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BOARD OF DIRECTORS

Shri D Rajagopalan, IAS
Shri K. Kailashnathan, IAS
Shri M. M. Srivastava, IAS
Shri P. K. Pujari, IAS
Shri D J Pandian, IAS
Shri P V Swaminathan, IAS (Retd.)
Shri Suresh Mathur
Dr Urjit Patel
Shri Y. B. Sinha
Dr. T. Harinarayana
Shri N. Ravichandran
Shri Tapan Ray, IAS
Shri Hasmukh Adhia, IAS
Shri S. Jagadeesan, IAS

Chairman

(w.e.f. 20/12/2008)

(Managing Director up to 09/11/2009)

(w.e.f. 21/12/2009)

(w.e.f. 21/12/2009)

(w.e.f. 21/12/2009)

(Managing Director w.e.f. 09/11/2009)

(up to 20/12/2008)

(w.e.f.16/12/2008 up to 09/11/2009)

EXECUTIVES

Shri Subhash Dave, ED (F& A)
Shri D. Shrinivas, ED (G&G)
Shri M Y Farooqui, GM (P&D)
Shri R N Pandey, GM (HR&A)
Dr. R.K. Malick , GM (E)
Shri Jayesh Dave, GM (Pre Audit)
Shri R B Shinde, DGM (C)

STATUTORY AUDITORS

Kantilal Patel & Company,
Chartered Accountants,
Ahmedabad

INTERNAL AUDITORS

Ernst & Young, Delhi

COMPANY SECRETARY

Shri Sandeep Dave, AGM (S&L)

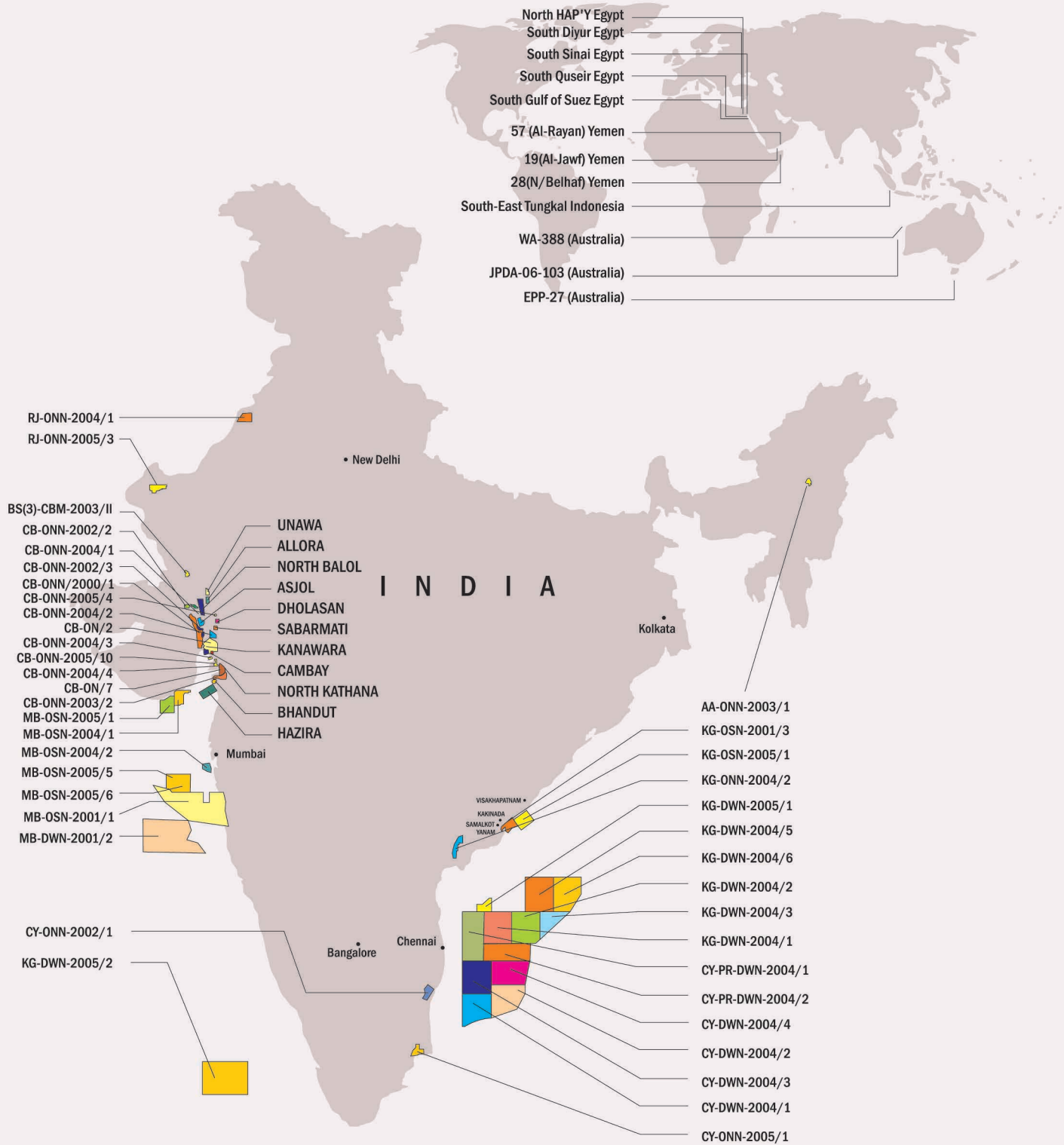
BANKERS

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 Travancore
Union Bank
Vijaya Bank

CORPORATE & REGISTERED OFFICE

GSPC Bhavan, B/h Udyog Bhavan,
Sector-11, Gandhinagar-382011.



DIRECTORS' REPORT

To,
The Members,

The Directors are pleased to present their 30th Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2009.

The financial performance of the Company for the financial year ended March 31, 2009 is summarized below:

FINANCIAL RESULTS

Particulars	<i>(Rs. in Crore)</i>		
	2008-09	2007-08	Change %
INCOME			
Gross Sales	5476.18	4117.49	33%
Other Income	31.25	25.75	15%
Increase/(Decrease) in stock	-1.66	2.28	
TOTAL	5505.77	4145.49	33%
EXPENDITURE			
Purchase of Gas	4406.09	3128.22	41%
Production, Selling & Operational Expenditure	175.34	155.98	12%
Payments to and provisions for Employees	8.82	3.25	171%
Administrative & Other Expenses	135.02	89.08	44%
Interest and Finance Charges	7.43	11.49	-15%
Sub-Total	4732.70	3388.02	40%
Profit Before Depreciation, Deferred Expenditure & Taxes	773.07	757.47	2%
Depreciation, Amortization and Depletion	142.30	129.47	10%
Profit Before Tax (PBT)	630.77	628.00	1%
Provision for Taxation	255.86	222.24	15%
Profit After Tax (PAT)	374.91	405.76	-7%

DIVIDEND

Your Directors are pleased to recommend dividend @ 20% for the Financial Year ending on 31st March, 2009. Total outgo on account of dividend payment would be Rs. 25.78 crores.

RESULTS FROM OPERATIONS:

In the Financial Year 08-09, the company has scaled new milestones and set several new benchmarks in terms of sales, profits, and assets.

- Turnover increased from Rs. 4117.49 crores to Rs.5476.18 crores in previous year, recording increase of 33%.
- EBIDTA increased from Rs.755.39 crores to Rs.773.07 crores in previous year, recording increase of 2%.

Financial Year 2008-09 will be remembered in the history for the painful global recession. The recession resulted in to crashing of stock-markets, bankruptcies of major MNCs, insolvency of major investment banks, job cuts, uncovering of accounting and economic scandals and what not!

Even the hydrocarbon industry had to pass through a tough phase. The tumbling levels of crude oil prices which took a herculean ride of going as high as approx. 140 USD per barrel in July 2008 and falling down to as low as approx. 34 USD per barrel in December, 2008 had the industry shed tears world wide.

MANAGEMENT DISCUSSION & ANALYSIS:

As far as domestic industry is concerned, the consumption of petroleum products has increased significantly from 107,751 thousand metric tons in fiscal 2004 to 133400 thousand metric tons in fiscal 2009 representing a CAGR of approx. 4.36%. (Source: PPAC, June 2009) Domestic natural gas consumption has grown significantly from approx. 29.5 BCM for the year ended December, 31, 2003 to approx. 41.1 BCM for the year ended December 31, 2008 representing a CAGR of 7%. (Source: BP Statistical Review of World Energy, 2009)

Despite this high rate of growth, natural gas consumption as a percentage of total domestic energy consumption has remained relatively flat over this period increasing only marginally from 8.41% for year ended December 31, 2003 to 8.5% for year ended December 31, 2008 and remains well below the world average of 24.14% for the year ended December 31st 2008. (Source: BP Statistical Review of World Energy, 2009)

However, on a per capita basis energy consumption in India is relatively low in comparison to much of the world. In 2008, India's per capita energy consumption was 347 KG of oil equivalent as compared to world average of approx. 1637 KG of oil equivalent. (Source: PPAC, June 2009) However, there is currently a mismatch between the demand and supply for both natural gas and crude oil in India, with the demand for both sources of energy outweighing the domestic production.

The Industrial Policy of Gujarat has always focused on development of Energy Sector. Gujarat has always remained committed to establish itself as the "Petro Capital" of India.

BUSINESS

Your Company, along with its subsidiary companies, joint ventures and Special Purpose Vehicles, has excelled as a "Total 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 and setting up of LNG Terminal 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".

The Company has emerged as a Global Player in the E&P Sector. The Company has participated in International 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 and one exploration block in Indonesia.

During the year the Company's Oil and Gas Exploration & Production business made a significant offshore discoveries in India. Portfolio of oil and gas fields / blocks expanded to 60 oil/gas acreages which include 12 discovered oil & gas fields, 48 exploration blocks. The Company is Operator in 17 exploration blocks and in 1 discovered field.

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

- The Company has received approval from the DGH for declaration of Commerciality and Field Development Plan of Deen Dayal West Block. The Company has initiated process for implementation of development plan and the target date for commencement of production is March 2012.
- The company has submitted bids for 7 blocks out of 70 blocks offered by Government of India in the NELP - VIII Bid Round closed in October, 2009. The Company is likely to be successful in around 4 Blocks under NELP - VIII bidding for which provisional results have been announced by DGH.

KG BLOCK :

The company has made two significant gas discoveries in KG Block.

1. KG-22 well located on the DD North Block made a significant gas discovery in June, 2009. The Company has tested this discovery and recovered a gas flow of 27.3 MMCF which is the highest gas flow tested in this block.
2. KG-21 well located on the western side of Deen Dayal West block at Krishna Godavari Basin which was drilled up to 5656 meter encountered significant gas column during the drilling operations with potential to produce more than 100 millions standard cubic feet gas per day.

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 had earlier discovered gas and condensate in 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 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 March, 2012

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, Atwod Oceanic, Aban Offshore, Precision Drilling, Worley Parson, and EIL etc. to have cutting edge in E&P operations.

ON SHORE BLOCKS:

The Company has made significant discoveries of oil and gas in 4, blocks.

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.

We have found hydrocarbon in the well PK-Dev#1, PK-Dev#2, UN-1A (Unawa Block and ANK#1).

- 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.
- 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. The Company has also entered into strategic alliance for setting up a Floating Storage cum Regasification Unit near Pipavav.
- With the objective of promoting alternate energy sources, the Company has set up 52.5MW power plant at Jakhau with project cost of Rs. 316 crores. The project was commissioned in July, 09.

INTERNAL CONTROL SYSTEM

The Company has well established and efficient internal control system and procedure commensurate with its size. Further the Company has implemented SAP system for integration of various business processes across the organization.

QUALITY, HEALTH, SAFETY AND ENVIRONMENT POLICY

At GSPC Quality, Health, Safety & Environment (QHSE) Policy is of paramount importance.

The Company is committed to achieve high level of QHSE performance as an integral part of company's business performance for sustainable development, safe workplaces and enrichment of quality of life of the employees, customers and community at large.

To ensure that the QHSE management system is functioning satisfactorily, the Company has adopted the best auditing mechanisms and the recommendations of such audits are consistently implemented. The Company has taken many initiatives to achieve continuous improvement in QHSE activities which includes formal safety management systems, comprehensive incident and 'near-miss' reporting and investigation system, establishing Emergency Response System and Oil Spill Response Plan, Safety and Environmental audits and Systematic HSE Training for employees. These facilities are periodically reviewed, audited and upgraded for continuous excellence.

SUBSIDIARY COMPANIES

Gujarat State Petronet Ltd. (GSPL)

GSPL is engaged in business of developing pipeline infrastructure for transportation of Gas. The current span of the grid under operation is more than 1420 kms. GSPL is currently transporting more than 35 MMSCMD gas.

GSPL has already obtained ISO 9001:2000 certification for its O & M activities. Further GSPL has obtained ISO 14001 and OHSAS18001 certification during the year under review.

Like earlier years, GSPL has continued to achieve fast track growth. Turnover of GSPL increased from Rs.447.28 Crores in 2007-08 to Rs. 511.81 Crores in 2008-09. Further, PBT of GSPL has also increased from Rs. 149.15 Crores in 2007-08 to Rs. 191.35 Crores in 2008-09.

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 plans to set up more than 53 CNG filling up stations in the State of Gujarat. GSPC gas is marketing more than 2.2 MMSCMD gas to industrial, Transportation and Domestic gas consumers. GSPC Gas effort towards taking natural gas to every household in Gujarat has achieved marvelous results by connecting more than 82,000 domestic customers during the current financial year.

This Company has taken initiative to undertake Clean Development Mechanism (CDM project) to develop projects to switch over from carbon intensive fossil fuel to natural gas

in industries at Morbi, Thangadh, Gandhinagar and Vapi.

Turnover of GSPC Gas increased from Rs.345.25 Crores in 2007-08 to Rs. 878.89 Crores in 2008-09. Further, GSPC Gas has also earned PBT of Rs.120.24 Crores in 2008-09 as against Rs. 56.14 Crores in 2007-08.

Guj Info Petro Limited (GIPL)

The Company has promoted GIPL for providing IT related services with specific focus on energy sector. GIPL is an IT arm of GSPC which has always remained in the vanguard of taking initiatives which transforms the lives of people in Gujarat. GIPL and Wire & Wireless India Limited have signed MoU for Rs. 500 crore investments in the field of Television, IPS, IPTV and other value added services.

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. Project is scheduled to be completed by March 2010.

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 5 MMTPA to ensure energy security 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. Drilling activities have started in these prospective blocks.

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. This Company has spread pipeline network in three Districts of North Gujarat and connected 103 Large/Medium/small Industrial customers and 75 commercial customers. Domestic Household Gas connections also provided to major towns in North Gujarat and set up Six CNG stations.

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/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, which will be completed by April, 2010.

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 programs. This Institute has taken initiative to set up state-of-the-art Research and Innovative center.

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

SOCIAL COMMITMENT

Company being a state sector entity is fully recognizing its social responsibilities and is keen to make significant contributions towards development of social infrastructure.

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 programs. 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 organizations 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. The Company has also adopted a school for promoting educational activities in rural areas.

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

As a socially responsible organization, blood donation camps are organized at regular intervals. Besides, GSPC assumes a leading role in promoting awareness about various social issues affecting the society today like education, women empowerment, preserving scarce natural resources, etc.

The cultural programs, social awareness campaigns and volunteer activities are just the right opportunities for GSPC to act and reinforce its commitment towards the society. The Company has from time to time shown keen involvement in furtherance of employee's curiosity and interest towards sports activities by organizing cricket tournaments and other sports

events. GSPC prides itself in being always there for the society and desires to be closely intertwined with the society in the future as well.

The company has always emphasis on the objective of promoting fuel efficiency and conservation aspect of natural resources in line with OGCF-2009 National wide Oil and Gas Conservation campaign.

FIXED DEPOSITS

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

DIRECTORS

Since the last Directors Report, Shri Tapan Ray, IAS has been nominated as Managing Director of the Company in place of Shri D. J. Pandian, IAS. Shri Hasmukh Adhia, IAS and Shri S. Jagadeesan, IAS has ceased to be the Director of the Company. Your Directors wish to place on record appreciation of the services rendered by Shri D. J. Pandian as Managing Director of the Company and Shri Hasmukh Adhia, IAS and Shri S. Jagadeesan, IAS as the Director of the Company.

Shri M. M. Srivastava, IAS was appointed as an Additional Director to hold office till the ensuing Annual General Meeting. Shri Y. B. Sinha, Dr. T. Harinarayana and Shri N. Ravichandran were appointed as independent director to hold office till the ensuing Annual General Meeting. It is proposed to appoint M. M. Srivastava, IAS as regular Director and Shri Y. B. Sinha, Dr. T. Harinarayana and Shri N. Ravichandran as regular independent Directors at the ensuing Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri D. Rajagopalan, IAS, Shri P. V. Swaminathan, IAS (Retd.), and Shri Suresh Mathur shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India. Accordingly, M/s Kantilal Patel & Co., Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2008-09.

The Company has received Comments of Comptroller and Auditor General of India(CAG) on accounts of the Company for the financial year ended 31st March,2009. Comments of CAG on report of Statutory Auditor and reply form the Statutory Auditor is enclosed as **Annexure-I**.

AUDIT COMMITTEE

Audit Committee at its meeting held on 3rd December, 2009 has approved and recommended the Annual Accounts for the year ended on 31st March, 2009 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 judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for that period
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities is taken
- (iv) the annual accounts are prepared on a going concern basis.

COST ACCOUNTING RECORDS

The company has maintained cost records as required by Cost Accounting Records (Petroleum Industry) Rules, 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 – II attached herewith.

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

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo

Foreign Exchange	Rs. in crores
Earnings	NIL
Outgo	175.21

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, Government of Gujarat, 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 : 6th January, 2010
Place : Gandhinagar

Annexure - I

CAG COMMENT

Annexure to the Auditor's Report :

As per clause 4 (viii) to the Companies (Auditor's Report) Order, 2003, the Statutory Auditor of the Company has to report on maintenance of cost records as to "where maintenance of cost records has been prescribed by Central Government under clause (d) of sub-section (1) of section 209 of the Act, whether such accounts and records have been made and maintained".

The Company is required to maintain cost records as required under Cost Accounting Records (Petroleum Industry) Rules, 2002. However, the statutory auditor has reported that "in relation to trading activities of the Company, maintenance of cost records as prescribed by the central government under sub-section (1) (d) of section 209 of the Companies Act, 1956, paragraph 4 (xiii) of the order is not considered applicable.

Thus, the Statutory Auditor has not reported whether the Company has made and maintained cost records pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.

Thus, the Statutory Auditor's report is deficient to that extent.

AUDITOR'S REPLY

Stipulations as regards "Maintenance of cost records" as envisaged under the provisions of section 209(1)(d) of the Companies Act, 1956 is applicable to the "companies" (i.e. "class of companies" as contemplated under sections 2(10) & 3 of the companies Act, 1956) which carry on the activities covered under the relevant rules.

The strict interpretation derived as to statutory (mandatory) requirements pertains only to the standalone legal corporate entity (i.e. company). The GSPC Ltd. as a standalone legal entity (company) do not carry the "activities" which requires to maintain the Cost Accounting Records as prescribed by the central government under sub-section (1)(d) of section 209 of the companies Act 1956 and hence it is understood that statutory (mandatory) requirements to maintain cost records under Cost Accounting Records (Petroleum Industry) Rules 2002 are considered as not applicable to it.

The corporation incorporates the financial statements of the unincorporated Joint Ventures, which are audited by Chartered Accountants of the respective Joint Ventures. The Chartered Accountants so appointed for unincorporated Joint Ventures are not carrying out audit under the Companies Act, 1956 and hence not submitting report u/s 227 as well as 227(4A) of the Companies Act, 1956. As no report u/s 227 or 227(4A) is received, our form as the Statutory Auditors of the corporation have made it explicitly clear in the Audit Report vide para 3 and issued the report u/s 227(4A) to the extent applicable to the books & records maintained by the corporation and not on the basis of books & records maintained by the unincorporated Joint Ventures, as the auditors of the Joint Ventures have not reported on matters specified in para 4 and 5 of the order u/s 227(4A) of the Companies Act, 1956

Attention is also invited to Accounting Policy 9 of the Statement of Significant Accounting Policies [Schedule Q (A)] in this regard.

Further, it is pertinent to mention that in framing statutory Auditor's Report of the Corporation, the Statutory Auditors follows the contemporary reporting practices and Auditor's report is Expression of Opinion in good faith and after the exercise of reasonable care and skill.

Annexure - II

PARTICULARS OF EMPLOYEES (FOR THE FINANCIAL YEAR 2008-09) 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 Industries Limited
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
Mr R.B. Shinde	Rs. 330200	Contractual	Five years	DGM (Commercial)	BE Civil, MDBA Finance	4-Apr-07	42 years	GSPC
Mr Satish Patel	Rs.300000	Contractual	One year	Drilling Superintendent	B.E. Mechanical	5-Dec-06	51 years	ONGC
Mr D. Suthagar	Rs.357500	Contractual	Two Years	Company Man	B.E. Mechanical	21-Sep-06	50 Years	ONGC

PARTICULARS OF EMPLOYEES (FOR THE FINANCIAL YEAR 2008-09) 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 Viral Shah	Rs.517500	Contractual	One year	Drilling	Mechanical Engg	27-Sep-04	43 years	Precision Drilling
Mr P.N. Ramesh	Rs.483000	Contractual	One year	Company Man	Drilling Tech. B.E.	24-May-05	49 years	NDC Abudhabi
Mr Milind Harida	Rs.275000	Contractual	One year	Company Man	B.E. Mechanical	1-Jan-08	48 years	ONGC
Mr Bijay Behra	Rs.300000	Contractual	Three Years	DGM (Geosciences)	MSC (Physics) Phd (Physics)	3-Nov-08	45 years	Jubilant Oil & Gas
Mr Ujjal Ghosh	Rs.250000	Contractual	Two Years contract	Sr. Manager (G&G)	M.Sc. Applied Geology	3-Oct-08	45 years	Reliance Industries Limited

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 OF THE ACCOUNTS OF GUJARAT STATE PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED ON 31MARCH, 2009

The preparation of financial statements of Gujarat State Petroleum Corporation Limited for the year ended 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinions on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Auditor Report dated 03 December 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Gujarat State Petroleum Corporation Limited for the year ended 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel at a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

Comments on Auditors Report**1. Auditor's Report****Annexure to the Auditor's Report**

As per clause 4(viii) to the Companies (Auditor's Report) Order, 2003, the Statutory Auditor of the Company has to report on maintenance of cost records as to "where maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act, whether such accounts and records have been made and maintained".

The Company is required to maintain cost records as required under Cost-Accounting Records (Petroleum Industry) Rules, 2002. However, the statutory auditor has reported that "In relation to trading activities of the Company, maintenance of cost records as prescribed by the Central Government under sub-section (1) (d) of section 209 of the Companies Act, 1956, paragraph 4(xiii) of the order is not considered applicable.

Thus, the Statutory Auditor has not reported whether the Company has made and maintained cost records pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Thus, the Statutory Auditor's report is deficient to that extent.

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

Place: Ahmedabad
Date: 5th January, 2010

(DHIREN MATHUR)
ACCOUNTANT GENERAL

AUDITORS' REPORT

The Members of
Gujarat State Petroleum Corporation Ltd.

1. We have audited the attached balance sheet of Gujarat State Petroleum Corporation Limited (the Company) as at 31 March, 2009, 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 sixty four (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, to the extent applicable to the company. Our comments in the Annexure are restricted to the activities of the company only and exclude matters relating to the company's interest in the unincorporated joint ventures, which are not subject to audit under the Companies Act, 1956 and their auditors have not reported on matters specified in paragraphs 4 and 5 of the Order.
4. 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.
 - (a) 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.
 - (b) As stated in Accounting Policy 9 of the statement of Significant Accounting Policies (Schedule Q(A)), the financial statements of the unincorporated joint ventures are prepared in accordance with the requirements prescribed by the respective Production Sharing Contracts of the unincorporated joint ventures. Hence, certain adjustments/disclosures required under the mandatory accounting standards and the Companies Act, 1956 have been made in these accounts to the extent of information available with the Company.
 - (c)
 - (i) The accounts include assets aggregating to Rs.436.81 crores, liabilities aggregating to Rs.56.39 crores, income aggregating to Rs.330.74 crores and expenditure aggregating to Rs.134.32 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.
 - (ii) In respect of forty seven joint ventures which are under exploration and development phase, exploration/ development expenditure aggregating to Rs.5651.51 crores, other assets aggregating to Rs.803.14 and liabilities aggregating to Rs.758.84 crores have been incorporated on the basis of accounts audited by other auditors.
 - (iii) In respect of four unincorporated joint ventures which are under exploration and development phase, exploration/ development expenditure aggregating to Rs.157.87 crores, other assets aggregating to Rs.1.25 and liabilities aggregating to Rs.104.20 crores have been incorporated on the basis of the unaudited information available, in the absence of audited accounts.
 - (d)
 - (i) Attention is invited to Accounting Policy No.11 of Schedule - Q (A) and also note No.3.3 of Schedule - Q (B) regarding the measurement of Deferred Tax Liability.
 - (ii) Attention is invited to Note No.3.2 & No.14.1.1 of Schedule Q (B) regarding contingent liabilities amounting to Rs.495.77 crores towards disputed income tax demands/claims by the Income Tax Authority.

6. Further to our comments referred to in paragraph 3 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, *except for the unaudited financial information relating to four unincorporated joint ventures for the year ended march 31,2009 referred to in paragraph 5(c)(iii) above* and read with our comments in paragraph 5(b) above.
 - (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 read with paragraph 5(b) above;
7. *Subject to our comments with the respect to the unincorporated joint ventures in paragraph 5(c)(iii) above to the extent of the unaudited amounts stated therein*, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with notes thereon and our comments in paragraph 5 above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2009.
 - (b) In the case of the profit & loss account, of the 'Profit' of the company for the year ended on that date.
and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

**For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS**

[Ashwin Amin]
Partner
Membership No.: 35070

Place : Ahmedabad
Date : December 3, 2009

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 2009.

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. Physical verification of assets is pending.
(c) The company has not disposed off substantial part of fixed assets during the year.
2. (a) The (Trading) inventory has been physically 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, internal audit system, which in conjunction with the existing internal controls and checks, is commensurate with size and nature of its company's business.
8. In relation to trading activities of the company, maintenance of cost records as prescribed by the Central Government under subsection (1)(d) of section 209 of the Companies Act, 1956, paragraph 4(xiii) of the order is not considered applicable.
9. (a) The Company is generally regular in depositing provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues 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, 2009 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	0.03	1996-1997	Income Tax Appellate Tribunal
	Income Tax A.Y.98-99	2.09	1997-1998	
	Income Tax A.Y.99-00	6.08	1998-1999	
	Income Tax A.Y.00-01	8.37	1999-2000	
	Income Tax A.Y.01-02	8.05	2000-2001	
	Income Tax A.Y.02-03	50.92	2001-2002	
	Income Tax A.Y.03-04	99.54	2002-2003	
	Income Tax A.Y.04-05	102.67	2003-2004	
	Income Tax A.Y.05-06	130.48	2004-2005	
	Income Tax A.Y.06-07	101.76	2005-2006	
	Service Tax	Service Tax	12.91	

10. The company has no accumulated losses at the end of current financial year and has not incurred cash losses either during the financial year or during the immediately preceding financial year.
11. According to the records made available to us, the company has not defaulted in repayment of dues to financial institutions or banks.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund/ nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable and hence paragraph 4(xiii) of the order is not applicable.
14. The company is not dealing in or trading in shares, securities, debentures, and other investments and hence paragraph 4(xiv) of the order is not applicable.
15. According to the information and explanation given to us, the company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the company.
16. On the basis of our examination of documents and records and according to the information and explanations given to us, we are of the opinion that the company has prima facie deployed the term loans raised for the purpose for which it were obtained.
17. According to the information and explanations given to us and on an overall examination of the financial statements and other records of the company, we report that amount raised from banks and GSFS Ltd though used for long term investments are not considered as short term loans as the said borrowings are rolled over and considered by the company available for long term period.
18. According to information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies/forms covered in the register maintained under section 301 of the Companies Act, 1956.
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, no material fraud on or by the company has been noticed or reported during the year.

**For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS**

[Ashwin Amin]

Partner

Membership No.: 35070

Place : Ahmedabad

Date : December 3, 2009



BALANCE SHEET AS AT 31ST MARCH, 2009

Rupees in Crores

Particulars	Schedule	As at 31 st March 2009		As at 31 st March 2008	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		211.22		105.61
Reserves and Surplus	B		2,001.26		1,758.80
Loan Funds					
Secured Loans	C	2,863.55		735.21	
Unsecured Loans		2,083.66	4,947.21	1,451.70	2,186.91
Deferred Tax Adjustment <i>(Refer Note 3.3 of Schedule Q(B))</i>					
Deferred Tax Liability		45.92		1.32	
Less: Deferred Tax Asset		0.07	45.85	0.07	1.25
TOTAL			7,205.54		4,052.57
APPLICATION OF FUNDS					
Fixed Assets :					
Gross block	D	1,303.53		1,067.42	
Less: Depreciation, Amortisation and Depletion		772.78		628.24	
Net Block			530.75		439.18
Capital Work-in-Progress	E		6,056.16		3,221.65
Investments	F		406.50		381.38
Current Assets, Loans and Advances					
Current Assets					
Inventories	G	1.80		2.79	
Sundry Debtors		146.01		313.31	
Cash & Bank Balances		815.44		18.39	
Other Current Assets		28.46		16.01	
Interest Accrued		0.56		0.48	
Loans and Advances	H	1,117.16		593.28	
Sub-Total (i)		2,109.43		944.26	
Less: Current Liabilities and Provisions					
Current Liabilities	I	1,759.82		820.82	
Provisions		137.48		113.08	
Sub-Total (ii)		1,897.30		933.90	
Net Current Assets (i-ii)			212.13		10.36
Miscellaneous Expenditure (To the extent not written off or adjusted)	-		-		-
TOTAL			7,205.54		4,052.57
Significant Accounting Policies and Notes to Financial Statements	Q				

As per our separate report of even date

 For Kantilal Patel & Co.
Chartered Accountants

 Partner
Memership No. : 35070

 Date : December 3, 2009
Place : Ahmedabad

 D. Rajgopalan, IAS
Chairman

 Sandeep Dave
Company Secretary

 Tapan Ray, IAS
Managing Director

 Subhash Dave
Executive Director - F & A

 Date : December 3, 2009
Place : Gandhinagar

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Rupees in Crores

Particulars	Schedule	Year Ended 31 st March 2009		Year Ended 31 st March 2008	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Gross Sales	J	5,476.18		4,117.49	
<i>Less: Excise duty</i>		-		-	
Net Sales			5,476.18		4,117.49
Other income	K		31.25		25.72
Increase/(Decrease) in stock			(1.66)		2.28
TOTAL			5,505.77		4,145.49
EXPENDITURE					
Purchase of Gas/Petroleum Products	L		4,406.09		3,128.22
Production, Selling & Operational Expenditure	M		175.34		155.98
Payments to and provisions for Employees	N		8.82		3.25
Administrative & Other Expenses	O		135.02		89.08
Interest and Finance Charges	P		7.43		11.49
Sub-Total			4,732.70		3,388.02
Profit Before Depreciation, Deferred Expenditure & Taxes			773.07		757.47
Depreciation, Amortisation and Depletion			142.30		129.47
Sub-Total			142.30		129.47
Profit Before Tax			630.77		628.00
Provision for Taxation					
- Current Tax (including Wealth Tax Rs.280232/- (P.Y.Rs.160710/-)			210.03		220.02
- Deferred Tax			44.60		1.12
- Fringe Benefit Tax			1.23		1.10
Profit After Tax (PAT)			374.91		405.76
Prior Period Adjustment (net)			(0.73)		(0.86)
Net of Excess/Short Provision of Dividend Distribution Tax made in earlier years			0.31		-
Profit After Adjustments			374.49		404.90
Balance in Profit & Loss Account Brought Forward			906.64		876.45
Amount available for Appropriations			1,281.13		1,281.35
APPROPRIATIONS					
Proposed/Interim Dividend			22.57		21.12
Tax on Dividend			3.21		3.59
Transferred to General Reserve			900.00		350.00
Surplus carried to Balance Sheet			355.35		906.64
Earnings per Share (Basic & Diluted) face value of Rs.10 per share * The weighted average number of equity shares outstanding during the period and for all period presented, is adjusted for issue of bonus shares.			17.73		19.17
Significant Accounting Policies and Notes to Financial Statements	Q				

As per our separate report of even date

For Kantilal Patel & Co.
Chartered Accountants

Partner
Membership No. : 35070

Date : December 3, 2009
Place : Ahmedabad

D. Rajgopalan, IAS
Chairman

Sandeep Dave
Company Secretary

Tapan Ray, IAS
Managing Director

Subhash Dave
Executive Director - F & A

Date : December 3, 2009
Place : Gandhinagar

SCHEDULE A

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
SHARE CAPITAL				
AUTHORISED				
30 Crores Equity Shares of Rs.10/- each (Previous Year 30 Crores Equity Shares of Rs.10/- each)		300.00		300.00
ISSUED, SUBSCRIBED AND PAID UP				
211222140 (P.Y. 105611070) Equity Shares of Rs.10/- each fully paid up (of the above 105611070 Equity shares allotted as fully paid up bonus shares, by way of capitalisation of General Reserve) {Out of the above, 200722140 (P.Y.100361070) Equity shares of Rs.10/- each are held by Government of Gujarat}		211.22		105.61
TOTAL		211.22		105.61

SCHEDULE B

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
RESERVES AND SURPLUS				
GENERAL RESERVE				
Balance as per last balance sheet	850.67		500.68	
Less: Transitional Liability for Employee Benefits as per AS-15 (revised)	-		0.01	
Less : Capitalisation of reserves by issue of Bonus shares	105.61		-	
Add: Borrowing cost expensed earlier now reversed as per accounting policy (Refer Note no.2.1 of Schedule Q(B))	0.08		-	
Add: Transfer from Profit and Loss Account	900.00	1,645.14	350.00	850.67
CAPITAL RESERVE				
Balance as per last balance sheet		1.28		1.28
FOREIGN EXCHANGE TRANSLATION RESERVE				
Balance as per last balance sheet	0.21		-	
Addition (Deduction) During the Year	(0.72)	(0.51)	0.21	0.21
PROFIT AND LOSS ACCOUNT				
		355.35		906.64
TOTAL		2,001.26		1,758.80

SCHEDULE C

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
SECURED LOANS				
Term Loans				
From Banks	2,863.55		735.21	
Rupee Term Loans and External Commercial Borrowing is from consortium of fifteen banks lead by State Bank of India. The 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)}	_____	2,863.55	_____	735.21
UNSECURED LOANS				
Short Term Loans				
From Banks:	788.66		406.70	
From Others :				
- Gujarat State Financial Services Ltd	1,295.00	2,083.66	1,045.00	1,451.70
TOTAL		4,947.21		2,186.91

SCHEDULE D

FIXED ASSETS										
Rupees in Crores										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-April 2008	Additions / Adjustments	Deduction	As on 31-March 2009	As on 1-April 2008	During the Year*	Deduction	As on 31-March 2009	As on 31-March 2009	As on 1-April 2008
I. Producing Properties (being Company's share in Joint Venture)	972.68	101.66	-	1,074.34	592.21	134.67	-	726.88	347.46	380.47
II. Other Assets										
1. Land										
1.1 Freehold	4.18	114.15	-	118.33	-	-	-	-	118.33	4.18
1.2 Leasehold Land	3.93	-	-	3.93	0.02	0.02	-	0.04	3.89	3.92
2. Buildings	31.33	0.80	-	32.13	5.77	1.29	-	7.06	25.07	25.57
3. Office Equipments	12.99	1.02	-	14.01	4.99	1.15	-	6.14	7.87	7.99
4. Computer Equipments	10.48	9.30	-	19.78	7.41	3.10	-	10.51	9.27	3.08
5. Vehicles	6.56	2.45	0.22	8.79	3.38	1.58**	0.17	4.79	4.00	3.18
6. Furniture & Fixtures	7.94	2.65	-	10.59	3.98	0.85	-	4.83	5.76	3.96
7. Plant & Machinery	12.90	-	0.03	12.87	7.98	0.72	0.02	8.68	4.19	4.91
8. Intangibles-(Software)	4.43	4.33	-	8.76	2.50	1.35	-	3.85	4.91	1.92
TOTAL	1,067.42	236.36	0.25	1,303.53	628.24	144.73	0.19	772.78	530.75	439.18
Previous Year	966.50	107.23	6.31	1,067.42	501.17	130.68	3.61	628.24	439.18	465.32
The above includes Company's Share in Unincorporated Joint Venture Assets (Refer Note No.1.9)	991.56	109.34	-	1,100.90	596.92	137.57	-	734.49	366.41	394.64
Previous Year	899.65	95.28	3.37	991.56	474.08	124.67	1.83	596.92	394.64	425.57

* It includes depreciation of Rs.1.99 crores (P.Y. 1.21 crores) which has been capitalised during the year as per Accounting policy 4.5 of Schedule Q(A)

** It includes depreciation of Rs.0.44 (P.Y.Nil) which has been charged to Prior Period Adjustment.

SCHEDULE E

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
CAPITAL WORK - IN - PROGRESS				
Wind Mill		246.78		-
ERP Project		-		4.87
Building		-		0.01
Exploratory & Development				
Exploratory	5,108.85		2,959.78	
Development	700.53	5,809.38	256.99	3,216.77
TOTAL		6,056.16		3,221.65

SCHEDULE F

	Rupees in Crores		
	Rupees	As at 31 st March 2009	
		Rupees	Rupees
INVESTMENTS			
LONG-TERM INVESTMENTS (FULLY PAID UP)			
SHARES AT COST			
I. TRADE INVESTMENT			
SUBSIDIARY			
QUOTED			
In 212,305,270 (P.Y. 212,305,270) Equity Shares of Gujarat State Petronet Ltd. of Rs.10 {M.V.Rs. 8,141,907,105 (P.Y. Rs.11,920,940,911)}		213.31	213.31
UNQUOTED			
In 25000(P.Y.25000) shares of Guj Info Petro Ltd. at Rs.10 per share fully paid up		0.03	0.03
In 36692378 (P.Y.36692378) shares of GSPC Gas Co Ltd. of Rs.10 per share fully paid up (Previously known as Gujarat State Fuel Management Company Ltd.)		57.42	57.42
In 36890436 (P.Y. 36890436) shares of GSPC Pipavav Co. Ltd at Rs.10 per share fully paid up		36.89	36.89
In 1400000 (P.Y. 1400000) shares of GSPC JPDA Ltd at Rs.10 per share fully paid up		1.40	1.40
In 50000 (P.Y. 50000) shares of GSPC LNG Ltd at Rs.10 per share fully paid up		0.05	0.05

SCHEDULE F

	Rupees in Crores			
Rupees	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	
OTHERS (UNQUOTED)				
In 75820000 (P.Y.50700000) shares of Gujarat State Energy Generation Ltd of Rs.10 per share fully paid up (Refer Note 14.1.3 of Schedule Q(B))	75.82		50.70	
In 12500 (P.Y. 12500) shares of Sabarmati Gas Company Ltd(at cost) at Rs.10 per share fully paid up	0.01	384.93	0.01	359.81
II. NON TRADE INVESTEMENT				
QUOTED				
In 3,697,000(PY.3,697,000) Equity Shares of Rs.10 of Gujarat Industrial Power Company Ltd. M.V.Rs.172,834,750 (P.Y. Rs.333,469,400)}	10.00		10.00	
UNQUOTED				
In 500000 (P.Y.500000) equity shares of Rs.10/-per share of Gujarat Science At Action Ltd fully paid up	0.50		0.50	
In 4033 (P.Y. 4033) shares of ONGC Petro Additions Ltd at Rs.10 per share fully paid up (Rupees 40330/- P.Y. Rs.40330)	-		-	
In 575000 (P.Y. 575000) shares of Krishna Godavari Gas Network Ltd. at Rs.10 per share fully paid up	0.57		0.57	
In 10500000 (P.Y. 10500000) shares of Alcock Ashdown (Gujarat) Ltd at Rs.10 per share fully paid up	10.50	21.57	10.50	21.57
TOTAL		406.50		381.38
Total Quoted Investments		223.31		223.31
Total Unquoted Investments		183.19		158.07
TOTAL		406.50		381.38
Total Market Value of Quoted Investments		831.47		1,225.44

SCHEDULE G

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
CURRENT ASSETS				
INVENTORIES	1.80	1.80	2.79	2.79
SUNDRY DEBTORS (Unsecured, considered good)				
- More than Six Months	0.59		1.54	
- Less than Six months	145.42	146.01	311.77	313.31
CASH AND BANK BALANCES				
Cash on hand	0.04		0.07	
Balances with Scheduled Banks				
A) In Current Accounts	21.80		17.93	
B) In Fixed Deposit Accounts	793.60	815.44	0.39	18.39
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*	28.46	28.46	16.01	16.01
INTEREST ACCRUED				
- Investments/Deposits with Banks	-		-	
- Others	0.56	0.56	0.48	0.48
TOTAL		992.27		350.98

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

SCHEDULE H

Rupees in Crores

Rupees	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
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.520.22 crs (P.Y. Rs.410.85 crs)				
		993.91		533.15
Advances to Subsidiary Companies		7.49		4.27
Advance to Other Companies & Projects		2.84		5.83
Advances for Investments (Pending Allotment)				
I. Subsidiary Companies				
i) GSPC (JPDA) Ltd	30.87		0.68	
ii) GSPC Gas Company Ltd	-		0.00	
iii) GSPC Pipavav Power Company Ltd	5.00		-	
iv) Guj Info Petro Ltd	-		2.64	
v) GSPC LNG Ltd.	3.00	38.87	-	3.32
II. Other Companies				
i) ONGC Petro Additions Ltd	14.00		6.00	
ii) Gujarat State Energy Generation Co. Ltd	-		15.00	
iii) Sabarmati Gas Company Ltd	9.06		9.06	
iv) Alcock Ashdown (Gujarat) Ltd.	1.00	24.06	-	30.06
Income tax- Current Tax				
Advance payment of Income Tax	93.36		60.85	
Less: Provisions	46.00	47.36	46.77	14.08
Advances to Employees *				
{secured Rs.12425359 (P.Y. Rs.12113006)}		1.80		1.49
Sundry deposits		0.83		1.08
TOTAL		1,117.16		593.28

* Maximum outstanding during the year is Rs.20915788/- (Previous Year Rs.16460728)

SCHEDULE I

Rupees in Crores

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
CURRENT LIABILITIES AND PROVISIONS				
A) CURRENT LIABILITIES				
Creditors	974.75		501.62	
Other Liabilities	766.29		304.13	
Interest accrued but not due on Loans	18.78	1,759.82	15.07	820.82
B) PROVISIONS				
Provision for Taxation	557.82		346.58	
Less: Advance Tax	495.02	62.80	302.09	44.49
Provision for Proposed Dividend		22.57		21.12
Provision for Dividend Distribution Tax		3.21		3.59
Provision for Employee benefits		0.65		0.11
Provision for Abandonment Cost		33.35		33.35
Provision for Take or Pay		14.90		10.42
TOTAL		1,897.30		933.90

SCHEDULE J

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
GROSS SALES				
Natural Gas Trading		5,148.83		3,794.27
Sale of Gas-Joint Ventures		228.99		238.60
Sale of Oil-Joint Ventures		98.36		84.62
TOTAL		5,476.18		4,117.49

SCHEDULE K

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
OTHER INCOME				
From Long term investments				
Dividend From Subsidiary Company	14.43		10.62	
Dividend From Other Companies	3.47		0.19	
Interest Income-Bonds	-	17.90	0.51	11.32
Interest Income :				
Income tax refund	-		1.05	
Other investments Gross {Tax Deduction at source Rs.5379977/- (P.Y.Rs.14812094/-)}	2.56	2.56	5.96	7.01
Net Foreign Exchange-Gain		1.28		0.23
Miscellaneous Income		0.37		0.85
Profit on Sale of Assets {Rs.20728/- (P.Y. Rs,417245)}		-		0.04
Usage Charges		2.65		2.85
ISP - Income		0.01		0.04
Hire Charges		0.30		0.30
Take or Pay Income		1.12		2.25
Other Income-Joint Ventures		5.06		0.83
TOTAL		31.25		25.72

SCHEDULE L

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
Purchase of Gas/ Petroleum Products				
Natural Gas Trading	4,400.48		3,094.92	
Add: Transmission Charges	8.80		33.50	
Add: Annuity & Meter validation charges	1.38		-	
<i>Less: Connectivity/TDS amounting to Rs.2052237 (P.Y. Rs.4717825)</i>	9.06	4,401.60	11.33	3,117.09
Take or Pay		4.49		11.13
		4,406.09		3,128.22

SCHEDULE M

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
Production, Selling & Operational Expenditure				
Joint Venture Expenditure				
Production Expenses	46.38		35.59	
Duties & Taxes (includes profit petroleum of Rs. 454303429 (P.Y. Rs. 827355084))	77.04		109.27	
Foreign Exchange loss	-		0.09	
Other G & A expenses	10.90	134.32	7.01	151.96
Exploration Costs Written Off		33.72		0.06
Bidding Expenditure		7.30		3.96
TOTAL		175.34		155.98

SCHEDULE N

	Rupees in Crores			
	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
(refer note no. 4 of Schedule Q(B))				
Salaries, wages and allowances		8.13		2.50
Staff Welfare		0.18		0.29
Contribution to Provident Fund & Other funds		0.51		0.46
TOTAL		8.82		3.25

SCHEDULE O

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
ADMINISTRATIVE & OTHER EXPENSES				
(refer note no. 4 of Schedule Q(B))				
Telephone, Trunkcalls & Postage		0.27		0.28
Travelling Expenses (including Directors' travelling Rs.1690646/- (P.Y. Rs.2279620/-))		0.95		0.97
Rent		0.23		0.09
Vehicle running Expenses		0.43		0.35
Electricity Expenses		0.42		0.40
Conveyance {Rs 22643 (P.Y Rs. 44698)}		-		-
Stationery & Printing		0.35		0.37
Insurance expenses		0.22		0.22
Administration & establishment		1.69		1.23
Business Development & Promotion		11.95		3.63
Professional & Technical Expenses		10.57		15.02
Donations		105.47		64.01
Audit Fees		0.11		0.11
Advertisement & publicity		1.25		0.33
Building Repairs		0.07		0.10
Bandwidth Expenses		0.11		0.15
Net Loss on Sale/discarding of Fixed Assets		0.02		0.32
Other expenses		0.91		1.50
TOTAL		135.02		89.08

SCHEDULE P

	As at 31 st March 2009		As at 31 st March 2008	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
INTEREST & FINANCE CHARGES				
Finance & Bank Charges		7.43		11.49
TOTAL		7.43		11.49

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 (AS) issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act 1956, Guidance Note 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 affect 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. Change in Accounting Policy

Consequent to the notification issued by the Ministry of Corporate Affairs, amending the Accounting Standard (AS)-11, The effects of changes in foreign Exchange rates, the company has opted to change the accounting policy retrospectively w.e.f. April, 2007 and accordingly the exchange difference on foreign currency denominated long Term borrowings relating to the acquisition of depreciable capital assets are adjusted in the carrying cost of such assets. Earlier such differences were recognized in the profit & Loss Account.

As a result, Profit before tax for the year ended March 31, 2009 is higher by Rs.18.87 Crore. Further, an amount of Rs.0.08 Crore pertaining to the financial year ended on March 31, 2008 has been credited to General Reserve.

4. Fixed Assets & Depreciation & Depletion & Amortization.

4.1. 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.

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

4.3. 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:

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

4.3.2. 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.

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

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

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

5. Abandonment Costs

5.1. 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.

- 5.2. 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 estimated salvage value which is expected to take care of the abandonment costs.

6. 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.

7. Inventories

- 7.1. The Inventory of Petrol and Diesel is valued at cost or realizable value whichever is lower.
- 7.2. 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.
- 7.3. Inventory of crude oil in Joint Ventures are valued as per Crude Offtake and Sale Agreement (COSA).

8. Revenue Recognition:

- 8.1. Company's share of Revenue from Joint Ventures is considered on the basis of Accounts submitted by Joint Ventures.
- 8.2. Sale of crude oil and gas produced from exploratory wells in progress is adjusted from expenditure incurred on such wells.
- 8.3. Sales are inclusive of statutory levies. Any retrospective revision in prices is accounted for in the year of such revision .
- 8.4. Revenue in respect of interest on delayed realizations from customers, if any, is recognized when there is reasonable certainty regarding the ultimate collection.
- 8.5. Revenue in respect of Take or Pay (short lifted quantity of gas) is recognized when there is reasonable certainty regarding ultimate collection.
- 8.6. Profit Petroleum paid to MoPNG is subject to the approval of Director General of Hydrocarbon (DGH) and difference, if any, is accounted for in the period of settlement of such differences.
- 8.7. Dividend income is recognized when the shareholders' right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries, if any, is recognized even if same are declared after the Balance sheet date but pertains to period on or before the date of Balance sheet as per the requirement of Schedule-VI of the Companies Act.1956.

9. Accounting for Oil and Gas Joint Ventures

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

10. Borrowing Costs

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

11. Income Tax, Fringe Benefit Tax and Deferred Tax

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

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

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

The Company has availed deduction U/s.42 as well as claiming tax holiday U/s 80IB(9) of the Income Tax Act,1961 for exploration / development costs. This has impact of temporary differences which in the management's view, considering the past performance and future estimates will be reversed during the "Tax Holiday Period"- and to that extent the deferred tax is not recognized and accordingly no provision for deferred tax liability in respect thereof is 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.

12. Insurance

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

13. Employees Benefits

13.1. 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.

13.2. 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.

13.3. 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.

13.4. 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.

14. Foreign Currency Transactions

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

14.2. 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.

14.3. Any income or expense on account of exchange difference, either on settlement or on translation, is recognized in the profit loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

15. Derivative Transaction

The company generally enters into derivative transactions for hedging purposes only. Income from derivatives transactions is recognized on accrual basis. Such derivatives instruments are marked to market wherever required as at the Balance Sheet date and provision for losses, if any, is dealt with in the profit & loss account.

16. Impairment

As provided in the Guidance Note on Accounting for Oil & Gas Producing Activities, for the purpose of AS 28 on Impairment of Assets, each cost center used for depreciation (Depletion) purpose is treated as a Cash Generating Unit. An asset is considered as impaired in accordance with 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.

17. 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.

18. 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 liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligation arising from past events where it is not probable that an out flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent assets are neither disclosed nor recognized.

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

B. Notes froming 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 as one part and Ministry of Petroleum & Natural Gas (Government of India) as other part, for exploration of oil and gas in the following fields. 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:

Sr. 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 Holdings (India) Ltd	40%
3	Cambay	55%(55%)	Oilex NL (Operator) Oilex NL Holdings (India) Ltd	30% 15%
4	Sabarmati	60%(60%)	Oilex NL Holdings (India) Ltd	40%
5	Asjol	50%(50%)	Hindustan Oil and Exploration Company Limited (Operator)	50%
6	Palej	50%(50%) 35%(35%)	<i>Exploration</i> Hindustan Oil and Exploration Company Limited (Operator) <i>Development</i> Hindustan Oil and Exploration Company Limited (Operator) Oil and Natural Gas Corporation Limited	50% 35 % 30%
7	North Balol	45%(45%)	Hindustan Oil and Exploration Company Limited (Operator) Heramec, U.K	25% 30%
8	Dholasan	70%(70%)	Heramec, U.K (Operator)	30%
9	North Kathana	70%(70%)	Heramec, U.K (Operator)	30.0%
10	Kanawara	70%(70%)	Heramec, U.K (Operator)	30.0%
11	Allora	70%(70%)	Heramec, U.K (Operator)	30.0%
12	MB-OSN-2000/1 (Mumbai) (Ref Note 1.1)	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) Indian Oil Corporation Limited	75.5% 15.5%
13	MB-DWN-2000/2 (Mumbai) (Ref Note 1.1)	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) Indian Oil Corporation Limited GAIL (India) Ltd Oil India Lt.	50% 15% 15% 10%
14	CB-ONN-2002/2 (Mehsana)	60%(60%)	Jubilant Enpro Limited (Operator) Geo Global Resources (Barbados) Inc.	30% 10%
15	CY-ONN-2002/1(Cavery)	20%(20%)	Enpro Finance Private Limited (Operator) GAIL (India) Ltd	30% 50%
16	BS(3)-CBM-2003/II (Ref Note 1.2)	30%(30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
17	AA-ONN-2003/1(Assam)	20%(20%)	Jubilant oil & Gas Pvt Limited (Operator) Jubilant Securities Pvt. Ltd. GAIL (India) Ltd	10% 35% 35%

Sr. No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
18	EPP-27 (Australia) (Ref Note 1.3)	33.33%(33.33%) 20%(20%)	Exploration Oilex (Operator) Videocon Development Oilex (Operator) Videocon Great Artesian Oil & Gas Limited	33.33% 33.33% 20% 20% 40%
19	JPDA-06-103 (Australia/East Timor) (Ref note 1.4)	25%(25%)	Global Energy Inc. Oilex (JPDA 06-103) Ltd (Operator) Bharat Petroresources JPDA Ltd	25% 25% 25%
20	WA-388Block(Australia)	14%(20%)	Videocon Oilex (Operator) BPCL HPCL Sasol Petroleum	14% 14% 14% 14% 30%
21	CY-DWN-2004/1	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
22	CY-DWN-2004/2	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
23	CY-DWN-2004/3	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
24	CY-DWN-2004/4	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
25	CY-PR-DWN-2004/1	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
26	CY-PR-DWN-2004/2	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
27	KG-DWN-2004/1	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited	70% 10% 10%
28	KG-DWN-2004/2	10%(10%)	Oil and Natural Gas Corporation Limited (Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited BPCL	60% 10% 10% 10%

Sr. 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% 10% 10%
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% 10% 10% 10% 10%
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% 10% 10% 10%
32	MB-OSN-2004/2	20%(20%)	Petrogas E&P LLC(Operator) GAIL (India) Ltd Hindustan Petroleum Corporation Limited Indian Oil Corporation Limited	20% 20% 20% 20%
33	CB-ONN-2004/1	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Heramec Ltd.	50% 10%
34	CB-ONN-2004/2	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Suntera Resources Ltd.	50% 10%
35	CB-ONN-2004/3	35%(35%)	Oil and Natural Gas Corporation Limited (Operator) Ensearch Petroleum Pvt. Ltd.	40% 25%
36	CB-ONN-2004/4	40%(40%)	Oil and Natural Gas Corporation Limited (Operator) Heramec Ltd.	50% 10%
37	RJ-ONN-2004/1 (Ref Note 1.5)	22.225%(20%)	GAIL (India) Ltd Hindustan Petroleum Corporation Limited BPCL Hallworthy Shipping Ltd. SA Nitin Fire Protection Industries Ltd.	22.225% 22.22% 11.11% 11.11% 11.11%
38	KG-DWN-2005/1	10%(NA)	Oil and Natural Gas Corporation Limited (Operator) Indian Oil Corporation Limited	70% 20%
39	KK-DWN-2005/2	10%(NA)	Oil and Natural Gas Corporation Limited (Operator)	90%
40	MB-OSN-2005/1	20%(NA)	Oil and Natural Gas Corporation Limited (Operator)	80%
41	MB-OSN-2005/5	30%(NA)	Oil and Natural Gas Corporation Limited (Operator)	70%
42	MB-OSN-2005/6	20%(NA)	Oil and Natural Gas Corporation Limited (Operator)	80%
43	KG-OSN-2005/1	20%(NA)	Oil and Natural Gas Corporation Limited (Operator) HPCL – Mittal Energy Ltd.	60% 20%

Sr. No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
44	CB-ONN-2005/4	49%(NA)	Oil and Natural Gas Corporation Limited (Operator)	51%
45	CB-ONN-2005/10	49%(NA)	Oil and Natural Gas Corporation Limited (Operator)	51%
46	CY-ONN-2005/1	30%(NA)	GAIL (India) Ltd Bengal Energy Inc.	40% 30%
B	GSPC-Operated		Exploration	
47	Tarapur	80%(80%) 56%(Nil)	Geo Global Resources (Barbados) Inc. Development: Geo Global Resources (Barbados) Inc. Oil and Natural Gas Corporation Limited	20% 14% 30%
48	Unawa	70%(70%)	Heramec, U.K	30%
49	CB-ONN-2000/1 (Ahmedabad)	50%(50%)	GAIL (India) Ltd	50%
50	KG-OSN-2001/3 (refer note 1.6)	80%(80%)	Jubilant Enpro Limited Geo Global Resources (Barbados) Inc.	10% 10%
51	CB-ONN-2002/3 (Sanand)	55%(55%)	Jubilant Enpro Private Limited Prize Petroleum Company Limited Geo Global Resources (Barbados) Inc.	20% 15% 10%
52	CB-ONN-2003/2 (Ankleshwar)	50%(50%)	GAIL (India) Ltd Jubilant Enpro Private Limited Geo Global Resources (Barbados) Inc.	20% 20% 10%
53	Block No.6 (Egypt)	80%(50%)	Alkor Petro Ltd	20%
54	Block No.8 (Egypt)	80%(50%)	Alkor Petro Ltd	20%
55	MB-OSN-2004/1	20%(20%)	Petrogas E&P LLC GAIL (India) Ltd Hindustan Petroleum Corporation Limited Indian Oil Corporation Limited	20% 20% 20% 20%
56	KG-ONN-2004/2	40%(40%)	GAIL (India) Ltd Petrogas E&P LLC	40% 20%
57	Block No 19 (Yemen)	45%(45%)	Western Drilling Contractors Pvt. Ltd. Alkor Petroo Ltd.	30% 25%
58	Block No 28 (Yemen)	45%(45%)	Western Drilling Contractors Pvt. Ltd. Alkor Petroo Ltd.	30% 25%
59	Block No 57 (Yemen)	45%(45%)	Western Drilling Contractors Pvt. Ltd. Alkor Petroo Ltd.	30% 25%
60	RJ-ONN-2005/3	60%(NA)	Oil and Natural Gas Corporation Limited	40%
61	South Quseir (Egypt) (Ref Note 1.7)	50%(NA)	Hindustan Petroleum Corporation Limited Oil India Ltd	25% 25%
62	South Sinai (Egypt) (Ref Note 1.7)	50%(NA)	Hindustan Petroleum Corporation Limited Oil India Ltd	25% 25%
63	South Gulf of Suez (Egypt) (Ref Note 1.7)	60%(NA)	Adani Welspun	40%
64	South East Tungal (Indonesia) (Ref Note 1.7)	50.50%(NA)	Essar Oil Ltd	49.50%

*PI – Participating Interest

** Figures in brackets indicate previous year figures

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

- 1.1. The company along with its Joint Venture partners have recommended Block MB-DWN-2000/2 (Mumbai) and Block MB-OSN-2000/1 to be surrendered to DGH.
- 1.2. ONGC has recommended to relinquish Block BS(3)-CBM-2003/II. However the company has requested DGH to keep relinquishment process on hold for this Block.
- 1.3. EPP-27 (Australia) block has been surrendered, however the joint venture is committed to spend the balance value of the work commitment amounting to AUD 1575918 (Rs.5.53 crores) in the next three years in Australia.
- 1.4. JPDA-06-103 block is being operated through a Special Purpose Vehicle (SPV) i.e. GSPC JPDA Ltd a 100% subsidiary of the company as per the terms of the PSC.
- 1.5. In Joint Venture for RJ-ONN-2004/1, M/s Silverwave Energy Pte. Ltd. has farm out and its shares have been taken by the remaining partners in their respective participating interest.
- 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 South Quseir, South Sinai, South Gulf of Suez blocks in Egypt and South East Tungal block in Indonesia are in the process of being executed.
- 1.8. Of the above, 13 fields/blocks are in production, 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), whose details of Oil and Gas Reserves (includes fields/blocks which are in production) are as follows:

Particulars (GSPC's Share)	Proved Reserves (Oil) (Million MT)	Proved Reserves (Gas) (Million Cubic Meter)
Beginning of the year 2008-09	1.51 (1.45)	853.34 (2,342.66)
Additions	- (0.38)	- (22.65)
Deletions	- (0.28)	- (1,030.89)
Production	0.04 (0.04)	359.53 (481.08)
Closing Balance for the year 2008-09	1.47 (1.51)	493.81 (853.34)

**Figures in brackets relate to previous year*

The Company's share of reserve of the fields/blocks has been considered on the basis of the "Reserve" certification provided by M/s.Gaffney, Cline & Associates in the year 2007-08 (except for Cambay Field for which the management estimates are considered) and only includes the fields/blocks which are in production.

Certificate/Estimate of proved developed reserve is not obtained.

- 1.9 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:

Rupees in Crores

Particulars	As on 31-03-2009	As on 31-03-2008
A. Fixed Assets		
Gross Block	1100.90	991.56
Depreciation/Depletion Fund	734.49	596.92
Net Block	366.41	394.64
CWIP*	5809.38	3216.59
B. Current Assets	874.79	456.80
C. Current Liabilities and Provisions	919.43	331.90
D. Contingent Liabilities	401.01	13.64

* Includes Stores & Spares

1.10. 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 2009 and 31st March 2008 is given as under

Rupees in Crores

	2008-09		2007-08	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
INCOME				
Sale of Crude Oil	179.83	98.36	147.24	84.62
Sale of Gas	393.27	228.99	380.43	238.60
Increase/(Decrease) in Stock	(2.55)	(1.66)*	3.85	2.28
Foreign Exchange Income	0.19	0.12	-	-
Other Income	7.09	4.94	1.23	0.83
Total	577.83	330.75	532.75	326.33
EXPENDITURE				
Production Expenses	74.95	46.38	54.26	35.59
Duties & Taxes	133.63	77.04	166.04	109.27
Foreign Exchange loss	-	-	0.13	0.09
Administrative exps.	17.57	10.90	11.26	7.01
Total Expenditure before Depreciation	226.16	134.32	231.69	151.96
PROFIT BEFORE DEPRECIATION	351.67	196.43	301.06	174.37

* It includes decrease in stock of crude oil of Hazira Field amounting to Rs.0.67 crore. The same is not considered in closing stock of crude oil, in line with Joint Venture Audited Accounts where the company's share in net current assets is adjusted in the capital contribution adjustment account.

2. Borrowing Costs and Test Production

- 2.1. The borrowing costs amounting to Rs.413.41 crores (P.Y. Rs. 124.32.crores) has been capitalized to the Oil & Gas exploration projects and included in CWIP. A sum of Rs.0.08 crores, which was charged to Profit & Loss A/c during the previous year, is now transferred to General reserve due to change in accounting policy. (Ref. note no.3 of Significant accounting policies).
- 2.2. An amount of Rs.9.36 crores (P.Y. Rs. 23.55 crores) being sales of test production from various exploratory wells have been credited to CWIP. These blocks are not considered as producing property in accordance with the accounting policy (Refer no.4.5 and 8.2 of Schedule Q (A)).

3. Income Tax

- 3.1 Provision of Tax for the current year is Rs. 210.03 Crores (P.Y. Rs. 220.02 Crores) includes provision of wealth tax amounting to Rs. 0.028 Crores (P.Y. Rs. 0.016 Cores.). Provision for Fringe benefit Tax is Rs.1.23 crores (P.Y. Rs.1.10 crores).

- 3.2 The company has continuously maintained a position that allowances / claims U/s. 42 and deduction U/s. 80IB (9) is admissible under the Income Tax Act, 1961. The company has been treating each well as a separate undertaking for the purpose of claiming deduction U/s 80IB(9). This view has not been accepted by the first assessing authorities. However, the Commissioner of Income Tax (Appeal) [C.I.T. (A)] has accepted the company's contention regarding claim U/s. 80IB (9). The second appellate authority, i.e. Income Tax Appellate Tribunal (ITAT) has also upheld the company's contention for A.Y. 2000-01 and allowed the claim U/s 80IB (9). Finance (No. 2) Act, 2009 has amended the provisions of Section 80IB (9) with retrospective effect from 1st April 2000, i.e. A.Y. 2000-01 in order to restrict the benefit of deduction U/s 80IB(9) to a "production sharing contract" instead of "well". The company has been claiming deduction U/s. 80IB (9) by treating each well as a separate undertaking. The company had challenged the above amendment by filing a writ petition before the Hon'ble High Court of Gujarat. The Hon'ble High Court has granted an interim relief to the company and has directed the Income Tax authorities, not to give effect to the provisions of explanation I to section 80 IB(9) of the Income Tax act,1961 retrospectively i.e. for the period prior to Assessment Year 2010-11,till then.

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

No provision is made for such disputed Income tax liabilities, which is estimated at Rs. 495.77 Crores (Previous Year Rs.465.18 Crores) which includes Rs.30.59 crores for the current year. However the same is disclosed by way of contingent liabilities vide note no. 14.1.

- 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. 11) the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating to Rs.44.60 crores in the Profit and Loss account, the details of which are as under

Rupees in Crores

Particulars	As on 31-March- 2008	For the year 2008-09	As at 31-March- 2009
Deferred Tax Liability			
(a) Depreciation	1.32	44.60	45.92
(b) Expense Written off for Tax purpose & Others	-	-	-
Total (A)	1.32	44.60	45.92
Deferred Tax Asset			
(a) Retirement Benefits (For the year Rs.5342/-)	0.03	(0.00)	0.03
(b) Others (For the year Rs.55601/-)	0.04	(0.00)	0.04
Total (B)	0.07	(0.00)	0.07
Net Deffered Tax Liability (A-B)	1.25	44.60	45.85

4. Details of Expenditure

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

Rupees in Crores

Particulars	2008-09		2007-08	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
Salaries, wages and allowances	15.58		7.11	
Staff Welfare	0.64		0.29	
Contribution to Provident Fund & Other funds	1.30	17.52	1.11	8.51
Telephone, Trunkcalls & Postage		0.89		0.59
Traveling Expenses		2.83		2.02
Rent		0.86		0.25
Vehicle running Expenses		1.30		0.89
Electricity Expenses		1.53		1.14
Conveyance		0.01		0.01
Stationery & Printing		1.30		1.06
Insurance expenses		0.79		0.62
Administration & establishment		4.69		3.37
Business Development & Promotion		11.95		3.63
Professional & Technical Expenses		11.78		15.37
Donation		105.47		64.01
Audit Fees		0.11		0.11
Advertisement & publicity		1.25		0.33
Building Repairs		0.07		0.1
Bandwidth Expenses		0.41		0.42
Net Loss on Sale/discarding of Fixed Assets		0.02		0.32
Other expenses		3.10		2.77
		165.89		105.52
Less: Allocation to Operated Blocks/Fields		22.05		13.19
TOTAL		143.84		92.33
Payments to and Provisions for employees		8.82		3.25
Administrative and Other Expenses		135.02		89.08
TOTAL		143.84		92.33

5. Employee Benefits:

5.1. Defined Contribution Plans

5.1.1. Company's contribution to Provident Fund is Rs.0.31 (P.Y.0.20)

5.1.2. Company's contribution to Super Annuation fund Rs.0.07 (P.Y.0.06)

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, 2009 as required by Accounting Standard (AS) 15 (Revised 2005)

Rupees in Crores

	Gratuity		Leave Encashment	
	2008-09	2007-08	2008-09	2007-08
I Change in obligation during the year ended 31st March, 2009				
1 Liability at the beginning of the year	0.82	0.49	0.87	0.70
2 Interest cost	0.06	0.04	0.07	0.06
3 Current service cost	0.24	0.13	0.42	0.22
4 Past service cost	-	-	-	-
5 Benefit Paid	(0.01)	(0.02)	(0.02)	(0.07)
6 Actuarial (gain) / Losses	0.03	0.18	-	(0.04)
7 Liability at the end of the year	1.14	0.82	1.34	0.87
II Change in assets during the year ended 31st March, 2009				
1 Plan assets at the beginning of the year	0.74	0.49	0.94	0.69
2 Expected return of plan assets	0.07	0.06	0.09	0.07
3 Contributions	0.02	0.22	0.02	0.26
4 Benefit paid	(0.01)	(0.02)	(0.02)	(0.07)
6 Actuarial gain / (Loss)	-	(0.01)	-	(0.01)
7 Plan assets at the end of the year	0.82	0.74	1.03	0.94
8 Total Actuarial Gain/(Loss) To Be Recognized	(0.03)	(0.19)	-	0.03
III Actual Return on plan assets				
1 Expected return of plan assets	0.07	0.06	0.09	0.07
2 Actuarial gain / (loss)	-	(0.01)	-	(0.01)
3 Actual return on plan assets	0.07	0.05	0.09	0.06
IV Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2009				
1 Liability at the end of the year	1.14	0.82	1.34	0.86
2 Plan assets at the end of the year	0.82	0.74	1.03	0.94
3 Amount recognized in the Balance Sheet Accrued (Pre paid)	0.32	0.08	0.31	(0.08)
V Expenses recognized in the statement of profit & loss account for the year ended 31st March, 2009				
1 Current service cost	0.24	0.13	0.42	0.22
2 Interest cost	0.06	0.04	0.07	0.06
3 Expected return on plan assets	(0.07)	(0.06)	(0.09)	(0.07)
4 Actuarial (gain) / Losses	0.03	0.19	0.01	(0.03)
5 Past service cost	-	-	-	-
6 Total expenses	0.26	0.30	0.41	0.18
VI Balance Sheet reconciliation				
1 Opening net liability	0.08	0.00	(0.08)	0.01
2 Expenses as above	0.26	0.30	0.41	0.17
3 Employer contribution	(0.02)	(0.22)	(0.02)	(0.26)
4 Amount recognized in the Balance Sheet	0.32	0.08	0.31	(0.08)
VII Actuarial assumptions:				
1 Discount rate	7.91%	8.23%	7.91%	8.23%
2 Rate of return on plan assets	9.00%	9.00%	9.00%	9.00%
3 Salary Escalation	7.00%	7.00%	7.00%	7.00%

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

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

Rupees in Crores

Particulars	Gross Expenditure	Allocated Expenditure	Net Expenditure
1. Salary, wages and allowances include compensated absences	15.58	7.45	8.13
2. Contribution to Provident Fund & other funds includes	1.30	0.79	0.51
Provident Fund & Family Pension	0.79	0.48	0.31
Superannuation Fund	0.17	0.10	0.07
Gratuity Fund	0.26	0.16	0.10
Other funds	0.08	0.05	0.03

6. 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.

7. 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 |

Rupees in Crores

	Explorat ion & Product ion	2008-09 Gas Trading	Unalloca ted Trading	Total	Explorat ion & Product ion	2007-08 Gas Trading	Unalloca ted	Total
1 Revenue								
External Sales	327.35	5,148.83	-	5,476.18	323.22	3,794.27	-	4,117.49
Inter Segment Sales	-	-	-	-	-	-	-	-
Total Revenue	327.35	5,148.83	-	5,476.18	323.22	3,794.27	-	4,117.49
2 Results								
Segment Results								
Profit(+)/Loss(-)	14.54	747.22	-	761.76	30.09	666.04	-	696.13
Unallocated Exps	-	-	(162.97)	(162.97)	-	-	93.86	93.86
Operating Profit	14.54	747.22	(162.97)	598.79	30.09	666.04	(93.86)	602.27
Interest/Dividend	-	-	24.79	24.79	-	-	18.33	18.33
Other Income	6.46	-	-	6.46	0.83	3.57	2.99	7.39
Provision for Taxation	-	-	(255.86)	(255.86)	-	-	222.22	222.22
Excess/Short								
Provision of Income								
Tax in earlier year								
(net)	-	-	0.31	0.31	-	-	-	-
Profit/Loss from								
Ordinary Activities	21.00	747.22	(393.73)	374.49	30.92	669.61	(294.77)	405.76
Extraordinary Items	-	-	-	-	-	-	0.86	0.86
Net Profit/(Loss)	21.00	747.22	(393.73)	374.49	30.92	669.61	(295.63)	404.90

3 Other Information									
Segment Assets	7386.23	323.79	-	7710.02	4,211.20	288.23	-	4,499.44	
Unallocated Assets	-	-	1392.82	1392.82	-	-	835.16	835.16	
Total Assets	7386.23	323.79	1392.82	9102.84	4,211.20	288.23	835.16	5,334.59	
Segment Liabilities	1200.49	577.72	-	1778.21	2,750.37	213.25	-	2,963.62	
Unallocated Liabilities	-	-	5112.15	5112.15	-	-	505.30	505.30	
Total Liabilities	1200.49	577.72	5112.15	6890.36	2,750.37	213.25	505.30	3,468.92	
Cost to Acquire									
Fixed Assets	2701.95	-	368.67	3070.62	1,650.22	-	-	1,650.22	
Depreciation	137.57	-	6.97	144.54	123.48	-	6.00	129.47	
Non Cash Expenses other than									
Depreciation	32.43	-	-	32.43	7.65	-	-	7.65	

8. In the year 1999-2000, the Company had sold 36" diameter 14km Hazira-Mora pipeline project to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However M/s. Niko Resources being the partner had initiated legal proceedings in Delhi High Court and also filed a petition in Supreme Court of India seeking directives for appointment of Arbitrators. However during the year 2002-03, GSPC Ltd and Niko have decided to amicably resolve and settle the disputes as follows for which a Memorandum of Understanding has been signed on October 3, 2002:

- 8.1. GSPC to regain possession and control from GSPL of 36" pipeline together with cost of associated equipments such as metering facilities and compressor.
- 8.2. Upon GSPL transferring the 36" pipeline back to GSPC the said pipeline shall once again become the joint venture assets of GSPC-Niko as per terms of MOU and outcome of the pending legal / arbitration proceedings.
- 8.3. The reimbursement of cost by GSPC-Niko Consortium to GSPL shall be based on the audited statements of accounts by a mutually agreed auditor firm

However GSPC is yet to gain possession of the pipeline.

9. Related Party Transactions:

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

- 9.1. Subsidiary Company - Gujarat State Petronet Limited, GSPC Pipavav Power Company Ltd, GSPC LNG Ltd., Guj Info Petro Limited, GSPC Gas Company Ltd and GSPC JPDA Ltd.
- 9.2. Associate Companies - Gujarat State Energy Generation Limited and Sabarmati Gas Company Ltd., Gujarat Science At Action Ltd. and Alcock Ashdown (Gujarat) Ltd..
- 9.3. Key Managerial Personnel:

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

Rupees in Crores

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Income:										
Sale of LNG	534.82	255.02	243.79	244.01	-	-	-	-	778.61	499.03
GSPC Gas Company Ltd	534.82	255.02	-	-	-	-	-	-	534.82	255.02
Sabarmati Gas Company Ltd	-	-	132.49	43.59	-	-	-	-	132.49	43.59

Gujarat State Energy Generation Ltd	-	-	111.30	200.42	-	-	-	-	111.30	200.42
Rent received	1.36	0.46	0.05	0.02	1.25	2.35	-	-	2.66	2.83
Gujarat State Petronet Ltd.	1.02	0.36	-	-	-	-	-	-	1.02	0.36
GSPC Pipavav Power Company Ltd.	0.09	0.02	-	-	-	-	-	-	0.09	0.02
GSPC Gas Company Ltd	0.21	0.08	-	-	-	-	-	-	0.21	0.08
Guj Info Petro Ltd	0.03	-	-	-	-	-	-	-	0.03	-
GSPC LNG Ltd	0.01	-	-	-	-	-	-	-	0.01	-
Gujarat State Energy Generation Ltd	-	-	0.05	0.02	-	-	-	-	0.05	0.02
Others (Joint Ventures)	-	-	-	-	1.25	2.35	-	-	1.25	2.35
Connectivity Charges received	9.06	11.33	-	-	-	-	-	-	9.06	11.33
Gujarat State Petronet Ltd.	9.06	11.33	-	-	-	-	-	-	9.06	11.33
Dividend Income	14.43	10.62	2.54	-	-	-	-	-	16.97	10.62
Gujarat State Petronet Ltd.	10.62	10.62	-	-	-	-	-	-	10.62	10.62
GSPC Gas Company Ltd	3.81	-	-	-	-	-	-	-	3.81	-
Gujarat State Energy Generation Ltd	-	-	2.54	-	-	-	-	-	2.54	-
Sabarmati Gas Company Ltd {CY Rs.6250/-, P.Y. Rs.25000/-}	-	-	-	-	-	-	-	-	-	-
Interest received	0.50	4.67	1.90	1.14	-	-	-	-	2.40	5.81
GSPC Gas Company Ltd	-	4.42	-	-	-	-	-	-	-	4.42
GSPC Pipavav Power Company Ltd.	0.25	-	-	-	-	-	-	-	0.25	-
Gujarat Info Petro Ltd.	0.25	0.25	-	-	-	-	-	-	0.25	0.25
Sabarmati Gas Company Ltd	-	-	0.86	0.86	-	-	-	-	0.86	0.86
Gujarat State Energy Generation Ltd	-	-	1.04	0.28	-	-	-	-	1.04	0.28
ISP income received	0.01	0.04	-	-	-	-	-	-	0.01	0.04
Gujarat Info Petro Ltd.	0.01	0.04	-	-	-	-	-	-	0.01	0.04
Management Fees	-	-	-	-	0.16	0.12	-	-	0.16	0.12
Others (Joint Ventures)	-	-	-	-	0.16	0.12	-	-	0.16	0.12
Expenses :										
Purchase of Gas	-	-	-	-	7.59	5.04	-	-	7.59	5.04
Others (Joint Ventures)	-	-	-	-	7.59	5.04	-	-	7.59	5.04
Gas transportation charges paid	8.81	11.26	-	-	-	-	-	-	8.81	11.26
Gujarat State Petronet Ltd.	8.81	11.26	-	-	-	-	-	-	8.81	11.26
Bandwidth Charges paid	0.36	0.62	-	-	-	-	-	-	0.36	0.62
Gujarat Info Petro Ltd.	0.36	0.62	-	-	-	-	-	-	0.36	0.62
Remuneration to Managing Director	-	-	-	-	-	-	0.07	0.07	0.07	0.07
Expenses/ payments by GSPC on behalf of subsidiary (Recovered/ recoverable)	0.89	1.57	-	0.14	-	-	-	-	0.89	1.71
Gujarat State Petronet Ltd.	0.33	0.41	-	-	-	-	-	-	0.33	0.41

GSPC Pipavav Power Company Ltd.	0.04	0.14	-	-	-	-	-	-	0.04	0.14
GSPC LNG Ltd	0.01	0.44	-	-	-	-	-	-	0.01	0.44
GSPC (JPDA) Ltd.	0.10	0.13	-	-	-	-	-	-	0.10	0.13
Gujarat Info Petro Ltd.	0.19	0.24	-	-	-	-	-	-	0.19	0.24
GSPC Gas Company Ltd.	0.22	0.21	-	-	-	-	-	-	0.22	0.21
Gujarat State Energy Generation Ltd.	-	-	-	0.14	-	-	-	-	-	0.14
Expenses/ payments by subsidiary on behalf of GSPC (Recovered/ recoverable)	0.77	0.90	-	-	-	-	-	-	0.77	0.90
Gujarat State Petronet Ltd.	0.44	0.90	-	-	-	-	-	-	0.44	0.90
GSPC LNG Ltd	0.11	-	-	-	-	-	-	-	0.11	-
GSPC Gas Company Ltd	0.21	-	-	-	-	-	-	-	0.21	-
Current Assets & Liabilities:										
Advance / Receivable	5.86	4.27	3.31	1.13	804.18	116.09			813.35	121.49
Gujarat State Petronet Ltd.	3.85	0.37							3.85	0.37
GSPC Pipavav Power Company Ltd.	0.49	0.16	-	-	-	-	-	-	0.49	0.16
GSPC LNG Ltd	0.37	0.46	-	-	-	-	-	-	0.37	0.46
GSPC (JPDA) Ltd.	0.26	0.16	-	-	-	-	-	-	0.26	0.16
Gujarat Info Petro Ltd.	0.46	2.21	-	-	-	-	-	-	0.46	2.21
GSPC Gas Company Ltd.	0.43	0.91	-	-	-	-	-	-	0.43	0.91
Gujarat State Energy Generation Ltd.	-	-	1.64	0.35	-	-	-	-	1.64	0.35
Sabarmati Gas Company Ltd.	-	-	0.67	0.78	-	-	-	-	0.67	0.78
Alcock Ashdown (Gujarat) Ltd.	-	-	1.00	-	-	-	-	-	1.00	-
Others (Joint Ventures)	-	-	-	-	804.18	116.09	-	-	804.18	116.09
Payable	-	-	-	-	252.83	150.64	-	-	252.83	150.64
Others (Joint Ventures)	-	-	-	-	252.83	150.64	-	-	252.83	150.64
Investment in Share Capital (Allotment)	309.09	309.09	86.83	61.71	-	-	-	-	395.92	370.80
Gujarat State Petronet Ltd.	213.31	213.31	-	-	-	-	-	-	213.31	213.31
GSPC Pipavav Power Company Ltd.	36.89	36.89	-	-	-	-	-	-	36.89	36.89
GSPC LNG Ltd	0.05	0.05	-	-	-	-	-	-	0.05	0.05
GSPC (JPDA) Ltd.	1.40	1.40	-	-	-	-	-	-	1.40	1.40
Gujarat Info Petro Ltd.	0.03	0.03	-	-	-	-	-	-	0.03	0.03
GSPC Gas Company Ltd.	57.41	57.41	-	-	-	-	-	-	57.41	57.41
Gujarat State Energy Generation Ltd.	-	-	75.82	50.70	-	-	-	-	75.82	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	-	-	-	-	10.50	10.50
Advance for Investment (Pending Allotment)	38.87	3.32	10.06	24.06	-	-	-	-	48.93	27.38
GSPC Pipavav Power										

Company Ltd.	5.00	-	-	-	-	-	-	-	5.00	-
GSPC (JPDA) Ltd.	30.87	0.68	-	-	-	-	-	-	30.87	0.68
Gujarat Info Petro Ltd.	-	2.64	-	-	-	-	-	-	-	2.64
GSPC LNG Ltd	3.00	-	-	-	-	-	-	-	3.00	-
GSPC Gas Company Ltd.	-	-	-	-	-	-	-	-	-	-
Gujarat State Energy Generation Ltd.	-	-	-	15.00	-	-	-	-	-	15.00
Sabarmati Gas Company Ltd.	-	-	9.06	9.06	-	-	-	-	9.06	9.06
Alcock Ashdown (Gujarat) Ltd	-	-	1.00	-	-	-	-	-	1.00	-

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

Rupees in Crores

PARTICULARS	2008 - 09	2007 - 08
(A) Payment to Auditors		
i) Audit Fees	0.11	0.11
ii) For Certification work, etc	0.03	0.13
iii) Out of pocket expense { Rs.20865/- (P.Y. Rs.21275)}	0.00	0.00
(B) Managerial Remuneration	-	-
i) Salaries	0.07	0.06
ii) Leave and Pension Salary	0.01	0.01
(C) Expenditure in Foreign Currency	175.21	241.96
Value of Import on CIF Basis	-	-
a) Capital Goods	1.50	-
b) Foreign Travel	-	0.03
c) Consultancy & Technical Fees	5.87	6.50
d) Subscription	0.63	0.18
e) Bandwidth Charges	-	-
f) Others (including payments to Joint Ventures)	167.21	235.25

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

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

11.1. Sales Turnover

Description	Unit	Quantity	Value (Rs.) (In Crores)
Crude Oil	Barrels	305,354 (260,831)	98.36 (84.62)
Gas	Lakh M3	3,347 (4,532)	228.99 (238.60)
Gas Trading*	Million MMBTU	Lakh M3 95.42 (98.3)	1,984.46 (2,623.5)
			5148.83 (3,794.27)

*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.

11.2 Opening and Closing Stock of Goods Produced

Description	Unit	Quantity	Value (Rs.) (In Crores)
Opening Stock Crude Oil	Barrels	8,356 (4,671)	2.79 (0.89)
Closing Stock Crude Oil	Barrels	13,019 (8,356)	1.80 (2.79)

11.3. Licensed Capacity, Installed Capacity and Actual Production

Description	Unit	Licensed Capacity Per Annum	Installed Capacity Per Annum	Actual Production for the Year
Crude Oil	Barrels	N.A.	N.A.	310, 017* (264,516)
Gas	Lakh M3	N.A.	N.A.	3,347* (4,532)

*Excludes internal consumption & normal loss.

11.4. Purchases (Trading)

Description	Unit	Quantity	Value (Rs.) (In Crores)
Gas Trading	Million MMBTU	97.93 (105.00)	4,400.48 (3,094.92)

*Figures in brackets relate to previous year.

12. Earning Per Share (EPS)

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

Particulars	As on 31-March-2009	As on 31-March-2008
Net Profit After Tax (Rs. in Crores)	374.49	404.90
Weighted average numbers of equity shares	211,222,140	211,222,140
Basic/Diluted Earnings Per Share (EPS)	17.73	19.17
Nominal Value per share	10	10

The weighted average number of equity shares outstanding during the period and for all period presented, is adjusted for issue of bonus shares.

13. Capital Commitments:

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

- 13.1.1. In respect of Joint Ventures Rs.1.57 crores (PY Rs. 2.24 crores)
- 13.1.2. In respect of others- Rs.70.73 crores (P.Y.Rs. 1.28 crores)

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

- 13.2.1. In India Rs.2430.30 crs (P.Y. 1471.54 crs)
- 13.2.2. Outside India Rs.786.85 crs (P.Y. 1046.63 crs)

14. Contingencies

14.1. Contingent Liabilities

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 on 31-March-2009	As on 31-March-2008
Income Tax (Ref. note no.3.2)	495.77	465.18
Joint Ventures	401.01	13.64

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

Rs in Crores

Particulars	As on 31-March-2009	As on 31-March-2008
Letter of Credits	499.50	345.05
Financial Guarantees to Ministry of Petroleum and Natural Gas (MOPNG)	116.09	119.64
Other Bank Guarantees *	1063.31	654.22

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

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

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

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

15.1. Movement in Provisions

Rs in Crores

Sr. No.	Particulars of Disclosure	Provision for Contingencies
1	Opening Balance	43.77
2	Provision made during the period	4.48
3	Balance as at 31-March-09	48.25

15.2. Nature of the Provision

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

16. Derivative contracts entered into by the company :

- For Hedging Currency and Interest Rate Related Risks:
- Nominal amounts of derivative contracts entered into by the company and outstanding as at 31-Mar-2009 amounts to Rs. 392.22 Crs (Previous year NIL). Category wise break up is given as below:

Rs in Crores

Particulars	As on 31-March-2009	As on 31-March-2008
Currency Options (Net)	392.22	-

16.1. For Hedging commodity related risks: Not applicable

16.2. In accordance with principles of prudence and other applicable guidelines as per Accounting Standards notified by the Companies (Accounting Standard) Rules, 2006 the company has charged an amount of Rs. Nil (Previous year Rs. Nil) to the Profit & Loss account in respect of derivative contracts other than those contracts which are effective hedges.

 16.3. Foreign Currency loans that are not hedged by derivative instruments as on 31st March 2009 amounts USD 245/- Millions (Rs. 1,234.61 Crs). However the entire un-hedged amount has been hedged by 08-Oct-2009.

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 case of balances of Joint Venture parties, due to cash call and other transactions and also in case of balances of other parties i.e. Debtors, Creditors, Loans and Advances, the balances are being analyzed, and 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.

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

 Partner
Memership No. : 35070

 Date : December 3, 2009
Place : Ahmedabad

 D. Rajgopalan, IAS
Chairman

 Sandeep Dave
Company Secretary

 Tapan Ray, IAS
Managing Director

 Subhash Dave
Executive Director - F & A

 Date : December 3, 2009
Place : Gandhinagar

Cash Flow Statement For The Year Ended 31st March 2009

PARTICULARS	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
Cash Flow from Operating Activities		
Profit after Tax	374.49	404.49
Add : Income Tax	210.03	220.02
Deferred Tax	44.60	1.12
Fringe Benefit Tax	1.23	1.10
Less : Excess provision of Dividend Distribution Tax	(0.31)	-
	630.04	627.14
Add : Depreciation and Amortisations being non-cash item		
Depreciation	142.30	129.47
Interest & Finance Charges	7.43	11.49
Loss on Sale of Assets	0.02	0.32
Foreign Exchange Loss/(Gain)	(1.28)	(0.23)
Misc. Exp. Written Off	-	-
Exploration Cost Written off	33.71	0.06
	812.22	768.25
Less : Interest / Dividend Income	20.45	18.33
Profit on sale of Assets {Rs.10,189}	-	0.04
	791.77	749.88
Add / Less : Working Capital Adjustments		
Increase / Decrease in current Assets (-)	(142.66)	(442.23)
Increase / Decrease in current Liabilities (+)	751.06	433.78
	1,400.17	741.43
Less : Direct Tax Paid	225.46	198.44
Add : Prior Period Adjustment	0.73	0.86
Net Cash Flow from Operating Activities (A)	1,175.44	543.85
Cash Flow from Investing Activities		
Purchase of Assets / CWIP including Joint Ventures (Net)	(2,688.45)	(1,650.41)
Sale of Fixed Assets	0.04	0.10
Investment in Subsidiary	-	(95.63)
Other Investments	(25.12)	(0.23)
Interest / Dividend Income	20.45	18.33
Net Cash Flow from Investing Activities (B)	(2,693.08)	(1,727.84)
Cash Flow from Financing Activities		
Repayment of Share Application Money	-	-
Repayment of Loans (Net)	-	-
Proceeds from Unsecured Loans	631.97	611.91
Proceeds from Secured Loans	2,128.35	727.62
Interest & Financing Charges Paid	(420.92)	(135.81)
Dividend Paid (including dividend tax)	(24.71)	(24.71)
Net Cash Flow from Financing Activities (C)	2,314.69	1,179.01
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	797.05	(4.98)
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	0.07	0.05
Bank Balances	18.32	23.31
	18.39	23.36
Cash and Cash equivalents at the End of the Year		
Cash on hand	0.04	0.07
Bank Balances	815.40	18.32
	815.44	18.39

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 notified in Companies (Accounting Standards) Rules, 2006.
- Adjustments have not been made to 'Purchase of Fixed Asset' (Investing Activities on account of increase/decrease in Capital Creditors.) The Impact of the above is not readily ascertainable

As per our separate report of even date

For Kantilal Patel & Co.
Chartered Accountants

Partner
Membership No. : 35070

Date : December 3, 2009
Place : Ahmedabad

D. Rajgopalan, IAS
Chairman

Sandeep Dave
Company Secretary

Tapan Ray, IAS
Managing Director

Subhash Dave
Executive Director - F & A

Date : December 3, 2009
Place : Gandhinagar

**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	31/03/2009
II	Capital Raised During The Year	
	Public Issues	Nil
	Rights Issue	Nil
	Bonus Issue	10,56,111
	Private Placement	Nil
III	Position of Mobilisation and Deployment of Funds:	
	Total Liabilities	7,20,55,425
	Total Assets	7,20,55,425
	Source of Funds	
	Paid up Capital	21,12,221
	Reserves and Surplus	2,00,12,389
	Share Application Money	-
	Secured Loans	2,86,35,567
	Unsecured Loans	2,08,36,663
	Deferred Tax Adjustment (Refer Note 3.3 of Schedule Q(B))	4,58,585
	Application of Funds	
	Net Fixed Assets	6,58,69,204
	Investment	40,64,987
	Net Current Assets	21,21,234
	Miscellaneous Expenditure	-
	Accumulated losses	-
	IV	Performance of the Company
Total income		5,50,57,698
Total Expenditure		4,87,50,055
Profit Before Tax		63,07,643
Profit After Tax		37,44,929
Earnings Per Share (Rs.)		17.73
Dividend Rate (%)		
Generic Names of Principal Products/Services of the Company (As per Monetary Terms)		
Item Code No.		2,70,90,000
Product Description		Crude Oil
Item Code No.		2,71,12,100
Product Description	Natural Gas	

As per our separate report of even date

For Kantilal Patel & Co.
Chartered Accountants

D. Rajgopalan, IAS
Chairman

Tapan Ray, IAS
Managing Director

Partner
Memership No. :

Sandeep Dave
Company Secretary

Subhash Dave
Executive Director - F & A

Date : December 3, 2009
Place : Ahmedabad

Date : December 3, 2009
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	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009	31.03.2009
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	44,875,660	44,008
	B. Extent of interest in Holding Company at the end of financial year 2008-09 in the subsidiary company.	37.77%	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 31.03.2009	46.61	Nil	Nil	Nil	56.85	1.44
	II) For the previous financial years of the subsidiary company since it became the Holding Company's subsidiary.	67.25	Nil	Nil	Nil	2.08	0.15
	b) Dealt with in the Holding Company's Accounts						
	I) For the financial year ended as on 31.03.2009	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	0.15	Nil

Notes:

* Includes shares held by subsidiary company Gujarat State Petronet Limited.

** Includes shares held by subsidiary company GSPC Gas Company Limited.

D. Rajgopalan, IAS
Chairman

Tapan Ray, IAS
Managing Director

Sandeep Dave
Company Secretary

Subhash Dave
Executive Director - F & A

Date : December 3, 2009

Place : Gandhinagar



GUJARAT STATE PETRONET LIMITED

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BOARD OF DIRECTORS

Shri D Rajagopalan, IAS, **Chairman**
Shri S Jagadeesan, IAS (w.e.f. 2nd March, 2009)
Shri P K Pujari, IAS
Shri Hasmukh Adhia, IAS
Shri Tapan Ray, IAS
Shri U Sundararajan (upto 23rd July, 2009)
Shri Suresh Mathur
Shri D J Pandian, IAS, *Managing Director*

Shri N J Jhaveri (upto 2nd February 2009)
Shri N Venkiteswaran (upto 2nd February, 2009)
Shri M M Srivastava, IAS (upto 2nd March, 2009)

COMPANY SECRETARY

Ms. Reena Desai

BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Corporation Bank
Dena Bank
HDFC Bank Ltd.
IDBI Bank Ltd.
Karur Vysya Bank Ltd.
Oriental Bank of Commerce
State Bank of India
State Bank of Bikaner & Jaipur
South Indian Bank Ltd.
State Bank of Travancore
UCO Bank
Union Bank of India
Vijaya Bank

STATUTORY AUDITORS

P Singhvi & Associates,
Chartered Accountants
Gandhinagar

INTERNAL AUDITORS

KPMG, Mumbai

REGISTERED OFFICE

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



NOTICE

Notice is hereby given that 11th Annual General Meeting of the members of Gujarat State Petronet Limited will be held on Thursday, the 3rd day of December, 2009 at 11.30 a.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382011 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri P K Pujari, IAS, Director who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Tapan Ray, IAS, Director who retires by rotation and being eligible offers himself for re-appointment.
5. To fix remuneration of Statutory Auditors of the Company in terms of provisions of section 224 (8)(aa) of the Companies Act, 1956.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

6. "RESOLVED THAT Shri S Jagadeesan, IAS, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 141(a) and 148 of the Articles of Association of the Company and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board of Directors,
Reena Desai
Company Secretary

Date: 23rd October, 2009
Place: Gandhinagar

Registered Office
GSPC Bhavan,
Sector -11, Gandhinagar - 382 011.

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENTS APPOINTING PROXY TO BE VALID AND EFFECTIVE MUST REACH TO THE REGISTERED OFFICE OF THE COMPANY MINIMUM 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
4. An Explanatory Statement pursuant to Section 173(2) of Companies Act, 1956 is annexed hereto.
5. Members desirous of getting any information related to accounts or operations of the Company are requested to send in their queries so as to reach the Company's registered office at least 7 days in advance before the date of meeting to enable the management to keep the information ready.

6. The register of members and share transfer books of the Company shall remain closed from Saturday, 28th November, 2009 to Thursday, 3rd December, 2009 (both days inclusive) for the purpose of payment of the dividend. The dividend, if declared at the ensuing Annual General Meeting shall be paid, on or after 3rd December, 2009 to those members of the Company whose names appear (a) as beneficial owners as at the close of business hours on 27th November, 2009 as per the list to be furnished by the depositories in respect of the shares held in electronic form; and (b) as members in the register of members of the Company as on 28th November, 2009, after giving effect to all valid share transfers in physical form received on or before 27th November, 2009.
7. All transfer deeds, requests for change of address, bank particulars /mandates/ECS mandates, PAN should be lodged with Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Plot No 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081, in case of shares held in physical form on or before 27th November, 2009. The above details in respect of the shares held in electronic form should be sent to the respective Depository Participants by the shareholders well in time.
8. Members are requested to furnish the Registrar / Depository Participants, the details regarding the name and address of the branch of the bank, MICR code of the branch, type of account and account number to enable the Company to distribute dividend through Electronic Clearing Services (ECS). In the absence of ECS facility with the shareholder's bank, the bank account details will be printed on the dividend warrants, if available.
9. As stipulated under Clause 49 of the listing agreement with stock exchanges, profile of directors seeking appointment / re-appointment is provided under Section "Board of Directors" of the Corporate Governance Report, which forms an integral part of this Annual Report.

**Annexure to Notice
Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956**

Item No. 6

Shri S Jagadeesan, IAS was appointed as an Additional Director of the Company by the Board of Directors with effect from 2nd March, 2009 in accordance with the provisions of Article 141 (a) and 148 of Articles of Association. As per the provisions of Section 260 of the Companies Act, 1956, he holds office till the conclusion of this Annual General Meeting. The Company has received a notice from a member in writing proposing the candidature of Shri S Jagadeesan, IAS for appointment as a Director of the Company.

The Board recommends the appointment of Shri S Jagadeesan, IAS as a Director of the Company in accordance with the provisions of Article 141(a) of Articles of Association.

No other director except Shri S Jagadeesan, IAS is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

By order of the Board of Directors,
Reena Desai
Company Secretary

Date: 23rd October, 2009
Place: Gandhinagar

Registered Office
GSPC Bhavan,
Sector -11, Gandhinagar - 382 011.



DIRECTORS' REPORT

Directors' Report

To,
The Members
Gujarat State Petronet Limited

The Directors have pleasure in presenting 11th Annual Report and audited accounts of the Company for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in crore)	
	2007-08	2008-09
Total Income	447.28	511.81
Manpower Expenses	7.63	10.94
Gas Transmission Charges	1.45	3.58
Connectivity Charges	11.22	9.08
Admin, O&M & other Expenses	33.12	38.97
Total Operating Expenses	53.42	62.57
Gross Margin	393.86	449.24
Interest (after capitalization)	81.51	86.99
Depreciation	163.22	170.49
Prior Period Expenses	0.02	(0.41)
Profit Before Tax	149.15	191.35
Tax including Deferred Tax	49.23	67.94
Profit After Tax	99.92	123.41

MAJOR ACHIEVEMENTS

The year was marked by several accomplishments, both in terms of physical and financial performance. Your Company has maintained an upward trend in all performance parameters as follows,

- Total Income increased from Rs. Rs.447.28 crores in previous year to Rs.511.81 crores, recording increase of 14%.
- EBIDTA increased from Rs. 396.85 crores in previous year to Rs.452.23 crores, recording increase of 14%.
- PAT increased from Rs.99.92 crores in previous year to Rs.123.41 crores, recording increase of 24%.
- 100% pipeline grid availability and "accident free" year of operations.
- Company is currently carrying 31 MMSCMD of gas which is 50% more than peak volumes achieved previously.
- PNGRB has initiated process of public consultation by inviting comment on GSPL request to grant authorization to GSPL existing pipelines.
- The Company has acquired equity stake in Krishna Godavari Gas Network Limited(KGGNL). KGGNL is incorporated for developing gas transmission and distribution network in the State of Andhra Pradesh.
- The Company has filed Expression of Interest (EOI) for development of cross country gas transmission pipeline network from Mallavaram – Bhilwara (approx. 1400 Kms), Mehsana – Bhatinda (approx. 900 Kms), Bhatinda – Jammu

– Srinagar (approx. 770 Kms) and Surat – Paradip Pipeline (approx. 1600 Kms). These projects may be offered for bidding by PNGRB during the current year.

- Enhanced strategic equity stake in GSPC Gas Company Limited, which is developing City Gas Distribution Network in the State of Gujarat.

CAPITAL

During the year, paid up share capital of the Company has increased from Rs.562.01 crore to Rs.562.11 crore on account of allotment of shares to eligible employees under the ESOP Scheme.

DIVIDEND

Keeping in view the fund requirements for expansion projects, the Board of Directors of the Company is pleased to recommend dividend @ Re. 0.75 (i.e. 7.5 %) per equity share of the face value of Rs. 10 each for the Financial Year 2008-09.

GAS TRANSMISSION SERVICES

The Company has signed Firm GTAs for transporting 31.99 MMSCMD of gas to various customers and interruptible / short term GTA for 11.17 MMSCMD (Previous year : Firm GTAs - 29.27 MMSCMD & interruptible GTAs – 7.53 MMSCMD).

GAS GRID PROJECT

The Government of Gujarat has always played a proactive role in the development of energy value chain. Gujarat is the first State to plan and execute a State wide Gas Grid on open access principle.

The gas grid has been designed as per the highest international standards with inbuilt flexibility to cater to varying loads. The gas grid map is enclosed herewith as Annexure-IV.

Projects Commissioned

Since last Directors' Report, the Company has successfully commissioned various pipeline projects like Bhadbhut- Gana, Rajkot-Jamnagar, Padmala Halol, Suzlon Spur, etc.

The current span of the Grid under operation is approx. 1420 kms and gas is flowing from Hazira / Dahej / Vapi to various industries and City Gas Distribution Networks located in Surat, Bharuch, Baroda, Anand, Ahmedabad, Gandhinagar, Sabarkantha, Kalol, Mehsana, Morbi, Surendranagar, Rajkot, Jamnagar, Navsari, Vapi and Valsad districts.

Projects on Hand

Your Directors are pleased to inform that the Company continues to develop pipeline infrastructure in the State of Gujarat. The following pipeline sections are being developed on priority basis:-

- Gana – Hadala Pipeline Project (30" x 85 kms)
- Darod – Jafrabad Pipeline Project (24" x 220 kms)
- Morbi – Mundra Pipeline Project (18" x 130 kms)
- Olpad – GESC, Utran Pipeline Project (12" x 17 kms)

Further, the Company also continues to develop several spur lines to connect Industrial clusters and medium size customers along the pipeline network, which include regions like Tarapur, Vilayat, Dahej, Silvasa, Bhavnagar, Amreli, Veraval, Gandhidham, Anjar, Mundra, Jafrabad region.

Future Plans

The Company is working on future expansion projects. The Company has participated in the bidding for cross country gas transmission pipeline and CGD project offered for bidding by PNGRB. Above initiations reflect Company's long term vision of growth through expansion of business within and outside Gujarat.

Operation & Maintenances Activities

The Company has transported 5428.48 MMSCM (Previous year: 6144.91 MMSCM) of gas during the Financial Year under review.

To safeguard pipeline assets and optimize efficiency of the pipeline system, the Company is giving utmost importance to efficient operations and preventive maintenance.

HEALTH, SAFETY AND ENVIRONMENT

The Company attaches great importance to Health, Safety and Environmental aspects. The Company is expanding and managing its business operations in a safe and environmentally sustainable manner. The environment and safety features have been integrated into design, construction and O&M to have utmost safety for the facilities, local community and the environment. Further, Disaster Management plans are reviewed and updated regularly.

The Company is ensuring effectiveness of HSE Management Systems through training, regular audits and review mechanism. HSE is everyone's responsibility and each employee is encouraged to act in accordance with HSE policy. All contractors are required to adhere to our HSE policies while executing the Company work.

The Company has already obtained ISO 9001/2000 certification for its O&M activities. Further the Company has obtained ISO-14001 and OHSAS-18001 certification during the year under review.

FIXED DEPOSITS

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

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Company focused on CSR initiatives. This mainly involved organizing blood donation camps, promoting use of environmentally friendly fuel, creating awareness for conservation of energy, promotion of educational activities, etc.

DIRECTORS

Since last Directors Report, Shri M M Srivastava, IAS, Shri N Venketiswaran, Shri N J Jhaveri and Shri U Sundararajan ceased to be the Directors of the Company. Your Directors wish to place on record appreciation of the services rendered by them as Directors of the Company.

Shri S Jagadeesan, IAS, was appointed as Additional Director to hold office till the ensuing Annual General Meeting. It is proposed to regularize his appointment in the 11th Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri P K Pujari, IAS and Shri Tapan Ray, IAS shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief resume of the Directors retiring by rotation/seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold Directorship are given in the Corporate Governance Report forming part of the Directors' Report.

STATUTORY AND C&AG AUDIT

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, C&AG has appointed M/s P Singhvi & Associates, Chartered Accountants, Gandhinagar as Statutory Auditors of the Company for the Financial Year 2008-09.

The Company has received comments of Comptroller and Auditor General of India (C&AG) on the accounts of the Company for the Financial Year 2008-09. The Report of C&AG and Management Explanation to the comments of C&AG forms part of the Directors' Report.

AUDIT COMMITTEE

Audit Committee of Directors of the Company at its meeting held on 27th June, 2009 approved the Annual Accounts for the financial year ended on 31st March, 2009 and recommended the same for approval of the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that,

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.



- (ii) accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period.
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities is taken.
- (iv) the annual accounts are prepared on a going concern basis.

MANAGEMENT DISCUSSION & ANALYSIS

This Annual Report contains a separate section (Annexure-I) on the Management Discussion and Analysis, which forms part of the Directors' Report.

CORPORATE GOVERNANCE

Corporate Governance denotes the framework for companies to conduct their business in an ethical and responsible manner. It is determined primarily by the approach that a company has towards its stakeholders as well as to the environment in which it operates. It stems from the belief and realization that corporate citizenship has a set of responsibilities, which must be fulfilled for a company to progress and succeed over the long term.

The Company believes that only good governance can deliver continuous good business performance. A Report on Corporate Governance as required under clause 49 of the listing agreement is incorporated as a part of this Directors' Report (Annexure - II). A Compliance Certificate by the practicing company secretary is also attached to the Directors' Report.

GSPL EMPLOYEES STOCK OPTION PLAN ("ESOP"):

The Company instituted ESOP Scheme in October 2005 to provide an incentive to attract, retain and reward the employees and to enable them to participate in future growth and financial success of the Company. Each such option has conferred a right upon the Employee to apply for one Equity Share of the Company. Statutory disclosures regarding ESOP scheme are enclosed as Annexure-III to this Directors' Report.

PARTICULARS OF EMPLOYEES

During the year under review, none of the employees were drawing remuneration, which require disclosure under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

Conservation of Energy

During the period under review, there is no consumption of energy requiring disclosure.

Technology Absorption

The Company has not imported any technology. However, the Company has engaged consultants/advisors of international repute to make available latest technology for Project implementation. The Company has developed (PAMS) software with the help of GIPL - SECON.

Foreign Exchange Earnings & Outgo
Foreign Exchange Earnings - Nil
Foreign Exchange Outgo - Rs. 11,520,619/-

ACKNOWLEDGEMENTS

The Directors appreciate the continued support received from the valued customers and look forward to this mutually supportive relationship in future.

The Directors place on record their appreciation of the valuable services rendered by employees at all levels, without whose contribution, the excellent performance of the Company would not have been possible.

The Directors are extremely grateful for all the support given by the Government of Gujarat at all levels. Their guidance, encouragement and moral support enabled the Company to expand the Pipeline Network in a professional manner.

The Directors place on record their sincere thanks to the Shareholders and Lenders for their valuable support, trust and confidence in the Company.

For and on behalf of Board of Directors

Date : 23rd October, 2009

Place: Gandhinagar

D Rajagopalan, IAS

Chairman

Annexure - I

Management Discussion and Analysis forming part of the Directors' Report for the year ended on 31st March, 2009

A. INDUSTRY STRUCTURE AND DEVELOPMENTS :

India is currently world's fourth largest economy in purchasing power parity terms and fifth largest energy consumer with its GDP of USD 1.23 trillion. The rapid growth of the Indian Economy has greatly contributed to the development of the Indian Energy Sector as a whole and provided major triggers for the growth of the gas sector in particular.

The demand for natural gas is increasing due to various reasons like,

- The steep rise in spot price of Oil in each year between 2003 and 2008 when it touched the level of @ \$147 per barrel during mid July 2008. After reaching the July 2008 high mark, oil prices fell sharply due to global recession. But the oil prices have rebound from their early 2009 level.
- Implementation of national or regional plans by Governments to reduce greenhouse gas emissions.

Hence more and more consumers are opting for natural gas due to its inherent environment friendly nature, greater efficiency and cost effectiveness over other fossil fuels. As a result, natural gas remains a key energy source in the industrial sector as well as for electricity generation.

The world natural gas transmission industry is primarily being driven by the level of demand for natural gas and other fossil fuels in regions that lack energy resources and assets. The demand for natural gas is a huge impetus for world pipeline industry as it will require new Pipelines and increased Pipeline Transmission Capacities.

As per EIA International Energy Outlook Report 2009, Global Natural Gas consumption is estimated to increase from about 104 trillion cubic feet in 2006 to 153 trillion cubic feet in 2030 @ 1.6% per year.

In World Gas Sector, the Asian Gas Markets are leading the growth, with specific investment focus on countries like India and China. The demand for natural gas in India has already exceeded supply. As per the Report of the Working Group on Petroleum & Natural Gas Sector for the XI Plan, demand for natural gas in India is estimated to increase from 179 million cubic meter per day in 2007-08 to 280 million cubic meter per day in the year 2011-12.

To cope up with the growing demand of natural gas, Government of India is considering and implementing no. of schemes including both LNG and Pipeline Projects. Several Gas Pipelines are planned for development all over world in next few years including cross country pipelines like Iran-Pakistan-India Pipeline, Myanmar India Pipeline, Trans-Afghan Pipeline, Central Asia Gas Pipeline, Nabucco Gas Pipeline etc.

Major developments in the natural gas sector in India are summarized below,

- Natural gas production from Reliance Industries Ltd's (RIL) Krishna Godavari (KG) fields has commence during the current year.

- Expansion of capacity of LNG Terminals by Petronet LNG and Hazira LNG has been completed.
- Commencement of work for setting up LNG Terminal in Kochi.
- LNG processing Plant at Dabhol would also be commencing during the current year.
- PNGRB has completed two rounds of bidding for CGD (covering around 13 cities) which is likely to be followed by many more cities.
- GSPC group has started development of LNG terminal at Mundra through GSPC LNG Ltd, a special purpose vehicle (SPV) formed by the joint venture of Gujarat State Petroleum Corporation Ltd (GSPC) and the Adani Group.

Gujarat, with its large industrial base, growing energy needs and proactive government approach, has emerged as a Vibrant Hub for gas industry.

As per CRISIL's report, natural gas demand in the State is expected to increase from 54.1 mmscmd in 2005 to 94.5 mmscmd by 2010. This is mainly due to the fact that many industries are switching over to gas for their fuel and feedstock requirements. The expansion of the gas grid into new markets has resulted in substantial increase in the demand for gas through expansion of capacities of existing projects, setting up of new Industries and development of CGD networks in Gujarat.

Keeping in view the demand potential of natural gas, the Company has built in additional capacity in its pipeline network to cater to the future demand. The Company will be benefited by transmission of additional volumes available on account of increase in supply of natural gas in the State.

B. REGULATORY FRAMEWORK :

Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (the Act), is set up and the Board has finalized the regulation for gas transmission and distribution business. It has granted authorization to several CGDs and is in the process of granting authorization to GSPL. Notice for public consultation in this regard has already been issued.

C. OPPORTUNITIES AND CHALLENGES :

With production of oil and gas moving to remote areas, away from consumption centers, there has been a surge in demand for greater pipeline capacity to bring the supply to market. Further noticeable increase in development activities for setting up cross country transmission pipelines / City Gas Distribution (CGD) Networks in & across various States in India is major boost for the development of the Natural Gas Transmission Companies.

However your Company believes that lower operational cost of transportation per unit of gas, feasibility to transport higher capacities and oil & gas prices will remain the deciding factors for expansion and growth of Natural Gas Transmission



Companies.

Your Company is well poised to take full advantage of the new opportunities arising out of the developments happening in the gas industry.

The Company owns and operates one of the largest natural gas transmission networks in India. The Company is the first pure natural gas transmission Company in India for transmission of natural gas on an "open access" basis, which means that the Company makes gas transmission capacity available to any shipper on a nondiscriminatory basis. The unique business model of "Pure Transmission Services and Open Access" adopted by the Company are in line with the spirit of new regulatory regime.

Further the Company has also enhanced its equity investment in GSPC Gas Company Ltd and Sabarmati Gas Limited which are developing CGD Network in the State of Gujarat.

D. OUTLOOK :

Your Company believes that the main driver for the development of the gas transmission network shall be the availability of the natural gas/R-LNG in required volumes against the unsatisfied demand.

The commencement of production of natural gas from Reliance Industries Ltd's (RIL) Krishna Godavari (KG) fields from April 2009 and potential development of discoveries announced by GSPC and ONGC will provide a major boost to the domestic oil and gas sector and consequently to gas pipeline operators.

The power and fertilizer sectors along with the domestic distribution networks will keep driving the growth in demand in the State as well as in the country.

The Company believes that natural gas will continue to be a favoured fuel and feedstock to industry as well as to domestic and transport sectors due to its economic and environmental advantages over alternative fuels.

E. SEGMENT WISE OR PRODUCT WISE PERFORMANCE :

Being in the service industry, no disclosure is required to be given classifying segment or product wise performance.

F. OPERATIONS AND FINANCIAL PERFORMANCE :

The Company has managed to achieve fast track growth in a short period of time with a lean manpower strength on account of its well thought out strategy of developing major pipeline projects on EPC (Engineering, Procurement and Construction) Model. EPC Model adopted by the Company envisages development of projects at a lump sum fixed price within a given time frame.

The Net Worth of the Company has increased from Rs. 1134.62 crore to Rs. 1211.86 crore as compared to previous year. Gross Block of Assets has increased from Rs. 2019.05 crores to Rs. 2421.18 crores and consequently there has been an increase in depreciation from Rs. 163.22 crore to Rs.170.49 crore.

There was no deviation in the purpose for which the funds have been raised through preferential allotment to IFC in the year 2007 and the utilization of the funds."

G. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS :

The Company has a well-defined risk management framework. The Board of Directors of the Company has adopted a risk management policy, reviewed the Risk Register and put in place a framework for reviewing the major risks. The Company is focusing on development of a "risk culture" that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

The Company has appointed M/s KPMG as Internal Auditors who conduct internal audit for various activities. The reports of Internal Auditors are submitted to the Management and Audit Committee of Directors, which reviews the adequacy of internal control system.

H. HUMAN RESOURCES :

During the year, the Company did not experience any strikes or lockouts. The Company employed 152 employees as on 31st March, 2009 (Previous year 140 employees).

The Company believes that training and personal development is of vital importance to create a climate where people maximize their technical skills and inner potential which can help the Company in capitalizing the emerging business opportunities through their involvement. During the year, employees were sent for various training programmes and seminars in line with the Annual Training Calendar to enhance employee skills/knowledge.

The Company has in place an attractive policy of performance linked incentive to encourage and reward employee performance.

The Company has managed to achieve substantial growth with a lean organization structure.

FORWARD LOOKING STATEMENTS :

This Annual Report contains forward-looking statements, which may be identified by words like will, believes, plans, expects, intends, estimates or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth and market position are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company can not guarantee that the assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Annexure - II Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Gujarat State Petronet Limited (GSPL) is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increase long-term shareholders' value.

2. BOARD OF DIRECTORS

A. Composition of the Board:-

The present Board structure of the Company maintains an optimum mix of Executive, Non Executive Directors. However, due to resignation of two Independent Directors viz. Shri N. J. Jhaveri and Shri N. Venkiteswaran, w.e.f. 2nd February, 2009, the proportion of Independent Directors has been reduced to one-fourth of the total strength of the Board. Except this, the Composition of the Board is in conformity with the listing requirements. The Company proposes to appoint Independent Directors in place of the outgoing Independent Directors.

The detailed composition of the Board as on 31st March 2009 with category and the no. of directorship in companies and membership/chairmanship in the committees of the Directors are given below:-

Sr No.	Name of the Director(s)	Position/Category ++	* Number of Directorship as on 31/03/2009 including GSPL	** Number of Membership / Chairmanship in Board Committee as on 31/03/2009 including GSPL	
				Membership+	Chairmanship
1	Shri D Rajagopalan, IAS	Non Executive Chairman (GSPC ¹ Nominee)	5	Nil	Nil
2	Shri S Jagadeesan, IAS	Non Executive Director (GSPC ¹ Nominee)	15	1	3
3	Shri P K Pujari, IAS	Non Executive Director (GSPC ¹ Nominee)	6	2	Nil
4	Shri Hasmukh Adhia, IAS	Non Executive Director (GSPC ¹ Nominee)	4	2	Nil
5	Shri Tapan Ray, IAS	Non Executive Director (GSPC ¹ Nominee)	12	3	1
6	Shri U.Sundararajan, IAS	Independent Director	6	1	3
7	Shri Suresh Mathur	Independent Director	5	2	1
8	Shri D J Pandian, IAS	Managing Director (GSPC ¹ Nominee)	11	2	Nil

1. Gujarat State Petroleum Corporation Limited

+ Membership excludes Chairmanship

* Excluding directorship held in Private Limited Companies, Foreign Companies and Section 25 Companies.

** Indicates Membership/Chairmanship in the Audit Committee and Shareholders/Investors Grievance Committee (excluding Private Limited Companies, Foreign Companies and Section 25 Companies).

++ None of the Directors of the Company are related inter-se.

B. Board Meetings held during the year 2008-2009:-

During the year 2008-2009, the Board met 5 (Five) times on 25th April 2008, 27th June 2008, 25th July 2008, 24th October 2008 and 2nd February 2009.

**C. Attendance of each director at the Board Meeting and at last AGM:-**

Sr No.	Name of the Director	Number of Board Meetings held during their tenure as director	Number of Board Meetings attended	Attendance at last AGM held on 26/09/2008
1	Shri D Rajagopalan, IAS	5	5	Yes
2	Smt V L Joshi, IAS (Upto 30 th May, 2008)	1	Nil	N.A.
3	Shri H K Dash, IAS (Upto 27 th June, 2008)	1	Nil	N.A.
4	Shri P K Pujari, IAS	5	3	No
5	Shri Hasmukh Adhia, IAS	5	1	No
6	Shri Tapan Ray, IAS	5	5	Yes
7	Shri Luis Miranda (Upto 25 th July, 2008)	3	3	N.A.
8	Shri N J Jhaveri (Upto 2 nd February, 2009)	4	2	Yes
9	Shri N Venkiteswaran (Upto 2 nd February, 2009)	4	3	Yes
10	Shri U Sundararajan (Upto 23 rd July, 2009)	5	Nil	No
11	Shri Suresh Mathur	5	4	Yes
12	Shri M M Srivastava, IAS (upto 2 nd March 2009)	4	2	No
13	Shri D J Pandian, IAS	5	5	Yes
14	Shri S Jagadeesan, IAS (w.e.f. 2 nd March 2009)	Nil	N.A.	N.A.

D. Information on Directors seeking Appointment/Reappointment at the ensuing Annual General Meeting:-

Brief resume of Directors being appointed/reappointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of the other companies in which they hold directorship are furnished hereunder:-

(i) Shri P K Pujari, IAS

Shri P K Pujari, IAS holds a Master Degree in Economics from Delhi University and a Master of Science in Macro Economic Policy and Planning from Bradford University, UK. He is a senior IAS officer having administrative and corporate experience spanning 25 years. He was also appointed as Managing Director of Civil Supply Corporation Limited and Gujarat Industries Development Corporation (GIDC). He has held important positions in the Finance Department, Sales Tax Department, GoG and the Department of Power, GoI. Presently he is Commissioner of Commercial Tax.

Shri P K Pujari, IAS holds directorship in following other companies:

Gujarat State Petroleum Corporation Limited
GSPC Gas Company Limited
GSPC Pipavav Power Company Limited
Creative Infocity Limited
GSPC LNG Limited

(ii) Shri Tapan Ray, IAS

Shri Tapan Ray, IAS holds Degree in Engineering from I.I.T. Delhi, Post Graduate in Public Policy from Princeton University USA, Master of Public Administration from Syracuse University, USA and Degree in Law with various Diploma. He is a senior IAS officer

having wide administrative and corporate experience. Presently he is Principal Secretary (Economic Affairs), Finance Department in Gujarat Government.

Shri Tapan Ray, IAS holds directorship in following other companies:

Gujarat State Investments Limited
Gujarat Industrial Investment Corporation Limited
Gujarat State Petroleum Corporation Limited
Gujarat Informatics Limited
Gujarat State Financial Services Limited
Gujarat Industrial Development Corporation Limited
Gujarat State Mineral Development Corporation Limited
Gujarat Urja Vikas Nigam Limited
Bhavnagar Energy Company Limited
Gujarat State Road Transport Corporation
Gujarat Ports Infrastructure & Development Company Limited

(iii) Shri S Jagadeesan, IAS

Shri S Jagadeesan, IAS holds Post Graduate Degree in Economics. He is a senior IAS officer having administrative and corporate experience spanning 26 years. He has held important positions in Industries, Finance, Rural, Urban Development and Mines & Minerals Department, Government of Gujarat. Presently he is working as Principal Secretary of Energy & Petrochemicals Department of Government of Gujarat.

Shri S Jagadeesan, IAS holds directorship in following other companies:

Gujarat Urja Vikas Nigam Limited
Gujarat State Electricity Corporation Limited
Gujarat Energy Transmission Corporation Limited
GSPC Pipavav Power Co Limited
Gujarat Industries Power Co Limited
Gujarat State Energy Generation Limited
Gujarat Power Corporation Limited
GSPC Gas Co Limited
Gujarat State Petroleum Corporation Limited
Gujarat Alkalies & Chemicals Limited
Torrent Power Limited
Gujarat Narmada Valley Fertilizers Company Limited
Mahaguj Collieries Limited
Gujarat State Fertilizers & Chemicals Limited

3. AUDIT COMMITTEE

The composition of the Audit Committee as on 31st March, 2009 is as follows:-

1. Shri U Sundararajan, IAS - Chairman
2. Shri Tapan Ray, IAS - Member
3. Shri Suresh Mathur - Member

Ms. Reena Desai, Company Secretary acts as Secretary to the Audit Committee.

Note:

All the members of the Audit Committee are Non Executive Directors and at least two third are Independent Directors. The Chairman of the Audit Committee as on 31st March, 2009 is an Independent Director and is having thorough financial and accounting knowledge.

The powers of the Audit Committee as conferred by the Board of Directors are:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the overview of the Company's financial reporting process and related disclosures to ensure that the financials are correct, sufficient and credible. The Committee will also undertake the review, with our management, of our annual and quarterly financial statements before submission to the Board for approval. The Committee shall also review the adequacy of our internal control systems, internal audit functions and discuss any significant findings of the Internal Auditors. The Committee shall also discuss with our Statutory Auditors prior to their commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. The Audit Committee shall examine the reasons for substantial defaults in the payments by the Company to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors. The Committee shall also review the functioning of whistle blower mechanism as and when introduced by the Company.

During the year 2008-2009, the Audit Committee met Five (5) times on 25th April 2008, 27th June 2008, 25th July 2008, 24th October 2008 and 2nd February 2009. The attendance of the members therein was as follows:-

Sr. No.	Name of Member	Number of Audit Committee Meetings held while holding the office	Number of Audit Committee Meetings Attended
1	Shri N Venkiteswaran (Upto 2 nd February, 2009)	4	4
2	Shri U Sundararajan (Upto 23 rd July, 2009)	5	Nil
3	Shri N J Jhaveri (Upto 2 nd February, 2009)	4	2
4	Shri Suresh Mathur	5	4
5	Shri Tapan Ray, IAS	5	5

Four members of the Audit Committee remained present at the Annual General Meeting of the Company held on 26th September, 2008 to answer shareholder queries.

4. REMUNERATION OF DIRECTORS

Except for sitting fee paid to the Directors (other than the Managing Director), the Company do not pay any remuneration to the Directors. Further, the sitting fee paid to the Directors who are IAS officers is deposited in government treasury. No Director is entitled to any benefit upon termination of his directorship/employment in the Company.

At present Company pays Rs. 5,000/- per meeting as sitting fee to the Directors (except Managing Director) for attending Board/Committee Meeting.

During the year 2008-2009, the Company has paid Rs. 270000/- in aggregate as sitting fee to its Directors.

The Company has granted stock option to the Directors @ Rs. 14/- per share under ESOP scheme 2005. These options were scheduled to vest during the period October 2006 to October, 2009 and can be exercised within a period of 5 years from the date of vesting. While the Company has granted the options, a Director may in his/her sole discretion, decide to accept or reject the said grant. The details of number of shares granted for each Director under the ESOP scheme are as follows:-

Sr. No.	Name of Director	Options granted for
1.	Shri P K Pujari, IAS	29,060 Equity shares
2.	Shri Hasmukh Adhia, IAS	20,330 Equity shares
3.	Shri D J Pandian, IAS	30,060 Equity shares

**None of the Directors have exercised options granted under the ESOP Scheme till date.*

As the Company is not paying any remuneration to its Executive Directors, no separate Remuneration Committee has been formed by the Board.

Further, except Shri U Sundararajan and Shri Suresh Mathur who holds 250 shares and 5000 shares respectively, no other Director holds any share in the Company as on 31st March, 2009.

Terms of appointment of Managing Director:-

Shri D J Pandian, IAS has been appointed as Managing Director of the Company w.e.f 22nd July 2009 for a period of five years. Further he does not receive sitting fee from the Company but is paid remuneration by Gujarat State Petroleum Corporation Limited as per the pay structure for secretary level government officials. He will hold his office till further intimation by Gujarat State Petroleum Corporation Limited or for a period of five years from the date of his appointment, whichever is earlier.

5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The composition of the Shareholders/Investors' Grievances Committee as on 31st March, 2009 is as follows:-

1. Shri U Sundararajan - Chairman
2. Shri D J Pandian, IAS - Member
3. Shri Hasmukh Adhia, IAS - Member

The status of shareholders complaint as on 31st March, 2009 is as follows:-

Particulars	Opening as on 01/04/2008	Received* during the year	Disposed during the year	Balance as on 31/03/2009
No of complaints	Nil	800	800	Nil

* The Complaints received were mainly in the nature of non receipt of refund orders, non receipt of dividend warrants, requests for duplicate/revalidation of dividend warrants, non receipt of electronic credit of shares etc.

Ms Reena Desai, Company Secretary acts as Compliance Officer of the Company.

6. GENERAL BODY MEETINGS

A. Schedule of the last three Annual General Meetings of the Company is presented below:-

Year	Date & Time of AGM	Venue	Special Resolutions passed
2007-2008	26 th September 2008 12.00 Noon	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382011	No
2006-2007	21 st September 2007 12.00 Noon	Town Hall, Sector-17, Nr Gh Circle, Opp Udyog Bhavan, Gandhinagar-382017	1. For approving allotment of maximum 22000000 equity shares of Rs. 10 each for cash at a price of Rs.57.29 on preferential basis to IFC 2. For approving amendment of Article of Association of the Company 3. For ratifying and approving Pre-IPO ESOP Scheme of the Company.
2005-2006	28 th September 2006 3.00 P. M.	Town Hall, Sector-17, Nr Gh Circle, Opp Udyog Bhavan, Gandhinagar-382017	No

B. Postal Ballot:-

During the last year no special resolution was passed through postal ballot and no special resolution is proposed to be conducted by postal ballot at the ensuing Annual General Meeting.

However an ordinary resolution under section 293 (1)(e) with requisite majority for making charitable contribution to the tune of Rs. 64.40 crores for the financial year 2008-2009 has been passed through postal ballot under section 192A of the Companies Act, 1956. The Company appointed CS Manoj R. Hurkat, Partner, Mehta Hurkat & Associates, Companies Secretaries, Ahmedabad to conduct the aforesaid postal ballot process in the fair and transparent manner.



7. DISCLOSURES

There are certain transactions with related parties which have been disclosed at the relevant place in the notes to the Annual Accounts. No such related party transactions may have potential conflict with the interests of the Company at large.

There is no non compliance on any capital market related matter since the listing of Company's security on stock exchanges.

In respect of Clause 41 of the listing agreement for taking on record Unaudited Quarterly Results for the quarter ended on 31st December, 2008, there was a delay of 2 days in holding the Board Meeting, publication of the result etc. Except this, the Company has complied with all the mandatory requirements as prescribed in the listing agreement of the stock exchanges.

Further no penalty or strictures has been imposed either by SEBI or Stock Exchanges or any Statutory Authority with regard to any capital market related matter during last 3 years.

8. MEANS OF COMMUNICATION

The Financial Results of the Company are normally published in one national news paper (English) and one regional news paper. These results can also be viewed from the Company's website www.gujpetronet.com. Further, the Company is registered under EDIFAR and the Financial Results and other required filings of the Company can also be viewed on the website of EDIFAR (<http://sebidifar.nic.in/>) and National Stock Exchange (www.nse.co.in) and Bombay Stock Exchange Limited (www.bseindia.com).

9. CODE OF CONDUCT

The Board of Directors of the Company has adopted a code of conduct and made it applicable to the Board Members and Senior Management of the Company. The same has also been posted on the website of the Company.

The Board and Senior Management of the Company have affirmed compliance with the code. The declaration by CEO to this effect has been made elsewhere in this Annual Report.

10. GENERAL SHAREHOLDERS INFORMATION

A. Schedule & Venue of the 11th Annual General Meeting of the Company:-

Date & Day	3 rd December 2009, Thursday
Time	11.30 a.m.
Venue	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar-382011.

B. Financial Year and Calendar:-

The financial year of the Company starts on April 1 and ends on March 31 every year.

Financial Calendar for 2009-2010 (Tentative Schedule) for adoption of quarterly results for:

Quarter ending June 30, 2009	23 rd July, 2009
Quarter ending September 30, 2009	23 rd October, 2009
Quarter ending December 31, 2009	End of January, 2010
Quarter & Year ending March 31, 2010 (Audited)	End of June, 2010

C. Book Closure Date:-

Saturday, 28th November 2009 to Thursday, 3rd December, 2009 (both days inclusive)

D. Dividend Payment:-

The dividend if approved by the shareholders will be paid on or after 3rd December, 2009 but within the statutory time limit of 30 days.

E. Listing on Stock Exchanges and Scrip Codes:-

Name of Stock Exchange	Scrip Code
1. Bombay Stock Exchange Limited (BSE)	532702
2. National Stock Exchange of India Limited (NSE)	GSPL

The Company has also entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL). The ISIN no for Company's securities is INE246F01010.

Note:

1. The necessary listing fees for the year 2009-2010 has already been paid to both the stock exchanges.

F. Stock Market Data:

Market Price Data in BSE and NSE is as follows:

Month	BSE Sensex		Company's Share price on BSE		NSE Nifty		Company's Share price on NSE	
	High	Low	High	Low	High	Low	High	Low
April 2008	17480.74	15297.96	71.25	56.10	5230.75	4628.75	71.25	56.10
May	17735.70	16196.02	74.40	63.25	5298.85	4801.90	74.65	63.25
June	16632.72	13405.54	65.85	51.15	4908.80	4021.70	70.95	51.05
July	15130.09	12514.02	62.80	51.50	4539.45	3790.20	62.70	51.60
August	15579.78	14002.43	67.30	57.20	4649.85	4201.85	67.20	57.05
September	15107.01	12153.55	66.90	42.50	4558.00	3715.05	67.00	42.55
October	13203.86	7697.39	47.00	28.80	4000.50	2252.75	46.40	28.80
November	10945.41	8316.39	33.60	28.40	3240.55	2502.90	33.70	28.00
December	10188.54	8467.43	34.75	25.25	3110.45	2570.70	34.75	25.95
January 2009	10469.72	8631.60	41.85	26.00	3147.20	2661.65	42.00	26.10
February	9724.87	8619.22	34.30	29.40	2969.75	2677.55	34.90	29.25
March	10127.09	8047.17	39.75	31.60	3123.35	2539.45	39.80	31.50

G Registrar and Transfer Agent and Share Transfer system:-

Karvy Computershare Private Limited is the share transfer agent of the Company for both physical as well as Demat mode. The details about our share transfer agent are as follows:-

M/s Karvy Computershare Private Limited

Plot No 17-24

Vittal Rao Nagar, Madhapur,

Hydrabad-500 081

Andhra Pradesh, India

Tel: +91-40-23420815 to 818

Fax: +91-40-23420814

Email: mailmanager@karvy.com

Web site: www.karvycomputershare.com

Contact person: Shri Mahender Reddy

Investors, for their queries, may contact at the abovementioned address.

**H. Distribution of Shareholding:-**

Distribution of shareholding as on 31st March 2009 is given below:

Category	No. of shareholders	% of shareholders	No of shares held	% of shareholding
1-5000	219762	90.060	44535942	7.923
5001-10000	14621	5.992	11915141	2.120
10001-20000	5269	2.159	7998729	1.422
20001-30000	1584	0.649	4113985	0.732
30001-40000	599	0.245	2169417	0.386
40001-50000	635	0.260	3033696	0.540
50001-100000	845	0.346	6189544	1.101
100001 & above	700	0.289	482158749	85.776
Total	244015	100	562115203	100

I. Dematerialization of shares and its liquidity:-

287835856 equity shares representing 51.21% of the total equity shares of the Company are held in Dematerialized Form and balance 274279347 equity shares representing 48.79% are in physical form as on 31st March 2009.

J. Plant Locations:-

The Company is developing pipeline infrastructure for transportation of gas. The Company has commissioned pipeline projects covering various locations in the State of Gujarat. The required details of these locations are specified in Directors' Report which forms part of this Annual Report.

K. Address for correspondence with the Company:-

The address for correspondence with the Company is given below:-

Gujarat State Petronet Limited,
GSPC Bhavan, 5th floor (north wing),
Sector-11, Gandhinagar-382 011.
Ph.: +91-79-66701001
Fax:+91-79-23236477
Web-site: www.gujaratpetro.com
Email: investors.gspl@gspl.in

L. Outstanding GDR's/ADR's/Warrants or any Convertible Instruments, conversions date and likely impact on equity.

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

For and on behalf of the Board

Date: 23rd October, 2009
Place: Gandhinagar

D Rajagopalan, IAS
Chairman

CEO & CFO CERTIFICATION

We hereby certify that:-

- a. We have reviewed audited financial results for the quarter and year ended on 31st March, 2009 and that to the best of our knowledge and belief:
 - i. these audited financial results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the company during the period under review are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - i. significant changes in internal control over financial reporting during the period under review;
 - ii. significant changes in accounting policies during the period under review; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

We further declare that all Board Members and Senior Management have affirmed with the code of conduct for the current year under review.

Manish Seth
Asst. Gen. Mgr. (Finance)

Date : 26th June, 2009
Place: Ahmedabad

D. J Pandian, IAS
Managing Director



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
GUJARAT STATE PETRONET LIMITED
GSPC Bhavan, Sector - 11,
Gandhinagar - 382 011

We have examined all relevant records of Gujarat State Petronet Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange Limited for the financial year ended 31st March, 2009. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company i.e. Gujarat State Petronet Limited has complied with all the mandatory conditions of the said Clause – 49 of the Listing Agreement except the following:

The composition of the Board of Directors is not as per the stipulation regarding the number of Independent Directors w.e.f. 2nd February, 2009, as the number of Independent Directors has fallen below one – third due to resignation of two Independent Directors.

At the meeting of the Audit Committee held on 2nd February, 2009, proper quorum was not present, as only one Independent Director was present instead of the requirement of two Independent Directors.

The Chairman of the Audit Committee was not present at the Annual General Meeting held on 26th September, 2008. However, all other members of the Audit Committee remained present at the Annual General Meeting to answer shareholder queries.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MEHTA HURKAT & ASSOCIATES
Company Secretaries

MANOJ R. HURKAT
Partner

Date: 23rd October, 2009
Place: Ahmedabad

Membership No.: FCS 4287
Certificate of Practice No.: CP-2574

Annexure - III
DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN-2005

	Description	2007-2008		2008-2009	
		ESOP 2005 Part-I	ESOP 2005 Part-II	ESOP 2005 Part-I	ESOP 2005 Part-II
A	Total options granted by the Compensation Committee on 18.10.2005	7,64,000 (of which 2,95,000 options granted to Employees of the Company and 4,69,000 options granted to Employees of Gujarat State Petroleum Corporation Limited (Holding Company))	1, 563, 940 (of which 5,93,640 options granted to Employees of the Company and 9,70,300 options granted to Employees of Gujarat State Petroleum Corporation Limited (Holding Company))	7,64,000 (of which 2,95,000 options granted to Employees of the Company and 4,69,000 options granted to Employees of Gujarat State Petroleum Corporation Limited (Holding Company))	1, 563, 940 (of which 5,93,640 options granted to Employees of the Company and 9,70,300 options granted to Employees of Gujarat State Petroleum Corporation Limited (Holding Company))
B	Options granted during the year (Note 1)	Nil	Nil	17000	41995
C	Exercise Price (Note 2)	Rs.14/-	Rs.14/-	Rs.14/-	Rs.14/-
D	Total Option Vested during the year	Nil	390985	Nil	293085
	Cumulative Option Vested up to the respective financial year.	764000	781970	764000	1075055
E	Total Options exercised during the respective financial year.	201000	264239	20900	87609
	Cumulative Option exercised up to the respective financial year.	591050	434374	611950	521983
F	Total number of shares arising as a result of exercise of options during the respective financial year.	201000	264239	20900	87609
	Cumulative number of shares arising as a result of exercise of options up to the respective financial year.	591050	434374	611950	521983
G	Total Option lapsed/cancelled during the year (Note 3)	2000	259993	12000	80931
	Cumulative Option lapsed/cancelled up to the respective financial year.(Note 4)	82000	320119	77000	359055
H	Money realized by exercise of Options during the respective financial year.	2814000	3699346	292600	1226526
I	Total Number of options in force as on 31st March of the respective financial year.	90950	809447	75050	682902
J	Variation in terms of Options	Nil	Nil	Nil	Nil
K	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of option	1.81	1.81	2.19	2.19



L	Person-wise details of options granted to:				
	1. Existing Directors and key managerial employees (please see Note 5 below for details of options granted to directors and key managerial employees)	Note 5	Note 5	Note 5	Note 5
	2. Any other employee who received a grant in any one year of options amounting to 5% or more of option granted during that year.	N.A.	N.A.	N.A.	N.A.
	3. Identified employees who are granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	N.A.	N.A.	N.A.	N.A.
M	Vesting Schedule	Note 6	Note 6	Note 6	Note 6
N	Lock-in	N.A.	N.A.	N.A.	N.A.
O	Method and assumptions for estimation of the fair value of the options	N.A.	N.A.	N.A.	N.A.
	Price of the underlying shares in the market at the time of grant of option	N.A.	N.A.	N.A.	N.A.

Note: 1

On 19.06.2008, the Compensation Committee of the Company, in accordance with the ESOP Scheme 2005, has made grant of fresh options out of the lapsed/cancelled options upto 31.03.2008.

Note: 2

The exercise is based on the valuation report of an independent Chartered Accountant. The said valuation report indicated value of Rs. 12.50 per equity shares. However, the Board of Directors of the Company decided to keep the price slightly higher than that price and finalized it at Rs. 14.00 per equity shares. Further, the ESOP scheme was approved by the Board at its meeting held on 13th October 2005 prior to listing of shares of the Company.

Note: 3

ESOPs which have lapsed / cancelled before getting vested on account of retirement/resignation etc. of employees are included in "Total options lapsed / cancelled during the year".

Note: 4

During the year 2008-09, the Company has made grant of fresh options out of the lapsed / cancelled options upto 31.03.2008 as per the following details:

	Description	2007-2008		2008-2009	
		ESOP 2005 Part-I	ESOP 2005 Part-II	ESOP 2005 Part-I	ESOP 2005 Part-II
A	Options lapsed/cancelled at the beginning of the respective financial year.	80000	60126	82000	320119
B	Less: Grant of options during the respective financial year out of A above.	NIL	NIL	17000	41995
C	Add: options lapsed during the year	2000	259993	12000	80931
D	Total options lapsed/cancelled as on 31st March of the respective Financial year (A-B+C)	82000	320119	77000	359055

Note : 5

Name of Director or key managerial personnel	Number of equity share of Rs.10 each issuable upon exercise of options.
Directors*	
Mr. P.K.Pujari, IAS	29060
Mr. Hasmukh Adhia, IAS	20330
Mr. D.J.Pandian, IAS	30060
Key Managerial Personnel	
Mr. Michael Weir	16170
Mr. Ravindra Agrawal	22410
Mr. Manish Seth	17640
Mr. N.Bose Babu	17640
Mr. Pramod Yenge	17500
Mr. Sanjay Sengupta	17500
Mr. Minesh Gajiwala	15940
Mr. Rajesh Suhane	15550
Ms. Reena Desai	NIL

**None of the Directors have exercised options granted under the ESOP Scheme till date.*

Note: 6

Vesting Schedule

ESOP I: Shares vested at the end of 1st year from the date of grant of option i.e.

For the options granted on 18.10.2005

Year Ended	Date	No of shares Vested
1 st year	18.10.2006	764000

For the options granted on 19.06.2008

Year Ended	Date	No of shares to be Vested*
1 st year	19.06.2009	17000

ESOP II: Shares were scheduled to be vested in equal proportion in consecutive four years after the expiry of one year from the date of grant of option as per following:

For the options granted on 18.10.2005

Year Ended	Date	No of shares Vested/to be Vested
1 st year	18.10.2006	390985
2 nd year	18.10.2007	390985
3 rd year	18.10.2008	390985*
4 th year	18.10.2009	390985*



For the options granted on 19.06.2008:

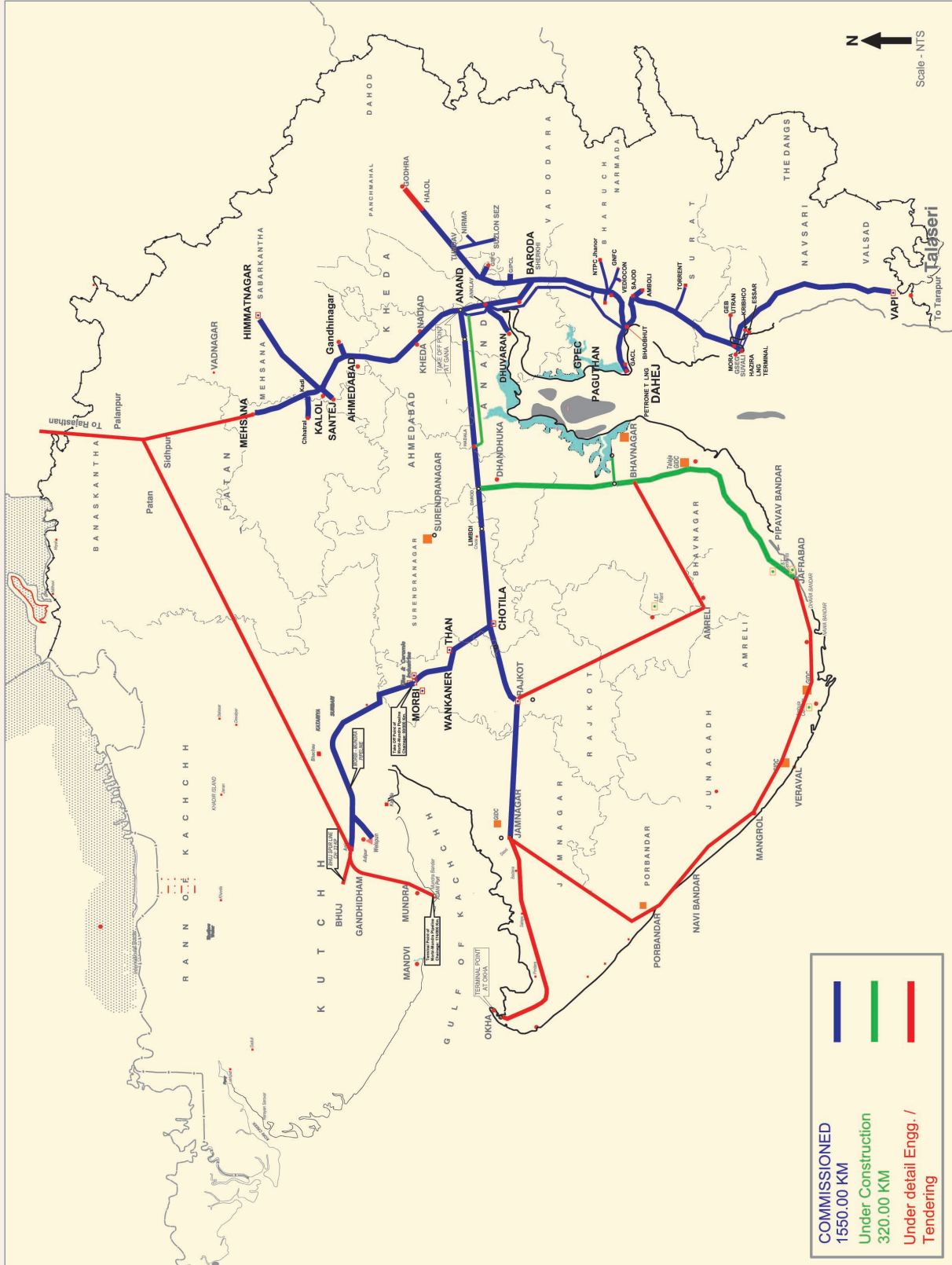
Year Ended	Date	No of shares to be vested*
1st year	19.06.2009	10498.75
2nd year	19.06.2010	10498.75
3rd year	19.06.2011	10498.75
4th year	16.06.2012	10498.75

**Note: the shares are shown as per the original vesting schedule and the actual no of shares vested may differ due to shares cancelled before vesting due to resignation/termination of the employees.*

Note: 7

The number of options exercised during the previous year has been restated between the schemes, wherever necessary.

Annexure - IV GSPL Gas Grid Map





COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) READ WITH SECTION 619 (B) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GUJARAT STATE PETRONET LIMITED, GANDHINAGAR FOR THE YEAR ENDED 31ST MARCH 2009.

The preparation of financial statements of Gujarat State Petronet Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 09 July 2009.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of Gujarat State Petronet Limited for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956 which has come to my attention and which in my view is necessary for enabling a better understanding of the financial statements and the related Audit Report.

Comments on Financial Position

1. Cash flow Statement

As per paras 30 and 31 of AS-3, the total amount of interest paid during the period is disclosed in the cash flow statement whether it has been recognised as an expense in the statement of profit and loss or capitalised in accordance with AS-10, Accounting for Fixed Assets.

During the year, the Company paid interest amounting to Rs.112.15 crore out of which Rs. 87.00 crore recognised as revenue expense and shown as Cash Outflow from financing activities. The remaining Rs. 25.15 crore capitalised and included in Cash Outflow from investing activities as acquisition of fixed assets and change in capital work in progress. As provided in the AS, the interest capitalised should have been added with interest and financial charges under Cash flow from financing activities. This has resulted in overstatement of Cash outflow from investing activities and understatement of Cash outflow from financing activities to the tune of Rs. 25.15 crore.

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

Date: 14th October, 2009
Place: Ahmedabad

Nandini Y. Kapdi
Principal Accountant General

EXPLANATION BY THE MANAGEMENT TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF GUJARAT STATE PETRONET LIMITED, GANDHINAGAR FOR THE YEAR ENDED 31ST MARCH 2009.

During the financial year gross interest paid on term loan is amounting to Rs.112.15 Crore. Out of the same Rs. 25.15 Crore has been capitalised during the year. In cash flow statement net amount of Rs. 87 Crore is shown as 'Interest & Financial Charges (Net)' grouped under cash flow from financing activities and Rs. 25.15 Crore is added with acquisition cost of "Fixed assets and Change in Capital Work in Progress" grouped under cash flow from investing activities. The cash flow statement is given in the Annual Report as additional information to the shareholders and change in the presentation of cash flow as per audit comment does not in any way affect the profitability of the company. However, the same has been noted for future.

AUDITORS' REPORT

To
The Members of Gujarat State Petronet Limited
Gandhinagar

We have audited the attached Balance Sheet of Gujarat State Petronet Limited as at 31st March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to in paragraph above, we report that:

- a. We have obtained all information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of accounts, as required by law have been kept by the Company so far as it appears from our examination of the books;
- c. The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the Books of Accounts.
- d. In our opinion, the Balance Sheet and Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e. 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 subsection (1) of section 274 of the Companies Act, 1956 is not applicable.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and the notes forming part of accounts 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
 - I] In case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
 - II] In case of Profit & Loss Account, of the Profit for the year ended on that date.
 - III] In case of Cash Flow Statement, of the cash flow for the year ended on that date

For P. Singhvi & Associates
Chartered Accountants

Place: Ahmedabad
Date : 9th July, 2009

(Praveen Singhvi)
Partner
M. No. 071608

**ANNEXURE REFERRED TO PARAGRAPH 3 OF THE AUDITOR'S REPORT**

(Referred to in paragraph 3 of our report of even date on the account of Gujarat State Petronet Limited, Gandhinagar for the year ended on 31st March, 2009)

1. a. The Company has maintained proper record showing full particulars, including quantitative details and situation of fixed assets.
- b. We are informed that during the year fixed assets were physically verified by the management and no material discrepancies were noticed between the book records and physical existence of assets.
- c. No substantial part of fixed assets have been disposed off during the year as would affect going concern status of the Company.
2. There was no stock of finished goods and raw materials, hence the points relating to physical verification, procedure of physical verification discrepancies noticed on such verification and valuation thereof do not arise. Further, we are informed that the stock of stores, spare parts etc. were physically verified by the management and that no material discrepancies were noticed.
3. (a&b)The Company has neither granted nor taken any loans from companies, firms or other parities listed in the register maintained under section 301 of the Companies Act 1956 or to a Company under the same management. Therefore requirement of subclause (b),(c),(d) and (f) of clause (iii) of the order are not applicable to the Company.
4. In our opinion the Company has an adequate Internal Control System commensurate with the size of the Company and nature of its business with regard to purchases of inventory & fixed assets and for sale of goods & services. During the course of audit, we have not observed any major weakness in the internal controls.
5. a. There are no transactions that need to be entered into register in pursuance of section 301 of the act. Therefore requirement of subclause (b) of clause (v) of the order is not applicable to the Company.
6. In our opinion and according to information and explanation given to us, the Company has not accepted deposits from public during the year 2008-2009 within the meaning of section 58A, 58AA and other relevant provisions of the act.
7. Internal Audit of the Company is entrusted to the firm of Chartered Accountants. The system is commensurate with the size and nature of the activities of the Company.
8. As informed to us the maintenance of cost records has not been prescribed by the Central Government to the Company pursuant to Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanation given to us, there are no undisputed dues payable in respect of Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Excise Duty, Cess and any other statutory dues which are outstanding as at 31/3/2009 for a period of more than six months from the date they became payable.
- (b) The details of Service Tax & Income Tax not deposited on account of dispute is as per the clause no. (d),(e),(f) & (g) of point no.2 of the notes to accounts.
10. The Company has been registered for a period for more than five years and it has no accumulated losses. The Company has not incurred cash losses in the financial year under audit and in the immediately preceeding financial year. Therefore, the requirement of clause (x) of paragraph 4 of the Order is not applicable to the Company.
11. According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. As per the information and according to the explanations given to us the Company has not granted any loans & advances on the basis of security by way of pledge of other securities and therefore requirement of clause (xii) of para 4 of the order is not applicable to the Company.
13. The Company is not a Chit Fund, Nidhi or Mutual benefit society. Hence, the requirement of clause (xiii) of paragraph 4 of the order is not applicable to the Company.

14. According to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments and therefore requirement of clause (xiv) of para 4 of the order is not applicable to the Company..
15. The Company has not given any guarantee for loans taken by the others from banks or financial institutions.
16. The term loans obtained were applied for the purpose for which the loans were obtained.
17. No funds raised for short term requirements have been used for long-term investment.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
19. During the year Company has not issued any debenture and therefore requirement of clause (xix) of the order is not applicable to the Company.
20. During the year Company has not raised any money by way of public issue and therefore the requirement of clause (xx) of paragraph 4 of the order is not applicable to the Company.
21. According the information and explanation given to us, a fraud on or by the Company has not been noticed or reported during the year.

For P. Singhvi & Associates
Chartered Accountants

(Praveen Singhvi)
Partner
M. No. 071608

Place: Ahmedabad
Date : 9th July, 2009

**BALANCE SHEET AS AT 31ST MARCH, 2009**

Particulars	Schedule	Rs.	As At	As At
			31st March 2009	31st March 2008
			Rs.	Rs.
I SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A		5,621,152,030	5,620,066,940
Share Application Money			184	184
Reserves & Surplus	B		6,530,821,138	5,789,495,704
Secured Loans	C		11,079,488,736	9,650,445,415
Unsecured Loans	D		430,000,000	10,000,000
Deferred Tax Liability(Net)			1,143,926,414	999,031,214
TOTAL			24,805,388,502	22,069,039,457
II APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	24,211,840,155		20,190,472,514
Less :Depreciation		6,525,506,655		4,819,203,143
Net Block			17,686,333,500	15,371,269,371
Capital work - in-progress	F		6,445,948,108	5,887,926,366
Investments	G		355,749,990	355,749,990
Current Assets, Loans and Advances				
Sundry Debtors	H	543,585,382		416,212,437
Stores & Spare Parts		925,738,508		397,083,334
Cash & Bank Balance	I	974,677,403		2,569,296,493
Other Current Assets	J	153,040,963		234,004,018
Loans & Advances	K	3,018,300,363		1,880,223,018
		5,615,342,619		5,496,819,300
Less: Current Liabilities & Provisions	L	3,741,702,727		4,199,212,370
		1,589,675,036		906,832,163
		5,331,377,763		5,106,044,533
Net Current Assets			283,964,856	390,774,767
Miscellaneous Expenditure	M		33,392,048	63,318,963
(To the extent not written off or adjusted)				
TOTAL			24,805,388,502	22,069,039,457
Significant Accounting Policies and Notes on Accounts	S			

As per our report of even date attached

For P. Singhvi & Associates
Chartered AccountantsPraveen Singhvi
Partner
Membership No.071608Place : Ahmedabad
Date : 9th July, 2009

For and on behalf of the Board

D.Rajagopalan, IAS
Chairman
Manish Seth
Asst. Gen.Mgr. (Finance)D.J.Pandian, IAS
Managing Director
Reena Desai
Company SecretaryPlace : Gandhinagar
Date : 7th July, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedule	2008 - 2009 Rs.	2007 - 2008 Rs.
I INCOME			
Income From Transportation of Gas		4,874,989,565	4,178,949,218
Interest Income	N	233,112,683	255,765,795
Dividend Income		801,370	-
Other Income		9,167,521	38,072,829
TOTAL		5,118,071,139	4,472,787,842
II EXPENDITURE			
Employee Cost	O	109,372,742	76,331,420
Gas Transportation Charges		35,844,097	14,487,981
Connectivity Charges		90,801,538	112,194,929
Administrative & Other Expenses	P	134,503,830	139,244,997
Operation & Maintenance Expenses	Q	225,237,620	162,001,766
Interest & Financial Charges	R	869,867,692	815,137,556
Depreciation		1,704,858,086	1,632,185,757
Miscellaneous expenditure written off		29,926,915	29,926,915
TOTAL		3,200,412,520	2,981,511,321
Profit/(Loss) For The Year		1,917,658,619	1,491,276,521
Prior Period Adjustments		4,115,943	(214,631)
Profit/(Loss) Before Tax		1,913,542,676	1,491,491,152
Provision for Tax			
Income Tax (Current Year)		531,767,690	383,658,510
Income Tax (Previous Years)		(1,130,306)	21,210,400
Deferred tax		144,895,200	82,093,267
Fringe Benefit Tax		3,883,683	5,356,326
Profit/(Loss) After Tax		1,234,126,409	999,172,649
Balance Brought Forward		1,741,124,024	1,017,511,241
Amount Available For Appropriations		2,975,250,433	2,016,683,890
Proposed Dividend		(421,586,402)	(281,003,347)
Tax on Dividend		(71,648,609)	(47,756,519)
Transfer from Bond Redemption Reserve		2,200,000	53,200,000
Balance Transferred To Balance Sheet		2,484,215,422	1,741,124,024
Earnings Per Share (Basic)		2.20	1.81
Earnings Per Share (Diluted)		2.19	1.81
Significant Accounting Policies & Notes on Accounts	S		

As per our report of even date attached

For P. Singhvi & Associates
Chartered Accountants
Praveen Singhvi
Partner
Membership No.071608

Place : Ahmedabad
Date : 9th July, 2009

For and on behalf of the Board

D.Rajagopalan, IAS
Chairman
Manish Seth
Asst. Gen. Mgr. (Finance)

D.J.Pandian, IAS
Managing Director
Reena Desai
Company Secretary

Place : Gandhinagar
Date : 7th July, 2009

**SCHEDULES ANNEXED FORMING PART OF THE ACCOUNTS****SCHEDULE - A**

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
70,00,00,000 Equity Shares of Rs. 10 each	7,000,000,000	7,000,000,000
ISSUED SUBSCRIBED AND PAID UP CAPITAL		
56,21,15,203 Equity Shares of Rs. 10/- each fully paid up (Previous Year 56,20,06,694 Equity Shares of Rs. 10/- each) (21,23,05,270 (Previous year 21,23,05,270) Equity Shares of Rs.10/- each are held by the holding Company Gujarat State Petroleum Corporation Ltd.)	5,621,152,030	5,620,066,940
TOTAL	5,621,152,030	5,620,066,940

SCHEDULE - B

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
RESERVES & SURPLUS		
A) Profit & Loss Account		
Opening Balance	1,741,124,025	1,017,511,242
Addition During The Year	743,091,398	723,612,783
	2,484,215,423	1,741,124,025
B) General Reserve		
Opening Balance	27,229,963	27,229,963
Addition During The Year	-	-
	27,229,963	27,229,963
C) Share Premium		
Opening Balance	4,008,941,716	3,120,960,740
Addition During The Year	434,036	887,980,976
	4,009,375,752	4,008,941,716
D) Bond Redemption Reserve		
Opening Balance	12,200,000	65,400,000
Less transferred to P&L A/c	2,200,000	53,200,000
	10,000,000	12,200,000
TOTAL (A+B+C+D)	6,530,821,138	5,789,495,704

SCHEDULE - C

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
SECURED LOANS (secured by First Pari Passu charge on fixed assets except 36" pipe line from Hazira to Mora)		
1) Secured Bonds (further Secured on Land and Premises at Sajod Village) 100 Bonds of Rs.1,00,000 each.(Previous year 100 Bonds of Rs.1,00,000 each and 55 Bonds of Rs.40,000 each) (For redemption terms refer note no.18)	10,000,000	12,200,000
2) Term Loan From Banks		
Vijaya Bank	996,267,602	569,258,485
Union Bank Of India	1,186,515,132	1,316,247,533
Bank Of Baroda	1,445,612,648	1,693,601,762
Bank Of India	187,269,095	267,107,427
Dena Bank	1,274,598,872	784,340,067
Oriental Bank Of Commerce	104,131,124	187,495,525
Allahabad Bank	527,548,795	631,079,292
State Bank Of Bikaner & Jaipur	112,298,368	142,508,901
State Bank Of Travancore	53,216,993	67,618,189
The Karur Vysya Bank Ltd.	45,820,955	62,531,069
The South Indian Bank Ltd.	46,641,524	62,874,488
UCO Bank	653,744,006	778,928,571
Corporation Bank	406,131,144	485,567,569
State Bank Of India	1,325,845,800	765,946,161
Axis Bank Ltd.	128,840,388	163,853,519
Industrial Development Bank Of India Ltd.	1,589,292,000	1,302,144,000
3) Term Loan From Infrastructure Development Finance Co. Ltd.	285,714,290	357,142,857
4) Term Loan From International Finance Corporation	700,000,000	-
TOTAL	11,079,488,736	9,650,445,415

SCHEDULE - D

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
UNSECURED LOANS		
HDFC Bank Ltd.-Short term Loan	400,000,000	-
Security Deposit from Customers	30,000,000	10,000,000
TOTAL	430,000,000	10,000,000



SCHEDULE - E

FIXED ASSETS	GROSS BLOCK						DEPRECIATION				NET BLOCK		Rs.
	Op. Balance As On 01 Apr. 2008	Additions	Deduction	Cl. Balance As On 31-Mar-2009	Op. Balance As On 01 Apr. 2008	Additions	Deduction	Cl. Balance As On 31-Mar-2009	As On 31-Mar-2009	As On 31-Mar-2008			
	Land-Free Hold	289,323,831	37,806,339		327,130,170	-	-		-	327,130,170	289,323,831		
Land-Lease Hold	109,041,991	18,944,327		127,986,318	1,482,599	1,163,124		2,645,723	125,340,595	109,041,991			
Building	711,636,804	219,711,042		931,347,847	157,835,229	56,293,039		214,128,268	717,219,579	553,801,576			
Plant & machinery	18,451,322,990	3,645,817,258		22,097,140,248	4,441,003,731	1,577,645,963		6,018,649,694	16,078,490,554	14,010,319,259			
Communi. Equipments	537,378,469	74,258,974	37,172	611,600,271	175,583,424	51,331,292	37,173	226,877,543	384,722,728	361,795,045			
Computers	19,750,825	3,458,613		23,209,438	10,391,286	4,489,191		14,880,476	8,328,961	9,359,539			
Furniture & Fittings	9,663,772	7,235,478		16,899,250	4,907,316	1,447,167		6,354,482	10,544,767	4,756,456			
Office Equipments	9,172,452	1,066,281		10,238,733	4,527,185	768,797		5,295,983	4,942,750	4,645,266			
Vehicles	16,768,573	7,268,439		24,037,012	7,988,942	3,246,922		11,235,863	12,801,149	8,779,631			
Intangibles-(Software)	35,954,048	5,838,061		41,792,109	16,507,273	8,472,591		24,979,864	16,812,246	19,446,776			
Books	458,759	-		458,759	458,759	-		458,759	-	-			
Total	20,190,472,514	4,021,404,813	37,172	24,211,840,155	4,820,685,742	1,704,858,086	37,173	6,525,506,655	17,686,333,499	15,371,269,371			
Previous Year	18,889,224,402	1,598,941,465	297,693,354	20,190,472,514	3,228,345,723	1,632,185,757	41,328,336	3,228,345,723	15,371,269,371	15,660,878,680			

SCHEDULE - F

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
CAPITAL WORK IN PROGRESS (including advances)		
Darod -Jafrabad Pipeline	53,295,374	41,896,287
Others	438,336,497	268,785,721
Software Development	62,067,414	28,320,000
Bhadbhut-Gana Pipeline	3,400,453,616	2,531,097,757
Rajkot-Jamnagar Pipeline	206,441,519	1,829,028,383
Gana-Rajkot Pipeline	690,005,418	41,386,325
Petronet Connectivity	-	36,493,126
Padamla -Godhra Pipeline	10,160,596	251,881,901
Torrent Spur Pipeline	-	515,329,585
Morbi Mundra Pipeline	1,099,725,958	32,793,776
Olpad-Utran Pipeline	8,370,714	1,173,622
Birla Copper Pipeline	32,068,345	-
Advance to Creditors for Capital Expenses	445,022,657	309,739,883
TOTAL	6,445,948,108	5,887,926,366

SCHEDULE - G

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
INVESTMENTS (UNQUOTED)		
5,75,000 Equity Shares of Rs. 10 each of Krishna Godavari Gas Network Ltd.(Fully Paid Up)	5,750,000	5,750,000
2,16,66,666 Equity Shares of Rs. 10 each of GSPC Gas Company Ltd.(Fully Paid Up)	349,999,990	349,999,990
TOTAL	355,749,990	355,749,990

SCHEDULE - H

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
SUNDRY DEBTORS (Unsecured, considered good)		
Sundry Debtors-Outstanding for a period exceeding 6 months	93,559,943	79,258,391
- Others	450,025,439	336,954,046
TOTAL	543,585,382	416,212,437

**SCHEDULE - I**

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
CASH & BANK BALANCES		
Cash-On-hand	57,214	45,896
Balance with Banks		
In Current Accounts with Scheduled Banks	47,038,865	112,937,250
In Fixed Deposits with Scheduled Banks	927,581,324	2,456,313,347
TOTAL	974,677,403	2,569,296,493

SCHEDULE - J

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
OTHER CURRENT ASSETS		
Interest Accrued But Not Due on Fixed Deposits & Loans	34,965,442	97,632,850
Refundable Deposit for ROU/ROW	117,361,521	122,517,412
Other Claims Recoverable	714,000	714,000
Gujarat Gas Co.-Payment Under Protest	-	13,139,756
TOTAL	153,040,963	234,004,018

SCHEDULE - K

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
LOANS & ADVANCES (Secured)		
House Building & Other Advance To Employees	11,163,148	5,713,642
(Unsecured considered good)		
Advances Recoverable in Cash or Kind	64,751	139,453
Advance Tax & TDS	839,803,506	393,772,333
MAT Credit Entitlement	149,702,838	80,533,161
Equity Share Application -GSPC Gas Co.Ltd.	100,000,010	10
Equity Share Application -Sabarmati Gas Co.Ltd.	326,095,878	326,095,879
Balance with LIC -Group Gratuity Scheme	264,580	-
Balance Service Tax & Excise Duty Etc.	698,793,016	739,113,778
Other Advance Payments	888,207,825	330,404,520
Prepaid Expenses	4,204,811	4,450,242
TOTAL	3,018,300,363	1,880,223,018

SCHEDULE - L

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors	3,699,924,948	4,093,888,343
Earnest Money Deposit	1,450,000	781,250
Other Statutory Liabilities	29,257,397	92,272,472
Unclaimed Refund Warrants - Share Application	4,453,608	5,147,116
Unclaimed Interest Warrants - Fixed Deposit from Public	474,627	476,027
Interest Accrued But Not Due On Bonds	737,500	897,000
Fixed Deposit Repayment Due	674,005	689,005
Dividend Payable/Unclaimed	2,315,048	1,318,784
Salary Payable	15,594	2,492,373
Audit Fee Payable	100,000	50,000
Deposits from Customers	2,300,000	1,200,000
	3,741,702,727	4,199,212,370
B) Provisions		
Provision for Income Tax & Fringe Benefit Tax	1,038,064,885	556,619,712
Provision for Salary Arrears	50,878,172	13,666,663
Proposed Dividend	421,586,402	281,003,347
Provision for Tax on Dividend	71,648,609	47,756,519
Provision for Gratuity	-	1,944,406
Provision For Leave Encashment	5,568,013	5,449,042
Provision For Wealth Tax	1,928,955	392,474
	1,589,675,036	906,832,163
TOTAL (A+B)	5,331,377,763	5,106,044,533

SCHEDULE - M

Particulars	As At 31st March 2009 Rs.	As At 31st March 2008 Rs.
MISCELLANEOUS EXPENDITURE		
A) Preliminary Expenditure		
Opening Balance	7,158,122	9,004,613
Addition During The Year	-	-
Less : Written Off During The Year	(1,846,491)	(1,846,491)
	5,311,631	7,158,122
B) IPO Expenditure		
Opening Balance	56,160,841	84,241,265
Addition During The Year	-	-
Less : Written Off During The Year	28,080,424	28,080,424
	28,080,417	56,160,841
TOTAL (A+B)	33,392,048	63,318,963

**SCHEDULE - N**

Particulars	2008 - 2009	2007 - 2008
	Rs.	Rs.
INTEREST INCOME		
Interest on Fixed Deposits with Banks	199,311,237	216,354,963
Interest on Share Application Money	32,072,259	38,352,400
Interest on Income Tax Refund	690,783	-
Other Interest	1,038,404	1,058,432
Total	233,112,683	255,765,795

SCHEDULE - O

Particulars	2008 - 2009	2007 - 2008
	Rs.	Rs.
EMPLOYEE COST		
Salaries Wages & Allowances	56,867,245	48,835,087
Salary Arrears	37,211,509	13,666,663
EDLI	152,851	119,021
Gratuity	1,002,168	853,107
Leave Encashment	440,826	2,429,001
Super Annuation Scheme	1,000,417	656,525
Contribution to Provident fund	3,635,442	3,124,834
Group Mediciam & Personal Accident Policy	1,972,428	867,579
Staff Welfare Expenses	906,498	406,517
Training Expenses	3,369,530	2,469,017
Recruitment Expenses	2,813,828	2,904,069
Total	109,372,742	76,331,420

SCHEDULE - P

Particulars	2008 - 2009 Rs.	2007 - 2008 Rs.
ADMINISTRATIVE & OTHER EXPENSES		
Administrative Exp.	30,163,309	26,277,499
Audit Fees	100,000	50,000
Advertisement	7,169,749	11,446,333
Bandwidth & Web Site Maintenance Charges	1,263,400	1,243,000
Business Promotion	3,169,955	3,378,300
Loss on Sale Of Assets	-	7,810
Donation	835,000	20,340,000
Legal & Professional Exp	26,524,184	23,760,943
Other Expenses	1,573,484	187,032
Rent	11,736,219	5,009,172
Rate & Taxes	4,557,620	21,453
Seminar & Conference	1,996,506	980,111
Stationery & Printing	3,449,791	3,616,457
Travelling Exp.-Directors	371,584	452,682
Travelling Exp.-Others	9,323,942	7,202,687
Postage, Telephone & Courier	7,527,461	5,242,364
Wealth Tax	1,932,774	392,474
HSE Exp.	3,968,436	2,353,426
Listing Fee	843,700	745,624
Insurance Exps.	17,996,716	26,537,630
Total	134,503,830	139,244,997

SCHEDULE - Q

Particulars	2008 - 2009 Rs.	2007 - 2008 Rs.
OPERATION & MAINTENANCE EXPENSES		
Maintenance Contracts	65,769,817	66,980,646
Payment to Outsourced Persons	16,582,756	12,985,629
Security Service Charges	20,944,502	16,359,123
Land Revenue	1,465,887	934,374
Electricity Charges	21,454,690	19,140,452
Consumption of spares / Materials	35,105,220	29,947,375
Fuel Expenses	1,257,792	1,559,627
Repairs & Maintenance-Building	1,106,236	-
Repairs & Maintenance-Machinery	11,622,162	8,634,119
Other O&M Expenses	49,928,558	5,460,421
Total	225,237,620	162,001,766

**SCHEDULE - R**

Particulars	2008 - 2009 Rs.	2007 - 2008 Rs.
INTEREST & FINANCIAL CHARGES		
Interest On Bonds	1,794,000	9,401,400
Interest On Term Loan from Banks, IDFC & IFC	850,664,107	789,510,571
Interest On Short Term Loan	837,260	-
Other Financial Charges	16,572,325	16,225,585
Total	869,867,692	815,137,556

SCHEDULES ANNEXED FORMING PART OF THE ACCOUNTS

SCHEDULE - S

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I Significant Accounting Policies

a) ACCOUNTING CONVENTION

The Financial Statements have been prepared in accordance with applicable Accounting Standards in India and in accordance with the Historical Cost convention on accrual basis.

b) USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

c) FIXED ASSETS & CAPITAL WORK IN PROGRESS

- i. The Company is working on various sections of gas transmission pipelines simultaneously and each section is considered to be independent.
- ii. The Company capitalises to a project all the costs directly attributable to complete the project. These costs include expenditure incurred on pipelines, plant and machinery, cost of laying of pipeline, cost of reconnaissance survey, detailed engineering, RoUs and RoWs, land and crop compensation.
- iii. In addition, the Company capitalises interest on the borrowings for a project. For interest capitalization, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the interest for the relevant period is added to the capital cost till the particular project is capitalized and thereafter the interest is charged to the profit and loss account.
- iv. Wherever applicable, Interest on Mobilization Advance extended by the Company to the contractors, is adjusted against the relevant Project Cost.
- v. All the expenditure on a project, till it is commissioned, is kept as Capital Work in Progress (CWIP) and after commissioning the same is transferred to Gross Block.
- vi. Capital expenditure, which is not identifiable directly to a particular pipeline section and whose benefit would accrue to the gas grid as a whole is categorized as general gas grid expenditure and allocated at the end of the year to the commissioned pipeline segments in proportion to the length of pipeline segments.

d) DEPRECIATION

- i. Depreciation on gas transmission pipeline(s) is provided on straight-line method considering an average life of twelve years even though the useful life of pipelines is more than 30 years. Depreciation on other fixed assets is provided using written down value method.
- ii. The depreciation rates used are as prescribed under Schedule XIV of the Companies Act. Depreciation on assets is provided on pro rata basis according to the period each asset is put to use during the year.
- iii. Assets costing up to Rs. 5,000/- are depreciated fully in the year of purchase.
- iv. Costs incurred on intangible assets-software, resulting in future economic benefits are capitalized as intangible assets and amortised at 40% on written down value method beginning from the date of capitalization.
- v. Depreciation on Lease Hold Land is provided on SLM basis over its unexpired period of lease.

e) INVESTMENT

- i. Long term investments are carried at cost after deducting provision, in case where fall in market value has been considered of permanent nature.
- ii. Current investments are valued at lower of cost or market value.

f) INVENTORY

The Inventory of project materials and stock of spares is valued at moving average cost.



g) RETIREMENT BENEFITS:

The Company has defined contribution plan for Provident Fund and the Company's contribution thereto are charged to the Profit and Loss Account.

The Company has defined contribution plan for Superannuation Fund.

The Company has participated in- Group Gratuity Scheme of Life Insurance Corporation of India. Leave Salary and Gratuity are provided as per actuarial valuation at the end of the financial year.

h) FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the transactions. Gains/losses (if any) arising out of fluctuation in exchange rates on settlement are recognized in the Profit and Loss Account.

i) REVENUE RECOGNITION

All Income and Expenses are recognized on accrual basis.

The Company invoices customers on fortnightly basis and the revenue is recognized on the last day of each fortnight. Income from transportation of gas is accounted net of service tax.

Interest expense and income are recognized on time proportion basis

Expenditure in the Profit & Loss Account is provided for the period for which the expenditure is incurred. Adequate provisions are made for all known liabilities.

j) AMORTISATION

Preliminary expenses are being written off in 10 equal installments. IPO Expenses are being written off in 5 equal installments.

k) TAXATION

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" is accounted for using the tax rates and laws that have been 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 assets will be realized in future.

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

l) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent assets are neither recognized nor disclosed in financial statements.

Contingent liabilities if material are disclosed by way of notes to accounts.

m) 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 net profit for the year by weighted number of Equity Shares outstanding during the year.

n) IMPAIRMENT OF ASSETS

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. Reversal of impairment loss is recognized immediately as income in the profit and loss account.

II Notes On Accounts

1. Corresponding figures of the previous period have been regrouped and reclassified wherever considered necessary to compare to this period's figures.

2. Contingent Liability

- a. Bank Guarantee/Letter of Credit issued and outstanding to the extent of Rs. 4,00,00,000 (Previous year Rs. 1,86,30,000)
- b. Claims against the Company not acknowledged as debt of gas transportation charges is Rs. NIL (Previous year 15,18,13,951/-) against which the Company has paid Rs. NIL (Previous year 1,31,39,756/-) under protest and has included the amount so paid under other current assets.
- c. Claims against the Company by certain land owners seeking enhancement of compensation in respect of RoU acquired by the company is Rs. 99,33,591/- (Previous year Rs. 13,83,000/-)
- d. Excise Department had issued a demand on Company towards service tax dues as "Recipient of Services of Consulting Engineer from Non-Resident" by the Company during the period FY 2002-03, 2003-04 & 2004-05. Company filed an appeal against the order with Commissioner of Central Excise (Appeals) & got the order in favour. However, department has filed an appeal against the order of CCE (Appeals) before CESTAT.

The amount under adjudication is as under:

- i. Service tax (Including Education Cess) of Rs. 17,90,459/-
- ii. Interest under section 75 of the Finance Act
- iii. Penalty of Rs. 100/- per day till failure to pay such service tax under section 76 of the Finance Act
- iv. Penalty of Rs. 1000/- under section 77 of the Service Tax Rules, 1994 Further Penalty of Rs. 17,90,459/- under section 78 of the Finance Act 1994
- e. During the year Audit was conducted by Central Excise & Service Tax department & three different SCNs were issued against the Company. Details of the same have been summarized as below:

Particulars	SCN -1 (SCN No. 193)	SCN -2 (SCN No. 196)	SCN -3 (SCN No. 194)	Remarks
Issue Involved	Non-Allowability of "CENVAT Credit on Capital Goods" used in relation to providing of output services	Non-Allowability of "Service Tax credit on input services" used in relation to providing of output services	Taxing the services of GSPL under the category "Clearing & Forwarding Agency" for the period 01.04.03 to 15.06.05	Company has received demand confirming the above SCNs on 08.06.2009.
Service Tax including Education Cess	44,89,82,179	63,70,11,505	34,34,98,504	Company is in the process of filing appeal against the same before CESTAT
Interest	Interest under section 75 of the Finance Act			
Penalty u/s 77	Rs. 200 per day or 2% per month whichever is higher, subject to maximum of basic demand amount			
Penalty u/s 78	44,89,82,179	63,70,11,505	34,34,98,504	

- f. Company has received order from Income Tax Appellate Tribunal (ITAT) for A.Y. 2005-06, disallowing Company's claim u/s 35D of Rs. 15.12 lacs, for which Company has filed appeal before High Court pending disposal.
 - g. During the year, Income Tax assessment proceeding for A.Y. 2006-07 was completed. AO has made various disallowances aggregating to Rs. 9.5 crores, Company has filed appeal against the same to CIT (Appeals) pending disposal.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs.633,80,95,036/- (Previous year 450,44,59,124 /-).
 4. The amount of Capital Work in Progress (CWIP) mainly includes expenses incurred on Bhadbhut Gana Pipeline, Morbi Mundra Pipeline, Gana Hadala Pipeline, Darod Jafrabad Pipeline and other interconnections / spur lines, which are under execution.



5. The Company successfully commissioned the following mainline projects during the year.

Sl. No.	Project	Length, km	Dia, Inch	Date of Commissioning
1	ONGC Olpad	3.5	12	16-Jul-2008
2	Petronet Connectivity	1.0	24	27-Oct-2008
3	Padmala Halol	37.0	12	18-Nov-2008
4	Torrent Power	21.0	24	01-Jan-2009
5	Suzlon Spur	25.0	8	20-Mar-2009
6	Rajkot Jamnagar	110.0	30	27-Mar-2009
	Total	197.5		

The cost of pipeline system is arrived at considering purchase value, cost incurred for development of pipeline system, commissioning & testing charge, interest cost, civil works and expenses directly attributable for putting the pipeline to use.

6. The Company proposes to transfer during the year 2009-10 Atul Spurline, Palej Spurline, Dhuva Spurline and Thangadh Spurline to 'GSPC Gas Company Limited', a Company promoted by 'Gujarat State Petroleum Corporation Limited' to undertake city gas distribution activity. The assets would be transferred at Book Value and the consideration would be discharged by way of cash or allotment of equity shares in 'GSPC Gas Company Limited'. The matter is currently under process.
7. The Company acquires RoU / RoW (Right of Use / Right of Way) before the actual laying of the pipelines. RoU enables the Company to obtain perpetual right to use the land along the pipeline route. The expenses involved in RoU / RoW include Consultancy Fee for route survey, reconnaissance survey, non-refundable deposits paid to various Statutory Authorities, Compensation for Crops etc. falling in the way of pipeline route etc.
8. As the Company is not engaged in any business of manufacturing or trading activity the information as required under Part II Clause 4C of schedule VI to the Companies Act, 1956 in respect of Licensed Capacity, Capacity-utilization, Installed Capacity is not applicable.
9. Auditor's and Managerial Remuneration:

Sl. No.	Particulars	Current Year	Previous Year
(a)	As Auditors	Rs. 1,00,000/-	Rs. 50,000/-
	Other Matters	Rs. 80,000	Rs. 2,25,000
	Total	Rs. 1,80,000	Rs. 2,75,000
(b)	Managerial Remuneration	NIL	NIL

10. The Company has incurred expenditure in foreign currency for Capital Goods Rs. NIL & Professional Services Rs. 36,83,573 (previous year corresponding figures being Rs. NIL & Rs. 21,25,124), Spare parts Rs. 61,16,525 (previous year Rs. 72,428) Training Expenses Rs. 13,10,013 (previous year Rs. 2,43,899), Traveling Rs. NIL (previous year Rs. NIL) and Others Rs. 4,10,507 (previous year Rs. 67,51,608). Earning of the company in foreign currency is NIL. (Previous year Rs. NIL)
11. During the year there has been no further development with regard to the 'Other Claims Recoverable' in Schedule 'J'.
12. The balances of sundry debtors, creditors, loans and advances and deposits are subject to the confirmation by the parties and provision for all liabilities is adequate in opinion of the Company.
13. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2009 as micro, small or medium enterprises. Consequently the amount paid/payable to these parties could not be ascertainable.

14. Provision for Gratuity Liability:

The following table sets out the status of the gratuity plan as required under Accounting Standard 15 (Revised) on "Employee Benefit".

Sr. No.	Particulars	
1	Assumptions	
	Discount Rate Previous Period	8.00%
	Discount Rate Current Period	7.75%
	Rate of Return on Plan Assets Previous Period	8.00%
	Rate of Return on Plan Assets Current Period	7.75%
	Salary Escalation Previous Period	5.00%
	Salary Escalation Current Period	5.00%
2	Table showing change in benefit obligation	
	Liability at the beginning of the period	30,89,394
	Interest Cost	2,47,152
	Current Service Cost	6,53,318
	Benefit Paid	NIL
	Actuarial gain / (loss) on obligations	(2,84,092)
	Liability at the end of the period	42,73,956
3	Table showing change in Fair Value of Plan Assets	
	Fair Value of Plan Assets at the beginning of the period	11,44,988
	Expected Return on Plan Assets	91,599
	Contributions	31,25,795
	Benefit Paid	NIL
	Actuarial gain / (loss) on Plan Assets	1,76,154
	Fair Value of Plan Assets at the end of the period	45,38,536
4	Actual Gain / loss recognized	
	Actuarial gain / (loss) on obligations	(2,84,092)
	Actuarial gain / (loss) on Plan Assets	1,76,154
	Net Actuarial gain / (loss) recognized during the year	(1,07,938)
5	Amount recognized in Balance Sheet	
	Liability at the end of the period	42,73,956
	Fair Value of Plan Asset at the end of the period	45,38,536
	Amount recognized in the Balance Sheet	(2,64,580)
6	Expense recognized in the Income Statement	
	Current Service Cost	6,53,318
	Interest Cost	2,47,152
	Expected Return on Plan Asset	(91,599)
	Net Actuarial (gain) / Loss to be Recognized	1,07,938
	Expense Recognized in P&L	9,16,809

15. Employee Stock Option Plans

During the Financial Year 2005-06, the company instituted ESOP-2005. The Board of Directors and the Shareholders approved the plan in the meeting held on 13-Oct-05 and 18-Oct-05 respectively, which provides for the issue of 23,27,940 equity shares to the employees of the company and of Gujarat State Petroleum Corporation Ltd. The Compensation Committee administers ESOP-2005.

Number of Options granted, vested, exercised and lapsed under ESOP Part-1 during the year

Particulars	Year ended 2009	Year ended 2008
Options granted	NIL	NIL
Vested	NIL	NIL
Exercised	20,900	2,04,125
Lapsed/Cancelled*	12,000	2,000



Number of Options granted, vested exercised and lapsed under ESOP Part-2 during the year

Particulars	Year ended 2009	Year ended 2008
Options granted	NIL	NIL
Vested	2,93,085*	3,90,985
Exercised	87,609	2,61,114
Lapsed/Cancelled*	80,931	2,59,993

* "Total options vested during the year does not include the ESOPs which have been lapsed / cancelled before getting vested on account of retirement / resignation etc. of employees".

**ESOPs which have lapsed / cancelled before getting vested on account of retirement / resignation etc. of employees are included in "Total options lapsed / cancelled during the year".

16. Segment Reporting

The company primarily operates in a single segment of Natural Gas Business, which involves transportation of natural gas from sources of supply to the end customers. Segment reporting as required under Accounting Standard 17 issued by the Institute of Chartered Accountants of India is not applicable.

17. Related Party Transactions:

As per the Accounting Standard - 18 on "Related Party disclosures" issued by the Institute of Chartered Accountants of India, the transactions entered into with the related parties of the Company are as follows:

Sr. No.	Particulars	Amount
1	Gujarat State Petroleum Corporation Ltd. (Holding Company)	
	- Rent & Utility Charges paid	13,230,252
	- Gas Transportation Charges received	83,704,823
	- Connectivity Charges paid	90,801,538
	- ERP Support Charges paid	24,711,301
2	Gujarat State Energy Generation Ltd. (Associate Company)	
	- Gas Transportation Charges received	63,925,371
3	Guj Info Petro Limited (Associate Company)	
	- Bandwidth Charges paid	967,128
	- Software Development Charges paid	5,460,696
4	GSPC Gas Company Ltd. (Associate Company)	
	- Gas Transportation Charges received	940,104,025
	- Interest on Share Application Money received	1,093,150
	- Lease rent received	184,675
	- Sale of Line Pipes & Fittings	11,027,287
	- Usage & Utility Charges received	123,611
	- Dividend Received	801,370
5	Sabarmati Gas Company Ltd. (Associate Company)	
	- Gas Transportation Charges received	192,514,615
	- Interest on Share Application Money received	30,979,109
	- Gas Transportation Charges paid	17,581,509
6	D.J.Pandian, IAS <i>Managing Director</i> (Key Managerial Personnel)	
	- Managerial Remuneration	NIL

18. Secured Bonds Redemption terms:

Option	Repayment	Put/Call option
I	At par at the end of 7 years	At par at the end of 5th year from date of Allotment
II	At par at the end of 6th,7th & 8th year in the ratio of 30%, 30% & 40% respectively	None
III	At par at the end of 10th years	At par at the end of 7th year from date of allotment
IV	At par at the end of 12th years	At par at the end of 10th year from date of allotment

19. The Company has provided for salary arrears on account of pending implementation of Sixth Pay Commission scales for the period from January 2006 to June 2006 and Salary revision on the basis of GAIL Scales from July, 2006 to March, 2009.

20. Earning Per share (EPS as per Accounting Standard-20)

Particulars	2008-09	2007-08
Net Profit/(Loss) after current and deferred tax	1,234,126,409	999,172,648
Weighted average number of equity shares	562,054,973	552,168,525
EPS (Rs.) – Basic	2.20	1.81
No. of option in force	757952	900397
Total weighted average number of equity shares including diluted equity shares	562812925	553068922
Diluted EPS	2.19	1.81

21. The break-up of Deferred Tax Asset and Liability into major components at the year end is as follows:

Particulars	31st March 2009	31st March 2008
Deferred Tax Liability		
Depreciation of Fixed Assets	1,145,818,982	1,001,544,247
Total Deferred Tax Liability (A)	1,145,818,982	1,001,544,247
Deferred Tax Asset:		
Provision for Leave Encashment	1,892,568	1,852,129
Provision for Gratuity	NIL	660,904
Total Deferred Tax Asset (B)	1,892,568	2,513,033
Net Deferred Tax Liability (A-B)	1,143,926,414	999,031,214

Increase in the Net Deferred Tax Liability of Rs. 144,895,200 has been charged to P&L Account.

22. As at the balance sheet date Company has reviewed the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence no such impairment loss has been provided.

23. GSPL has applied to the 'Petroleum & Natural Gas Regulatory Board' in December 2008 for authorization of its Pipeline Network under section 18(1) of the 'Petroleum & Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008. The Board is currently processing the application of the Company.



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

I	Registration Details	
	Registration No.	L40200GJ1998SGC035188
	State Code	04
	Balance Sheet Date	31.03.2009
II	Capital Raised During The Year	(Amount of Rs.000s)
	Public Issue	
	Right Issue	-
	Bonus Issue	-
	Private Placement	-
	ESOP	1,519
III	Position of Mobilisation and Deployment of Funds:	
	Total Liabilities	30,136,766
	Total Assets	30,136,766
	Source of Funds	
	Paid up Capital	5,621,152
	Reserves and Surplus	6,530,821
	Secured Loans	11,079,489
	Unsecured Loans	430,000
	Application of Funds	
	Net Fixed Assets	17,686,333
	Investment	355,750
	Net Current Assets	283,965
	Miscellaneous Expenditure	33,392
	Accumulated losses	-
IV	Turnover	5,118,071
	Total Expenditure	3,204,528
	Profit/(Loss) Before Tax	1,913,543
	Profit After Tax	1,234,126
	Earnings Per Share (Rs.)	2.20
	Dividend Rate (%)	7.5%
V	Generic Names of Principal Products/Services of the Company (As per Monetary Terms)	
	Item Code No.	N.A.
	Product Description	N.A.
	Item Code No.	N.A.
	Product Description	N.A.

Signatures to the Schedules A to S

As per our report of even date attached	For and on behalf of the Board	
For P. Singhvi & Associates <i>Chartered Accountants</i>	D.Rajagopalan, IAS <i>Chairman</i>	D.J.Pandian, IAS <i>Managing Director</i>
Praveen Singhvi <i>Partner</i> <i>Membership No.071608</i>	Manish Seth <i>Asst. Gen.Mgr. (Finance)</i>	Reena Desai <i>Company Secretary</i>
Place : Ahmedabad Date : 9th July, 2009	Place : Gandhinagar Date : 7th July, 2009	

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

Particulars	2008 - 2009 Rs.	2007 - 2008 Rs.
A Cash Flow from Operating Activities		
Profit before Taxes and Extraordinary Items	1,913,542,676	1,491,491,152
Adjustments for:		
Depreciation	1,706,340,684	1,632,185,757
Amortisation of Miscellaneous Expenditure	29,926,915	29,926,915
Provision for Wealth Tax	1,932,774	392,474
Profit on sale of Assets	(32,403)	(269,370)
Dividend Income	(801,370)	-
Interest Income	(233,112,683)	(255,765,795)
Interest & Financial Charges (Net)	869,867,692	815,137,556
Operating Profit before Working Capital Changes	4,287,664,286	3,713,098,689
Changes in Current Assets and Current Liabilities		
(Increase)/Decrease in Inventory	(528,655,174)	44,780,595
(Increase)/Decrease in Sundry Debtors	(127,372,945)	(67,080,004)
(Increase)/Decrease in Loans and Advances	(692,046,172)	(576,860,116)
(Increase)/Decrease in Other Current Assets	18,295,647	33,185,656
Increase/(Decrease) in Trade Payable	(421,964,069)	2,895,828,788
Cash generated from Operations	2,535,921,573	6,042,953,609
Taxes Paid(Including FBT & TDS)	(499,503,360)	(217,874,173)
Net Cash Flow from Operating Activities (A)	2,036,418,213	5,825,079,436
B Cash Flow from Investing Activities		
(Purchase)/Sale of Investments	-	(355,749,990)
Interest Received	295,780,092	185,682,408
Dividend Received	801,370	-
Proceeds from Sale of Assets	32,403	256,634,386
Acquisition of Fixed Assets and Change in Capital Work in Progress	(4,579,426,555)	(6,119,065,140)
Net Cash Flow from Investing Activities (B)	(4,282,812,690)	(6,032,498,336)
C Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital including Share Premium	1,519,126	1,080,013,366
Proceeds from Share Application Money	-	(63,672)
Increase/ (Decrease) in Secured Loans	1,429,043,321	1,012,111,558
Increase/ (Decrease) in Unsecured Loans	420,000,000	10,000,000
Dividend (Including Corporate Dividend Tax) Paid	(328,759,866)	(317,526,452)
Interest & Financial Charges (Net)	(870,027,192)	(818,981,531)
Net Cash Flow from Financing Activities (C)	651,775,389	965,553,269
Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)	(1,594,619,089)	758,134,369
Cash and Cash Equivalents at the beginning of the year	2,569,296,493	1,811,162,124
Cash and Cash Equivalents at the end of the year	974,677,403	2,569,296,493

Notes to Cash flow Statement for the year ended March 31, 2009

- Cash and cash equivalent includes-**

Cash and Cheques on Hand	57,214	45,896
Balances with Scheduled Banks		
- in Current Accounts	47,038,865	112,937,250
- in Deposit Accounts	927,581,324	2,456,313,347
	974,677,403	2,569,296,493
- The above cash flow statement has been prepared under the indirect method as set out in AS - 3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.
- Previous year's figures have been rearranged/regrouped wherever necessary.

As per our report of even date attached

For and on behalf of the Board

For P.Singhvi & Associates
Chartered Accountants

D.Rajagopalan, IAS
Chairman

D.J.Pandian, IAS
Managing Director

Praveen Singhvi
Partner
Membership No.071608

Manish Seth
Ast. Gen.Mgr. (Finance)

Reena Desai
Company Secretary

Place : Ahmedabad
Date : 9th July, 2009

Place : Gandhinagar
Date : 7th July, 2009



GSPC GAS

GSPC GAS COMPANY LIMITED

10th

Annual Report
2008 - 2009



BOARD OF DIRECTORS:

Shri S Jagadeesan, IAS (we.f. 9th March,2009)

Shri D J Pandian, IAS

Shri P K Pujari, IAS

Shri L Chuaungo, IAS

Shri H V Patel, IAS (we.f. 24th June,2009)

Shri M.M.Shrivastava, IAS (Upto 4th December, 2008)

Shri K D Chatterjee

CEO:

Shri PPG Sarma

COMPANY SECRETARY:

Shri Ahmed Khan

BANKERS:

State Bank of India

IDBI Bank Ltd.

State Bank of Mysore

Kotak Mahindra Bank Ltd

ICICI Bank Ltd

Oriental Bank of Commerce

Karur Vysya Bank

Standard Chartered Bank

Dena Bank

Bank of India

Axis Bank Ltd.

Bank of Baroda

HDFC Bank Ltd.

Corporation Bank

The Kalupur Comm. Co-op. Bank Ltd

Syndicate Bank

STATUTORY AUDITORS:

R. S. Patel & Co.

Chartered Accountants

Ahmedabad.

INTERNAL AUDITORS:

Ashok Chhajed & Associates.

Chartered Accountants

Ahmedabad.

REGISTERED OFFICE:

Block No.: 15, 3rd Floor,
Udhyog Bhavan, Sector-11,
Gandhinagar- 382016

CORPORATE OFFICE :

101-106, Infocity Tower -1,
Infocity
Gandhinagar – 382 009

NOTICE

NOTICE is hereby given that Tenth Annual General Meeting of GSPC Gas Company Ltd. (Formerly known as Gujarat State Fuel Management Company Limited) is scheduled to be held on 25th day of September, 2009 at 4.30 pm at the Board Room, 3rd Floor, GSPC Bhavan, B/h Udyog Bhavan Sector -11, Gandhinagar -382011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2009, Profit and Loss Account for the year ended on that date 31st March 2009, along with schedules forming part of the same and Auditors' Report, Report of Comptroller and Auditor General and the Directors' Report thereon
2. To appoint Shri K.D.Chatterjee as Director who retires by rotation and being eligible seeks reappointment
3. To declare dividend @ 10% (Rs.1/- per share) for the FY.2008-09
4. To fix the remuneration of the Statutory Auditors of the Company for the F.Y. 2009-10

SPECIAL BUSINESS:

5. Appointment of Shri H.V.Patel, IAS as Director of the Company :

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Shri H.V.Patel, IAS who was appointed as Additional Director on 24-06-2009 & who holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company as per the applicable provisions of the Companies Act, 1956."

6. To Increase the borrowing power of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT in modification of the earlier resolution passed by the Company pursuant to the provisions of Section 293 (1) (d) of the Companies Act, 1956, and any other applicable provisions of the Companies Act, 1956, the consent of the Company in terms of the aforesaid section of the Act be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time for the purpose of the Company's business any sum or sums of money as it may deem proper notwithstanding that the moneys to be so borrowed together with moneys already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose provided that the total amount of the moneys to be so borrowed by the Board together with moneys already borrowed (apart from temporary loans obtained from the lender(s) / Banker(s) / FIs / Company's bankers in the ordinary course of business) shall not exceed Rs 1500 Crs (Rupees Fifteen Hundred Crore Only) outstanding at any one time and that for the implementation of this Resolution the Board may act through any member thereof.

7. To avail the Consent of the Company for Mortgaging/ Charging company's movable and Immovable properties for availing financial assistance upto Rs.1500 crore

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"Resolved that Consent of the Company be and is hereby accorded pursuant to the Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions if any of the Act to the mortgaging and or charging by the Board of Directors of the Company ("the Board") or its committee of all or any of the movable or Immovable properties of the company whether present or future pertaining to the whole or substantially the whole of the Company's Business for the avilment of Term Loan/Financial Assistance or for issuing any Debt Instrument whether fund based or non fund based or such other credit facilities aggregating to Rs.1500 Crore (Fifteen Hundred Crore Only) together with interest and other related expenses from any Banks, Financial institutions, Corporate entity("the Lenders") as may be applicable from time .

Resolved Further that the board or its Committee be and is hereby authorized to finalize documents creating the aforesaid mortgage /charge and to do all such acts, matters and things and deeds as may be necessary to give effect of this resolution.

Resolved further that if the Board or its Committee deems fit, the power of creation of charge on the assets of the company &/ or finalization and execution of documents may be delegated to any member of the said Committee or any senior officer of the company "

By order of the Board
Ahmed Khan
Company Secretary

Date: 17/09/2009
Place: Gandhinagar

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be a member.
2. The instruments appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. All Body Corporate members intending to send their representatives to attend and participate in the meeting or any adjournment thereof are requested to send a certified copy of the Board Resolution or resolution of its governing body authorizing their representatives to attend and vote on their behalf at the Meeting.
4. Any member desiring any information pertaining to the Accounts are requested to send their queries in writing to the Company not less than 48 hours before the commencement of the Meeting.
5. Members are requested to bring their Copy of the Annual Report at the Annual General Meeting.

**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION
173 (2) OF THE COMPANIES ACT, 1956**

ITEM NO. 5

The Board had appointed Shri H.V.Patel, IAS as Additional Director of the Company on 24th June 2009, who holds office of director upto the date of this Annual General Meeting. Now that Shri H.V.Patel, IAS is eligible for appointment as director as Company has received a notice u/s 257 of the Act from the member proposing Shri H.V.Patel, IAS as Director of the Company. The Board recommends to the members their appointment as Director of the Company
None of the Directors is interested in this resolution.

ITEM NO.6 & 7 :

As the Members are aware, City Gas Distribution business is highly capital intensive and huge amount of financial resources are required to meet the expansion and growth requirements from time to time. The Company has been meeting these requirements through borrowings from Banks and/or Financial Institutions and the funding from Promoter Group.

Members, at the meeting held on December 30, 2008, had authorized the Board to borrow up to Rs.800 Crores from Banks/Financial Institutions etc. Notwithstanding that the money or monies to be borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose. To facilitate future business expansions, your Company would be requiring further infusion of funds, either in the form of equity or debt from financial institutions, Banks or others. It is, therefore, proposed to enhance the borrowing limits from existing Rs.800 Crores to 1,500 Crores by seeking appropriate approval from the Members of the Company under the provisions of Section 293(1)(d) of the Companies Act, 1956 and accordingly the power to the Board for creating necessary charge/ security/mortgage (or disposal of understanding (either in whole or substantially the whole) on the assets of the Company to that extend as per the requirement of lender(s)

None of the Directors is interested in this resolution.

By order of the Board

Ahmed Khan
Company Secretary

Date: 17/09/2009
Place: Gandhinagar

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2009

FINANCIAL HIGHLIGHTS:

The Growth story is continued this Financial Year also, with several landmarks in Retail Gas Segment. During the year under review, your company has again shown significant performance in terms of Sales Income, Sales Volume and Profitability. The summary of financial performance for the year is given below:

(Amt. in Lacs)

Particulars	2008-09	2007-08
Sales	84109.01	32356.87
Other Income	3780.44	2168.44
Total Income	87889.46	34525.32
Less: Expenditure	74538.62	28573.58
Net Profit Before Depreciation and Taxes	13350.83	5951.73
Less: Depreciation & Amortization	1308.66	324.16
Less :Prior Period Items	17.57	12.95
Profit (Loss) before Taxes (PBT)	12024.59	5614.62
Less: Taxation (including FBT & Deferred Taxes)	4523.86	1893.82
Profit (Loss) after Taxes (PAT)	7500.73	3720.80
Add/ Less : Balance Brought Forward	2711.92	(664.51)
Amount Available for Appropriations	10212.65	3058.28
Less : Appropriations :		
Proposed Dividend	592.09	296.05
Tax on Dividend	100.62	50.31
Excess Provisions made in earlier years	(314.81)	-
Profit (Loss) Carried to the Balance sheet	9834.74	2711.92

The Board is glad to present some significant growth data for the F.Y.2008-09 in terms of Sales Turnover (Rs), Profit before Tax (PBT), and Profit after Tax (PAT) as under:

- Turnover has shown a continuous up-word growth from Rs.32,356.87 Lacs in F.Y.2007-2008 to Rs. 84,109.01 Lacs in F.Y.2008-2009 recording increase of 159.94 %
- PBT has further increased from Rs. 5614.62 Lacs in FY2007-2008 to Rs.12,024.59 Lacs in F.Y.2008-2009 recording increase of 114.16%

- PAT has also been increased from Rs. 3720.80 Lacs in FY 2007-2008 to Rs.7500.73 Lacs in F.Y.2008-2009 showing up-word growth of 101.59 %

DIVIDEND

Your Company during the year has posted Rs 7500.73 Lacs Profit after taxes and hence your directors recommend the dividend at 10% of the paid up capital of the Company. The total payout in respect of dividend for the year 2008-2009 would be Rs. 692.71 Lacs with Dividend Distribution Tax.

BUSINESS & OPERATIONAL OVERVIEW:

The year 2008-09 was difficult year owing to the Global Recession and slowdown in terms of Economic Activities across the world. Your company also experienced several ups and downs in the Gas Procurement price throughout the year. During this recession period Company showed its maturity in cultivating Long Term Growth and hence did not pass on wholly the procurement gas price to ultimate customers. Also, at present the Company is flowing 2.2 MMSCMD of gas through its network as compared to 1.5 MMSCMD last year.

Following developments are noteworthy:

CNG SEGMENT:

Company's commitment of increasing CNG stations across Gujarat has further witnessed by its increased numbers and as compared to last financial year. As on 31st July, 2009 Company is operating 22 Online CNG Stations and 31 CNG Daughter Stations (in total 53 CNG stations).

BREAK-UP OF CNG STATIONS				
Sr. No.	Zone	Online-/ Mother Stations	Daughter Stations	Total CNG Stations
1	South Gujarat	5	9	14
2	Central Gujarat	11	13	24
3	Saurashtra	6	9	15
TOTAL CNG STATIONS		22	31	53

Progressive growth in the Sale of CNG through these CNG Gas Stations in last three Financial Years have been shown in tabular form as under

FY.	No. of CNG Gas Stations	Sales Volume in Kg.
2006-07	4	2,387,010
2007-08	14	11,039,126
2008-09	25	28,685,054

Your company firmly believes and follows the philosophy of Women Empowerment and in the same direction the Company has established first ever in Gujarat and perhaps in India an all Women operated CNG Station in Halol.

PNG SEGMENT:

With more inclusive growth agenda of penetrating more and more domestic, industrial and Commercial customers, fresh 24,114 PNG Connections have been registered by launching fresh marketing drive ended very recently and as on date, the Company boasts of 65,000 domestic connections.

STEEL AND P.E. PIPELINE INFRASTRUCTURE:

During the F.Y.2008-09 under review, your company has shown continuous growth in extending its spread to the different regions across Gujarat. The Company at present is working in three zones of Gujarat namely Saurashtra, Central and South Gujarat where following P.E and Steel Pipe Commissioning activity has been taken place.

COMMISSIONING OF PIPELINES		
Zone	STEEL PIPELINE (Kms)	PE PIPELINE (Kms)
South Gujarat	45.608	383.257
Central Gujarat	57.607	866.855
Saurashtra	60.760	239.392
Grand Total	163.98	1489.50

REGULATORY AFFAIRS:

Last year, the Company had applied for 10 regions, consisting of 33 areas, as an existing entity for authorization to PNGR Board as per the relevant PNGR regulations. The Company is yet to receive any reply from the Board. It is understood that in next couple of months, PNGR Board would consider our applications and expect to start the process of authorization.

AUDIT COMMITTEE:

During the year under review Audit Committee comprised of three members namely Shri P.K.Pujari, IAS (Chairman), Shri D.J.Pandian, IAS, Shri K.D.Chatterjee held two meetings on 12th September, 2008 and on 9th March, 2009. The scope & functions remain same as were communicated in last year's directors' report.

EXECUTION OF MOUs AT VIBRANT GUJARAT GLOBAL INVESTOR'S SUMMIT 2009/ MASTER PLAN:

Company's efforts of extending Gas Network in every walk of life has also been witnessed by the public in large in recently held Vibrant Investor Summit 2009 on 12-13th of January, 2009. The Company executed a Memorandum of Understanding (MOU) with Government of Gujarat for implementation of Master Plan entailing a capex of Rs approx 8000 Crs. This master plan is to be executed in phases and first phase of Rs 1200 crs has been embarked upon by the Company.

FIXED DEPOSITS:

During the year under review, the Company has not accepted any deposits from Public pursuant to the provisions of Sec.58A of the Companies Act-1956

DIRECTORS:

During the Year under review, a casual vacancy occurred upon resignation of Director Shri M.M.Shrivastava, IAS on 4th December, 2008 who was also a Chairman of the Board representing Gujarat State Petroleum Corporation Ltd. ("GSPCL"), a Promoter Company. The same was filled in on 9th March, 2009 by appointing Shri S.Jagadeesan, IAS as Director and Chairman of the Board who is a nominee of M/s Gujarat State Petroleum Corporation Ltd, a shareholder/promoter of the Company. The Board upholds the pivotal role played by Shri M.M.Srivastava, IAS during his association with the Company.

Another Director Shri H.V.Patel, IAS was appointed as an Additional Director w.e.f 24th June, 2009 who would hold the office up to the Date of Annual General Meeting and is eligible for appointment. Your approval for his appointment as Director has been sought in the Notice convening the Annual General Meeting of the Company.

In accordance with the Companies Act, 1956 and Articles of Association of the Company, One of your director Shri K.D.Chatterjee is liable to retire by Rotation and is eligible for re-appointment & accordingly your directors recommend the re-appointment.

AUDITOR:

Being a Government company, the Statutory Auditor is appointed by the Comptroller and Auditor General of India (C&AG) for the F.Y.2008-09. C&AG nominated M/s R.S.Patel & Company, Ahmedabad as Auditor to carryout statutory audit of the Company.

DIRECTORS' RESPONSIBILITY

STATEMENT:

Pursuant to the requirements under 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, your Directors hereby confirm the following:-

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 the profit or loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the directors had prepared the annual accounts on a going concern basis.

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

Pursuant to the compliance of the provisions of Sec.217(1) (e) a statement containing the information as per Section 217(1)(e) of the Companies Act read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is appended herewith as Annexure A* .

PERSONNEL AND HUMAN RESOURCES:

As required by Section 217 (2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 Statement of Information relating to the employees has been given in the Annexure B.The board is also glad to inform that your Company has established one of its own kind a Skill Development Centre for CGD Business with an object to create Skilled Work Force in Retail Gas Business segment where is class room & practical training classes are being presently conducted for contractors work force like plumbers, welders etc.

In future this will be looked upon as Talent Bank from which the Company is expecting to get uninterrupted flow of talent for company's ever-growing demand for skilled workforce.

The Board desires to place on record its appreciation for the valuable contribution made by all the employees, Contractors, Consultants of the Company and foresee mutual rewarding association in future too.

INSURANCE :

Continuing the tradition all the assets of your Company are adequately insured with Insurance Companies. It has taken various policies like Fire, Marine, Public Liability, Director's&Officers Liability Policies, Loss of Profit, Machinery Breakdown Policy etc,

ACKNOWLEDGEMENT :

The Directors are extremely grateful for the all support given by Government of Gujarat at all levels, all Bankers, lenders and shareholders of the Company, Govt Authorities, Statutory Bodies etc. 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.

ON BEHALF OF THE BOARD OF DIRECTORS

S.Jagadeesan, IAS
Chairman

Date : 13 -08-2009
Place: Gandhinagar

Registered Office:
Block No.15,3rd Floor,
Udyog Bhavan,
Sector :11
Gandhinagar : 382011

ANNEXURE TO THE DIRECTORS' REPORT (F.Y.2008-09)

ANNEXURE 'A'

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

I) CONSERVATION OF ENERGY:

Where ever possible, Company is using Energy efficient electrical devises. (* Details required under prescribed Form A is not applicable for the Company's business.)

II) TECHNOLOGY ABSORPTION:

Company is exploring various possibilities to incorporate possible technology as applicable to the industry.

III) FOREIGN EXCHANGE EARNING AND OUTGO:

A) Earnings in Foreign Currency: Nil (P.Y. Nil)

B) Expenditure in Foreign Currency

1. Value of Imports on CIF basis in respect of :

Particulars	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Raw Materials	-	-
Components & Spare Parts	-	-
Capital goods (Current year for purchase of software)	Rs. 20,52,961	Rs. 1,51,26,109

2. Expenditure in Foreign Currency

Particulars	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Travelling Expenses	Rs. 6,47,355	-
Sponsorship Expenses	-	Rs. 1,68,641
Know-how, Royalty, Profession Consultancy Fees etc.	-	-

ANNEXURE 'B'

Information as per section 217 (2A) of the Companies Act-1956 and Companies (Particulars of Employees) Rules ,1975

Sr. No.	Name	Age (Yrs)	Designation	Gross Remuneration	Qualification	Dt.of Joining	Previous Employment
1.	Shri PPG Sarma	46	Chief Executive Officer	Rs 24.82 Lacs p.a.	B.E. (Mechanical)	Vide Contract Dt24th April, 2006	British Gas (India) Ltd.

REPORT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GSPC GAS COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2009

The preparation of financial statements of GSPC Gas Company Limited for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 13-08-2009.

I on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of GSPC GAS Company Limited for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act 1956.

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

Nandini Y. Kapdi
Principal Accountant General

Place : Ahmedabad
Date : 17-09-2009

AUDITOR'S REPORT

To,
The Shareholders
GSPC Gas Company Limited

1. We have audited the attached Balance Sheet of GSPC Gas Company Limited as 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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 statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub Section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - (a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of account;
 - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) Since the Company is a Government Company, as per Notification No.:G.S.R. 829(E) date October 21, 2003 Ministry of Finance (Department of Company Affairs) provisions of clause (g) of Sub Section(1) of Section 274 of the Companies Act, 1956 are not applicable to the Company.
 - (f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the notes thereon and the statement on significant accounting policies 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 principle generally accepted in India :
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009
 - (ii) In the case of Profit and Loss account, of the profit for the year ended on that date; and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For R. S. Patel & Co.
Chartered Accountants

Place : Ahmedabad
Date : 13th August, 2009

Rajan B. Shah
Partner
Membership No.: 101998

ANNEXURE TO AUDITOR'S REPORT

(Referred to paragraph 3 of our report of even date)

1. **In respect of its fixed assets :**
 - a. The Company has maintained record showing full particulars and situation of fixed assets.
 - b. As explained to us, all fixed assets have been verified by the management in phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of assets. No material discrepancies were noticed on such verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
2. **In respect of its inventories :**
 - a. As explained to us during the year, the management have physically verified the inventories at reasonable interval.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and book stock were not material and the same have been properly dealt with in the books of accounts.
3. **In respect of loan granted and taken to / parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

According to the information and the explanation given to us, the company, has not granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Consequently requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
4. **In respect of internal control**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and also for sale of goods. During the course of our audit, we have not observed, any continuing failure to correct major weakness in internal controls.
5. **In respect of contracts or arrangements need to be entered into a register maintained u/s 301 of the Companies Act, 1956.**

According to the information and explanation given to us, there were no contracts / arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956.
6. **In respects of deposits from public**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year within the meaning of section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of deposits) Rules, 1975. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. **In respect of internal audit system**

The internal audit during the year was carried out by the firm of Chartered Accountants. In our opinion the same is adequate commensurate with the size of the Company and nature of its business.
8. **In respect of maintenance of cost records**

The company has maintained the cost record prescribed under section 209(1) (d) of the Companies Act, 1956.
9. **In respect of statutory dues :**
 - (a) According to the records of the Company, the company, the generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, value added tax, wealth tax, custom duty, excise duty, service tax, cess, and other material statutory dues applicable to it. As informed to us, provisions of Employees' State Insurance Act are not applicable to the company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Value added tax, income tax, wealth tax, customs duty, excise duty, sales tax, service tax and cess, were outstanding as at March 31, 2009 for a period of more than six months from the date they become payable.
 - (c) According to the records of the company, there are no dues of income tax, sales tax, custom duty, wealth tax, service tax, which have not been deposited on account of any dispute. In case of excise disputed dues which are not deposited are as under.

Financial Year	Nature of Dispute	Pending with authority	Amount Rs.
2003-04	Excise exemption related to SSI units	Customs, Excise and Service tax Appellate Tribunal	23,65,736

10. **In respect of accumulated losses and cash losses.**
The company does not have accumulated losses at the end of the financial year. The company has not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
11. **In respect of dues to financial institution / bank / debentures**
Based on our audit procedures and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to bank and financial institution.
12. **In respect of loans and advances granted on the basis of security.**
According to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. **In respect of provision applicable to Chit Fund**
The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.
14. **In respect of dealing or trading in shares, securities, debentures and other investment.**
As the company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
15. **In respect of guarantee given for loans taken by others**
According to the information and explanation given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. **In respect of application of term loans**
According to the information and explanation given to us, term loans have been applied for the purpose for which they were raised.
17. **In respect of funds used**
According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have, prima facie, not been used for long-term investments.
18. **In respect of preferential allotment of shares**
During the year, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956 and therefore paragraph 4 (xviii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
19. **In respect of securities created for debentures**
According to the records of the company has not issued any debentures during the year and hence paragraph 4(ixx) of the Companies (Auditor's Report) Order, 2003 is not applicable.
20. **In respect of end use of money raised by public issues**
The Company has not raised any money by way of public issue during the year and therefore paragraph 4 (xx) of the Companies (Auditor's Report) Order, 2003 is not applicable.
21. **In respect of fraud**
According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For R. S. Patel & Co.
Chartered Accountants

Place : Ahmedabad
Date : 13th August, 2009

Rajan B. Shah
Partner
Membership No.: 101998

BALANCE SHEET AS AT MARCH 31, 2009

Amount in Rupees

Particulars	Schedule	As at 31 st March 2009	As at 31 st March 2008
Shareholders' Funds			
Share Capital	A	592,090,240	592,090,240
Share Application Money		100,000,000	-
Reserves & Surplus	B	1,324,045,158	611,762,956
Loan Funds			
Secured Loans	C	2,804,390,228	1,395,004,000
Un Secured Loans	D	200,000,000	-
Deposits from Customers		20,722,000	20,320,500
Deferred Tax Liability		204,209,205	84,727,071
Total		5,245,456,832	2,703,904,767
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	3,802,136,918	2,098,255,802
Less: Depreciation and Amortisation		299,316,561	169,070,417
Net Block		3,502,820,357	1,929,185,384
Capital Work-in-Progress	F	1,608,247,550	1,004,118,588
Investments	G	1,750,000	1,750,000
Current Assets, Loans and Advances			
Current Assets			
Inventories	H	71,983,405	63,993,408
Sundry Debtors		481,336,537	315,696,247
Cash & Bank Balances		47,605,390	9,795,359
Loans and Advances	I	712,549,400	88,647,677
Sub-Total (i)		1,313,474,731	478,132,691
Less : Current Liabilities and Provisions			
Current Liabilities			
Current Liabilities	J	1,034,884,385	574,714,654
Provisions		145,951,421	134,567,242
Sub-Total (ii)		1,180,835,807	709,281,896
Net Current Assets (i-ii)		132,638,924	(231,149,205)
Miscellaneous Expenditure (To the extent not written off or adjusted)	K	-	-
Total		5,245,456,832	2,703,904,767
Significant Accounting Policies and Notes on Accounts	R		

The Schedules referred to above form an integral part of the balance sheet.
As per our report of even date attached.

For R S Patel & Co. Chartered Accountants Rajan B. Shah Partner M. No. 101998 Place: Ahmedabad Date : 13-08-2009	For and on behalf of Board of Directors S Jagadeesan, IAS Chairman P P G Sarma Chief Executive Officer	D J Pandian, IAS Director Ahmed Khan DGM (Finance) & Company Secretary Place: Gandhinagar Date: 13-08-2009
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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Amount in Rupees

Particulars	Schedule	Year Ended 31 st March 2009	Year Ended 31 st March 2008
Income			
Sale of Natural Gas		8,511,688,760	3,264,067,967
Less : Excise Duty		100,786,994	28,380,239
Net Turnover	L	8,410,901,766	3,235,687,728
Other Income	M	378,044,441	216,844,887
		8,788,946,207	3,452,532,615
EXPENDITURE			
Purchase of Natural Gas / Petroleum Products		5,922,389,269	2,272,851,636
(Increase)/decrease in Stock of Natural Gas		-	(63,993,408)
Gas Transportation Charges		938,407,278	369,896,312
Operation and Maintenance Expenses	N	127,968,448	60,592,773
Payments to and Provisions for Employees	O	57,968,976	25,461,163
Administrative and Other Expenses	P	136,529,830	74,747,819
Interest and Finance Charges	Q	170,598,746	113,736,677
Donation Paid		100,000,000	50,000
Miscellaneous Expenditure written off		-	4,016,000
		7,453,862,547	2,857,358,972
Profit Before Depreciation and Tax		1,335,083,660	595,173,643
Depreciation and Amortisation		131,107,527	70,482,114
Depreciation written back due to Change of Method (Refer Note 3 of Schedule R(B))		(241,204)	(38,066,241)
Profit Before Prior Period items and Tax		1,204,217,337	562,757,770
Prior Period Items		1,757,835	1,295,878
Profit Before Tax		1,202,459,501	561,461,892
Provision for Taxation			
Current Income Tax		341,100,000	115,100,000
Deferred Tax		119,482,134	73,697,179
Fringe Benefit Tax		1,063,734	575,048
Wealth Tax		10,340	10,105
Short / (Excess) Provision of Tax made in earlier years		(9,269,893)	-
Profit After Tax		750,073,186	372,079,560
Balance Brought Forward		271,192,086	(66,450,805)
Add: Reduction in transitional liability under revised AS-15		-	199,130
Amount available for Appropriations		1,021,265,272	305,827,885
Proposed Dividend		59,209,024	29,604,512
Tax on Dividend		10,062,574	5,031,287
Short / (Excess) Provision of Dividend made in earlier years		(31,480,614)	-
Balance Carried to Balance Sheet		983,474,288	271,192,086
Earning per Share (Basic & Diluted)		12.67	68.98
Face Value per share		10.00	10.00
Significant Accounting Policies and Notes on Accounts	R		

The Schedules referred to above form an integral part of the Profit & Loss Account.
As per our report of even date attached.

For R S Patel & Co.
Chartered Accountants

Rajan B. Shah
Partner
M. No. 101998

Place: Ahmedabad
Date : 13-08-2009

For and on behalf of Board of Directors

S Jagadeesan, IAS
Chairman

P P G Sarma
Chief Executive Officer

D J Pandian, IAS
Director

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Gandhinagar
Date: 13-08-2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A		
	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
SHARE CAPITAL		
Authorized		
10,00,00,000 (Previous Year 10,00,00,000) Equity Shares of Rs.10 each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid up		
59,209,024 Equity Shares of Rs.10 each fully paid up (Previous Year : 59209024 Equity Shares of Rs.10 each fully paid up) Of the above Equity Shares,	592,090,240	592,090,240
(i) 36,692,378 (Previous Year 36692378) Equity Shares of Rs. 10 each fully paid up are held by the holding company, Gujarat State Petroleum Corporation Limited of which 13,760,842 Equity Shares of Rs. 10 each fully paid up have been allotted to Gujarat State Petroleum Corporation Limited pursuant to the scheme of demerger of CNG - PNG business.		
(ii) 21,666,666 (Previous Year 21666666) Equity shares of Rs. 10 each fully paid up are held by Gujarat State Petronet Limited, a Company which has significant influence over the Company.		
Total	592,090,240	592,090,240

SCHEDULE B		
	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
RESERVES AND SURPLUS		
Security Premium Account		
Opening Balance	340,570,870	-
Add : Received during the year	-	340,570,870
	340,570,870	340,570,870
Profit & Loss Account		
	983,474,288	271,192,086
Total	1,324,045,158	611,762,956

SCHEDULE C

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
SECURED LOANS		
Term Loans from Banks		
Axis Bank Ltd.	404,201,219	220,657,000
Bank of India	210,380,451	115,014,500
Dena Bank	404,040,333	220,657,000
IDBI Bank	323,342,048	176,491,000
State Bank of India	808,467,047	441,527,500
State Bank of Mysore	404,033,041	220,657,000
The Kalupur Comm Co Op Bank Ltd	249,926,089	-
Total	2,804,390,228	1,395,004,000

Notes :

1. The Loans from above bankers are secured by :
 - (a) first ranking pari-passu charge on all the present and future fixed assets of the company.
 - (b) second ranking pari-passu charges on all present and future book debts of the company.
2. Repayable within one year Rs. 54,31,82,654 (Previous Year Rs. 10,75,00,545).

SCHEDULE D

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
UNSECURED LOANS		
Karur Vysya Bank - Short Term Loan	200,000,000	-
Total	200,000,000	-

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE - E												
Amount in Rupees												
FIXED ASSESTS (At Cost)	GROSS BLOCK					DEPRECIATION & AMORTISATION				NET BLOCK		
	As at April 1, 2008	Additions during the year	Deductions during the year	Adjustment during the year	As at March 31, 2009	As at April 1, 2008	For the year	Deductions	Adjustment during the year**	As at March 31, 2009	As at March 31, 2009	As at March 31, 2008
TANGIBLE ASSETS :												
Lease hold Land	22,571,260	28,606,500	-	-	51,177,760	227,993	597,470	-	-	825,462	50,352,298	22,343,267
Freehold Land	53,382,717	109,202,908	20,466	-	162,565,159	-	-	-	-	-	162,565,159	53,382,717
Buildings	51,263,094	47,285,029	1,615,050	-	96,933,073	5,802,804	889,254	123,144	-	6,568,914	90,364,159	45,460,289
Plant and Machinery	1,784,193,202	1,358,348,401	325,881	3,484,754	3,145,700,474	135,799,557	116,453,588	74,822	(340,747)	251,837,575	2,893,862,899	1,648,393,645
Furniture & Fixture	10,292,403	7,517,689	-	-	17,810,092	1,048,908	808,554	-	-	1,857,462	15,952,630	9,243,496
Computer Equipments	8,897,039	9,332,219	-	-	18,229,258	4,203,930	1,243,737	-	-	5,447,667	12,781,591	4,693,109
Office Equipments	13,965,688	5,554,535	-	-	19,520,223	3,584,037	628,515	-	-	4,212,552	15,307,671	10,381,651
Vehicles	18,016,493	13,540,606	506,255	(5,262,947)	25,787,897	1,839,056	1,567,141	444,959	363,494	3,324,732	22,463,165	16,177,437
Sub Total (A)	1,962,581,896	1,579,387,887	2,467,652	(1,778,193)	3,537,723,936	152,506,285	122,188,259	642,925	22,747	274,074,364	3,263,649,572	1,810,075,611
INTANGIBLE ASSETS:												
ROW Permissions	127,648,261	106,521,921	-	(11,198,273)	222,971,909	14,266,704	6,865,603	-	(241,204)	20,891,104	202,080,805	113,381,557
ROU *	-	16,185,963	31,625	11,198,273	27,352,611	-	-	-	-	-	27,352,611	-
Software & other Intagibles	8,025,645	6,062,817	-	-	14,088,462	2,297,428	2,053,665	-	-	4,351,093	9,737,369	5,728,217
Sub Total (B)	135,673,906	128,770,701	31,625	-	264,412,982	16,564,132	8,919,268	-	(241,204)	25,242,197	239,170,785	119,109,774
TOTAL [A+B]	2,098,255,802	1,708,158,588	2,499,277	(1,778,193)	3,802,136,918	169,070,417	131,107,527	642,925	(218,457)	299,316,561	3,502,820,357	1,929,185,385
Previous Year	1,103,200,723	995,951,410	896,331	-	2,098,255,802	136,981,246	70,482,114	326,703	38,066,241	169,070,417	1,929,185,385	966,219,477

Notes-

- (1) * Refer Note 3 to Schedule R(B) regarding change in the method of amortization from 19 years to Non amortization of such assets as perpetual in nature.
- (2) ** Adjustments during the year are due to reclassification of assets and consequent of depreciation.
- (3) Additions to the fixed Assets during the year includes borrowing costs capitalized Rs. 56,268,852 (Previous year Rs. 37,196,196) pertaining to borrowings for qualifying assets as per the requirements of AS-16

“Borrowing Costs” issued by the Institute of Chartered Accountants of India.

SCHEDULE F

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
CAPITAL WORK - IN - PROGRESS		
Capital Work in Progress (includes Rs. 7,38,23,512 (Previous year Rs. 4,22,38,094) of borrowing cost capitalised pertaining to borrowings for qualifying assets as per AS-16.)	1,578,315,447	996,522,966
Advances paid towards Capital Expenditure	699,093	7,595,622
Software GIS Development	27,966,978	-
Skill Development Centre	1,266,032	-
Total	1,608,247,550	1,004,118,588

SCHEDULE G

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
INVESTMENTS (AT COST)		
Long Term Investments (Unquoted) :	No. of Shares	
Fully paid up Equity Shares of Guj Info Petro Limited. of Rs. 10 each (Previous Year 25,000 Shares)	25,000	250,000
Fully paid up Equity Shares of Krishna Godavari Gas Network Limited. of Rs. 10 each (Previous Year 150,000 Shares)	150,000	1,500,000
Aggregate value of total Unquoted Investments	1,750,000	1,750,000

SCHEDULE H

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
CURRENT ASSETS		
INVENTORIES		
Natural Gas in Pipeline (Linepack) (at cost) (Refer Note 4 of Schedule R(B)).	63,993,408	63,993,408
Stores, Spares and Consumables	7,989,997	-
Sub Total (i)	71,983,405	63,993,408
SUNDRY DEBTORS		
(Unsecured, Considered good)		
- Outstanding for more than Six Months	26,600	504,669
- Others	48,327,798	21,145,737
(Secured by Bank Guarantee & Deposits)		
- Outstanding for more than Six Months	331,165	321,538
- Others	432,650,973	293,724,303
Sub Total (ii)	481,336,537	315,696,247
CASH AND BANK BALANCES		
Cash on Hand	1,692,854	1,103,152
Balances with Scheduled Banks		
- In current accounts	45,912,535	8,692,207
Sub Total (iii)	47,605,390	9,795,359
Total (i) to (iii)	600,925,331	389,485,014

SCHEDULE I

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
LOANS AND ADVANCES		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances Recoverable in cash or in kind or for value to be received	5,012,504	42,980,573
Interest Accrued but not due	1,533,106	1,287,801
Pre Paid Expenses	5,220,900	2,966,433
Sundry Deposits	37,352,088	40,820,911
Advances to Suppliers (Gas Purchase)	576,657,022	-
Duties & Taxes		
CENVET Credit Account	86,462,536	-
Balances with Central Excise Authorities (PLA)	311,244	591,959
Total	712,549,400	88,647,677

SCHEDULE J

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Creditors		
- Creditors for Capital Goods/ Services	477,048,498	266,543,224
- Creditors for Gas Purchase & Transmission and others	239,898,861	211,458,019
- Micro, small and medium Enterprises	-	-
	716,947,359	478,001,243
Interest Accrued on Loans	7,335,610	66,359
Other Liabilities	12,902,676	2,883,225
Duties & Taxes	198,375,553	53,625,045
Advances Received From Customers	99,323,188	40,138,782
Sub Total (i)	1,034,884,385	574,714,654
PROVISIONS		
Provision For Taxation (Net of Advance Tax)	73,461,751	99,515,759
Provision for Employee Benefits	3,218,072	415,684
Provision for Proposed Dividend	59,209,024	29,604,512
Provision for Dividend Distribution Tax	10,062,574	5,031,287
Sub Total (ii)	145,951,421	134,567,242
Total (i) and (ii)	1,180,835,807	709,281,896

SCHEDULE K

	Amount in Rupees	
	As At 31st March 2009	As At 31st March 2008
MISCELLANEOUS EXPENDITURE		
<i>(To the extent not written off or adjusted)</i>		
Preliminary Expenses	-	4,016,000
Less : Written off during the year	-	4,016,000
Total	-	-

SCHEDULE L

	Amount in Rupees	
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
SALES		
Compressed Natural Gas (CNG)		
Sale of CNG	709,764,838	225,045,833
Less : Discount	-	269,764
Less : Excise duty on sale of CNG	100,786,994	28,380,239
Sub Total (i)	608,977,844	196,395,830
Piped Natural Gas (PNG)	7,801,923,922	3,039,291,898
Sub Total (ii)	7,801,923,922	3,039,291,898
Total (i) to (ii)	8,410,901,766	3,235,687,728

SCHEDULE M

	Amount in Rupees	
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
OTHER INCOME		
INCOME FROM OPERATIONS		
Registration Charges Income from Domestic Connections	153,438,231	38,175,900
Contract Renewal Charges Income	6,399,925	3,076,823
Income from forfeiture of Deposits	-	1,500
Late payment Charges Income (TDS Rs. 2,42,206 (Previous year Rs. NIL))	3,140,985	596,736
Take or Pay Charges income	39,075,409	2,507,239
Miscellaneous Operating Income	1,967,521	544,865
Sub Total (i)	204,022,071	44,901,563
INITIAL CONNECTION CHARGES INCOME		
Initial Connection Charges Income (TDS Rs. 10,41,261 (Previous year Rs. 9,35,271)) <i>(Refer Note 5 of Schedule R(B)).</i>	155,680,890	147,138,910
Sub Total (ii)	155,680,890	147,138,910
OTHER MISC. INCOME		
Liquidated Damages Income	9,822,456	22,588,566
Interest Income (TDS Rs. 9,71,910 (Previous year Rs. 2,07,169))	5,220,699	1,447,984
Tender Fees Income	744,000	137,906
Profit on sale of Assets	58,703	-
Miscellaneous Income	2,495,623	629,957
Sub Total (iii)	18,341,481	24,804,414
Total (i) to (iii)	378,044,441	216,844,887

SCHEDULE N

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Amount in Rupees		
OPERATION AND MAINTENANCE EXPENSES		
(i) CNG		
Operation and Maintenance Expenses	24,007,370	10,355,049
CNG-Daughter Station Exp.	3,396,223	1,408,436
Electricity Expenses - CNG Stations	40,337,435	15,073,715
Excise Duty - Daughter Station Expenses	5,521,648	2,103,478
Repairs and Maintenance - CNG Machinery	498,747	1,950,216
Stores and Consumables-CNG	5,922,630	6,657,008
Sub Total (i)	79,684,053	37,547,902
(ii) PNG		
Operation and Maintenance Expenses	37,143,154	21,246,033
Electricity Expenses - Site Offices & Store Yards	1,759,910	633,554
Repairs and Maintenance - PNG Machinery	715,495	-
Stores and Consumables PNG	8,665,836	1,165,284
Sub Total (ii)	48,284,395	23,044,871
Total (i) and (ii)	127,968,448	60,592,773

SCHEDULE O

	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Amount in Rupees		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Allowances	50,863,899	23,075,623
Contribution to Provident and Other Funds	6,034,043	1,814,771
Staff Welfare Expenses	1,071,034	570,769
Total	57,968,976	25,461,163

SCHEDULE P

	Amount in Rupees	
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
ADMINISTRATIVE AND OTHER EXPENSES		
Electricity Exp.	198,181	14,928
Repairs and Maintenance - Building	768,310	1,641,302
Repairs and Maintenance - Others	1,264,855	1,586,367
Business Promotion & Marketing Exp.	8,695,638	10,113,885
Franchisee/ Agent Commission & Profit Margin	24,289,676	5,308,955
Advertisement and Publicity	9,753,913	7,701,290
Legal, Professional and Technical Consultancy Exp.	29,185,205	17,326,616
Insurance Exp.	5,115,959	3,347,971
Rent Exp.	12,642,810	7,527,295
Administration and Establishment Exp.	13,532,964	6,418,468
Stationery and Printing Exp.	5,422,345	2,982,182
Telephone and Communication Exp.	5,231,439	2,096,663
Conveyance and Travelling Exp.	3,639,720	1,876,031
Vehicle Running Expenses	11,303,268	5,334,683
Audit Fees	330,900	337,080
Net Loss on Sale / Discarding of Assets	1,742,965	2,134
Rate, Taxes and Duties paid	1,892,723	-
Miscellaneous Debit balance written off	103,534	-
Miscellaneous Expenses	1,415,425	1,131,969
Total	136,529,830	74,747,819

SCHEDULE Q

	Amount in Rupees	
	Year Ended 31st March, 2009	Year Ended 31st March, 2008
INTEREST AND FINANCIAL CHARGES		
Interest Paid		
Interest on Term Loan	204,942,273	106,956,569
Interest Paid - Others	52,093,558	77,972,861
Sub Total (i)	257,035,831	184,929,430
Bank Charges	1,417,185	128,729
Sub Total (ii)	258,453,016	185,058,159
Less : Interest Capitalised during the Year	87,854,270	71,321,482
Total	170,598,746	113,736,677

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Amount in Rupees

Particulars	Year Ended 31 st March 2009	Year Ended 31 st March 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	1,202,459,501	561,461,892
Adjustments for:		
Depreciation	130,866,323	32,415,873
Loss on sale of Fixed Assets (Net)	1,742,965	2,134
Profit on sale of Fixed Assets (Net)	(58,703)	-
Prior period adjustment account	50,076	-
Misc debit balances written off	85,550	-
Misc Expenditure written off	-	4,016,000
Interest Expense	169,181,561	113,736,677
Interest Income	(5,220,699)	(1,447,984)
Operating Profit before Working Capital Changes	1,499,106,574	710,184,592
Adjustments for changes in Working Capital		
(Increase)/Decrease in Sundry Debtors	(165,640,290)	(247,269,395)
(Increase)/Decrease in Loan and Advances	(622,123,530)	30,284,697
(Increase)/Decrease in Inventories	(7,989,997)	(63,117,380)
Changes in Trade and Other Receivables	(795,753,816)	(280,102,078)
Increase/(Decrease) in Current Liabilities	460,169,731	321,431,017
Increase/(Decrease) in Provisions	2,802,388	(184,412)
Changes in Trade and Other Payables	462,972,119	321,246,605
Cash Generated from Operations	1,166,324,877	751,329,119
Extra Ordinary Items & Other Adjustments	-	(199,130)
Taxes Refund	(846,477)	-
Taxes Paid	359,897,081	15,592,680
Net Cash from Operating Activities	807,274,273	735,935,569
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,224,401,654)	(1,572,568,640)
Sale of Fixed Assets	120,000	490,750
Net Cash used in investing Activities	(2,224,281,654)	(1,572,077,890)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital /Share Application Money	100,000,000	199,999,980
Proceeds from Long-term borrowings	1,600,000,000	771,330,000
Proceeds from Short-term borrowings	200,000,000	-
Repayment of Long-term borrowings	(190,613,772)	-
Deposits from Customers	401,500	8,402,000
Interest Received	5,220,699	1,447,984
Interest Paid	(257,035,831)	(185,058,159)
Dividend Paid (including tax thereon)	(3,155,185)	-
Net Cash from Financing Activities	1,454,817,411	796,121,805
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,810,031	(40,020,516)
Cash and Cash Equivalents at the beginning of the year	9,795,359	49,815,875
Cash and Cash Equivalents at the end of the year	47,605,390	9,795,359
Closing Cash and Cash Equivalents comprise:		
Cash in hand	1,692,854	1,103,152
Balances with Scheduled Banks	45,912,535	8,692,207
Cash and Cash Equivalents as per Cash Flow statement	37,810,031	(40,020,516)

Notes to Cash Flow Statement:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
- Purchase of fixed asset are stated inclusive of movements of capital work in progress are treated as part of investing activities.
- Previous Year figures have been regrouped and reclassified wherever considered necessary to conform to current year's figures.
- Figures in bracket indicate Cashoutflow.

This is the Cash Flow referred to in our report of even date

For R S Patel & Co.
Chartered Accountants

Rajan B. Shah
Partner
M. No. 101998

Place: Ahmedabad
Date : 13-08-2009

For and on behalf of Board of Directors

S Jagadeesan, IAS
Chairman

P P G Sarma
Chief Executive Officer

D J Pandian, IAS
Director

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Gandhinagar
Date: 13-08-2009

SCHEDULE – R**Significant Accounting Policies and Notes on Accounts****A. SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Convention**

The financial statements have been prepared under Historical Cost Convention on accrual and going concern basis and in compliance with generally accepted accounting principles in India and the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which they materialized.

3. Fixed Assets and Capital Work in Progress**1. Fixed Assets (Tangible)**

Fixed assets are stated at their original cost of acquisition / construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost for bringing the asset to its working condition for its intended use like freight, duties, taxes and other incidental expenses, net of CENVAT recoverable.

The Company capitalizes to project assets all the cost directly attributable to completing the project. These costs include expenditure of pipelines, plant & machinery, cost of laying of pipeline, cost of survey, commissioning & testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The PNG projects assets are capitalized at the end of the month in which the assets is put to use / commissioned and CNG projects assets are capitalized at the date of its commissioning and consequently the borrowing cost attributable to PNG / CNG Projects assets is added to the capital cost up to their respective date of capitalization.

The gas distribution systems are treated as commissioned when supply of gas commences to the customer(s).

2. Intangible Assets

Intangible Assets includes amount paid towards obtaining the Right of Use (ROU) of land and Right of Way (ROW) permissions for laying the Gas Pipeline Network and cost of developing software for internal use.

3. Capital Work In Progress

Capital Work-in-progress includes advances to suppliers, expenditure incurred on assets, which are yet to be commissioned and capital inventory, which comprises stock of capital items/construction materials at respective city gas network.

All the expenditure including direct, indirect expenses, incidental and related to construction incurred during the period of construction on a project, till it is commissioned, is kept as Capital work in progress (CWIP) and after commissioning the same is transferred / allocated to the respective fixed assets.

4. Depreciation and Amortization

Depreciation on fixed assets is provided as per Straight Line method (SLM) at the rates specified and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except for cost of mobile phones, which have been expensed off in the year of purchase.

Depreciation on Assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Assets costing up to Rs. 5000/- are depreciated fully in the year of purchase / Capitalization.

Cost of Lease-hold Land is amortized equally over the period of Lease.

Intangible Assets are amortized over their individual estimated useful lives on a Straight Line basis, commencing from the year in which the same are available to the company for its intended use. The useful lives as estimated by the management for the intangible assets are as follows:

Right of Way (ROW) Permissions	19 Years
Software and other Intangibles	5 Years

No Depreciation is being charged on Right of Use (RoU) of Land being perpetual in nature. Up to the financial year 2007-08, the Company followed accounting policy of amortizing the costs of Right of Use (ROU) for laying of the Gas Pipeline Network over a period of 19 Years. During the year, considering the fact that the said ROU for use of land for which the ROU has been acquired, are being perpetual in nature, the Company has decided to change the accounting policy to non-amortization of such RoU costs. (refer note No. 3 of B – note to Accounts of Schedule R)

5. Impairment of Assets

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. The impairment loss, if any, recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

6. Revenue Recognition

Sale of Natural Gas is recognized on supply of gas to customers by metered/assessed measurements and when no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed bi-monthly for domestic customers, monthly for commercial & non-commercial customers and fortnightly for industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to consumers from retail outlets.

The amounts collected towards initial connection charges from industrial customers are in the nature of installation fees and for providing, the infrastructure to facilitate the supply of gas and are recognized as revenue only when such infrastructure is laid by the Company and when the same are accepted by the customers.

The amounts collected towards registration charges from domestic customers are in the nature of non refundable charges to avail the gas connection. Accordingly, the same are recognized as revenue as and when the Company commences the supply of gas to the customers. Until then, the amounts so collected are shown as advances in the balance sheet.

Revenue in respect of interest on delayed realizations from customers, if any, is recognized on grounds of prudence, as and when recovered & on the basis of certainty of collection.

Liquidated damages income, if any is recognized at the time of recording the purchase of materials in books of accounts.

Expenditure charged to Profit & Loss Account is provided for the period for which the expenditure is incurred. Adequate provisions are made for all known expenses and liabilities.

7. Borrowing Costs

Interest and other costs in connection with the borrowing of funds to the extent they relate to the acquisition / construction of qualifying fixed assets are capitalized as part of the cost of such assets up to the date of commissioning. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the Profit and Loss Account.

8. Investments

Long term Investments are stated at cost. Provision, if any, is made to recognize any diminution in value, other than that of a temporary nature.

9. Inventories

Natural Gas in distribution networks being technically not feasible to be quantified due to operational constraints, (refer note No. 20(D) of B – note to Accounts of Schedule R) hence not valued as inventory and not accounted.

Stock of Natural gas in Transporter Pipelines is valued at purchase cost of gas (refer note No. 4 of B – note to Accounts of Schedule R).

Stores, spares and consumables are valued at cost on FIFO Basis.

10. Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the year-end are restated at year-end rates. Non-monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

11. Employee Benefits**Gratuity and Leave Encashment:**

The liability in respect of gratuity benefits and leave encashment being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using Projected Unit Credit Method as on the Balance Sheet date and charged to the Profit & Loss Account for the period.

Provident Fund:

Retirement Benefits in the form of Provident Fund and Family Pension Fund, which are defined contribution schemes, are accrued in accordance with statutes and deposited with the Regional Provident fund commissioner and charged to the Profit and Loss Account for the period, in which the contributions to the respective funds accrue.

12. Preliminary Expenditure

Preliminary expenditure is expenses out in the year in which the expenditure is incurred.

13. Taxes on Income

Tax expense for the year, comprises current tax, deferred tax and fringe benefit tax. A provision is made for the current tax and fringe benefit tax based on tax liability computed in accordance with relevant tax rates and tax laws. Current Tax represents amount of Income Tax Payable in respect of the taxable income for the reporting period.

Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

14. Leases

The Company's significant license arrangements are in respect of operating license for office premises and project offices. The leave and license arrangements range between 11 months to six years, and are renewable by mutual consent on agreed Terms. The aggregate rentals payable are charged as Rent expenses in the Profit and Loss Account for the relevant period.

15. Earning per Share

The Company reports Earning per share (EPS) in accordance with Accounting Standards - 20 on Earning per share. The earnings considered in ascertaining the Company's EPS comprises the net profit after tax. 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

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities, if any, are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

17. Event Occurring after Balance Sheet Date

Material adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the reports of the Board of Directors.

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts to be executed on capital account and not provided for as at the Balance Sheet date, is Rs. 59,08,88,388 (Previous year Rs. 27,36,87,787)
2. Contingent liabilities not provided for:
 1. Claims against the Company not acknowledged as debts – Rs. 41,60,238 (Previous year Rs. 29,90,995).
 2. Bank Guarantees issued by the company – Rs. 5,45,81,650 (Previous year Rs. 4,50,000)
 3. In respect of Appeals filed against company (Excise) – Rs. 23,65,736 (Previous year Rs. NIL as the appeals filed by CESTAT on 20th October, 2008)
3. Up to the financial year 2007-08, the Company followed accounting policy of amortizing the Right of Use (ROU) Costs for laying of the Gas Pipeline Network over a period of 19 Years. During the year, considering the fact that the said ROU for use of land for which the ROU has been acquired, being perpetual in nature, the Company has decided to change the accounting policy to non-amortization of such RoU costs. The surplus of Rs. 241,204 arising from retrospective effects of such changes for the period up to 31.03.2008 has been credited to the profit and loss account for the year and the charge of amortization for the year is lower by Rs. 8,77,682. As a result of the such change, the profit for the year and the value of intangible assets (net) is higher by Rs. 11,18,886.
4. There is a line pack of Natural Gas (Qty 64,81,513 SCM & Rs. 6,39,93,408) in the transmission line of Transporter (GSPL) in the year 2006-2007. The Company has option either to receive the said line pack of Natural Gas or return it back to supplier at end of the agreement as per the clause of Gas Transmission Agreement (GTA). This Line pack of Natural Gas in pipelines of Transporter (GSPL) is valued at purchase cost of gas.

5. The Company has been advised by its counsel, that since the Company does not pass on any ownership or other right in the pipeline in favour of the Customer, the amounts received by the Company as Initial Connection Charges from Industrial Customers and the Registration Charges from Domestic Customers are not in the nature of remission of the cost of the pipeline and hence the same need to be accounted for as income. In view of the advice, the Company accounts for the same as its income in the Profit and Loss Account.
6. Deferred Tax:
Major components of deferred tax liability are as follows:

Particulars	As at 31 st March, 2009 (Rupees)	As at 31 st March, 2008 (Rupees)
Deferred Tax Liability		
On Depreciation	20,54,33,780	6,46,42,926
On Depreciation due to Change of Method	-	1,29,38,715
On Liquidated Damages	-	76,77,854
Less : Deferred Tax Assets		
On Disallowance under the Income Tax Act, 1961	12,24,575	5,32,425
Provision for deferred tax liability (Net)	20,42,09,205	8,47,27,071

7. **The profit and loss account includes:**
Auditors' Remuneration:

Particulars	As at 31 st March, 2009 (Rupees)	As at 31 st March, 2008 (Rupees)
Audit Fees (including Service Tax)	330,900	337,080
Other Fees	-	-
Total	330,900	337,080

Directors' Remuneration:

Particulars	As at 31 st March, 2009 (Rupees)	As at 31 st March, 2008 (Rupees)
Managerial Remuneration to the Managing Director	-	-
Director's Sitting Fees	3,250	5,750

Prior Period items:

Particulars	Year Ended 31st March, 2009 (Rupees)	Year Ended 31st March, 2008 (Rupees)
Legal & Professional & Consultancy Fees	11,474	667,320
Administrative & Establishment Exp	586,639	600,847
Operational & Maintenance Exp CNG	482,956	(250,047)
Operational & Maintenance Exp PNG	580,916	197,210
Gas Transportation Charges	194,339	-
Depreciation	22,745	-
Interest expenses	26,078	-
Income from operations	(122,049)	-
Interest Income	(12,476)	-
Other Expenses	(12,785)	80,548
Total	1,757,837	1,295,878

8. The Company has not received any Memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small and Medium Enterprises as on the Balance Sheet date. Consequently, the amount paid / payable to Micro, Small and Medium Enterprises during the year Rs. Nil (Previous year Rs. Nil).
9. Based on the Accounting Standard on 'Segment Reporting' (AS-17), issued by the Institute Chartered Accounting of India, business segment of the Company is the primary segment comprising of 'Supply of Natural Gas'. As the Company operates only in a single primary business segment, no segment wise information has been provided.

10. Employee Benefits:

The Company has implemented Accounting Standard (AS-15) (Revised 2005) "Employee Benefits", issued by the Institute of Chartered Accountants of India. The principal assumptions used in actuarial valuation and necessary disclosures are as below:

A. Assumptions	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	31.03.2009	31.03.2009	31.03.2008	31.03.2008
Discount rate	7.83%	7.83%	8.15%	8.15%
Rate of return on plan assets	0.00%	0.00%	0.00%	0.00%
Salary Escalation	7.00%	7.00%	7.00%	7.00%
B. Change in Defined Benefit Obligations	Amount in Rs.	Amount in Rs.	Amount in Rs.	Amount in Rs.
Liability at the beginning of the year	119772	295912	196,942	204,024
Interest Cost	9378	23170	16,051	16,710
Current Service Cost	76796	2406020	59,885	122,452
Benefits Paid	0	0	0	118,272
Actuarial (gain) / Loss on obligations	5363	15622	(153,106)	70,998
Liability at the end of the year	211309	2740724	119,772	295,912
Amount recognized in the Balance Sheet	2,11,309	2740724	119,772	295,912
C. Expenses recognised in the Profit & Loss Account				
Current Service Cost	76,796	2406020	59,885	122,452
Interest Cost	9378	23170	16,051	16,710
Actuarial (gain) / Loss	5363	15622	(153,106)	70,998
Expenses charged to Profit & Loss Account	91537	2444812	(77,170)	210,160
D. Balance Sheet Reconciliation				
Opening Net Liability	119772	295912	196,942	204,024
Expenses Charged To Profit & Loss Account	91537	2444812	(77,170)	210,160
Benefits Paid	0	0	0	(118,272)
Closing Liability	211309	2740724	119,772	295,912

Notes :

The estimates of future salary increases considered in the actuarial valuation take account of inflation, promotion and other relevant factors, such as supply and demand in the employment market. Future separation and Mortality rates are obtained from relevant data of Life Insurance Corporation of India.

11. The Company has taken certain Office premises for office use under license agreements. The total rentals recognised as expense during the year under the above license agreements aggregate to Rs. 1,26,42,810 (previous year Rs. 75,27,295). The future minimum lease payment obligations are as under:

Future Minimum Lease Payments	As at 31st March, 2009 (Rupees)	As at 31st March, 2008 (Rupees)
Not later than one Year	89,57,429	63,00,094
Later than one year and not later than five years	75,07,571	43,04,710
More than five years	-	-

12. There is no impairment of any assets in terms of As -28 Impairment of Assets.
13. The Confirmation of some of the parties of debtors / creditors for amount due to them/ amount due from as per the books of accounts has not been received. Necessary adjustments, if any, will be made when the accounts are reconciled / settled.
14. The balances of various types of advances received from domestic customers are subject to confirmation and reconciliation.
15. Deposits from domestic, Comm. & non-commercial customers have been considered as a source of long term funds since the same are refundable only on termination of gas connection by the customers.
16. Earnings Per Share (EPS):

Basic EPS	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Profit/ (Loss) attributable to equity shareholders	75,00,73,186	372,079,560
Weighted average number of ordinary equity shares for Basic EPS	Nos. 59,209,024	5,393,707
Nominal Value of equity share	10	10
Basic EPS	12.67	68.98

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

17. Value of Imports on CIF basis in respect of:

Particulars	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Raw Materials	-	-
Components & Spare Parts	-	-
Capital goods (Current year for purchase of software)	20,52,961	1,51,26,109

18. Expenditure in Foreign Currency:

Particulars	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Travelling Expenses	Rs. 6,47,355	-
Sponsorship Expenses	-	Rs. 1,68,641
Know-how, Royalty, Professional Consultancy Fees etc.	-	-

19. Earnings in Foreign Currency:

Particulars	Year ended 31st March, 2009 (Rupees)	Year ended 31st March, 2008 (Rupees)
Export of Goods	-	-
Interest & Dividends	-	-
Know-how, Royalty, Professional Consultancy Fees	-	-
Other Income, if any	-	-

20. Additional information pursuant to the provisions of Clause 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

A. Licensed Capacity, Installed Capacity and Actual Production :

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Licensed Capacity	Not Applicable	Not Applicable
CNG: Installed Capacity in SCM	97,140,087	58,831,489
CNG: Actual Production in Kg	28,685,054	11,039,126

B. Opening Stock, Production, Sales and closing stock of Goods Produced :

Particulars	Year ended 31st March, 2009	Year ended 31st March, 2008
Opening Stock of CNG	0 Kg.	0 Kg.
Production of CNG	28,685,054 Kg.	11,039,126 Kg.
Sales of CNG	28,685,054 Kg.	11,039,126 Kg.
Closing Stock of CNG	0 Kg.	0 Kg.

C. Sales Turnover & Purchase :

Particulars	For the Year ended 31 st March 2009		For the Year ended 31 st March 2008	
	Quantity	Value (Rs)	Quantity	Value (Rs)
Purchase of Natural Gas (qty in SCM at various Calorific value)	479,256,923	5,922,389,269	203,622,827	2,272,851,636
Sale of Natural Gas (PNG - Industrial, Domestic and Commercial) (qty in SCM)	418,447,803	7,801,992,855	180,759,049	3,039,291,898
Sale of Natural Gas (CNG) (qty in Kgs)	28,685,054	608,977,844	11,039,126	196,395,830

D. Notes:

Difference in reconciliation of purchases and sales of gas quantities is on account of measurement tolerance and normal loss. In addition, the purchase is effected mostly in Energy terms (MMBTU/Kcals etc) while the sale is done in terms of Volume (SCM), hence both the figures may not be comparable.

Sale in value of CNG is net of discounts and excise duty.

21. Related Party Disclosures:

Related party disclosures as required by Accounting Standard – 18 issued by the Institute of Chartered Accountants of India:-

(a) List of Related Parties and Relationship:

Significant Influence : Gujarat State Petroleum Corporation Ltd (GSPC) –Holding Company
Gujarat State Petronet Limited (GSPL) – Associate Company

Key Management Personnel : Mr. D. J. Pandian, IAS (Director)
Mr. PPG Sarma (CEO)

(b) Transactions with Related Parties :

Description	Name of the Party	Nature of Relation –ship	Value of Transactions		Balance As At	
			Year ended 31 st March, 2009	Year ended 31 st March, 2008	31 st March, 2009	31 st March, 2008
			(Rupees)	(Rupees)	(Rupees)	(Rupees)
Purchase of Natural Gas	GSPC	Significant Influence	5,173,995,581	2,146,761,294	576,657,021 Dr	66,269,330 Cr
	GSPC NIKOV	Significant Influence	1,611,019,602	407,999,037	128,935,780	68,379,883
Transmission of Natural Gas	GSPL	Significant Influence	940,326,402	371,417,855	51,349,473	28,819,267
Purchase of Capital Goods	GSPL	Significant Influence	11,027,287	33,027,924	84,617	27,668,570
Share Application Money	GSPC	Significant Influence	-	100,000,000	-	-
	GSPL	Significant Influence	100,000,000	100,000,000	100,000,000	-
Deposit (Assets)	GSPL	Significant Influence	1,600,000	1,200,000	1,800,000	1,200,000
ROU / ROW Compensation						
Charges Paid	GSPL	Significant Influence	-	14,044,595	-	448,275.00
Supervision Charges	GSPL	Significant Influence	11,61,800	945,720	GSPC	GSPC
Interest on Share	GSPC	Significant Influence	-	53,760,494	3,47,849 Dr	17,353,579 Cr
Application Money	GSPL	Significant Influence	1,093,150	24,047,502		
Rent for land used	GSPL	Significant Influence	342,832	201,830	GSPL	GSPL
Rent for Office Building	GSPC	Significant Influence	25,67,849	831,960	1,363,072 Dr	14,420,269 Cr
Business Promotion Expenses	GSPL	Significant Influence	-	7,155,751		
Legal & Professional Expenses	GSPC	Significant Influence	-	1,032,063		
Repair & Maintenance Expenses	GSPC	Significant Influence	14,40,512	577,175		
Salary paid (Deputation of Employees)	GSPC	Significant Influence	97,136	472,887		
	GSPL	Significant Influence	328,365	62,602		
Salary and Allowances Recovered	GSPC	Significant Influence	6,14,328	18,971		
	GSPL	Significant Influence	2,481,889	2,208,334		
Bank Guarantee Given	GSPL	Significant Influence	2,50,00,000	0	2,50,00,000	0
Salary and Allowances	Mr PPG Sarima	Significant Influence	4963778	44,16,668	1,47,787	167,320

22. Corresponding figures of previous years have been regrouped and reclassified wherever necessary to conform to this years figures.

For and on behalf of Board of Directors

For R S Patel & Co.
Chartered Accountants

Rajan B. Shah
Partner
M. No. 101998

Place: Ahmedabad
Date : 13-08-2009

S Jagadeesan, IAS
Chairman

P P G Sarma
Chief Executive Officer

D J Pandian, IAS
Director

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Gandhinagar
Date: 13-08-2009

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.		04-35573
State Code		4
CIN No.		U23100GJ1999SGC035573
Balance Sheet Date		31-Mar-09
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		5,245,457
Total Assets		5,245,457
Source of Funds		
Paid up Capital		592,090
Share Application Money		100,000
Reserves and Surplus		1,324,045
Secured Loans		2,804,390
UnSecured Loan		200,000
Deposit from Customers		20,722
Deferred Tax liability (Net)		204,209
Application of Funds		
Net Fixed Assets		3,502,820
Capital Work in Progress		1,608,248
Investment		1,750
Net Current Assets		132,639
Miscellaneous Expenditure		0
Accumulated losses		0
IV Performance of the Company		
Total income		8,788,946
Total Expenditure		7,586,487
Profit / (loss) Before Tax		1,202,460
Profit (Loss) After Tax		750,073
Earnings Per Share (Rs.)		12.67
Dividend Rate (%)		10%
<u>Generic Names of Principal Products/Services of the Company (As per Monetary Terms)</u>		
Item Code No.		27112100
Product Description		NATURAL GAS
Item Code No.		N.A.
Product Description		N.A.

For and on behalf of Board of Directors

For R S Patel & Co.
Chartered Accountants

S Jagadeesan, IAS
Chairman

D J Pandian, IAS
Director

Rajan B. Shah
Partner
M. No. 101998

P P G Sarma
Chief Executive Officer

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Ahmedabad
Date : 13-08-2009

Place: Gandhinagar
Date: 13-08-2009



 **GIPL**
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8th
Annual Report
2008 - 2009
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BOARD OF DIRECTORS

Shri Sudeepkumar Nanda, IAS
Shri D. Jagatheesa Pandian, IAS
Shri Sujit Gulati, IAS
Shri J. P. Gupta, IAS
Prof. T.P. Rama Rao
Shri V.K. Sharma, *CEO*
Shri M.Y. Farooqui

BANKERS

Corporation Bank
ICICI Bank Ltd.
IDBI Bank Ltd.
Bank Of Baroda

AUDITORS

M/s. Chandulal M.Shah & Company
601, "Samruddhi",
Opp. Sakar III,
Nr. Sattar Taluka Society,
Ahmedabad – 380 014.

REGISTERED OFFICE :

114, 1st Floor, I.T. No.-1,
Infocity, Nr. Indroda Circle
Airport Road
Gandhinagar – 382 009

DIRECTORS' REPORT

To,
The Members
Guj Infopetro Ltd.

The Directors have pleasure in presenting 8th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	2008-09	2007-08
Income from Operations	649.56	697.28
Other Income	88.10	80.89
Total Income	737.66	778.17
Less: Dep.	21.94	23.90
Other exp.	506.47	480.48
Total Expenditure	528.41	504.38
Tax	45.59	48.23
Net Profit	163.66	225.56

DIVIDEND

Looking to fund requirement for expansion project, the Board of Directors of the Company does not recommend any dividend.

BUSINESS ACTIVITIES

The Company has obtained Category-'A' ISP License and is in the business of providing internet bandwidth and other IT/ITeS services to corporates, educational institutions / universities, government organizations / departments, to its group companies and various other companies across Gujarat and Mumbai.

GIPL has ISP set-up at Gandhinagar, Ahmedabad, Baroda, Mora, Vapi, Rajkot, Gandhidham. The Company is facing tough competition from the national internet bandwidth providers.

PIPELINE ASSET MANAGEMENT SYSTEM (PAMS)

The Company jointly with M/s. Secon Surveys Pvt. Ltd. has carried out the project of Pipeline Asset Management System (PAMS) for M/s. Gujarat State Petronet Ltd. (GSPL). The work has been completed successfully.

ROLE AS NODAL AGENCY / APEX CONSULTANT FOR VARIOUS DEPARTMENTS OF GOVERNMENT OF GUJARAT

Gujarat Mineral Development Corporation (GMDC):

The Company has been appointed as the APEX consultant for end-to-end IT solutions using Enterprise Resource Planning

(ERP). The work has already been started and skilled & trained personnel for implementation & development of the ERP project have been deployed.

Gujarat Urja Vikas Nigam Ltd. (GUVNL):

The Company has been appointed as a Nodal Agency for all IT related activities of the GUVNL.

On successful completion of the WAN project and End-to-End IT implementation project by the company, skilled and trained personnel are deputed for monitoring and maintenance of the various projects and for carrying out other IT related activities.

Commercial Tax Department:

The Company on being appointed as Total Service Provider (TSP) successfully implemented "VAT" through M/s. TCS and continues to provide IT solutions like maintenance of their web server for filing 'e-Return' and online VAT registration by deputing trained and professional personnel and junior programmers at their various locations across Gujarat.

Transport Department:

The Company has been appointed as the Nodal Agency for all IT related activities of the Transport Department for issuance of Smart Card Driving License and implementation of Sarathi & Vahan Software and data digitalization work has been done successfully.

Gujarat State Financial Services (GSFS):

GIPL carried out the supply, development and installation of integrated software solution successfully.

Gujarat Higher & Secondary Education Board (GHSEB):

GIPL has been hosting the HSC, SSC and GUJCET results successfully for the sixth consecutive year.

Ahmedabad Urban Development Authority (AUDA):

The Company is executing URBANnet and Integrated Document Access System (IDAS) from AUDA. The work has already been started and Application Integration with Payment Gateway and GIS Map conversion is underway.

Ahmedabad Municipal Corporation (AMC):

The Company has been appointed as the ITeS consultant / Advisor for third party inspection for BRTS project of Ahmedabad Janmarg Ltd. which is under progress.

Gujarat Agro Industries Corporation (GAIC):

The Company completed successfully GAIC's Onion Export Management System (OEMS). The development of software

solution for Interest Subsidy Management System (ISMS) is under progress.

Wire & Wireless (India) Limited (WWIL):

The Company has signed a MoU with M/s. WWIL during Vibrant Gujarat 2009 to provide B2C cable television, ISP and other value added services and to capture majority market share in Gujarat through utilization of the existing Optical Fiber Communication Network (OFC Network).

ISO 9001:2000 CERTIFICATION

The Company on obtaining ISO 9001:2000 certification in October 2004 went for Re-certification Audit in 2007 which is valid till 29th November 2010.

FACILITY MANAGEMENT SERVICES

The Company under Facility Management Services, has been providing trained and experienced manpower to its group companies, GUVNL, Commercial Tax Department, Transport Department, PDP, GSECL, GACL, GERMI, GMDC etc.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year.

DIRECTORS

Shri T.P. Rama Rao – Professor, Computer and Information Systems Group, Indian Institute of Management was appointed as Additional Director to hold office till the ensuing Annual General Meeting. It is proposed to regularize his appointment in the 8th Annual General Meeting.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri Sujit Gulati IAS, Shri J.P. Gupta, IAS and Shri V.K. Sharma shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

STATUTORY & C&AG AUDIT

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, M/s. Chandulal M Shah & Co. of Ahmedabad was appointed as Statutory Auditors for the financial year 2008-09 by C&AG.

C&AG have given NIL Comment Report for the Financial Year 2008-2009. The Nil Comment Report is annexed herewith.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of The Companies Act, 1956, the Directors hereby confirm that -

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) Accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period.
- (iii) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities is taken.
- (iv) The annual accounts are prepared on a going concern basis.

HUMAN RESOURCES

The Company keeping in view of the expansion in the software development activities has recruited highly qualified, experienced IT personnel to head the activities and the various upcoming government projects. The Company has recruited fresh Graduate Engineer Trainees and IT professionals for development of various software(s).

PARTICULARS OF EMPLOYEES

During the period under review, none of the employees were drawing remuneration, which require disclosure under Section 217 (2A) of The Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

Conservation of Energy

Your Company is established for providing I.T. related services. During the period under report, there is no consumption of energy requiring disclosure.

Technology Absorption

Your Company has not imported any technology.

Foreign Exchange Earnings & Outgo
Foreign Exchange earnings: - NIL
Foreign Exchange Outgo:- Rs. 29.62 lacs

ACKNOWLEDGEMENTS

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

The Directors are pleased to place on record their sincere thanks to the Shareholders for their valuable support, trust and confidence in the Company.

The Directors are thankful to Bandwidth Provider and various departments/ organizations of the Government of Gujarat like GUVNL, Commercial Tax, Transport Department, GACL, AUDA, AMC, GAIC, GS&HSEB and other Customers for their valuable support, trust and confidence in the Company.

For and on behalf of Board of Directors

D. J. Pandian, IAS
Director

V. K. Sharma
Director

Date : 18th September, 2009
Place : Gandhinagar

COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) READ WITH SECTION 619 (B) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GUJ INFOPETRO LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of Guj Infopetro Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is/are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26 August 2009.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Guj Infopetro Limited for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) read with Section 619 (B) of the Companies Act, 1956.

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

Place: Ahmedabad
Date: 18.09.2009

**(Nandini Y. Kapdi)
Principal Accountant General**

AUDITORS' REPORT

To
The Members of Guj Infopetro Limited.

- 1 We have audited the attached Balance Sheet of GUJ INFOPETRO LIMITED, as at 31st March, 2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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 Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex herewith a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose 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 those books
 - (iii) The Balance Sheet, Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet & Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, 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, 2009;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date;

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants

Place : Ahmedabad
Date : 26th August, 2009

(K. H. VASAVADA)
Partner
M.No.: 12322

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date on the accounts of Guj Infopetro Limited for the year ended on 31st March, 2009.

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the Management, during the year, has physically verified the fixed assets. The management has informed us that, no material discrepancies between the book record and the physical inventory have been noticed.

(c) During the year substantial part of fixed assets have not been disposed off.
- II. (a) The Company is a service company, primarily engaged in procurement and supply of bandwidth. Accordingly, it does not hold any physical inventories except for material and supplies to be consumed in rendering of services. These have been physically verified by the management during the year. In our opinion frequency of such verification is found reasonable.

(b) The procedure of physical verification of stock followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material.
- III. The company has neither granted nor accepted any loans to or from company, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, para (b) to (e) are not applicable.
- IV. In our opinion and according to the information and explanations given to us, the internal control procedures are commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, there is no continuing failure to correct major weaknesses in internal control.
- V. (a) According to the information and explanations given to us, the particulars of contracts or arrangements made with the company referred to under section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

(b) According to the information and explanations given to us, the transactions referred to in section 301 of the Companies Act, 1956 made with the company in pursuance of such contracts or arrangements have been made at prices, which are reasonable having regards to the prevailing market prices at the relevant time.
- VI. In our opinion and according to information and explanations given to us, the company has not accepted deposit from the public and therefore provisions of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the rules made there under are not applicable.
- VII. In our opinion, the company's internal audit system is commensurate with the size of the company and nature of its business;
- VIII. The company is not required to maintain cost records as prescribed by the central government under section 209(1)(d) of the Companies Act 1956.
- IX. (a) According to the information and explanations given to us the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Service Tax, Excise Duty, Cess and any other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service tax, Excise Duty and Cess were in arrears as at the end of the year, for a period of more than six months from the date they become payable.
- X. The Company does not have accumulated losses as on 31st March, 2009. Further, it has not incurred cash loss during the financial year 2008-2009 and in the immediately preceding financial year.

- XI In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank. The company has not obtained any loans from financial institution or debenture holders.
- XII According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, provisions of clause (xiii) of the Order are not applicable to the company.
- XIV In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of the clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- XV According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI The Company has not obtained any term loans during the year.
- XVII Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on a short-term basis, which have been used for long term investment.
- XVIII The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- XIX The company has not issued any debentures and therefore the creation of securities or charge does not arise.
- XX The company has not raised any money by public issue during the year.
- XXI Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Ahmedabad
Date : 26th August,2009

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants

(K. H. VASAVADA)
Partner
M.No.: 12322

BALANCE SHEET

Amount in Rupees

Particulars	Schedule	As at 31st March 2009	As at 31st March 2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	500,600	500,600
Share application money	2	-	26,388,200
Reserve & Surplus	3	67,118,010	50,752,072
		67,618,610	77,640,872
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	22,287,331	21,090,314
Less : Accumulated depreciation		11,264,973	10,323,743
Net block		11,022,358	10,766,571
Capital Work In Progress		1,500,000	1,500,000
		12,522,358	12,266,571
Deferred Tax Asset	17.3	2,024,537	2,165,314
Current assets, loans and advances			
Sundry debtors	5	23,531,213	38,652,701
Cash and bank balances	6	152,155,268	97,703,803
Loans and advances	7	25,368,773	17,193,201
		201,055,254	153,549,705
Less: Current Liabilities and provisions			
Current Liabilities	8	132,341,866	78,681,245
Provisions	9	15,641,673	11,659,474
		147,983,539	90,340,719
Net Current Assets		53,071,715	63,208,986
Miscellaneous Expenditure	10	-	-
<i>(to the extent not written off or adjusted)</i>			
		67,618,610	77,640,872
Significant accounting policies	17		
Notes to accounts	18		

The schedules referred to above form an integral part of the Balance Sheet.
As per our report of even date attached.

For Chandulal M.Shah & CO.
Chartered Accountant

K.H. Vasavada
Partner
Membership No.: 12322

Place : Ahmedabad
Date : 26th August, 2009

For and on behalf of the Board

V.K. Sharma D.J.Pandian, *IAS*
Director *Director*

Place: Gandhinagar
Date : 26th August, 2009

PROFIT & LOSS ACCOUNT

Amount in Rupees

Particulars	Schedule	Year Ended 31st March 2009	Year Ended 31st March 2008
Income			
Income from operations	11	49,431,979	57,891,337
Facility Management Income		9,842,887	9,361,235
Software development Income		5,681,210	2,475,000
Other income	12	8,810,443	8,088,688
		73,766,519	77,816,260
Expenditure			
Network Operating Expenses	13	12,831,687	19,978,746
Facility Management Charges		4,783,814	5,106,838
Software Development Expenses.		4,270,000	1,839,828
Personnel cost	14	11,941,128	11,628,961
Other operating expenses	15	8,990,165	8,511,080
Interest expenses		8,065,809	857,624
		50,882,603	47,923,077
Profit before Depreciation and Tax		22,883,916	29,893,183
Depreciation	4	2,193,543	2,390,392
Profit before Tax		20,690,373	27,502,791
Less: Provision for tax			
- Current tax		4,100,000	4,500,000
- Deferred tax		140,777	54,686
- Fringe benefit tax		318,200	268,000
Profit after Tax		16,131,396	22,680,105
Less:			
- Prior period Adjustment		(236,751)	(27,909)
- Short/(Excess) provision of Tax		2,209	152,394
Profit for the year		16,365,938	22,555,620
Balance in profit and loss account brought forward		50,752,072	28,196,452
Balance Transferred to Balance Sheet		67,118,010	50,752,072
Earnings per share :			
Basic and Diluted	18.2	322.24	453.06
Significant accounting policies	17		
Notes to accounts	18		

The schedules referred to above form an integral part of the profit and loss account.
As per our report of even date attached.

For Chandulal M.Shah & CO.
Chartered Accountant

K.H. Vasavada
Partner
Membership No.: 12322

Place : Ahmedabad
Date : 26th August, 2009

For and on behalf of the Board

V.K. Sharma D.J.Pandian, IAS
Director *Director*

Place: Gandhinagar
Date : 26th August, 2009

SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE 1

	2008-09	Amount in Rupees 2007-08
SHARE CAPITAL		
Authorised capital		
50,000,000 (2007-08: 50,000,000) equity shares of Rs 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital		
50,060 (2007-08: 50,060) equity shares of Rs 10 each fully paid up	500,600	500,600

SCHEDULE 2

	2008-09	Amount in Rupees 2007-08
Share application money		
Share application money received from GSPC	--	26,388,200

SCHEDULE 3

	2008-09	Amount in Rupees 2007-08
RESERVES & SURPLUS		
Profit & Loss Account		
Balance As per Last balance Sheet	50,752,072	28,196,452
Add: Net Profit during the year	16,365,938	22,555,620
TOTAL	67,118,010	50,752,072

SCHEDULE 4

FIXED ASSETS										Amount in Rupees
PARTICULARS	Leasehold Office Premise	Leasehold Improvements	Erp Software System	Office Equipment	Vehicles	Plant and Machinery	Computer and Peripherals	Furniture & Fixture	Total	Previous year
Gross Block										
At 1 April 2008	2,550,085	2,503,310	1,374,018	1,266,063	597,297	4,899,780	4,073,264	3,826,494	21,090,311	19,067,495
Additions	-	118,562	-	354,068	-	1,877,111	179,494	139,486	2,668,721	2,247,748
Deductions	-	-	1,374,018	41,280	46,552	-	9,851	-	1,471,701	224,929
At 31 March 2009	2,550,085	2,621,872	-	1,578,851	550,745	6,776,891	4,242,907	3,965,980	22,287,331	21,090,314
Accumulated Depreciation										
At 1 April 2008	330,918	1,974,632	1,077,226	724,772	439,906	1,300,830	2,911,796	1,563,660	10,323,740	8,060,596
Charge for the year	110,958	285,193	-	142,294	36,592	671,587	528,377	418,542	2,193,543	2,390,392
Prior Period Adj.:	-	-	-	106,548	-	-	20,694	-	127,242	-
Deduction	-	-	1,077,226	20,319	20,345	-	7,178	-	1,125,068	127,245
At 31 March 2009	441,876	2,259,825	-	740,199	456,153	1,972,417	3,412,301	1,982,202	11,264,973	10,323,743
Net Book Value										
At 31 March 2009	2,108,209	362,047	-	838,652	94,592	4,804,474	830,606	1,983,778	11,022,358	10,766,571
At 31 March 2008	2,219,167	528,677	296,787	541,294	157,392	3,598,950	1,161,470	2,262,834	107,661,571	-

Capital work in progress represents expenses towards feasibility and related studies for new business projects under implementation.

SCHEDULE 5

	Amount in Rupees	
	2008-09	2007-08
SUNDRY DEBTORS		
<i>Unsecured</i>		
Over six months		
- Considered good	9,626,193	23,193,505
- Considered doubtful	4,897,355	5,075,388
Others, considered good	<u>13,905,020</u>	<u>15,459,196</u>
	28,428,568	43,728,089
Less: Provision for doubtful debts	4,897,355	5,075,388
Total	23,531,213	38,652,701

SCHEDULE 6

	Amount in Rupees	
	2008-09	2007-08
CASH AND BANK BALANCE		
Cash in hand	156,592	149,330
Balances with scheduled banks		
- in current accounts	1,016,578	984,070
- in fixed deposits	<u>150,982,098</u>	<u>96,570,403</u>
Total	152,155,268	97,703,803

SCHEDULE 7

	Amount in Rupees	
	2008-09	2007-08
LOANS AND ADVANCES		
<i>Unsecured, considered good</i>		
Advances recoverable in cash or in kind or for value to be received	783,762	407,799
Advance income tax and tax deducted at source, net of provision for taxation	<u>21,287,881</u>	<u>13,888,704</u>
Deposits	728,261	649,144
Accrued interest on deposit	710,550	458,130
Income accrued on bandwidth supplies	675,168	863,272
Prepaid expenses	746,317	438,347
Other current assets	<u>436,834</u>	<u>487,806</u>
Total	25,368,773	17,193,201

SCHEDULE 8

	Amount in Rupees	
	2008-09	2007-08
CURRENT LIABILITIES		
Creditors for goods and services (Refer Note18.11)	5,018,073	24,105,662
Advances from customers	106,279,624	37,785,913
Advance billings	3,778,748	1,296,908
Expenses payable	4,350,232	3,227,717
Other liabilities	7,890,189	7,240,045
Deposits	5,025,000	5,025,000
Total	132,341,866	78,681,245

SCHEDULE 9

	Amount in Rupees	
	2008-09	2007-08
PROVISIONS		
Leave encashment	563,340	771,843
Gratuity	38,833	270,631
Income Tax	14,188,000	10,088,000
Fringe Benefit Tax	851,500	529,000
Total	15,641,673	11,659,474

SCHEDULE 10

	Amount in Rupees	
	2008-09	2007-08
MISCELLANEOUS EXPENDITURE		
<i>(To the extent not written off)</i>		
Preliminary expenses brought forward	-	-
Deferred Revenue Expenditure	-	180,003
	-	180,003
Less: Written off during the year	-	180,003
Total	-	0

SCHEDULE 11

	Amount in Rupees	
	2008-09	2007-08
INCOME FROM OPERATIONS		
Income from marketing and selling of bandwidth	41,764,511	48,466,937
Operation and maintenance Income	2,128,836	2,087,105
Web hosting and development Income	518,980	681,156
Consultancy Income	1,577,207	1,269,397
Other facilities and activities	3,354,445	3,349,078
Resale Income	88,000	2,037,664
Total	49,431,979	57,891,337

SCHEDULE 12

	Amount in Rupees	
	2008-09	2007-08
OTHER INCOME		
Interest		
- on fixed deposits (Gross) (Tax deducted at source Rs 17,13,547/-; 2007-08:Rs 17,12,009/-)	8,512,039	7,417,238
Miscellaneous income	298,404	671,450
Total	8,810,443	8,088,688

SCHEDULE 13

	Amount in Rupees	
	2008-09	2007-08
NETWORK OPERATING EXPENSES		
Bandwidth Charges	8,809,478	11,431,790
Cable Network Charges	145,668	280,098
Connectivity Charges	991,423	3,750,299
Installation Charges	24,025	6,244
Cost of Goods Sold - Traded Goods	75,619	1,776,864
Domain Registration Exps. A/c	60,000	43,845
Loading & unloading & Octroi	11,310	741
Liquited Damages Exps.	-	59,673
Website Maint. Exps.	123,000	89,991
Operation & Maint.	2,000,000	2,539,200
6% AGR Exps.	591,164	-
Total	12,831,687	19,978,746

SCHEDULE 14

	Amount in Rupees	
	2008-09	2007-08
PERSONNEL COST		
Salaries, allowances and bonus	8,603,400	7,996,673
Contributions to provident fund	775,150	754,717
Outsourced manpower charges	1,539,671	1,634,695
Gratuity Exps.	41,807	359,467
Staff welfare	981,100	883,409
Total	11,941,128	11,628,961

SCHEDULE 15

	Amount in Rupees	
	2008-09	2007-08
OTHER OPERATING EXPENSES		
Electricity expenses	1,187,798	1,459,223
Rent	1,831,576	1,276,654
Repairs and maintenance	641,740	565,417
Security charges	238,985	333,811
Vehicle Running charges	595,247	563,199
Printing & stationery	337,979	358,393
Travel and conveyance	499,835	464,396
Provision for doubtful debts	6,476	-
Legal and Professional charges	774,482	421,581
Data Migration Exps.	200,000	-
Telephone expenses	543,272	748,985
Business development expenses	449,265	516,499
Bank Guaratnee & Bank charges	175,591	178,218
Auditors' remuneration		
- for statutory audit	150,000	150,000
- out of pocket expenses	20,000	20,000
Loss on sale of fixed assets/ Asset W.off, net	293,386	90,484
Miscellaneous expenditure written off	-	180,003
Directors sitting fees	9,000	8,000
Miscellaneous expenses	716,917	925,316
Licence Fees	318,616	250,900
Total	8,990,165	8,511,080

16. Background

Guj Infopetro Limited ('GIPL' or 'the Company') was incorporated as a Government Company on 15th January 2001 with 99.9% of the share capital being held by Gujarat State Petroleum Corporation Limited ('GSPC'), which is a Government company. Subsequently, GSPC transferred 25,000 shares held by it to Gujarat State Fuel Management Company Limited (presently Known as GSPC Gas Co. Ltd.) resulting in a reduction in its share in the capital of GIPL to 49.9%. Consequently, GIPL was converted into a Non – Government Public Company with effect from 20th January 2001.

GSPC Gas Company Limited became government company with effect from 5th March, 2008 and hence, Guj Infopetro Limited again became government company with effect from 5th March, 2008.

The Company is primarily engaged in the marketing, selling, distribution of internet bandwidth and other value added services like web hosting, designing, development & maintenance of websites, IT consultancy services, software development, server co-location, mailing solutions, operation & maintenance of systems / networks, trading in hardware equipments, facility management services etc. to various organisations across Gujarat.

17 Significant Accounting Policies

17.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with The Companies Act, 1956 and in accordance with accounting principles generally accepted in India (Indian GAAP) and comply with the Accounting Standards issued under "The Companies Accounting Rules, 2006", to the extent applicable.

17.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in preparation of the financial statements are prudent and reasonable. Actual results may differ from those estimates. Any revisions to accounting estimates are recognized prospectively in current and future periods.

17.3 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the written down value ('WDV') method at the rates and in the manner prescribed by Schedule XIV to the Companies Act, 1956 except in the case of Leasehold Improvements, which are being written off at a rate higher than that prescribed in The Companies Act, 1956. Assets individually costing up to Rs. 5,000 are fully depreciated in the year of purchase.

Advances paid towards acquisition of Fixed Assets and the cost of assets not ready for intended use prior to year-end, are disclosed under capital work - in - progress.

17.4 Revenue recognition

Revenue from marketing and selling of internet bandwidth is recognized on completion of the respective jobs and is based on the terms of service agreement entered into with GSPC. Pursuant to which revenues from the sale of satellite bandwidth is shared between GSPC and the company on a 90:10 basis (90% being the Company's share). The gross billing done by the Company is included as 'Income from Operations' and share of GSPC is included as 'Network Operating Expenses'.

Revenue from web-hosting and website development is recognized on completion of the respective jobs.

Income from operation & maintenance contracts are recognized over the period of the respective agreements on a time proportion basis.

Revenue from consultancy contracts is recognized based on the terms of the respective contracts.

Revenue from sale of traded goods is recognized when goods are dispatched and the title passes to the customers, net of discounts and rebates, if any, granted.

17.5 Inventories

Inventories comprises of traded goods mainly optical fiber cables, Cisco routers, modems, other hardware & peripherals, materials & supplies in the form of hubs, switches and connectors used for supplying bandwidth. These are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined on First-In First-Out basis. However, during the year under consideration no inventories have been reported.

17.6 Retirement benefits

Retirement benefits to employees are provided as follows:

- **Provident Fund:**
The eligible employees receive benefit from a provident fund, which is a defined contributory fund.
- **Gratuity:**
The company provides for gratuity, a defined retirement plan to eligible employees. Liability for gratuity is determined by actuarial valuation at the Balance Sheet date. Based on which, the company makes payment to the Guj Infopetro Limited Employees' Group Gratuity Scheme, which in turn contributes the ascertained liability to a group gratuity scheme of Life Insurance Corporation of India.
- **Leave Encashment:**
The company provides for leave encashment liability, which is non-funded retirement benefit scheme, based on actuarial valuation.

17.7 Provision for taxation

Income-Tax expenses comprise Current Tax, Deferred Tax and Fringe Benefits Tax. Provisions for current tax and Fringe Benefits Tax are made on the basis respective laws. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable virtual certainty that deferred tax asset will be realised in future. Deferred tax assets and liabilities are reviewed at each balance sheet date and adjusted accordingly.

17.8 Foreign currency transactions

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. The difference between the actual rate of settlement and the rate on the date of transactions is charged or credited to the profit and loss account.

In respect of monetary current assets & liabilities and fixed assets, the overall net gain or loss, if any, on conversion at the exchange rates prevailing on the date of the Balance Sheet is charged to revenue.

17.9 Earnings per share

The basic earnings per share are computed in accordance with Accounting Standard -20 by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period.

17.10 Provision for Contingencies

A provision is recognised when:

- The Company has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resource is remote, no provision or disclosure is made.

17.11 Impairment Assets

The company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of a depreciated historical cost.

Amount in Rupees

	2008-09	2007-08
18. Notes to the accounts		
18.1 Contingencies and Commitments:		
Contingent Liabilities	NIL	2,507,461
18.1.2 Bank Guarantees, Corporate Guarantee, Letter of Credit and Performance Guarantees given by the company		
Particulars		
Financial Bank Guarantee to DOT	2,000,000	2,000,000
Performance Bank Guarantee to DOT & GUVNL	20,000,000	20,160,241
Performance Corporate Guarantee to GSPL	1,620,000	1,620,000
18.2 Earnings Per Share		
Basic & Diluted Earnings Per Share		
Net Profit before prior period adjustment attributable to the equity shareholders	16,131,396	22,680,105
Weighted average number of equity shares of Rs. 10 each outstanding during the year	50,060	50,060
Basic & Diluted earnings per equity share	322.24	453.06
Face value per share	10	10
Net Profit after prior period adjustment attributable to the equity shareholders	16,365,937	22,555,620
Weighted average number of equity shares of Rs. 10 each outstanding during the year	50,060	50,060
Basic & Diluted earnings per equity share	326.93	450.57
Face value per share	10	10
18.3 Deferred Tax asset, net		
Deferred Tax assets		
Provision for doubtful debts	1,664,611	1,725,124
Provision for leave encashment	191,479	262,350
Provision for Gratuity	13,199	122,183
Excess of depreciation allowable under Companies Act, 1956	155,248	55,658
Total	2,024,537	2,165,315

18.4 Related Party Transactions:

As per the Accounting Standard - 18 on "Related Party Disclosures" issued under "The Companies Accounting Standards Rules, 2006", following disclosure is made.

- Holding Company: Gujarat State Petroleum Corporation Limited
- Associate Companies: Gujarat State Petronet Limited, GSPC Gas Company Limited, Gujarat State Energy Generation Limited
- Key Managerial Personnel: Shri D.J.Pandian, IAS - Director
Shri V.K. Sharma - C.E.O & Director

Amount in Rupees

Transactions during the year:

Particulars	Gujarat State Petro. Corp. Limited		Gujarat State Petronet Ltd.		GSPC Gas Co. Ltd.		Guj. State Energy Generation Ltd.	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Income Received:								
- Bandwidth Income	3,591,575	3,594,790	1,290,162	1,292,140	323,035		1,092,420	1,067,180
- Consultancy Income	173,581	33,708						
- Data Transfer	2,584,280	2,583,590						
- Domain Registration	5,000			9,000				
- Salary Reimbursement.	1,157,203							
- Software Development			6,370,812	2,730,348				
- Server Co-location					716,295			
Expenses/ Payments made by GIPL :								
- Rent Exps.	309,834	226,000						
- Electricity Exps.	3,600	3,600					134,243	293,080
- Bandwidth Charges	92,088	342,290						
- Insurance Exps.	81,943	161,897						
- ERP Maintenance Charges		693,509						
- Interest on Share Application Money	7,431,933	-						
- Salary Reimbursement	1,350,296	1,490,799	259,664	241,479				
Others								
- Share Application Money	26,388,200							
Balance as on 31st March'09 & '08								
- Amt. Receivable	1,992,837	20,653,441	1,885,102	765,534	328,300	23,969	199,159	16,349
- Amt. Payable	2,120,210	17,847,597					24,228	34,832

18.5 Segment Reporting:

The Company is providing single service namely "Internet Service Provider", further organisation set up is unified and is not organised segment wise. Therefore, segment wise information as required by AS - 17 on segment reporting is not applicable.

18.6 Impairment of assets:

In the opinion of the Management there are no indication, internal or external which could have the effect of impairing the value of the assets to any material extent as the Balance sheet date recognition in terms of AS- 28.

18.7 Employee Benefit:

18.7.1 The Accounting Standard – 15 "Employee Benefit" is issued under Companies Accounting Rule, 2006. In accordance with the above standard, the obligations of the Company, on account of employee benefits, based on independent actuarial valuation, is accounted for in the books of account.

I Defined Contribution Plans:

Provident Fund/ Employees' Pension Fund

During the year, the Company has recognized Rs. 7.75 lacs in the Profit & Loss Account under the head "Contribution to Provident Fund and Other Funds (Schedule 14)

II Defined Benefit Plans:

- (A) Contribution to Gratuity Fund – Funded Scheme
 (B) Provision for Earned Leaves – Non-Funded Scheme

The following tables set out the funded status of Gratuity and non-funded status of Leave Encashment plan and amounts recognized in Company's financial statement as at 31st March, 2009.

Sr.No.	Particulars	Gratuity	Leave Encashment
A	Change in obligation during the year ended 31st March, 2009		
	1. Liability at the beginning of the year	270,631	771,842
	2. Interest Cost	21,650	61,747
	3. Current Service Cost	75,133	56,368
	4. Past Service Cost	-	-
	5. Benefit Paid	-	(88,589)
	6. Actuarial (Gain)/ Losses	(46,543)	(238,028)
	7. Liability at the end of the year	320,871	563,340
B	Change in assets during the year ended 31st March, 2009		
	1. Plan assets at the beginning of the year	-	-
	2. Expected return of plan assets	-	-
	3. Contributions	273,605	88,589
	4. Benefit Paid	-	(88,589)
	5. Actuarial Gain/ (Losses)	8,433	-
	6. Plan assets at the end of the year	282,038	-
	7. Total Actuarial Gain/ (Loss) to be Recognized	54,976	238,028
C	Actual Return on Plan Assets		
	1. Expected return of plan assets	-	-
	2. Actuarial gain / (Loss)	8,433	-
	3 Actual return on plan assets	8,433	-
D	Net asset / (Liability) recognized in the Balance Sheet as at 31st March, 2009		
	1. Liability at the end of the year	320,871	563,340
	2. Plan assets at the end of the year	282,038	-
	3. Amount recognized in the Balance Sheet Accrued	38,833	563,340
E	Expenses recognized in the statement of profit & loss account for the year ended 31st March, 2009		
	1. Current Service Cost	75,133	56,368
	2. Interest Cost	21,650	61,747
	3. Expected return on plan assets	-	-
	4. Actuarial (Gain) / Losses	(54,976)	(238,028)
	5. Past Service Cost	-	-
	6. Total Expenses	41,807	(119,913)
F	Balance Sheet reconciliation		
	1. Opening Net Liability	270,631	771,842
	2. Expenses as above	41,807	(119,913)
	3. Employer's Contribution	(273,605)	(88,589)
	4. Amount recognized in the Balance Sheet	38,833	563,340
G	Actuarial Assumptions		
	1. Discount Rate	7.75%	7.75%
	2. Rate of return on plan assets	7.75%	0.00%
	3. Salary Escalation	7.00%	7.00%

Amount in Rupees

III Category of Plan Assets:

The Company's Plan Asset in respect of Gratuity are funded through the Group Scheme of Life Insurance Corporation of India

18.8 Directors' remuneration	2008-09	2007-08
Salaries and allowances *	1,350,296	1,347,733
Total	1,350,296	1,347,733

* Directors' remuneration represents amount reimbursed to GSPC towards services rendered by the Director.

18.9 Materials, supplies and components consumed during the year

	2008-09		2007-08	
	Rs	%	Rs	%
Materials, supplies & components Indigenous	156,978	100	667,734	100
Total	156,978	100	667,734	100

The inventory of materials and supplies consumed by the Company for rendering its services are charged off to profit and loss account as and when they were purchased.

18.10 Leases**Operating Lease**

The Company has entered into operating lease arrangements for office space (Points of Presence - 'POP') at various locations in Gujarat for supply of bandwidth to its franchisees and customers. These lease arrangements provide for cancellation by either party subject to a notice period of one month. These agreements are generally for a period of one year.

Lease payments on cancellable operating lease arrangements debited to the profit and loss are summarized below:

	2008-09	2007-08
Lease payments debited to the profit and loss account		
- Cancellable operating leases	1,831,576	1,276,654
Total	1,831,576	1,276,654

Finance Lease

The Company has entered into irrevocable finance lease arrangements for office space at Infocity, Gandhinagar, for an upfront one time consideration of Rs. 2,340,000/- and freehold premium payable at the end of 62 years Rs. 174,720/-. Total minimum lease payments at the end of 62 years amounting to Rs. 1, 74,720/- is reflected under Other Liabilities.

18.11 In terms of section 22 of Micro, Small and Medium Enterprise Development Act, 2006, the outstanding of these enterprises are required to be displayed. However, these enterprises are required to be registered under the Act. As the Company 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 :

- A) Amount due and outstanding to suppliers as at the end of the accounting year.
- B) Interest paid during the year.
- C) Interest payable at the end of the accounting year.
- D) 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.

18.12 Interest Payment of Rs. 8,065,809/- includes Rs. 7,431,933/- paid on Share Application Money refunded during the year.

18.13 Balances of debtors, creditors and loans and advances are subject to confirmation.

Amount in Rupees

18.14 Expenditure in foreign currency

	2008-09	2007-08
Bandwidth charges	2,828,685	-
Membership charges	133,098	101,413
Travelling expenses	-	-
Total	2,961,783	101,413

Information with regard to other matters specified in Part II of Schedule VI to The Companies Act, 1956 is either NIL or not applicable to the company for the year.

In the opinion of the Board, the Current Assets are approximately of the value stated if realised in the ordinary course of business. The provision for the depreciation and for all known liabilities are adequate and not in excess of amount reasonably necessary. There are no Contingent Liabilities other than stated.

18.15 Prior year comparatives

Previous year's figures have been re-grouped and reclassified wherever necessary to confirm to the current year's presentation.

For Chandulal M.Shah & CO.
Chartered Accountant

K.H. Vasavada
Partner
 Membership No.: 12322

Place : Ahmedabad
 Date: 26th August, 2009

For and on behalf of the Board

V.K. Sharma D.J.Pandian, *IAS*
Director *Director*

Place: Gandhinagar
 Date : 26th August, 2009

Balance Sheet Abstract and the Company's General Business Profile

I. Registration Details

Registration No.	39162	State Code	04
Balance sheet date	31	03	2009
	Date	Month	Year

II. Capital Raised during the year (Amount in Rupees thousands)

Public issue	Rights issue
NIL	NIL
Bonus issue	Private placement
NIL	NIL

III. Position of mobilization and deployment of Funds (Amount in Rs thousands)

Total Liabilities	Total Assets
67,619	67,619

Source of Funds

Paid-up Capital	Reserves and Surplus
501	67,118
Secured Loans	Unsecured Loans
-	-
Share application money	Deffered Tax Liabilites
-	-

Application of Funds

Net fixed Assets	Investments
12,522	-
Net Current Assets	Miscellaneous Expenditure
53,072	-
Accumulated loss	Deferred tax asset
-	2,025

IV. Performance of Company (Amount in Rs thousands)

Turnover (including other income)	Total expenditure
73,767	53,077
(+ -)	(+ -)
Profit/Loss before tax	Profit/Loss after tax
(+ 20,690)	(+ 16,131)
Earnings per share in Rs	Dividend %
322.24	-

Refer note 18.2

V. Generic Names of Three Principal Products/Services of Company

(As per monetary terms)

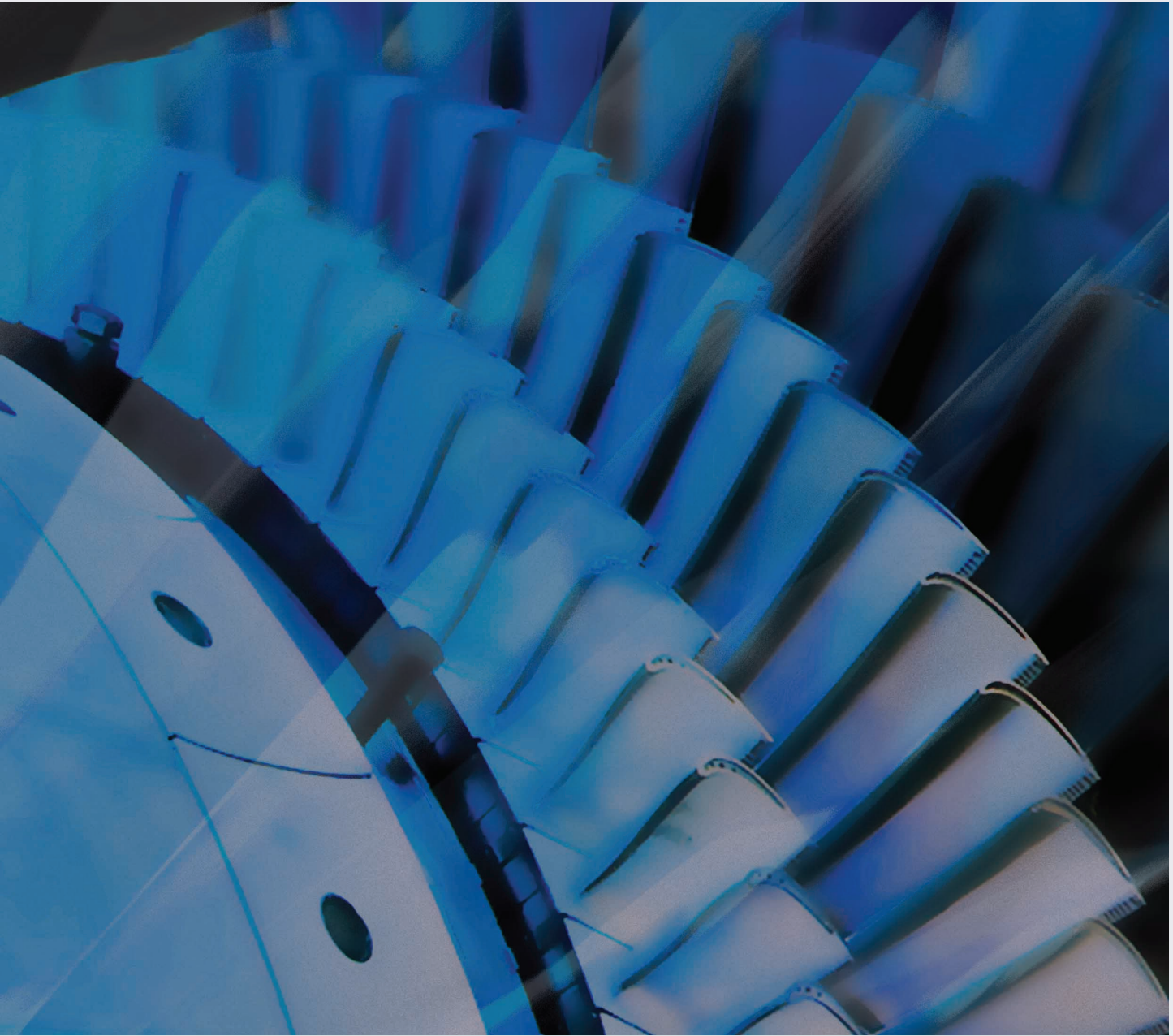
Item Code No. (ITC Code)	Not applicable
Product Description	Not applicable
Item Code No. (ITC Code)	
Product Description	
Item Code No. (ITC Code)	
Product Description	

For Chandul M.Shah & CO.
Chartered Accountant
K.H. Vasavada
Partner
 Membership No.: 12322

 Place : Ahmedabad
 Date: 26th August, 2009

For and on behalf of the Board
V.K. Sharma **D.J.Pandian, IAS**
Director *Director*

 Place: Gandhinagar
 Date : 26th August, 2009



GSPC PIPAVAV POWER COMPANY LIMITED

3rd

Annual Report
2008 - 2009



BOARD OF DIRECTORS

Shri D J Pandian, IAS	:	Chairman (w.e.f. 1 st December, 09)
Shri Tapan Ray, IAS	:	Nominee Director (w.e.f. 9 th November, 09)
Shri P K Pujari, IAS	:	Nominee Director
Dr. P K Das (Retd.), IAS	:	Independent Director
Shri L. Chuaungo, IAS	:	Independent Director
Shri S. Jagadeesan, IAS	:	Chairman (w.e.f. 3 rd March, 09 till 1 st December, 09)
Shri MM Srivastava, IAS	:	Chairman (w.e.f. 3 rd June, 08 till 4 th December, 08)

COMPANY SECRETARY

Kuldeep Jain

STATUTORY AUDITORS

M/s. Dharmendra & Khajanchi,
Chartered Accountants, Ahmedabad

BANKERS

Corporation Bank, Gandhinagar
HDFC Bank, Gandhinagar
Dena Bank, Gandhinagar

REGISTERED OFFICE

3rd Floor, GSPC Bhavan,
Behind Udyog Bhavan, Sector-11,
Gandhinagar-382011.

PROJECT SITE

Village Kovaya,
Near Pipavav Port, Taluka Rajula,
Dist. Amreli, Gujarat,

DIRECTORS' REPORT

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 3rd Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2009.

1. FINANCIAL RESULTS

The Company is yet to commence any business & hence does not have any revenue / turn over. For the year ended 31st March 2009, the Company has prepared "Project Development Expenditure Account" and is shown in 'Notes to the Accounts-forming Part of the Audited Annual Accounts'.

2. RESERVES AND DIVIDEND:

The Company is yet to commence any business & hence does not have any revenue / turn over and accordingly during the year under review no amount is being transferred to the Reserves or used for payment of dividend.

3. CAPITAL:

During the year there has been no change in the Authorised Equity Share Capital as well as Paid up Share Capital of the Company.

Further, during the year Rs. 5 Crores has been invested by the holding company M/s. Gujarat State Petroleum Corporation Limited (GSPC) in the Company and is being utilized by the Company for meeting the project expenditure.

4. STATUS OF 700 MW GAS BASED POWER PROJECT AT VILLAGE KOVAYA, TAL. RAJULA, DIST. AMRELI:

The project is in advance stage of implementation and following key developments has taken place during the period under review:

- 4.1 BHEL-the EPC contractor for the project has mobilized its manpower at projects site alongwith its various subcontractors and work is going on in full swing.
- 4.2 The last pending statutory clearance with respect to the Project i.e. CRZ Clearance Certificate has also been issued to the Project by the Ministry of Environment and Forests (MOEF), Government of India vide its letter dated 1st April 2009. With receipt of this statutory clearance all the required clearance has been received by the Company namely Environmental Clearances from MOEF, Permission of Airports Authority of India for clearance of chimney height, the "Consent to Established (NOC)" from Gujarat Pollution Control Board (GPCB) and conditional NOC from Gujarat Maritime Board for seawater drawl.
- 4.3 The electricity connection for supplying power during the construction phase of project has also been released by Pashchim Gujarat Vijli Company Limited (PGVCL).
- 4.4 The necessary agreements for uninterrupted supply of

gas for running the project (GSA), for uninterrupted & timely transmission of gas to the project (GTA) and for supply the power generated from the project (PPA) have already been signed.

- 4.5 The land for the Project has been provided by Gujarat Power Corporation Limited (GPCL)- a Government of Gujarat Undertaking. Recently, the Revenue Dept., Government of Gujarat has given its in principle approval for transferring the Project Land in Company's name from GPCL. The necessary steps have already been initiated by the Company so that the requisite formalities are complied at earliest and GPPC becomes the absolute owner of the Project land.
- 4.6 The Shareholders Agreement amongst GSPC, GPCL and the Company is also in final stage as the same has already been approved by the Boards of GSPC as well as GPPC though GPCL's concurrence for the same is awaited.
- 4.7 During the year, the Company has also approved the proposal of Swan Energy Limited (Earlier known as Swan Mills Ltd.) for investment of Rs. 381.36 for 49% stake in the Company towards Equity Share Capital of the Company with the condition that the Company will assign 70% Carbon Emission Reduction Units (CERS) generated from its ongoing 700 MW Pipavav Power Project in favour SWAN for infusing Rs. 381.36 Crores in the Company once the said proposal of SWAN was approved by the Government of Gujarat vide its letter dated 24th October 2008.
- 4.8 The negotiations amongst SWAN, GPCL, GSPC and the Company are in final stage with respect to finalization of various agreements like Shareholders Agreement, CER Assignment Agreement etc. to give effect to the said proposal of equity investment and expect to complete the same at earliest so that the financial closure for the project could also come to an end.

5. FIXED DEPOSIT:

During the year under review, the Company did not invite any fixed deposits pursuant to Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

6. DIRECTORS:

Shri M.M.Srivastava, IAS ceased to be the Chairman and Director of the Company w.e.f 4th December 2008. The Board places on record its appreciation for the valuable services rendered by Shri M.M.Srivastava, IAS during his tenure as a Chairman and Director of the Company.

Shri S. Jagadeesan, IAS, PS-EPD, Government of Gujarat was nominated by GSPC on Board of the Company in place of Shri M.M.Srivastava, IAS and accordingly he was inducted on the Board as Director of the Company and later chosen unanimously as Chairman of the Board of the Company.

Shri L. Chuaungo, IAS, retires by rotation in terms of Articles of Association of the Company and being eligible offers himself for re-appointment.

Shri P.K. Das (Retd.), IAS, retires by rotation in terms of Articles of Association of the Company and being eligible offers himself for re-appointment.

7. STATUTORY AUDITORS:

Your Company falls under preview of Section 619 (B) of the Companies Act, 1956 and hence Statutory Auditors of the Company are appointed by the Department of Company affairs in consultation with Comptroller & Auditor General of India (CAG). Accordingly, M/s. Dharmendra & Khajanchi, Chartered Accountants, Ahmedabad has been appointed as Statutory Auditors of the Company for the Financial Year 2008-09.

8. INTERNAL CONTROL SYSTEMS:

The Company has put in place internal control systems and processes commensurate with its size and scale of operations and has also appointed a firm of Chartered Accountants, M/s. Dharmendra Kherada & Company, Ahmedabad to carry out the work of Internal Audit as well as of Pre-Audit. It ensures adherence to policies and systems and mitigation of the operational risks perceived for each area under audit. The report of internal auditors is placed before the Audit Committee Meetings.

9. COMPTROLLER & AUDITOR GENERAL OF INDIA (CAG) AUDIT:

As your Company is a government company, Section 619 (5) of Companies Act, 1956 mandates that after Audited Annual Accounts are approved by the Board, these accounts must be sent to CAG for comments thereon. Accordingly, the comments of CAG on Audited Annual Accounts of previous year ended 31st March 2008 were properly addressed by the Board and it was presented to the members of the Company in last Annual General Meeting.

The comments to be made by CAG on Annual Audited Accounts for the FY 2008-09 and response thereon by the Board must be annexed with Directors' Report and should be placed before the members of the Company in the Annual General Meeting for their approval alongwith Statutory Auditor's Report. Accordingly, to such extent the Director's Report of the Company under consideration for the FY 2008-09 shall stand modified.

10. AUDIT COMMITTEE:

As per the provisions of 292A of Companies Act, 1956, the Company has constituted an Audit Committee. The Audit Committee in its meeting held on 14th September 2009 has approved and recommended the Annual Accounts for the year ended on 31st March 2009 for the approval of the Board.

11. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, in relation to the financial statements for the year ended 31st March 2009, the Board of Directors confirms that:

- 11.1 In the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;
- 11.2 Accounting Policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company at the end of the financial year;
- 11.3 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; and
- 11.4 The annual accounts for the financial year ended 31st March, 2009 are prepared on a going concern basis.

12. PARTICULARS OF EMPLOYEES:

During the period under review, none of the employees were drawing remuneration, which require disclosure under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

- (a) Conservation of Energy:
Your Company is established for development of Power Project. During the period under review, there is no consumption of energy requiring disclosure.
Further, the Company has initiated the efforts to avail the Carbon Credits.
- (b) Technology Absorption:
During the period under review your Company has not imported any technology.
- (c) Foreign Exchange Earnings & Outgo:

Sr. No.	Particulars	2008-09 (Rs.)	2007-08 (Rs.)
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange used (actual basis)— Foreign Travel	3,51,982/-	Nil

14. INSURANCE:

Though, the Company's property and assets have been adequately insured, the Company is contemplating to take certain additional insurance to mitigate the risk at minimum level so that in future if any fatal accident and/or any force majeure event occurs then Company's interests are fully secured and protected. Besides, The Company has also obtained sufficient Director's Liability Insurance coverage in respect of any legal action that might be initiated against Company's Directors.

15. ACKNOWLEDGEMENTS:

Your Directors acknowledge the valuable contribution, support and assistance received from the Promoter Company namely GSPC. The Board also places on record their appreciation of the contribution made by the

employees at all levels.

Last but not least the Board also gratefully thanks to the Government of Gujarat, GUVNL, Lenders and other stakeholders for their valuable and continuing support extended to the Company and looks forward to the continuance of the same in years to come.

For and on behalf of Board of Directors,

S. Jagadeesan, IAS
Chairman

Place: Gandhinagar
Date: 15th September 2009.

COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GSPC PIPAVAV POWER COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of GSPC Pipavav Power Company Limited for the year ended 31 March 2009 in accordance with financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 July 2008.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of GSPC Pipavav Power Company Limited for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619 (4) of Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

General

The Company has prepared a project development expenditure account in lieu of the profit & loss account. Instead of annexing the same to Balance Sheet as per the requirement of Section 216 of the Companies Act, 1956, the Company has shown the expenditure as a component of the CWIP as a schedule and given details in notes to accounts.

Date : 4-12-2009
Place : Ahmedabad

Principal Accountant General

ANNEXURE TO THE DIRECTORS' REPORT

Sr. No.	Comments of CAG	Management Reply
1	General- The Company has prepared a project development account in lieu of the Profit & Loss Account. Instead of annexing the same to the balance Sheet as per the requirement of Section 216 of the Companies Act, 1956, the Company has shown the expenditure as a component of the CWIP as a schedule and given details in notes to account.	GPPC has yet to commence any business activities & hence does not have any revenue / turn over. So the P&L Account was not prepared rather the expenditure incurred during the construction period is classified as "Project Development Expenditure" pending capitalization and included under the Head 'CWIP' alongwith the detailed information in Notes to Accounts'. Further, the above disclosure is in line with widely acceptable industry practice. Considering above, it is stated that the GPPC has rightly disclosed the "Project Development Expenditure Account and is in line with requirements of the Companies Act, 1956 in this regard.

AUDITORS' REPORT

To,
Members
GSPC Pipavav Power Company Ltd.

1. We have audited the attached Balance Sheet of the GSPC PIPAVAV POWER COMPANY LIMITED, as at 31st March 2009 for the year ended on that date annexed thereto. The company has not prepared Profit and Loss Account in the absence of commencement of business activities. However the Company has prepared a 'Project Development Expenditure Account' in respect of expenditure incurred during the construction period pending capitalization which will be apportioned to the Assets on the completion of the project. The details required as per Part II of schedule VI to the Companies Act, 1956 are disclosed in the notes to the accounts. 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 Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, the Company has kept proper books of accounts, as required by law, so far as appears from our examination of the books.
 - (c) The Balance sheet dealt with by this report, are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet dealt with by this report complies with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) As the company is Government Company in terms of notification no GSR 829 (E) dated 21st October 2003, issued by Department of Companies Affairs, Ministry of Finance, the clause (g) of subsection (1) of section 274 of the Companies Act, 1956 is not applicable.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes and accounting policies thereon 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.
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2009, and
 - ii. In the case of Cash Flow Statement, of the cash flow the year ended on that date.

Place : Ahmedabad
Date : 15th September, 2009

For, M/s. Dharmendra & Khajanchi
Chartered Accountants

Dharmendra Solanki
Partner
M.No.: 42412

ANNEXURE TO THE AUDITORS' REPORT

Referred to Paragraph (3) thereof

- 1 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

(b) As explained to us, all the fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of assets. To the best of our knowledge, no material discrepancies have been noticed on verification.

(c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of Company is not affected.
2. The Company has not carried out manufacturing, trading or servicing activities during the year, hence company has no inventory.
3. According to the information and explanations given to us, no loans, secured or unsecured, granted or taken by the Company to and from companies firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system.
5. Proviso to subsection (1) of section 297 does not apply to Government Company hence section 301 is not applicable. And hence paragraph 4 (v) of the order is not applicable to the company.
6. The company has not accepted any deposits from the public to which the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules framed there under apply.
7. The Company has a system of internal audit, which in our opinion, is commensurate with the size of the Company and nature of its business.
8. The Central Government has prescribed maintenance of Cost records under section 209(1) (d) of the Companies Act, 1956 in respect of certain manufacturing activities of the company Since no commercial activities are started Cost records are not maintained.
- 9 (a) According to the records, information and explanations provided to us, the company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, employees' state insurance, income tax, sales tax and any other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March 2009 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, no undisputed amounts payable in respect of income-tax & wealth tax were in arrears as at 31.03.2009 for a period of more than six months from the date they became payable.

(c) According to information and explanation given to us, there are no dues of income Tax, Custom Duty, Wealth Tax, Excise Duty & Cess which has not been deposited on account of dispute.
10. During the current year, the company has neither accumulated losses nor incurred cash losses.
11. Based on our audit procedures and on the information and explanations given by the management, the company has not defaulted in repayment of the dues to any bank or financial institution as at the balance sheet date.
12. Base on our examination and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
13. The Company is not a chit/nidhi/mutual benefit fund/society and there for clause 4 (xiii) of the order is not applicable.
14. The company is not dealing or trading in shares securities, debentures and other investments

15. On the basis of the information and explanation given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
16. On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company were applied during the year for the purpose for which they were obtained.
17. On the basis of our examination of the books of account and the information and explanations given to us in our opinion the funds raised on short-term basis have not been used for long-term investment and vice versa.
18. According to the information and explanation given to us, during the year the company has not made preferential allotment of shares to parties and companies covered in the register under section 301 of the Act.
19. The Company has not issued debentures during the year
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place : Ahmedabad
Date : 15th September, 2009

For, M/s. Dharmendra & Khajanchi
Chartered Accountants

Dharmendra Solanki
Partner
M.No.: 42412

BALANCE SHEET

Amount in Rupees

Particulars	Schedule	As at 31 st March 2009	As at 31 st March 2008
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	368,904,360	368,904,360
Share Application Money		50,000,000	-
Loan Funds			
Secured Loans	B	2,075,486,799	1,950,000,000.00
Unsecured Loans	C	553,557,110	1,000,000,000.00
		3,047,948,269	3,318,904,360
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	D	1,903,942	1,405,388
Less: Accumulated Depreciation		476,431	274,390
Net Block		1,427,511	1,130,998
Capital Work-in-Progress	E	3,025,221,447	2,321,383,031
Current Assets, Loans and Advances			
Current Assets			
Cash & Bank Balances	F	108,719,981	992,037,564
Loans and Advances	G	12,661,279	2,431,582
Sub-Total (i)		121,381,260	994,469,146
Less : Current Liabilities and Provisions			
Current Liabilities	H	109,062,053	8,808,728
Provisions		2,016,001	266,192
Sub-Total (ii)		111,078,054	9,074,920
Net Current Assets (i-ii)		10,303,206	985,394,226
Miscellaneous Expenditure (To the extent not written off or adjusted)	I	10,996,105	10,996,105
		3,047,948,269	3,318,904,360
Significant Accounting Policies and Notes to Accounts	Q		

The schedules referred to above are an integral part of the balance sheet.
As per our report of even date attached.

For, M/s Dharmendra & Khajanchi
Chartered Accountants

S. Jagadeesan (IAS)
Chairman

D J Pandian (IAS)
Director

Dharmendra L. Solanki
Partner
Membership No.: 42412

Kuldeep Jain
Company Secretary

Rajesh Sivadasan
AGM (F&A)

Sudhir R Shah
General Manager (Projects)

Place: Ahmedabad
Date : 15th September, 2009

Place: Gandhinagar
Date : 15th September, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Amount in Rupees

Particulars		Year Ended 31 st March 2009	Year Ended 31 st March 2008
A CASH FLOW FROM OPERATING ACTIVITIES		-	-
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	J	(498554)	(301989)
(Increase) / Decrease in Capital Work in Progress	K	(480069019)	(2303283922)
(Increase) in Preliminary Expenditure		-	(10218405)
Payment of Taxes and Duties	L	(7453917)	(655715)
Interest & other Income	M	37844452	284503
<i>Changes in Current Assets and Liabilities</i>			
(Increase) , Decrease in Other Current Assets		(3150598)	(86814)
(Increase) , Decrease in Loans & Advances	N	(867505)	(335959)
Increase , (Decrease) in Current Liabilities	O	94026508	5447345
NET CASH FROM INVESTING ACTIVITIES		<u>(360168633)</u>	<u>(2309150956)</u>
C CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares		-	347,500,002
Proceed from Share Application Money		50,000,000	-
Increase , (Decrease) in Secured Loan		125,486,799	1,950,000,000
Increase , (Decrease) in Unsecured Loan		(446,442,890)	1,000,000,000
Interest Paid	P	(252,192,859)	-
NET CASH FROM FINANCING ACTIVITIES		<u>(523,148,950)</u>	<u>3,297,500,002</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(883,317,583)</u>	<u>988,349,046</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>992,037,564</u>	<u>3,688,518</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>108,719,981</u>	<u>992,037,564</u>
Significant Accounting Policies and Notes to Accounts	Q		

Notes:

- Cash and Cash Equivalents includes:
Cash and Bank Balances 108,719,981 992,037,564
- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 'Cash Flow Statement'

The schedules referred to above are integral part of the cash flow statement.
As per our report of even date attached.

For, M/s Dharmendra & Khajanchi
Chartered Accountants

Dharmendra L. Solanki
Partner
Membership No.: 42412

Place: Ahmedabad
Date : 15th September, 2009

S. Jagadeesan (IAS)
Chairman

Kuldeep Jain
Company Secretary

Sudhir R Shah
General Manager (Projects)

D J Pandian (IAS)
Director

Rajesh Sivadasan
AGM (F&A)

Place: Gandhinagar
Date : 15th September, 2009

SCHEDULES TO THE BALANCE SHEET

SCHEDULE A		
	Amount in Rupees	
	31st March 2009	31st March 2008
SHARE CAPITAL		
Authorized		
20,00,00,000 (Previous Year 20,00,00,000) Equity Shares of Rs.10 each	2,000,000,000	2,000,000,000
Issued, subscribed and paid up		
3,68,90,436 (Previous Year 3,68,90,436) Equity Shares of Rs.10 each fully paid up	368,904,360	368,904,360
	368,904,360	368,904,360

Note :

All the above, 3,68,90,436 (Previous Year 3,68,90,436) Equity Shares are held by Gujarat State Petroleum Corporation Ltd (GSPC), the holding company.

SCHEDULE B		
	Amount in Rupees	
	31st March 2009	31st March 2008
SECURED LOANS		
Term Loans		
From Rural Electrification Corporation Ltd. (REC)	2,075,486,799	1,950,000,000
	2,075,486,799	1,950,000,000

Note :

The above term loan from REC (Rural Electrification Corporation Ltd) is secured by way of exclusive first charge of all future unencumbered movable properties including movable machinery spares, tools, implements and accessories installed / renovated created out of this term loan and its all stock of materials, equipments created out of this term loan and by way of first charge through English / Equitable mortgage on proposed land and buildings owned by the Company and by way of assigning Bank Guarantee to REC, (given by EPC contractor, Bharat Heavy Electricals Ltd)

SCHEDULE C		
	Amount in Rupees	
	31st March 2009	31st March 2008
UNSECURED LOANS		
Short Term Loan		
Dena Bank	350,000,000	-
Swan Mills Limited	203,557,110	-
Gujarat State Financial Services Ltd (GSFS)	-	1,000,000,000
	553,557,110	1,000,000,000

SCHEDULE D

FIXED ASSETS										
Amount in Rupees										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-April-2008	Additions	Deduction	As at 31-March-2009	As at 1-April-2008	For the Year	Deduction	As at 31-March-2009	As at 31-March-2009	As at 31-March-2008
Freehold Land	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Computer Equipments	738,751	245,974	-	984,725	168,548	139,404	-	307,952	676,773	570,203
Furniture & Fixtures	24,570	108,070	-	132,640	123	4,860	-	4,983	127,657	24,447
Office Equipments	137,557	144,510	-	282,067	9,863	9,849	-	19,712	262,355	127,694
Vehicles	504,510	-	-	504,510	95,856	47,928	-	143,784	360,726	408,654
TOTAL	1,405,388	498,554	-	1,903,942	274,390	202,041	-	476,431	1,427,511	1,130,998
Previous Year	1,183,399	301,989	80,000	1,405,388	124,034	153,546	3,190	274,390	1,130,998	1,059,365

SCHEDULE E

	Amount in Rupees	
	31st March 2009	31st March 2008
CAPITAL WORK - IN - PROGRESS		
CWIP-Advances / Payables	2,059,368,588	2,219,725,953
CWIP-Civil Construction	22,281,062	1,057,724
CWIP-Finance Cost	43,261,396	-
CWIP-Land	72,922,274	49,886,578
CWIP-Non-EPC Cost	2,701,952	1,916,023
CWIP-IDC (Interest During Construction) Borrowing Cost	228,539,930	1,718,238
CWIP Technical & Engineering Cost	24,212,615	-
CWIP-EPC Cost	500,914,281	-
CWIP-Project Development Expenditure (Refer Note-1)	71,019,349	47,078,515
	3,025,221,447	2,321,383,031

SCHEDULE F

	Amount in Rupees	
	31st March 2009	31st March 2008
CURRENT ASSETS		
CASH AND BANK BALANCES		
Cash on hand	27,383	5,883
Balances with Scheduled Banks		
- In current accounts	88,692,598	2,031,681
- In fixed deposits	20,000,000	990,000,000
	108,719,981	992,037,564

SCHEDULE G

	Amount in Rupees	
	31st March 2009	31st March 2008
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received	1,259,189	302,794
Sundry deposits	53,503	51,852
Advances to Employees	(57,175)	33,366
	<u>1,255,517</u>	<u>388,012</u>
Advance Tax & TDS		
Advance Income Tax	216,852	2,940
TDS deducted	7,194,737	257,775
Fringe Benefit Tax	690,543	387,500
	<u>8,102,132</u>	<u>648,215</u>
Other Current Assets		
Advances Towards Other Projects	2,960,707	-
Interest accrued but not due on fixed deposits	9,747	1,252,070
Prepaid expenses	333,176	143,285
	<u>3,303,630</u>	<u>1,395,355</u>
	12,661,279	2,431,582

SCHEDULE H

	Amount in Rupees	
	31st March 2009	31st March 2008
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Creditors / Expenses Payable	26,759,289	2,424,724
Salary Payable	269,209	-
Interest accrued but not due on loans	6,772,795	2,916,868
Interest accrued but not paid on loans	2,370,890	-
Other Liabilities	62,451	11,504
Retention Money	67,408,027	-
Duties & Taxes		
TDS deducted	5,419,392	495,632
Works Contract Tax	-	2,960,000
	<u>109,062,053</u>	<u>8,808,728</u>
B) PROVISIONS		
Provision for Fringe Benefit Tax	319,099	34,911
Provision for Income Tax	<u>1,696,902</u>	<u>231,281</u>
	2,016,001	266,192
	111,078,054	9,074,920

SCHEDULE I

	Amount in Rupees	
	31st March 2009	31st March 2008
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	10,996,105	10,996,105
Less-Written off during the year	-	-
	10,996,105	10,996,105

SCHEDULES TO CASH FLOW STATEMENT
SCHEDULE J

	Amount in Rupees	
	31st March 2009	31st March 2008
PURCHASE OF FIXED ASSETS		
Computer Equipments	245,974	224,005
Furniture & Fixtures	108,070	24,570
Office Equipments	144,510	53,414
Vehicles	-	-
	498,554	301,989

SCHEDULE K

	Amount in Rupees	
	31st March 2009	31st March 2008
(INCREASE) / DECREASE IN CAPITAL WORK-IN-PROGRESS		
As per balance sheet	703,838,416	2,305,162,215
Less:		
Depreciation	202,041	153,546
Fixed Assets Charged Off	-	76,810
Income Tax	1,465,621	231,507
Fringe Benefit Tax	284,188	34,911
Interest During Construction (IDC)	226,821,692	1,718,238
Other Interest	31,597,984	1,198,630
	<u>443,466,890</u>	<u>2,301,748,573</u>
Add:		
Interest Income	36,602,129	1,535,349
	<u>36,602,129</u>	<u>1,535,349</u>
	480,069,019	2,303,283,922

SCHEDULE L

	Amount in Rupees	
	31st March 2009	31st March 2008
PAYMENT OF TAXES & DUTIES		
Advance Income Tax Paid	213,912	2,940
Payment of Fringe Benefit tax	303,043	387,500
TDS deducted	6,936,962	257,775
Income Tax Paid FY 2006-07	-	7,500
	7,453,917	655,715

SCHEDULE M

	Amount in Rupees	
	31st March 2009	31st March 2008
OTHER INTEREST AND OTHER INCOME		
Other Interest	36,602,129	1,535,349
Less : Change in Interest accrued but not due	(1,242,323)	(1,250,846)
	37,844,452	284,503

SCHEDULE N

	Amount in Rupees	
	31st March 2009	31st March 2008
(INCREASE) / DECREASE IN LOANS & ADVANCES		
Changes in Advance Recoverable in Cash or in Kind or for Value to be Received	956,395	300,989
Changes in Sundry Deposits	1,651	1,604
Changes in Advances to Employees	(90,541)	33,366
	867,505	335,959

SCHEDULE O

	Amount in Rupees	
	31st March 2009	31st March 2008
INCREASE / (DECREASE) IN CURRENT LIABILITIES AND PROVISIONS		
Changes in Creditors / Expenses Payable	24,334,565	2,128,620
Changes in Other Liabilities	50,947	3,468
Changes in Salary Payable	269,209	
Changes in TDS deducted	4,923,760	404,991
Changes in Works Contract Tax	(2,960,000)	2,960,000
Changes in Retention Money	67,408,027	-
Changes in Provision For Leave Encashment	-	(49,734)
	94,026,508	5,447,345

SCHEDULE P

	Amount in Rupees	
	31st March 2009	31st March 2008
INTEREST PAID		
Changes in CWIP-IDC (Interest During Construction)		
Borrowing Cost	226,821,692	-
Other Interest Paid	31,597,984	-
Less :		
Interest Accrued But Not Paid on Loans	2,370,890	-
Interest Accrued But Not Due on Loans	3,855,927	-
	252,192,859	-

SCHEDULE Q**Significant Accounting Policies and Notes to Accounts forming part of Financial Statements****A. Significant Accounting Policies****1. Basis of Preparation of Financial Statement:**

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.

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. Inflation.

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of the money.

4. Fixed Assets

- a) Fixed assets are stated at cost of acquisition / construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- b) Capital Work-in-progress comprises of (i) Expenditure incurred on assets which are yet to be commissioned (ii) Advances paid / payable to contractors and related service providers. (iii) Borrowing Costs that are attributable to the acquisition or construction of assets which are under construction and yet to be capitalized. (iv) Expenses incurred relating to project prior to commencement of commercial production are classified as Project Development Expenditure. (net of income earned during project development stage).

5. Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that any of the assets, may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the profit and loss account. If, at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the recoverable amount is reassessed and the assets are reflected at the recoverable amount subject to a maximum of depreciated historical cost.

6. Depreciation and Amortization

- a) Depreciation on fixed assets is provided on straight line method at the rate and in the manner prescribed in Schedule XIV to the Companies act, 1956.
- b) Individual assets costing less than Rs. 5000 are depreciated in full in the year of purchase.
- c) Mobile instruments purchased by the company are fully written off as expenses in the year of its purchase.

7. Borrowing Costs

Interest and other costs in connections with the borrowing of funds to the extent they relate to the acquisition / construction of qualifying fixed assets are capitalized up to the date when such assets are ready for intended use. A Qualifying asset is one that necessarily takes substantial time to get ready for intended use.

8. Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Amortization is done on straight-line basis. Intangible assets are recognized when the asset is identifiable, is within the control of the Company, it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be reliably measured. Intangible assets are recorded at their acquisition price and are amortized over their estimated useful lives on a straight line basis, commencing from the date assets are available for use. The useful life of the intangible assets is reviewed by the management at each balance sheet date. Computer software is amortized over the period of 3 years and other in tangibles over a period of 5 years.

9. Employee benefits

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and recognized in the period in which the employee renders the related service.

b) Post-employment Benefits.

i) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service.

ii) Defined benefits Plans: The employee's gratuity fund scheme and cash rewards at the time of retirement are the Company's defined benefit plans. The present value of the obligation under each defined benefit plan is determined based on actuarial valuation at each balance sheet date using the projected unit Credit Method, which recognises the each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Project Development Expenditure Account.

c) Long term employee benefits

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognized in the same manner as in the case of defined benefit plans as mentioned in b(ii) above.

When the benefits of a plan are improved, the portion of increased benefit relating to past service by employees is recognized immediately in Profit and Loss Account.

10. Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of the transaction. Monetary foreign currency assets and liabilities remaining unsettled at the balance sheet date are translated at the rate of exchange prevailing on that date. Gains / Losses arising on account of such translation & subsequent realization / settlement of foreign exchange transactions are recognized in the Profit and loss account. Non monetary foreign items are carried at cost.

Consequent to the applicability of the Companies (Accounting Standards) Rules, 2006, exchange differences arising on payment of liabilities for import of fixed assets and year end conversion of such liabilities are charged or credited to respective asset account.

11. Preliminary expenditures

Preliminary expenditure is to be written off in the year of commercial production as per Accounting Standard 26 "Intangible Assets".

12. Taxes on income

In come tax expense comprises of fringe benefit tax, current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

13. Provisions contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities, if any, are not recognized but disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statement. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

B) Notes on Accounts

1. The Company is setting up a 700 MW Combined Cycle Power Project at Village Kovaya, Ta. Rajula, Dist. Amreli, Gujarat, India. No Profit and Loss Account has been prepared since the Company has not commenced revenue operations. The expenditure incurred during the construction period are classified as 'Project Development Expenditure' pending capitalization and will be apportioned to the Assets on the completion of the Project. Necessary details as per part II of Schedule VI to the Companies Act, 1956 have been disclosed below:

Project Development Expenditure Account (included under Capital Work-in-Progress):

	Amount in Rupees	
	For the Year 2008-09	For the Year 2007-08
Opening Balance	47078515	9350076
(i) Payments to and Provisions for Employees (including personnel on deputation)		
- Salaries Wages and Bonus	5708791	2984011
- Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Leave encashment etc.	969102	1095476
- Employee Welfare and other amenities.	220209	112980
	6898102	4192467
(ii) Insurance	563653	183958
(iii) Rent	3566404	502227
(iv) Travelling Expenses	2117848	1895886
(v) Foreign Travel	1695184	-
(vi) Legal , Professional and Technical Consultancy Fees	3270611	5049432
(vii) Payment to Auditors	222725	35000
(viii) Sitting Fees	78000	3250
(ix) Vehicle Running Expenses	2408298	574145
(x) Telephone & Postage Expenses	602000	375557
(xi) Stationery & Printing Expenses	630852	286761
(xii) Electricity Expenses	23818	46091
(xiii) Bank Charges	23561	17429
(xiv) General & Administrative Charges	4264564	876849
(xv) Inauguration expenditures	-	23606142
(xvi) Business Promotion Expenses	660380	-
(xvii) Interest & Finance Charges	31597984	1198630
(xviii) Depreciation	202041	153546
	105904539	48347446
Less:		
(i) Interest on Fixed Deposit (Gross, Tax Deducted at Source Rs. 6930191/- (Previous year Rs.257775/-)	36602129	1535349
(ii) Prior Period Adjustment	32870	-
	36634999	1535349
Add:		
Provision for Tax		
- Income Tax	1465621	231507
- Fringe Benefit Tax	284188	34911
	1749809	266418
Closing Balance	71019349	47078515

2. Project land

- a) The land for the Project has been provided by Gujarat Power Corporation Limited (GPCL). Recently, the Revenue Dept., Government of Gujarat has given its in-principle approval for transferring the Project Land in Company's name from GPCL. The necessary steps have already been initiated by the Company so that the requisite formalities are complied at earliest and have approached the concerned Govt. Dept. for the same.
- b) Though the Project land was acquired by GPCL in 1993 but no physical possession of the land was taken by GPCL. Subsequently, the said project was handed over to GPPC and accordingly GPPC had entered into compromise agreement with 53 farmers/land losers and accordingly GPPC had deposited around Rs. 4,98,86,578/- in Amreli Court (Court) before November 2007 for payment of monetary compensation through Court. But due to one or other reasons the monetary compensation could not be disbursed to the land losers through the Court.
- c) However, till October 2008, only 8 land losers out of total 53 land losers withdrawn the monetary compensation from the Court amounting Rs. 49,44,590.50. Therefore, GPPC approached the Hon. High Court of Gujarat for making the direct payment to remaining land losers. Thereafter, as per the directions of Hon. High Court of Gujarat, the Company made direct payment to remaining land losers (45) who had not withdrawn monetary compensation from the Court. Subsequently, the Company again approached the Court for refund of the deposit amount and accordingly as per directions of Hon. High Court of Gujarat, the Court refunded the remaining deposited amount Rs. 4,49,41,987.50 to the Company. Out of which Rs 3,85,44,087.40 was received during the F.Y. 2008-09 and remaining amount of Rs 63,97,900.10 has been received after 31st March 2009.
- d) Besides, the Company has also made direct payment of monetary compensation amounting Rs.2,45,31,939.50 (Rs 1,66,37,797/- were paid during the F.Y. 2008-09 and Rs 78,94,142.50 has been paid after 31st March 2009) to the remaining land losers (39*) who had not approached to the Court for enhancement of compensation on the lines of the monetary compensation paid to 53 land losers who had approached the Court after executing the necessary legal documents.
- e) * Out of these 39 land losers, payment of monetary compensation amounting Rs.2,78,250/- is yet to be made to one land loser as matter is sub-judice.
- f) The amount so given to the farmers / land losers are shown in Capital Work in Progress Account as CWIP-Land Rs 7,29,22,274.10 (P.Y Rs 4,98,86,578/-)
- 3 The Company has received Share Application Money of Rs.5 Crore from GSPC. The funds received on account of this has been utilized by the Company pending allotment of Shares against the Share Application Money. The Company has received consent from GSPC to utilize the application money for the project payments.
Interest on share application money has been paid/is payable by the Company till the allotment of shares is done. The Company has obtained legal opinion in respect of this.
- 4 During the year the Company has paid Rs 34,23,71,841/- to Bharat Heavy Electricals Ltd towards EPC contract. The above sum includes Rs 65,02,741/- towards liability in the foreign currency amounting to USD 1,26,463/- under the contract. As per the contract the foreign currency component is to be paid in Indian Rupees only. However the exchange fluctuations difference is to be borne by the company. The exchange fluctuation amounting to Rs.28807/- has been debited to the respective fixed assets acquired

5 Foreign Currency Transactions:
Expenditure in Foreign Currency

S.No.	Particulars	Amount in Rupees	
		2008-09	2007-08
1.	Foreign Travel	3,51,982/-	Nil

- 6 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.
- 1) Holding Company: Gujarat State Petroleum Corporation Limited (GSPC). However as per AS-18, no disclosure is required inter alia with this related party as it is a state controlled enterprise.
- 2) Associate Company: Gujarat State Petronet Limited (GSPL), GSPC LNG Limited, GSPC JPDA Limited and GSPC Gas Company Limited. However as per AS-18, no disclosure is required inter alia with these related parties as they are state controlled enterprises.

- 7 The amount cumulatively capitalized to “IDC” (Interest During Construction) and included in Capital Work-in Progress is Rs.22,85,39,930/- (P.Y. Rs.17,18,238/-).
- 8 The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized are charged off for the year are as under:

	Amount in Rupees
Employer's Contribution to Provident Fund	267958
Employer's Contribution to Superannuation Fund	224449

Defined Benefit Plan

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

	Amount in Rupees	
	Gratuity	Leave Encashment
a. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	117062	227865
Current Service Cost	91168	211920
Interest Cost	9248	18001
Actuarial (gain)/loss	58495	25568
Defined Benefit obligation at year end	<u>275973</u>	<u>483354</u>
b. Reconciliation of opening and closing balances of fair value of plan assets		
Fair Value of plan assets at beginning of the year	153004	274152
Expected return on plan assets	21671	38401
Actuarial gain / (loss)	(7280)	(12488)
Employer contribution	161173	279139
Benefits Paid	-	-
Fair Value of plan assets at year end	<u>328568</u>	<u>579204</u>
c. Reconciliation of fair value of assets and obligations		
Fair value of plan assets as at 31 st March,2009	328568	579204
Present value of obligation as at 31 st March,2009	<u>275973</u>	<u>483354</u>
Amount recognized in Balance Sheet	52595	95850
The Surplus over Present Value of obligation as at 31 st March 2009 Rs 52595 and Rs 95850 respectively towards Gratuity and Leave encashment are charged off to Project Development Expenditure Account.		
d. Expenses recognized during the year (Under the head “Payments to and Provisions for Employees-Refer Schedule-P Note-1)		
Current Service Cost	91168	211920
Interest Cost	9248	18001
Expected return on plan assets	(21671)	(38401)
Net Actuarial (gain)/loss	<u>65775</u>	<u>38056</u>
Net Cost	<u>144520</u>	<u>229576</u>
e. Actuarial assumptions		
Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	7.90%	7.90%
Expected rate of return on plan assets (per annum)	9%	9%
Rate of escalation in salary (per annum)	7%	7%

The estimates of rate of escalation in salary considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

- 9 Estimated amount of contracts remaining to be executed on capital accounts not provided for (net of advance) is Rs 1564,15,29,693/- (Previous year 1501,85,67,230). The increase in the value of the contract is on account of increased cost of imported equipment due to depreciation of the Rupee against US Dollar and Euro.
- 10 The Company has assigned Bank Guarantees received from Bharat Heavy Electricals Limited (EPC Contractor) in favour of Rural Electrification Corporation Limited (REC) amounting to Rs. 138,95,28,544 USD 1,23,86,000 and EURO 51,43,350/-
- 11 The Company's activities during the year revolve around setting up of the Project (Refer Note 1 above). Considering the nature of Company's business and operations, there are no separate reportable segments (business and/or geographical) in accordance with the requirement of Accounting Standard 17-'Segment Reporting'.
- 12 The undertaking of the company is entitled to tax holiday U/s 80IA(4)(iv)(a) of the Income Tax Act, 1961. Deferred tax liability, if any, is not recognized in pursuance of Accounting Standard Interpretation-3 issued by The Institute of Chartered Accountants of India wherein it is provided that deferred tax liability, if any, originating within the tax holiday period if expected to be reversed during tax holiday period then same need not be provided for.
- 13 There are no Micro Enterprises and Small Enterprises / Small Scale Industrial Undertakings to whom the Company owned any sum as at 31st March 2009 and hence there is no balance outstanding as at 31st March 2009 owed to such undertakings.
- 14 The Project Development Expenditure Account includes:

Payment to Statutory Auditors	2008-09	2007-08
Audit Fees	Rs. 82725	Rs. 35000

- 15 The balances of receivables, payables and loans and advances are subject to their confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties.
- 16 Corresponding figures of the previous year have been regrouped, rearranged and reclassified wherever considered necessary to confirm to this years' figures.

17 Balance sheet abstract and the company's general business profile

Registration Details	
Registration No:	U40100GJ2006SGC47783
State code:	04
Balance sheet date:	31.03.2009
Capital Raised During The Year	
	(Amount in Rupees.)
Public issue:	-
Rights issue:	-
Bonus issue:	-
Private placement:	-
Position of Mobilization and Deployment of Funds	
Total Liabilities:	315,90,26,323
Total Assets:	315,90,26,323
Sources of Funds	
Paid-up capital:	36,89,04,360
Reserves and surplus:	-
Secured loans:	207,54,86,799
Unsecured loans:	55,35,57,110
Application of Funds	
Net fixed assets:	3,026,648,958
Investments:	-
Net current assets:	10,303,206
Miscellaneous expenditure:	10,996,105
Accumulated losses:	-
Performance of The Company	
Total income:	N.A.
Total expenditure:	N.A.
Profit / (Loss) before tax:	N.A.
Profit / (Loss) after tax:	N.A.
Earnings per share:	N.A.
Dividend rate:	N.A.
Generic Names of Principal Products / Services of The Company (As per Monetary Terms)	
Item code no:	N.A.
Product description:	N.A.
Item code no:	N.A.
Product description:	N.A.

As per our report of even date attached.

For, M/s Dharmendra & Khajanchi
Chartered Accountants

Dharmendra L. Solanki
Partner
Membership No.: 42412

Place: Ahmedabad
Date : 15th September, 2009

S. Jagadeesan (IAS)
Chairman

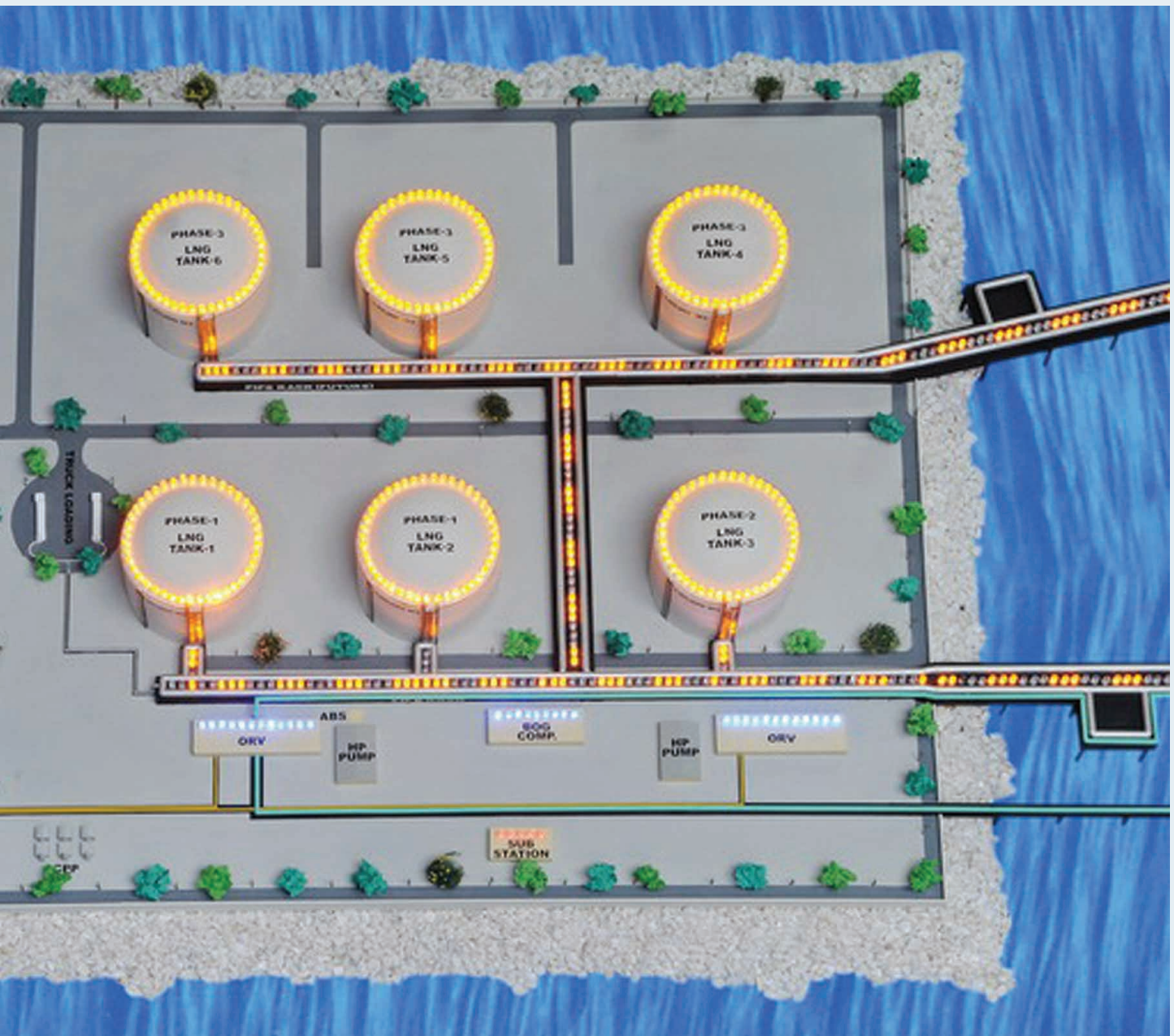
Kuldeep Jain
Company Secretary

Sudhir R Shah
General Manager (Projects)

D J Pandian (IAS)
Director

Rajesh Sivadasan
AGM (F&A)

Place: Gandhinagar
Date : 15th September, 2009



GSPC LNG LIMITED

2nd

Annual Report
2008 - 2009



BOARD OF DIRECTORS

Shri D.J.Pandian, IAS, Chairman
Shri Tapan Ray, IAS
Shri P. K. Pujari, IAS
Shri Subhash Dave
Shri M.Y. Farooqui

BANKERS

IDBI Bank Ltd.
State Bank of India

STATUTORY AUDITORS

C. R. Shredalal & Co.
Chartered Accountants
Ahmedabad.

CORPORATE AND REGISTERED OFFICE :

GSPC Bhavan, Behind Udyog Bhavan,
Sector-11, Gandhinagar – 382 010



DIRECTORS' REPORT

The Members,
GSPC LNG Limited

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 2009.

BUSINESS ACTIVITIES & PERFORMANCE HIGHLIGHTS

The Company is incorporated with the objective of developing LNG Terminal in the State of Gujarat. The capacity of LNG Terminal is 5MMTPA which can be expanded to 20 MMTPA. The Company has initiated activities for setting up LNG terminal at Mundra.

Project Status

M/s Tractebel, Belgium has carried out detailed Feasibility Study. The Company has awarded Front End Engineering Design (FEED) to M/s Tractebel. First phase of FEED is completed. Second phase of FEED is in progress.

The Company has also carried out various pre-project studies including Soil investigation, Seismo-tectonic survey, Ship Navigation & simulation, Sea wave simulation and Break water study.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956, Shri M.Y.Farooqui and Shri Subhash Dave, Directors of the Company are liable to retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri Tapan Ray, IAS was appointed as additional director to hold office till the ensuing Annual General Meeting. It is proposed to appoint Shri Tapan Ray, as regular Director at the ensuing Annual General meeting

Further, Shri D J Pandian, IAS ceased to be Director of the Company, w.e.f. 9th November 2009. Your Directors wish to place on record appreciation of the services rendered by Shri D J Pandian, IAS as Director of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that,

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of loss 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

PARTICULARS OF EMPLOYEES

During the period under review, none of the employees were drawing remuneration, which require disclosure under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Conservation of Energy : NIL

Technology Absorption :

Your Company has not imported any technology

Foreign Exchange Earnings & Outgo :
Foreign Exchange Earnings - NIL
Foreign Exchange Outgo - Rs 1.35 crores

Health Safety and Environment

Your Company is taking utmost care for environment while executing the project. Environment clearance is being obtained from Ministry of Environment and Forest (MoEF) and all studies suggested by MoEF are being carried out by your Company. Your Company is also ensuring strict compliance to HSE norms by all the Contractors working at the Project site.

STATUTORY & CAG AUDIT

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, C&AG has appointed M/s C R Sharedalal & Co, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company for the Final Year 2008-09. C&AG office has given NIL Comment Report for the Financial Year 2008-09. The NIL Comment Report is annexed herewith.

ACKNOWLEDGEMENTS

Your Directors are pleased to place on record their sincere thanks to the Govt. of Gujarat and Gujarat State Petroleum Corporation Ltd for their valuable support and cooperation. Your Directors are pleased to place on record their sincere appreciation to the employees for their enthusiastic efforts, dedicated performance and commitment.

For and on behalf of Board of Directors

Tapan Ray, IAS
Director

Subhash Dave
Director

Date : 29th January, 2010
Place : Gandhinagar

COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GSPC LNG LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of GSPC LNG LIMITED for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by the professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 15 December, 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary Audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of GSPC LNG LIMITED for the year ended 31 March, 2009. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under section 619(4) of the Companies Act, 1956.

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

Place : Ahmedabad
Dated : 29th January, 2010

(Dhiren Mathur)
Accountant General



AUDITORS' REPORT

C. R. Sharedalal & Co.
Chartered Accountants

101 - 102, 1st Floor,
'Parishram', 5/B, Rashmi Society,
Mithakhali Six Roads,
Navrangpura, Ahmedabad-380009.
Tele : (079) 26446560
Fax : (079) 26449570

We have audited the attached Balance Sheet of GSPC LNG LIMITED, as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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.

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. We report that

- (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 appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) We are informed that GSPC LNG LIMITED being the Government Company, provisions of Sec.274(1)(g) of the Companies Act, 1956 are not applicable.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with other notes on accounts, 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, 2009; and
 - (b) in the case of Profit and Loss Account, of the Nil Profit/Loss for the year ended on that date.
 - (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

As required by the Companies (Auditor's 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 paragraph 4 and 5 of the said order.

For. C.R. SHAREDALAL & CO.,
CHARTERED ACCOUNTANTS,

PLACE : AHMEDABAD
DATE : 15/12/2009

(J. K. PATEL)
PARTNER
Membership No.047136



ANNEXURE TO THE AUDITORS' REPORT

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
(b) As explained to us, physical verification of Fixed Assets was conducted by management during the year. According to the information and explanation given to us, no discrepancies were noticed on such verification.
(c) The Company has not disposed off any Fixed Assets during the year. So question of application of going concern assumption does not arise.
2. The Company has no physical inventories during the year, so provision of Clause 4(ii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
3. (a) The Company has not granted any loans, secured or unsecured to any company, firm or other parties covered in the Register maintained u/s 301 of the Companies Act, 1956.

In view of Clause 3(a) above, clauses 3(b), 3(c) and 3 (d) are not applicable.

(e) The Company has not taken any loans, secured or unsecured from any company, firm or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.

In view of Clause 3(e) above, clauses 3(f) and 3 (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business for purchase of Fixed Assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under Section 301 of the Companies Act, 1956.

In view of clause 5(a) above, clause 5(b) is not applicable.
6. The Company has not accepted deposits from the public and therefore section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder do not apply to the Company.
7. The Company is not required to maintain Internal Audit System in view of this, provision of clause 4 (vii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
8. The Central Government has prescribed for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. However, as Company is under project implementation stage and has not commenced any commercial activities, the said records are not required to be maintained by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Sales tax, Gratuity, Professional Tax, Income-tax, Custom Duty, Service Tax and any other dues, whichever is applicable, during the year with the appropriate authorities. However, minor delay has been noticed in respect of Provident Fund and Professional Tax during the year. According to the information and explanation given to us no undisputed amounts payable in respect of statutory dues were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, there are no dues of Provident Fund, Sales tax, Gratuity, Professional tax, Income tax, Custom duty, Service tax and any other dues to the extent applicable, which have not been deposited on account of dispute.
10. The Company has not been registered for more than five years. Therefore, the provisions under clause 4 (x) are not applicable to the company.

11. In our opinion and according to the information and explanation given to us, the company has no dues payable to banks, Financial Institutions or Debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund/nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanation given to us, the company is not a dealer or trader in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, company has not given any guarantee for loan taken by others from banks and Financial Institutions.
16. Company has not raised any fund by way of term loan during the year.
17. According to the information and explanation given to us, the company has not raised funds for short-term purpose. Hence the question of using short-term funds for Long Term Investment does not arise.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year. Hence reporting on the question of securitisation does not arise.
20. The Company has not raised any money by way of public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

PLACE : AHMEDABAD
DATE : 15/12/2009

For. C.R. SHAREDALAL & CO.,
CHARTERED ACCOUNTANTS,

(J. K. PATEL)
PARTNER
Membership No.047136

**BALANCE SHEET AS AT MARCH 31, 2009**

Amount in Rupees

Particulars	Schedule	As at	
		31 st March 2009	31 st March 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	500,600	500,600
Share Application Money		50,000,000	20,000,000
Reserves and Surplus		-	-
Loan Funds			
Secured loans		-	-
Unsecured Loans		-	-
TOTAL		50,500,600	20,500,600
APPLICATION OF FUNDS			
Fixed Assets :			
Gross Block	B	745,476	9,700
Less: Depreciation		139,108	1,058
Net Block		606,368	8,642
Capital Work In Progress	C	<u>45,045,843</u>	<u>4,416,823</u>
Investments		-	-
Current Assets, Loans and Advances			
Inventories	D	-	-
Sundry Debtors		-	-
Cash & Bank Balances		12,519,023	20,500,600
Other Current Assets		-	-
Loan & Advances		16,201	-
Sub-Total (i)		<u>12,535,224</u>	<u>20,500,600</u>
Less: Current Liabilities and Provisions			
Current Liabilities	E	7,582,344	4,659,085
Provisions		338,112	-
Sub-Total (ii)		<u>7,920,456</u>	<u>4,659,085</u>
Net Current Assets (i-ii)		4,614,769	15,841,515
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	F	-	-
PROFIT AND LOSS ACCOUNT		233,620	233,620
TOTAL		50,500,600	20,500,600
Significant Accounting Policies and Notes to Financial Statements			
	G		

As per our report of even date

For, C.R. Shredalal & Co,
Chartered Accountants[J.K. Patel]
Partner
Membership No.: 047136Date : 15/12/2009
Place: Ahmedabad

For, GSPC LNG Limited

Tapan Ray, IAS
DirectorSubhash Dave
DirectorDate : 14/12/2009
Place : Gandhinagar

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Amount in Rupees			
Particulars	Schedule	For the Year 2008-09	For the Period Ended 31 st March 2008
INCOME			
Income from Other Sources(Interest of Bank Deposit) (Includes TDS Rs.56,015)		247,166	-
Total(A)		247,166	-
EXPENDITURE			
Preliminary Exp. written off			233,620
Provision for Taxation :-			-
Income Tax		78,627	
Total(B)		78,627	233,620
Sub Total(A-B)		168,539	
<i>Less: Surplus</i> Transferred to Pre-Operative Expenditure	C	168,539	
Profit/ (Loss) for the year			(233,620)
Balance of Previous Year		(233,620)	-
Balance carried to Balance Sheet		(233,620)	(233,620)
Earnings per Share (Basic & Diluted) face value of Rs.10 per share	-		(4.67)
Significant Accounting Policies and Notes to Financial Statements	G		

As per our report of even date

For, C.R. Shredalal & Co,
Chartered Accountants

[J.K. Patel]
Partner
Membership No.: 047136

Date : 15/12/2009
Place: Ahmedabad

For, GSPC LNG Limited

Tapan Ray, IAS
Director

Subhash Dave
Director

Date : 14/12/2009
Place : Gandhinagar

**SCHEDULES FORMING PART OF THE ACCOUNTS****SCHEDULE A**

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
SHARE CAPITAL		
AUTHORISED		
10,00,000 Equity Shares of Rs.10/- each	10,000,000	10,000,000
	10,000,000	10,000,000
ISSUED, SUBSCRIBED AND PAID UP		
50060 Equity Shares of Rs.10/- each fully paid up (Out of which 50,000 Equity Shares held by Holding Company i.e Gujarat State Petroleum Corporation Limited)	500,600	500,600
TOTAL	500,600	500,600

SCHEDULE B

FIXED ASSETS										Amount in Rupees
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2008	Additions / Adjustments	Deduction	'As at 31-March 2009	As at April 1, 2008	During the Year	Deduction	'As at 31-March 2009	'As at 31-March 2009	'As at 31-March 2008
1. Office Equipments	9,700	26,790	-	36,490	1,058	2,801	-	3,859	32,631	8642
2. Computer Equipments	-	613,695	-	613,695	-	118,124	-	118,124	495,571	-
3. Furniture & Fixtures	-	28,900	-	28,900	-	3,228	-	3,228	25,672	-
4. Other Intangible Assets (Includes Computer Software)	-	66,391	-	66,391	-	13,897	-	13,897	52,494	-
TOTAL	9,700	735,776	0	745,476	1,058	138,050	0	139,108	606,368	8,642
Previous Year	-	9,700	-	9,700	-	1,058	-	1,058	8,642	-
Capital Work In Progress (Including Advances)	4,416,823	40,629,020	-	45,045,843	-	-	-	-	45,045,843	4,416,823
Previous Year	-	4,416,823	-	4,416,823	-	-	-	-	4,416,823	-

**SCHEDULE C**

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
CAPITAL WORK IN PROGRESS		
Site Selection	2,806,000	2,806,000
Detailed Feasibility	14,889,938	
Seismological Investigaton	4,406,125	
PROJECT DEVELOPMENT EXPENDITURE (Pre-Operative Expenditure)		
Opening Balance	606,605	
Salaries Wages and Bonus	4,680,527	
Contribution to Provident Fund, Gratuity, Superannuation etc.	295,822	
Employee Welfare and other Expenses	19,827	
Insurance Expenses	362	
Travelling Expenses-Others	2,019,052	90,538
Travelling Expenses-Directors	17,000	6,000
Legal & Professional Expenses	8,911,978	1,489,373
Payment to Auditors	22,060	16,854
Recruitment & Training Expenses	4,149,791	
Advertisement Expenses	1,477,212	
Sitting Fees	15,000	7,000
Vehicle Expenses	9,825	
Telephone & Postage Expenses	301,739	
Stationery & Printing Expenses	184,366	
Office Expenses	182,502	
Other Charges	8,709	
Depreciation	138,050	1,058
	22,433,822	1,610,823
Fringe Benefit Tax	71,892	-
Interest Expenses / (Income) (Net of Income tax Rs. 78,627 applicable on Interest Income)(Transfer from Profit & Loss Statement)	(168,539)	-
TOTAL	45,045,843	4,416,823

SCHEDULE D

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
CURRENT ASSETS		
INVENTORIES	-	-
SUNDRY DEBTORS (Unsecured, considered good)		
- More than Six Months	-	-
- Less than Six months	-	-
CASH AND BANK BALANCES		
Cash on hand	12,474	600
Balances with Scheduled Banks		
A) In Current Accounts	12,506,549	20,500,000
B) In others Accounts	-	20,500,600
OTHER CURRENT ASSETS		
Other Current Assets	-	-
LOANS AND ADVANCES(Receivables in Cash or Kind)	16,201	
TOTAL	12,535,224	20,500,600

SCHEDULE E

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Creditors for Expenses	325,916	26,854
Creditors for Goods & Services (Due to Holding Company i.e. Gujarat State Petroleum Corporation Ltd. Rs. 36,94,213/-) (Maximum Balance Rs. 46,32,231/- Previous Year Rs. 46,32,231)	5,154,598	4,632,231
Salary Payable	417,075	
Other Liabilities	1,684,755	7,582,344
B) PROVISIONS		
Provision for Taxation (Net of TDS Receivable Rs. 56,015)	22,612	
Provision for FBT	71,892	
Provision for Gratuity	52,684	
Provision for Leave Encashment	48,778	
Provision for Super Annuation	95,493	
Provision for Expenses	46,653	338,112
TOTAL	7,920,456	4,659,085

SCHEDULE F

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
PRELIMINARY EXPENDITURE		
Stamping Charges	-	50,100
Registration Fees	-	158,000
Professional Fees	-	18,500
Printing Fees	-	7,020
Less : Transferred to Profit & Loss Account	-	233,620
TOTAL	-	-

**SCHEDULE G****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****[A] Significant Accounting Policies :****1. Basis of preparation of financial statements:**

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provision of Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act 1956.

2. Fixed Assets**(a) Fixed Assets :**

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure incurred during construction period and up to the date of commissioning.

(b) Capital Work in Progress :

Capital work in progress includes direct expenditure, indirect expenditure and advances to supplier or services made for acquisition of capital assets.

(c) Project Development Expenditure/Pre-Operative Expenditure :

Expenses incurred relating to project prior to commencement of commercial production are classified as Project Development Expenditure/Pre-operative Expenditure and disclosed under Capital Work-in-Progress.

3. Depreciation :

Depreciation on fixed assets is provided on Written Down Value method in accordance with the rates and in manner specified in schedule XIV of the Companies Act 1956.

Assets costing upto Rs 5000/- are depreciated fully in the year of purchases.

4. Provision for Contingent Liabilities and Current Assets :

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

5. Foreign Currency Transactions:

Foreign Currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transactions and as and when liability accepted by the Company.

6. Preliminary Expenditure :

Preliminary Expenditure is charged to Profit and Loss Account as per Accounting Standard – 26 on “Intangible Assets” issued by the ICAI.

7. Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when an asset is identified as impaired. The impairment loss recognized in prior period is reversed if there has been a change in the estimate of recoverable amount.

8. Employee Benefits

Employee benefits of short-term nature are recognized as pre-operative expenses as and when it accrues. Long term employee benefits and post employment benefits(e.g gratuity), both funded and non funded are recognized as pre-operative expenses based on actuarial valuation.

i. Company's Contribution towards provident fund are accounted for at pre-determined rates and deposited in to an EPFO.

- ii. Gratuity is accounted for on the basis of actuarial valuation.
- iii. Super Annuation Fund is accounted for on the basis of valued and certified by management.
- iv. Leave Encashment Liability is accounted for on the basis of actuarial valuation.

[B] Notes forming part of Accounts :

1. Pre-Operative Expenses :

The Company is planning to develop a LNG Receiving, Storage and Regasification Terminal in the State of Gujarat. The advances and expenditure incurred during the construction period are classified as "Pre-operative Expenditure" and disclosed under Capital Work-in Progress and will be apportioned to the assets on the completion of the Project. Necessary details as per part II of Schedule VI to the Companies Act, 1956 have been disclosed under Capital Work-in Progress Schedule.

2. Related Party Disclosures

Disclosure with regard to related party in accordance with Accounting Standard -18 "Related Party Disclosures" is as under:

- a) Holding Company
Gujarat State Petroleum Corporation Ltd.
- b) Associated Company
Sabarmati Gas Company Ltd.
- c) Key Managerial Personal :
 - 1. Shri S. Jagadeesan, IAS, Director
 - 2. Shri D. J. Pandian, IAS, Director
 - 3. Shri P. K. Pujari, IAS, Director
 - 4. Shri Tapan Ray, IAS, Director
 - 5. Shri Subhash Dave, Director
 - 6. Shri M. Y. Farooqui, Director

d) Nature of transaction with Related Parties are as follows :

(Amount in Rupees)

Relationship	Holding Company		Associated Company		Key Managerial Personal	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Expenses Incurred on behalf of the Company	1,35,373	46,32,231	34,044	-	-	-
Expenses Incurred by the Company	11,36,794	-	-	-	-	-
Share Application Money Received	3,00,00,000	-	-	-	-	-
Share Capital	-	5,00,000	-	-	-	100
Rent Paid	63,313	-	-	-	-	-
Sitting Fee	-	-	-	-	15,000	-
Travelling Expenses	-	-	-	-	17,000	-

3. Managerial Remuneration :

(Amount in Rupees)

2008-2009	2007-2008
Nil	Nil

**4. Auditor's Remuneration:**

(Amount in Rupees)

	Current Year	Previous Year
Audit Fees	22,060	16,854/-
Other Matters	5,618	NIL
Total	27,618	16,854/-

5. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for is Rs.10,03,81,947/-(Previous Year Rs. 29,81,250)

6. Details of dues to Micro, Small and Medium Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006

The Company did not have any transactions with small, micro and medium enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" and hence there are no amounts due to such undertakings. The identification of units is based on the management's knowledge of their status.

(Amount in Rupees)

Particulars	For the year ending 31 st March 2009	For the year ending 31 st March 2008
The principal amount and the interest due there on remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to supplier beyond the appointed day during each accounting year.	Nil	Nil
Amount of interest due and payable for the period of delay in making payment but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

7. Expenditure/ Earning in Foreign Currency**a) Expenditure**

(Amount in Rupees)

Particulars	2008-2009	2007-2008
Capital Expenditure (For Professional Services)	Rs. 1,31,35,248/-	Nil
Pre-Operative Expenditure	Rs. 4,89,546/-	Nil

b) Earning

(Amount in Rupees)

Particulars	2008-2009	2007-2008
Earning	Nil	Nil

8. The Company has not done any production and trading activities during the period. Hence it is not possible to give the quantitative details of sales and other information as required under paragraph 3, 4C and 4D of part II of Schedule VI to the

Companies Act, 1956.

9. The Company has adopted AS15 (revised 2005) 'Employee Benefit'. Defined Employee benefit schemes are as follows:
- Provident Fund : Company pays fixed contribution of Provident Fund at pre-determined rates to an EPFO.
 - Gratuity : The Company is in process of formulating a defined contribution gratuity plan.
 - Super Annuation : The Company is in process of formulating a Super Annuation fund for the employees.

The disclosures required under AS15 (revised 2005) 'Employee Benefit' are as follows:

Employer's Contribution to Provident Fund : Rs 88,729/-
Provision towards Contribution to Super Annuation Fund : Rs. 95,493/-

Defined Benefit Plans

The provision for contribution towards Gratuity and Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method.

(Amount in Rupees)

Sr. No.	Particulars	Gratuity	Leave Encashment
a.	Reconciliation of opening and closing balances of Defined Benefit obligation		
	Defined Benefit Obligation at the beginning of the year	-	-
	Current Service Cost	52,684	48,778
	Interest Cost	-	-
	Actuarial(gain)/loss	-	-
	Defined Benefit Obligation at year end	52,684	48,778
b.	Reconciliation of opening and closing balances of fair value of plan assets		
	Fair value of plan assets at beginning of year	-	-
	Expected return on plan assets	-	-
	Actuarial (gain)/loss	-	-
	Employer Contribution(provision)	-	-
	Benefit Paid	-	-
	Fair Value of plan assets at year end	-	-
c.	Reconciliation of fair value of assets and obligations		
	Fair value of plan assets as at 31 st March 2009.	-	-
	Present value of obligation as at 31 st March 2009	52,684	48,778
	Amount recognized in Balance Sheet	52,684	48,778
d.	Expenses recognized during the year		
	Current Service Cost	52,684	48,778
	Interest Cost	-	-
	Expected return on plan assets	-	-
	Net Actuarial (gain)/loss	-	-
	Net Cost	52,684	48,778
e.	Actuarial assumptions		
	Mortality Table(L.I.C.)	1994-96 (ultimate)	1994-96 (ultimate)
	Discount rate(per annum)	7.94%	7.94%
	Expected rate of return on plan assets(per annum)	0.00%	0.00%
	Rate of escalation is salary(per annum)	7.00%	7.00%

Since AS15 (revised 2005) 'Employee Benefit' is applicable to Company this year, the figures for previous year are not provided.

10. Considering the nature of Company's business and operations, there are no separate reportable segments (business and / or geographical) in accordance with the requirement of Accounting Standard 17- "Segmental Reporting".

**11. Earning Per Share (EPS)**

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

Particulars	As on 31-March-2009	As on 31-March-2008
Net Profit / (Loss) After Tax	0	(2,33,620)
Numbers of equity shares	50,060	50,060
Basic/Diluted Earnings Per Share (EPS)	N.A.	(4.67)
Nominal Value per share	10	10

12. Deferred Tax Asset / Liability

As per AS-22 on "Accounting for Taxes on Income" issued by the ICAI, deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The company has not recognized deferred tax asset in view of the reasonable certainty that sufficient future taxable income will not be available.

13. From the financial year 2008-09, Mobile instruments purchased by the Company have been expensed off in the year of its purchases and are included in the head of Telephone and Postage Expenses in the Capital Work in Progress Schedule.

14. Corresponding figures of the previous period have been regrouped and reclassified wherever considered necessary to compare to this period's figures.

15. Figures are rounded off to the nearest rupee.

For, **C.R. Sharedalal & Co,**
Chartered Accountants

[J.K. Patel]
Partner
Membership No.: 047136

Date : 15/12/2009
Place: Ahmedabad

For, **GSPC LNG Limited**

Tapan Ray, IAS
Director

Subhash Dave
Director

Date : 14/12/2009
Place : Gandhinagar

CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON 31ST MARCH, 2009

Amount in Rupees

Particulars	For the Period Ended on 31 st March 2009	For the Period Ended on 31 st March 2008
Cash Flow from Operating Activities		
Profit/ (Loss) after Tax	-	(233,620)
Cash Generated from Operations	-	(233,620)
Less : Direct Tax Paid	-	-
Add : Prior Period Adjustment / Exceptional Items	-	-
Net Cash Flow from Operating Activities (A)	-	(233,620)
Cash Flow from Investing Activities		
(Increase) / Decrease Capital Work in Progress	(40,629,020)	(4,416,823)
Purchase of Fixed Assets	(735,776)	(9,700)
Depreciation	138,050	1,058
(Increase) / Decrease in current Assets (-)	(16,201)	-
Increase / (Decrease) in current Liabilities (+)	3,261,370	4,659,085
Net Cash Flow from Investing Activities (B)	(37,981,577)	233,620
Cash Flow from Financing Activities		
Proceeds from Share Capital	-	500,600
Proceeds from Share Application Money	30,000,000	20,000,000
Proceeds from Loans	-	-
Repayment of Loans (Net)	-	-
Interest / Dividend Paid	-	-
Net Cash Flow from Financing Activities (C)	30,000,000	20,500,600
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(7,981,577)	20,500,600
Cash and Cash equivalents at the Beginning of the Period		
Cash on hand	600	-
Bank Balances	20,500,000	-
	20,500,600	-
Cash and Cash equivalents at the End of the Period		
Cash on hand	12,474	600
Bank Balances	12,506,549	20,500,000
	12,519,023	20,500,600

Notes:

- 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
- Brackets indicate cash outflow/deduction
- The Increase / Decrease in Current Assets and Current Liabilities are considered as part of Investing activities as it includes amount payable to creditors for procurement of fixed assets / C.W.I.P.

For, C.R. Sharedalal & Co,
Chartered Accountants

For, GSPC LNG Limited

[J.K. Patel]
Partner
Membership No.: 047136

Tapan Ray, IAS
Director

Subhash Dave
Director

Date : 15/12/2009
Place: Ahmedabad

Date : 14/12/2009
Place : Gandhinagar

**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.	U23203GJ2007SGC050115
State Code	4
Balance Sheet Date	31-Mar-2009
II Capital Raised During The Period	
Public Issues	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	501
III Position of Mobilisation and Deployment of Funds :	
Total Liabilities	50,501
Total Assets	50,501
Source of Funds	
Paid up Capital	501
Reserves and Surplus	0
Share Application Money	50,000
Secured Loans	0
Unsecured Loans	0
Deferred Tax liability (Net)	0
Application of Funds	
Net Fixed Assets	606
Capital Work in Progress	45,046
Investment	0
Net Current Assets	4,615
Miscellaneous Expenditure	0
Accumulated losses	234
IV Performance of the Company	
Total income	0
Total Expenditure	0
Profit / (loss) Before Tax	0
Profit (Loss) After Tax	0
Earnings Per Share (Rs.)	0.00
Dividend Rate (%)	0%
Generic Names of Principal Products/Services of the Company (As per Monetary Terms)	
Item Code No.	N.A.
Product Description	Liquified Natural Gas
Item Code No.	N.A.
Product Description	N.A.

For, GSPC LNG Limited

Tapan Ray, IAS
DirectorSubhash Dave
Director



 **GSPC (JPDA) Limited**

3rd

Annual Report
2008 - 2009



BOARD OF DIRECTORS

Shri D. Jagatheesa Pandian, IAS (Director upto 9/11/09)
Shri Subhash Dave
Shri M.Y. Farooqui

STATUTORY AUDITORS

J. C. Shah & Co.
Chartered Accountants, Ahmedabad.

BANKERS

IDBI Bank Ltd.
BNP Paribas

CORPORATE AND REGISTERED OFFICE :

GSPC Bhavan, Behind Udyog Bhavan,
Sector-11, Gandhinagar – 382 011

DIRECTORS' REPORT

The Members
GSPC (JPDA) Limited

Your Directors have pleasure in presenting the 3rd Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 2009.

BUSINESS ACTIVITIES & PERFORMANCE HIGHLIGHTS

The Company is incorporated with the sole objective of undertaking of petroleum activities in block awarded to the company in Joint Petroleum Development Area by Timor Sea Designated Authority. Till date no commercial activity has been started.

The Company has entered into farm out agreement with Pan Pacific Petroleum (JPDA 06-103) Pty ltd for farming out of 5 % Participating interest, the farm out arrangement will be effective after obtaining approval of designated authority.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year.

DIRECTORS

Since the last Directors Report, Shri D. J. Pandian, IAS has ceased to be director of the Company.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri M. Y. Farooqui shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

STATUTORY & CAG AUDIT

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, C&AG has appointed M/s J. C. Shah & Co, Chartered Accountants, Ahmedabad as Statutory Auditors of the Company for the period ended on 31st march 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that,

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

- (ii) accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of loss 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.

PARTICULARS OF EMPLOYEES

During the period under review, none of the employees were drawing remuneration, which require disclosure under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

Conservation of Energy: NIL

Technology Absorption:
Your Company has not imported any technology.

Foreign Exchange Earnings & Outgo:
Foreign Exchange earnings - Rs. NIL
Foreign Exchange
Outgo - Rs. 30,16,69,417/-

Acknowledgements

Your Directors are pleased to place on record their sincere thanks to Gujarat State Petroleum Corporation Ltd. Promoter of the Company for their valuable support and cooperation. Your Directors are thankful to Government of Gujarat, Timor Sea Designated Authority and Joint Venture Partners for their support. Your Directors are pleased to place on record their sincere appreciation to the employees for their enthusiastic efforts, dedicated performance and commitment.

For and on behalf of Board of Directors

M. Y. Farooqui
Director

Subhash Dave
Director

Date : 21/11/2009
Place : Gandhinagar.

COMMENT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GSPC (JPDA) LIMITED FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of GSPC (JPDA) Limited for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 21 November, 2009.

I, on behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit under section 619 (3)(b) of the Companies Act, 1956 of the financial statements of GSPC (JPDA) Limited for the year ended 31 March, 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

**For an on the behalf of the
Comptroller & Auditor General of India**

**Place : Ahmedabad
Date: 13/01/2010**

Accountant General



AUDITORS' REPORT

To,
The Members of GSPC (JPDA) Ltd.
Gandhinagar

1. We have audited the attached Balance Sheet of GSPC (JPDA) Limited (the Company) as at 31st March, 2009, the statement in lieu of profit & loss account and the cash flow statement of the Company for the year ended on that date annexed there to in which are incorporated the Company's share of Assets, Liabilities, Income and Expenditure in the one joint venture for exploration and production of Oil & Gas is based on un-audited financial Statement as provided by the Operator of the Joint Venture. 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 amended order issued by the Government of India in November 2004 in terms of subsection [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 venture, which is not subject to audit under the Companies Act, 1956 are based on un-audited financial Statement as provided by the Operator of the Joint Venture.
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, provisions of the clause [g] of subsection [1] of section 274 of the Companies Act, 1956 are not applicable to the company.
5. Further to our comments referred to in paragraph 3 and also 4 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, statement in lieu of profit & 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, statement in lieu of 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.
6. 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, 2009.
 - (b) In the case of the Statement in lieu of Profit & Loss Account, of the expenditure of the company for the year ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For, J. C. SHAH & CO.
Chartered Accountants

[J. J. SHAH]
Partner
Membership No:- 118004

Place: Ahmedabad
Date : 21/11/2009

ANNEXURE TO THE AUDITORS' REPORT
ANNEXURE REFERRED TO IN PARAGRAPH {3} OF THE AUDITORS' REPORT OF
EVEN DATE TO THE MEMBERS OF GSPC (JPDA) LIMITED, ON THE FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009.

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] In our opinion and according to the information and explanations given to us, the Company is not having any fixed assets and during the year under audit the company has not purchased, acquired any fixed assets. Therefore, the question of maintaining proper records showing full particulars including quantitative details and situation of fixed assets does not arise.

[b] In view of clause (1) [a] above, the clause (1) [b] and (1) [c] are not applicable.
2. In our opinion, there is no physical inventory in existence and hence the question of physical verification and comparison with the inventory records does not arise.
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.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business. Further, on the basis of our examination of the books of accounts and other records, and according to the information and explanation given to us, we have neither come across nor we have observed any continuing failure to correct major weaknesses in the aforesaid internal control system.
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 Companies (Auditor's Report) Order, 2003s 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.
7. The Company does not have a formal Internal Audit system, but the Company's internal procedures, together with the internal checks are adequate to commensurate with size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under clause [d] of subsection [1] of section 209 of the Companies Act 1956.
9. [a] The Company is generally regular in depositing, income-tax 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, 2009 for the period of more than six months from the date they became payable.

[b] According to the records of the Company, there are no dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of dispute.
10. As the company has not started commercial production this clause will be applicable, once the commercial production activity will commence.
11. As the Company has not taken any loan from financial institution, banks or debenture holders. Therefore the question of default in repayment of dues to financial institutions, banks or debenture holders does not arise.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 [xiii] of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures, and other investments and hence the provisions of clause 4 [xiv] of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to the explanations and information given to us, and on the basis of our examination of books of accounts and records, the Company has not given guarantees for loans taken by other Company from banks or financial institutions.
16. According to the explanations and information given to us, and on the basis of our examination of books of accounts and records, the Company has not obtained any loan in the current financial year.
17. According to the information and explanations given to us and on an 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 and vice versa.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies, hence the provisions of clause 4 [xviii] of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
19. During the year, the Company has not issued any debentures and hence the provisions of clause 4 [xix] of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
20. During the year, the Company has not raised any money by way of public issue and hence the provisions of clause 4 [xx] of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For, J. C. SHAH & CO.
Chartered Accountants

[J. J. SHAH]
Partner
Membership No:- 118004

Place: Ahmedabad
Date : 21/11/2009

BALANCE SHEET AS AT MARCH 31, 2009

Amount in Rupees

Particulars	Schedule	As at 31 st March 2009	As at 31 st March 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	14,000,600	14,000,600
Reserves and Surplus	B	37,310,101	-
Share Application Money		308,700,000	6,750,000
Loan Funds			
Secured loans			
Unsecured Loans		-	-
TOTAL		360,010,701	20,750,600
APPLICATION OF FUNDS			
Fixed Assets :			
Gross block		-	-
Less: Depreciation		-	-
Net Block		-	-
Capital Work In Progress	C	376,508,023	23,622,537
Investments		-	-
Current Assets, Loans and Advances			
Current Assets			
Inventories	D	-	-
Sundry Debtors		-	-
Cash & Bank Balances		9,163,772	2,269,722
Other Current Assets		5,064,020	1,249,063
Loan & Advances		3,217,778	1,233,177
Sub-Total (i)		<u>17,445,570</u>	<u>4,751,962</u>
Less: Current Liabilities and Provisions	E		
Current Liabilities		36,604,982	9,323,936
Provisions		-	-
Sub-Total (ii)		<u>36,604,982</u>	<u>9,323,936</u>
Net Current Assets (i-ii)		(19,159,412)	(4,571,974)
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	F	2,662,091	1,700,037
TOTAL		360,010,701	20,750,600
Significant Accounting Policies and Notes to Accounts H			

As per our report of even date

For, J. C. Shah & Co
Chartered Accountants

[J. J. Shah]
Partner
M.No.118004

[M. Y. Farooqui]
Director

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director

[Rajesh Sivadasan]
Sr. Manager (F & A)

Date : 21/11/2009
Place : Ahmedabad

Date : 21/11/2009
Place : Gandhinagar

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Amount in Rupees

Particulars	Schedule	For the Year 2008-09	For the Year 2007-08
INCOME			
Sales		-	-
Other income		-	-
Increase/(Decrease) in stock		-	-
TOTAL - A		-	-
EXPENDITURE			
Purchase		-	-
Direct Expenditure		-	-
Payments to and provisions for Employees		-	-
Administrative & Other Expenses	G	1,002,654	538,907
Interest and Finance Charges		-	-
Depreciation		-	-
Preliminary Exps. Written Off		1,138,130	-
Provision for Taxation		-	-
TOTAL - B		2,140,784	538,907
TOTAL (B-A)		2,140,784	538,907
Less :			
Transferred to Pre-Operative Expenses			
A/c carried to Balance Sheet		2,140,784	538,907
		-	-
Significant Accounting Policies and Notes to Accounts	H		

As per our report of even date

For, **J. C. Shah & Co**
Chartered Accountants[J. J. Shah]
Partner
M.No.118004[M. Y. Farooqui]
DirectorFor, **GSPC (JPDA) Limited.**[Subhash Dave]
Director[Rajesh Sivadasan]
Sr. Manager (F & A)Date : 21/11/2009
Place : AhmedabadDate : 21/11/2009
Place : Gandhinagar

SCHEDULE A

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
SHARE CAPITAL		
AUTHORISED		
1,00,00,000 Equity Shares of Rs.10/- each (P.Y. 1,00,00,000 Equity Shares of Rs.10 each)	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND PAID UP		
14,00,060 Equity Shares of Rs.10/- each fully paid up	14,000,600	14,000,600
TOTAL	14,000,600	14,000,600

SCHEDULE B

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
RESERVES & SURPLUS		
Foreign Exchange Translation Reserve		
Opening Balance	-	-
Addition During the Year	37,310,101	-
TOTAL	37,310,101	-

SCHEDULE C

Particulars	Amount in Rupees	
	As at 31 st March 2009	As at 31 st March 2008
CAPITAL WORK IN PROGRESS		
CWIP Exploration Cost - Joint Venture		
Opening Balance	23,622,537	8,953,168
Addition During the Year	352,885,486	376,508,023
TOTAL	376,508,023	23,622,537

SCHEDULE D

Particulars	Amount in Rupees			
	As at 31 st March 2009		As at 31 st March 2008	
CURRENT ASSETS				
INVENTORIES (<i>including Stores & Spares</i>)	-	-	-	-
SUNDRY DEBTORS (Unsecured, considered good)				
- More than Six Months	-	-	-	-
- Less than Six months	-	-	-	-
CASH AND BANK BALANCES				
Cash on hand	-		600	
Balances with Scheduled Banks				
A) In Current Accounts	9,163,772		2,269,122	
B) In others Accounts	-	9,163,772	-	2,269,722
OTHER CURRENT ASSETS				
Other Current Assets	5,064,020	5,064,020	1,249,063	1,249,063
LOANS AND ADVANCES				
GST Receivable from Joint Venture	3,217,778	3,217,778	1,233,177	1,233,177
TOTAL		17,445,570		4,751,962

SCHEDULE E

Particulars	Amount in Rupees			
	As at 31 st March 2009		As at 31 st March 2008	
CURRENT LIABILITIES AND PROVISIONS				
A) CURRENT LIABILITIES				
Creditors for Goods & Services*	34,095,489		7,727,368	
Creditors for Expenses	<u>2,509,494</u>	36,604,982	<u>1,596,568</u>	9,323,936
B) PROVISIONS				
Provision for Taxation	-		-	
Other Provisions	-	-	-	-
TOTAL		36,604,982		9,323,936

* The above amount represents Creditors for Capital Projects

SCHEDULE F

Particulars	Amount in Rupees		
	As at 31 st March 2009		As at 31 st March 2008
MISCELLANEOUS EXPENDITURE			
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenses			
Stamping Charges	50,100		50,100
Registration Fees	1,058,000		1,058,000
Professional Fees	15,580		15,580
Printing Fees	14,450		14,450
	<u>1,138,130</u>		<u>1,138,130</u>
Less : Trf. To Statement in lieu of Profit & Loss A/c.	<u>1,138,130</u>	-	<u>-</u>
			1,138,130
Pre-Operative Expenditure (Deferred Revenue Expenditure)			
Opening Balance	561,907		23,000
Add : Balance Transferred from Statement in Lieu of Profit & Loss Account	2,140,784		538,907
Less : Amt. Trf. To CWIP-Exploraiton	40,600	2,662,091	-
			561,907
TOTAL	2,662,091		1,700,037

SCHEDULE G

Particulars	Amount in Rupees		
	For the Year 2008 - 09		For the Year 2007 - 08
ADMINISTRATIVE & OTHER EXPENSES			
Administrative Exps.	600		1,000
Auditor's Remuneration	35,000		25,000
Bank Charges	13,328		13,506
Director's Sitting Fees	10,000		17,000
Interest on Late Payment of TDS	17		85
Legal & Professional Fees	941,427		479,144
Stationery & Printing Exps.	2,282	1,002,654	3,172
			538,907
TOTAL	1,002,654		538,907

SCHEDULE H**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****[A] Significant Accounting Policies :****1. Basis of preparation of financial statements:**

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provision of Companies Act, 1956 and comply with the Accounting Standard issued by the Institute of Chartered Accountants of India.

2. Foreign Currency Transactions:

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of transaction i.e. remittance date. As the booking and remittance are on the same date, foreign exchange gain / loss does not arise.

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

3. Accounting for Oil and Gas Joint Ventures:

The company has adopted Full cost method 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. Oil and Gas Joint Venture is in the nature of Jointly Controlled Asset. The company has entered into one overseas joint venture namely JPDA 06- 103 Block as per contractual agreements. The Financial Statement reflect the share of the company's assets and liabilities as well as income and expenditure of the such joint venture which are accounted by line by line basis along with similar items in the company's financial statements according to the participating interest of the company.

4 Misc. / Pre-Operative (Deferred Revenue) Expenditure:

Preliminary expenditure incurred are transferred to Statement in lieu of Profit & Loss Account as per the Accounting Standard – 26 on "Intangible Assets" issued by ICAI.

Director's sitting fees, Audit fees, Administrative Exp., Bank Charges, Interest, Legal and Professional Fees, Stationery & Printing Expenses etc. have been treated as Pre-Operative (Deferred Revenue) Expenditure and the same will be written off after commencement of Commercial production.

5. Provision Contingent Liabilities and Current Assets :

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

[B] Notes forming part of Accounts :**1. Details of Joint Venture's:**

The company has entered in to overseas joint venture with below Joint Venture partners as per Production Sharing Contracts (PSC's) for petroleum activities in JPDA 06/103 block. The details are stated as below:

Joint Venture	Company's Participating Interest	Other Consortium Partner's	Participating Interest (PI)
JPDA 06/103 Block (The Project is under Exploration)	25%	Oilex (JPDA 06/103) Ltd (Operator)	25%
		Global Energy Inc	25%
		Bharat Petro Resources JPDA Ltd	25%

2. Pre-operative Expenditure

The company has entered into a Joint Venture as mentioned in Note 1. Presently the project is in the exploration stage and Company's share of expenses incurred in the Joint Venture are being capitalized and shown as part of Capital-Work-In-Progress. However operational expenditure incurred for the company (GSPC JPDA Ltd) till the commencement of production is being shown as Preliminary Expenses and Pre-operative Expenditure. Necessary details as per part II of Schedule VI of the Companies Act, 1956 have been disclosed below:

Pre-Operative Expenses	For the year 2008-09 (In Rupees)	For the year 2007-08 (In Rupees)
Auditors Fees	35,000	25,000
Directors Sitting fees	10,000	17,000
Administrative Exps.	600	1,000
Bank Charges	13,328	13,506
Interest on Late Payment of TDS	17	85
Legal & Professional Fees	9,41,427	4,79,144
Stationery & Printing Exps.	2,282	3,172
Total	10,02,654	5,38,907

3. Company's Share in Joint Venture's:

The Company's Share of assets, liabilities, income and expenses in the joint venture namely JPDA 06-103 Block as furnished by the operator has been incorporated in the financial statement as given below :

Particulars	(Amount in Rs.)
Sources of Funds	
Current Liabilities - Joint Venture	1,38,39,410
Total	1,38,39,410
Application of Funds	
Capital Work in Progress – Exploration	37,97,76,382
Other Current Assets	50,64,020
Bank Balances	88,33,423
Total	39,36,73,825

3. Company's Share in Joint Venture's: (Continued)

Company's share in respect of such joint venture has been incorporated in the accounts based on the un-audited financial statements provided by the operators for the period ended 31st March, 2009. However the accounts of Joint venture have been audited till the financial year ended 31st December,2008 as the Joint venture is following calendar year for accounting.

4. Company's share in Joint Venture has been reduced to 20% from 25% w.e.f. 31-08-2009, as all joint venture partner has agreed to introduce one new joint venture partner namely Pan Pacific Petroleum NL (PPP) with P.I. of 15%. Other Joint venture partners' namely Global Energy INC and Bharat Petroresources JPDA Limited has also agreed to reduced their P.I. from 25% to 20%. Additionally Oilex JPDA 06-103 Limited has also reduced their P.I. from 25% to 10% by introducing Japan energy E&P JPDA Pty Ltd. (JE) with P.I. of 15%. Hence now JPDA 06-103 Joint venture has following partners with new P.I. as follows.

Joint Venture	Company's Participating Interest	Other Consortium Partner's	Participating Interest (PI)
JPDA 06/103 Block (The Project is under Exploration)	20%	Oilex (JPDA 06/103) Ltd (Operator) Global Energy Inc. Bharat Petro Resources JPDA Ltd Japan energy E&P JPDA Pty Ltd. Pan Pacific Petroleum NL	10% 20% 20% 15% 15%

5. Impairment of Assets:

There has been no impairment of any of the cash generating fixed assets in terms of Accounting Standard (AS 28) issued by the Institute of Chartered Accountants of India.

6. Foreign Exchange Translation Reserve:

Foreign Exchange Translation Reserve has been calculated as per Accounting Standard 11 & AS -27 issued by the ICAI, from the current financial year on Joint Venture Assets & Liabilities. Summary of the same is as under.

Foreign Exchange Trans. Reserve (Loss) for	F.Y.2007-08	Rs. 1,35,890.38
Foreign Exchange Trans. Reserve (Gain) for	F.Y.2008-09	Rs. 3,74,45,991.63
	Closing Balance	(Net) Rs. 3,73,10,101.25

7. GST Credit Receivable from Australian Government has been deducted from CWIP-Exploration Expenditure. Till January'2009 BAS return for GST has been filed by the company and credit taken accordingly. However from February'2009 GST credit will be taken by Joint Venture Operator on behalf of all Joint Venture partners. Accordingly as per joint venture accounting policy GST credit has been shown under exploration expenditure and the same will be deducted from expenditure as and when refund received.

8. Related Party Disclosures

Disclosure with regard to related party in accordance with Accounting Standard -18 "Related Party Disclosures" is as under:

a) Holding Company

Gujarat State Petroleum Corporation Ltd. being the holding company, has acquired 14,00,000 fully paid up equity shares of Rs. 10 each and contributed Rs.30,87,00,000/- as Capital Contribution pending for allotment of shares.

b) Joint Venture

1. JPDA 06 /103 Block – Timor Area.

c) Key Managerial Personal :

1. Shri D. J. Pandian, IAS, Director
2. Shri Subhash Dave, Director
3. Shri M. Y. Farooqui, Director

9. Segment Information :

In the context of Accounting Standard – 17 "Segment Reporting" issued by the Institute of Chartered Accountants of India, the management considers its operations to constitute one primary segment only namely " Petroleum Activities in relation to JPDA 06-103.

10. Managerial Remuneration : NIL**11. Auditor's Remuneration:**

	Current Year	Previous Year
Audit Fees	Rs. 35,000/-	Rs. 25,000/-
Other Matters	Rs.22,500/-	NIL
Total	Rs.57,500/-	Rs. 25,000/-

12. Capital Commitments:

There were no capital commitments as on 31st March, 2009, as per management representation.

13. The company has prepared a Statement in lieu of Profit & Loss account instead of Profit & Loss Account as the Company has not started Commercial Production during the year.

14. There are no dues to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act,2006.

15. Expenditure in Foreign Currency (Cash Call Contribution)

	Year ended 2009	Year ended 2008
Cash Call Contribution remitted (Capital Work In Progress)	US\$ 65,90,000/-	US\$ 510,650/-

16. Corresponding figures of the previous period have been regrouped and reclassified wherever considered necessary to compare to this period's figures.

As per our report of even date

For, J. C. Shah & Co
Chartered Accountants

[J. J. Shah]
Partner
M.No.118004

[M. Y. Farooqui]
Director

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director

[Rajesh Sivadasan]
Sr. Manager (F & A)

Date : 21/11/2009
Place : Ahmedabad

Date : 21/11/2009
Place : Gandhinagar

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2009

Amount in Rupees

Particulars	2008-09 31 st March 2009	2007-08 31 st March 2008
Cash Flow from Operating Activities		
Profit/ (Loss) after Tax	-	-
Adjustments to reconcile profit / (loss) before tax to cash provided by operating activities		
Add : Income Tax	-	-
Deferred Tax / Fringe Benefit Tax	-	-
Add : Depreciation and Amortisations being non-cash item		
Depreciation	-	-
Interest & Finance Charges	-	-
Misc. Exp. Written Off	-	-
Less : Interest / Dividend Income	-	-
Profit on sale of Assets	-	-
Operating Profit / (Loss) before Working Capital changes	-	-
Add / Less : Working Capital Adjustments		
(Increase) / Decrease in other current Assets (-)	(3,814,957)	(1,249,063)
(Increase) / Decrease in loans & advances (-)	(1,984,601)	(1,233,177)
Increase / (Decrease) in current Liabilities (+)	27,281,046	109,638
Cash Generated from Operations	21,481,489	(2,372,602)
Inventories	-	-
Add : Prior Period Adjustment / Exceptional Items - Pre - Operative Exps.	(1,002,654)	(1,438,907)
Net Cash Flow from Operating Activities (A)	20,478,835	(3,811,509)
Cash Flow from Investing Activities		
Purchase of Assets / CWIP including Joint Ventures	(315,534,785)	(14,669,369)
Sale of Fixed Assets	-	-
Interest / Dividend Income	-	-
Net Cash Flow from Investing Activities (B)	(315,534,785)	(14,669,369)
Cash Flow from Financing Activities		
Proceeds from Share Capital	-	13,500,000
Proceeds from Share Application Money	301,950,000	6,750,000
Proceeds from Loans	-	-
Repayment of Loans (Net)	-	-
Interest / Dividend Paid	-	-
Net Cash Flow from Financing Activities (C)	301,950,000	20,250,000
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	6,894,050	1,769,122
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	600	600
Bank Balances	2,269,122	500,000
	2,269,722	500,600
Cash and Cash equivalents at the End of the Year		
Cash on hand	-	600
Bank Balances	9,163,772	2,269,122
	9,163,772	2,269,722

As per our report of even date

For, J. C. Shah & Co
Chartered Accountants[J. J. Shah]
Partner
M.No.118004Date : 21/11/2009
Place : Ahmedabad[M. Y. Farooqui]
Director

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director[Rajesh Sivadasan]
Sr. Manager (F & A)Date : 21/11/2009
Place : Gandhinagar

**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.	U23201GJ2006SGC049229
State Code	4
Balance Sheet Date	31-Mar-2009
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	360011
Total Assets	360011
Source of Funds	
Paid up Capital	14001
Reserves and Surplus	37310
Share Application Money	308700
Secured Loans	0
Unsecured Loans	0
Deferred Tax liability (Net)	0
Application of Funds	
Net Fixed Assets	0
Capital Work in Progress	376508
Investment	0
Net Current Assets	-19159
Miscellaneous Expenditure	2662
Accumulated losses	0
IV Performance of the Company	
Total income	0
Total Expenditure	0
Profit / (loss) Before Tax	0
Profit (Loss) After Tax	0
Earnings Per Share (Rs.)	0
Dividend Rate (%)	0%
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 report of even date

For, J. C. Shah & Co
Chartered Accountants

[J. J. Shah]
Partner
M.No.118004

[M. Y. Farooqui]
Director

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director

[Rajesh Sivadasan]
Sr. Manager (F & A)

Date : 21/11/2009
Place : Ahmedabad

Date : 21/11/2009
Place : Gandhinagar

