

# CONTENTS

## GUJARAT STATE PETROLEUM CORPORATION LIMITED

Directors' Report	5
Report of Comptroller and Auditor General	11
Auditors' Report	12
Annexure to the Auditors' Report	14
Balance Sheet as at 31st March, 2007	16
Profit and Loss Account for the year ended on 31st March 2007	17
Schedules forming Part of the Accounts	18
Cash Flow Statement for the year ended on 31st March, 2007	46
Balance Sheet Abstract and Company's General Business Profile	48
Statement pursuant to Section 212 related to Subsidiary Companies	49

## GUJARAT STATE PETRONET LIMITED

Notice	55
Directors' report	64
Report on Corporate Governance	70
Report of Comptroller and Auditor General	76
Auditors' Report	85
Annexure to the Auditors' Report	86
Balance Sheet as at 31st March, 2007	88
Profit & Loss Account for the year ended on 31st March 2007	89
Schedules forming part of the Accounts	90
Notes forming part of Accounts	98
Cash Flow Statement for the year ended on 31st March 2007	104



#### GSPC PIPAVAV POWER COMPANY LIMITED

Directors' Report	108
Report of Comptroller and Auditor General	110
Auditors' Report	112
Annexure to the Auditors' Report	113
Balance Sheet as at 31st March, 2007	116
Project Development Expenditure Account for the Period from 22.02.2006 to 31.03.2007	117
Schedules forming Part of the Accounts	118
Notes forming part of the Accounts	122
Cash Flow Statement for the year ended on 31st March, 2007	124

#### GSPC (JPDA) LIMITED

Auditors' Report	128
Annexure to the Auditors' Report	130
Directors' report	132
Report of Comptroller and Auditor General	133
Balance Sheet as at 31st March, 2007	134
Profit & Loss Account for the year ended on 31st March 2007	135
Schedules forming part of the Accounts	136
Notes forming part of Accounts	138
Cash Flow Statement for the year ended on 31st March 2007	141

**CHAIRMAN**

Shri D Rajagopalan, IAS

Shri Balwant Singh, IAS (upto 13th March 2007)

**MANAGING DIRECTOR**

Shri D. Jagatheesa Pandian, IAS

**BOARD OF DIRECTORS**

Shri K. Kailashnathan, IAS

Smt V L Joshi, IAS

Shri P V Swaminathan, IAS (Retd.)

Shri P. K. Pujari, IAS

Shri Hasmukh Adhia, IAS

Shri Tapan Ray, IAS

Shri Suresh Mathur

Dr Urjit Patel

**EXECUTIVES**

Shri Subhash Dave, GM (F&amp; A)

Shri M Y Farooqui, GM (P&amp;D)

Shri Gerald Beasley, Drilling Operation Manager

Shri R N Pandey, GM (R&amp;D)

Shri Michael Weir, GM (HR &amp; A)

Dr. R.K. Malick, GM (E)

Shri R B Shinde, DGM (C)

**STATUTORY AUDITORS**

M/S Kantilal Patel &amp; Company.

Chartered Accountants, Ahmedabad

(A Member firm of Polaris International, USA)

**INTERNAL AUDITORS**

Ernst &amp; Young, Mumbai

**BANKERS**

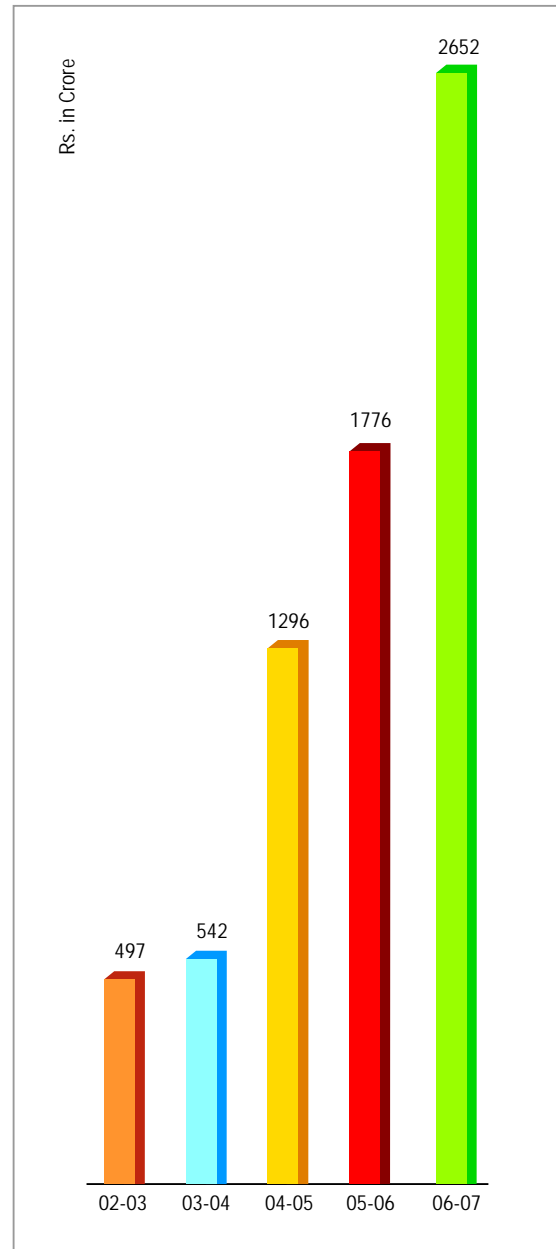
Bank of India	Punjab National Bank
Bank of Baroda	State Bank of Bikaner & Jaipur
Canara Bank	State Bank of India
Corporation Bank	State bank of Indore
Federal Bank	State bank of Mysore
ICICI Bank Ltd.	State Bank of Saurashtra
IDBI Bank Ltd.	State Bank of Travankore
Indian Bank	Union Bank
Indian Overseas Bank	Vijaya Bank

**CORPORATE & REGISTERED OFFICE**

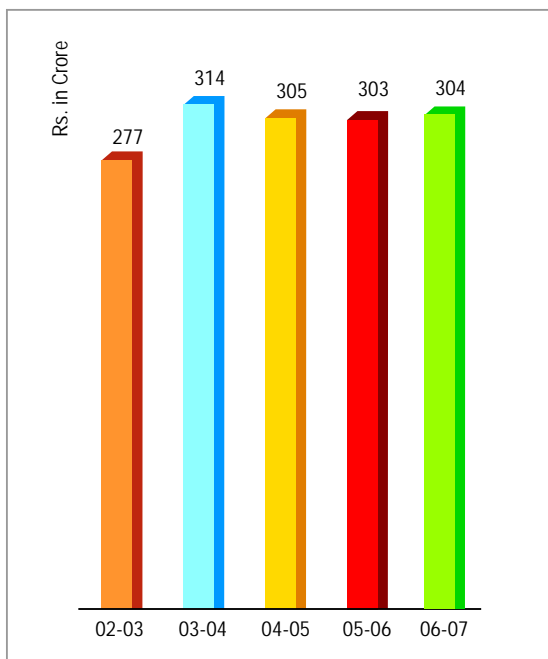
GSPC Bhavan, Behind Udyog Bhavan,  
Sector-11, Gandhinagar-382011.



**TURNOVER**



**PROFIT BEFORE TAX**



## DIRECTORS' REPORT

The Members,

The Directors are pleased to present their report on performance of GSPC together with the Audited Statement of Accounts for the financial year ended 31st March 2007.

### FINANCIAL RESULTS

(Rs. In crore)

Particulars	2006-07	2005-06
Turnover	2,632.13	1,766.40
Other Income	19.81	9.47
<b>TOTAL INCOME</b>	<b>2,651.94</b>	<b>1,775.87</b>
Purchase of Gas/Petroleum Products	2,055.79	1,145.04
Production, Selling & Operational Expenditure	171.57	192.46
Payments to and provisions for Employees	1.92	2.19
Administrative & Other Exp.	14.03	15.98
Interest and Finance Charges	0.63	0.04
<b>Sub-Total</b>	<b>2,243.94</b>	<b>1,355.71</b>
Profit Before Depreciation, Deferred Expenditure & Taxes	408.00	420.16
Depreciation, Amortization and Depletion	104.17	97.11
Miscellaneous/Deferred Exp. written off	-	-
<b>Sub-Total</b>	<b>104.17</b>	<b>97.11</b>
<b>Profit for the year</b>	<b>303.83</b>	<b>323.05</b>
Depreciation/Depletion for earlier years	-	66.12
Less: Transferred from General Reserve	-	(46.00)
<b>Profit Before Tax</b>	<b>303.83</b>	<b>302.93</b>

Your Company's performance during the year has indeed been impressive; the turnover of the company increased from Rs. 1,766.40 crore in Previous Year to Rs. 2632.13 crore in 2006-07 recording increase of 49%. Out of the total turnover of Rs. 2632.13 crore during the Financial Year, turnover of Rs. 2216.48 crore is attributable to trading of natural gas by the Company.

Further, the Profit Before Tax marginally increased from Rs. 302.92 crores in the Previous Year to Rs.303.83 crores in 2006-07..

### DIVIDEND

Your Directors are pleased to recommend dividend @ 20%

for the Financial Year ending on 31st March, 2007. Total outgo on account of dividend payment would be Rs. 24.71 crore.

### BUSINESS ACTIVITIES

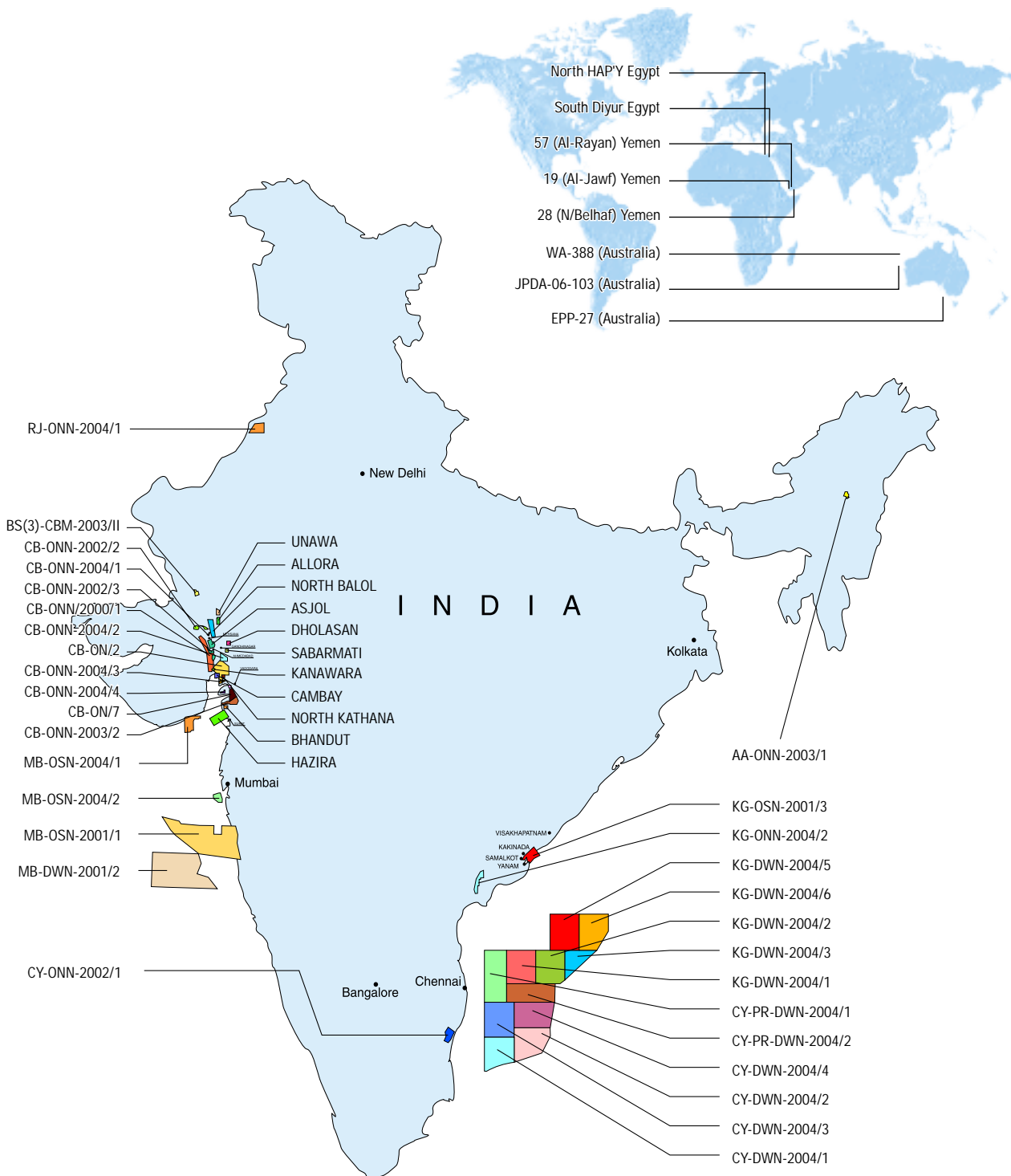
Oil & Gas Sector has been in the lime light in recent times. Crude price has crossed landmark height of US\$ 90 per barrel. Upward trend in the crude oil prices clearly establish widening demand supply gap and need for encouraging use of alternative fuels. There has been a noticeable change in the Indian Energy Market showing a definite shift towards use of environmental friendly fuel.

Oil and Gas consumption in the world increased at a CAGR of 1.7% and 2.5% respectively, however India registered a CAGR of 4.4% and 6.6% respectively in the last decade. The demand for oil and gas will continue to increase, as they are expected to remain dominant energy sources.

GSPC has earned a rare distinction of evolving as a "Total Energy Company" with remarkable presence across the entire energy value chain spanning wide range of oil & gas activities. With high level of managerial and technical competence, it is working relentlessly to realize the vision of developing Gujarat as a "Petro Capital of India".

Technology plays an important role in risk mitigation and value addition in E&P sector. The company has inducted best in class technology in all spheres of its exploration and production activities. In addition, your company has entered into service agreements with reputed service providers like Schlumberger, Halliburton, Baker Hughes, Transocean, M I Overseas, B J Services, Weather Ford, Saipem, Atwood Oceanics, Precision Drilling, etc. to have cutting edge in E&P operations.

Keeping in view the increasing gas demand in India and available global opportunities, your company finds opportunities in LNG business and is taking appropriate measures to get into the business. The Company has promoted SPV in the name and style of "GSPC LNG Limited" for development of LNG terminal in the State of Gujarat



### Highlights:

- Portfolio of oil and gas fields / blocks expanded to 50 which include 13 discovered oil and gas fields, 36 exploration blocks and one CBM Block. The Company is operator in 12 exploration blocks and two discovered fields. Performance highlights of the Company are summarized below :
- The Company has emerged as a Global Player in the E&P Sector. The Company has participated in bidding rounds for acquiring oil / gas acreages in Yemen, Egypt, Oman, Syria, Indonesia and Australia. The Company has been successful in acquiring three blocks in Australia, two blocks in Egypt and three blocks in Yemen.
- The Company has submitted bids for 31 Blocks offered under NLEP-VI round of bidding. The Company is successful in 19 Blocks under NELP-VI bidding.
- 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 mid stream and downstream segments as well as power generation. The Company has promoted Special Purpose Vehicles that have significant presence in gas transmission, gas distribution and power generation. The Company has extended its valuable support as the aggregator of gas to various gas distribution companies, Power generators, fertilizer plants and industrial units. Your Company is proud of being leading market maker of gas, for suppliers of gas (LNG Importers and domestic gas producers). The Company has also played a pivotal role in developing gas markets at market determined prices. Your Company is today one of the largest gas marketing company in the country selling more than 11 MMSCMD of gas. The company has entered into long term gas sales and purchase agreement with GAIL, IOC and BPCL for procuring R-LNG up to 2019. The Company is also a major purchaser of R-LNG procured through spot cargos from Hazira LNG Terminal. The Company has entered in to Gas Sales Purchase Agreement with Panna Mukta Tapti (PMT) joint venture and joint venture participants for purchase of 1.3 MMSCMD natural gas on firm basis and spot basis respectively from Panna Mukta Tapti field.
- The Company has identified renowned E&P companies of the world for strategic partnership in KG Block. The process initiated for inducting Technical partner in KG Block for carrying out exploration and development activities in challenging HPHT Environment is in advanced stage.
- The Company has successfully drilled KG#16 and KG#28 well beyond 5000 meters depth. The Company has managed to drill these wells under HPHT (High Pressure and High Temperature) Environment. The Company has discovered oil and gas reserves in KG # 8, 17, 15, 16 and 28 wells. The Company has initiated the process for development of Deen Dayal Discovery in KG Block.
- The Company has hired 3 jack-up rigs for exploring full potential of the KG Block and at the same time ensure timely completion of Deen Dayal Development Plan. The Company has also hired semi-submersible rig of Essar Oil for exploration of prospects in deep water area of KG Block.
- On Shore Blocks : The Company has discovered oil and gas in Tarapur and Sanand-Miroli blocks. The Company has initiated process for increasing production from Ingoli field in Ahmedabad block (CB-ONN-2000/1) and for expediting development of discoveries made in Tarapur and Sanand-Miroli blocks.
- The Company has promoted Special Purpose Vehicles for developing gas transmission and distribution infrastructure.
- Operationalized (Urjanet) Enterprise Resources Planning (ERP) package for systematic and efficient operation.

### 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.

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 Response System and Oil Spill Response Plan, Safety and Environmental audits and Systematic HSE Training for employees.

## SUBSIDIARY COMPANIES

### *Gujarat State Petronet Ltd. (GSPL)*

GSPL is engaged in business of developing pipeline infrastructure for transportation of Gas. GSPL has successfully commissioned and operationalized 1130 kms of pipeline network in short span of time.

Like earlier years, GSPL has continued to achieve fast track growth. Turnover of GSPL increased from Rs.263 crore in 2005-06 to Rs. 318 crore in 2006-07. Further, GSPL has also earned PBT of Rs. 137.25 crore in 2006-07 as against PBT of Rs. 78.41 crore in 2005-06.

Annual Report of GSPL for the financial year 2006-07 is annexed to this report as Annexure - II.

### *GSPC Pipavav Power Company Limited (GPPCL)*

The company has promoted GPPCL for setting up a 700MW combined cycle power plant at Pipavav.

### *GSPC LNG Limited*

This company has been incorporated in February, 2007 for developing LNG terminal in the State of Gujarat

### *GSPC(JPDA) Limited*

This company has been incorporated for carrying out exploration activities in the Block awarded to the Company in Joint Petroleum Development Area by Timor Sea Designated Authority.

## JOINT VENTURES/ ASSOCIATES

### *GSPC Gas Company Limited*

The company has promoted GSPC Gas for development of city gas distribution network in the State of Gujarat. This company is expected to grow by leaps and bounds in the years to come.

### *Sabarmati Gas Limited (SGL)*

SGL is formed under a Joint Venture Agreement between GSPC and BPCL for setting up the infrastructure for city gas distribution network in specific areas in the State of Gujarat.

### *Krishna Godawari Gas Network Limited (KGGNL)*

The Company has acquired equity stake in KGGNL. Investment in KGGNL is of strategic importance for the Company since KGGNL is incorporated for developing gas transmission and distribution network in the State of Andhra Pradesh.

### *Gujarat State Energy Generation Limited (GSEG)*

GSEG is operating 156 MW power plant in the State of Gujarat. GSEG is planning to expand its capacity to 506 MW.

### *Guj Info Petro Limited (GIPL)*

The Company has promoted GIPL for providing IT related services with specific focus on energy sector. GIPL has ambitious plans of venturing into the teleuplinking and KPO/BPO business.

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

GERMI is a registered society promoted by GSPC with a view to create and train a competent team of technical and management professionals in Oil and Gas sector through the system of education, training and continuous professional development programmes.

Vision of GERMI is to become a leading one stop shop for the entire gamut of educational, training and research requirements of the energy sector.

IPMG and IPTG have already started educational courses with specific focus on Oil & Gas Sector.

## SOCIAL COMMITMENT

GSPC coexists with the society and the lives of individuals. Every act of GSPC finds its true intrinsic worth from the society. Since its inception, the GSPC has been playing active role in community development programmes. GSPC has set up a primary school at Hazira and Dholka equipped with library, computer centre and well qualified teaching staff. GSPC also provides financial support to medical centers and humanitarian organisations in a bid to enhance the life of lesser privileged sections of the society. In the spirit of a caring corporate citizen, your company has delivered its sympathetic support to the recent nature's fury of flood in Surat.

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 preserving scarce natural resources, girl child education, etc.

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.

## FIXED DEPOSITS

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

## DIRECTORS

During the year, Shri Balwant Singh, IAS ceased to be the Chairman of the Company. Your Directors wish to place on record appreciation of the services rendered by Shri Balwant Singh, IAS as Chairman of the Company. Shri D Rajagopalan, IAS is appointed as Chairman of the Company in place of Shri Balwant Singh, IAS. Smt. V L Joshi, IAS, was appointed as an Additional Director to hold office till the ensuing Annual General Meeting.

It is proposed to appoint Shri D. Rajgopalan, IAS as regular Director/Chairman and Smt. V L Joshi, IAS as regular Director at the ensuing Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri Hamukh Adhia, IAS and Shri Suresh Mathur shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India. Accordingly, M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2006-07.

NIL comment report for the Financial Year ended 31st March, 2007 received from the office of CAG is annexed and forms part of Directors' Report.

## AUDIT COMMITTEE

Audit Committee of the Company consists of following Directors,

1. Dr. Urjit Patel
2. Shri P. K. Pujari, IAS
3. Shri Tapan Ray, IAS

Audit Committee at its meeting held on 13th November, 2007 has approved and recommended the Annual Accounts for the year ended on 31st March, 2007 for approval of the Board.

## SCHEME OF DEMERGER

The Hon'ble High Court of Gujarat by its order dated 11th April 2007 had approved the Scheme of Demerger under section 391 to 394 of the companies Act, 1956 ("the scheme") for transfer of retail gas business of the company to GSPC Gas Company Limited. The scheme became effective from 29th May 2007 and appointed date was 1st April 2006.

## 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 judgements 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, 2002.

### 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 – I 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 Exchange	Rs. in crores
Earnings	NIL
Outgo	129.77

### ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board of Directors

D Rajagopalan, IAS  
Chairman

Date : 13th December, 2007

Place : Gandhinagar

---

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF  
GUJARAT STATE PETROLEUM CORPORATION LIMITED, GANDHINAGAR FOR  
THE YEAR ENDED 31 MARCH 2007.

---

The preparation of financial statements of Gujarat State Petroleum Corporation Limited, Gandhinagar for the year ended 31 March 2007 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/ auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 is/are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15.09.2007.

I on the 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, Gandhinagar for the year ended 31 March 2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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

Place : Ahmedabad  
Date : 06-12-2007

(Niranjan Pant)  
Principal Accountant General




---

**AUDITORS' REPORT**


---

Kantilal Patel & Co  
Chartered Accountants

202, 'Paritosh'. Usmanpura (Riverside),  
Ahmedabad - 380 013. INDIA.  
Tele. : 27551333,27552333  
Fax : 91-79-27550538  
e-mail : services@kpcindia.com

To,  
The Members of  
Gujarat State Petroleum Corporation Ltd.  
Gandhinagar

1. We have audited the attached balance sheet of Gujarat State Petroleum Corporation Limited (the Company) as at 31 March, 2007, the profit & loss account 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 forty nine (P.Y. twenty one) 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 [Auditors' Report] Order, 2003 issued by the 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 paragraphs 4 and 5 of the said Order. Our comments in the Annexure for the matters relating to the company's joint ventures, which are not subject to audit under the Companies Act, 1956 are based on the written representation made by the company's management.
4. As the company is a Government Company, in terms of notification no. G.S.R. 829(E) dated 21st October 2003, issued by department of company affairs, ministry of finance, the clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not applicable.
5. (i) We have placed reliance on technical / commercial evaluation by the management in respect of categorisation of wells as exploratory and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved developed hydrocarbon reserves and liability for abandonment costs.
  - (ii) (a) The accounts include assets aggregating to Rs.658.98 crores, liabilities aggregating to Rs.191.61 crores, income aggregating to Rs.417.74 crores and expenditure aggregating to Rs.155.90 crores relating to the Company's share in eight producing joint ventures, which have been incorporated on the basis of accounts of eight joint ventures, audited by other auditors.
  - (b) In respect of forty one joint ventures which are under exploration and development phase, exploration/development expenditure aggregating to Rs.1566.02 crores, other assets aggregating to Rs.13.57 crores and liabilities aggregating to Rs.NIL crores have been incorporated on the basis of accounts audited by other auditors.
- (iii) Attention is invited to Accounting Policy No.10 of Schedule - R (A) and also note No.3.3 of Schedule - R (B) regarding the measurement of Deferred Tax Liability.
- (iv) Attention is invited to Note No.3.2 & No.13.1.1 of Schedule R (B) regarding contingent liabilities towards income tax demands/claims by the Income Tax Authority.

6. Further to our comments referred to in paragraph 5 above, we report as follows:
- (i) 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.
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
  - (iii) The balance sheet, profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet, the profit & loss account and the cash flow statement dealt with this report complies with accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
7. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and attached thereto, 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 31st March 2007.
  - (b) In the case of the profit & loss account, of the 'Profit' of the company for the year ended on that date.
- and
- (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For KANTILAL PATEL & CO.,  
Chartered Accountants

[Ashwin Amin]  
Partner  
Membership No.: 35070

Place : Ahmedabad  
Date : November 15, 2007



ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDITORS' REPORT OF  
EVEN DATE TO THE MEMBERS OF  
GUJARAT STATE PETROLEUM CORPORATION LIMITED.,  
ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2007.

In terms of the information and explanations given to us and on the basis of such checks of the 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:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are informed that the fixed assets which are underground / submerged / under joint venture, pertaining to producing properties having substantial value have been physically verified by the management along with competent authority at regular intervals and for other assets there is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The reconciliation of physically verified assets with the book records is in progress. Discrepancies (not material in nature) noticed on physical verification and consequential adjustments, if any will be carried on completion of reconciliation.
- (c) The company has not disposed off substantial part of fixed assets during the year.
2. (a) The inventory has been physical verified (excluding inventory with joint ventures and materials in transit) during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are found reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained 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 the operations of the company and have been properly dealt with in the books of accounts.
3. 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, paragraphs 4(iii) (b to d, f & g) of the order are not applicable.
4. The company has adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of goods. On the basis of our examination of the books of accounts and other records, we are of the opinion that there is no major weakness in the internal control system in respect of these areas.
5. Based on the audit procedures applied by us and according to the information and explanation provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of paragraph 4(v) of the Order are not applicable to the company.
6. The company has not accepted deposits from public during the year under audit hence the directives issued by Reserve Bank of India and provisions of section 58A & 58AA of the Companies Act, 1956 or any other relevant provisions of the Act and the rules framed there under are considered as not applicable. We are informed that no order has been passed by the company Law Board, National Company Law Tribunal, Reserve Bank of India, any other court / tribunal with regard to the public deposit.
7. On the basis of internal audit report broadly reviewed by us, we are of the opinion that, the corporation has internal audit system, which in conjunction with the existing internal controls and checks is by and large commensurate with the size of the corporation and nature of its business. However, the scope of internal audit carried out needs to be further widened to cover more areas to make the system more effective.
8. The Company has maintained proper cost records as prescribed by Central Government under subsection (1) (d) of section 209 of the Companies Act, 1956, for the products of the Company but no detailed examination of such records has been carried out by us.
9. (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 any other statutory dues with the appropriate authorities. During the year according to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March, 2007 for the period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the disputed statutory dues, which have not been deposited, are as under:

Name of the Statute	Nature of the dues	Amount (Rs. in crore)	Period to which the amount relates (financial year)	Forum where dispute is pending
The Income Tax Act, 1961	Tax & Interest	1.00	1996-1997 (A.Y. 97-98)	Income Tax Appellate Tribunal
	Tax & Interest	7.11	1997-1998 (A.Y. 98-99)	Income Tax Appellate Tribunal
	Tax & Interest	13.28	1998-1999 (A.Y. 99-00)	Income Tax Appellate Tribunal
	Tax & Interest	20.49	2000-2001 (A.Y. 01-02)	Income Tax Appellate Tribunal
	Tax & Interest	67.68	2001-2002 (A.Y. 02-03)	Income Tax Appellate Tribunal
	Tax & Interest	141.26	2002-2003 (A.Y. 03-04)	Income Tax Appellate Tribunal
	Tax & Interest	136.57	2003-2004 (A.Y. 04-05)	Income Tax Appellate Tribunal
	The Wealth Tax Act, 1957	Tax & Interest	0.03	1997-1998 (A.Y. 99-00)
Tax & Interest		0.05	1999-2000 (A.Y. 00-01)	Income Tax Appellate Tribunal

10. The company has no accumulated losses at the end of current financial year and has not incurred cash losses either during the financial year or during the immediately preceding financial year.
11. According to the records made available to us, the company has not defaulted in repayment of dues to financial institutions or banks.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund/ nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable and hence paragraph 4(xiii) of the order is not applicable.
14. The company is not dealing in or trading in shares, securities, debentures, and other investments and hence paragraph 4(xiv) of the order is not applicable.
15. In our opinion, the terms and conditions on which the company has given guarantees for loans taken by other company from banks or financial institutions are not prejudicial to the interest of the company.
16. On the basis of our examination of documents and records and according to the information and explanations given to us we are of the opinion that the company has prima facie deployed long term funds raised for the purpose for which it were obtained.
17. According to the information and explanations given to us and on a overall examination of the balance sheet of the company, we report that short term funds, prima facie have not been used during the year for long term investment.
18. During the year, the company has not made allotment of shares during the year and hence paragraph 4(xviii) of the order is not applicable.
19. During the year, the company has not issued any debentures and hence paragraph 4 (xix) of the order is not applicable.
20. During the year, the company has not raised any money by way of public issue and hence paragraph 4(xx) of the order is not applicable.
21. During the course of audit and according to the representation made to us by the company, there is no fraud on or by the company has been noticed or reported during the year.

For KANTILAL PATEL & CO.,  
Chartered Accountants

[Ashwin Amin]  
Partner  
Membership No.: 35070

Place : Ahmedabad  
Date : November 15, 2007



## BALANCE SHEET AS AT MARCH 31, 2007

Particulars	SCHEDULE	As at 31st March 2007		As at 31st March 2006	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Funds</b>					
Share Capital	A		105.61		105.61
Reserves and Surplus	B		1,378.42		1,175.70
Share Application Money			-		-
<b>Loan Funds</b>					
Unsecured Loans	C		839.79		270.00
Deferred Tax liability (Net)			0.13		2.17
<b>TOTAL</b>			<b>2,323.95</b>		<b>1,553.48</b>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets :</b>					
Gross block	D	966.49		895.49	
Less: Depreciation, Amortisation and Depletion		501.17		403.98	
Net Block			465.32		491.51
Capital Work-in-Progress	E		1,568.09		894.81
Investments	F		285.52		286.83
<b>Current Assets, Loans and Advances</b>					
<b>Current Assets</b>					
Inventories	G		1.15		0.60
Sundry Debtors			150.98		98.71
Cash & Bank Balances			30.56		18.74
Other Current Assets			-		-
Interest Accrued			0.84		0.83
Loans and Advances	H		321.61		133.76
Sub-Total (i)			505.14		252.64
<b>Less: Current Liabilities and Provisions</b>					
<b>Current Liabilities</b>					
Current Liabilities	I	429.34		313.77	
Provisions		70.78		58.54	
Sub-Total (ii)		500.12		372.31	
Net Current Assets (i-ii)			5.02		(119.67)
Miscellaneous Expenditure (To the extent not written off or adjusted)	J		-		-
<b>TOTAL</b>			<b>2,323.95</b>		<b>1,553.48</b>

Significant Accounting Policies and Notes to Accounts  
As per our separate report of even date  
For Kantilal Patel & Co  
Chartered Accounts

[Ashwin Amin]  
Partner  
Membership No.: FCA 35070

Date : 15/11/2007  
Place : Ahmedabad.

R

D. Rajgopalan, IAS  
Chairman

Subhash Dave  
General Manager - Finance & Accounts

D. J. Pandian, IAS  
Managing Director

Date : 13/11/2007  
Place : Gandhinagar

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**

Particulars	SCHEDULE	For the year 2006-07		For the year 2005-06	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>INCOME</b>					
Gross Sales	K	2,632.13		1,766.64	
Less: Excise duty		-		0.24	
Net Sales			2,632.13		1,766.40
Other income	L		19.04		8.76
Increase / (Decrease) in stock			0.77		0.71
<b>TOTAL</b>			<b>2,651.94</b>		<b>1,775.87</b>
<b>EXPENDITURE</b>					
Purchase of Gas / Petroleum Products	M		2,055.79		1,145.04
Production, Selling & Operational Expenditure	N		171.57		192.46
Payments to and provisions for Employees	O		1.92		2.19
Administrative & Other Expenses	P		14.03		15.98
Interest and Finance Charges	Q		0.63		0.04
Sub-Total			<b>2,243.94</b>		<b>1,355.71</b>
Profit Before Depreciation, Deferred Expenditure & Taxes			408.00		420.16
Depreciation, Amortization and Depletion			104.17		97.11
Miscellaneous Deferred Exp. written off			-		-
Sub-Total			<b>104.17</b>		<b>97.11</b>
Profit for the year			303.83		323.05
Depreciation/Depletion for earlier years		-		66.12	
Less: Transferred from General Reserve		-		46.00	20.12
Profit Before Tax			303.83		302.93
Provision for Taxation					
- Current Tax (including Wealth Tax Rs. 126007/- (P. Y. 126645/-)			78.01		21.01
- Deferred Tax			(2.04)		(0.23)
- Fringe Benefit Tax			0.69		0.76
Profit After Tax (PAT)			227.17		281.39
Prior period adjustment a/c			0.93		0.56
Net of Excess/Short Provision of Income			0.08		(0.62)
Tax made in earlier years					
Profit After Adjustments			226.16		281.45
Balance of Profit of Previous year			925.02		917.65
Amount available for Appropriations			1,151.18		1,199.10
<b>APPROPRIATIONS</b>					
Proposed/Interim Dividend			21.12		21.12
Tax on Dividend			3.59		2.96
Transferred to General Reserve			250.00		250.00
Surplus carried to Balance Sheet			<b>876.47</b>		<b>925.02</b>
Earnings per Share (Basic & Diluted) face value of Rs. 10 per share			21.41		26.65

Significant Accounting Policies and Notes to Accounts  
As per our separate report of even date  
For Kantilal Patel & Co  
Chartered Accounts

R

D. Rajgopalan, IAS  
Chairman

D. J. Pandian, IAS  
Managing Director

[Ashwin Amin]  
Partner  
Membership No.: FCA 35070

Subhash Dave  
General Manager - Finance & Accounts

Date : 15/11/2007  
Place : Ahmedabad

Date : 13/11/2007  
Place : Gandhinagar




---



---

**SCHEDULES FORMING PART OF THE ACCOUNTS**


---



---

**SCHEDULE - A**


---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
160000000 Equity Shares of Rs. 10/- each (Previous Year 160000000 Equity Shares of Rs. 10/- each)		160.00		160.00
<b>ISSUED, SUBSCRIBED AND PAID UP</b>				
105611070 Equity Shares of Rs. 10/- each fully paid up Previous Year 105611070 of Rs. 10/- each) (Equity shares of 100361070 of Rs. 10/- each are held by Government of Gujarat)		105.61		105.61
<b>Total</b>		<u>105.61</u>		<u>105.61</u>

---

**SCHEDULE - B**


---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>RESERVES AND SURPLUS</b>				
<b>GENERAL RESERVE</b>				
Balance as per last balance sheet	250.68		46.68	
Less: Transferred to Profit & Loss Account	-		46.00	
Add: Transferred from Profit & Loss Account	<u>250.00</u>	500.68	<u>250.00</u>	250.68
<b>CAPITAL RESERVE (refer note 1.7)</b>				
Opening	-			
Addition During the Year	<u>1.28</u>	1.28	-	-
<b>PROFIT AND LOSS ACCOUNT</b>				
<b>TOTAL</b>		<u>1,378.42</u>		<u>1,175.70</u>

---

**SCHEDULE - C**


---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>UNSECURED LOANS</b>				
<b>Term Loans</b>				
From Banks:		364.79		140.00
From Others:				
- Gujarat State Financial Services Ltd		475.00		130.00
<b>TOTAL</b>		<u>839.79</u>		<u>270.00</u>

## SCHEDULE - D

## FIXED ASSETS

Rupees in Crores

Particulars	GROSS BLOCK		DEPRECIATION, DEPLETION and AMORTIZATION			NET BLOCK	
	As at 1-April 2006	As at 31-March 2007	As at 1-April 2006	During the Year*	Deduction**	As at 31-March 2007	As at 1-April 2006
I. Producing Properties (being Company's share in Joint Venture)	795.53	881.39	371.41	97.99	-	411.99	424.11
II. Other Assets							
1. Land	6.37	4.25	-	-	-	4.25	6.37
2. Buildings	25.72	27.65	3.97	1.12	0.52	23.08	21.74
3. Office Equipments	11.45	12.74	3.52	1.13	0.31	8.40	7.93
4. Computer Equipments	9.89	11.35	7.21	1.09	0.52	3.57	2.68
5. Vehicles	6.12	6.31	2.35	1.11	0.34	3.19	3.78
6. Furniture & Fixtures	5.95	6.27	2.64	0.60	0.02	3.05	3.31
7. Plant & Machinery	31.32	12.90	12.25	1.05	6.21	5.81	19.07
8. Intangibles-(Software)	3.15	3.63	0.63	1.02	-	1.98	2.52
<b>TOTAL</b>	<b>895.50</b>	<b>966.49</b>	<b>403.98</b>	<b>105.11</b>	<b>7.92</b>	<b>465.32</b>	<b>491.51</b>
Previous Year	697.61	895.49	240.98	163.91	0.91	491.51	456.63
The above includes Company's Share in Joint Venture Assets	809.86	899.65	375.36	99.47	0.76	425.57	434.60
Previous Year	621.14	809.96	219.92	156.12	0.68	434.60	401.22

\* It includes Rs. 0.94 crores (P.Y. 0.70 crores) which has been capitalised during the year as per Accounting policy 3.3

\*\* It includes the assets transferred to GSPC Gas Co Ltd as per the scheme approved by High Court Order. Details are as under:

Particulars	Gross Block		Cum. Depreciation		Net Block	
	As at 1-April 2006	As at 31-March 2007	As at 1-April 2006	During the Year*	As at 31-March 2007	As at 1-April 2006
1. Land	2.19	2.19	-	-	2.19	2.19
2. Buildings	3.57	3.11	0.45	-	3.11	3.11
3. Office Equipments	0.83	0.55	0.28	-	0.55	0.55
4. Computer Equipments	0.16	0.04	0.12	-	0.04	0.04
5. Vehicles	0.09	0.02	0.07	-	0.02	0.02
6. Furniture & Fixtures	0.05	0.03	0.02	-	0.03	0.03
7. Plant & Machinery	16.81	11.03	5.78	-	11.03	11.03
<b>TOTAL</b>	<b>23.70</b>	<b>16.98</b>	<b>6.71</b>	<b>-</b>	<b>16.98</b>	<b>16.98</b>




---



---

SCHEDULE - E

---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>CAPITAL WORK - IN - PROGRESS</b>				
Building		0.21		0.40
OFC Cable Project		1.86		1.39
Exploratory & Development		1,566.02		892.75
CNG Station & PNG		-		0.27
TOTAL		<u>1,568.09</u>		<u>894.81</u>

---



---

**SCHEDULE - F**


---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>INVESTMENTS</b>				
<b>LONG-TERM INVESTMENTS (FULLY PAID UP)</b>				
<b>QUOTED</b>				
In 3,697,000(P.Y.3,697,000) Equity Shares of Rs.10 of Gujarat Industrial Power Company Ltd. (At cost) {M.V. 203,704,700 (P.Y. 237,901,950)}	10.00		10.00	
<b>SUBSIDIARY</b>				
In 212,305,270 (P.Y. 212,305,270) Equity Shares of Gujarat State Petronet Ltd. ( At cost) of Rs.10 {M.V. 9,978,347,690 (P.Y. 7,802,218,673)}	213.31	223.31	213.31	223.31
<b>UNQUOTED</b>				
In Bonds (at cost) 10000 (P.Y.10000) Secured, Non Convertible, Redeemable, 9.20%Tax Free Bonds of Sardar Sarovar Narmada Nigam Ltd. of Rs.10,000/- each	10.00		10.00	
In Bonds (at cost) Nil (P.Y. 100) Secured, Non Convertible, Redeemable, 9%Tax Free Municipal Bonds of Ahmedabad Municipal Corporation of Rs.1,00,000/- each	-		1.00	
In Bonds (at cost) Nil (P.Y. 20) HUDCO-Gujarat Punarnirman Special 8% Tax Free Bonds of Housing and Urban Development Corporation of Rs.5,00,000/- each	-		1.00	
In 500000 (P.Y.500000) equity shares of Rs.10/-per share of Gujarat Science At Action Ltd (At cost)fully paid up	0.50		0.50	
In 50700000 (P.Y.50700000) shares of Gujarat State Energy Generation Ltd ( at cost) of Rs.10 per share fully paid up (Refer Note 13.1.3)	50.70		50.70	
In 244830 (P.Y.244830) shares of GSPC Gas Co Ltd. ( at cost) of Rs.10 per share fully paid up (Previously known as Gujarat State Fuel Management Company Ltd.)	0.24		0.24	
In 25000(P.Y.25000) shares of Guj Info Petro Ltd. (at cost) at Rs.10 per share fully paid up	0.03		0.03	
In 4033 (P.Y. Nil) shares of ONGC PetroAdditions Ltd (at cost) at Rs.10 per share fully paid up (Rupees 40333/- P.Y. Nil)	-		-	
In 575000 (P.Y. Nil) shares of Krishna Godavari Gas Network Ltd. (at cost) at Rs.10 per share fully paid up	0.58		-	
In 12500 (P.Y. Nil) shares of Sabarmati Gas Company Ltd (at cost) at Rs.10 per share fully paid up	0.01		-	
<b>SUBSIDIARY</b>				
In 50000 (P.Y. Nil) shares of GSPC Pipavav Co. Ltd (at cost) at Rs.10 per share fully paid up	0.05		0.05	
In 50000 (P.Y. Nil) shares of GSPC JPDA Ltd (at cost) at Rs.10 per share fully paid up	0.05		-	
In 50000 (P.Y. Nil) shares of GSPC LNG Ltd(at cost) at Rs.10 per share fully paid up	0.05	62.21	-	63.52
<b>TOTAL</b>		<b>285.52</b>		<b>286.83</b>
Total Quoted Investments		223.31		223.31
Total Unquoted Investments		62.21	-	63.52
<b>TOTAL</b>		<b>285.52</b>	-	<b>286.83</b>
Total Market Value of Quoted Investments		1,018.21	-	804.01



## SCHEDULE - G

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>CURRENT ASSETS</b>				
INVENTORIES	1.15	1.15	0.60	0.60
SUNDRY DEBTORS (Unsecured, considered good)				
- More than Six Months	7.38		3.09	
- Less than Six months	143.60	150.98	95.62	98.71
<b>CASH AND BANK BALANCE</b>				
Cash on hand	0.05		0.10	
Balances with Scheduled Banks				
A) In Current Accounts	22.78		17.39	
B) In Fixed Deposit Accounts	0.53		1.25	
C) Deposit with Scheduled Bank Under Site Restoration Fund Scheme*	7.20	30.56		18.74
<b>OTHER CURRENT ASSETS</b>				
Balance with Govt. Treasury in PLA (Rs.31,394)	-	-	-	-
<b>INTEREST ACCRUED</b>				
- Investments/Deposits with Banks	0.43		0.50	
- Others	0.41	0.84	0.33	0.83
<b>TOTAL</b>		<b>183.53</b>		<b>118.88</b>

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

## SCHEDULE - H

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>LOANS AND ADVANCES</b>				
Unsecured, considered good unless otherwise stated				
Advances Recoverable in cash or in kind or for value to be received (includes advances in Joint Ventures amounting to Rs.201.65 crs (P.Y. Rs.86.00 crs)		213.46		87.58
Advances to Subsidiary Companies		0.26		2.30
Advace to Other Companies & Projects		40.05		18.17
Advances for Investments (Pending Allotment)				
i) GSPC Gas Company Ltd *	47.17		11.28	
ii) GSPC Pipavav Power Company Ltd	2.09		-	
iii) Guj Info Petro Ltd	2.64		2.64	
iv) Sabarmati Gas Company Ltd	9.06	60.96	-	13.92
<b>Income tax- Current Tax</b>				
Advance payment of Income Tax	51.48		51.30	
Less: Provisions	46.77	4.71	46.78	4.52
Advances to Employees ** {secured Rs.10956094 (P.Y. Rs.10345556)}		1.26		1.16
Sundry deposits		0.91		6.11
<b>TOTAL</b>		<b>321.61</b>		<b>133.76</b>

\* It includes an amount of Rs.206412630/- being consideration for transfer of retail gas division (refer note 7)

\*\* Maximum outstanding during the year is Rs.14235353/- (Previous Year Rs.12936478)

---



---

**SCHEDULE - I**


---



---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A) CURRENT LIABILITIES</b>				
Creditors	271.71		51.27	
Other Liabilities	152.22		261.86	
Interest accrued but not due on Loans	5.41	429.34	0.64	313.77
<b>B) PROVISIONS</b>				
Provision for Taxation	125.70		47.00	
Less: Advance Tax	113.01	12.69	45.92	1.08
Provision for Proposed Dividend		21.12		21.12
Provision for Dividend Distribution Tax		3.59		2.96
Provision for Leave Encashment and Retirement benefits		0.03		0.03
Provision for Abandonment Cost		33.35		33.35
<b>TOTAL</b>		<b>500.12</b>		<b>372.31</b>

---



---

**SCHEDULE - J**


---



---

	As at 31st March 2007		As at 31st March 2006	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>MISCELLANEOUS EXPENDITURE</b>				
Miscellaneous Expenditure (To the extent not written off or adjusted) (Refer Accounting Policy 16)				
Pre-operative and project expenses	-		0.60	
Less: Adjusted during the year	-	-	0.60	-
Deferred Revenue Expenditure	-		2.16	
Less: Adjusted during the year	-	-	2.16	-
<b>TOTAL</b>		<b>-</b>		<b>-</b>




---



---

**SCHEDULE - K**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>GROSS SALES</b>				
Sale of Gas-Joint Ventures		368.28		569.19
Sale of Oil-Joint Ventures		47.37		6.78
Natural Gas Trading		2,216.48		1,173.99
Piped Natural Gas		-		1.30
Petroleum Products		-		12.22
Compressed Natural Gas		-		3.15
Self Consumption of CNG Petrol & Diesel		-		0.01
<b>TOTAL</b>		<b>2,632.13</b>		<b>1,766.64</b>

---



---

**SCHEDULE - L**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>OTHER INCOME</b>				
From Long term investments				
Dividend From Subsidiary Company	5.30		5.21	
Dividend From Others	6.09		0.46	
Interest Income-Bonds	1.09	12.48	1.09	6.76
Interest Income on :				
Income tax refund	-		0.03	
Other investments Gross {Tax Deduction at source Rs.3074346/- (P.Y.Rs.382350/-)}	2.64	2.64	0.33	0.36
Foreign Exchange-Gain		0.45		0.10
Misc. Income		0.30		0.28
Profit on Sale of Assets {Rs.230505 (P.Y. Rs10,189)}		0.02		0.00
Usage Charges		1.63		0.53
ISP - Income		0.07		0.25
Other Income-Joint Ventures		1.00		0.02
Hire Charges		0.30		0.15
Take or Pay Income		0.15		-
Other Income -CNG-PNG & RO		-		0.31
<b>TOTAL</b>		<b>19.04</b>		<b>8.76</b>

---



---

**SCHEDULE - M**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
Purchase of Gas/ Petroleum Products				
Natural Gas Trading	2,055.39		1,040.43	
Add: Transmission Charges	13.99		-	
Less: Connectivity {TDS amounting to Rs. 8783754 (P.Y. Rs.13,426,775)}	13.59	2,055.79	22.92	1,017.51
Duties & Taxes		-		114.98
Petroleum Products (Petrol & Diesel)		-		12.23
Compressed Natural Gas		-		0.32
<b>TOTAL</b>		<b>2,055.79</b>		<b>1,145.04</b>

---



---

**SCHEDULE - N**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
Production, Selling & Operational Expenditure				
Joint Venture Expenditure				
Production Expenses	50.21		28.65	
Duties & Taxes {includes profit petroleum of Rs. 630214129 (P.Y. 585,264,828)}	99.93		154.53	
Foreign Exchange loss	-		0.33	
Other expenses	5.76	155.90	6.34	189.85
Exploration Costs Written Off (Refer Note 1.3)		9.70		-
Bidding Expenditure		5.97		1.41
CNG Station		-		0.62
Petrol & Diesel Outlet		-		0.09
Piped Natural Gas		-		0.49
<b>TOTAL</b>		<b>171.57</b>		<b>192.46</b>




---



---

**SCHEDULE - O**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>PAYMENTS TO AND PROVISIONS FOR</b>				
<b>EMPLOYEES (refer note no. 4)</b>				
Salaries, wages and allowances		1.37		1.69
Staff Welfare		0.22		0.31
Contribution to Provident Fund & Other funds		0.33		0.19
<b>TOTAL</b>		<b>1.92</b>		<b>2.19</b>

---



---

**SCHEDULE - P**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>ADMINISTRATIVE &amp; OTHER EXPENSES (refer note no. 4)</b>				
Telephone, Trunkcalls & Postage		0.32		0.33
Travelling Expenses (including Directors' Traveling Rs.1918880/- (P.Y. Rs.1305777/-))		0.74		0.91
Rent		0.05		0.10
Vehicle running Expenses		0.29		0.28
Electricity Expenses		0.39		0.16
Conveyance (Rs 23424 P.Y.(Rs. 143732)		-		0.01
Stationery & Printing		0.41		0.11
Insurance expenses		0.23		0.11
Administration & establishment		1.12		1.38
Business Development & Promotion		3.38		3.30
Professional & Technical Expenses		1.31		1.95
Donation		2.25		5.01
Audit Fees		0.08		0.08
Bank charges		2.20		0.20
Advertisement & publicity		0.36		1.53
Building Repairs		0.17		0.01
Bandwidth Expenses		0.14		0.12
Net Loss on Sale/discarding of Fixed Assets		0.07		-
Other expenses		0.52		0.39
<b>TOTAL</b>		<b>14.03</b>		<b>15.98</b>

---



---

**SCHEDULE - Q**


---

	2006-07		2005-06	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
<b>INTEREST &amp; FINANCE CHARGES</b>				
Other Interest *		0.63		0.04
TOTAL		<u>0.63</u>		<u>0.04</u>




---



---

## SCHEDULE - R

---

### Significant Accounting Policies and Notes forming part of Accounts

#### A. Significant Accounting Policies

##### 1. *Basis of Preparation of Financial Statements:*

The Financial Statements conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions – The Companies Act, 1956 Accounting Standards, Guidance Notes issued by The Institute of Chartered Accountants of India and the practices prevalent in the industry in India.

Accounting Policies not specifically referred to otherwise are consistent with those used in the previous year. In applying the accounting policies consideration hereby given to Prudence, Substance Over Form and Materiality.

##### 2. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

##### 3. *Fixed Assets & Depreciation & Depletion & Amortization.*

3.1. Fixed Assets other than producing properties are stated at cost of acquisition or construction less accumulated depreciation including attributable interest and financial costs till such assets are ready for its intended use.

3.2. 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:

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

3.2.2. 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.

3.3. 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 depreciation/depletion on development rights and producing properties has been provided in proportion of oil and gas production achieved vis a vis the proved developed reserves considering the estimated future expenditure on developing the reserves. Depreciation on fixed assets used for exploration and drilling activities is initially capitalized as part of exploration or development costs.

##### 4. *Abandonment Costs*

4.1. 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.

4.2. Costs relating to dismantling, abandoning and restoring onshore well sites and allied facilities are accounted for in the year in which such costs are incurred after considering the salvage value which is expected to take care of the abandonment costs.

##### 5. *Investments:*

Investments are long term and are stated at cost. Provision, where necessary, is made to recognize a decline, other than temporary, in the value of investments.

#### 6. *Inventories*

- 6.1. The Inventory of Petrol and Diesel is valued at cost or realizable value whichever is lower.
- 6.2. 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.
- 6.3. Inventory of crude oil in Joint Ventures are valued as per Crude Offtake and Sale Agreement (COSA).

#### 7. *Revenue Recognition:*

- 7.1. Company's share of Revenue from Joint Ventures is considered on the basis of Accounts submitted by Joint Ventures.
- 7.2. Sale of crude oil and gas produced from exploratory wells in progress is adjusted from expenditure incurred on such wells.
- 7.3. Sales are inclusive of statutory levies. Any retrospective revision in prices is accounted for in the year of such revision.
- 7.4. Revenue in respect of interest on delayed realizations from customers, if any, is recognized when there is reasonable certainty regarding the ultimate collection.
- 7.5. Revenue in respect of Take or Pay (short lifted quantity of gas) is recognized when there is reasonable certainty regarding ultimate collection.
- 7.6. Profit Petroleum paid to MoPNG is subject to the approval of DGH and difference, if any, is accounted for in the year of settlement of such differences.

#### 8. *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 are accumulated considering the country as a cost center. All Oil and Gas Joint Ventures are in the nature of Jointly Controlled Assets. However the company is writing off the balance of entire cost of the field/block which are abandoned in the year of abandonment. Accordingly assets and liabilities as well as income and expenditure are accounted on the basis of information available on line by line basis with similar items in the company's financial statements according to the participating interest and/or contribution of the company except in cases of abandonment, impairment depletion and depreciation which are accounted as per the accounting policies of the Company.

#### 9. *Borrowing Costs*

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

#### 10. *Income Tax, Fringe Benefit Tax and Deferred Tax*

Tax Expense comprises of Current Tax, Tax on Fringe benefits and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the income tax authorities after consideration of the applicable provisions of the Income Tax Act, 1961 including benefits, allowances and deductions admissible under the said Act.

Tax on Fringe benefits is measured at the specified rate on the value of fringe benefits in accordance with the provisions of Section 115 WC of the Income Tax Act, 1961.

Deferred Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier year.



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 required to be made.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

The Deferred Tax Asset is recognized and carried forward only to the extent that there is a reasonable certainty that the deferred tax asset will be realized in future.

#### 11. Insurance

Insurance claims are accounted for on the basis of claims admitted by the insurers.

#### 12. Retirement Benefits

12.1. The company has defined contribution plan for Provident Fund and the Company's contributions paid/payable thereto are charged to the Profit and Loss Account.

12.2. The Company has defined benefit plan for Superannuation Fund and has accordingly participated in the Group Superannuation Scheme of Life Insurance Corporation of India.

12.3. The Company has participated in-group Gratuity scheme of Life Insurance Corporation of India, the contribution is paid as per actuarial valuation at the end of the financial year.

12.4. 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.

#### 13. Foreign Currency Transactions

13.1. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

13.2. Any gain or loss arising on account of exchange difference on settlement or translation is recognized in the Profit & Loss Account except those relating to the acquisition of fixed assets, which are adjusted to the cost of the fixed asset.

#### 14. 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 assets is considered as impaired in accordance with Accounting Standard-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 profit and loss account.

#### 15. Earnings per share

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard-20 on Earnings Per Share. Basic EPS is computed by dividing the net profit for the year by the weighted average number of Equity Shares outstanding during the year.

#### 16. Misc./Deferred Revenue Expenditure

The expenditures incurred on account of submission of bids for various oil and gas field/blocks which are successful by charging it to the profit and loss account as bidding expenditure.

#### 17. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it's probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed by way of notes.

### B. Notes forming part of Accounts

#### 1. Joint Venture Operations

The Company has entered into Production Sharing Contracts (PSCs) jointly with various Joint Venture partners as stated below on one part and Ministry of Petroleum & Natural Gas (Government of India) on other part, for exploration of oil and gas in the following fields. 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	Company's PI*	Operatorship / Others Partners' PI**	PI
A	Non-Operated JVs			
1	Hazira	66.67%(66.67%)	Niko Resources Ltd (Operator)	33.33%
2	Bhandut (refer note 1.1)	60%(60%)	Oilex NL (Operator)	40.0%
			Niko Resources Ltd	Nil (40%)
3	Cambay (refer note 1.1& 1.2)	55%(66.67%)	Oilex NL (Operator)	30.0%
			Oilex NL Holdings (India) Ltd	15.0%
			Niko Resources Ltd	Nil (33.33%)
4	Sabarmati (refer note 1.1)	60%(60%)	Oilex NL (Operator)	40.0%
			Niko Resources Ltd	Nil (40%)
5	Asjol	50%(50%)	Hindustan Oil and Exploration Company Limited (Operator)	50.0%
6	Palej	50%(50%)	Exploration	
			Hindustan Oil and Exploration Company Limited (Operator)	50.0%
		35%(35%)	Development	
			Hindustan Oil and Exploration Company Limited (Operator)	35.0%
			Oil and Natural Gas Corporation Limited	30.0%
7	North Balol	45%(45%)	Hindustan Oil and Exploration Company Limited (Operator)	25.0%
			Heramec, U.K	30.0%
8	Dholasan	70%(70%)	Heramec, U.K (Operator)	30.0%
9	North Kathana	70%(70%)	Heramec, U.K (Operator)	30.0%
10	Kanawara	70%(70%)	Heramec, U.K (Operator)	30.0%



SI No.	Joint Venture/ PSCs	Company's PI*	Operatorship / Others Partners' PI**	PI
11	Allora	70%(70%)	Heramec, U.K (Operator)	30.0%
12	MB-OSN-2000/1 (Mumbai)	10%(10%)	Oil and Natural Gas Corporation Limited (Operator)	75.0%
			Indian Oil Corporation Limited	15.0%
13	MB-DWN-2000/2 (Mumbai) (refer note 1.3)	10%(10%)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			Indian Oil Corporation Limited	15.0%
			GAIL (India) Ltd	15.0%
			Oil India Limited	10.0%
14	CB-ONN-2002/2 (Mehsana)	60%(60%)	Jubilant Enpro Limited (Operator)	30.0%
			Geo Global Resources (Barbados) Inc.	10.0%
15	CY-ONN-2002/1(Cavery)	20%(20%)	Enpro Finance Private Limited (Operator)	30.0%
			GAIL (India) Ltd	50.0%
16	BS(3)-CBM-2003/II	30%(30%)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
17	AA-ONN-2003/1(Assam)	20%(20%)	Jubilant Enpro Limited (Operator)	30.0%
			GAIL (India) Ltd	50.0%
18	EPP-27 (Australia)	33%(33%)	Exploration	
			Oilex (Operator)	33.3%
			Videocon	33.3%
		20%(20%)	Development	
			Oilex (Operator)	20.0%
			Videocon	20.0%
Great Artesian Oil & Gas Limited	40.0%			
19	JPDA-06-103 (Australia / East Timor)(refer note 1.4)	25%(-)	Global Energy Inc.	25.0%
			Oilex (JPDA 06-103) Ltd (Operator)	25.0%
			Bharat Petroresources JPDA Ltd	25.0%
20	WA-388Block(Australia)	25%(-)	Videocon	20.0%
			Oilex (Operator)	20.0%
			BPCL	20.0%
			HPCL	20.0%
21	CY-DWN-2004/1	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
22	CY-DWN-2004/2	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
23	CY-DWN-2004/3	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%

SI No.	Joint Venture/ PSCs	Company's PI*	Operatorship / Others Partners' PI**	PI
24	CY-DWN-2004/4	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
25	CY-PR-DWN-2004/1	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
26	CY-PR-DWN-2004/2	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
27	KG-DWN-2004/1	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
28	KG-DWN-2004/2	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	60.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
			BPCL	10.0%
29	KG-DWN-2004/3	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
30	KG-DWN-2004/5	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
			BPCL	10.0%
			Oil India Limited	10.0%
31	KG-DWN-2004/6	10%(-)	Oil and Natural Gas Corporation Limited (Operator)	60.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
			Oil India Limited	10.0%
32	MB-OSN-2004/2	20%(-)	Petrogas E&P LLC (Operator)	20.0%
			GAIL (India) Ltd	20.0%
			Hindustan Petroleum Corporation Limited	20.0%
			Indian Oil Corporation Limited	20.0%
33	CB-ONN-2004/1	40%(-)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			Heramec Ltd.	10.0%
34	CB-ONN-2004/2	40%(-)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			Suntera Resources Ltd.	10.0%



SI No.	Joint Venture/ PSCs	Company's PI*	Operatorship / Others Partners' PI**	PI
35	CB-ONN-2004/3	40%(-)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			Ensearch Petroleum Pvt. Ltd.	10.0%
36	CB-ONN-2004/4	40%(-)	Oil and Natural Gas Corporation Limited (Operator)	50.0%
			Heramec Ltd.	10.0%
B	GSPC-Operated			
37	Tarapur (refer note 1.7)	80%(100%)	Geo Global Resources (Barbados) Inc.	20.0%
38	Unawa	70%(70%)	Heramec, U.K	30.0%
39	CB-ONN-2000/1 (Ahmedabad)	50%(50%)	GAIL (India) Ltd	50.0%
40	KG-OSN-2001/3 (refer note 1.5)	80%(80%)	Jubilant Enpro Limited	10.0%
			Geo Global Resources (Barbados) Inc.	10.0%
41	CB-ONN-2002/3 (Sanand)	55%(55%)	Jubilant Enpro Private Limited	20.0%
			Prize Petroleum Company Limited	15.0%
			Geo Global Resources (Barbados) Inc.	10.0%
42	CB-ONN-2003/2 (Ankleshwar)	50%(50%)	GAIL (India) Ltd	20.0%
			Jubilant Enpro Private Limited	20.0%
			Geo Global Resources (Barbados) Inc.	10.0%
43	Block No.6 (Egypt) (ref 1.6)	50%(-)	Geo Global Resources (Barbados) Inc.	30.0%
			Alkor	20.0%
44	Block No.8 (Egypt) (ref 1.6)	50%(-)	Geo Global Resources (Barbados) Inc.	30.0%
			Alkor	20.0%
45	MB-OSN-2004/1	20%(-)	Petrogas E&P LLC	20.0%
			GAIL (India) Ltd	20.0%
			Hindustan Petroleum Corporation Limited	20.0%
			Indian Oil Corporation Limited	20.0%
46	RJ-ONN-2004/1	20%(-)	GAIL (India) Ltd	20.0%
			Hindustan Petroleum Corporation Limited	20.0%
			BPCL	10.0%
			Hallworthy Shipping Ltd. SA	10.0%
			Silverwave Energy Pte. Ltd.	10.0%
			Nitin Fire Protection Industries Ltd.	10.0%
47	KG-ONN-2004/2	40%(-)	GAIL (India) Ltd	40.0%
			Petrogas E&P LLC	20.0%
48	Block No 19 (Yemen) (ref 1.6)	45%(-)	Western Drilling Contractors Pvt. Ltd.	30.0%
			Alkor Petroo Ltd.	25.0%
49	Block No 28 (Yemen) (ref 1.6)	45%(-)	Western Drilling Contractors Pvt. Ltd.	30.0%
			Alkor Petroo Ltd.	25.0%
50	Block No 57 (Yemen) (ref 1.6)	45%(-)	Western Drilling Contractors Pvt. Ltd.	30.0%
			Alkor Petroo Ltd.	25.0%

\*PI - Participating Interest

\*\* Figures in brackets indicate previous year figures

\*\*\* There is no change in previous years figures unless otherwise stated. When previous years figures are nil in company's PI, the previous years figures of other partners PI is also nil

- 1.1. During the current year (F.Y. 2006-07) MoP&NG, Government of India has approved the farm out of entire Participating Interest of Niko in Cambay, Bhandut & Sabarmati in favour of Oilex NL Holdings (India) Limited (Oilex). Accordingly Oilex NL is now the operator in these fields.
- 1.2. During the year 2004-05 GSPC and Niko had entered into a Farm-out agreement with Oilex NL for assignment of 10% and 20% participating interest in respect of Cambay Field by Niko and GSPC respectively. The status of the same is as under:

	GSPC	Niko	Oilex NL	Oilex NL Holdings (India) Limited
Participating Interest (PI) Before Farm Out	66.67%	33.33%		
Initial Farm Out vide Agreement Dated 13-Oct-05	-20%	-10%	30%	
Revised PI	46.67%	23.33%	30.00%	0.00%
Subsequent Farm Out by Niko		-23.33%		23.33%
Revised PI	46.67%	0.00%	30.00%	23.33%
Amendment to Initial Farm Out Agreement	8.33%			-8.33%
Final Participating Interest	55.00%	0.00%	30.00%	15.00%

- 1.3. Block MB-DWN-2000/2 (Mumbai) has been surrendered to the Government in the current year (F.Y. 2006-07). The company has also written off the cost of the block amounting to Rs 9.70 crores (P.Y. Nil) has been charged to the profit and loss
- 1.4. 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.
- 1.5. In Joint Venture for KG-OSN-2001/3 the Company is additionally liable, jointly and severally, for every obligation of GeoGlobal Resources (India) Inc (GGR) to the extent of its share of 10% in the Joint Venture as per the Carried Interest Agreement (CIA). As per the terms of the agreement, the company shall bear GGR's share of any cost during the Exploration phase prior to the start date of commercial production.
- 1.6. The Production Sharing Agreement (PSA) for the Egypt and Yeman blocks are in the process of being executed.
- 1.7. During the current year (F.Y. 2006-07) the company has given the effect of the farm-in done by Geoglobal Resources Ltd (Barbados) for its 20% share in CB-ON/2(Tarapur) block. Accordingly the contribution received in excess of the cost has been transferred to Capital Reserve Account.
- 1.8. Of the above fields/blocks eight where in production namely Hazira, Bhandut, Cambay, Sabarmati, Asjol, Unawa, North Balol and CB-ON/7 (Palej).
- 1.9. Details of Oil and Gas Reserves (includes fields/blocks which are in production)

Particulars (GSPC's Share)	Proved Reserves (Oil) (Million MT)	Proved Reserves (Gas) (Million M3)
Beginning of the year 2006-07	1.59	2,988.22
	(1.56)	(3909.39)
Additions	0.09	6.95
	(0.04)	(39.15)
Deletions	0.20	
	-	
Production	.03	652.51
	(0.01)	(960.32)
Closing Balance for the year 2006-07	1.45	2,342.66
	(1.59)	(2988.22)

\*Figures in brackets relate to previous year



The Company's share of reserve of the fields/blocks have been taken on the basis of internal estimates, estimates given by the operators, Director General of Hydrocarbon reports and independent reservoir reports and only includes the fields/blocks which are in production.

- 1.10 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 Profit and Loss Account. The summary of the Company's share in Assets & Liabilities of Joint Ventures are as follow:

Rs in Crores

Particulars	As on 31-March-2007	As on 31-March-2006
A. Fixed Assets		
Gross Block	899.65	809.96
Less :Depreciation/Depletion Fund	474.08	375.36
Net Block	425.57	434.60
CWIP	1,566.02	892.75
B. Current Assets	233.41	98.35
C. Current Liabilities and Provisions	191.61	0.21
D. Contingent Liabilities	5.39	0.43

- 1.11 The Profit and Loss Account of the Company includes its share in Profit or Loss pertaining to the respective Joint Ventures. The summary of Profit and Loss Account for the year ended 31st March 2007 and 31st March 2006 is given as under

Rs in Crores

Particulars	2006-07		2005-06	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
INCOME				
Sale of Crude Oil	89.64	47.37	14.99	6.78
Sale of Gas	580.74	368.28	875.32	569.19
Increase/(Decrease) in Stock	1.08	0.77	1.36	0.57
Foreign Exchange Income	0.50	0.33	-	-
Other Income	1.50	1.00	0.04	0.02
Total	673.47	417.74	891.71	576.57
EXPENDITURE				
Production Expenses	77.11	50.21	44.13	28.65
Duties & Taxes	152.02	99.93	235.71	154.39

Rs in Crores

Particulars	2006-07		2005-06	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
Foreign Exchange loss	-	-	0.53	0.33
Administrative exps.	9.26	5.75	10.12	6.25
Total Expenditure before Depreciation	238.40	155.90	290.49	189.63
Profit Before Depreciation	435.07	261.85	601.22	386.93

1.12 In Joint Venture with Niko Resources Ltd the company has been raising the invoices on behalf of the Joint Venture. Accordingly the company has taken effect of credit/debit notes, raised by it to various customers, but not accounted by the Joint Venture in its books of accounts. The effect of the credit/debit notes are given in the subsequent year. The company has accounted its share of the same amount aggregating to Rs.1.58 crores (Net Credit) {P.Y.Rs.1.24 crores (Net Credit)}.

## 2. Borrowing Cost and Test Production

2.1. The borrowing cost amounting to Rs 37.89 crores (P.Y Rs. 5.16.crores) has been capitalized to the Oil & Gas exploration projects and included in CWIP.

2.2. An amount of Rs.14.54 crores (P.Y. Rs. 6.16 crores) being test sales from various exploratory wells have been credited to CWIP.

## 3. Income Tax

3.1. Provision of Tax for the current year is Rs. 78.00 crores (P.Y. Rs. 21.01crores) includes provision of wealth tax amounting to Rs 0.013 crores (P.Y. Rs. 0.012 crores).

3.2. The company has continuously maintained a position that allowances/claims U/s.42 and deduction U/s.80-IB (9) is admissible under the Income Tax Act,1961. This view has not been accepted by the first assessing authorities, which has taken a contrary view. However, the Commissioner of Income Tax (Appeal) (C.I.T.(A)) has accepted the company's contention where appeals have been disposed off in favour of the company. The department has appealed further before Income Tax Appellate Tribunal (I.T.A.T.) against C.I.T.(A)'s orders. The company is confident of its position. No provision is made for such disputed Income tax liabilities, where appeal is disposed of in favour of the company, which is estimated at Rs387.39 crores (P.Y. Rs.237.54 crores) and is disclosed as contingent liabilities vide note 13.1.

3.3. As required by Accounting Standard (AS 22) "Taxes on Income" issued by The Institute of Chartered Accountants of India, which is mandatory in nature and in view of the company's policy (Refer no. 10) the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating Rs. 2.04 crores in the Profit and Loss account, the details of which are as under



Rs in Crores

Particulars	As on 31-March-2006	For the year 2006-07	As at 31-March-2007
Deferred Tax Liability			
(a) Depreciation	2.17	(2.04)	0.13
(b) Expense Written off for Tax Purpose & Others			0.00
Total (A)	2.17	(2.04)	0.13
Deferred Tax Asset			
(a) Retirement Benefits	-		-
(b) Others	-		-
Total (B)	-		
Net Deferred Tax Liability (A - B)	2.17	(2.04)	0.13

#### 4. Details of Expenditure

(Expenditure incurred during the year on Payments to and Provision for employees and Administrative and Other expenses)

Particulars	2006-07		2005-06	
	Rs in crores	Rs in crores	Rs in crores	Rs in crores
Salaries, wages and allowances	4.26		2.83	
Staff Welfare	0.22		0.37	
Contribution to Provident Fund & Other funds	0.85	5.33	0.44	3.64
Telephone, Trunkcalls & Postage		0.65		0.64
Traveling Expenses		1.91		1.01
Rent		0.12		0.13
Vehicle running Expenses		0.91		0.68
Electricity Expenses		1.01		0.79
Conveyance		0.01		0.02
Stationery & Printing		1.02		0.58
Insurance expenses		0.49		0.44
Administration & establishment		2.85		2.03
Business Development & Promotion		3.38		3.3
Professional & Technical Expenses		2.95		1.95
Donation		2.25		5.01

Particulars	2006-07		2005-06	
	Rs in crores	Rs in crores	Rs in crores	Rs in crores
Audit Fees		0.08		0.08
Bank charges		2.20		0.2
Advertisement & publicity		0.36		1.53
Building Repairs		0.44		0.07
Bandwidth Expenses		0.63		0.57
Net Loss on Sale/discarding of Fixed Assets		0.07		-
Other expenses		1.60		1.23
		28.26		23.9
Less: Allocation to Operated Blocks/Fields		12.31		5.73
<b>TOTAL</b>		<b>15.95</b>		<b>18.17</b>
Payments to and Provisions for employees		1.92		2.19
Administrative and Other Expenses		14.03		15.98
<b>TOTAL</b>		<b>15.95</b>		<b>18.17</b>

5. 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.

6. Segment Information:

The company's operating business are organized and managed as a single segment representing a single strategic business viz oil and gas exploration, development and production. The analysis of geographical segments is based on the areas in the major operating activity of the company. These have been organized into the following main business and geographical segments:

Business Segments		Geographical Segments	
a)	Exploration, Development and Production	a)	India
		b)	Outside India

Rs in Crores

	2006-07				2005-06			
	In India	Outside India	Un-allocated	Total	In India	Outside India	Un-allocated	Total
<b>1 Revenue</b>								
External Sales	2,632.13			2,632.13	1,749.97		16.67	1,766.64
Inter Segment Sales	-			-	-		-	-
	-			-	-		-	-
<b>Total Revenue</b>	<b>2,632.13</b>	<b>-</b>	<b>-</b>	<b>2,632.13</b>	<b>1,749.97</b>	<b>-</b>	<b>16.67</b>	<b>1,766.64</b>

Rs in Crores

	2006-07				2005-06			
	In India	Outside India	Un-allocated	Total	In India	Outside India	Un-allocated	Total
<b>2 Results</b>								
Segment Results	-				-			
Profit(+)/Loss(-)	307.36			307.56	339.17		3.94	343.11
Unallocated Exps			23.14	23.14			(27.31)	(27.31)
Operating Profit	307.56	-	(23.14)	284.42	339.17		(23.36)	315.81
Interest/Dividend	-		15.25	15.25	-		7.25	7.25
Other Income	-		2.31	2.31			1.18	1.18
Provision for Taxation	-		76.66	76.66			21.54	21.54
Excess/Short Provision of Income Tax in earlier year (net)	-		0.08	0.08	-		(0.62)	(0.62)
Profit/Loss from Ordinary Activities	307.56	-	(82.33)	225.23	339.17		(37.09)	302.08
Extraordinary Items	(0.93)		-	(0.93)			(20.62)	(20.62)
Net Profit/(Loss)	308.49	-	(82.33)	226.16	339.17		(57.71)	281.46
<b>3 Other Information</b>								
Segment Assets	2,885.94	4.85		2,890.78	1,538.97		-	1,538.97
Unallocated Assets	-	-	144.91	144.91	-		192.70	192.70
Total Assets	2,885.94	4.85	144.91	3,035.69	1,538.97		192.70	1,731.67
Segment Liabilities	425.79	0.29	192.76	618.84	332.98		-	332.98
Unallocated Liabilities	-			-			38.27	38.27
Total Liabilities	425.79	0.29	192.76	618.84	332.98		38.27	371.24
Cost to Acquire Fixed Assets	745.54			745.54	664.35			664.35
Depreciation	98.53		5.63	104.17	89.07		8.04	97.11
Non Cash Expenses other than Depreciation	9.70			9.70	-		-	-

7. Pursuant to the Scheme of Arrangement ("the Scheme") under sections 391 to 394 of the Companies Act, 1956, between GSPC Ltd (company) and GSPC Gas Co Ltd. sanctioned by the High Court of Gujarat on 11th April 2007 the retail gas business of the company stands transferred to GSPC Gas Co Ltd as a going concern from 1st April 2006 ("The Appointed Date"). All the properties, assets, debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the transferred business stand vested with the GSPC Gas Co. Ltd from the Appointed Date. The Scheme has accordingly been given effect to in these financial statements.

The retail gas division business comprises inter alia of the following:

- All assets and liabilities pertaining to the retail gas distribution activities for PNG and CNG, more particularly described as PNG network at Hazira, CNG station at Ichhapore, CNG daughter station at Gandhinagar, Petrol pump at Ichhapore and land at Baroda for CNG station.
- All related rights and interests, permissions, licenses, approvals, exemptions and other benefits including the employees of the erstwhile retail gas division.

The effective date of the order, being the date on which the certified copy of the order of the High Court of Gujarat, under section 391 and 394 of the Companies Act 1956, sanctioning the scheme is filed with the Registrar of Companies, on 22nd May 2007. With effect from the appointed date and up to the effective date the company carried on all the businesses and activities and held all the assets of the transferred business for and on account of and in trust of GSPC Gas Co Ltd. Accordingly all the profits / incomes and expenditure / losses accruing to the transferred business have been treated as profits / incomes and expenditure / losses of the GSPC Gas Co Ltd..

Pursuant to the above, the following assets and liabilities have been transferred to the GSPC Gas Co Ltd effective from the Appointed Date (1-April-2006).

	Particulars	Rs in Crores
	Fixed Assets	
	Gross Block	23.70
	Depreciation	(6.71)
(A)	Net Block	16.98
		-
	Current Assets, Loans and Advances	-
	Inventories	0.17
	Sundry Debtors	0.65
	Cash & Bank balances	3.10
	Loans and Advance	0.12
	Sub-Total ( i )	4.05
	Current Liabilities and Provisions	-
	Current Liabilities	(0.39)
	Provisions	
	Sub-Total ( ii )	(0.39)
(B)	Net Current Assets (i) – (ii)	3.66
(A) + (B)	Net Result	20.64

In consideration of the transfer of the retail gas division (assets and liabilities) from the Company to the GSPC Gas Co Ltd, the GSPC Gas Co Ltd is to issue and allot 13,760,842 fully paid up equity shares of the Company of Rs 10 each at a premium of Rs 5 per equity share aggregating to Rs 206,412,630 equivalent to the valuation of the net worth of the transferred business.

8. In the year 1999-2000, the Company had sold 36" diameter 14km Hazira-Mora pipeline project to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However Niko had initiated legal proceedings in Delhi High Court and also filed a petition in Supreme Court of India seeking directives for appointment of Arbitrators. However during the year 2002-03, GSPC Ltd and Niko have decided to amicably resolve and settle the disputes as follows for which a Memorandum of Understanding has been signed on October 3, 2002:
- 8.1. GSPC to regain possession and control from GSPL of 36" pipeline together with cost of associated equipments such as metering facilities and compressor.
  - 8.2. Upon GSPL transferring the 36" pipeline back to GSPC the said pipeline shall once again become the joint venture assets of GSPC-Niko as per terms of MOU and outcome of the pending legal / arbitration proceedings.
  - 8.3. The reimbursement of cost by GSPC-Niko Consortium to GSPL shall be based on the audited statements of accounts by a mutually agreed auditor firm

However GSPC is yet to gain possession of the pipeline.



9. 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.

9.1. Subsidiary Company - Gujarat State Petronet Limited, GSPC Pipavav Power Company Ltd, GSPC LNG Ltd and GSPC JPDA Ltd however as per AS-18, no disclosure is required interalia of transactions with this related party as they are State controlled enterprises.

9.2. Associate Companies - Gujarat State Energy Generation Limited, Guj Info Petro Limited, GSPC Gas Company Ltd (previously known as Gujarat State Fuel Management Company Limited), Sabarmati Gas Company Ltd., however as per AS-18, no disclosure is required interalia of transactions with these related parties as they are State controlled enterprises.

9.3. Key Managerial Personnel:

Shri. D.J. Pandian, IAS- Managing Director

Rs in Crores

PARTICULARS	2006-07	2005-06
Remuneration to Managing Director	0.07	0.08

10. Information pursuant to paragraph 3,4-B, C, D of part II of Schedule VI to the Companies Act, 1956 is given as under.

Rs in Crores

PARTICULARS	2006-07	2005-06
(A) Managerial Remuneration	-	-
i) Salaries	0.06	0.05
ii) Pension	0.01	0.02
ii) Leave Salary	0.00	0.01
(B) Payment to Auditors		
i) Audit Fees	0.08	0.08
ii) For Certification work etc	0.02	
ii) Out Of Pocket Expenses {Rs.22,448 (P.Y.112442)}	0.00	0.01
(C) Expenditure in Foreign Currency	129.77	225.99
Value of Import on CIF Basis	-	-
a) Capital Goods	-	-
b) Foreign Travel	-	-
c) Consultancy & Technical Fees	11.38	-
d) Subscription	0.17	0.04
e) Bandwidth Charges	-	-
f) Others (including payments to Joint Ventures)	118.21	225.94

Provisions of Section 198 of the Companies Act, 1956 do not apply to a government company.

11. The Company is not a manufacturing company but is a partner in various consortiums engaged in the prospecting, exploring and producing of oil and gas. The information given below as required under items 4-C and 4-D of part II of Schedule VI to the Companies Act, 1956 represents the Company's share in the joint ventures.

11.1 Sales Turnover

Description	Unit	Quantity	Value (Rs.) (In Crores)
Crude Oil	Barrels	222383.38	47.37
		(34,814.00)	(6.78)
Gas	Lakh M3	6260.19	368.28
		(9,603.00)	(569.19)
Gas Trading	Million MMBTU	83.157	2216.48
		(63.330)	(1173.99)

11.2 Opening and Closing Stock of Goods Produced

Description	Unit	Quantity	Value (Rs.) (In Crores)
Opening Stock			
Crude Oil	Barrels	2,084.08	0.42
		(258.45)	(0.05)
Closing Stock			-
Crude Oil	Barrels	4,671.30	0.89
		(2084.08)	(0.42)

11.3 Licensed Capacity, Installed Capacity and Actual Production

Description	Unit	Licensed Capacity Per Annum	Installed Capacity Per Annum	Actual Production for the Year
Crude Oil	Barrels	N.A.	N.A.	211,771.48
				(36,902.00)
Gas	Lakh M3	N.A.	N.A.	6,525.27
				(9,603.00)

11.4 Purchases (Trading)

Description	Unit	Quantity	Value (Rs.) (In Crores)
Gas Trading	Million MMBTU	86.479	2055.39
		(60.635)	(1039.00)

\*Figures in brackets relate to previous year.

12. Earning Per Share (EPS)

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

Particulars	As on 31-March-2007	As on 31-March-2006
Net Profit After Tax	2,261,461,350	2,814,577,183
Weighted average numbers of equity shares	105,611,070	105,611,070
Basic/Diluted Earnings Per Share (EPS)	21.41	26.65
Nominal Value per share	10	10



### 13. Contingencies and Commitments:

#### 13.1 Contingent Liabilities

##### 13.1.1. Claims against the company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages:-

Rs in Crores

Particulars	As at 31-March-2007	As at 31-March-2006
a. Income Tax disputes where case is decided in favour of company in appeal and Income Tax Deptt has further gone for appeal	387.39	237.54
b. Wealth Tax	0.08	0.08
Claims of GoI for Additional Profit Petroleum	34.00	-
Joint Ventures	5.39	-

##### 13.1.2. Bank Guarantees, Letter of Credit and performance guarantees given by the company

Rs in Crores

Particulars	As at 31-March-2007	As at 31-March-2006
Letter of Credits	112.97	196.94
Financial & Performance guarantees to Ministry of Petroleum and Natural Gas (MOPNG)	893.90	226.89
Other Bank Guarantees *	48.31	571.29

\* This also includes the counter guarantee given by GSPC to the Banks.

##### 13.1.3. 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 Rs.22.95 Crores to various banks/FIs of GSEG.
- Provided Corporate Guarantee for the payments to the Fuel Supplier and to the O&M Contractors of GSEG. 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.

#### 13.2. Estimated amount of contracts remaining to be executed on capital account and not provided for

13.2.1. In respect of Joint Ventures Rs 0.26 crores (P.Y Rs. 3.75 crores)

13.2.2. In respect of others- Rs 0.98.crores (P.Y.Rs. 0.41 crores)

#### 14. As per the information available with the company, there are no small scale industrial undertakings to whom the company owned any sum as at 31st March 2007 and hence there is no balance outstanding for more than 30 days as at 31st March 2007 owed to such undertakings.

15. In respect of few balances of Debtors, Creditors, Loans and Advances, the balances are properly analyzed, the company is in the process of reconciling it with the parties, adjustments if any will be accounted on reconciliation/settlement of the same.
16. Previous year's figures have been re-grouped/reclassified or rearranged wherever necessary to make them comparable with those of current year except for the figures relating to transfer for retail gas division to GSPC Gas Company Ltd. pursuant to the scheme of arrangement as sanctioned by the Gujarat High Court effective 1-April-2006.

---

As per our separate report of even date

For Kantilal Patel & Co  
Chartered Accounts

D Rajgopalan, IAS  
Chairman

D. J. Pandian, IAS  
Managing Director

[Ashwin Amin]  
Partner  
Membership No.: FCA 35070

Subhash Dave  
General Manager - Finance & Accounts

Date : 15/11/2007  
Place : Ahmedabad

Date : 13/11/2007  
Place : Gandhinagar



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007

PARTICULARS	Rs in Crores	
	2006-07	2005-06
<b>Cash Flow from Operating Activities</b>		
Profit after Tax	226.15	281.46
Add : Income Tax	78.09	20.39
Deferred Tax	(2.04)	(0.23)
Fringe Benefit Tax	0.69	0.76
	302.89	302.38
Add : Depreciation and Amortisations being non-cash item		
Depreciation	104.17	117.23
Interest & Finance Charges	0.63	0.04
Loss on Sale of Assets	0.07	-
Foreign Exchange Loss	-	0.33
Misc. Exp. Written Off	-	2.75
Exploration Cost Written off	7.19	-
	414.95	422.73
Less : Interest / Dividend Income	15.13	7.12
Profit on sale of Assets {Rs.10,189, P.Y.(Rs.12,541)}	0.02	-
	399.80	415.61
Add / Less : Working Capital Adjustments		
Increase / Decrease in current Assets (-)	(240.67)	(9.63)
Increase / Decrease in current Liabilities (+)	103.09	7.58
	262.22	413.56
Less : Direct Tax Paid	67.36	24.10
Add : Prior Period Adjustment	0.92	0.55
<b>Net Cash Flow from Operating Activities (A)</b>	<b>195.78</b>	<b>390.01</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Assets / CWIP including Joint Ventures (Net)	(745.54)	(664.35)
Sale of Fixed Assets	0.03	0.12
Investment in Subsidiary	(0.10)	(5.05)
Other Investments	1.41	-
Profit on sale of Assets	0.02	0.00
Interest / Dividend Income	15.13	7.12
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(729.05)</b>	<b>(662.16)</b>
<b>Cash Flow from Financing Activities</b>		
Repayment of Share Application Money	-	(8.50)
Repayment of Loans (Net)	-	-
Proceeds from Unsecured Loans	569.79	270.00
Interest Paid	(0.63)	(0.04)
Dividend Paid (including dividend tax)	(24.08)	(21.68)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2007**

PARTICULARS	Rs in Crores	
	2006-07	2005-06
Net Cash Flow from Financing Activities (C)	545.08	239.78
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+ B+ C)	<u>11.81</u>	<u>(32.37)</u>
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	0.10	0.05
Bank Balances	18.64	19.06
Short Term Deposit with GSFS	-	32.00
	<u>18.74</u>	<u>51.11</u>
Cash and Cash equivalents at the End of the Year		
Cash on hand	0.05	0.10
Bank Balances	23.31	18.64
Deposits under Site Restoration Fund Scheme	7.20	-
	<u>30.56</u>	<u>18.74</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 Creditors. The Impact of the above is not readily ascertainable

As per our separate report of even date

For Kantilal Patel & Co  
Chartered AccountsD. Rajgopal, IAS  
ChairmanD. J. Pandian, IAS  
Managing Director[Ashwin Amin]  
Partner  
Membership No.: FCA 35070Subhash Dave  
General Manager - Finance & AccountsDate : 15/11/2007  
Place : AhmedabadDate : 13/11/2007  
Place : Gandhinagar



Balance Sheet Abstract and Company's General Business Profile as per  
Part IV of Schedule VI to the Companies Act, 1956

PARTICULARS	(Rs in '000)
I. Registration Details	
Registration No.	3281
State Code	4
Balance Sheet Date	31-03-2007
II Capital Raised During The Year	
Public Issues	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III Position of Mobilisation and Deployment of Funds:	
Total Liabilities	28240696
Total Assets	28240696
Source of Funds	
Paid up Capital	1056111
Reserves and Surplus	13784040
Share Application Money	0
Secured Loans	
Unsecured Loans	8397937
Deferred Tax liability (Net)	1319
Application of Funds	
Net Fixed Assets	20334161
Investment	2855170
Net Current Assets	50,076
Miscellaneous Expenditure	-
Accumulated losses	-
IV Performance of the Company	
Total income	26519366
Total Expenditure	23481164
Profit Before Tax	3038202
Profit After Tax	2271561
Earnings Per Share (Rs.)	21.41
Dividend Rate (%)	20%
Generic Names of Principal Products/Services of the Company (As per Monetary Terms)	
Item Code No.	N.A.
Product Description	N.A.
Item Code No.	N.A.
Product Description	N.A.

As per our separate report of even date

For Kantilal Patel & Co  
Chartered Accounts

D. Rajgopal, IAS  
Chairman

D. J. Pandian, IAS  
Managing Director

[Ashwin Amin]  
Partner  
Membership No.: FCA 35070

Subhash Dave  
General Manager - Finance & Accounts

Date : 15/11/2007  
Place : Ahmedabad

Date : 13/11/2007  
Place : Gandhinagar

**Statement Pursuant to Section 212 of the Companies Act, 1956 relation to subsidiary Companies**

Rs in Crores					
Sr. No.	Name of Subsidiary Company	Gujarat State Petronet Limited	GSPC Pipavav Power Company Limited	GSPC (JPDA ) Limited	GSPC LNG Limited
1	The Financial Year of the Subsidiary Company ended on	31.03.2007	31.03.2007	31.03.2007	N.A.
2	Date from which it became Subsidiary Company	23.12.1998	22.02.2006	13.10.2006	27.02.2007
3	Shares of the Subsidiary Company held by the Company on Above date:				
	A. Number of shares held (Face Value Rs. 10/-)	212305270	50000	50600	50600
	B. Extent of interest of Holding Company at the end of financial year 2006-07.	39.11%	100%	100%	100%
4	The net aggregate amount of Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company.				
	a) Not dealt within the Holding Company's Accounts				
	I) For the Financial Year ended as on 31.03.2007	33.16	Nil	Nil	Nil
	II) For the previous Financial years of the Subsidiary Company since it became the Holding Company's Subsidiary.	18.32	Nil	Nil	Nil
	b) Dealt within the Holding Company's Accounts				
	I) For the Financial Year ended as on 31.03.2007	Nil	Nil	Nil	Nil
	II) For the previous Financial years of the Subsidiary Company since it became the Holding Company's Subsidiary.	5.31	Nil	Nil	Nil

\*The first financial year of GSPC LNG Ltd. would end on 31.03.2008.

D. Rajgopal, IAS  
Chairman

D. J. Pandian, IAS  
Managing Director

Date : 13/11/2007  
Place : Gandhinagar

Subhash Dave  
General Manager - Finance & Accounts