity		0.27		1.13
Administration & establishment		6.12		6.19
Traveling Expenses		1.79		1.86
Stationery & Printing		1.98		3.19
Professional & Technical Expenses		10.77		6.97
Conveyance		0.01		0.01
Donations		-		5.00
Telephone, Trunk calls & Postage		0.26		0.48
Vehicle running Expenses		0.43		0.36
Bandwidth Expenses		0.26		0.28
<b>Payment to Auditors</b>				
As Auditor	0.11		0.11	
Company Law matter	0.12		-	
Other Services	0.02		0.01	
For reimbursement of expenses	0.01	0.26	0.01	0.13
Net Loss on Sale/discarding of Fixed		0.04		0.44
Assets		0.04		0.44
Other expenses		1.26		1.89
<b>TOTAL (D)</b>		<b>33.14</b>		<b>37.49</b>
Allocated to Operated E&P Blocks		16.30		16.66
<b>Net Expenditure for Corporate</b>		<b>16.84</b>		<b>20.83</b>

## 32. JOINT VENTURE OPERATIONS

The Company has entered into Production Sharing Contracts (PSCs) / Agreements jointly with various Joint Venture partners as stated below as one part and Ministry of Petroleum & Natural Gas (Government of India) as other part, for exploration of oil and gas in the following fields. . The company has also entered into Production Sharing Agreements (PSAs)/Work Permits for its overseas blocks along with its joint venture partners. Pursuant to the PSCs, unincorporated Joint Ventures (JVs) have been formed to undertake necessary economic activities for production of Oil and Gas by entering into a Joint Operating Agreement with them. The details are stated below.

SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI	PI
<b>A</b>	<b>Non-Operated Jvs</b>			
1	Hazira	66.67% (66.67%)	Niko Resources Ltd (Operator)	33.33%
2	Bhandut	60% (60%)	Oilex NL Holdings (India) Ltd	40%
3	Cambay	55% (55%)	Oilex NL (Operator)	30%
			Oilex NL Holdings (India) Ltd	15%
4	Sabarmati	60% (60%)	Oilex NL Holdings (India) Ltd	40%
5	Asjol	50% (50%)	Hindustan Oil and Exploration Company Limited (Operator)	50%
6	Palej	50% (50%)	<b>Exploration</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	50%
		35% (35%)	<b>Development</b>	
			Hindustan Oil and Exploration Company Limited (Operator)	35%
7	North Balol	45% (45%)	Oil and Natural Gas Corporation Limited	30%
			Hindustan Oil and Exploration Company Limited (Operator)	25%
8	Dholasan	70% (70%)	Heramec Ltd (Operator)	30%
9	North Kathana	70% (70%)	Heramec Ltd (Operator)	30%
10	Kanawara	70% (70%)	Heramec Ltd (Operator)	30%
11	Allora	70% (70%)	Heramec Ltd (Operator)	30%
12	MB-OSN-2000/1 (Mumbai) (Refer Note C)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	75%
			Indian Oil Corporation Limited	15%
13	MB-DWN-2000/2 (Mumbai) (Refer Note c)	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	50%
			Indian Oil Corporation Limited	15%
			GAIL (India) Ltd	15%
			Oil India Ltd.	10%
14	CB-ONN-2002/2 (Mehsana) (Refer Note d)	60% (60%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			Geo Global Resources (Barbados) Inc.	10%
15	CY-ONN-2002/1 (Cavery) (Refer Note C)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	30%
			GAIL (India) Ltd	50%
16	BS(3)-CBM-2003/II (Refer Note C)	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%

SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI	PI
17	AA-ONN-2003/1(Assam)	20% (20%)	Jubilant Oil & Gas Pvt. Limited (Operator)	10%
			Jubilant Securities Pvt. Ltd.	35%
			GAIL (India) Ltd	35%
18	EPP-27 (Australia) (Refer Note e)	33.33% (33.33%)	<b>Exploration</b>	
			Oilex (Operator)	33.33%
			Videocon Industries Ltd.	33.33%
		20% (20%)	<b>Development</b>	
			Oilex Ltd. (Operator)	20%
			Videocon	20%
		Great Artesian Oil & Gas Limited	40%	
19	(JPDA 06/103) (Australia/East Timor) (Refer Note f)	20% (20%)	Oilex (JPDA 06/103) Ltd (Operator)	10%
			Global Energy	20%
			Bharat Petro Resources JPDA Ltd	20%
			Japan Energy Corporation	15%
			Pan Pacific Petroleum NL	15%
20	WA-388Block (Australia)	8.4% (8.4%)	Apache Energy Ltd (Operator)	40%
			Oilex	8.4%
			BPCL	8.4%
			HPCL	8.4%
			Sasol Petroleum	18%
			Videocon Industries Ltd	8.4%
21	CY-DWN-2004/1	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
22	CY-DWN-2004/2	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
23	CY-DWN-2004/3	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
24	CY-DWN-2004/4	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
25	CY-PR-DWN-2004/1	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%

SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI	PI
26	CY-PR-DWN-2004/2	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
27	KG-DWN-2004/1	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
28	KG-DWN-2004/2	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
29	KG-DWN-2004/3	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
30	KG-DWN-2004/5	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	50%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			BPCL	10%
			Oil India Limited	10%
31	KG-DWN-2004/6	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			GAIL (India) Ltd	10%
			Hindustan Petroleum Corporation Limited	10%
			Oil India Limited	10%
32	MB-OSN-2004/2 (Refer Note d)	20% (20%)	Petrogas E&P LLC (Operator)	20%
			GAIL (India) Ltd	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
33	CB-ONN-2004/1	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	50%
			Heramec Ltd.	10%
34	CB-ONN-2004/2	45% (45%)	Oil and Natural Gas Corporation Limited (Operator)	55%
35	CB-ONN-2004/3	35% (35%)	Oil and Natural Gas Corporation Limited (Operator)	40%
			Ensearch Petroleum Pvt. Ltd.	25%
36	CB-ONN-2004/4	40% (40%)	Oil and Natural Gas Corporation Limited (Operator)	50%
			Heramec Ltd.	10%

SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI	PI
37	RJ-ONN-2004/1	22.225% (22.225%)	GAIL (India) Ltd	(22.225%)
			Hindustan Petroleum Corporation Limited	22.22%
			BPCL	11.11%
			Hallworthy Shipping Ltd. SA	11.11%
			Nitin Fire Protection Industries Ltd.	11.11%
38	KG-DWN-2005/1	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			Indian Oil Corporation Limited	20%
39	KK-DWN-2005/2	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
40	MB-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
41	MB-OSN-2005/5	30% (30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
42	MB-OSN-2005/6	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
43	KG-OSN-2005/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	60%
			HPCL - Mittal Energy Ltd.	20%
44	CB-ONN-2005/4	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
45	CB-ONN-2005/10	49% (49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
46	CY-ONN-2005/1	30% (30%)	GAIL (India) Ltd	40%
			Bengal Energy Inc.	30%
47	CB-ONN-2009/4	50% (50%)	Oil and Natural Gas Corporation Limited (Operator)	50%
48	GK-OSN-2009/1	20% (20%)	Oil and Natural Gas Corporation Limited (Operator)	40%
			Indian Oil Corporation Limited	20%
			Adani Welspun Exploration Ltd	20%
49	AN-DWN-2009/5	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
50	AN-DWN-2009/13	10% (10%)	Oil and Natural Gas Corporation Limited (Operator)	70%
			GAIL (India) Ltd	10%
			NTPC Ltd	10%
B	GSPC- Operated			
51a	Tarapur	80% (80%)	<b>Exploration</b>	
			Geo Global Resources (Barbados) Inc.	20%
		56% (56%)	<b>Development :</b>	
			Geo Global Resources (Barbados) Inc.	14%
			Oil and Natural Gas Corporation Limited	30%

SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI	PI
51b.	Tarapur - Extension phase (Refer Note g)	80% (80%)	Geo Global Resources (Barbados) Inc.	20%
52	Unawa	70% (70%)	Heramec Ltd.	30%
53a	CB-ONN-2000/1 (Ahmedabad)	50% (50%)	GAIL (India) Ltd.	50%
53b	CB-ONN-2000/1 (Extension phase) (Refer Note g)	50% (50%)	GAIL (India) Ltd.	50%
54	KG-OSN-2001/3 (Refer Note h)	80% (80%)	Jubilant Enpro Limited	10%
			Geo Global Resources (Barbados) Inc.	10%
55	CB-ONN-2002/3 (Sanand)	55% (55%)	Jubilant Enpro Limited	20%
			Hindustan Petroleum Corporation Limited	15%
			Geo Global Resources (Barbados) Inc.	10%
56	CB-ONN-2003/2 (Ankleshwar)	50% (50%)	GAIL (India) Ltd.	20%
			Jubilant Enpro Private Limited	20%
			Geo Global Resources (Barbados) Inc.	10%
57	South Diyur (Egypt)	80% (80%)	Alkor Petro Ltd.	20%
58	North Hap'y (Egypt)	80% (80%)	Alkor Petro Ltd.	20%
59	MB-OSN-2004/1 (Refer Note d)	20% (20%)	Petrogas E&P LLC	20%
			GAIL (India) Ltd.	20%
			Hindustan Petroleum Corporation Limited	20%
			Indian Oil Corporation Limited	20%
60	KG-ONN-2004/2	40% (40%)	GAIL (India) Ltd.	40%
			Petrogas E&P LLC	20%
61	Block No 19 (Yemen) (Refer Note j)	45% (45%)	Western Drilling Contractors Pvt. Ltd.	30%
			Alkor Petroo Ltd.	25%
62	Block No 28 (Yemen) (Refer Note j)	45% (45%)	Western Drilling Contractors Pvt. Ltd.	30%
			Alkor Petroo Ltd.	25%
63	Block No 57 (Yemen) (Refer Note j)	45% (45%)	Western Drilling Contractors Pvt. Ltd.	30%
			Alkor Petro Ltd.	25%
64	RJ-ONN-2005/3	60% (60%)	Oil and Natural Gas Corporation Limited (Operator)	40%
65	South Quseir (Egypt) (Refer Note l)	50% (50%)	Hindustan Petroleum Corporation Limited	25%
			Oil India Ltd.	25%
66	South Sinai (Egypt) (Refer Note i)	50% (50%)	Hindustan Petroleum Corporation Limited	25%
			Oil India Ltd.	25%
67	South Gulf of Suez (Egypt)	60% (60%)	Adani Welspun Exploration Ltd.	40%
68	South East Tungal (Indonesia)	50.50% (50.50%)	Essar Oil Ltd.	49.50%

\* PI - Participating Interest

\*\* Figures in brackets indicate previous year figures. There is no change in previous years' figures unless otherwise stated.

- c. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai), CY-ONN-2002/1 (Cavery) and BS (3)-CBM-2003/II to be surrendered to DGH.
- d. In the current year the Joint Venture partners, including the company, with respect to CB-ONN-2002/2, MB-OSN-2004/1 and MB-OSN-2004/2 has agreed to surrender the block on completion of the Minimum Work Commitment. Accordingly the company has written off ₹. 339.35 crores in the current year.
- e. In June 2010 Oilex being the operator of the block requested an extension to its Good Standing Agreement ("GSA") with the Australian Government on behalf of the Joint Venture partners for exploration permit EPP27 which the Joint Venture previously relinquished with the Australian Government's approval. The company's monetary share of the GSA is AUD 15,75,918 (₹. 8.37crs). In July 2010, the Australian Government agreed to extend the GSA until the conclusion of the 2011 Australian Offshore Petroleum Exploration Release. The consortium is in the negotiation with the Australian authority for the extension of time. However, in the mean time the company has made the provision for the above liability.
- f. JPDA-06-103 block is being operated through a Special Purpose Vehicle (SPV) i.e. GSPC JPDA Ltd a 100% subsidiary of the company as per the terms of the PSC.
- g. In November 2010 a farm-out agreement was signed, for WA-388-P block, between the existing participants and Apache Energy Limited (Apache). Apache became a joint venture participant with 40% participating interest thus reducing GSPC's share from 14% to 8.4%. As per the Farm-out agreement Apache has agreed to pay the well cost to the extent of AU\$ 50 million or 110% of the approved cost by the joint venture for Drilling. It has also agreed to pay AU\$ 10 million or 110% of the approved cost by the joint venture for testing.
- h. Company has applied for the extension of exploration phase in Ahmedabad & Tarapur blocks and a separate Ring Fence PSC is to be signed under the review of MoPNG, on grant of further extension.
- i. In August 2002, the Company entered into Carried Interest Agreement (CIA) with GeoGlobal Resources (India) Inc (GGR), under which the Company granted GGR a 10.0% carried interest in the KG-OSN-2001/3 block. The CIA provides that the Company is responsible for GGR's share of costs incurred during the exploration phase prior to the date of initial commercial production, and that the Company shall recover such costs from GGR's share of gas and oil upon the commencement of production. Accordingly ₹ 988.76 Crores (P.Y. ₹782.84 Crores) is due from GGR and is shown in Note 16 - 'Long Term Loans and Advances'. The Company has issued Notice of Termination of Participating Interest to GeoGlobal Resources (India) Inc (GGR). Vide letter dated August 18, 2010. As per the provisions of Joint Operating Agreement and Production Sharing Contract for the Block KG-OSN-2001/3, the decision of Termination of Participating Interest shall be effective only after the same has been approved by the Management Committee/Government of India. Accordingly, GSPC has submitted the proposal to DGH/Government of India in relation to termination of GGR's participating interest and the response of DGH/GoI is still awaited. In view of above, forfeiture/termination of GGR's share of Participating Interest in favour of GSPC will be effective after the Management Committee approves the same and necessary amendments to Production Sharing Contract shall be carried out thereafter.
- j. The Production Sharing Agreement (PSA) for South Quseir and South Sinai in Egypt are in the process of being executed.
- k. As per the Production Sharing Agreement (PSA) for Block No.19, 28 and 57 Yemen General Corporation for Oil and Gas would have 13.5% share in the block in the development & production stage. Accordingly the company's PI would be reduced to 38.925% in the development and production stage.
- l. Of the above, 14 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Sabarmati, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad) and Tarapur block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Developed Reserves (Oil) (Million MT)	Proved Developed Reserves (Gas) (Million Cubic Meter)
Beginning of the Period	1.49	507.91
	(1.54)	(681.99)
Additions	-	-
	-	-
Deletions	-	-
Production	0.05	119.24
	(0.05)	(174.08)
Closing Balance for the year ended on	1.44	388.67
31.03.2012	(1.49)	(507.91)

\*Figures in brackets relate to previous year

The Company's share of reserve as on 31st March, 2010 has been considered on the basis of the "Reserve" certification provided by M/s. Gaffney, Cline & Associates (except for Cambay Block for which the management estimates are considered) and only includes the blocks which are in production.

- I. The financial statements of the Company reflect its share of Assets, Liabilities, Income and Expenditure of the Joint Venture operations which are accounted on a line to line basis with similar items in the Company's accounts to the extent of participating interest of the company as per the various joint venture agreements, in compliance of AS-27. The income and expenditure from Joint Ventures are disclosed separately in the Statement of Profit and Loss. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

₹ in crores

	Particulars	As on 31-03-2012	As on 31-03-2011
A.	Fixed Assets		
	Gross Block	1,402.04	1,295.34
	Depreciation/Depletion Fund	989.85	922.45
	Net Block	412.19	372.89
	CWIP*	10,007.59	7,921.53
B.	Current Assets	269.73	129.17
C.	Current Liabilities and Provisions	688.90	389.71
D.	Contingent Liabilities	774.57	462.60

\* includes stores & spares

- m. The Statement of Profit and Loss of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2011 is given as under

₹ in crores

INCOME	2011-12		2010-11	
	Aggregate of all Jvs	GSPC's Share	Aggregate of all Jvs	GSPC's Share
Sale of Crude Oil	302.69	163.45	219.95	119.63
Sale of Gas	113.43	60.74	159.36	87.78
Increase/(Decrease) in Stock	3.02	1.90*	4.36	2.08*
Other Income	6.35	4.21	3.85	2.63
<b>Total</b>	<b>425.49</b>	<b>230.30</b>	<b>387.52</b>	<b>212.12</b>
<b>EXPENDITURE</b>				
Production Expenses	61.70	35.65	58.05	35.51
Duties & Taxes	51.43	36.21	54.93	31.49
Administrative exps.	30.82	20.93	18.08	11.03
Total Expenditure before Depreciation	143.95	92.79	131.06	78.03
<b>PROFIT BEFORE DEPRECIATION</b>	<b>281.54</b>	<b>137.51</b>	<b>256.46</b>	<b>134.09</b>

\*It includes increase/ (decrease) in stock of crude oil of Hazira Field amounting to ₹ (0.01) crore (P.Y. ₹ (0.16) crores). The same is not considered in closing stock of crude oil, in line with Joint Venture's accounting policy where the company's share in net current assets is adjusted in the capital contribution adjustment account.

33. The Company has neither accepted nor renewed any fixed deposits from the public since June, 2001 as per Companies Acceptance of Fixed Deposit Rules (1975) u/s 58A of the Companies Act, 1956.

34. **SEGMENT INFORMATION:**

In compliance of Accounting Standard 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India, the company has adopted following Business Segments as its reportable segment.

- E & P
- Gas Trading
- Wind power

₹ in crores

	2011-12					2010-11				
	E & P	Gas Trading	Wind Power	Unallocated	Total	E & P	Gas	Wind Trading	Unallocated Power	Total
<b>1 Revenue</b>										
External Sales	224.19	8,204.42	34.59	-	8,463.20	207.41	4,528.79	31.19	-	4,767.39
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-
Total Revenue	224.19	8,204.42	34.59	-	8,463.20	207.41	4,528.79	31.19	-	4,767.39
<b>2 Results</b>										
Segment Results										
Profit(+) / Loss(-)	(271.06)	1,219.55	(22.85)	-	925.64	(6.58)	468.76	(32.30)	-	429.88
Unallocated Exps	-	-	-	(54.05)	(54.05)	-	-	-	(64.97)	(64.97)
Operating Profit	(271.06)	1,219.55	(22.85)	(54.05)	871.59	(6.58)	468.76	(32.30)	(64.97)	364.91
Interest/Dividend	-	1.57	-	(32.08)	33.65	-	-	-	28.71	28.71
Other Income	4.22	26.52	-	7.21	37.95	2.63	2.85	-	4.41	9.89
Provision for Taxation				(334.55)	(334.55)				(125.18)	(125.18)
MAT credit entitlement				-	-				44.30	44.30
Prior Period adjustments				(0.16)	(0.16)				(0.29)	(0.29)
Activities	(266.84)	1,247.64	(22.85)	(349.47)	608.48	(3.95)	471.61	(32.30)	(113.02)	322.34
Excess / Short Prov of IT				0.74	0.74				0.61	0.61
Net Profit/(Loss)	(266.84)	1,247.64	(22.85)	(350.21)	607.74	(3.95)	471.61	(32.30)	(112.41)	322.95
<b>3 Other Information</b>										
Segment Assets	14,260.36	777.65	312.25		15,350.26	10,852.82	289.73	243.42	-	11,385.97
Unallocated Assets				1,063.20	1,063.20				1,104.48	1,104.48
Total Assets	14,260.36	777.65	312.25	1,063.20	16,413.46	10,852.82	289.73	243.42	1,104.48	12,490.45
Segment Liabilities	10,562.35	629.39	135.32		11,327.06	7,449.43	365.56	195.73		8,010.72
Unallocated Liabilities				253.68	253.68				256.89	256.89
Total Liabilities	10,562.35	629.39	135.32	253.68	11,580.74	7,449.43	365.56	195.73	256.89	8,267.61
Capital Expenditure	3,050.58	-	105.82	6.95	3,163.35	1,851.07	-	-	4.73	1,855.80
Depreciation	65.01	-	36.72	8.06	109.79	74.99	-	43.26	11.90	130.15
than Depreciation	339.35	7.11			346.46	62.96	-	-	-	62.96

35. In the year 1998-99, the Hazira joint venture started the construction of 36" pipeline with a view to evacuate the natural gas production expected from the new Land Based Drilling Platform to major industrial customers lying on the 14 km stretch from Hazira to Mora. The joint venture pursued the Management Committee for approval of the laying of the pipeline and shifting of the delivery point (since no delivery point was defined for natural gas in Hazira PSC), to which DGH/ Government of India ('GoI') did not agree for several reasons including but not limited to the reserves, size of the pipeline etc.

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of ₹ 49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated arbitration proceedings against the company and GoI for seeking cost recovery of the said 36" pipeline and settlement of the dispute under PSC.

Arbitral Tribunal has passed its award dated 23rd December, 2009. As per the Arbitration Award, the pipelines forms part of the development plan of the joint venture and 'cost recovery' status is applicable to it as per PSC. It is further directed in the Award that the investment multiple ratio and the accounting of profit petroleum be revised with retrospective effect.

The impact of the arbitration award has been given in the audited joint venture accounts for the year ended 31-March-2010 as under:

Particular	Corresponding effect on	₹ in crores
Pipeline Revenue	Sundry debtors	137.97
Profit Petroleum to MOP&NG (reversal)	Advances recoverable in cash or kind or value to be received	93.44
Plant & Machinery (incurred by joint venture)	Producing properties in progress	25.71
Plant & Machinery (additionally incurred by GSPCL)	Other liabilities	70.35
Pipeline expenses (direct & indirect operating expenses)	Other liabilities	65.74

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. The above figures with respect to 36" pipeline for the year 2010-11 and year 2011-12 have not been updated.

Subsequently, the arbitration award has been challenged by the Government of India under Section 34 of the Arbitration and Conciliation Act, 1994. Accordingly, the Arbitral Award is still not final in terms of Section 36 of the Arbitration and Conciliation Act, 1994 and in view of the same, the Company has not considered the Arbitration Award and directions under the same as aforesaid while consolidating the Joint Venture accounts on a line by line basis:

### 36. RELATED PARTY TRANSACTIONS

As per the Accounting Standard-18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows.

36.1.1 Subsidiary Company - Gujarat State Petronet Limited, GSPC Pipavav Power Company Ltd, GSPC LNG Ltd., Guj Info Petro Limited, GSPC Gas Company Ltd, GSPC (JPDA) Ltd, GSPC Marginal Fields Ltd, GSPL India Gasnet Limited and GSPL India Transco Limited, GSPC Distribution Networks Limited

36.1.2 Associate Companies - Gujarat State Energy Generation Limited, Sabarmati Gas Company Ltd.

36.1.3 Joint Ventures - As per Note No.32 of Notes forming part of Financial Statements.

36.1.4 Key Managerial Personnel:

Shri Tapan Ray, IAS- Managing Director

Transactions during the year with related parties:

₹ in crores

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Income :</b>										
<b>Sale of LNG</b>	2,700.64	1,349.08	488.63	253.02	-	-	-	-	3,189.27	1,602.10
Gujarat State Petronet Ltd	7.45	34.08	-	-	-	-	-	-	7.45	34.08
GSPC Gas Company Ltd	2,693.19	1,315.00	-	-	-	-	-	-	2,693.19	1,315.00
Sabarmati Gas Company Ltd	-	-	239.94	162.79	-	-	-	-	239.94	162.79
Gujarat State Energy Generation Ltd	-	-	248.69	90.23	-	-	-	-	248.69	90.23
<b>Rent received</b>	1.88	1.40	0.05	0.05	1.16	1.21	-	-	3.09	2.66
Gujarat State Petronet Ltd.	1.68	1.25	-	-	-	-	-	-	1.68	1.25
GSPC Pipavav Power Company Ltd.	0.09	0.08	-	-	-	-	-	-	0.09	0.08
GSPC Gas Ltd	0.03	-	-	-	-	-	-	-	0.03	-
GSPC LNG Ltd	0.08	0.07	-	-	-	-	-	-	0.08	0.07

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Gujarat State Energy Generation Ltd	-	-	0.05	0.05	-	-	-	-	0.05	0.05
KG-OSN-2001/3	-	-	-	-	0.57	0.61	-	-	0.57	0.61
CB-ON/2 Tarapur	-	-	-	-	0.10	0.13	-	-	0.10	0.13
Other Joint Ventures	-	-	-	-	0.49	0.47	-	-	0.49	0.47
<b>Dividend Income</b>	25.82	24.90	3.07	2.59	-	-	-	-	28.89	27.49
Gujarat State Petronet Ltd.	21.23	21.23	-	-	-	-	-	-	21.23	21.23
GSPC Gas Company Ltd	4.59	3.67	-	-	-	-	-	-	4.59	3.67
Gujarat State Energy Generation Ltd	-	-	2.73	2.35	-	-	-	-	2.73	2.35
Sabarmati Gas Company Ltd.	-	-	0.34	0.24	-	-	-	-	0.34	0.24
<b>Management Fees</b>	-	-	-	-	0.15	0.14	-	-	0.15	0.14
Others (Joint Ventures)	-	-	-	-	0.15	0.14	-	-	0.15	0.14
<b>Expenses :</b>										
<b>Purchase of Gas</b>	-	-	-	-	8.43	6.19	-	-	8.43	6.19
Others (Joint Ventures)	-	-	-	-	8.43	6.19	-	-	8.43	6.19
<b>Gas transportation charges</b>	102.17	73.00	-	-	-	-	-	-	102.17	73.00
Gujarat State Petronet Ltd.	102.17	73.00	-	-	-	-	-	-	102.17	73.00
<b>Bandwidth Charges</b>	0.24	0.09	-	-	-	-	-	-	0.24	0.09
Gujarat Info Petro Ltd.	0.24	0.09	-	-	-	-	-	-	0.24	0.09
<b>Outsourcing Service Charges</b>	0.75	0.61	-	-	-	-	-	-	0.75	0.61
Gujarat Info Petro Ltd.	0.75	0.61	-	-	-	-	-	-	0.75	0.61
Remuneration to Managing Director	-	-	-	-	-	-	0.15	0.13	0.15	0.13
Shri Tapan Ray, IAS	-	-	-	-	-	-	0.15	0.13	0.15	0.13
<b>Current Assets &amp; Liabilities</b>										
<b>Debtors</b>	152.60	104.95	91.04	34.65	-	-	-	-	243.64	139.60
Gujarat State Petronet Ltd.	0.57	19.67	-	-	-	-	-	-	0.57	19.67
GSPC Gas Company Ltd.	152.03	85.28	-	-	-	-	-	-	152.03	85.28
Gujarat State Energy Generation Ltd.	-	-	78.97	23.75	-	-	-	-	78.97	23.75
Sabarmati Gas Company Ltd.	-	-	12.07	10.90	-	-	-	-	12.07	10.90
<b>Advance/Receivables</b>	0.92	1.04	1.49	1.13	1126.47	894.79	-	-	1128.88	896.96
Gujarat State Petronet Ltd.	0.16	0.16	-	-	-	-	-	-	0.16	0.16
GSPC Pipavav Power Company Ltd.	0.21	0.08	-	-	-	-	-	-	0.21	0.08
GSPC LNG Ltd.	-	-	-	-	-	-	-	-	-	-
GSPC (JPDA) Ltd.	0.32	0.32	-	-	-	-	-	-	0.32	0.32
Gujarat info Petro Ltd.	0.18	0.43	-	-	-	-	-	-	0.18	0.43
GSPC Gas Company Ltd.	0.05	0.05	-	-	-	-	-	-	0.05	0.05
GSPC Marginal Fields Ltd. (₹38,694/- P.Y. NIL)	0.00	-	-	-	-	-	-	-	0.00	-
Gujarat State Energy Generation Ltd.	-	-	1.14	1.13	-	-	-	-	1.14	1.13
Sabarmati Gas Company Ltd.	-	-	0.35	-	-	-	-	-	0.35	-
Others (Joint Ventures)	-	-	-	-	1126.47	894.79	-	-	1126.47	894.79

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Payable	5.97	4.77	-	-	164.35	113.76	-	-	170.32	118.53
Gujarat State Petronet Ltd.	5.66	4.68	-	-	-	-	-	-	5.66	4.68
Gujarat Gas Company Ltd.	0.03	0.05	-	-	-	-	-	-	0.03	0.05
Gujarat Info Petro Ltd.	0.28	0.04	-	-	-	-	-	-	0.28	0.04
Others Joint Ventures	-	-	-	-	164.35	113.76	-	-	164.35	113.76
<b>Investment in Share Capital (Allotment)</b>	309.15	309.10	128.79	120.29	-	-	-	-	437.94	429.39
Gujarat State Petronet Ltd.	213.31	213.31	-	-	-	-	-	-	213.31	213.31
GSPC Pipavav Power Company Ltd.	36.89	36.89	-	-	-	-	-	-	36.89	36.89
GSPC LNG Ltd.	0.05	0.05	-	-	-	-	-	-	0.05	0.05
GSPC (JPDA) Ltd.	1.40	1.40	-	-	-	-	-	-	1.40	1.40
Gujarat Info Petro Ltd.	0.03	0.03	-	-	-	-	-	-	0.03	0.03
GSPC GAS Company Ltd.	57.42	57.42	-	-	-	-	-	-	57.42	57.42
GSPC Marginal Field Ltd.	0.05	-	-	-	-	-	-	-	0.05	-
Gujarat State Energy Generation Ltd.	-	-	119.83	111.33	-	-	-	-	119.83	111.33
Sabarmati Gas Company Ltd.	-	-	8.96	8.96	-	-	-	-	8.96	8.96
<b>Advance for Investment (Pending Allotment)</b>	106.07	101.47	-	-	-	-	-	-	106.07	101.47
GSPC (JPDA) Ltd.	89.31	84.71	-	-	-	-	-	-	89.31	84.71
GSPC LNG Ltd.	11.38	11.38	-	-	-	-	-	-	11.38	11.38
GSPC Pipavav Power Company Ltd.	5.38	5.38	-	-	-	-	-	-	5.38	5.38

**37. Value of Imports on CIF Basis in respect of**

₹ in crores

Particulars	2011-12	2010-11
i) Capital Goods	0.27	-
ii) Traded goods	1,587.73	1,079.02
iii) Incurred by Joint ventures (our share)	0.05	-
<b>Total</b>	<b>1,588.05</b>	<b>1,079.02</b>

**38. Expenditure in Foreign Currency :**

₹ in crores

Particulars	2011-12	2010-11
i) Seminar & conference exp.	0.03	-
ii) Consultancy & Technical Fees	2.56	4.05
iii) Subscription	0.35	0.47
iv) Payments to Oil & Gas Joint Ventures	174.51	74.98
v) Miscellaneous Expenditure	214.97	74.73
vi) Incurred by Joint ventures (our share)	533.22	-
<b>Total</b>	<b>925.64</b>	<b>154.23</b>

**Income in Foreign Currency :**

₹ in crores

Particulars	2011-12	2010-11
I) Take or Pay (Cargo Cancellation Charges)	28.22	-
<b>Total</b>	<b>28.22</b>	<b>-</b>

## 39. Value of Traded Goods Purchased

₹ in crores

Particulars	2011-12		2010-11	
	₹ in Cr	% of Purchase	₹ in Cr	% of Purchase
I) Imported	1,587.73	23.57%	1,079.02	27.18%
I) Indigenous	5,147.87	76.43%	2,891.06	72.82%
<b>TOTAL</b>	<b>6,735.60</b>	<b>100%</b>	<b>3,970.08</b>	<b>100%</b>

40. The information given below represents gas trading activities and the Company's share in the joint ventures. Figures in bracket relates to previous year.

## a. Sales Turnover

Description	Unit		Quantity		Value ₹ In Crores
Crude Oil	Barrels		3,42,521		163.45
			(3,27,211)		(119.63)
Gas	Lakh M3		1,122		60.74
			(1,647)		(87.78)
Gas Trading*	Million MMBTU	Lakh M3	137.91	0.36	8,204.42
			(109.68)	(3,417.94)	(4,528.79)

\* The Company purchases Gas in MMBTU while sale of gas is made in different units of measurements i.e. MMBTU as well as Lakh M3.

## b. Opening and Closing Stock of Goods Produced &amp; Traded

Description	Unit		Quantity		Value ₹ In Crores
<b>Opening Stock</b>					
Crude Oil	Barrels		17,761		5.16
			(12,767)		(3.24)
Gas Trading	Million MMBTU		3.15		147.70
			(-)		(-)
<b>Closing Stock</b>					
Crude Oil	Barrels		18,793		7.07
			(17,761)		(5.16)
Gas Trading	Million MMBTU		3.10		222.98
			(3.15)		(147.70)

## c. Purchases (Trading)

Description	Unit		Quantity		Value ₹ In Crores
Gas Trading	Million MMBTU	Lakh M3	137.81	0.36	6916.63
			(122.28)	(101.19)	(4134.73)

\*Figures in brackets relate to previous year.

**41. EARNING PER SHARE (EPS):**

The basic/diluted earning per equity share is calculated as stated below

Particulars	2011-12	2010-11
Net Profit After Tax (₹ In Crores)	607.74	322.95
Weighted average numbers of equity shares	2,234,531,687	2,229,187,993
Basic Earnings Per Share (₹)	2.72	1.45
Diluted Earning per Share(₹)	2.72	1.45
Nominal Value per share (₹)	1	1

42. The Company had filed a complaint dated April 6th 2011 before PNGRB against GAIL, IOCL and BPCL, PNGRB had subsequently passed an order on October 10th 2011 wherein three member panel of Board have unanimously held that GAIL has adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal.

However appeals have been filed against the PNGRB Order before Appellate Tribunal for Electricity (APTEL) and the Bench has passed an interim order on January 23<sup>rd</sup> 2012 and directed GAIL, IOCL and BPCL to give direct connectivity at Dahej Terminal subject to GSPC giving undertaking in respect of the following;

- i. GSPC shall open a separate bank account and deposit an amount of ₹.140 Crs.
- ii. From the date of change of delivery point, GSPC shall open a separate bank account and deposit the Interconnectivity Charges.

The Company has submitted the Undertaking to APTEL in respect of the same on February 18th 2012 and deposited amounts as aforesaid.

43. In case of balances of Joint Venture parties, for cash call and other transactions and also in case of balances of other parties i.e. Trade Receivables, Trade Payables, Loans and Advances and other liabilities the company is in the process of reconciling it with the parties. Adjustments if any will be accounted on reconciliation/settlement of the same.

44. Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified previous year figures to conform to this year's classification

As per our separate report of even date.

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No. 110758W)

For and on behalf of the  
Board of Directors

Achal Kumar Joti, IAS  
Chairman

Tapan Ray, IAS  
Managing Director

Umesh Talati  
Partner  
Membership No. 34834

Sandeep Dave  
Company Secretary

Manish Verma  
Executive Director - F & A

Place : Ahmedabad  
Date : 12<sup>th</sup> July, 2012

Place : Gandhinagar  
Date : 12<sup>th</sup> July 2012

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in the subsidiary companies

(Figures in crores except for no. of shares)

Sr. No	Name of Subsidiary Company	Gujarat State Petronet Limited	GSPC Pipavav Power Company Limited	GSPC (JPDA) Limited	GSPC LNG Limited	GSPC Gas Company Limited	Guj Info Petro Limited	GSPL India Transco Limited	GSPL India Gasnet Limited	GSPC Marginal Field Limited	GSPC Distribution Network Limited
1	The financial year of the subsidiary company ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
2	Date from which it became subsidiary company.	23.12.1998	22.02.2006	13.10.2006	27.02.2007	05.03.2008	05.03.2008	13.11.2011	13.11.2011	21.02.2012	20.02.2012
3	Shares of the subsidiary company held by the Company on above date:										
	A. Number of share held by GSPC alongwith its nominees in the subsidiary at the end of the financial year of the subsidiary company (Face value of Rs. 10/- Each).	212,305,270	36,890,436	1,400,060	50,060	44,867,294	44,004	7,564,983	7,564,983	50,060	37,889
	B. Extent of interest in Holding Company at the end of financial year 2011-2012 in the subsidiary company.	37.73%	100%	100%	100%	75.78%	87.90%	37.73%	37.73%	100.00%	75.69%
4	The net aggregate amount of subsidiary company's Profit/(Loss) so far as it concerns the member of the Holding Company.										
	a) Not dealt with in the Holding Company's Accounts	196.98	(0.71)	(0.53)	NIL	80.37	4.77	0.02	0.01	NIL	NIL
	I) For the financial year ended on 31.03.2012										

(Figures in crores except for no. of shares)

Sr. No	Name of Subsidiary Company	Gujarat State Petronet Limited	GSPC Pipavav Power Company Limited	GSPC (JPDA) Limited	GSPC LNG Limited	GSPC Gas Company Limited	Guj Info Petro Limited	GSPL India Transco Limited	GSPL India Gasnet Limited	GSPC Marginal Field Limited	GSPC Distribution Network Limited
	<p>I) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.</p> <p>b) Deal with in the Holding Company's Accounts</p> <p>I) For the financial year ended on 31.03.2012.</p> <p>II) For the previous financial years of the subsidiary company since it became the holding Company's subsidiary.</p>	392.88	NIL	-0.51	NIL	173.90	8.53	NIL	NIL	NIL	NIL
		21.23	0.00	0.00	0.00	4.59	0.00	0.00	0.00	0.00	0.00

**Notes :**

- Includes shares held by subsidiary company Gujarat State Petronet Limited.
- Includes shares held by subsidiary company GSPC Gas Company Limited.

**Achal Kumar Joti, IAS**  
Chairman

**Tapan Ray, IAS**  
Managing Director

Date : 24/09/2012  
Place : Gandhinagar

**Sandeep Dave**  
Company Secretary

**Manish Verma**  
Executive Director ( F & A )