

AUDITORS' REPORT

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, 2008**, 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. forty nine) 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 categorization 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 probable hydrocarbon reserves and liability for abandonment costs.
 - (ii)(a) The accounts include assets aggregating to Rs.851.44 crores, liabilities aggregating to Rs.331.90 crores, income aggregating to Rs.326.33 crores and expenditure aggregating to Rs.151.96 crores relating to the Company's share in thirteen producing joint ventures, which have been incorporated on the basis of accounts of thirteen joint ventures, audited by other auditors.
 - (b) In respect of thirty six joint ventures which are under exploration and development phase, exploration/development expenditure aggregating to Rs.3216.59 crores, other assets aggregating to Rs.14.16 crores and liabilities aggregating to Rs.NIL crores have been incorporated on the basis of accounts audited by other auditors.
 - (iii)(a) Attention is invited to Accounting Policy No.10 of Schedule - Q (A) and also note No.3.3 of Schedule - Q (B) regarding the measurement of Deferred Tax Liability.

: 1 :



(iii)(b) Attention is invited to Note No.3.2 & No.15.1.1 of Schedule Q (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 2008.
- (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.

Place : Ahmedabad
Date : November 1, 2008



For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS

Ashwin Amin

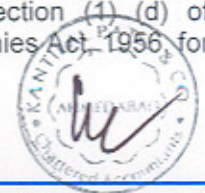
[Ashwin Amin]
Partner

Membership No.: 35070

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 2008.

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 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 reports 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 by the independent firm of Chartered Accountants 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.

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 to appropriate authorities. According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March, 2008 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:

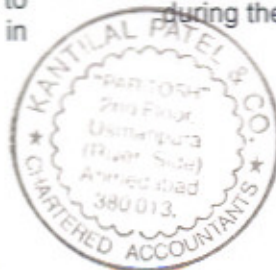
Name of the Statute	Nature of the dues	Amount (Rs.in crore)	Period to which the amount relates (financial year)	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax A.Y.97-98	1.00	1996-1997	Income Tax Appellate Tribunal
	Income Tax A.Y.98-99	7.11	1997-1998	Income Tax Appellate Tribunal
	Income Tax A.Y.99-00	13.28	1998-1999	Income Tax Appellate Tribunal
	Income Tax A.Y.01-02	20.49	2000-2001	Income Tax Appellate Tribunal
	Income Tax A.Y.02-03	67.68	2001-2002	Income Tax Appellate Tribunal
	Income Tax A.Y.03-04	141.28	2002-2003	Income Tax Appellate Tribunal
	Income Tax A.Y.04-05	136.57	2003-2004	Income Tax Appellate Tribunal
	Income Tax A.Y.05-06	204.92	2004-2005	Income Tax Appellate Tribunal
The Wealth Tax Act, 1957	Wealth Tax A.Y.99-00	0.03	1997-1998	Income Tax Appellate Tribunal
	Wealth Tax A.Y.00-01	0.05	1999-2000	Income Tax Appellate Tribunal
Service Tax	Service Tax	9.05	2002-03 to 2006-07	Commissioner of Central Excise

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 loan 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 companies has given guarantees for loans taken by other company from banks or financial institutions are not prejudicial to the interests 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.

Place : Ahmedabad
Date : November 1, 2008



For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS

Ashwin Amin

[Ashwin Amin]
Partner

Membership No.: 35070

EXTRACTS OF MINUTES OF 142ND MEETING OF BOARD OF DIRECTORS OF GUJARAT STATE PETROLEUM CORPORATION LTD. HELD ON FRIDAY THE 24TH OCTOBER, 2008 AT BOARD ROOM OF GSPC, 2ND FLOOR, GSPC BHAVAN, B/H. UDYOG BHAVAN, SECTOR-11, GANDHINAGAR AT 5.30 P.M.

Approving accounts for the Financial Year 2007-08.

“RESOLVED THAT Profit & Loss Account of the Company for the Financial Year ended on 31st March, 2008 and Balance Sheet as on that date along with statement u/s 212 of the Companies Act, 1956 be and are hereby approved”.

“RESOLVED FURTHER THAT the Profit & Loss Account and Balance Sheet be signed by the Chairman, Managing Director, General Manager (Finance & Accounts) as well as the Company Secretary of the Company”.

RESOLVED FURTHER THAT Managing Director and General Manager (Finance & Accounts) be and are hereby individually authorized to give representations, clarification, details and information on behalf of the company to the Auditors.

“RESOLVED FURTHER THAT the Annual Accounts for the Financial Year 2007-08 be submitted to the Comptroller and Auditor General of India for their audit”.

Certified True Copy

For Gujarat State Petroleum Corporation Ltd.



Sandeep Dave

Company Secretary

Date : 11th November, 2008

Place : Gandhinagar

GUJARAT STATE PETROLEUM CORPORATION LIMITED
29th ANNUAL REPORT
2007-08

Board of Directors

Shri D Rajagopalan, IAS
Shri K. Kailashnathan, IAS
Shri M M Srivastava, IAS (w.e.f. 19.05.2008)
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
Shri D J Pandian, IAS

Chairman

Smt Vijaya Laxmi Joshi, IAS (upto 19.05.2008)

Managing Director

Executives

Shri Subhash Dave, GM (F& A)
Shri M Y Farooqui, GM (P&D)
Shri Gerald Beasley, Drilling Operation
Manager
Shri R N Pandey, GM (R&D)
Shri Michael Weir, GM (HR & A)
Dr. R.K. Malick , GM (E)
Shri Jayesh Dave, GM (Audit & Taxation)
Shri R B Shinde, DGM (C)

Statutory Auditors

Kantilal Patel & Company,
Chartered Accountants, Ahmedabad

Internal Auditors

E&Y, Mumbai

Company Secretary

Shri Sandeep Dave

Bankers

Axis Bank Ltd.
Bank of India
Bank of Baroda
Canara Bank
Corporation Bank
Federal Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Indian Bank

Indian Overseas Bank
Punjab National Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Saurashtra
State Bank of Travankore
Union Bank
Vijaya Bank

Corporate & Registered Office

GSPC Bhavan, Sector-11,
Gandhinagar-382011.

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 2008.

FINANCIAL PERFORMANCE

Particulars	2007-08	2006-07	% Change
Turnover	4,117.49	2,632.13	56%
Other Income	28.00	19.81	41%
TOTAL INCOME	4,145.49	2,651.94	56%
Purchase of Gas/Petroleum Products	3,128.22	2,055.79	52%
Production, Selling & Operational Expenditure	155.98	171.57	-9%
Payments to and provisions for Employees	3.25	1.92	69%
Administrative & Other Expenses	94.04	14.03	570%
Interest and Finance Charges	6.53	0.63	937%
Sub-Total	3,388.02	2,243.94	51%
Profit Before Depreciation, Deferred Expenditure & Taxes	757.47	408.00	86%
Depreciation, Amortisation and Depletion	129.47	104.17	24%
Miscellaneous/Deferred Exp. written off	-	-	-
Sub-Total	129.47	104.17	24%
Profit Before Tax	628.00	303.83	107%
Provision for Taxation	222.24	76.66	190%
Profit After Tax (PAT)	405.76	227.17	79%

Dividend :

Your Directors are pleased to recommend dividend @ 20% for the Financial Year ending on 31st March, 2008. Total outgo on account of dividend payment would be Rs.24.71 crore.

Financial Performance :

- Turnover increased from Rs. 2632.13 crores to Rs.4117.49 crores in previous year, recording increase of 56%.
- EBIDTA increased from Rs. 408.63 crores to Rs. 764.00 crores in previous year, recording increase of 86%.
- PAT increased from Rs.227.17 crores to Rs.405.76 crores in previous year, recording increase of 79%.

Business :

GSPC along with its subsidiaries and group companies has excelled as a "The Complete Energy Company" with remarkable presence across the entire energy value chain spanning wide range of oil & gas activities. The Company has played a proactive role in the development of entire gas value chain in the State of Gujarat through its initiative of participation in the midstream and downstream segments as well as power generation. The Company has promoted Special Purpose Vehicles that have significant presence in gas transmission, gas distribution and power generation.

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".

Portfolio of oil and gas fields / blocks expanded to 50 oil/gas acreages which include 15 discovered oil & gas fields, 34 exploration blocks and 1 CBM Block. The Company is Operator in 13 exploration blocks and 2 discovered fields.

The company has maintained an upward trend in all performance parameters. Operational performance highlights of the Company are summarized below:

- The company has submitted bids for 29 blocks out of 57 blocks offered by Government of India in the NELP-VII Bid Round closed in June 2008. The Company is likely to be successful in around 10 Blocks under NELP-VII bidding for which provisional results have been announced by DGH.
- 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 exploration blocks in Australia, two exploration blocks in Egypt and three exploration blocks in Yemen.

➤ **KG Block :**

The Company has so far drilled 11 wells namely KG-1, 11, 8, 17, 15, 28, 16, 30, 22, 31 and BRU-1. The

Company has successfully tested KG-22 well which has been drilled upto 5600 meters depth. During the testing KG-22 well flowed natural gas at peak rate of 34 MMSCFD. The Company has successfully drilled this well (KG-22) under HPHT (High Pressure and High Temperature) environment. The Company had earlier discovered gas and condensate KG # 8, 17, 15, 16 and Kg-22 wells in addition to gas in KG-28 well drilled as an appraisal well. The Company has initiated the process for development of Deen Dayal Discovery in KG Block and approached DGH / MOPNG seeking approval for Declaration of Commerciality (DOC) for KG-8 gas discovery. The Company has planned to develop the Deen Dayal Gas Discovery made first during the testing of Kg-8 well, in phases. To begin with Company has demarcated part of larger Deen Dayal Discovery in to three development areas named as DD-West, DD-East and DD-North. KG-8 gas discovery is DD-West which is being targeted for development and first gas by December 2011.

Technology plays an important role in E&P sector. The Company has inducted best in class technology in all spheres of its exploration, development and production activities. In addition, your Company has also entered into strategic service agreements with reputed service providers like Schlumberger, Halliburton, Baker Hughes, Transocean, M I Overseas, B J Services, Weatherford, ITS, Saipem, Atwood Oceanics, Aban Offshore, Precision Drilling, Worley Parson, and EIL etc. to have cutting edge in E&P operations. The Company has hired 3

jack-up rigs for exploring full potential of the KG offshore Block with a view to ensure the timely completion of Deen Dayal Development Plan. The Company has also hired one semi-submersible rig from Essar Oilfield Services for carrying out drilling activities in prospects identified in deeper water (250 – 350 meters water depth) area of the KG Block.

➤ **On Shore Blocks:**

The Company has made significant multiple discoveries of oil and gas in Tarapur in which Declaration of the Commerciality for one of the Oil discovery has been approved by the Directorate General of Hydrocarbons. The Company has also discovered oil and gas in Sanand-Miroli block.

The Company has hired Five Drilling Rig and Two Workover Rigs for carrying out exploration activities in half a dozen onshore blocks where GSPC is the Operator.

The Company has also obtained approval of DGH for commercial production of 600-700 bopd from Ingoli field located in Ahmedabad (CB-ONN-2000/1) block.

- The Company has extended its valuable support as the aggregator of gas to various Independent Power Producers (IPPs), 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 leading gas marketing company in the country selling more than 11 MMSCMD of gas.

- 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
- EPC contracts, for construction of 700 MW power project by GSPC Pipavav and expansion of 350 Power Project by GSEG has been awarded.
- The Company has tied up Rupee Loan Facility of Rs. 1225 Crores and ECB facility for USD 325 Million for funding expansion and diversification activities.

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.318 crore in 2006-07 to Rs. 418 crore in 2007-08. Further, GSPL has also earned PBT of Rs. 149.14 crore in 2007-08 as against PBT of Rs. 137.25 crore in 2006-07.

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 it has set up more than 20 CNG filling up stations in the State of Gujarat and is supplying PNG to lacs of households in Gujarat. GSPC is selling gas quantities in excess of 1.5 MMSCMD.

Turnover of GSPC Gas increased from Rs.44.43 crore in 2006-07 to Rs. 345.25 crore in 2007-08. Further, GSPC Gas has also earned PBT of Rs. 56.15 crore in

2007-08 as against loss of Rs. 3.37 crore in 2006-07.

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 telelinking and KPO/BPO business.

GSPC Pipavav Power Company Limited (GPPCL)

The company has promoted GPPCL, a special purpose vehicle for setting up a 700MW combined cycle power plant at Pipavav for which the EPC contract has been awarded to BHEL.

GSPC LNG Limited

This company has been incorporated in February, 2007 for developing LNG Receiving, Storage and Regasification Terminal in the State of Gujarat with an initial capacity of 6.5 MMTPA to secure energy for 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

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

North Gujarat. SGL is marketing more than 0.4 MMSCMD gas to industrial, Transportation and Domestic gas consumers.

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 has initiated activities for expanding its capacity by further 350 MW.

Gujarat Energy Research and Management Institute (GERMI)

GERMI is a registered society promoted by GSPC with a vision to establish it as a leading one stop institution for the entire gamut of educational, training and research requirements of the energy sector. To start with, Pandit Deen Dayal Petroleum University (PDPU) was established under the aegis of GERMI which is first of its kind in the State of Gujarat. PDPU is conceived as a world class educational institution in Oil & Gas and allied Energy Sectors to cater 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.

Under aegis of PDPU, IPMG and IPTG have already started educational courses with specific focus on Oil & Gas Sector.

SOCIAL COMMITMENT

Your Company being a state sector entity is fully recognizing its social responsibilities and is keen to make significant contributions towards development of social infrastructure. Your Company is actively involved in the socio-economic development and welfare of the people living around its area of operation. With a view to further translate its responsibility for the well being of the society as a whole in a structured manner, the Board of Directors have recommended contribution up to 30% of estimated PBT for the Financial Year 2008-09 for the purpose of promoting Human Development Index in the State of Gujarat and other social and charitable purposes.

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 enhancing "Educational Awareness" among children especially girl child in the rural areas of Gujarat, your company whole heartedly participated in the Kanya Kelvani Mahotsav celebrated by Govt of Gujarat. The Company has also adopted schools for promoting

educational activities in Hazira and Vallbhipur.

GSPC has tried to make difference in the lives of the senior citizens by supporting the Old Age Homes.

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

Since the last Directors Report, Smt V L Joshi, IAS ceased to be the Director of the Company. Your Directors wish to place on record appreciation of the services rendered by Smt V L Joshi, IAS as Director of the Company.

Shri M M Srivastava, IAS was appointed as an Additional Director to hold office till the ensuing Annual General Meeting. It is proposed to appoint M M Srivastava, IAS as regular Director at the ensuing Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri K Kailashnathan, IAS, Shri P K Pujari, IAS and Shri Urjit Patel 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 2007-08.

AUDIT COMMITTEE

Audit Committee at its meeting held on 24th October 2008 has approved and recommended the Annual Accounts for the year ended on 31st March, 2008 for approval of the Board.

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	241.96
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ACKNOWLEDGEMENTS

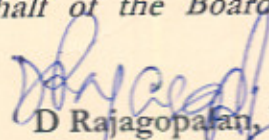
The lead in hydrocarbon sector that GSPC has attained so far is indeed the end result of persistent hard work of its employees coupled with unstinted support from the Government of Gujarat.

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 : 01, NOV, 2008

Place : Gandhinagar





PARTICULARS OF EMPLOYEES (FOR THE FINANCIAL YEAR 2007-08) PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Name of the employee	Remuneration received	Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & experience of the employee	Date of commencement of employment	Age of the employee	The last employment held by such employee before joining the company
Dr. R.K. Malick	Rs. 418600/- per month	Contractual	Appointment for a period of 3 years.	General Manager (Exploration)	1) M.Sc. (Applied Geology from IIT Kharagpur, 2) Ph.D (Petroleum Technology) 3) Oil & Gas Mini MBA from CWC School of Energy Studies, London	1.02.2007	49 Years	Reliance Ind Limited

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PARTICULARS OF EMPLOYEES (FOR PART OF THE FINANCIAL YEAR 2007-08) PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956.

Name of the employee	Remuneration received	Nature of employment whether permanent or contractual	Other terms & conditions	Nature of duties of the employee	Qualification & experience of the employee	Date of commencement of employment	Age of the employee	The last employment held by such employee before joining the company
Mr. Arjit Ray	Rs. 330200/- per month	Contractual	Appointment for a period of 3 years	Principal Reservoir Engineer	BSC in Petroleum Engineering ISM Dhanbad, Master of Technology (by Research) in Petroleum engineering	11.06.2007	56 years	ONGC

↑

BALANCE SHEET AS AT MARCH 31, 2008

Particulars	SCHEDULE	As at 31st March 2008		As at 31st March 2007	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		105.61		105.61
Reserves and Surplus	B		1,758.81		1,378.42
Loan Funds					
Secured Loans	C	735.21		-	
Unsecured Loans		1,451.70	2,186.91	839.79	839.79
Deferred Tax Adjustment (Refer Note 3.3)					
Deferred Tax Liability		1.32		0.13	
Less: Deferred Tax Asset		0.07	1.25	-	0.13
TOTAL			4,052.58		2,323.95
APPLICATION OF FUNDS					
Fixed Assets :					
Gross block	D	1,067.42		966.49	
Less: Depreciation, Amortisation and Depletion		628.24		501.17	
Net Block			439.18		465.32
Capital Work-in-Progress	E		3,221.47		1,566.23
Investments	F		381.39		285.52
Current Assets, Loans and Advances					
Current Assets					
Inventories	G	2.97		1.15	
Sundry Debtors		313.30		150.98	
Cash & Bank Balances		18.39		23.36	
Other Current Assets		16.01		7.20	
Interest Accrued		0.48		0.84	
Loans and Advances	H	593.29		323.47	
Sub-Total (i)		944.44		507.00	
Less: Current Liabilities and Provisions					
Current Liabilities	I	820.82		429.34	
Provisions		113.08		70.78	
Sub-Total (ii)		933.90		500.12	
Net Current Assets (i-ii)			10.54		6.88
Miscellaneous Expenditure (To the extent not written off or adjusted)			-		-
TOTAL			4,052.58		2,323.95
Significant Accounting Policies and Notes to Financial Statements	Q				



As per our separate report of even date
For Kantilal Patel & Co
Chartered Accountants

Ashwin Ami

Partner

Membership No. :
35070



D. Rajgopal
D. Rajgopal, IAS
Chairman

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

Sandip Dave
Sandip Dave
Company Secretary

Subhash Dave
Subhash Dave
General Manager- Finance & Accounts

Date : 01 NOV 2008
Place: Ahmedabad

Date: 01 Nov 2008
Place: Gandhinagar



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

	SCHEDULE	For the year 2007-08		For the year 2006-07	
		Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
INCOME					
Gross Sales	J	4,117.49		2,632.13	
<i>Less: Excise duty</i>		-		-	
Net Sales			4,117.49		2,632.13
Other income	K		25.72		19.04
Increase/(Decrease) in stock			2.28		0.77
TOTAL			4,145.49		2,651.94
EXPENDITURE					
Purchase of Gas/Petroleum Products	L		3,128.22		2,055.79
Production, Selling & Operational Expenditure	M		155.98		171.57
Payments to and provisions for Employees	N		3.25		1.92
Administrative & Other Expenses	O		94.04		14.03
Interest and Finance Charges	P		6.53		0.63
Sub-Total			3,388.02		2,243.94
Profit Before Depreciation, Deferred Expenditure & Taxes			757.47		408.00
Depreciation, Amortisation and Depletion			129.47		104.17
Sub-Total			129.47		104.17
Profit Before Tax			628.00		303.83
Provision for Taxation					
- Current Tax (including Wealth Tax Rs.160710/- (P.Y. 126007/-)			220.02		78.01
- Deferred Tax			1.12		(2.04)
-Fringe Benefit Tax			1.10		0.69
Profit After Tax (PAT)			405.76		227.17
Prior period adjustment a/c			(0.86)		(0.93)
Net of Excess/Short Provision of Income			-		0.09
Tax made in earlier years			-		-
Profit After Adjustments			404.90		226.15
Balance of Profit of Previous year			876.46		925.02
Amount available for Appropriations			1,281.36		1,151.17
APPROPRIATIONS					
Proposed/Interim Dividend			21.12		21.12
Tax on Dividend			3.59		3.59
Transferred to General Reserve			350.00		250.00
Surplus carried to Balance Sheet			906.65		876.46
Earnings per Share (Basic & Diluted) face value of Rs.10 per share			38.34		21.41



Significant Accounting Policies and Notes
to Financial Statements

Q

As per our separate report of even date

For Kantilal Patel & Co
Chartered Accountants

Ashwin Ami

Partner
Membership No. :
35070



D. Rajgopalan
D. Rajgopalan, IAS
Chairman

Sandip Dave
Sandip Dave
Company Secretary

D. Jagan

D.J. Pandian, IAS
Managing Director

Subhash Dave

Subhash Dave
General Manager- Finance & Accounts

Date : 01 NOV 2008
Place: Ahmedabad

Date : 01 NOV 2008
Place : Gandhinagar



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	SCHEDULE A		As at 31st March 2007	
	As at 31st March 2008		As at 31st March 2007	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SHARE CAPITAL				
AUTHORISED				
300000000 Equity Shares of Rs.10/- each (Previous Year 160000000 Equity Shares of Rs.10/- each)		300.00		160.00
ISSUED, SUBSCRIBED AND PAID UP				
105611070 Equity Shares of Rs.10/- each fully paid up (Previous Year 105611070 of Rs.10/- each) {Equity shares of 100361070 (P.Y.100361070) of Rs.10/- each are held by Government of Gujarat}		105.61		105.61
TOTAL		105.61		105.61

	SCHEDULE B		As at 31st March 2007	
	As at 31st March 2008		As at 31st March 2007	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
RESERVES AND SURPLUS				
GENERAL RESERVE				
Balance as per last balance sheet	500.68		250.68	
Less: Transitional Liability for Employee Benefits as per AS-15 (revised) (Refer Note No.5 of Schedule Q(B))	0.01		-	
Add: Transferred from Profit & Loss Account	350.00	850.67	250.00	500.68
CAPITAL RESERVE				
Opening Balance	1.28		-	
Addition During the Year	-	1.28	1.28	1.28
FOREIGN EXCHANGE TRANSLATION RESERVE				
Opening Balance	-		-	
Addition During the Year	0.21	0.21	-	-
PROFIT AND LOSS ACCOUNT		906.65		876.46
TOTAL		1,758.81		1,378.42



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	SCHEDULE C		As at 31st March 2007	
	As at 31st March 2008		Rupees in Crores	Rupees in Crores
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
SECURED LOANS				
Term Loans				
From Banks		735.21		
Rupee Term Loans with FCNR (B) with option swing-in facility from consortium of thirteen banks lead by State Bank of India. The term loan is secured by charge on all the present and future receivables of the Company and on commencement of production from KG-OSN-2001/3 the lenders will only have a primary charge over the receivables from KG-OSN-2001/3. In addition to above the lenders also have a charge on Company's Participating interest in KG-OSN-2001/3. (Amount repayable within one year Rs. Nil (P. Y. Rs. Nil))				
UNSECURED LOANS				
Short Term Loans				
From Banks:	406.70		364.79	
From Others:				
-Gujarat State Financial Services Ltd	1,045.00	1,451.70	475.00	839.79
TOTAL		2,186.91		839.79



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	SCHEDULE E		As at 31st March 2007	
	As at 31st March 2008		Rupees in Crores	Rupees in Crores
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
CAPITAL WORK - IN - PROGRESS				
Building		0.01		0.21
ERP Project		4.87		-
Exploratory & Development				
Exploratory	2,959.59		1,504.73	
Development	257.00	3,216.59	61.29	1,566.02
TOTAL		3,221.47		1,566.23



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SCHEDULE - D

FIXED ASSETS

Rupees in Crores

Particulars	GROSS BLOCK			DEPRECIATION, DEPLETION and AMORTISATION				NET BLOCK	
	As at 1-April-2007	Additions / Adjustments	Deduction	As at 31-March-2008	As at 1-April-2007	During the Year*	Deductions	As at 31-March-2008	As at 1-April-2007
I. Producing Properties (being Company's share in Joint Venture)	881.39	91.29	-	972.68	469.40	122.81	-	592.21	411.99
II. Other Assets									
1. Land									
1.1 Freehold	4.18	-	-	4.18	-	0.02	-	0.02	4.18
1.2 Leasehold Land	0.07	3.87	-	3.94	-	1.20	-	3.92	0.07
2. Buildings	27.65	4.39	0.71	31.33	4.57	1.34	-	5.77	23.08
3. Office Equipments	12.74	2.13	1.89	12.98	4.34	1.84	0.69	4.99	8.40
4. Computer Equipments	11.35	1.93	2.80	10.48	7.78	0.91	2.21	7.41	3.57
5. Vehicles	6.31	1.08	0.83	6.56	3.12	0.82	0.65	3.38	3.19
6. Furniture & Fixtures	6.27	1.75	0.08	7.94	3.22	0.89	0.06	3.98	3.05
7. Plant & Machinery	12.90	-	-	12.90	7.09	0.89	-	7.98	5.81
8. Intangibles-(Software)	3.63	0.80	-	4.43	1.65	0.85	-	2.50	1.98
TOTAL	966.49	107.24	6.31	1,067.42	501.17	130.68	3.61	628.24	465.32
Previous Year	895.50	97.72	26.73	966.49	403.98	105.11	7.92	501.17	491.51
The above includes Company's Share in Unincorporated Joint Venture Assets	899.65	95.28	3.37	991.56	474.08	124.67	1.83	596.92	425.57
Previous Year	809.86	92.18	2.39	899.65	375.36	99.47	0.76	474.08	434.60

* It includes Rs. 1.21 crores (P. Y. 0.94 crores) which has been capitalised during the year as per Accounting policy 3.4 of Schedule Q(A)



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SCHEDULE F		As at 31st March 2008		As at 31st March 2007	
		Rupees	Rupees	Rupees	Rupees
INVESTMENTS					
LONG-TERM INVESTMENTS (FULLY PAID UP)					
1. SHARES AT COST					
QUOTED					
SUBSIDIARY					
In 212,305,270 (P.Y. 212,305,270) Equity Shares of Gujarat State Petronet Ltd. (At cost) of Rs.10 {M.V.Rs. 11,920,940,911 (P.Y. Rs.9,978,347,690)}	213.31			213.31	
OTHERS					
In 3,697,000(P.Y.3,697,000) Equity Shares of Rs.10 of Gujarat Industrial Power Company Ltd. (At cost) {M.V.Rs.333,469,400 (P.Y. Rs.203,704,700)}	10.00	223.31		10.00	223.31
UNQUOTED					
SUBSIDIARY					
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 36692378 (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.)	57.42			0.24	-
In 3890436 (P.Y. 50000) shares of GSPC Pipavav Co. Ltd(at cost) at Rs.10 per share fully paid up	36.89			0.05	-
In 1400000 (P.Y. 50000) shares of GSPC JPDA Ltd(at cost) at Rs.10 per share fully paid up	1.40			0.05	-
In 50000 (P.Y. 50000) shares of GSPC LNG Ltd(at cost) at Rs.10 per share fully paid up	0.05			0.05	-
OTHERS					
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 15.1.4 of Schedule Q(B))	50.70			50.70	-
In 4033 (P.Y. 4033) shares of ONGC PetroAdditions Ltd(at cost) at Rs.10 per share fully paid up (Rupees 40333/- P.Y. Rs.Nil)	0.00			-	-
In 575000 (P.Y. 575000) shares of Krishna Godavari Gas Network Ltd. (at cost) at Rs.10 per share fully paid up	0.58			0.58	-
In 12500 (P.Y. 12500) shares of Sabarmati Gas Company Ltd(at cost) at Rs.10 per share fully paid up	0.01			0.01	-
In 10500000 (P.Y. Nil) shares of Alcock Ashdown (Gujarat) Ltd(at cost) at Rs.10 per share fully paid up	10.50	158.08		-	52.21
2. OTHER INVESTMENTS (AT COST)					
UNQUOTED					
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
TOTAL		381.39			285.52
Total Quoted Investments		223.31			223.31
Total Unquoted Investments		158.08			62.21
TOTAL		381.39			285.52
Total Market Value of Quoted Investments		1,225.44			1,018.21



	SCHEDULE G		As at 31st March 2007	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
CURRENT ASSETS				
INVENTORIES	2.97	2.97	1.15	1.15
SUNDRY DEBTORS (Unsecured, considered good)				
- More than Six Months	1.54		7.38	
- Less than Six months	311.76	313.30	143.60	150.98
CASH AND BANK BALANCES				
Cash on hand	0.07		0.05	
Balances with Scheduled Banks				
A) In Current Accounts	17.93		22.78	
B) In Fixed Deposit Accounts	0.39	18.39	0.53	23.36
OTHER CURRENT ASSETS				
Balance with Govt. Treasury in PLA (Rs.31,394)(P.Y.Rs.31394)	0.00		0.00	
Deposit with Scheduled Bank Under Site Restoration Fund Scheme*	16.01	16.01	7.20	7.20
INTEREST ACCRUED				
- Investments/Deposits with Banks	-		0.43	
- Others	0.48	0.48	0.41	0.84
TOTAL		351.15		183.53

* Deposited w/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	
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
LOANS AND ADVANCES				
(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 410.85 crs(P.Y. Rs.201.65 crs)		533.16		213.46
Advances to Subsidiary Companies		4.27		0.26
Advance to Other Companies & Projects		5.83		41.90
Advances for Investments (Pending Allotment)				
i) Gujarat State Energy Generation Co. Ltd	15.00		-	
ii) GSPC (JPDA) Ltd	0.68		-	
iii) ONGC Petro Additions Ltd	6.00		-	
iv) GSPC Gas Company Ltd	0.00		47.17	
v) GSPC Pipavav Power Company Ltd	-		2.09	
vi) Guj Info Petro Ltd	2.64		2.64	
vii) Sabarmati Gas Company Ltd	9.06	33.38	9.06	60.97
Income tax- Current Tax				
Advance payment of Income Tax	60.85		51.48	
Less: Provisions	46.77	14.08	46.77	4.71
Advances to Employees * (secured Rs. 12113006 (P.Y. Rs.10956094))		1.49		1.26
Sundry deposits		1.08		0.91
TOTAL		593.29		323.47

* Maximum outstanding during the year is Rs.16460728/- (Previous Year Rs.14235353)



	SCHEDULE I		As at 31st March 2007	
	As at 31st March 2008		Rupees in Crores	Rupees in Crores
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
CURRENT LIABILITIES AND PROVISIONS				
A) CURRENT LIABILITIES				
Creditors	501.62		271.71	
Other Liabilities	304.13		152.22	
Interest accrued but not due on Loans	15.07	820.82	5.41	429.34
B) PROVISIONS				
Provision for Taxation	346.58		125.70	
<i>Less: Advance Tax</i>	302.09	44.49	113.01	12.69
Provision for Proposed Dividend		21.12		21.12
Provision for Dividend Distribution Tax		3.59		3.59
Provision for Employee benefits		0.11		0.03
Provision for Abandonment Cost		33.35		33.35
Provision for Take or Pay		10.42		—
TOTAL		933.90		500.12



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	SCHEDULE J		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
GROSS SALES				
Sale of Gas-Joint Ventures		238.60		368.28
Sale of Oil-Joint Ventures		84.62		47.37
Natural Gas Trading		3,794.27		2,216.48
		4,117.49		2,632.13

	SCHEDULE K		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
OTHER INCOME				
From Long term investments				
Dividend From Subsidiary Company	10.62		5.30	
Dividend From Other Companies	0.19		6.09	
Interest Income-Bonds	0.51	11.32	1.09	12.48
Interest Income on :				
Income tax refund	1.05		-	
Other investments Gross (Tax Deduction at source Rs.14812094/- (P.Y.Rs.3074346/-))	5.96	7.01	2.64	2.64
Net Foreign Exchange-Gain		0.23		0.45
Misc. Income		0.85		0.30
Profit on Sale of Assets (Rs. 417245 (P.Y. Rs,230505))		0.04		0.02
Usage Charges		2.85		1.63
ISP - Income		0.04		0.07
Other Income-Joint Ventures		0.83		1.00
Hire Charges		0.30		0.30
Take or Pay Income		2.25		0.15
TOTAL		25.72		19.04



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	SCHEDULE L		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
Purchase of Gas/ Petroleum Products				
Natural Gas Trading	3,094.92		2,055.39	
Add: Transmission Charges	33.50		13.99	
Less: Connectivity(TDS amounting to Rs.4717825 (P.Y. Rs.8783754)))	11.33	3,117.09	13.59	2,055.79
Take or Pay		11.13		
		3,128.22		2,055.79

	SCHEDULE M		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
Production, Selling & Operational Expenditure				
Joint Venture Expenditure				
Production Expenses	35.59		50.21	
Duties & Taxes (includes profit petroleum of Rs.827355084 (P.Y. Rs.630214129))	109.27		99.93	
Foreign Exchange loss	0.09		-	
Other expenses	7.01	151.96	5.76	155.90
Exploration Costs Written Off		0.06		9.70
Bidding Expenditure		3.96		5.97
TOTAL		155.98		171.57



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	SCHEDULE N		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES (refer note no. 4 of Schedule Q(B))				
Salaries, wages and allowances		2.50		1.37
Staff Welfare		0.29		0.22
Contribution to Provident Fund & Other funds		0.46		0.33
TOTAL		3.25		1.92

	SCHEDULE O		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
ADMINISTRATIVE & OTHER EXPENSES (refer note no. 4 of Schedule Q(B))				
Telephone, Trunkcalls & Postage		0.28		0.32
Travelling Expenses (including Directors' travelling Rs.2279620/- (P.Y. Rs.1918880/-))		0.97		0.74
Rent		0.09		0.05
Vehicle running Expenses		0.35		0.29
Electricity Expenses		0.40		0.39
Conveyance (Rs 44698 (P.Y Rs. 23424))		-		-
Stationery & Printing		0.37		0.41
Insurance expenses		0.22		0.23
Administration & establishment		1.23		1.12
Business Development & Promotion		3.63		3.38
Professional & Technical Expenses (refer note no 6 of Schedule Q(B))		15.02		1.31
Donations		64.01		2.25
Audit Fees		0.11		0.08
Bank charges		4.96		2.20
Advertisement & publicity		0.33		0.36
Building Repairs		0.10		0.17
Bandwidth Expenses		0.15		0.14
Net Loss on Sale/discarding of Fixed Assets		0.32		0.07
Other expenses		1.50		0.52
TOTAL		94.04		14.03

	SCHEDULE P		2006-07	
	2007-08			
	Rupees in Crores	Rupees in Crores	Rupees in Crores	Rupees in Crores
INTEREST & FINANCE CHARGES				
Finance Charges		6.19		-
Other Charges		0.34		-
Other Interest *		-		0.63
TOTAL		6.53		0.63

* Includes Interest paid u/s 234 C of Income Tax amounting to Rs Nil (P.Y (284946))



SCHEDULE - Q**Significant Accounting Policies and Notes forming part of Financial Statements****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 – Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act 1956, Guidance Notes issued by The Institute of Chartered Accountants of India for Oil and Gas Producing Activities and the practices prevalent in the industry in India.

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

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

3.3. 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:

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

3.3.2. 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.



3.4. 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 and probable 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.



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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. Accordingly the financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Joint Venture operations which are accounted on the basis of available information on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the various joint venture agreements except in cases of abandonment, impairment depletion and depreciation which are accounted as per the accounting policies of the Company. The financial statements of the unincorporated joint ventures are prepared by the respective Operators in accordance with the requirements prescribed by the respective Production Sharing Contracts of the unincorporated joint ventures. Hence, certain adjustments/disclosures required under the mandatory Accounting Standards and the Companies Act, 1956 have been made in the financial statements of the Company only to the extent of information available with the Company. Such information include information relating to foreign exchange differences, information relating to micro small and medium enterprises, particulars of expenditure in foreign currency, particulars of earnings in foreign currency, particulars of CIF value of imports, transactions with related parties, details of commitments and contingencies and information relating to consumption of stores and spares.

9. Borrowing Costs

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

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.



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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 as on 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. Employees Benefits

12.1.Provident Fund:

Eligible employees receive benefits from a provident fund, which is a defined contribution plan. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employee and the Company make monthly contributions to the GSPC Employee's Provident Fund Trust equal to a specified percentage of the covered employee's salary. The company also contributes to a government administered pension fund on behalf of its employees. The interest rate payable by the trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

12.2.Superannuation Fund

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

12.3.Gratuity

The company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by third party actuarial



valuation as of the balance-sheet date, based upon which, the Company contributes all the ascertained liabilities to in-group Gratuity scheme of Life Insurance Corporation of India.

12.4. Leave Encashment

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

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

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

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. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a



reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the schedule of contingent liability on the basis of judgment of the management / independent expert.

Contingent assets are neither disclosed nor recognized.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.



B. Notes forming part of Financial Statements**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	GSPC'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	60%(60%)	Oilex NL (Operator)	40.0%
3	Cambay	55%(55%)	Oilex NL (Operator)	30.0%
			Oilex NL Holdings (India) Ltd	15.0%
4	Sabarmati	60%(60%)	Oilex NL (Operator)	40.0%
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 (ref note 1.1)	70%(70%)	Heramec, U.K (Operator)	30.0%
9	North Kathana (ref note 1.1)	70%(70%)	Heramec, U.K (Operator)	30.0%
10	Kanawara (ref note 1.1)	70%(70%)	Heramec, U.K (Operator)	30.0%
11	Allora (ref note 1.1)	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 1.2)	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%




SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
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) (Ref note 1.3)	25%(25%)	Global Energy Inc.	25.0%
			Oilex (JPDA 06-103) Ltd (Operator)	25.0%
			Bharat Petroresources JPDA Ltd	25.0%
20	WA-388Block(Australia) (Ref note 1.4)	20%(20%)	Videocon	20.0%
			Oilex (Operator)	20.0%
			BPCL	20.0%
			HPCL	20.0%
21	CY-DWN-2004/1	10%(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%(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%(10%)	Oil and Natural Gas Corporation Limited (Operator)	70.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
24	CY-DWN-2004/4	10%(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%(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%(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%(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%(10%)	Oil and Natural Gas Corporation Limited (Operator)	60.0%
			GAIL (India) Ltd	10.0%
			Hindustan Petroleum Corporation Limited	10.0%
			BPCL	10.0%



SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
29	KG-DWN-2004/3	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70.0% 10.0% 10.0%
30	KG-DWN-2004/5	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited BPCL Oil India Limited	50.0% 10.0% 10.0% 10.0% 10.0%
31	KG-DWN-2004/6	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited Oil India Limited	60.0% 10.0% 10.0% 10.0%
32	MB-OSN-2004/2	20%(20%)	Petrogas E&P LLC(Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited Indian Oil Corporation Limited	20.0% 20.0% 20.0% 20.0%
33	CB-ONN-2004/1	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Heramec Ltd.	50.0% 10.0%
34	CB-ONN-2004/2	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Suntera Resources Ltd.	50.0% 10.0%
35	CB-ONN-2004/3	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Ensearch Petroleum Pvt. Ltd.	50.0% 10.0%
36	CB-ONN-2004/4	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Heramec Ltd.	50.0% 10.0%
B	GSPC-Operated			
37	Tarapur	80%(80%)	Geo Global Resources (Barbados) Inc.	20.0%
38	Unawa	70%(70%)	Heramec, U.K	30.0%
39	CB-ONN-2000/1 (Ahmedabad) (Ref note 1.5)	50%(50%)	GAIL (India) Ltd	50.0%
40	KG-OSN-2001/3 (refer note 1.6)	80%(80%)	Jubilant Enpro Limited Geo Global Resources (Barbados) Inc.	10.0% 10.0%
41	CB-ONN-2002/3 (Sanand)	55%(55%)	Jubilant Enpro Private Limited Prize Petroleum Company Limited Geo Global Resources (Barbados) Inc.	20.0% 15.0% 10.0%
42	CB-ONN-2003/2 (Ankleshwar)	50%(50%)	GAIL (India) Ltd Jubilant Enpro Private Limited Geo Global Resources (Barbados) Inc.	20.0% 20.0% 10.0%
43	Block No.6 (Egypt)	50%(50%)	Geo Global Resources (Barbados) Inc. Alkor	30.0% 20.0%
44	Block No.8 (Egypt)	50%(50%)	Geo Global Resources (Barbados) Inc. Alkor	30.0% 20.0%
45	MB-OSN-2004/1	20%(20%)	Petrogas E&P LLC	20.0%




SI No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
			GAIL (India) Ltd	20.0%
			Hindustan Petroleum Corporation Limited	20.0%
			Indian Oil Corporation Limited	20.0%
46	RJ-ONN-2004/1	20%(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%(40%)	GAIL (India) Ltd	40.0%
			Petrogas E&P LLC	20.0%
48	Block No 19 (Yemen) (ref 1.7)	45%(45%)	Western Drilling Contractors Pvt. Ltd.	30.0%
			Alkor Petroo Ltd.	25.0%
49	Block No 28 (Yemen) (ref 1.7)	45%(45%)	Western Drilling Contractors Pvt. Ltd.	30.0%
			Alkor Petroo Ltd.	25.0%
50	Block No 57 (Yemen) (ref 1.7)	45%(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 year, development fields in Joint Venture with HERMEC namely Dholasan, North Kathana, Kanawara and Allora have commenced commercial production of oil and gas. Accordingly the assets of the block have been capitalised and transferred to Producing Properties
- 1.2. The company along with its Joint Venture partners have recommended Block MB-DWN-2000/2 (Mumbai) to be surrendered to DGH however the requisite approval is yet not received .
- 1.3. 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.
- 1.4. In case of WA-388-P the joint venture partners have entered into a farmout agreement dated 12-Aug-2008 for WA-388-P with Sasol Petroleum Australia Ltd as per the following terms:
- 1.4.1. Sasol Petroleum shall bear the 3D acquisition cost of the block upto 60% upto maximum of USD 7.6 million. Accordingly the company's share in 3D acquisition cost would reduce from 20% to 8%.
- 1.4.2. On successful payment of 3D acquisition cost Sasal shall have Participating interest of 30%. Accordingly the final Participating interest of the company after 3D acquisition would be 14%



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- 1.5. During the year Director General of Hydrocarbon approved the start of commercial production w.e.f.1-Feb-08 from Ingoli field in Block No. CB-ONN-2000/1 in Cambay Basin, Gujarat. Accordingly the assets of the block have been capitalised and transferred to respective Producing Properties.
- 1.6. 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.
- 1.7. The Production Sharing Agreement (PSA) for Yemen block is in the process of being executed.
- 1.8. Of the above, thirteen fields/blocks, where production is in progress, namely Hazira, Bhandut, Cambay, Sabarmati, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora and CB-ONN-2000/1 (Ahmedabad Block).

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 2007-08	1.45	2,342.66
	(1.59)	(2,988.22)
Additions	0.38	22.65
	(0.09)	(6.95)
Deletions	0.28	1,030.89
	(0.20)	-
Production	0.04	481.08
	(0.03)	(652.51)
Closing Balance for the year 2007-08	1.51	853.34
	(1.45)	(2,342.66)

**Figures in brackets relate to previous year*

The Company's share of reserve of the fields/blocks has been taken on the basis of the "Reserve" certification provided by M/s.Gaffney, Cline & Associates (except for Cambay Field for which the company has taken management estimates) and it 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-2008	As on 31-March-2007
A. Fixed Assets		
Gross Block	991.56	899.65
Less :Depreciation/Depletion Fund	596.92	474.08
Net Block	394.64	425.57
CWIP	3,216.59	1,566.02
B. Current Assets	456.80	233.41
C. Current Liabilities and Provisions	331.90	191.61
D. Contingent liabilities	13.64	5.39

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 2008 and 31st March 2007 is given as under

Rs in crores

	2007-08		2006-07	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
INCOME				
Sale of Crude Oil	147.24	84.62	89.64	47.37
Sale of Gas	380.43	238.60	580.74	368.28
Increase/(Decrease) in Stock	3.85	2.28	1.08	0.77
Foreign Exchange Income			0.50	0.33
Other Income	1.23	0.83	1.50	1.00
Total	532.75	326.33	673.46	417.75
EXPENDITURE				
Production Expenses	54.26	35.59	77.11	50.21
Duties & Taxes	166.04	109.27	152.02	99.93
Foreign Exchange loss	0.13	0.09	-	-
Administrative exps.	11.26	7.01	9.26	5.75
Total Expenditure before Depreciation	231.69	151.96	238.39	155.89
PROFIT BEFORE DEPRECIATION	301.06	174.37	435.07	261.86



1.12. Gujarat State Petroleum Corporation Limited has been offering a reduced price to the power sector customers on its share of gas produced and sold from Hazira since December 16, 2002. Directorate General of Hydrocarbons (DGH) vide their letter No. DGH/CC28A/2004 dated August 3, 2004 has directed that rebate offered by the Company on its share is not in accordance with the requirements of the Production Sharing Contract for gas valuation. MoP&NG vide their letter No. O-19025/44/2007-ONG D.V/E.O dated July 5, 2007 intimated the consortium to pay the resultant profit petroleum. During the current year the joint venture has accrued and paid the liability of Rs. 44.35 crores (USD 9.476 million). The consortium has already recovered Rs. 41.03 crores of the additional liability of profit petroleum from the relevant customers.

2. Borrowing Cost and Test Production

2.1. The borrowing cost amounting to Rs.124.32 crores (P.Y Rs. 37.89.crores) has been capitalized to the Oil & Gas exploration projects and included in CWIP.

2.2. An amount of Rs.23.55 crores (P.Y. Rs. 14.54 crores) being sales of test production from various exploratory wells have been credited to CWIP.

3. Income Tax

3.1. Provision of Tax for the current year is Rs.220 crores (P.Y. Rs. 78.00crores) includes provision of wealth tax amounting to Rs.0.016 crores (P.Y. Rs. 0.013 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. No provision is made for such disputed Income tax liabilities, where appeal is disposed of in favour of the company, which is estimated at Rs.592.31 crores (P.Y. Rs. 387.39 crores) and is disclosed as contingent liabilities vide note 15.1.1.

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 accounting policy no. 10) the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating Rs.1.12 crores in the Profit and Loss account, the details of which are as under




Particulars	As on 31-March-2007	For the year 2007-08	As at 31-March-2008
Deferred Tax Liability			
(a) Depreciation	0.13	1.19	1.32
(b) Expense Written off for Tax Purpose & Others	-	-	-
Total (A)	0.13	1.19	1.32
Deferred Tax Asset			
(a) Retirement Benefits	-	0.03	0.03
(b) Others	-	0.04	0.04
Total (B)		0.07	0.07
Net Deferred Tax Liability (A - B)	0.13	1.12	1.25

4. Details of Expenditure

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

Particulars	2007-08		2006-07	
	Rs in crores	Rs in crores	Rs in crores	Rs in crores
Salaries, wages and allowances	7.11		4.26	
Staff Welfare	0.29		0.22	
Contribution to Provident Fund & Other funds	1.11	8.51	0.85	5.33
Telephone, Trunkcalls & Postage		0.59		0.65
Traveling Expenses		2.02		1.91
Rent		0.25		0.12
Vehicle running Expenses		0.89		0.91
Electricity Expenses		1.14		1.01
Conveyance		0.01		0.01
Stationery & Printing		1.06		1.02
Insurance expenses		0.62		0.49
Administration & establishment		3.37		2.85
Business Development & Promotion		3.63		3.38
Professional & Technical Expenses				



Particulars	2007-08		2006-07	
	Rs in crores	Rs in crores	Rs in crores	Rs in crores
		15.37		2.95
Donation		64.01		2.25
Audit Fees		0.11		0.08
Bank charges		4.96		2.20
Advertisement & publicity		0.33		0.36
Building Repairs		0.10		0.44
Bandwidth Expenses		0.42		0.63
Net Loss on Sale/discarding of Fixed Assets		0.32		0.07
Other expenses		2.77		1.60
		110.48		28.26
Less: Allocation to Operated Blocks/Fields		13.19		12.31
TOTAL		97.29		15.95
Payments to and Provisions for employees		3.25		1.92
Administrative and Other Expenses		94.04		14.03
TOTAL		97.29		15.95

5. Employee Benefits:

5.1. Defined Contribution Plans

5.1.1. Company's contribution to Provident Fund is Rs.0.20 (P.Y.0.07)

5.1.2. Company's contribution to Super Annuation fund Rs.0.06 (P.Y.0.02)

5.2. Defined Benefit Plans

The following table sets out the funded status of the Gratuity and Leave Encashment Plan and the amounts recognized in company's financial statements as at 31st March, 2008

Rs in crores

	Gratuity	Leave Encashment
I Change in obligation during the year ended 31st March, 2008		
1 Liability at the beginning of the year	0.49	0.70
2 Interest cost	0.04	0.06
3 Current service cost	0.13	0.22
4 Past service cost	-	-
5 Benefit Paid	(0.02)	(0.07)



	Gratuity	Leave Encashment
6 Actuarial (gain) / Losses	0.18	(0.04)
7 Liability at the end of the year	0.82	0.87
II Change in assets during the year ended 31st March, 2008		
1 Plan assets at the beginning of the year	0.49	0.69
2 Expected return of plan assets	0.06	0.07
3 Contributions	0.22	0.26
4 Benefit paid	(0.02)	(0.07)
6 Actuarial gain / (Loss)	(0.01)	(0.01)
7 Plan assets at the end of the year	0.74	0.94
8 Total Actuarial Gain/(Loss) To Be Recognized	(0.19)	0.03
III Actual Return on plan assets		
1 Expected return of plan assets	0.06	0.07
2 Actuarial gain / (loss)	(0.01)	(0.01)
3 Actual return on plan assets	0.05	0.06
IV Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2008		
1 Liability at the end of the year	0.82	0.86
2 Plan assets at the end of the year	0.74	0.94
3 Amount recognized in the Balance Sheet Accrued (Pre paid)	0.08	(0.08)
V Expenses recognized in the statement of profit & loss account for the year ended 31st March, 2008		
1 Current service cost	0.13	0.22
2 Interest cost	0.04	0.06
3 Expected return on plan assets	(0.06)	(0.07)
4 Actuarial (gain) / Losses	0.19	(0.03)
5 Past service cost	-	-
6 Total expenses	0.30	0.18
VI Balance Sheet reconciliation		
1 Opening net liability	0.00	0.01
2 Expenses as above	0.30	0.17
3 Employer contribution	(0.22)	(0.26)
4 Amount recognized in the Balance Sheet	0.08	(0.08)
VII Actuarial assumptions:		
1 Discount rate	8.23%	8.23%
2 Rate of return on plan assets	9.00%	9.00%
3 Salary Escalation	7.00%	7.00%

5.3. During the year, the Company has decided to adopt the Accounting Standard (AS) 15 (Revised 2005) Employee Benefits. Accordingly the Company has made provision for employee benefits amounting to Rs.0.08 crores out of which Rs.0.01 crores has been adjusted against the general reserve in accordance with transitional provision of the standard.

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



5.5. During the year the Company has recognized the following amounts in the Profit and Loss Account in Schedule N

	Particulars	Gross Expenditure	Allocated Expenses	Net Expenditure
1	Salary, wages and allowances include compensated absences	7.11	4.61	2.50
2	Contribution to Provident Fund & other funds includes	1.11	0.65	0.46
	<i>Provident Fund & Family Pension</i>	<i>0.53</i>	<i>0.33</i>	<i>0.20</i>
	<i>Superannuation Fund</i>	<i>0.12</i>	<i>0.06</i>	<i>0.06</i>
	<i>Gratuity Fund</i>	<i>0.27</i>	<i>0.16</i>	<i>0.11</i>
	<i>Other funds</i>	<i>0.19</i>	<i>0.10</i>	<i>0.09</i>

5.6. This being the first year in which the Company has adopted the Accounting Standard 15 (Revised) on Employee benefits, figures for the previous period have not been included

5.7. In case of Provident Fund the management in consultation with the actuary, actuarial valuation cannot be applied to reliability measure provident fund liabilities in the absence of guidance from the Actuarial Society of India

6. Professional and Technical expenses includes Rs 9.50 crores (P.Y. Nil) paid towards setting up of data room., consultancy fees and other expenses, and Miscellaneous Income includes income with respect to data room access charges amounting to Rs. 0.67 crores (P.Y. Nil) related to induction of partner in KG-OSN-2000/1.

7. 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.

8. Segment Information:

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

Business Segments

- a) Exploration, Development and Production
- b) Gas Trading



Rs in crores

	2007-08				2006-07			
	Exploration & Production	Gas Trading	Unallocated	Total	Exploration & Production	Gas Trading	Unallocated	Total
1 Revenue								
External Sales	323.22	3,794.27		4,117.48	415.65	2,216.48	-	2,632.13
Inter Segment Sales	-			-	-	-	-	-
Total Revenue	323.22	3,794.27	-	4,117.48	415.65	2,216.48	-	2,632.13
2 Results								
Segment Results	-			-				
Profit(+)/Loss(-)	30.09	666.04	-	696.13	146.72	160.84	-	307.56
Unallocated Exps	-	-	(93.86)	(93.86)	-	-	(23.14)	(23.14)
Operating Profit	30.09	666.04	(93.86)	602.27	146.72	160.84	(23.14)	284.42
Interest/Dividend	-	-	18.33	18.33	-	-	15.25	15.25
Other Income	0.83	3.57	2.99	7.39	-	-	2.31	2.31
Provision for Taxation	-		(222.23)	(222.23)	-	-	(76.66)	(76.66)
Excess/Short Provision of Income Tax in earlier year (net)	-		-	-	-	-	(0.08)	(0.08)
Profit/Loss from Ordinary Activities	30.92	669.61	(294.78)	405.76	146.72	160.84	(82.33)	225.23
Extraordinary Items	-		(0.85)	(0.85)	0.93	-	-	0.93
Net Profit/(Loss)	30.92	669.61	(295.63)	404.90	147.65	160.84	(82.33)	226.16
3 Other Information								
Segment Assets	4,211.20	288.23	-	4,499.44	2,551.87	127.29	-	2,679.16



	2007-08				2006-07			
	Exploration & Production	Gas Trading	Unallocated	Total	Exploration & Production	Gas Trading	Unallocated	Total
Unallocated Assets	-	-	487.05	487.05	-	-	144.91	144.91
Total Assets	4,211.20	288.23	487.05	4,986.48	2,551.87	127.29	144.91	2,824.07
Segment Liabilities	2,750.37	213.25		2,963.62	1,046.43	100.72	192.76	1,339.91
Unallocated Liabilities	-		157.19	157.19	-			-
Total Liabilities	2,750.37	213.25	157.19	3,120.81	1,046.43	100.72	192.76	1,339.91
Cost to Acquire Fixed Assets	1,650.21			1,650.21	745.54		-	745.54
Depreciation Non Cash Expenses other than Depreciation	123.48		6.00	129.47	98.53		5.63	104.17
	7.65			7.65	9.70		-	9.70

9. 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:

9.1. GSPC to regain possession and control from GSPL of 36" pipeline together with cost of associated equipments such as metering facilities and compressor.

9.2. 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.

9.3. 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.

10. 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.

10.1. Subsidiary Company - Gujarat State Petronet Limited, GSPC Pipavav Power Company Ltd, GSPC LNG Ltd., Guj Info Petro Limited, GSPC Gas Company Ltd and GSPC JPDA Ltd.

10.2. Associate Companies - Gujarat State Energy Generation Limited and Sabarmati Gas Company Ltd., Gujarat Science At Action Ltd. and Alcock Ashdown (Gujarat) Ltd..

10.3. Key Managerial Personnel:

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

Rs in crores

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Income:										
Sale of LNG	255.02	26.79	244.01	197.66	-	-	-	-	499.03	224.45
GSPC Gas Company Ltd	255.02	26.79	-	-	-	-	-	-	255.02	26.79
Sabarmati Gas Company Ltd	-	-	43.59	16.75	-	-	-	-	43.59	16.75
Gujarat State Energy Generation Ltd	-	-	200.42	180.91	-	-	-	-	200.42	180.91
Rent received	0.46	0.44	0.02	0.02	2.35	1.14	-	-	2.83	1.60
Gujarat State Petronet Ltd.	0.36	0.36	-	-	-	-	-	-	0.36	0.36
GSPC Pipavav Power Company Ltd.	0.02	-	-	-	-	-	-	-	0.02	-
GSPC Gas Company Ltd	0.08	0.08	-	-	-	-	-	-	0.08	0.08
Gujarat State Energy Generation Ltd	-	-	0.02	0.02	-	-	-	-	0.02	0.02
Others (Joint Ventures)	-	-	-	-	2.35	1.14	-	-	2.35	1.14
Connectivity Charges received	11.33	13.59	-	-	-	-	-	-	11.33	13.59
Gujarat State Petronet Ltd.	11.33	13.59	-	-	-	-	-	-	11.33	13.59
Dividend Income	10.62	5.30	-	5.07	-	-	-	-	10.62	10.38
Gujarat State Petronet Ltd.	10.62	5.30	-	-	-	-	-	-	10.62	5.31
Gujarat State Energy Generation Ltd Sabarmati Gas Company Ltd {(Rs. 25000/- P.Y. Nil)}	-	-	-	5.07	-	-	-	-	-	5.07
			0.00	-	-	-	-	-	0.00	-
Interest received	4.67	2.46	1.14	0.14	-	-	-	-	5.81	2.60
GSPC Gas Company Ltd	4.42	2.21	-	-	-	-	-	-	4.42	2.21



GUJARAT STATE PETROLEUM CORPORATION LIMITED

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Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Sabarmati Gas Company Ltd			0.86	0.14					0.86	0.14
Gujarat State Energy Generation Ltd			0.28	-					0.28	-
Gujarat Info Petro Ltd.	0.25	0.25							0.25	0.25
ISP income received	0.04	0.07	-	-	-	-	-	-	0.04	0.07
Gujarat Info Petro Ltd.	0.04	0.07							0.04	0.07
Management Fees	-	-	-	-	0.12	0.14	-	-	0.12	0.14
Others (Joint Ventures)					0.12	0.14			0.12	0.14
Expenses:										
Purchase of Gas	-	-	-	-	5.04	3.03	-	-	5.04	3.03
Others (Joint Ventures)					5.04	3.03			5.04	3.03
Gas transportation charges paid	11.26	6.26	-	-	-	-	-	-	11.26	6.26
Gujarat State Petronet Ltd.	11.26	6.26							11.26	6.26
Bandwidth Charges paid	-	-	-	-	-	-	-	-	-	-
Gujarat Info Petro Ltd.	0.62	1.24							0.62	1.24
Remuneration to Managing Director	-	-	-	-	-	-	0.07	0.07	0.07	0.07
Expenses/ payments by GSPC on behalf of subsidiary (Recovered/recoverable)	1.57	1.74	0.14	0.06	-	-	-	-	1.71	1.80
Gujarat State Petronet Ltd.	0.41	0.39							0.41	0.39
GSPC Pipavav Power Company Ltd.	0.14	0.11							0.14	0.11
GSPC LNG Ltd	0.44	0.02							0.44	0.02
GSPC (JPDA) Ltd.	0.13	0.02							0.13	0.02
Gujarat Info Petro Ltd.	0.24	0.13							0.24	0.13
GSPC Gas Company Ltd.	0.21	1.07							0.21	1.07
Gujarat State Energy Generation Ltd.			0.14	0.06					0.14	0.06
Expenses/ payments by subsidiary on behalf of GSPC (Recovered/recoverable)	0.90	0.87	-	-	-	-	-	-	0.90	0.87
Gujarat State Petronet Ltd.	0.90	0.87							0.90	0.87



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GUJARAT STATE PETROLEUM CORPORATION LIMITED

ANNUAL ACCOUNTS 2007-08

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Current Assets & Liabilities:										
Advance / Receivable	4.27	3.62	1.13	0.38	116.09	34.98	-	-	121.49	38.98
Gujarat State Petronel Ltd.	0.37	0.21	-	-	-	-	-	-	0.37	0.21
GSPC Pipevav Power Company Ltd.	0.16	-	-	-	-	-	-	-	0.16	-
GSPC LNG Ltd	0.46	0.02	-	-	-	-	-	-	0.46	0.02
GSPC (JPPDA) Ltd.	0.16	0.02	-	-	-	-	-	-	0.16	0.02
Gujarat Info Petro Ltd.	2.21	1.74	-	-	-	-	-	-	2.21	1.74
GSPC Gas Company Ltd.	0.91	1.63	-	-	-	-	-	-	0.91	1.63
Gujarat State Energy Generation Ltd.	-	-	0.35	0.27	-	-	-	-	0.35	0.27
Sabarmati Gas Company Ltd.	-	-	0.78	0.11	-	-	-	-	0.78	0.11
Others (Joint Ventures)	-	-	-	-	116.09	34.98	-	-	116.09	34.98
Payable	-	-	-	-	150.64	84.94	-	-	150.64	84.94
Others (Joint Ventures)	-	-	-	-	150.64	84.94	-	-	150.64	84.94
Investment in Share Capital (Allotment)	309.10	213.73	61.71	51.21	-	-	-	-	370.81	264.94
Gujarat State Petronel Ltd.	213.31	213.31	-	-	-	-	-	-	213.31	213.31
GSPC Pipevav Power Company Ltd.	36.89	0.05	-	-	-	-	-	-	36.89	0.05
GSPC LNG Ltd	0.05	0.05	-	-	-	-	-	-	0.05	0.05
GSPC (JPPDA) Ltd.	1.40	0.05	-	-	-	-	-	-	1.40	0.05
Gujarat Info Petro Ltd.	0.03	0.03	-	-	-	-	-	-	0.03	0.03
GSPC Gas Company Ltd.	57.42	0.24	-	-	-	-	-	-	57.42	0.24
Gujarat State Energy Generation Ltd.	-	-	50.70	50.70	-	-	-	-	50.70	50.70
Sabarmati Gas Company Ltd.	-	-	0.01	0.01	-	-	-	-	0.01	0.01
Gujarat Science At Action Ltd.	-	-	0.50	0.50	-	-	-	-	0.50	0.50
Alcock Ashdown (Gujarat) Ltd.	-	-	10.50	-	-	-	-	-	10.50	-
Advance for Investment (Pending Allotment)	3.32	51.90	24.06	9.06	-	-	-	-	27.38	60.96
GSPC Pipevav Power Company Ltd.	-	2.09	-	-	-	-	-	-	-	2.09
GSPC (JPPDA) Ltd.	0.68	-	-	-	-	-	-	-	0.68	-
Gujarat Info Petro Ltd.	2.64	2.64	-	-	-	-	-	-	2.64	2.64
GSPC Gas Company Ltd.	-	47.17	-	-	-	-	-	-	-	47.17
Gujarat State Energy Generation Ltd.	-	-	15.00	-	-	-	-	-	15.00	-
Sabarmati Gas Company Ltd.	-	-	9.06	9.06	-	-	-	-	9.06	9.06



11. 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	2007-08	2006-07
(A) Payment to Auditors		
i) Audit Fees	0.11	0.08
ii) For Certification work, etc	0.13	0.02
iii) Out Of Pocket Expense {Rs.21275/- (P.Y.Rs.22448)}	0.00	0.00
(B) Managerial Remuneration	-	-
i) Salaries	0.06	0.06
ii) Pension	0.01	0.01
iii) Leave Salary	0.00	0.00
(C) Expenditure in Foreign Currency	241.96	129.76
Value of Import on CIF Basis	-	-
a) Capital Goods		
b) Foreign Travel	0.03	-
c) Consultancy & Technical Fees	6.50	11.38
d) Subscription	0.18	0.17
e) Bandwidth Charges	-	-
f) Others (including payments to Joint Ventures)	235.25	118.21

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

12. 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.

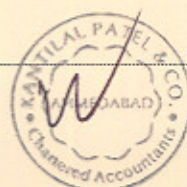
12.1. Sales Turnover

Description	Unit	Quantity	Value (Rs.) (In Crores)
Crude Oil	Barrels	260,831	84.62
		(222,383)	(47.37)
Gas	Lakh M3	4,532	238.60
		(6,260)	(368.28)
Gas Trading*	Million MMBTU	98.3	3,794.27
	Lakh M3-	(75.1)	(2,216.48)

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

12.2. Opening and Closing Stock of Goods Produced

Description	Unit	Quantity	Value (Rs.) (In Crores)
Opening Stock			
Crude Oil	Barrels	4,671	0.89
		(2,084)	(0.42)



6



Description	Unit	Quantity	Value (Rs.) (In Crores)
Closing Stock			-
Crude Oil	Barrels	8,356	2.79
		(4,671)	(0.89)

12.3. 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.	264,516* (211,771)
Gas	Lakh M3	N.A.	N.A.	4,532* (6,525)

*Excludes internal consumption

12.4. Purchases (Trading)

Description	Unit	Quantity	Value (Rs.) (In Crores)
Gas Trading	Million MMBTU	105.0	3,094.92
		(86.5)	(2,055.39)

*Figures in brackets relate to previous year.

13. Earning Per Share (EPS)

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

Particulars	As on 31-March-2008	As on 31-March-2007
Net Profit After Tax	4,049,045,613	2,261,461,350
Weighted average numbers of equity shares	105,611,070	105,611,070
Basic/Diluted Earnings Per Share (EPS)	38.34	21.41
Nominal Value per share	10	10

14. Capital Commitments:

14.1. Estimated amount of Contracts remaining to be executed on capital accounts and not provided for:

14.1.1. In respect of Joint Ventures Rs.2.24 crores (P.Y Rs. 0.26 crores)

14.1.2. In respect of others- Rs.1.28 crores (P.Y.Rs. 0.98 crores)

14.2. Minimum Work Programme Committed under various Production Sharing Contracts in India and Outside India.

14.2.1. In India Rs. 1471.54 crs (P.Y. 3115.78 crs)



14.2.2. Outside India Rs. 1046.03 crs (P.Y. 1046.63 crs)

15. Contingencies

15.1. Contingent Liabilities

15.1.1. 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-2008	As at 31-March-2007
Income Tax disputes where case is decided in favour of company in appeal and Income Tax Deptt has further gone for appeal	592.31	387.39
Wealth Tax	0.08	0.08
Claims of GoI for Additional Profit Petroleum	-	34
Joint Ventures	13.64	5.39

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

Rs in Crores

Particulars	As at 31-March-2008	As at 31-March-2007
Letter of Credits	345.05	112.97
Financial Guarantees to Ministry of Petroleum and Natural Gas (MOPNG)	119.64	893.00
Other Bank Guarantees *	654.22	48.31

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

15.1.3. The Company has provided a letter of undertaking for repayment of principal, of Rs. 100/- Crs, along with interest on the same for the short term borrowings of GSPC Pipavav Power Company Ltd (Subsidiary company of GSPC) from Gujarat State Financial Services Ltd.

15.1.4. 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.

16. Disclosures required by Accounting Standard- 29 " Provisions, Contingent Liabilities and Contingent Assets".

16.1. Movement in Provisions

Rs in crores

Sr. No.	Particulars of Disclosure	Provision for Contingencies
1	Opening Balance	33.35
2	Provision made during the period	10.42
3	Balance as at 31-March-08	43.77

16.2. Nature of the Provision

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

17. In terms of section 22 of Micro, Small and Medium Enterprise Development Act, 2006, the outstanding these enterprises are required to be displayed. However, these enterprises are required to be registered under the Act. As the corporation has not received any intimation from Suppliers regarding their status i.e. about the registration of the enterprises under the Act, the required disclosure regarding:

- Amount due and outstanding to suppliers as at the end of the accounting year.
- Interest paid during the year.
- Interest payable at the end of the accounting year.
- Interest accrued and unpaid at the end of the accounting year have not been furnished.

In the view of the above and in absence of relevant information, the Auditors have relied on the same.

18. 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.

19. Previous year's figures have been re-grouped/reclassified or rearranged wherever necessary to make them comparable with those of current year.



GUJARAT STATE PETROLEUM CORPORATION LIMITED

ANNUAL ACCOUNTS 2007-08

As per our separate report of even date

For KANTILAL PATEL & Co.

CHARTERED ACCOUNTANTS

Ashwin Amin
Partner
FCA-38070

Ashwin Amin
Place :
Date: 01 NOV 2008



D. Rajgopalani
D Rajgopalani, IAS
Chairman

Sandip Dave
Sandip Dave
Company Secretary

D. J. Pandian

D.J. Pandian, IAS
Managing Director

Subhash Dave
Subhash Dave

General Manager- Finance & Accounts

Place : Gandhinagar

Date: 01 NOV 2008



GUJARAT STATE PETROLEUM CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	2007-08 Rs in Crores	2006-07 Rs in Crores
Cash Flow from Operating Activities		
Profit after Tax	404.90	226.15
Add : Income Tax	220.02	78.09
Deferred Tax	1.12	(2.04)
Fringe Benefit Tax	1.10	0.69
	627.14	302.89
Add : Depreciation and Amortisations being non-cash item		
Depreciation	129.47	104.17
Interest & Finance Charges	6.53	0.63
Loss on Sale of Assets	0.32	0.07
Foreign Exchange Loss/(Gain)	(0.23)	-
Misc. Exp. Written Off	-	-
Exploration Cost Written off	0.06	7.19
	763.29	414.95
Less : Interest / Dividend Income	18.33	15.13
Profit on sale of Assets {Rs.10,189, P.Y.(Rs.12,541)}	0.04	0.02
	744.92	399.80
Add / Less : Working Capital Adjustments		
Increase / Decrease in current Assets (-)	(442.41)	(249.73)
Increase / Decrease in current Liabilities (+)	433.78	103.09
	736.29	253.16
Less : Direct Tax Paid	198.44	67.36
Add : Prior Period Adjustment	0.86	0.93
Net Cash Flow from Operating Activities (A)	538.71	186.73
Cash Flow from Investing Activities		
Purchase of Assets / CWIP including Joint Ventures (Net)	(1,650.22)	(705.79)
Sale of Fixed Assets	0.10	0.05
Investment in Subsidiary	(95.63)	(0.10)
Other Investments	(0.23)	1.41
Interest / Dividend Income	18.33	15.13
Net Cash Flow from Investing Activities (B)	(1,727.65)	(689.30)
Cash Flow from Financing Activities		
Repayment of Share Application Money	-	-
Repayment of Loans (Net)	-	-
Proceeds from Unsecured Loans	611.91	569.79
Proceeds from Secured Loans	727.62	-
Interest & Financing Charges Paid	(130.85)	(38.52)
Dividend Paid (including dividend tax)	(24.71)	(24.08)
Net Cash Flow from Financing Activities (C)	1,183.97	507.19
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(4.97)	4.62



GUJARAT STATE PETROLEUM CORPORATION LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

PARTICULARS	2007-08 Rs in Crores	2006-07 Rs in Crores
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	0.05	0.10
Bank Balances	23.31	18.64
	23.36	18.74
Cash and Cash equivalents at the End of the Year		
Cash on hand	0.07	0.05
Bank Balances	18.32	23.31
0	18.39	23.36

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

For Kantilal Patel & Co
Chartered Accountants

Ashwin Amin

Partner FCA-35070



D. Rajgopal
D. Rajgopal, IAS
Chairman

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

Sandip Dave
Sandip Dave

Company Secretary

Subhash Dave
Subhash Dave
General Manager- Finance & Accounts

Date: 01 NOV 2008

Place: Ahmedabad

Date: 01 NOV 2008

Place: Gandhinagar



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

	(Rs in '000)
I. Registration Details	
Registration No.	3281
State Code	4
Balance Sheet Date	31/03/2008
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	49864740
Total Assets	49864740
Source of Funds	
Paid up Capital	1056111
Reserves and Surplus	17587935
Share Application Money	0
Secured Loans	7352092
Unsecured Loans	14517000
Deferred Tax Adjustment (Refer Note 3.3)	12475
Application of Funds	
Net Fixed Assets	36606620
Investment	3813787
Net Current Assets	105,206
Miscellaneous Expenditure	-
Accumulated losses	-
IV Performance of the Company	
Total income	41454811
Total Expenditure	35174943
Profit Before Tax	6279868
Profit After Tax	4049046
Earnings Per Share (Rs.)	38.34
Dividend Rate (%)	20%
Generic Names of Principal Products/Services of the Company (As per Monetary Terms)	
Item Code No.	27090000
Product Description	Crude Oil
Item Code No.	27112100
Product Description	Natural Gas

As per our separate report of even date

For Kantilal Patel & Co
Chartered Accountants

Ashwin Anni
Partner

FCA-35070



Date: 01 NOV 2008

Place: Gandhinagar

Ahmedabad

D. Rajgopalani
D. Rajgopalani, IAS
Chairman

Sandip Dave
Sandip Dave
Company Secretary

Company Secretary

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

Subhash Dave
Subhash Dave
General Manager-
Finance & Accounts

Finance & Accounts

Date: 01 NOV 2008

Place: Gandhinagar



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

(Figures in crores except for no. of shares)

Sr. No.	Name of Subsidiary Company	Gujarat State Petronet Limited	GSPC Pipavav Power Company Limited	GSPC (JPDA) Limited	GSPC LNG Limited	GSPC Gas Company Limited	Guj Info Petro Limited
1	The financial year of the subsidiary company ended on	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008	31.03.2008
2	Date from which it became subsidiary company	23.12.1998	22.02.2006	13.10.2006	27.02.2007	05.03.2008	05.03.2008
3	Shares of the subsidiary company held by the Company on above date:						
	A. Number of shares held by GSPC alongwith its nominees in the subsidiary at the end of the financial year of the subsidiary company (Face Value Rs. 10/-Each)	212,305,270	36,890,436	1,400,060	50,060	44,877,240*	44,009**
	B. Extent of interest in Holding Company at the end of financial year 2007-08 in the subsidiary company.	37.78%	100%	100%	100%	75.79%	87.91%
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 with in the Holding Company's Accounts						
	I) For the financial year ended on 31.03.2008	37.75	Nil	Nil	Nil	2.08	0.15
	II) For the previous financial years of the subsidiary company since it became the Holding Company's subsidiary.	41.94	Nil	Nil	Nil	Nil	Nil
	b) Dealt with in the Holding Company's Accounts						
	I) For the financial year ended as on 31.03.2008	Nil	Nil	Nil	Nil	Nil	Nil
	II) For the previous financial years of the subsidiary company since it became the Holding Company's subsidiary.	10.62	Nil	Nil	Nil	Nil	Nil

Notes:

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

Date : 01 NOV 2008
Place : Gandhinagar



D. Rajagopalan
D. Rajagopalan, IAS
Chairman

Sandip Dave
Sandip Dave
Company Secretary

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

Subhash Dave
Subhash Dave
General Manager- Finance & Accounts

