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Board of Directors

Shri A. K. Joti, IAS
Shri M. M. Srivastava, IAS
Shri K. Kailashnathan, IAS
Shri D J Pandian, IAS
Shri P V Swaminathan
Shri Suresh Mathur
Dr. Urjit Patel
Shri Y. B. Sinha
Shri N. Ravichandran
Dr. T. Harinarayana
Shri Tapan Ray, IAS

Shri D Rajagopalan
Shri P. K. Pujari, IAS

Executives

Shri Subhash Dave, ED (F&A)
Shri D. Srinivas, ED (G&G)
Shri Alok Chaudhuri, SEVP(E&C)
Shri Vijay Vir Singh, EVP (Commerical)
Shri Rakesh Johari, SEVP (Drilling)
Shri M Y Farooqui, GM (P&D)
Shri R N Pandey, GM (R&D)
Shri Jayesh Dave, GM (Pre-Audit)
Shri Vinay Kumar GM (HR&A)

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

Corporate & Registered Office

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

Chairman (w.e.f 08.03.2010)

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

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

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

Managing Director

(upto 08.03.2010)

(upto 10.02.2010)

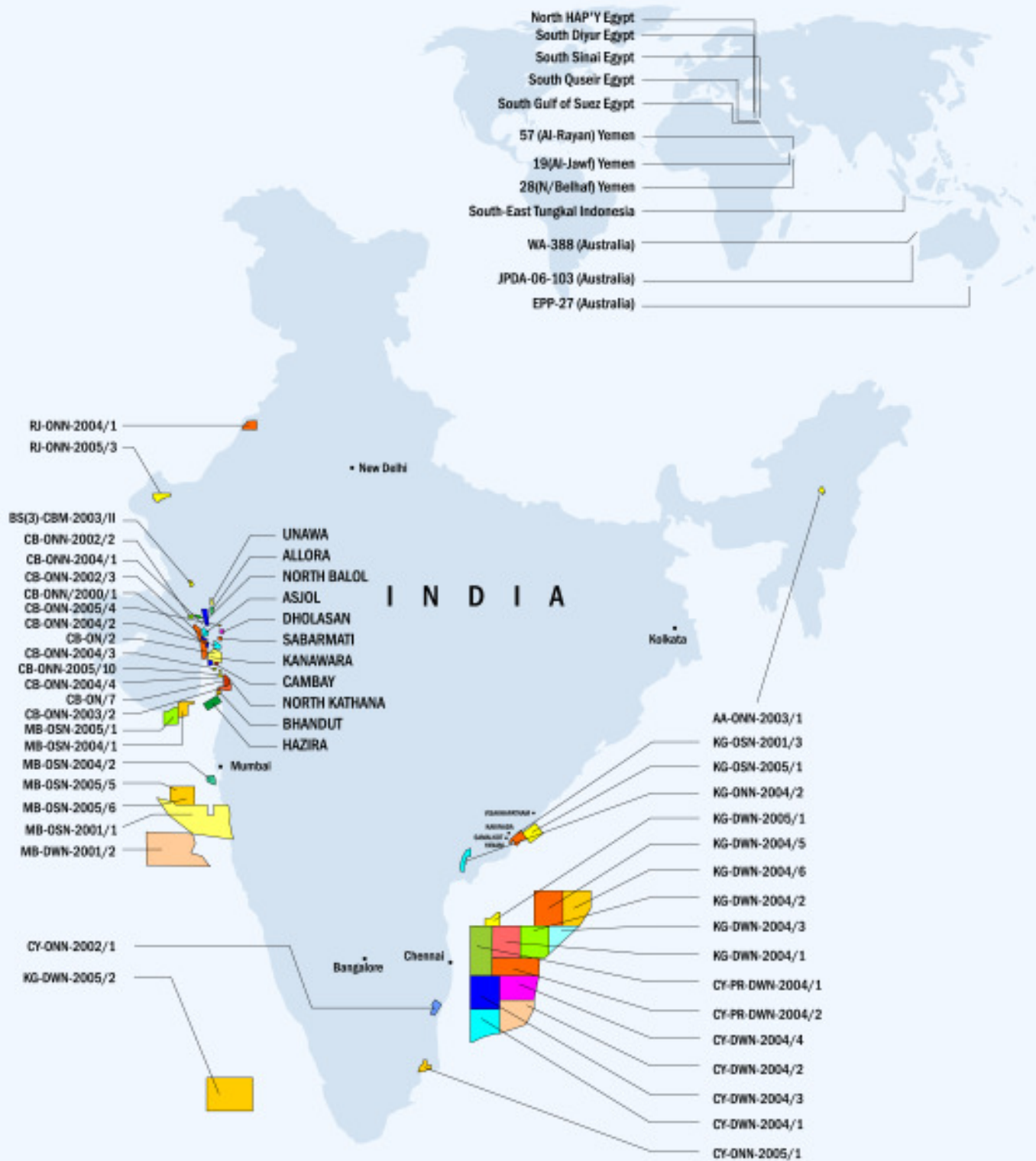
Statutory Auditors

Talati & Talati,
Chartered Accountants,
Ahmedabad

Internal Auditors

Mahajan & Aibara

Indian Overseas Bank
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Travancore
Union Bank
Vijaya Bank



DIRECTORS' REPORT

To,
The Members,

The Directors are pleased to present their 31st Annual Report along with the Audited Statement of Accounts for the financial year ended 31st March 2010.

FINANCIAL PERFORMANCE

The financial performance of the Company for the financial year ended March 31, 2010 is summarized below:

Particulars	(Rs. in Crore)		
	2009-10	2008-09	Change %
INCOME			
Turn Over	3868.55	5476.18	-29%
Other Income	26.98	31.25	-14%
Increase in Stock	1.27	-1.66	
TOTAL INCOME	3896.80	5505.77	-29%
Purchase of Gas/Petroleum Products	3112.94	4406.09	-29%
Production, Selling & Operational Expenditure	127.23	175.34	-27%
Payments to and provisions for Employees	7.51	8.82	-15%
Administrative & Other Expenses	64.89	135.02	-52%
Interest and Finance Charges	27.14	7.43	265%
Sub-Total	3339.71	4732.70	-29%
Profit Before Depreciation, Deferred Expenditure & Taxes	557.09	773.07	-28%
Depreciation, Amortization and Depletion	154.07	142.30	8%
Profit Before Tax (PBT)	403.02	630.77	-36%
Provision for Taxation	83.4	255.86	-67%
Profit After Tax (PAT)	319.62	374.91	-15%

RESULTS FROM OPERATIONS

In spite of global recession and reduction in production from Hazira field, the Company has managed to maintain profitability in the same range as previous year.

Capital

During the year under review, the company has raised approx Rs. 989 crores by private placement of CCD/Equity.

DIVIDEND

Your Directors are pleased to recommend dividend @ 20% for the Financial Year ending on 31st March, 2010. Total outgo on account of dividend payment would be Rs. 49.55 crores.

MANAGEMENT DISCUSSION & ANALYSIS:

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

BUSINESS

Your Company, along with its subsidiary and associate companies, has excelled as “**Integrated Energy Company**” with remarkable presence across the entire energy value chain spanning wide range of oil & gas activities comprising oil and gas exploration, development and production, gas trading, gas transmission, gas distribution and power generation. The Company has played a proactive role in the development of entire gas value chain in the State of Gujarat through its initiative of participation in the midstream and downstream segments as well as gas based power generation and initiating activities for setting up of LNG Terminal.

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 grown from operatorship of small onshore fields in Gujarat, to an expansive oil and gas exploration across India and overseas within short period.

Despite the impact of global recession, the Company has maintained an upward trend in all performance parameters. Major achievements and performance highlights are summarized below:

Upstream Business Activities

Your Company has significant growth potential with a diversified portfolio of onshore and offshore blocks, both within India and internationally, along with combination of matured blocks and blocks under development or exploration. The Company holds participating interest in 64 onshore and offshore exploration and production blocks of which 53 blocks are located in India and 11 are located in Australia, Egypt, Indonesia and Yemen covering a total area of more than 257,810 square kilometers in India and abroad. The Company is operator in 9 blocks overseas.

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

The major achievement in upstream business activities are summarized below,

- The Company has received approval from the DGH for Field Development Plan of Deen Dayal West field. The Company

has appointed reputed project management consultancy firm, to co-ordinate the overall construction and development work. The Company is expected to commence the first gas flow by mid 2012.

- 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 in October, 2010. The well has flowed at a flow rate of 35 MMSCFD of Gas.
- KG – 33 well has also been tested successful in July 2009 and the same flowed at the flow rate of 18 MMSCFD of gas.
- Wells KG 19 and KG 20ss have also been tested successfully and the gas was flown to the surface.
- M/s Oilex has announced a major gas discovery in onshore block in cambay wherein the Company holds 55% of participating interest.
- The Company has executed PSCs for 4 Blocks awarded under NELP - VIII bidding and has continued to add to its E&P portfolio.
- The Company has been awarded three exploration blocks in Egypt (i.e. South Gulf of Suez, South Sineï and South Quesair) in the recent international bid round.

Gas Trading

The Company has extended its valuable support as the aggregator of gas to various Independent Power Producers (IPPs), gas distribution companies, 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 that too at market determined prices. Your Company is today one of the leading gas marketing company in the country.

The GoI has recently announced a revision in the price of APM gas to U.S.\$4.20/MMBTU, which is in line with the price of gas from RIL's D6 field.

The major achievement in Gas trading business are summarized as below,

- The Company has commenced importing LNG cargoes from the international market and imported four cargoes of LNG totaling 320 mmscm at a total cost of Rs.31.20 billion. The Company has entered into a short-term agreement with Gas Natural Aproveisionamientos SDG, S.A., Spain, for the import of nine shipments of spot LNG cargo.
- The Company has entered into a long-term gas purchase agreement with IOCL to purchase 2.0 MMSCMD of gas imported by Petronet LNG Limited.

Midstream Business Activities:

In the midstream section of the integrated value chain, GSPL

the subsidiary of the Company has emerged as the leading player in the state of Gujarat which provides connectivity to major demand centers and supply sources in the state of Gujarat. GSPL owns and operates approximately 1,662 kilometers of gas pipelines. GSPL has transported an average of 36.9 mmscmd of gas for the month of April 2010. GSPL has obtained ISO 9001/2000, ISO-14001 and OHSAS-18001 certification.

Downstream Business activities:

In the downstream section of integrated value chain, GSPC Gas Company Limited and Sabarmati Gas Limited have scaled new milestones by developing pipeline infrastructure and supplying piped natural gas to 167,781 domestic customers, 939 industrial customers and 778 commercial customers through 25 city gas stations and setting up 82 compressed natural gas ("CNG") stations in Gujarat. CGD business is growing very fast and CGD companies of GSPC Group are expected to grow by leaps and bounds in the years to come.

The Promoters have accorded "in principle" approval to merge GSPC Gas Company Limited and Sabarmati Gas Limited.

Power Generation:

GPPC (702 MW) the subsidiary of the company along with GSEG (351 MW) the associate of the company are scheduled to commission 1050 MW gas based power generation capacity by FY 2011. GPPC and GSEG have awarded EPC contracts for setting up gas based power generation plants. The new projects scheduled to commission during F.Y 2010-11 will increase the capacity from 156 MW to approx 1200 MW.

The Company has set up a 52.5 MW wind farm at Jakhau, Gujarat which was commissioned in July 2009. GSPL the subsidiary of the Company has taken steps to set up another 52.5 MW wind farm in the State of Gujarat.

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.

The Company has won the prestigious Silver award in petroleum Marketing category at the 10th Annual Greentech Environmental Excellence Awards 2009 which demonstrate the Companies highest level of commitment to environment management.

SUBSIDIARY COMPANIES

Gujarat State Petronet Ltd. (GSPL)

The Company has promoted GSPL for the purpose of developing and operating pipeline infrastructure for transportation of Gas.

Like earlier years, GSPL has continued to achieve fast track growth. The total income of GSPL increased from Rs.511.81 Crores in 2008-09 to Rs. 1,016.72 Crores in 2009-10. Further, PBT of GSPL has also increased from Rs. 191.35 Crores in 2008-09 to Rs. 626.89 Crores in 2009-10.

GSPC Gas Company Limited

The company has promoted GSPC Gas for development of city gas distribution network in the State of Gujarat.

Turnover of GSPC Gas increased from Rs. 841 crore in 2008-09 to Rs. 1192 crore in 2009-10. Further, GSPC Gas has also earned PBT of Rs. 63.84 crore in 2009-10 as against Rs. 120.24 crore in 2008-09.

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 currently holds a category "A" internet service provider license from the Department of Telecom, Government of India for operations across India.

GSPC Pipavav Power Company Limited (GPPCL)

The company has promoted GPPCL, a special purpose vehicle for setting up a 702MW combined cycle power plant at Pipavav. The Company has obtained all necessary permits and approvals for of project. The EPC contract has been awarded to BHEL and the project is scheduled to be commissioned by end of FY 2010-11.

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 which will subsequently be increased to 10.0 MMTPA to ensure energy security for the State of Gujarat. The LNG terminal is designed to have two LNG storage tanks. The first phase of the FEED has been completed and the second phase of the FEED is in progress. The company will engage an expert EPC contractor after the completion of the second phase of the FEED.

GSPC(JPDA) Limited

This company has been incorporated for carrying out E&P activities in the Block awarded to the Company in Joint Petroleum Development Area by Timor Sea Designated Authority. Drilling activities have started in this prospective block.

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.

Turn over of the SGL has increased from Rs. 257.55 Crores in the F.Y. 2008-09 to Rs. 292.60 Crores in the F.Y. 2009-10. PAT increased from Rs. 18.13 Crores in the F.Y. 2008-09 to Rs. 21.68 Crores in the F.Y. 2009-10.

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 in F.Y 2010-11.

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. This institute develops the talent pool for the oil and gas sector, conduct research and training in petroleum sector, assists in devising techno-economically feasible solutions for various problems encountered in exploration, drilling, production and transportation operations. This Institute has taken initiative to set up state-of-the-art Research center.

GERMI has also established a centre of excellence in Energy with focus on oil and gas, solar and environmental research. GERMI also plans to establish a training and development centre for updating skill set of manpower deployed in oil and gas sector.

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

SOCIAL COMMITMENT

The Company undertakes the corporate social responsibility as a genuine expression of goodwill and gratitude towards society. Being a state sector entity the Company fully recognizes 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, GSPC has been playing an 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 wholeheartedly 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 a difference in the lives of the senior citizens by supporting the Old Age homes. As a socially responsible organization, blood donation camps are organized at regular intervals. Besides, GSPC assumes 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. 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 emphasized on the objective of promoting fuel efficiency and conservation aspect of natural resources in line with national wide oil and gas Conservation campaign.

The GoG has acceded to the request of our Company to contribute towards corporate social responsibility in the area of its operations on the basis of profit of one well of Deen Dayal discovery. However, total contribution towards corporate social responsibility will not exceed 10% of the profit after tax of the Company in the relevant financial year.

FIXED DEPOSITS

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

DIRECTORS

During the year under review Shri D. Rajagopalan, IAS (Retd.) and Shri P.K. Pujari, IAS have ceased to be Chairman and Director of the Company respectively. Your Directors wish to

place on record appreciation of the services rendered by Shri D. Rajagopalan, IAS (Retd.) as Chairman of the Company and Shri P. K. Pujari, IAS as the Director of the Company.

Since the last Directors Report, Shri A. K. Joti, IAS has been nominated as Chairman of the Company in place of Shri D. Rajagopalan, IAS (Retd.). It is proposed to appoint Shri A. K. Joti, IAS as regular Director and Chairman of the Company.

AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India. Accordingly, M/s Talati & Talati Chartered Accountants, Ahmedabad were appointed as Statutory Auditors of the Company for the financial year 2009-10.

AUDIT COMMITTEE

Audit Committee has approved and recommended the Annual Accounts for the year ended on 31st March, 2010 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	276.49

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

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

For and on behalf of the Board of Directors

A. K. Joti, IAS
Chairman

Date : 23rd August, 2010
Place : Gandhinagar

MANAGEMENT DISCUSSION & ANALYSIS

Financial Year 2009-10 was the time for most of the Countries, including the United States of America, to revisit their economic policies and take their economy on the path of recovery with the help of various stimulus packages. The overall economic scenario during the financial year 2009-10 has been that of recovery from the recession. The global economic recession that began in 2007 has had a profound impact on world energy demand in the near term and the same continued in 2009-10 also.

For the world as a whole, primary energy consumption fell by 1.1 per cent in 2009, the first decline since 1982. Consumption in the industrialized countries of the OECD fell by 5 per cent - more than their decline in GDP. Global oil consumption declined by 1.2 million barrels per day (bpd), or 1.7 per cent, the largest decline since 1982. (Source: BP Statistical Review of World Energy, June 2010)

However, India's economy is set for GDP growth rate of above 8% as per RBI's First Quarter Review of Statement on Monetary Policy for the financial year 2010-11. Accordingly, the oil and gas sector will remain strong. In 2009, India's consumption of natural gas was 51.9 BCM as against 41.0 BCM in 2008. Thus, increase in gas consumption in India in 2009 was 25.9% as compared to 2008 which is top most globally. However, India ranked as low as 15th in gas consumption globally in 2009. (Source: BP Statistical Review of World Energy, June 2010) Gas is currently a minor fuel in the overall energy mix in India, however, gas consumption is expected to grow at 4.2% per year on average from 2006 to 2030. (Source: Energy Information Administration, International Energy Outlook 2009, May 2009).

As against the consumption of 51.9 BCM, India produced 39.3 BCM of natural gas in 2009 showing continued demand-supply gap in the natural gas sector which is met through import of LNG. The production of 39.3 BCM in 2009 showed an increase of 28.9% as against production of 30.5 BCM of natural gas in 2008. (Source: BP Statistical Review of World Energy, June 2010).

As far as the state of Gujarat is concerned, 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. Gujarat, by far, is the most developed gas market in the country. Currently, Gujarat alone accounts for approximately 40% of total gas demand in the Country. Gas demand in Gujarat is likely to grow at a CAGR of 3.4% from 85 MMSCMD in financial year 2009-10 to 154 MMSCMD in financial year 2023. (Source: CRISIL report on Indian Gas Market Assessment, February 2010.)

In light of the overall economic scenario as stated above, the performance of your Company in the area of **Exploration and**

Production in the financial year under review has been analyzed as follows:

Producing Assets

Oil and gas production volumes, which depend on the yield from our producing fields, have a significant impact on the Company's results of operations. Currently, all of our producing fields are within the Cambay basin, where we hold participating interests in 15 producing fields. The Cambay basin is a maturing resource province with declining production levels, especially of gas. The volume of production from oil and gas fields generally declines as reserves are depleted due to production. Our gas production volumes from producing fields in the Cambay basin was 33.9 BCF, 23.0 BCF, 16.0 BCF, 11.8 BCF and 8.6 BCF for the financial years 2006, 2007, 2008, 2009 and 2010 respectively. Our production volume for gas has been declining as a result of a decline in production volumes from the Hazira field. Our oil production volume was 36.9 MBbl, 211.8 MBbl, 264.5 MBbl, 310.0 MBbl and 403.3 MBbl for the financial years 2006, 2007, 2008, 2009 and 2010, respectively. Our production volume for oil has been increasing as a result of an increase in oil production from the Hazira field and the commencement of production from the Ahmedabad field.

The Company also intends to continue exploration activities in our existing exploration blocks to discover new oil and gas reserves for development. Discoveries of oil and gas in the Sanand-Miroli and Ankleshwar blocks are currently under appraisal and declaration of commerciality and applications for various FDP approvals are currently in process. We intend to acquire discovered and producing blocks to balance our portfolio of exploration, developing and producing fields and blocks. We are currently exploring a total of 257,810 square kilometers. Our future production will be significantly dependent upon our success in acquiring producing assets or finding and developing additional reserves in a timely and cost effective manner.

Assets under development

Our primary asset is our 80.0% participating interest in the KG block in the KG basin off the east coast of Andhra Pradesh, India, which includes the Deen Dayal field. As of March 31, 2010, our net entitlement of proved, proved plus probable and proved plus probable plus possible gas reserves for DDW were 644.8 BCF, 947.4 BCF and 1,089.0 BCF, respectively, and our net entitlement of proved, proved plus probable and proved plus probable plus possible condensate reserves for DDW were 10,101.1 MBbl, 18,319.2 MBbl and 25,177.3 MBbl, respectively. 98.1% of our proved plus probable gas reserves and 83.9% of our proved plus probable oil (including condensate) reserves are located in DDW. We expect to begin production from DDW in June 2012 and are currently in the process of executing the FDP for this block. The development of DDW involves significant engineering, drilling, procurement, construction, third-party and other risks. Our future production will be significantly dependent upon our success and timely execution of the FDP for DDW. Further, we also intend to drill

additional appraisal wells within the Deen Dayal field in DDE, DDN and DDW Downthrown and, if successful, plan to achieve the declaration of commerciality for these fields, following which we will formulate FDPs for these fields.

The Deen Dayal Field is a high temperature, high pressure (HTHP) tight and deep gas field with a complex structural/stratigraphic trap involving several separate fault blocks associated with rift geology. One fault block (DDW) has been approved for development, while several other discoveries require further appraisal and study before becoming part of a longer term plan for developing the greater "field". The development strategy for Deen Dayal West consists of a Well Head Platform (WHP) bridge-linked to a Processing and Living Quarter Platform (PLQP).

Forward Looking Statements:

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

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, 2010

The preparation of financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2010 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 23 August 2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Gujarat State Petroleum Corporation Limited for the year ended 31 March 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under section 619(4) of the Companies Act, 1956.

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

Place: Ahmedabad
Date: 17th September, 2010

(Dr. Prasenjit Mukherjee)
Principal 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 31st March, 2010, the Profit and 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 (Previous Year: sixty four) joint ventures for exploration and production audited by other auditors or certified by the management. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order, to the extent applicable to the Company. Our comments in the Annexure are restricted to the activities of the Company only and exclude matters relating to the Company's interest in the unincorporated joint ventures, which are not subject to audit under the Companies Act, 1956 and their auditors have not reported on matters specified in paragraphs 4 and 5 of the Order.
4. (a) We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of costs incurred on them, treatment of capitalization, depletion of producing properties on the basis of the proved probable hydrocarbon reserves and liability for abandonment costs.
(b) As stated in Accounting Policy 8 of the statement of Significant Accounting Policies (Schedules R (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. 681.84 crores, other assets aggregating to Rs. 60.34 liabilities aggregating to Rs. 38.45 crores, income aggregating to Rs. 295.37 crores and expenditure aggregating to Rs. 109.41 crores relating to Company's share in fourteen producing joint ventures, which have been incorporated on the basis of accounts of fourteen joint ventures, audited by other auditors.
(ii) In respect of forty nine joint ventures which are under exploration and development phase, exploration / development expenditure aggregating to Rs.7412.03 crores, other assets aggregating to Rs 82.56 and liabilities aggregating to Rs 328.44 crores have been incorporated on the basis of accounts audited by other auditors.
(iii) In respect of one unincorporated joint ventures which are under exploration and development phase, exploration / development expenditure aggregating to Rs 6.58 crores, other assets aggregating to Rs. 0.12 and liabilities aggregating to Rs 0.42 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. 10 of Schedule R (A) and also note No 3.3 of Schedule R (B) regarding the measurement of Deferred Tax Liability.
(ii) Attention is invited to Note No 3.2 and 14.1.1 of Schedule R (B) regarding contingent liabilities amounting to Rs 482.32 crores towards disputed income tax demands/ claims by the Income Tax Authority.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
(A) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit, *except for the unaudited financial information relating to one unincorporated joint venture for the year ended*

March 31, 2010 referred to in paragraph 4(c) (iii) above and read with our comments in paragraph 4(b).

- (a) 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.
 - (b) The Balance Sheet, the Profit and Loss Account & the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (c) In our opinion, the Balance Sheet, Profit & Loss Account & the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 read with paragraph 4(b) above.
 - (d) 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.
6. *Subject to our comments with the respect to the unincorporated joint venture in paragraph 4 (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 read together with the significant accounting policy and notes thereon and our comments in paragraph 4 above give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) In the case of the Profit and Loss Account, of the 'Profit' of the Company for the year ended on that date;
and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For TALATI & TALATI,
CHARTERED ACCOUNTANTS
(Firm Reg. No: 110758W)

Umesh H. Talati
Partner
Membership No.: 34834

Place : Ahmedabad
Date : August 23, 2010

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

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

- I. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
(b) According to the information and explanations given to us, the fixed assets which are underground / submerged / under joint venture, pertaining to producing properties having substantial value have been physically verified by the management at regular intervals and for other assets there is a regular program of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets.
(c) In our opinion and on the basis of information and explanations given to us the Company has not disposed off a substantial part of its fixed assets during the year.
- II. (a) The inventories has been physically verified (excluding inventories with joint ventures and materials in transit) during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the records of the company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification of stocks as compared to book records were not material having regard to the size of operations of the Company and have been properly dealt with in the books of accounts.
- III. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loan secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. And hence, paragraph 4(iii) (b to d, f & g) of Companies (Auditors' Report) Order, 2003 are not applicable.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- V. Based on the audit procedures applied by us and according to information and explanation provided by the management, we are of the opinion that there are no transactions that need to be entered into register maintained under section 301 of the Companies Act, 1956. Therefore, the provision of paragraph 4(v) of Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- VI. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit from the public during the year and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the company.
- VII. The Company has appointed a firm of Chartered Accountants as its Internal Auditor for the year under audit. The Internal Audit for the year is therefore carried out by the said firm. On the basis of internal audit reports broadly reviewed by us, we are of the opinion that, internal audit system, which in conjunction with the existing internal controls and checks, is commensurate with the size and nature of its Company's business.
- VIII. The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the product of the Company. In our opinion, and on the basis of records produced, prima facie, the prescribed accounts and records have been made and maintained. We have however, not carried out a detailed examination of the same.

IX. In respect of statutory dues:

- (a) The Company is generally regular in depositing, Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues to appropriate authorities. According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31st March 2010 for the period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of dues of Income Tax and Service Tax which have not been deposited on account of any dispute are given below:

Name of the Statute	Nature of dues	Amount under dispute not yet deposited (Rs.in crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax Including Interest and Penalty as applicable	1.00	1996-1997	High Court
		7.11	1997-1998	
		9.75	1998-1999	
Income Tax Act 1961	Income Tax Including Interest and Penalty as applicable	14.55	1999-2000	Income Tax Appellate Tribunal
		14.24	2000-2001	
		67.48	2001-2002	
		139.77	2002-2003	
		136.57	2003-2004	
		176.05	2004-2005	
Service Tax	Service Tax Including Interest and Penalty as applicable	12.90	2002-03 to 2006-07	Commissioner of Central Excise

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

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

For TALATI & TALATI,
CHARTERED ACCOUNTANTS
(Firm Reg. No: 110758W)

Umesh H. Talati
Partner
Membership No.: 34834

Place : Ahmedabad
Date : August 23, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

Rupees in Crores

Particulars	Schedule	As at 31 st March 2010		As at 31 st March 2009	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A		219.73		211.22
Reserves and Surplus	B		2,938.75		2,001.26
Loan Funds					
Secured Loans	C	3,204.45		2,863.55	
Unsecured Loans		3,179.38	6,383.83	2,083.66	4,947.21
Deferred Tax Adjustment					
<i>(Refer Note 3.4 of Schedule (Q)(R))</i>					
Deferred Tax Liability		64.18		45.92	
Less: Deferred Tax Asset		0.10	64.08	0.07	45.85
TOTAL			9,606.39		7,205.54
APPLICATION OF FUNDS					
Fixed Assets :					
Gross block	D	1,801.80		1,303.53	
Less: Depreciation, Amortisation and Depletion		929.06		772.78	
Net Block			872.74		530.75
Capital Work-in-Progress	E		7,690.19		6,056.16
Investments	F		423.54		406.50
Current Assets, Loans and Advances					
Current Assets					
Inventories	G	3.24		1.80	
Sundry Debtors		224.46		146.01	
Cash & Bank Balances		64.31		815.44	
Other Current Assets		0.68		0.56	
Loans and Advances	H	1,183.01		1,098.26	
Sub-Total (i)		1,475.70		2,062.07	
Less: Current Liabilities and Provisions					
Current Liabilities	I	771.16		1,759.82	
Provisions		90.67		90.12	
Sub-Total (ii)		861.83		1,849.94	
Net Current Assets (i-ii)			613.87		212.13
Miscellaneous Expenditure (To the extent not written off or adjusted)	-		6.05		-
TOTAL			9,606.39		7,205.54
Significant Accounting Policies and Notes to Financial Statements	R				

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

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants

Achal Kumar Joti, IAS
Chairman

Tapan Ray, IAS
Managing Director

Umesh H. Talati
Partner

Sandeep Dave
Company Secretary

Subhash Dave
Executive Director - F & A

Date : August 23, 2010
Place : Ahmedabad

Date : August 23, 2010
Place : Gandhinagar

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Rupees in Crores

Particulars	Schedule	Year Ended 31 st March 2010		Year Ended 31 st March 2009	
		Rupees	Rupees	Rupees	Rupees
INCOME					
Gross Sales	J	3868.55		5,476.18	
<i>Less: Excise duty</i>		-		-	
Net Sales			3,868.55		5,476.18
Other income	K		26.98		31.25
Increase/(Decrease) in stock	L		1.27		(1.66)
TOTAL			3,896.80		5,505.77
EXPENDITURE					
Purchase of Gas/Petroleum Products	M		3,112.94		4,406.09
Production, Selling & Operational Expenditure	N		127.23		175.34
Payments to and provisions for Employees	O		7.51		8.82
Administrative & Other Expenses	P		64.89		135.02
Interest and Finance Charges	Q		27.14		7.43
Sub-Total			3,339.71		4,732.70
Profit Before Depreciation, Deferred Expenditure & Taxes			557.09		773.07
Depreciation, Amortisation and Depletion			154.07		142.30
Sub-Total			154.07		142.30
Profit Before Tax			403.02		630.77
Provision for Taxation					
- Current Tax (including Wealth Tax Rs.256891/- (P.Y.Rs.258439/-)			65.17		210.03
- Deferred Tax			18.23		44.60
- Fringe Benefit Tax			-		1.23
Profit After Tax (PAT)			319.62		374.91
Prior Period Adjustment (net)			(1.97)		(0.73)
Excess/Short Provision of Dividend Distribution Tax			-		0.31
Profit After Adjustments			317.65		374.49
Balance in Profit & Loss Account Brought Forward			355.35		906.64
Amount available for Appropriations			673.00		1,281.13
APPROPRIATIONS					
Proposed/Interim Dividend			42.49		22.57
Tax on Dividend			7.06		3.21
Transferred to General Reserve			300.00		900.00
Surplus carried to Balance Sheet			323.45		355.35
Basic Earnings per Share of face value of Rs.1 each			1.50		1.77
Diluted Earnings per Share of face value of Rs.1 each			1.50		1.77
Significant Accounting Policies and Notes to Financial Statements	R				

The schedules referred to above are an integral part of the Profit and Loss Account
As per our separate report of even date

For and on behalf of the Board of Directors

For Talati & Talati
Chartered Accountants

Achal Kumar Joti, IAS
Chairman

Tapan Ray, IAS
Managing Director

Umesh H. Talati
Partner

Sandeep Dave
Company Secretary

Subhash Dave
Executive Director - F & A

Date : August 23, 2010
Place : Ahmedabad

Date : August 23, 2010
Place : Gandhinagar

SCHEDULE A

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
SHARE CAPITAL				
AUTHORISED				
300 Crores Equity Shares of Rs.1/- each (Previous Year 30 Crores Equity Shares of Rs.10/- each)		300.00		300.00
ISSUED, SUBSCRIBED AND PAID UP				
2197326000 Equity shares of Rs.1/- each fully paid up (P.Y. 2112221400 Equity Shares of Rs.1/- each fully paid up) (of the above 1056110700 Equity shares (P.Y. 1056110700) allotted as fully paid up bonus shares, by way of capitalisation of General Reserve) {Out of the above, 2007221400 (P.Y.2007221400) Equity shares of Rs.1/- each are held by Government of Gujarat} Equity shares of Rs.10 each has been sub-divided into ten equity shares of Rs.1 each pursuant to a resolution of shareholders dated December 29, 2009		219.73		211.22
TOTAL		219.73		211.22

SCHEDULE B

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
RESERVES AND SURPLUS				
CAPITAL RESERVE				
Balance as per last balance sheet		1.28		1.28
FOREIGN EXCHANGE TRANSLATION RESERVE				
Balance as per last balance sheet	(0.51)	-	0.21	
Addition (Deduction) During the Year	(11.44)	(11.95)	(0.72)	(0.51)
SECURITIES PREMIUM ACCOUNT				
Balance as per last balance sheet	-		-	
Addition (Deduction) During the Year	680.83	680.83	-	-
GENERAL RESERVE				
Balance as per last balance sheet	1,645.14		850.67	
Less : Capitalisation of reserves by issue of Bonus shares	-		105.61	
Add: Transfer from Profit and Loss Account	300.00		900.00	
Add: Borrowing cost expensed earlier now reversed as per accounting policy (Refer Note no.2.1 of Schedule R(B))	-	1,945.14	0.08	1,645.14
PROFIT AND LOSS ACCOUNT		323.45		355.35
TOTAL		2,938.75		2,001.26

SCHEDULE C

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
SECURED LOANS				
A. Debentures	300.00			
B. Term Loans				
From Banks				
Rupree Loans	1,437.40		1,191.36	
Foreign Currency Loans	1,467.05	3,204.45	1,672.19	2,863.55
UNSECURED LOANS				
Short Term Loans				
From Banks:	1,434.38		788.66	
From Others:				
-Gujarat State Financial Services Ltd	1,745.00	3,179.38	1,295.00	2,083.66
TOTAL		6,383.83		4,947.21

Note:

- Compulsorily Convertible Debentures of face value of Rs.81 each secured by a first mortgage and charge over certain immovable properties of the company. The Debentures are converted into equity shares on May 22, 2010.
- Rupree Loans and Foreign currency loans are from consortium of fifteen banks lead by State Bank of India. The loan is secured by way of first ranking parri passu charge on all the present and future receivables of the Company including Bank Guarantees provided by buyers 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.
- Term loan from Dena Bank for wind mill project is secured by way of paripassu charge on all the assets created relating to windmill project.
- Term Loans repayable within one year Rs.86.25 Crs (P.Y.Rs.Nil).

SCHEDULE D

FIXED ASSETS											Rupees in Crores	
PARTICULARS	GROSS BLOCK				DEPRECIATION, DEPLETION and AMORTISATION				NET BLOCK			
	As at 31-March 2009	Additions / Adjustments	Deduction	As at 31-March 2010	As at 31-March 2009	During the Period*	Deduction	As on 31-March 2010	As at 31-March 2010	As at 31-March 2009		
I. Producing Properties (being Company's share in Joint Venture)	1,074.34	151.56	-	1,225.90	726.88	106.61	-	833.49	392.41	347.46		
II. Other Assets												
1. Land												
1.1 Freehold	118.33	5.48	-	123.81	-	-	-	-	123.81	118.33		
1.2 Leasehold Land	3.93	4.20	-	8.13	0.04	0.23	-	0.27	7.86	3.89		
2. Buildings	32.13	0.57	-	32.70	7.06	1.29	-	8.35	24.35	25.07		
3. Office Equipments	14.01	3.91	0.22	17.70	6.14	1.21	0.14	7.21	10.49	7.87		
4. Computer Equipments	19.78	2.95	0.05	22.68	10.51	4.70	0.04	15.17	7.51	9.27		
5. Vehicles	8.79	0.72	0.55	8.96	4.79	1.17	0.49	5.47	3.49	4.00		
6. Furniture & Fixtures	10.59	0.85	-	11.44	4.83	1.05	-	5.88	5.56	5.76		
7. Plant & Machinery	12.87	314.91	0.02	327.76	8.68	34.63	0.01	43.30	284.46	4.19		
8. Intangibles-(Software)	8.76	13.96	-	22.72	3.85	6.07	-	9.92	12.80	4.91		
TOTAL	1,303.53	499.11	0.84	1,801.80	772.78	156.96	0.68	929.06	872.74	530.75		
Previous Year	1,067.42	236.36	0.25	1,303.53	628.24	144.73	0.19	772.78	530.75	439.18		
The above includes Company's Share in Unincorporated Joint Venture Assets (Refer Note No.1.10)	1,100.90	156.62	-	1,257.52	734.49	109.88	-	844.37	413.15	366.41		
Previous Year	991.56	109.34	-	1,100.90	596.92	137.57	-	734.49	366.41	394.64		

* It includes depreciation of Rs.2.90 crores (P.Y. 1.99 crores) which has been capitalised during the period as per Note no. 3.4 of Schedule R(A)

SCHEDULE E

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
CAPITAL WORK - IN - PROGRESS				
Wind Mill		-		246.78
Building		2.89		-
Exploration & Development				
Exploration	6,273.36		5,108.85	
Development	1,413.94	7,687.30	700.53	5,809.38
TOTAL		7,690.19		6,056.16

SCHEDULE F

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	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. 18,576,711,125 (P.Y. Rs.8,141,907,105)}	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 36692338 (P.Y.36692338) 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 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	
OTHERS (UNQUOTED)				
In 80887273 (P.Y.73536364) shares of Gujarat State Energy Generation Ltd of Rs.10 per share fully paid up (Refer Note 14.1.3 of Schedule R(B))	83.91		75.82	
In 22,50,000 (P.Y. 12500) shares of Sabarmati Gas Company Ltd(at cost) at Rs.10 per share fully paid up	8.96	401.97	0.01	384.93
II. NON TRADE INVESTEMENT				
QUOTED				
In 3,697,000(P.Y.3,697,000) Equity Shares of Rs.10 of Gujarat Industrial Power Company Ltd. M.V.Rs.447,337,000 (P.Y. Rs.172,834,750)}	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		423.54		406.50
Total Quoted Investments		223.31		223.31
Total Unquoted Investments		200.23		183.19
TOTAL		423.54		406.50
Total Market Value of Quoted Investments		1,902.40		831.47

SCHEDULE G

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
CURRENT ASSETS				
INVENTORIES				
(As taken, valued and certified by the Management)				
Finished Goods - Crude Oil		3.24		1.80
SUNDRY DEBTORS				
Secured, considered good				
- More than Six Months	0.46		0.58	
- Others	32.33	32.79	11.41	11.99
Unsecured, considered good				
- More than Six Months	0.30		0.01	
- Others	191.37	191.67	134.01	134.02
Refer Note No.9.4 of Schedule R (B).				
CASH AND BANK BALANCES				
Cash on hand	0.03		0.04	
Balances with Scheduled Banks				
A) In Current Accounts	63.86		21.80	
B) In Fixed Deposit Accounts	0.42	64.31	793.60	815.44
OTHER CURRENT ASSETS				
INTEREST ACCRUED		0.68		0.56
TOTAL		292.69		963.81

SCHEDULE H

Rupees in Crores

Rupees	As at 31 st March 2010		As at 31 st March 2009	
Rupees	Rupees	Rupees	Rupees	Rupees
LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise stated)				
Advances to Subsidiary Companies		2.61		5.86
Advances for Investments (Pending Allotment)				
I. Subsidiary Companies***		100.97		38.87
II. Other Companies				
i) ONGC Petro Additions Ltd	14.00		14.00	
ii) Alcock Ashdown (Gujarat) Ltd.	1.00		1.00	
iii) Sabarmati Gas Company Ltd	-	15.00	9.06	24.06
Advance to Other Companies & Projects				
i) Gujarat State Energy Generation Ltd.	1.11		1.64	
ii) Others	2.07	3.18	2.84	4.48
Advances Recoverable in cash or in kind or for value to be received (includes advances in Joint Ventures amounting to Rs.863.10 crs (P.Y. Rs.765.84 crs)***		925.19		993.90
Advance Income Tax (Net of Provisions)		84.18		-
Advances to Employees {secured Rs.16796329 (P.Y. Rs.12425359)} **		3.74		1.80
Sundry deposits		8.67		0.83
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*	39.47	39.47	28.46	28.46
TOTAL		1,183.01		1,098.26

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

** Maximum outstanding during the year is Rs.38092712 (Previous year Rs.20915788)

***Refer Note No.9.4 of Schedule R (B).

SCHEDULE I

Rupees in Crores

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
CURRENT LIABILITIES AND PROVISIONS				
A) CURRENT LIABILITIES				
Creditors				
- Micro, small and medium Enterprises (Ref note no.18 of Sch.R(B))	-		-	
- Others	475.99	475.99	974.75	974.75
Other Liabilities				
i) Subsidiary Companies	3.07		2.44	
ii) Others	264.91	267.98	763.85	766.29
Refer Note No.9.4 of Schedule R (B).				
Interest accrued but not due on Loans		27.19		18.78
		771.16		1,759.82
B) PROVISIONS				
Provision for Taxation(Net of Advance Tax)		-		15.43
Provision for Proposed Dividend		42.49		22.57
Provision for Dividend Distribution Tax		7.06		3.21
Provision for Employee benefits		0.24		0.65
Provision for Abandonment Cost		40.88		33.35
Provision for Take or Pay		-		14.90
TOTAL		861.83		1,849.93

SCHEDULE J

Rupees in Crores

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
SALES				
Natural Gas Trading		3,557.02		5,148.83
Sale of Gas-Joint Ventures		158.25		228.99
Sale of Oil-Joint Ventures		131.75		98.36
Sale of Electricity - WIND MILL		21.53		
TOTAL		3,868.55		5,476.18

SCHEDULE K

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
OTHER INCOME				
From Long term investments				
Dividend From Subsidiary Company	15.92		14.43	
Dividend From Other Companies	2.49	18.41	3.47	17.90
Interest Income :				
Other investments Gross {Tax Deduction at source Rs.1413602 (P.Y.Rs.5379977/-)}		0.91		2.56
Net Foreign Exchange-Gain		-		1.28
Profit on Sale of Assets {Rs.923160/- (P.Y. Rs.20728)}		0.09		-
Usage Charges		2.51		2.65
ISP - Income		-		0.01
Other Income-Joint Ventures		4.10		5.06
Hire Charges		0.30		0.30
Take or Pay Income		0.38		1.12
Miscellaneous Income		0.28		0.37
TOTAL		26.98		31.25

SCHEDULE L

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
INCREASE/ (DECREASE) IN STOCK				
STOCK- IN- TRADE (At Close)				
Finished Goods - Oil	3.24	3.24	1.80	1.80
STOCK- IN- TRADE (At Beginning)				
Finished Goods - Oil	1.80	1.80	2.79	2.79
Increase/ (Decrease) in Stock (Ref note 1.10 of SchR-B)		(0.17)		(0.67)
TOTAL		1.27		(1.66)

SCHEDULE M

	Rupees in Crores			
	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Purchase of Gas/ Petroleum Products				
Natural Gas Trading	3,095.12		4,400.48	
Add: Transmission Charges	14.88		8.80	
Add: Annuity & Meter validation charges	1.28		1.38	
Less: Connectivity/TDS amounting to Rs.NIL (P.Y. Rs.2052237)	-	3,111.28	9.06	4,401.60
Take or Pay		1.66		4.49
		3,112.94		4,406.09

SCHEDULE N

Rupees in Crores

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Production, Selling & Operational Expenditure				
Joint Venture Expenditure				
Production Expenses	41.89		46.38	
Duties & Taxes {includes profit petroleum of Rs.347163014 (P.Y. Rs.454303429)}	57.65		77.04	
Foreign Exchange loss	0.42		-	
Other G & A expenses	9.87	109.83	10.90	134.32
Exploration Costs Written Off		16.17		33.72
Bidding Expenditure		1.23		7.30
TOTAL		127.23		175.34

SCHEDULE O

Rupees in Crores

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES (refer note no. 4 of Schedule R(B))				
Salaries, wages and allowances		6.29		8.13
Contribution to Provident Fund & Other funds		0.90		0.51
Staff Welfare		0.32		0.18
TOTAL		7.51		8.82

SCHEDULE P

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
ADMINISTRATIVE & OTHER EXPENSES				
(refer note no. 4 of Schedule R(B))				
Telephone, Trunkcalls & Postage		0.11		0.27
Travelling Expenses (including Directors' travelling Rs.1725585/- (P.Y. Rs.1690646/-))		0.45		0.95
Rent		0.28		0.23
Vehicle running Expenses		0.62		0.43
Electricity Expenses		0.51		0.42
Conveyance {Rs 50624 (P.Y Rs. 22643)}		0.01		-
Stationery & Printing		0.51		0.35
Insurance expenses-Wind Project		0.19		-
Insurance expenses		0.16		0.22
Administration & establishment		1.14		1.69
Business Development & Promotion		4.10		11.95
Professional & Technical Expenses		4.48		10.57
Donations		50.10		105.47
Audit Fees		0.11		0.11
Advertisement & publicity		1.03		1.25
Building Repairs		-		0.07
Bandwidth Expenses		0.12		0.11
Net Loss on Sale/discarding of Fixed Assets		0.09		0.02
Other expenses		0.88		0.91
TOTAL		64.89		135.02

SCHEDULE Q

	As at 31 st March 2010		As at 31 st March 2009	
	Rupees	Rupees	Rupees	Rupees
Rupees in Crores				
INTEREST & FINANCE CHARGES				
Finance & Bank Charges		11.61		7.43
Interest-Wind Mill		15.53		-
TOTAL		27.14		7.43

SCHEDULE R**Significant Accounting Policies and Notes forming part of Financial Statements****A. Significant Accounting Policies****1. Basis of Preparation of Financial Statements:**

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

Accounting Policies not specifically referred to 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 policy requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues & expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of the financial statements. Differences between actual results and estimates are recognized in the periods in which the results are known/ materialize.

3. Tangible & Intangibles & Depreciation & Depletion & Amortization

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

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

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

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

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

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

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

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

4. Abandonment Costs

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

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

5. Investments:

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

6. Inventories

- 6.1. Natural gas in pipelines and crude oil in flow lines is technically not feasible to be quantified due to operational constraints and hence not valued and not accounted.
- 6.2. Inventory of crude oil in Joint Ventures are valued as per Crude Off take and Sale Agreement (COSA).

7. Revenue Recognition:

- 7.1. Company's share of Revenue from Joint Ventures is considered on the basis of Accounts submitted by Joint Ventures.
- 7.2. Sale of crude oil and gas produced from exploratory wells in progress is adjusted against expenditure incurred on such wells.
- 7.3. Income from sale of gas is recognized when practically all risks and rights connected with ownership have been transferred to the buyer. Sales of Gas are stated at net of state value added tax. Any retrospective revision in prices is accounted for in the year of such revision.
- 7.4. Revenue from sales of wind power is recognized on monthly basis in accordance with the terms of power purchase agreement.
- 7.5. Revenue in respect of interest on delayed realizations from customers, if any, is recognized when there is reasonable certainty regarding the ultimate collection.
- 7.6. Revenue in respect of Take or Pay (short lifted quantity of gas) is recognized when there is reasonable certainty regarding ultimate collection.
- 7.7. Profit Petroleum paid to MoPNG is subject to the approval of Director General of Hydrocarbon (DGH) and difference, if any, is accounted for in the period of settlement of such differences.
- 7.8. 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.
- 7.9. Interest income is recognized on accrual basis.
- 7.10. Insurance claims are accounted for on the basis of claims admitted by the insurers.

8. Accounting for Oil and Gas Joint Ventures

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

9. 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.

10. Income Tax, and Deferred Tax

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

Deferred tax is recognized subject to consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and loss that have been enacted or subsequently enacted up to balance sheet date. Deferred tax assets are reviewed at each balance sheet date to assess realization.

The Deferred Tax Asset is recognized and carried forward only to the extent that there is a virtual certainty of its realization supported by convincing evidence.

11. *Employees Benefits*

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

11.2. Provident Fund:

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

11.3. Superannuation Fund

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

11.4. Gratuity

The company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by third party actuarial valuation as of the balance-sheet date, based upon which, the Company contributes all the ascertained liabilities to in-Group Gratuity scheme of Life Insurance Corporation of India.

11.5. Leave Encashment

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

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

12. *Foreign Currency Transactions*

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

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

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

13. *Derivative Transaction*

The company uses derivative instruments to hedge its exposure to movements in foreign exchange rate and interest rate. The or speculation purpose objective of these derivative instruments is to reduce the risk or cost to the company and is not intended for trading. Swap and option contracts entered into by the company for hedging the exposure to variability in cash flows attributable to foreign exchange and interest rate fluctuation associated with a recognized asset or liability are accounted based on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies".

14. *Impairment*

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

15. Earnings per share

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

16. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. No provision is recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent liabilities are not recognized but are disclosed in the notes to the financial statements. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) present obligation arising from past events where it is not probable that an out flow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent assets are neither disclosed nor recognized.

17. Cash flow statements

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

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 & Production</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	75.0% 15.0%
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 Oil & Gas Pvt. Limited (Operator) Geo Global Resources (Barbados) Inc.	30% 10%
15	CY-ONN-2002/1(Cavery)	20%(20%)	Jubilant Oil & Gas Pvt. 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 1.2)	33.33%(33.33%) 20%(20%)	Exploration Oilex Ltd.(Operator) Videocon Industries Ltd Development Oilex Ltd.(Operator) Videocon Industries Ltd Great Artesian Oil & Gas Limited	33.33% 33.33% 20% 20% 40%
19	JPDA-06-103 (Australia/East Timor) (Ref note 1.3)	20%(25%) GSPC(JPDA) Ltd.	Vidiocon JPDA 06 -103 Ltd. Oilex (JPDA 06-103) Ltd (Operator) Japan Energy Corporation Bharat Petroresources Ltd Pan Pacific Petroleum NL	20% 10% 15% 20% 15%
20	WA-388Block(Australia)	14%(20%)	Videocon Industries Ltd Oilex (Operator) BPRL HPCL Sasol Petroleum Australia Ltd.	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	22.225%(22.225%)	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%(10%)	Oil and Natural Gas Corporation Limited (Operator) Indian Oil Corporation Limited	70% 20%
39	KK-DWN-2005/2	10%(10%)	Oil and Natural Gas Corporation Limited (Operator)	90%
40	MB-OSN-2005/1	20%(20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
41	MB-OSN-2005/5	30%(30%)	Oil and Natural Gas Corporation Limited (Operator)	70%
42	MB-OSN-2005/6	20%(20%)	Oil and Natural Gas Corporation Limited (Operator)	80%
43	KG-OSN-2005/1	20%(20%)	Oil and Natural Gas Corporation Limited (Operator) HPCL – Mittal Energy Ltd.	60% 20%
44	CB-ONN-2005/4	49%(49%)	Oil and Natural Gas Corporation Limited (Operator)	51%

Sr. No.	Joint Venture/ PSCs	GSPC's PI*	Operatorship / Others Partners' PI**	PI
45	CB-ONN-2005/10	49%(49%)	Oil and Natural Gas Corporation Limited (Operator)	51%
46	CY-ONN-2005/1	30%(30%)	GAIL (India) Ltd Bengal Energy Inc.	40% 30%
B	GSPC-Operated		Exploration	
47a	Tarapur (Ref Note 1.4 & 1.5)	80%(80%) 56%(56%)	Geo Global Resources (Barbados) Inc. Development: Geo Global Resources (Barbados) Inc. Oil and Natural Gas Corporation Limited	20% 14% 30%
47b	Tarapur - Extension phase	80%(80%)	Geo Global Resources (Barbados) Inc.	20%
48	Unawa	70%(70%)	Heramec, U.K	30%
49a	CB-ONN-2000/1 (Ahmedabad) (refer note 1.5)	50%(50%)	GAIL (India) Ltd	50%
49b	CB-ONN-2000/1 Ahmedabad Extension phase	50%(50%)	GAIL (India) Ltd	50%
50	KG-OSN-2001/3 (Ref Note 1.6)	80%(80%)	Jubilant Enpro Limited Geo Global Resources (India) 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	South Diyur (Egypt)	80%(50%)	Alkor Petro Ltd	20%
54	North Hap'y (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%(60%)	Oil and Natural Gas Corporation Limited	40%
61	South Quseir (Egypt) (Ref Note 1.7)	50%(50%)	Hindustan Petroleum Corporation Limited Oil India Ltd	25% 25%
62	South Sinai (Egypt) (Ref Note 1.7)	50%(50%)	Hindustan Petroleum Corporation Limited Oil India Ltd	25% 25%
63	South Gulf of Suez (Egypt) (Ref Note 1.7)	60%(60%)	Adani Welspun	40%
64	South East Tungal (Indonesia) (Ref Note 1.7)	50.50%(50.5%)	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.

- 1.1. The company along with its Joint Venture partners have recommended Block MB-OSN-2000/1, MB-DWN-2000/2 (Mumbai) and BS(3)-CBM-2003/II to be surrendered to DGH.
- 1.2. 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 Australia within a period of three years from the date of surrender.
- 1.3. JPDA-06-103 block is being operated through a Special Purpose Vehicle (SPV) i.e. GSPC JPDA Ltd a 100% subsidiary of the company as per the terms of the PSC.
- 1.4. During the year, Director General of Hydrocarbon approved the start of commercial production w.e.f. 12-May-2009 from Tarapur block. Accordingly the assets of the block have been capitalised and transferred to respective Producing Properties.
- 1.5. Company has applied for the extension of exploration phase in Ahmedabad & Tarapur blocks and a separate Ring Fence PSC is to be signed by the partners, on grant of further extension.
- 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 and South Gulf of Suez blocks in Egypt are in the process of being executed. PSA of Block No.19, 28 and 57 of Yemen and South East Tungal block in Indonesia are executed however activities have not yet commenced.
- 1.8. Of the above, 14 fields/blocks are in production, namely Hazira, Bhandut, Cambay, Sabarmati, Asjol, Unawa, North Balol, CB-ON/7 (Palej), Dholasan, North Kathana, Kanawara, Allora, CB-ONN-2000/1 (Ahmedabad) and Tarapur block. Net quantity of Company's interest (on gross basis) in proved developed reserves is as follows:

Particulars	Proved Developed Reserves (Oil) (Million MT)	Proved Developed Reserves (Gas) (Million Cubic Meter)
Beginning of the period	1.47 (1.51)	493.81 (853.34)
Additions	0.28 (-)	464.05 (-)
Deletions	(0.15) (-)	(13.28) (-)
Production	(0.06) (0.04)	(262.59) (359.53)
Closing Balance for the year ended on 31.03.2010	1.54 (1.47)	681.99 (493.81)

**Figures in brackets relate to previous year*

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

- 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 31-03-2010	As on 31-03-2009
A. Fixed Assets		
Gross Block	1257.52	1100.90
Depreciation/Depletion Fund	844.37	734.49
Net Block	413.15	366.41
CWIP*	7687.30	5809.38
B. Current Assets	143.02	874.79
C. Current Liabilities and Provisions	367.31	919.43
D. Contingent Liabilities	475.82	401.01

* 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 2010 and 31st March 2009 is given as under

Rupees in Crores

	2009-10		2008-09	
	Aggregate of all JVs	GSPC's Share	Aggregate of all JVs	GSPC's Share
INCOME				
Sale of Crude Oil	252.25	131.75	179.83	98.36
Sale of Gas	250.09	158.25	393.27	228.99
Increase/(Decrease) in Stock	2.69	1.27*	(2.55)	(1.66)*
Foreign Exchange Income	0.00	0.00	0.19	0.12
Other Income	6.02	4.10	7.09	4.94
Total	511.05	295.37	577.83	330.75
EXPENDITURE				
Production Expenses	67.81	41.89	74.95	46.38
Duties & Taxes	96.49	57.65	133.63	77.04
Foreign Exchange loss	0.00	0.00	-	-
Administrative exps.	16.47	9.87	17.57	10.90
Total Expenditure before Depreciation	180.77	109.41	226.16	134.32
PROFIT BEFORE DEPRECIATION	330.28	185.96	351.67	196.43

* It includes decrease in stock of crude oil of Hazira Field amounting to Rs. 0.17 crore (P.Y.0.67 crores). 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.389.97 crores (P.Y Rs. 413.41.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 year 2007-08, was transferred to general reserve in the year 2008-09 due to change in accounting policy relating to AS-11 – the effects of changes in foreign exchange rates.

2.2. An amount of Rs.4.39 crores (P.Y. Rs. 9.36 crores) being sales of test production from various exploratory wells have been credited to CWIP. These blocks are not considered as producing property in accordance with the accounting policy (Refer note no.3.5 and no.7.2 of Schedule R (A)).

3. Income Tax

3.1 Provision of Tax for the current year is Rs.65.17 Crores (P.Y. Rs. 210.03 Crores) includes provision of wealth tax amounting to Rs.0.03 Crores (P.Y. Rs. 0.03 Cores.). Provision for Fringe benefit Tax is Rs.Nil (P.Y. Rs. 1.23 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) till . 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.482.32 Crores (Previous Year Rs. 495.77 Crores). However the same is disclosed by way of contingent liabilities vide note no. 14.1.

- 3.3 The Company has availed deduction U/s.42 as well as claiming tax holiday U/s 80IB (9) of the Income Tax Act, 1961 for exploration / development costs. This has impact of temporary differences which in the management's view, considering the past performance and future estimates will be reversed during the "Tax Holiday Period"- and to that extent the deferred tax is not recognized and accordingly no provision for deferred tax liability in respect thereof is made.
- 3.4 As required by Accounting Standard (AS 22) "Taxes on Income" issued by The Institute of Chartered Accountants of India, and in view of the company's policy (Refer accounting policy no.10) the company has recognized deferred taxes, which result from timing differences between book profits and tax profits for the year aggregating to Rs.18.23 crores in the Profit and Loss account, the details of which are as under

Rupees in Crores

Particulars	As on 31-March- 2009	For the year 2009-10	As at 31-March- 2009
Deferred Tax Liability			
(a) On excess of WDV as per Books over WDV as per I.T.	45.92	18.26	64.18
Total (A)	45.92	18.26	64.18
Deferred Tax Asset			
(a) Retirement Benefits	0.03	0.05	0.08
(b) Others	0.04	(0.02)	0.02
Total (B)	0.07	0.03	0.10
Net Deffered Tax Liability (A-B)	45.85	18.23	64.08

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	2009-10		2008-09	
	Rs. in Crores	Rs. in Crores	Rs. in Crores	Rs. in Crores
Salaries, wages and allowances	19.66		15.58	
Staff Welfare	1.00		0.64	
Contribution to Provident Fund & Other funds	2.81	23.47	1.30	17.52
Telephone, Trunkcalls & Postage		0.51		0.89
Traveling Expenses		1.60		2.83
Rent		1.07		0.86
Vehicle running Expenses		1.60		1.30
Electricity Expenses		1.63		1.53
Conveyance		0.01		0.01
Stationery & Printing		1.86		1.30
Insurance Exp - Wind Mill		0.19		-
Insurance expenses		0.70		0.79
Administration & establishment		3.93		4.69
Business Development & Promotion		4.10		11.95
Professional & Technical Expenses		7.70		11.78
Donation		50.09		105.47
Audit Fees		0.11		0.11
Advertisement & publicity		1.03		1.25
Building Repairs		-		0.07
Bandwidth Expenses		0.45		0.41
Net Loss on Sale/discarding of Fixed Assets		0.09		0.02
Other expenses		3.24		3.11
		103.38		165.89
Less: Allocation to Operated Blocks/Fields		30.98		22.05
TOTAL		72.40		143.84
Payments to and Provisions for employees		7.51		8.82
Administrative and Other Expenses		64.89		135.02
TOTAL		72.40		143.84

5. Employee Benefits:
5.1. Defined Contribution Plans

5.1.1. Company's contribution to Provident Fund is Rs.0.43 crore (P.Y.Rs.0.31 Crores)

5.1.2. Company's contribution to Super Annuation fund Rs.0.10 Crores (P.Y.Rs.0.07 crores)

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, 2010 as required by Accounting Standard (AS) 15 (Revised 2005).

Rupees in Crores

	Gratuity		Leave Encashment	
	2009-10	2008-09	2009-10	2008-09
I Change in obligation during the year ended 31st March, 2010				
1 Liability at the beginning of the year	1.14	0.82	1.34	0.87
2 Interest cost	0.09	0.06	0.11	0.07
3 Current service cost	0.30	0.24	0.82	0.42
4 Past service cost	0.00	0.00	0.00	0.00
5 Benefit Paid	-0.02	-0.01	-0.06	-0.02
6 Actuarial (gain) / Losses	0.50	0.03	0.49	0.00
7 Liability at the end of the year	2.01	1.14	2.70	1.34
II Change in assets during the year ended 31st March, 2010				
1 Plan assets at the beginning of the year	0.82	0.74	1.03	0.94
2 Expected return of plan assets	0.12	0.07	0.16	0.09
3 Contributions	0.99	0.02	1.51	0.02
4 Benefit paid	-0.02	-0.01	-0.06	-0.02
5 Actuarial gain / (Loss)	-0.03	0.00	-0.04	0.00
6 Plan assets at the end of the year	1.88	0.82	2.60	1.03
7 Total Actuarial Gain/(Loss) To Be Recognized	-0.53	-0.03	-0.53	0.00
III Actual Return on plan assets				
1 Expected return of plan assets	0.12	0.07	0.16	0.09
2 Actuarial gain / (loss)	-0.03	0.00	-0.04	0.00
3 Actual return on plan assets	0.09	0.07	0.12	0.09
IV Net asset / (liability) recognized in the Balance Sheet as at 31st March, 2010				
1 Liability at the end of the year	2.01	1.14	2.70	1.34
2 Plan assets at the end of the year	1.88	0.82	2.60	1.03
3 Amount recognized in the Balance Sheet Accrued (Pre paid)	0.13	0.32	0.10	0.31
V Expenses recognized in the statement of profit & loss account for the year ended 31st March, 2010				
1 Current service cost	0.30	0.24	0.82	0.42
2 Interest cost	0.09	0.06	0.11	0.07
3 Expected return on plan assets	-0.12	-0.07	-0.16	-0.09
4 Actuarial (gain) / Losses	0.53	0.03	0.53	0.00
5 Past service cost	-	-	-	-
6 Total expenses	0.80	0.26	1.30	0.40
VI Balance Sheet reconciliation				
1 Opening net liability	0.32	0.08	0.31	-0.07
2 Expenses as above	0.80	0.26	1.30	0.40
3 Employer contribution	-0.99	-0.02	-1.51	-0.02
4 Amount recognized in the Balance Sheet	0.13	0.32	0.10	0.31
VII Actuarial assumptions:				
1 Discount rate	8.30%	7.91%	8.30%	7.91%
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	19.66	13.37	6.29
2. Contribution to Provident Fund & other funds includes	2.81	1.91	0.90
Provident Fund & Family Pension	1.35	0.92	0.43
Superannuation Fund	0.31	0.21	0.10
Gratuity Fund	0.82	0.56	0.26
Other funds	0.33	0.22	0.11

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.

- a) E & P
- b) Gas Trading
- c) Wind Power

Rupees in Crores

	2009-10				Total	2008-09			
	E & P	Gas Trading	Wind Power	Un allocated		E & P	Gas Trading	Un allocated	Total
1. Revenue									
External Sales	290.00	3557.02	21.53	0.00	3868.55	327.35	5,148.83	-	5,476.18
Inter Segment Sales						-	-	-	-
Total Revenue	290.00	3557.02	21.53	0.00	3868.55	327.35	5,148.83	-	5,476.18
2 Results									
Segment Results									
Profit(+)/Loss(-)	54.30	442.06	(28.37)	0.00	467.99	12.78	747.22	-	760.00
Unallocated Exps				(91.94)	(91.94)	-	-	(160.48)	(160.48)
Operating Profit	54.30	442.06	(28.37)	(91.94)	376.05	12.78	747.22	(160.48)	599.52
Interest/Dividend	-	-	-	19.32	19.32	-	-	24.79	24.79
Other Income	4.10	0.41	-	3.14	7.65	6.46	-	-	6.46
Provision for Taxation				(83.40)	(83.40)	-	-	(255.86)	(255.86)
Excess/Short									
Provision in earlier year (net)				(1.97)	(1.97)	-	-	(0.42)	(0.42)
Profit/Loss from Ordinary Activities	58.40	442.47	(28.37)	(154.85)	317.65	19.24	747.22	(391.97)	374.49
Extraordinary items									
Net Profit/(Loss)	58.40	442.47	(28.37)	(154.85)	(317.65)	19.24	747.22	(391.97)	374.49

3 Other Information									
Segment Assets	8287.41	131.70	356.14		8775.25	7386.23	323.79	-	7710.02
Unallocated Assets				1692.97	1692.97	-	-	1345.46	1345.46
Total Assets	8287.41	131.70	356.14	1692.97	10,468.22	7386.23	323.79	1345.46	9055.48
Segment Liabilities	6560.57	182.41	219.75		6962.73	6147.70	577.72	-	6725.42
Unallocated Liabilities				297.46	297.46	-	-	117.65	117.65
Total Liabilities	6560.57	182.41	219.75	297.46	7,260.19	6147.70	577.72	117.65	6843.07
Capital Expenditure	2,034.53	0	72.25	27.06	2,133.84	2701.95	-	368.67	3070.62
Depreciation	109.87	0	34.19	10.01	154.07	135.33	-	6.97	142.30
Non Cash Expenses other than Depreciation	16.17				16.17	33.72	-	-	33.72

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

In the year 1999-2000, the Company sold this pipeline to its subsidiary company, Gujarat State Petronet Limited (GSPL) for a consideration of Rs.49.50 Crores on as is where is basis. However the joint venture partner M/s. Niko Resources initiated legal proceedings against the company and GoI invoking Arbitration provision for settlement of the dispute under PSC and JOA. The Supreme court of India vide its order dated 12 July, 2002 appointed Arbitrator on behalf of the company and GoI.

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

The impact of the arbitration award has been given in the joint venture accounts as under:

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

The above mentioned impact of the award is based on the computation performed by the operator M/s Niko Resources. Moreover as per the Arbitration Award, GoI is liable to pay interest at the rate of 9% p.a on the amount of profit petroleum refundable to joint venture from 31/3/2003 till date of payment. However, as per the award granted by the arbitrator the financial impact would be finalized on completion of audit by independent firm of Chartered Accountants.

Subsequently, the arbitration award is challenged by the Government of India and in view of the same, the Company (GSPCL) has not considered the effect of award given in joint venture accounts while consolidating the same on a line by line basis.

9. Related Party Transactions:

(i) 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, Sabarmati Gas Company Ltd.

9.3. Joint Ventures - As per Note No.1 of Notes forming part of Financial Statements.

9.4. Key Managerial Personnel:

Shri D. J. Pandian, IAS - Managing Director (up to 9th November, 2009)

Shri. Tapan Ray, IAS - Managing Director (From 9th November, 2009)

(ii) Transactions during the year with related parties:

Rupees in Crores

Nature of Transaction	Subsidiaries		Associates		Joint Ventures		Key Management personnel		TOTAL	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Income:										
Sale of LNG	888.95	534.82	178.15	243.79					1067.10	778.61
Gujarat State Petronet Ltd.	4.97	-							4.97	-
GSPC Gas Company Ltd	883.98	534.82							883.98	534.82
Sabarmati Gas Company Ltd			89.74	132.49					89.74	132.49
Gujarat State Energy Generation Ltd			88.41	111.30					88.41	111.30
Rent received	1.20	1.36	0.04	0.05	1.27	1.25			2.51	2.66
Gujarat State Petronet Ltd.	1.06	1.02							1.06	1.02
GSPC Pipavav Power Company Ltd.	0.08	0.09							0.08	0.09
GSPC Gas Company Ltd	-	0.21							-	0.21
Guj Info Petro Ltd	-	0.03							-	0.03
GSPC LNG Ltd	0.06	0.01							0.06	0.01
Gujarat State Energy Generation Ltd			0.04	0.05					0.04	0.05
KG-OSN-2001/3					0.55	0.51			0.55	0.51
CB-ON/2 Tarapur					0.17	0.25			0.17	0.25
CB-ONN-2000/1 Ahmedabad					0.15	0.14			0.15	0.14
CB-ONN-2003/2 Ankleswar					0.20	0.10			0.20	0.10
Other joint ventures					0.20	0.25			0.20	0.25
Connectivity Charges received	-	9.06							-	9.06
Gujarat State Petronet Ltd.	-	9.06							-	9.06
Dividend Income	15.92	14.43	1.67	2.54					17.59	16.97
Gujarat State Petronet Ltd.	15.92	10.62							15.92	10.62
GSPC Gas Company Ltd	-	3.81							-	3.81
Gujarat State Energy Generation Ltd			1.67	2.54					1.67	2.54
Sabarmati Gas Company Ltd {CY Rs.18750/-, P.Y. Rs.6250/-}			-	-					-	-

Interest received	0.43	0.50	0.34	1.90				0.77	2.40
GSPC Gas Company Ltd	-	-						-	-
GSPC Pipavav Power Company Ltd.	0.43	0.25		-				0.43	0.25
Gujarat Info Petro Ltd. Sabarmati Gas Company Ltd	-	0.25		-				-	0.25
Gujarat State Energy Generation Ltd		-	0.25	0.86				0.25	0.86
		-	0.09	1.04				0.09	1.04
ISP income received	-	0.01						-	0.01
Gujarat Info Petro Ltd.	-	0.01						-	0.01
Management Fees									
Others (Joint Ventures)					0.14	0.16		0.14	0.16
					0.14	0.16		0.14	0.16
Expenses :									
Purchase of Gas					8.90			8.90	7.59
Others (Joint Ventures)					8.90			8.90	7.59
Gas transportation charges paid	14.88	8.81				7.59		14.88	8.81
Gujarat State Petronet Ltd.	14.88	8.81				7.59		14.88	8.81
Bandwidth Charges paid	0.45	0.36						0.45	0.36
Gujarat Info Petro Ltd.	0.45	0.36						0.45	0.36
Remuneration to Managing Director									
Shri D J Pandian, IAS							0.11	0.07	0.11
Shri Tapan Ray, IAS							0.07	0.07	0.07
							0.04	0.00	0.04
Current Assets & Liabilities:									
Debtors	57.66	44.77						57.66	44.77
GSPC Gas Company Ltd.	51.96	44.77						51.96	44.77
Gujarat State Petronet Ltd.	5.70	0.00						5.70	0.00
Advance / Receivable	2.61	5.86	1.12	2.31	863.10	804.18		866.83	812.35
Gujarat State Petronet Ltd.	1.05	3.85						1.05	3.85
GSPC Pipavav Power Company Ltd.	0.22	0.49						0.22	0.49
GSPC LNG Ltd	0.43	0.37						0.43	0.37
GSPC (JPDA) Ltd.	0.29	0.26						0.29	0.26
Gujarat Info Petro Ltd.	0.41	0.46						0.41	0.46
GSPC Gas Company Ltd.	0.21	0.43						0.21	0.43
Gujarat State Energy Generation Ltd.			1.12	1.64				1.12	1.64
Sabarmati Gas Company Ltd.			0.00	0.67				0.00	0.67
Joint Ventures					863.10	804.18		863.10	804.18
Payable	3.07	2.44			139.58	252.83		142.65	255.27
GSPC Gas Company Ltd. (P.Y.Rs.3079)	0.05	0.00						0.05	0.00
Gujarat State Petronet Ltd	3.01	2.10						3.01	2.10
Gujarat Info petro Ltd	0.01	0.34						0.01	0.34
Joint Ventures					139.58	252.83		139.58	252.83

Investment in Share Capital	309.09	309.09	92.87	75.83					401.96	384.92
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.			83.91	75.82					83.91	75.82
Sabarmati Gas Company Ltd.			8.96	0.01					8.96	0.01
Advance for Investment (Pending Allotment)	100.97	38.87	-	9.06					100.97	47.93
GSPC Pipavav Power Company Ltd.	5.38	5.00							5.38	5.00
GSPC (JPDA) Ltd.	84.21	30.87							84.21	30.87
GSPC LNG Ltd	11.38	3.00							11.38	3.00
GSPC Gas Company Ltd.										
Sabarmati Gas Company Ltd.			-	9.06					-	9.06

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.

PARTICULARS	Rupees in Crores	
	2009 - 10	2008 - 09
(A) Payment to Auditors		
i) Audit Fees	0.11	0.11
ii) For Certification work (For DRHP)	0.20	0.03
iii) Out Of Pocket Expense{Rs.Nil/-(P.Y.Rs.20865)}	0.00	0.00
(B) Managerial Remuneration	0.11	0.08
(C) Value of Imports on CIF Basis in respect of:	155.11	1.50
i) Capital Goods	10.95	1.50
ii) Traded goods	144.16	-
(D) Expenditure in Foreign Currency:	60.69	208.85
i) Seminar & conference exp.	0.15	-
ii) Consultancy & Technical Fees	2.63	5.87
iii) Subscription	0.78	0.63
iv) Payments to oil & Gas Joint Ventures	53.61	167.21
v) Miscellaneous Expenditure	2.01	-
vi) Incurred by joint ventures	1.51	35.14

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. Figures in bracket relates to previous year.

11.1. Sales Turnover

Description	Unit	Quantity	Value (Rs.) (In Crores)
Crude Oil	Barrels	403,523 (305,354)	131.75 (98.36)
Gas	Lakh M3	2,436 (3,347)	158.25 (228.99)
Gas Trading*	Million MMBTU	Lakh M3 99.74 (95.42)	3472.40 (1,984.6)
			3557.02 (5,148.83)

*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	13,019 (8,356)	1.80 (2.79)
Closing Stock Crude Oil	Barrels	12,767 (13,019)	3.24 (1.80)

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.	403,271 (310,017)
Gas	Lakh M3	N.A.	N.A.	2,436 (3,347)

*Excludes internal consumption & normal loss.

11.4. Purchases (Trading)

Description	Unit	Quantity		Value (Rs.) (In Crores)
Gas Trading	Million MMBTU	110.14	142.08	3,095.12
		(97.93)	-	(4,400.48)

*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	2009-10	2008-09
Net Profit After Tax (Rs. in Crores)	317.65	374.49
Weighted average numbers of equity shares	2,197,326,000	2,112,221,400
Basic Earnings Per Share (Rs.)	1.50	1.77
Diluted Earning per Share(Rs.)	1.50	1.77
Nominal Value per share (Rs.)	1.00	1.00

The weighted average number of equity shares outstanding during the last year 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.0.73 crores (P.Y Rs. 1.57 crores)

13.1.2. In respect of others- Rs.1.25 crores (P.Y.Rs.70.73 crores)

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

13.2.1. In India Rs.1947.77 crores (P.Y.Rs .2430.30 crores)

13.2.2. Outside India Rs.1130.78 crores (P.Y. Rs.786.85 crores)

14. Contingencies

14.1. Contingent Liabilities

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

Rs in Crores

Particulars	As on 31-March-2010	As on 31-March-2009
Income Tax (Ref. note no.3.2)	482.32	495.77
Joint Ventures	475.82	401.01

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

Rs in Crores

Particulars	As on 31-March-2010	As on 31-March-2009
Letter of Credits	258.82	499.50
Financial Guarantees to Ministry of Petroleum and Natural Gas (MOPNG)	145.84	116.09
Other Bank Guarantees *	1252.92	1063.31

*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	48.25
2	Provision made during the period	7.53
3	Paid during the period	14.90
4	Balance as at 31-March-10	40.88

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 :

- The company enters into Currency option and interest rate swap contracts to hedge its exposure in foreign exchange rate and interest.
- Nominal amounts of derivative contracts entered into by the company and outstanding as on 31st March, 2010 amounts to USD 325 Millions (Previous year USD 80 Millions). Category wise break up is given as below:

Rs in Crores

Currency	Particulars	As on 31-March-2010		As on 31-March-2009	
		Rs. in crores	USD in Million	Rs. in crores	USD in Million
US Dollar	Interest Rate swaps and Currency options(Call)	1,467.05	325.00	1,191.37	80.00

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 2010 amounts USD Nil (USD 245/- Millions).

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

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

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 Talati & Talati
Chartered Accountants

Umesh H. Talati
Partner

Date : August 23, 2010
Place : Ahmedabad

For and on behalf of the Board of Directors

Achal Kumar Joti, IAS
Chairman

Sandeep Dave
Company Secretary

Tapan Ray, IAS
Managing Director

Subhash Dave
Executive Director - F & A

Date : August 23, 2010
Place : Gandhinagar

Cash Flow Statement For The Year Ended 31st March 2010

PARTICULARS	2009-10 (Rs. in Crores)	2008-09 (Rs. in Crores)
Cash Flow from Operating Activities		
Profit after Tax	319.62	374.49
Add : Income Tax	65.17	210.03
Deferred Tax	18.23	44.60
Fringe Benefit Tax	-	1.23
Less : Excess provision of Dividend Distribution Tax	-	(0.31)
	403.02	630.04
Add : Depreciation and Amortisations being non-cash item		
Depreciation	154.07	142.30
Interest & Finance Charges	27.14	7.43
Loss on Sale of Assets	0.09	0.02
Foreign Exchange Loss/(Gain)	0.42	(1.28)
Misc. Exp. Written Off	-	-
Exploration Cost Written off	16.17	33.71
	600.91	812.22
Less : Interest / Dividend Income	19.32	20.45
Profit on sale of Assets {Rs.10,189}	0.09	-
	581.50	791.77
Add / Less : Working Capital Adjustments		
Increase / Decrease in current Assets (-)	(80.58)	(334.84)
Increase / Decrease in current Liabilities (+)	(759.51)	943.24
	(258.59)	1,400.17
Less : Direct Tax Paid	164.78	225.46
Add : Prior Period Adjustment	(1.97)	0.73
Less : Mis expenditure incurred during the year	6.05	-
Net Cash Flow from Operating Activities (A)	(431.39)	1,175.44
Cash Flow from Investing Activities		
Purchase of Assets / CWIP including Joint Ventures (Net)	(2,005.24)	(2,688.45)
Sale of Fixed Assets	0.16	0.04
Investment in Subsidiary	-	-
Other Investments	(17.04)	(25.12)
Interest / Dividend Income	19.32	20.45
Net Cash Flow from Investing Activities (B)	(2,002.80)	(2,693.08)
Cash Flow from Financing Activities		
Proceed from Equity Share issue	689.35	-
Repayment of Loans (Net)	-	-
Proceeds from Unsecured Loans	1,095.71	631.97
Proceeds from Secured Loans	340.89	2,128.35
Interest & Financing Charges Paid	(417.11)	(420.92)
Dividend Paid (including dividend tax)	(25.78)	(24.71)
Net Cash Flow from Financing Activities (C)	1,683.06	2,314.69
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	(751.13)	797.05
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	0.04	0.07
Bank Balances	815.40	18.32
	815.44	18.39
Cash and Cash equivalents at the End of the Year		
Cash on hand	0.03	0.04
Bank Balances	64.28	815.40
	64.31	815.44

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.

As per our separate report of even date

For and on behalf of the Board of Directors

 For Talati & Talati
Chartered Accountants

 Achal Kumar Joti, IAS
Chairman

 Tapan Ray, IAS
Managing Director

 Umesh H. Talati
Partner

 Sandeep Dave
Company Secretary

 Subhash Dave
Executive Director - F & A

 Date : August 23, 2010
Place : Ahmedabad

 Date : August 23, 2010
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.

U	2	3	2	0	9	G	J	1	9	7	9	S	G	C	0	0	3	2	8	1
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

 State Code

0	4
---	---

 Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

II Capital Raised During The Year

Public Issues

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

 Bonus Issue

N	I	L
---	---	---

 Private Placement

8	5	1	0	5
---	---	---	---	---

III Position of Mobilisation and Deployment of Funds:

Total Liabilities

9	6	0	6	3	9	9	5
---	---	---	---	---	---	---	---

 Total Assets

9	6	0	6	3	9	9	5
---	---	---	---	---	---	---	---

Source of Funds

Paid up Capital

	2	1	9	7	3	2	6
--	---	---	---	---	---	---	---

 Reserves and Surplus

	9	3	8	7	5	9	3
--	---	---	---	---	---	---	---

 Share Application Money

							-
--	--	--	--	--	--	--	---

 Secured Loans

3	2	0	4	4	4	7	8
---	---	---	---	---	---	---	---

 Unsecured Loans

3	1	7	9	3	7	6	0
---	---	---	---	---	---	---	---

 Deferred Tax Adjustment

		6	4	0	8	3	8
--	--	---	---	---	---	---	---

 (Refer Note 3.4 of Schedule R(B))

Application of Funds

Net Fixed Assets

8	5	6	2	9	5	4	7
---	---	---	---	---	---	---	---

 Investment

	4	2	3	5	3	4	7
--	---	---	---	---	---	---	---

 Net Current Assets

	6	1	3	8	5	8	3
--	---	---	---	---	---	---	---

 Miscellaneous Exp.

			6	0	5	1	8
--	--	--	---	---	---	---	---

 Accumulated losses

							-
--	--	--	--	--	--	--	---

IV Performance of the Company

Total income

3	8	9	6	7	9	4	8
---	---	---	---	---	---	---	---

 Total Expenditure

3	4	9	3	7	7	1	7
---	---	---	---	---	---	---	---

 Profit Before Tax

	4	0	3	0	2	3	1
--	---	---	---	---	---	---	---

 Profit After Tax

	3	1	7	6	6	2	0
--	---	---	---	---	---	---	---

 Earnings Per Share (Rs.)

1	.	5	0
---	---	---	---

Dividend Rate (%)

Generic Names of Principal Products/Services of the Company

2	0	%
---	---	---

(As per Monetary Terms)

Item Code No.

2	7	0	9	0	0	0	0
---	---	---	---	---	---	---	---

 Product Description

C	r	u	d	e		O	i	l
---	---	---	---	---	--	---	---	---

 Item Code No.

2	7	1	1	2	1	0	0
---	---	---	---	---	---	---	---

 Product Description

N	a	t	u	r	a	l		G	a	s
---	---	---	---	---	---	---	--	---	---	---

 Item Code No.

2	6	1	6	0	0	0	0
---	---	---	---	---	---	---	---

 Product Description

W	i	n	d		E	n	e	r	g	y
---	---	---	---	--	---	---	---	---	---	---

For and on behalf of the Board of Directors

Achal Kumar Joti, IAS
Chairman

Sandeep Dave
Company Secretary

Tapan Ray, IAS
Managing Director

Subhash Dave
Executive Director - F & A

Date : August 23, 2010

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	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
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	44,870,810	44,006
	B. Extent of interest in Holding Company at the end of financial year 2009-10 in the subsidiary company.	37.75%	100%	100%	100%	75.78%	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 31.03.2010	156.18	Nil	Nil	Nil	25.73	1.74
	II) For the previous financial years of the subsidiary company since it became the Holding Company's subsidiary.	95.18	Nil	Nil	Nil	48.41	4.06
	b) Dealt with in the Holding Company's Accounts						
	I) For the financial year ended as on 31.03.2010	Nil	Nil	Nil	Nil	Nil	Nil
	II) For the previous financial years of the subsidiary company since it became the Holding Company's subsidiary.	15.92	Nil	Nil	Nil	Nil	Nil

Notes:

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

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

For and on behalf of the Board of Directors

Achal Kumar Joti, IAS
Chairman

Sandeep Dave
Company Secretary

Tapan Ray, IAS
Managing Director

Subhash Dave
Executive Director - F & A

Date : August 23, 2010

Place : Gandhinagar



GUJARAT STATE PETRONET LIMITED



12TH ANNUAL REPORT 2009 - 2010



BOARD OF DIRECTORS

Shri A K Joti, IAS (w.e.f 8th March, 2010) **Chairman**
Shri D J Pandian, IAS
Shri Atanu Chakraborty, IAS (w.e.f 2nd March, 2010)
Shri Suresh Mathur
Shri J K Jain (w.e.f 12th March, 2010)
Shri R Vaidyanathan (w.e.f 12th March, 2010)
Shri N K Mitra (w.e.f 30th March, 2010)
Shri Tapan Ray, IAS **Managing Director**

Shri Hasmukh Adhia, IAS (upto 3rd November, 2009)
Shri S Jagadeesan, IAS (upto 11th December, 2009)
Shri P K Pujari, IAS (upto 2nd March, 2010)
Shri D Rajagopalan, IAS (upto 8th March, 2010)

COMPANY SECRETARY

Ms. Reena Desai

BANKERS

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Bank of India
Corporation Bank
Dena Bank
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
Oriental Bank of Commerce
State Bank of Bikaner & Jaipur
State Bank of India
State Bank of Travancore
The Karur Vysya Bank Ltd.
The South Indian Bank Ltd.
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 12th Annual General Meeting of the members of Gujarat State Petronet Limited will be held on Tuesday, the 21st day of September, 2010 at 5.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382 011 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2010, 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 Suresh Mathur, who retires by rotation and being eligible offers himself for re-appointment.
4. To fix remuneration of Statutory Auditors of the Company in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT Shri A K Joti, IAS, who was appointed as an Additional Director and Chairman of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 141(b) 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 and Chairman of the Company, liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT Shri Atanu Chakraborty, 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.”
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT Shri R Vaidyanathan, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 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.”
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT Shri J K Jain, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 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.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT Shri N K Mitra, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 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.”
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of Articles of Association of the Company, Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) including any statutory modification(s) or re-enactment of the Act for the time being in force and the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) including any modifications thereof or supplements thereto and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including the Remuneration/Compensation Committee which the Board has constituted and / or may constitute or reconstitute to exercise its powers, including the powers, conferred by this resolution), the consent of the Company be and is hereby accorded to the Board of the Company to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including all Directors, whether whole time or otherwise of the Company, whether in India or abroad, either directly or through a trust, such number of options not exceeding 62,40,000 under GSPL Employees Stock Option Plan-2010” (hereinafter referred to as the “ESOP-2010” or the “Scheme” or the “Plan”), which could give rise to the issue of equity shares not exceeding 62,40,000 equity shares of Rs.10 each (together with the equity shares created / offered / issued /allotted or proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company’s holding company i.e. GSPC in terms of ESOP-2010) or such other adjusted number of equity shares for any bonus, stock split, consolidation or other reorganisation of the capital structure of the Company as may be applicable from time to time, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT such equity shares issued and allotted under the Scheme pursuant to the exercise of the options shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT as is required, the Company shall confirm with the accounting policies as contained in the Guidelines from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of the options under the Scheme, the Board be and is hereby authorised on behalf of the Company, to evolve, decide upon and bring into effect such Scheme(s), and make any modifications, changes, variations, alterations or revisions in such Scheme(s) from time to time, or to suspend, withdraw or revive such Scheme(s) from time-to-time, as may be permissible under the Guidelines and/ or any other applicable laws and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem fit or necessary or desirable for such purpose and with power on behalf of the Company, to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps for listing of the equity shares allotted under the Scheme(s) on the stock exchanges where the equity shares of the Company are listed as per the provisions of the listing agreement(s) with the concerned stock exchanges, the Guidelines and any other applicable laws and regulations.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of Articles of Association of the Company, Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) including any statutory modification(s) or re-enactment of the Act for the time being in force and the provisions of the Securities & Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”) including any modifications thereof or supplements thereto and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee including the Remuneration/Compensation Committee which the Board has constituted and / or may constitute or reconstitute to exercise its powers, including the powers, conferred by this resolution), the consent of the Company be and is hereby accorded to the Board of the Company to create, offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company’s holding company i.e. Gujarat State Petroleum Corporation Limited, including all Directors, whether whole time or otherwise, whether in India or abroad, either directly or through a trust, such number of options not exceeding 62,40,000 under GSPL Employees Stock Option Plan-2010” (hereinafter referred to as the “ESOP-2010” or the “Scheme” or the “Plan”), which could give rise to the issue of equity shares not exceeding 62,40,000 equity shares of Rs.10 each (together with the equity shares created / offered / issued /allotted or proposed to be created / offered / issued / allotted for the benefit of such persons who are in permanent employment of the Company in terms of ESOP-2010) or such other adjusted number of equity shares for any bonus, stock split, consolidation or other reorganisation of the capital structure of the Company as may be applicable from time to time, at such price, in one or



more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT such equity shares issued and allotted under the Scheme pursuant to the exercise of the options shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT as is required, the Company shall confirm with the accounting policies as contained in the Guidelines from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue, allotment of the options under the Scheme, the Board be and is hereby authorised on behalf of the Company, to evolve, decide upon and bring into effect such Scheme(s), and make any modifications, changes, variations, alterations or revisions in such Scheme(s) from time to time, or to suspend, withdraw or revive such Scheme(s) from time-to-time, as may be permissible under the Guidelines and/ or any other applicable laws and to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem fit or necessary or desirable for such purpose and with power on behalf of the Company, to settle any questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the shareholders of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps for listing of the equity shares allotted under the Scheme(s) on the stock exchanges where the equity shares of the Company are listed as per the provisions of the listing agreement(s) with the concerned stock exchanges, the Guidelines and any other applicable laws and regulations.”

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

Date: 23rd August, 2010
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 the 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 atleast 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 Wednesday, 15th September, 2010 to Tuesday, 21st September, 2010 (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 21st September, 2010 to those members of the Company whose names appear (a) as beneficial owners as at the close of business hours on 14th September, 2010 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 15th September, 2010, after giving effect to all valid share transfers in physical form received on or before 14th September, 2010.
7. All transfer deeds, requests for change of address, bank particulars / mandates/NECS 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 14th September, 2010. The above details in respect of the shares held in electronic form should be sent to the respective Depository Participants by the members well in time.

8. Members are requested to furnish the Registrar / Depository Participants, 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 National Electronic Clearing Services (NECS). In the absence of NECS facility with the member'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 re-appointment / appointment is provided under Section "Board of Directors" of the Corporate Governance Report, which forms an integral part of this Annual Report.

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

Item No. 5

Shri A K Joti, IAS was appointed as an Additional Director and Chairman of the Company by the Board of Directors with effect from 8th March, 2010 in accordance with the provisions of Article 141(b) 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. As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a member in writing proposing the candidature of Shri A K Joti, IAS for appointment as a Director and Chairman of the Company.

The Board recommends the appointment of Shri A K Joti, IAS as a Director and Chairman of the Company in accordance with the provisions of Article 141(b) of Articles of Association.

No other Director except Shri A K Joti, IAS is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

Item No. 6

Shri Atanu Chakraborty, IAS was appointed as an Additional Director of the Company by the Board of Directors with effect from 2nd March, 2010 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. As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a member in writing proposing the candidature of Shri Atanu Chakraborty, IAS for appointment as a Director of the Company.

The Board recommends the appointment of Shri Atanu Chakraborty, 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 Atanu Chakraborty, IAS is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

Item No. 7

Shri R Vaidyanathan was appointed as an Additional Director of the Company by the Board of Directors with effect from 12th March, 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office till the conclusion of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a member in writing proposing the candidature of Shri R Vaidyanathan, for appointment as a Director of the Company.

The Board recommends the appointment of Shri R Vaidyanathan, as a Director of the Company.

No other Director except Shri R Vaidyanathan is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.



Item No. 8

Shri J K Jain was appointed as an Additional Director of the Company by the Board of Directors with effect from 12th March, 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office till the conclusion of this Annual General Meeting. As required under Section 257 of the Companies, Act 1956, the Company has received a notice from a member in writing proposing the candidature of Shri J K Jain, for appointment as a Director of the Company.

The Board recommends the appointment of Shri J K Jain, as a Director of the Company.

No other Director except Shri J K Jain is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

Item No. 9

Shri N K Mitra was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th March, 2010. As per the provisions of Section 260 of the Companies Act, 1956, he holds office till the conclusion of this Annual General Meeting. As required under Section 257 of the Companies, Act 1956, the Company has received a notice from a member in writing proposing the candidature of Shri N K Mitra, for appointment as a Director of the Company.

The Board recommends the appointment of Shri N K Mitra, as a Director of the Company.

No other Director except Shri N K Mitra is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

Item No. 10 & 11

The Company launched GSPL Employee Stock Option Scheme in the year 2005 to retain, motivate and further to align the interests of employees of the Company with those of shareholders. Based on the experience the management of the Company has gained and with the objectives of securing greater employee participation and further to motivate the employees to contribute and participate in the long term growth and financial success of the Company, the Board of Directors vide their resolution passed on 23rd August, 2010, have approved to set up GSPL Employees Stock Option Plan 2010, subject to the approval of the members in General Meeting and to grant options to the eligible employees/directors of the Company and/or its holding company under such Scheme. This would not only enable the Company to reward past loyalty and performance, but also to attract and retain the best talent besides enabling the employees to develop a greater sense of ownership with the Company.

The main features of the GSPL Employees Stock Option Plan-2010 are as under:

1. Total number of options to be granted:

Options not exceeding 62,40,000 number, will be available for being granted to the eligible employees of the Company and its holding company i.e. GSPC under GSPL Employees Stock Option Plan-2010. Each option (after it is vested) will be exercisable for one fully paid up equity share of Rs. 10 each. In the event of any corporate action(s), viz. bonus, consolidation or other reorganisation of the capital structure of the Company, number of options to be issued shall undergo fair, reasonable and appropriate adjustments pursuant to the Guidelines.

The Board (which term shall be deemed to include any Committee of the Directors as per the resolution) reserves right to decide the number of options to be granted in aggregate and the maximum number of options that can be granted to each employee / director from time to time. ESOP-2010 would continue till the options reserved under the Scheme are fully granted / exhausted and accordingly exercised or earlier terminated by the Board of Directors, whichever is earlier.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the employees or otherwise would be available for being re-granted at a future date on such terms and conditions as the Board may deem fit.

2. Identification of classes of employees entitled to participate in the GSPL Employees Stock Option Plan 2010:

All permanent employees and Directors of the company and its holding company whether working in India or abroad, as may be decided by the Board, from time to time, would be entitled to participate in the ESOP-2010. Employees may be

granted Stock Options based on experience, performance appraisal process and such other criteria as the Board may, in its absolute discretion decide.

However the persons who are

i. "Promoters" or part of the "Promoter Group"
and/or

ii. any Director who holds either by himself or through his relative, or through any body corporate, directly or indirectly, more than 10% of the outstanding equity shares of the Company or such other percentage as prescribed under the SEBI Guidelines and/or under such other applicable law

shall not be entitled to participate in the Plan.

The options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting and period of vesting:

Options granted under the Scheme would vest not earlier than one year and not later than five years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company. The Board may specify that the options would vest subject to elapse of time or lay down certain performance metrics on the achievement of which the granted options would vest or may determine such other criteria as it may deem fit. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.

4. Exercise price:

The exercise price for the purpose of the grant of options shall be as decided by the Board. However, the exercise price shall not be lower than the face value of the equity shares.

5. Exercise period and the process of exercise:

The exercise period would commence from the date of vesting and will expire on completion of such period as may be decided by the Board but shall not exceed ten years from the date of grant of options.

The options will be exercisable by the employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Board from time to time. The options will lapse if not exercised within the specified exercise period.

6. Appraisal process for determining the eligibility of the employees to ESOP-2010:

The appraisal process for determining the eligibility of the employee will be specified by the Board, and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Board at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate:

The number of options that may be granted to employees under the Scheme shall be determined by the Board from time to time. However, grant of options to an employee, during any one year shall not be equal to or exceeding 1% of the issued capital of the Company at the time of grant of options.

8. Disclosure and accounting policies:

The Company shall comply with the disclosure and the accounting policies prescribed under applicable Guidelines/Laws.

9. Method of option valuation

To calculate the stock-based compensation, the Company may use the Fair Value method for valuation of the options granted.



If the Company calculates the employee compensation cost using Intrinsic Value of the stock options, the difference between the employee compensation cost that shall have been recognized if it had used the Fair Value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in such manner as may be prescribed under applicable law/guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the options/securities that may be offered to them under the Scheme.

As the employees stock option scheme provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) of the Companies Act, 1956. The Members are requested to approve the resolution.

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

Date: 23rd August, 2010
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 12th Annual Report and audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in crores)	
	2008-09	2009-10
Total Income	511.81	1016.72
Manpower Expenses	10.94	9.94
Gas Transmission Charges	3.58	0.36
Connectivity Charges	9.08	NIL
Admin, O&M & Other Expenses	35.85	49.14
Total Operating Expenses	59.45	59.44
Gross Margin/EBIDTA	452.36	957.28
Miscellaneous Expenditure		
Written off	2.99	2.79
Interest (after capitalization)	87.12	93.83
Depreciation	170.49	236.49
Prior Period Adjustments	<u>0.41</u>	<u>(2.72)</u>
Profit Before Tax	191.35	626.89
Tax including Deferred Tax	67.94	213.12
Profit After Tax	123.41	413.77

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. 511.81 crores in previous year to Rs. 1016.72 crores, recording an increase of 98.65%.
- EBIDTA increased from Rs. 452.36 crores in previous year to Rs. 957.28 crores, recording an increase of 111.62%.
- PAT increased from Rs. 123.41 crores in previous year to Rs. 413.77 crores, recording an increase of 235.28%.
- Pipeline grid availability and "accident free" year of operations.
- The Company is currently transporting an average of 37 mmscmd of gas.
- PNGRB is in the process of granting authorization to GSPL's existing pipeline network.
- The Company had filed Expressions of Interest (EOI) for development of cross country gas transmission pipeline network comprising of Mallavaram – Bhilwara (approx

1585 Kms), Mehsana – Bhatinda (approx 1670 Kms), Bhatinda- Jammu- Srinagar (approx 740 Kms) and Surat-Paradip (approx 1680Kms). Out of these four pipeline projects, PNGRB has invited bids for the first three projects.

CAPITAL

During the year, paid up share capital of the Company has increased from Rs. 562.11 crores to Rs. 562.45 crores on account of allotment of shares to eligible employees under the ESOP 2005 Scheme.

DIVIDEND

Keeping in view the fund requirements for expansion projects, the Board of Directors of the Company is pleased to recommend dividend @ Re. 1 (i.e. 10 %) per equity share of the face value of Rs. 10 each for the Financial Year 2009-10.

GAS TRANSMISSION SERVICES

The Company has signed firm GTAs for transporting 35.46 mmscmd of gas to various customers and interruptible / short term GTA for 6.49 mmscmd (Previous year: firm GTAs :- 31.99 mmscmd & interruptible GTAs :- 11.17 mmscmd).

GAS GRID PROJECT

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

The pipeline grid has been designed as per the highest international standards with inbuilt flexibility to cater to varying loads.

The pipeline grid map is enclosed herewith as annexure-IV.

Projects commissioned

Since last Directors' Report, the Company has successfully commissioned various pipeline projects like Gana Hadala, Morbi-Anjar, Welspun-Anjar, Olpad-GESC Utran and Spur to customers like Euro Ceramics-Anjar, Hindustan Glass-Halol, Birla Copper-Dahej etc.

Current Grid operations account for approx. 1666 kms. Gas is flowing from Hazira / Dahej / Vapi to various industries and City Gas Distribution ("CGD") Networks located in Surat, Bharuch, Baroda, Anand, Ahmedabad, Gandhinagar, Sabarkantha, Mehsana, Surendranagar, Rajkot, Jamnagar, Navsari, Kutchh, Panchmahal, Kheda and Valsad districts of Gujarat.

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:

- Darod Jafrabad Pipeline Project (24" x 220 kms)
- Mundra spurlines to connect various customers (approx 40 kms)
- Satej to Sanand Pipeline for Tata Motors (Nano plant) (12" x 35 kms)
- Mehsana Palanpur (30" x 75 kms)

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

WIND POWER PROJECT

The Company is committed to promote clean and green energy and for this cause, the Company has initiated a 52.5 MW wind power project in the areas of Maliya Miyana, Rajkot and Gorsar, Porbandar. The Company has commissioned 4 machines with an aggregate capacity of 6 MW wind power generation in March 2010 at Maliya Miyana, Rajkot. The balance 46.5 MW capacity wind power project is under implementation and shall be completed shortly.

FUTURE PLANS

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

OPERATION & MAINTENANCE ACTIVITIES

The Company has transported 11673 mmscm (Previous year: 5428.48 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, in order to fulfill its commitment towards health, safety and environment, has taken active steps towards establishment of Safety Management Systems (SMS). Environment and safety features have been integrated into design, construction and O&M operations of the Company for ensuring utmost safety for the facilities, local community and the environment. The same is also being reflected in the QHSE policy of the Company. The concept of asset integrity for enhancement of SMS is being incorporated. The Company is expanding and managing its operations in a manner which is safe and environmentally sustainable.

For developing effectiveness of safety management systems,

training of all employees across the Company is ensured through various training programmes. The same is being monitored through Internal Audit teams and delegation of safety management up to the local level. Further emergency management plans are being reviewed and updated regularly. Moreover, Contractors' adherence to Company's QHSE policy is also assured through regular site visits and external audits. Contract employees are subjected to training programs like safety induction, defensive driving, personal protective equipment policy etc. Regular site visits ensure the enhancement of behavioral aspects of the contract employees and enhancement of safety culture which has also ensured the safe commissioning of the new projects. To achieve the highest quality of safety systems, the Company has taken a step towards international recognition vide corporate membership of British Safety Council. The Company is proud to maintain its target of 'Zero Accident' year with full commitment of its employees and management.

The Company is already certified to Integrated Management Systems (QMS, EMS & OHSAS). Effectiveness of this certification is being assured through planned audits of the system. Continuous improvement is visible in various O&M systems. Predictive maintenance schedules are being adhered to with the updating of records. Emergency response plans are updated as a part of routine function and their respective effectiveness is verified by regular mock drills as per intervals identified by respective work bases.

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, mainly for promoting use of environment friendly fuel, creating awareness for conservation of energy, promotion of educational activities, etc. During the year, the Company also contributed Rs. 6.75 crores to GERMI, a centre of excellence in industry learning which has been set up to develop human resource assets to cater to the need of the petroleum and allied energy sectors and to provide a competitive edge to future leaders, to compete in the global arena.

DIRECTORS

Since last Directors' Report, Shri D Rajagopalan, IAS, ceased to be the Director and Chairman of the Company pursuant to his retirement from Govt. Services. Further Shri P K Pujari, IAS, Shri Hasmukh Adhia, IAS and Shri S Jagadeesan, IAS also ceased to be the Directors of the Company. Your Directors wish to place on record an appreciation of the services rendered by them as the Directors of the Company.

Shri A K Joti, IAS, Chief Secretary, Govt. of Gujarat has been appointed as an Additional Director and Chairman of the Company vice Shri D Rajagopalan, IAS. Further Shri

Atanu Chakraborty, IAS, Shri R Vaidyanathan, Shri J K Jain and Shri N K Mitra were appointed as Additional Directors to hold office till the ensuing Annual General Meeting. It is proposed to regularize their appointment in the 12th Annual General Meeting.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri Suresh Mathur, Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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 details of companies in which they hold Directorship and Membership/Chairmanship of committees of the Board are given in the Corporate Governance Report forming part of the Directors' Report.

STATUTORY AND C&AG AUDIT

As your Company is a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, the C&AG has appointed M/s P Singhvi & Associates, Chartered Accountants, Gandhinagar as Statutory Auditors of the Company for the Financial Year 2009-10.

The Company has received comments of Comptroller & Auditor General of India (C&AG) on the accounts of the Company for the Financial Year 2009-10 which forms part of this Directors' Report. Management response to comments of C&AG is enclosed as Annexure-V.

AUDIT COMMITTEE

Audit Committee of Directors of the Company at its meeting held on 27th May, 2010 approved the Annual Accounts for the Financial Year ended on 31st March, 2010 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,

- (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.

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 good governance alone 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"):

ESOP 2005

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.

ESOP 2010

The Company also intends to implement GSPL Employees Stock Option Plan-2010 (ESOP 2010) for its employees and employees of its holding company i.e. Gujarat State Petroleum Corporation Limited for which approval of members is being sought at the ensuing Annual General Meeting.

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 (Pipeline Asset Management Software) with the help of GIPL – SECON.

Foreign Exchange Earnings & Outgo

Foreign Exchange Earnings - NIL

Foreign Exchange Outgo - Rs. 14,446,089/-

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 the employees of the Company 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 Promoters, Shareholders and Lenders for their valuable support, trust and confidence in the Company.

For and on behalf of the Board of Directors

Date: 23rd August, 2010

Place: Gandhinagar

A K Joti, IAS

Chairman

Annexure - I

Management Discussion and Analysis forming part of the Directors' Report for the year ended on 31st March, 2010

A. INDUSTRY OVERVIEW:

In 2009, India was the world's fourth largest consumer of energy, behind the United States, China, and Russia. (Source: BP Statistical Review of World Energy, June 2010). As per a Report by CRISIL Risk & Infrastructure Solutions Limited, named Indian Gas Market Assessment, February 2010 ("CRISIL Report") India's consumption of energy, on a per capita basis, was one of the lowest in the world in 2009.

Over the past few years, demand for energy has risen in India along with India's economic growth. Gas is currently a minor fuel in the overall energy mix in India. However, gas consumption is expected to grow at 4.2% per year on an average from 2006 to 2030. (Source: Energy Information Administration, International Energy Outlook 2009).

The main factors for increase in gas consumption are expected to be macroeconomic conditions and policies, the price and availability of alternative fuels, the expansion of gas related infrastructure, the development of policies in respect of carbon emissions, the identification of new uses of gas, programmes for the implementation of city gas distribution networks and the fast evolving regulatory environment. It is expected that natural gas will continue to play a predominant role in sectors like power generation, fertilizer, CNG & PNG distribution, refineries, commercial segments and virtually in all the industrial sectors.

Overall demand in India for gas is projected to increase from 209.6 mmscmd in the financial year 2010 to 343.5 mmscmd in the financial year 2015 and 464.4 mmscmd in the financial year 2023 (Source: CRISIL Report). In fact many other reports indicate such growth potential for India's gas market. Currently, Gujarat alone accounts for approximately 40% of the gas demand in the Country. (Source: CRISIL Report). Demand for gas in Gujarat is projected to grow from 85.4 mmscmd in the financial year 2010 to 122.0 mmscmd in the financial year 2015 (Source: CRISIL Report).

In Gujarat, 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 conversion from alternate liquid fuels to gas as well as 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.

With the commencement of new discoveries in the eastern coast of India, the demand from new regions is expected to increase. Domestic gas production is projected to increase from 177 mmscmd in 2010 to 227 mmscmd in 2023 (Source: CRISIL Report). This increase in production is expected to arise from announced or new discoveries of gas reserves, adding production to existing fields. Domestic production may also

be supplemented in the future from LNG imports, production from coal bed methane fields, shale gas etc. (Source: CRISIL Report)

In fact, even in 2009-10, the actual supply and consumption of gas could have been higher but for the capacity constraints in the existing trunk pipelines.

B. REGULATORY FRAMEWORK:

Government of India ("GOI") in May 2006 enacted the Petroleum & Natural Gas Regulatory Board Act, 2006. The Petroleum and Natural Gas Regulatory Board (PNGRB) was constituted and notified by GOI with effect from October 1, 2007. Recently Section 16 of the PNGRB Act has been notified which would expedite the bidding process for the natural gas pipelines and CGD networks.

PNGRB has notified regulations concerning various aspects of transmission pipeline. The regulations were issued to provide for the following:

- Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline as Common Carrier or Contract Carrier
- Regulations for Determination of Pipeline Tariff for Natural Gas Pipelines (pipelines existing as on the appointed day i.e. October 1, 2007)
- Regulations for Authorizing Entities for the Development of Natural Gas Pipelines
- Access Code of Conduct for Common Carrier or Contract Carrier Natural Gas Pipelines
- Guiding Principles for Declaring or Authorizing Natural Gas Pipelines as Common Carrier or Contract Carrier

PNGRB is likely to authorize the existing & proposed pipeline network of your Company in Gujarat. Your Company is in the advanced stages of submitting tariff details to PNGRB for finalization.

PNGRB has shown commitment to introduce Natural Gas usage in number of cities. Two rounds of the CGD bidding covering 13 cities have been completed in line with the proposed City Gas Distribution regulations. PNGRB has ensured implementation of regulations to encourage investments in the sector and the same is expected to be a contributing factor in the increase in usage of Natural Gas.

In addition to the Gujarat State Grid, your Company has submitted bids to the PNGRB for setting up two Natural Gas Transmission pipelines, namely: Mallavaram – Bhilwara pipeline, Mehsana – Bhatinda pipeline and bid for Bhatinda-Jammu-Srinagar pipeline is to be submitted shortly. Further



EOI for Surat - Paradip pipeline has been filed and PNGRB is likely to invite the bids shortly.

C. OPPORTUNITIES AND CHALLENGES:

With production / import of oil and gas moving to remote areas (or areas untapped by any pipeline network), away from consumption centers, there has been a surge in demand for greater pipeline capacity to bring such supplies to market. Further noticeable increase in development activities for setting up CGD networks in & across various States in India is a major boost for expansion in cross country pipelines by Natural Gas Transmission companies.

At the same time, to develop pipeline in all parts of the Country including in remote areas will be a challenge for 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 unique business model of "Pure Transmission Services and Open Access" adopted by the Company are in line with the spirit of new regulatory regime.

D. OPERATIONS & FUTURE OUTLOOK

Your Company owns and operates the largest gas transmission network in Gujarat totaling to approximately 1,666 kilometres. The gas grid of the Company has reached to 16 of 26 districts in Gujarat. Your Company has been successful in reaching remote industrial / coastal areas of Gujarat thereby enabling supply of natural gas to industries spread across regions in the State.

Further, more than one-third of the production from D6 gas fields from RIL's field in KG Basin coming in to Gujarat is transported through GSPL's pipeline network. Your Company has signed long term contracts with various customers across several sectors, for transmission of gas from RIL KG Basin fields.

Pro-active development of gas transportation infrastructure has not only helped in development of the market but also in monetization of the gas fields and commercialization of LNG terminals & your Company would continue its effort in this direction.

Your Company is currently expanding its network and expects to complete the construction of approx 1100 kilometres of pipelines during the next 2 - 3 years. Further, the Company also continues to develop several other spur lines to connect remaining industrial clusters and medium size customers along the pipeline network in Gujarat. Further augmentation of existing pipeline network is required due to increase in the gas demand, emergence of interstate pipeline from GSPL gas grid such as at Mehsana.

The emergence of new supply regions and sources necessitates the development of a national interconnected pipeline network. Commercialization of gas sources in the east coast region of India has led to improvement in availability of gas and the same is expected to increase further. As a result, many companies, including GSPL, plan to set up pan-India pipelines, to take advantage of the significant increase in supply volumes expected over the period between the financial year 2010 to 2023. Your Company is participating in the bidding for development of more than 5675 kms of pan-India pipeline.

Moreover, your Company holds significant equity interest in CGD companies, which have natural synergy with gas transmission business. GSPL holds 13.75% in Sabarmati Gas Ltd. and 36.51% in GSPC Gas Co. Ltd.

It is noteworthy to mention that Sabarmati Gas Ltd. (0.7 mmscmd) and GSPC Gas Co. Ltd. (3.0 mmscmd) together are among the largest CGDs in the Country. Your Company expects that with the expansion of gas transmission pipelines and CGD infrastructure, these CGD companies would also continue to grow, going forward.

E. PERFORMANCE PROFILE

The Company continued to expand its Gas Grid Project to reach to the new markets and connect to the new supply sources. The pro-active approach of your Company to envisage development of necessary infrastructure, for interconnecting with third party pipeline, for transmission of gas coming from east coast, enabled it to increase volumes in its pipeline by 115% over last year.

The infrastructure put up by the Company enabled the flow of LNG and domestic gas from various sources including KG Basin to reach various regions of Gujarat.

The Company has managed to achieve the 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.

The Company transported 11673 mmscm of natural gas during the year, recording an increase of 115% over last year's volumes transportation of 5428.48 mmscm.

The Company's Income from Transportation of gas reached to Rs. 991.95 crores, recording an increase of 103% over last year's Income from Transportation of gas of Rs. 487.50 crores.

Profit after Tax for the year was Rs. 413.77 crores as compared to Rs. 123.41 crores in the previous year, recording an increase of 235.28%.

The Net Worth of the Company has increased from Rs. 1211.86 crores to Rs. 1563.48 crores as compared to previous year. Gross Block of Assets has increased from Rs. 2421.18 crores to Rs. 3325.49 crores and consequently there has been an increase in Depreciation from Rs. 170.49 crores to Rs. 236.49 crores.

The Company continues to have a healthy Debt Equity Ratio of 0.77.

Your Company firmly believes that threat of global climate change has forced the world to think and perhaps it is the need of the hour also to consider energy generation through renewable sources like wind & solar along with other available clean fuels. With this conviction and aided by the tax incentives offered by Govt. of India for construction of wind power projects, your Company has entered in to the power generation business through wind energy.

Wind Power Project

The Company is putting up a wind power project of 52.5 MW at Maliya Miyana, Rajkot and Gorsar, Porbandar in the State of Gujarat. By 31st March, 2010, the Company has already commissioned 6 MW capacities and the balance capacity shall come online during the year 2010-11.

F. 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 a proper and adequate system of internal controls commensurate with its size of operations and nature of business. The Company's internal control systems are further supplemented by extensive programs of audits, i.e. internal audit (by an independent firm of Chartered Accountants), proprietary audit and audit by Statutory Auditors appointed by the Comptroller & Auditor General of India (C&AG). The internal control system is designed to ensure that all financials and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets and compliance with statutory requirements. The Company has mapped a number of business processes on SAP system, thereby leading to significant improved controls & transparency.

G. HUMAN RESOURCES

During the year, the Company did not experience any strikes or lockouts.

Availability and retention of technical and skilled talent in required number is major challenge for the Company. The Company employed 141 employees as on 31st March, 2010 (Previous year 152 employees).

During the year, the Company implemented sixth pay commission pay scales.

The Company believes that training and personnel development is of vital importance to create a climate where people maximize their technical skills and inner potential which can help the Company in capitalizing the emerging business opportunities through their involvement. During the year, employees were sent for various training 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 event.



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 and Independent Directors. The composition of the Board is in conformity with the listing requirements. The detailed composition of the Board as on 31st March 2010, their category and their Directorship in other companies and Membership/Chairmanship in the committees of the Board are given below:-

Sr No.	Name of the Director(s)	Position/Category ++	* Number of Directorship as on 31/03/2010 including GSPL	** Number of Membership / Chairmanship in Board Committee as on 31/03/2010 including GSPL	
				Membership+	Chairmanship
1	Shri A K Joti, IAS	Non Executive Chairman (GSPC ¹ Nominee)	6	Nil	Nil
2	Shri D J Pandian, IAS	Non Executive Director (GSPC ¹ Nominee)	15	2	1
3	Shri Atanu Chakraborty, IAS	Non Executive Director (GSPC ¹ Nominee)	15	4	Nil
4	Shri Suresh Mathur	Independent Director	5	3	2
5	Shri J K Jain	Independent Director	4	4	Nil
6	Shri R Vaidyanathan	Independent Director	7	3	Nil
7	Shri N K Mitra	Independent Director	1	Nil	Nil
8	Shri Tapan Ray, IAS	Managing Director (GSPC ¹ Nominee)	10	4	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 2009-2010:-

During the year 2009-2010, the Board met 8 (Eight) times. Details of these meetings are as follows:-

Sr. No.	Date of Meeting
1	29 th May, 2009
2	30 th June, 2009
3	4 th July, 2009
4	23 rd July, 2009
5	23 rd October, 2009
6	23 rd December, 2009
7	25 th January, 2010
8	12 th March, 2010

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 3/12/2009
1	Shri D Rajagopalan, IAS (upto 8 th March, 2010)	7	5	Yes
2	Shri A K Joti, IAS (w.e.f. 8 th March, 2010)	1	1	N.A.
3	Shri D J Pandian, IAS	8	8	Yes
4	Shri Hasmukh Adhia, IAS (upto 3 rd Nov, 2009)	5	Nil	N.A.
5	Shri P K Pujari, IAS (upto 2 nd March, 2010)	7	5	No
6	Shri U Sundararajan (upto 23 rd July, 2009)	3	Nil	N.A.
7	Shri S Jagadeesan, IAS (upto 11 th Dec, 2009)	5	4	No
8	Shri Atanu Chakraborty, IAS (w.e.f. 2 nd March, 2010)	1	1	N.A.
9	Shri Suresh Mathur	8	7	Yes
10	Shri R Vaidyanathan (w.e.f. 12 th March, 2010)	Nil	N.A.	N.A.
11	Shri J K Jain (w.e.f. 12 th March, 2010)	Nil	N.A.	N.A.
12	Shri N K Mitra (w.e.f. 30 th March, 2010)	Nil	N.A.	N.A.
13	Shri Tapan Ray, IAS	8	7	Yes

**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 Suresh Mathur

Shri Suresh Mathur is a Chartered Accountant from the Institute of Chartered Accountants of India. He has experience spanning more than 44 years in the Oil Industry. He has handled varied assignments in the fields of Finance, Marketing, Operations, Strategic Planning, International Oil Trading and Project Execution. He was the Managing Director of Petronet LNG Limited from 1998 until 2005. He was also Director (Finance) of Indian Oil Corporation from 1994 until 1998. He was advisor to the Essar Group.

Shri Suresh Mathur holds directorship in following other companies:

Gujarat State Petroleum Corporation Limited
Cosmo Films Limited
Environics Limited
Omax Auto Limited

ii) Shri A K Joti, IAS

Shri A K Joti, IAS has graduated in Science from Delhi University and has completed his Masters in Chemistry from Delhi University. Shri A K Joti, IAS was Managing Director of Sardar Sarovar Narmada Nigam Limited. He has wide experience of over 36 years in various Departments of Government including Revenue, Finance, Home, Water Supply and Education. He has also served as Chairman of Kandla Port Trust. He is also Chairman of GNFC, GSFC, GSPC and GACL. Presently he is Chief Secretary, Government of Gujarat.

Shri A K Joti, IAS holds directorship in following other companies:

Gujarat State Petroleum Corporation Limited
Gujarat Alkalies and Chemicals Limited
Gujarat Narmada Valley Fertilizers Company Limited
Sardar Sarovar Narmada Nigam Limited
Gujarat State Fertilizers & Chemicals Limited

iii) Shri Atanu Chakraborty, IAS

Shri Atanu Chakraborty, IAS is BE (Electronics and Communication) and has also done Post Graduate Diploma in Business Finance and MBA from U.K. Shri Atanu Chakraborty, IAS has earlier worked as Managing Director of Gujarat State Financial Services Limited, Drinking Water & Infrastructure, Gujarat and State Civil Supplies Corporation Limited, Gujarat. Shri Atanu Chakraborty, IAS has a wide experience of over 22 years in various Government Departments including Revenue, Finance, Home, Water Resources and Education. Presently he is Principal Secretary, Finance Department (Economic Affairs), Government of Gujarat.

Shri Atanu Chakraborty, IAS holds directorship in following other companies:

Bhavnagar Energy Company Limited
Gujarat Industrial Corridor Limited
Gujarat Industrial Investment Corporation Limited
Gujarat Informatics Limited
Gujarat Mineral Development Corporation Limited
Gujarat Ports Infrastructure and Development Co. Limited
Gujarat State Financial Services Limited
Gujarat State Investments Limited
Gujarat State Road Transport Corporation
Gujarat Urban Development Company Limited
Gujarat Urja Vikas Nigam Limited
GSFS Capital & Securities Limited
GSPC LNG Limited
Infrastructure Finance Company Gujarat Limited

Gujarat Industrial Development Corporation
Indian Institute of Public Health

iv) Shri R Vaidyanathan

Shri R Vaidyanathan is a Science Graduate from the Loyola College, Madras and has done Masters from the Indian Statistical Institute, Calcutta and has also obtained Fellow in Management (Doctorate) from the Indian Institute of Management, Calcutta. He is Professor of Finance and Control at the IIM, Bangalore and UTI Chair Professor in the area of Capital Markets. He was also a visiting Fulbright Fellow at the Georgia State University at Atlanta and International Insurance Foundation at Washington D. C. during 2003 and studied the Pension Systems in the USA. He has been appointed as a Trustee for the New Pension System by the Pension Fund Regulatory and Development Authority of India. He is known for his commendable contributions in the areas of Corporate Finance, Risk Management, Pensions, etc.

Shri R Vaidyanathan holds directorship in following other companies:

Birla Sunlife Asset Management Company Limited
Conglome Techno Limited
Dalmia Cement Ventures Limited
General Optics (Asia) Limited
Shriram Properties Limited
Zee Entertainment Enterprises Limited

v) Shri J K Jain

Shri J K Jain is a Chartered Accountant and has over 30 years of experience as a Finance Executive both in Private and Public Sector. He was Director (Finance) in GAIL from 1996 to 2005. He also held the additional charge of the Chairman and Managing Director of GAIL in the year 2001. Shri J K Jain has extensive experience in the areas of Finance, Investment, Funding, Compliance, Corporate Governance, Risk Management etc.

Shri J K Jain holds directorship in following other companies:

English Indian Clays Limited
Jamna Auto Industries Limited
Mahanagar Gas Limited

vi) Shri N K Mitra

Shri N K Mitra has done B.Sc. (Honours) and Petroleum Engineering from Indian School of Mines, Dhanbad. Shri N K Mitra has served the upstream oil & gas industry in this part of the world for more than 36 years. Shri N K Mitra was associated with ONGC from 1973 and was holding senior positions like Chief Engineer (Production), General Manager (Production) and Executive Director (Offshore). Shri N K Mitra's contribution in managing offshore infrastructures, logistics, inputs and manpower, early exploitation of oil & gas from small, marginal and deep water fields are well acknowledged in industry circle. Shri N K Mitra has superannuated as the Director (Offshore) as well as Director-I/c Marketing of Oil & Natural Gas Corporation Ltd. He has been conferred best 'Offshore Oil & Gas Professional from India' by IORS and the longest serving 'distinguished SPE member' by Society of Petroleum Engineers.

Shri N K Mitra does not hold directorship in any other company.

3. AUDIT COMMITTEE

The composition of the Audit Committee as on 31st March, 2010 is as follows:-

1. Shri Suresh Mathur - Chairman
2. Shri Atanu Chakraborty, IAS - Member
3. Shri R Vaidyanathan - Member
4. Shri J K Jain - 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 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 2009-2010, the Audit Committee met Six (6) times. Details of these meetings are as follows:-

Sr. No.	Date of Meeting
1	27 th June, 2009
2	23 rd July, 2009
3	23 rd October, 2009
4	23 rd December, 2009
5	25 th January, 2010
6	12 th March, 2010

The attendance of the members therein was as follows:-

Sr. No.	Name of the Audit Committee Member	Number of Audit Committee Meetings held while holding the office	Number of Audit Committee Meetings Attended
1	Shri Suresh Mathur	6	6
2	Shri U Sundararajan (upto 23 rd July,2009)	1	Nil
3	Shri Tapan Ray, IAS (upto 23 rd December, 2009)	3	3
4	Shri S Jagadeesan, IAS (w.e.f. 4 th July, 2009 upto 11 th Dec, 2009)	2	1
5	Shri P K Pujari, IAS (w.e.f. 4 th July, 2009 upto 2 nd March, 2010)	4	3
6	Shri D J Pandian, IAS (w.e.f. 23 rd December, 2009 upto 12 th March, 2010)	3	3
7	Shri Atanu Chakraborty, IAS (w.e.f. 12 th March, 2010)	Nil	N.A
8	Shri R Vaidyanathan (w.e.f. 12 th March, 2010)	Nil	N.A
9	Shri J K Jain (w.e.f. 12 th March, 2010)	Nil	N.A

The Chairman of the Audit Committee remained present at the Annual General Meeting of the Company held on 3rd December, 2009 to answer shareholder queries.

4. REMUNERATION OF DIRECTORS

Except for sitting fees paid to the Directors (other than the Managing Director), the Company do not pay any remuneration to the Directors. Further, the sitting fees 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 fees to the Directors (except Managing Director) for attending Board/Committee Meeting.

During the year 2009-2010, the Company has paid Rs. 295000/- in aggregate as sitting fees 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 from 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 sole discretion, decide to accept or reject the said grant. The details of number of shares granted to each Director (who is currently on the Board of the Company) under the ESOP scheme are as follows:-

Sr. No.	Name of Director	Options granted for
1.	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 Suresh Mathur who holds 20000 shares, no other Director holds any share in the Company.

Terms of appointment of Managing Director:

Shri Tapan Ray, IAS has been appointed as Managing Director of the Company w.e.f 9th November, 2009 for a period of five years. Further he does not receive sitting fees from the Company but is paid remuneration by Gujarat State Petroleum Corporation Limited as per the pay structure for principal 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, 2010 is as follows:-

1. Shri Suresh Mathur - Chairman
2. Shri D J Pandian, IAS - Member
3. Shri Tapan Ray, IAS - Member

The status of shareholders complaint as on 31st March 2010 is as follows:-

Particulars	Opening as on 1/04/2009	Received* during the year	Disposed during the year	Balance as on 31/03/2010
No of complaints	Nil	650	650	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
2008-2009	3 rd December, 2009 11.30 A.M.	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382011	No
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.

B. Postal Ballot:

During the year, special resolution under Section 17 of the Companies Act, 1956 for the Alteration of Clause III of Memorandum of Association 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. Further no penalty has been imposed either by SEBI or Stock Exchanges or any statutory authority on any capital market related matter.

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 Corporate Filing and Dissemination System (CFDS) and the Financial Results and other required filings of the Company can also be viewed on the website of CFDS (www.corpfiling.co.in) and National Stock Exchange of India Limited (www.nseindia.com) 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 12th Annual General Meeting of the Company:-

Date & Day	21 st September, 2010, Tuesday
Time	5.00 p.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 2010-2011 (Tentative Schedule) for adoption of quarterly results for:

Quarter ending June 30, 2010	On 29 th July, 2010
Quarter ending September 30, 2010	Before 14 th November, 2010
Quarter ending December 31, 2010	Before 14 th February, 2011
Quarter & Year ending March 31, 2011 (Audited)	Before 30 th May, 2011

C. Book Closure Date:-

Wednesday, 15th September, 2010 to Tuesday, 21st September, 2010 (both days inclusive).

D. Dividend Payment:-

The dividend if approved by the shareholders will be paid on or after 21st September, 2010 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 Depository Services (India) Limited (CDSL). The ISIN no. for Company's securities is INE246F01010.

Note:

1. The necessary listing fees for the year 2010-2011 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 2009	11,492.10	9,546.29	47.25	38.50	3517.25	2965.70	47.85	38.45
May	14,930.54	11,621.30	62.90	40.70	4509.40	3478.70	66.00	40.30
June	15,600.30	14,016.95	64.90	47.00	4693.20	4143.25	64.80	46.80
July	15,732.81	13,219.99	73.25	46.65	4669.75	3918.75	73.35	46.65
August	16,002.46	14,684.45	82.40	65.00	4743.75	4353.45	82.40	61.80
September	17,142.52	15,356.72	87.45	74.80	5087.60	4576.60	87.20	74.70
October	17,493.17	15,805.20	91.50	77.40	5181.95	4687.50	92.90	77.30
November	17,290.48	15,330.56	100.00	76.30	5138.00	4538.50	100.20	76.20
December	17,530.94	16,577.78	104.00	93.40	5221.85	4943.95	104.90	93.05
January 2010	17,790.33	15,982.08	102.50	87.00	5310.85	4766.00	102.45	87.10
February	16,669.25	15,651.99	96.50	82.00	4992.00	4675.40	94.50	82.00
March	17,793.01	16,438.45	95.70	85.90	5329.55	4935.35	95.90	85.80

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,
Hyderabad-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, 2010 is given below:

Category	No. of shareholders	% of shareholders	No of shares held	% of shareholding
1-5000	198075	90.136	38756333	6.891
5001-10000	12890	5.866	10440367	1.856
10001-20000	4573	2.081	6988975	1.243
20001-30000	1482	0.674	3856002	0.686
30001-40000	595	0.271	2134547	0.380
40001-50000	625	0.284	2988193	0.531
50001-100000	765	0.348	5651703	1.004
100001 & above	747	0.340	491632464	87.409
Total	219752	100.000	562448584	100.000

I. Dematerialization of shares and its liquidity:-

288171781 equity shares representing 51.00% of the total equity shares of the Company are held in Dematerialized Form and balance 274276803 equity shares representing 49.00% are in Physical Form as on 31st March, 2010.

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,
Sector-11, Gandhinagar-382 011.
Ph.: +91-79-66701001
Fax: +91-79-23236477
Web-site: www.gujpetronet.com
Email: investors.gspl@gspc.in

L. Outstanding GDRs/ADRs/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 of Directors

Date: 23rd August, 2010
Place: Gandhinagar

A K Joti, 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, 2010 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 that:
 - i. there are no significant changes in internal control over financial reporting during the period under review;
 - ii. there are no significant changes in accounting policies during the period under review; and
 - iii. there are no instances of any fraud of which we 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 the Board Members and senior Management have affirmed with the code of conduct for the current year.

Manish Seth
Asst. Gen. Mgr. (Finance)

Date : 27th May, 2010
Place: Gandhinagar

Tapan Ray, 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 for the financial year ended 31st March, 2010. 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 was not as per the stipulation regarding the number of Independent Directors upto 29th March, 2010 as the number of Independent Directors had fallen below one – half.

Consequently, the composition of the Audit Committee was also not as per the stipulation regarding the number of Independent Directors during the period from 4th July, 2009 to 11th March, 2010 as the number of Independent Directors had fallen below two – third.

In the meetings of the Audit Committee held during the year, proper quorum was not present as only one Independent Director remained present instead of the requirement of atleast two Independent Directors.

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

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

Date: 23rd August, 2010
Place: Ahmedabad

Annexure - III

DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN-2005

	Description	2009-2010		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	274819	Nil	293085
	Cumulative Option Vested up to the respective financial year.	764000	1349874	764000	1075055
E	Total Options exercised during the respective financial year.	36000	297381	20900	87609
	Cumulative Option exercised up to the respective financial year.	647950	819364	611950	521983
F	Total number of shares arising as a result of exercise of options during the respective financial year.	36000	297381	20900	87609
	Cumulative number of shares arising as a result of exercise of options up to the respective financial year.	647950	819364	611950	521983
G	Total Option lapsed/cancelled during the year (Note 3)	5000	52153	12000	80931
	Cumulative Option lapsed/cancelled up to the respective financial year.(Note 4)	82000	411208	77000	359055
H	Money realized by exercise of Options during the respective financial year.	504000	4163334	292600	1226526
I	Total Number of options in force as on 31st March of the respective financial year.	34050	333368	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	7.35	7.35	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

Details of Cumulative Option lapsed/cancelled up to the respective financial year is as under:

	Description	2009-2010		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.	77000	359055	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	5000	52153	12000	80931
D	Total options lapsed/cancelled as on 31st March of the respective Financial year (A-B+C)	82000	411208	77000	359055

Note : 5

Name of Director or key managerial personnel (as on 31 st March, 2010)	Number of equity share of Rs.10 each issuable upon exercise of options.
Directors*	
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:

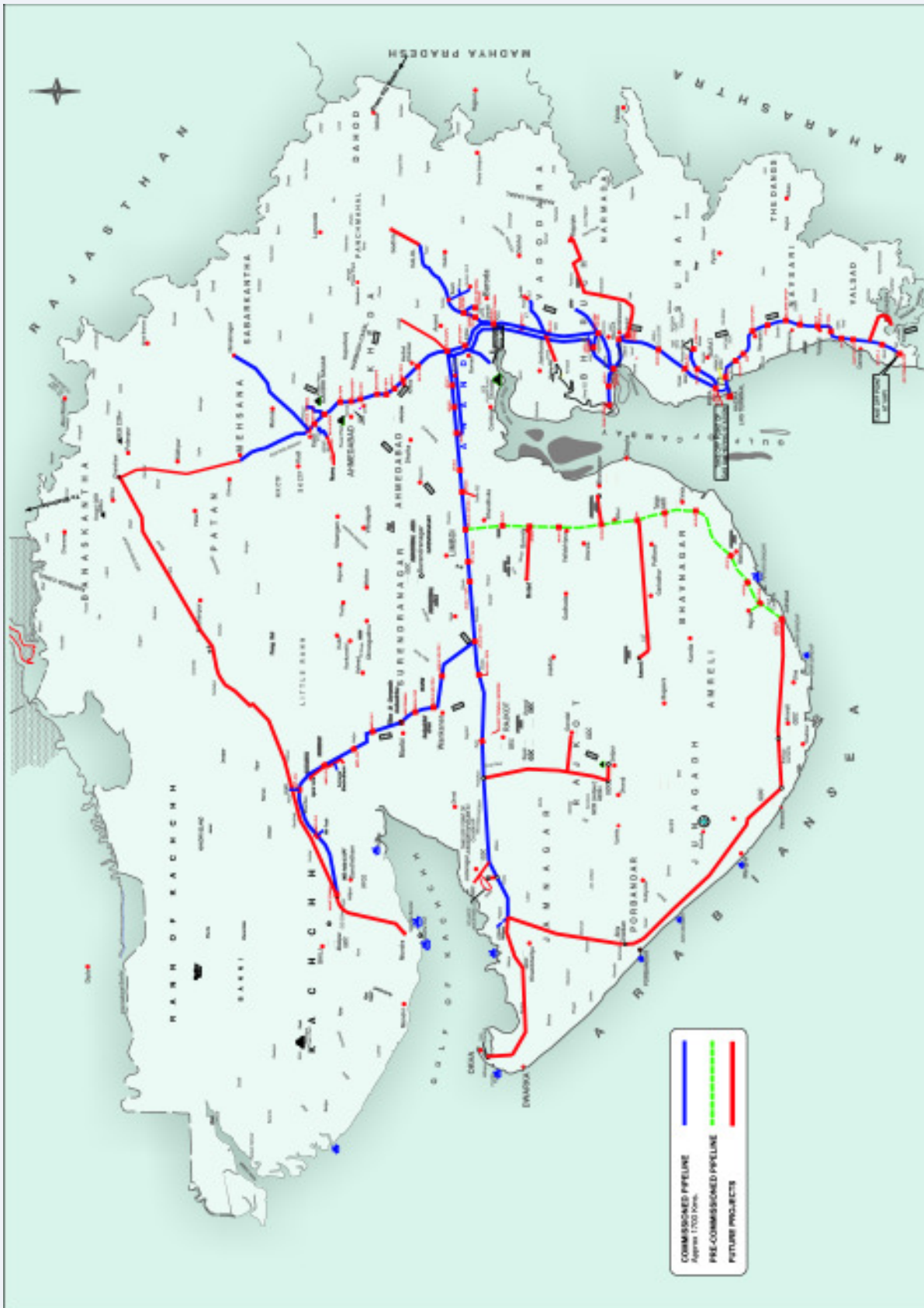
Year Ended	Date	No of shares to be vested*
1st year	19.06.2009	10498.75
2nd year	19.06.2010	10498.75
3rd year	19.06.2011	10498.75
4th year	16.06.2012	10498.75

**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





Annexure - V

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) READ WITH SECTION 619B OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GUJARAT STATE PETRONET LIMITED FOR THE YEAR ENDED ON 31 MARCH 2010.

The preparation of financial statements of Gujarat State Petronet Limited for the year ended 31 March 2010 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 Auditor Report dated 30 May 2010.

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 Petronet Limited for the year ended 31 March 2010. 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) read with section 619B 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 Profitability

Balance Sheet Application of Funds

Sundry Debtors	Schedule-H	Rs.75.27 crore
Sundry Debtors outstanding for a period exceeding 6 months		Rs.24.80 crore.

(a) This includes an amount of Rs.59.11 lakh being imbalance payment due for D6 Gas for the period 18 April to 31 May 2009 in respect of M/s Gujarat Narmada Valley Fertilizers Company Limited. As the same is not acknowledged and confirmed by the customer and in the absence of Gas Transmission Agreement, the Company has no means to enforce the admissibility of income, the same should have been provided for as a doubtful debt.

This has resulted in overstatement of Debtors and profit to that extent.

(b) This includes an amount of Rs.3.75 crore pertaining to M/s Arvind Mills Ltd. (AML), which has been outstanding because of double invoicing and had occurred due to non-signing of Gas Transmission Agreement by AML for actual transmission of gas from Dahej during 16-12-08 to 31-03-09 (which could have been adjusted against invoices for Hazira to Santhej).

As the Company is well aware of the fact of duplication of invoices as on 31-03-10 and approval of Managing Director was obtained (8-04-10) for rectification of same, it should have been provided for in books of accounts 09-10.

This has resulted in overstatement of debtors and profit to that extent.

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

Date: 20th August, 2010
Place: Ahmedabad

(Dr. Prasenjit Mukherjee)
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, 2010.

Explanation to comment (a) above: Gas transportation to M/s Gujarat Narmada Valley Fertilizers Company Limited (GNFC) was started in urgency after GSPL received a directive from the Government to start transmission of Gas to GNFC at the earliest. The same was done after due confirmation from GNFC. GSPL has further raised invoice in accordance with the standard terms and conditions of Transportation Agreement, which GNFC itself has been party to in the past. Hence as per accounting principles, GSPL has recognized the income as per the terms of a standard agreement, which would have been recognized in case of any other customer. Just because there is a dispute between parties does not call for providing the amount as doubtful debt. GSPL has a policy of providing only those amounts, which after internal review appear to be doubtful. In the present case, GSPL is confident of recovering the amount and thus there is no provisioning required for the same.

Explanation to comment (b) above: The matter is not about duplication of invoices. Rather this matter pertains to a contractual dispute. The comment is only based on the language used in one of the internal notes referring the two invoices as duplicate. However the invoices are raised for different contracts for gas transported from different sources as per contractual terms. Just because there is a dispute between parties does not call for providing the amount as doubtful debt. GSPL has a policy of providing only those amounts, which after internal review appear to be doubtful. GSPL maintains its claim on the due amount and is confident of realization of the same and thus there is no provisioning required for the same.

AUDITORS' REPORT

To
The Members
Gujarat State Petronet Limited
Gandhinagar

1. We have audited the attached Balance Sheet of Gujarat State Petronet Limited, Gandhinagar as at 31st March, 2010 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.
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 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.
4. 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 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
 - I] In case of Balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - II] In case of profit & Loss Account, of the Profit for the year ended on that date and;
 - III] In case of Cash Flow Statement, of the cash flow for the year ended on that date.

For P. Singhvi & Associates
Chartered Accountants
F. R. No. 113602 W

(Praveen Singhvi)
Partner
M. No. 071608

Place: Ahmedabad
Date : 30th May, 2010



ANNEXURE TO 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, 2010)

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 books 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 parties 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 sub-clause (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 the public during the year 2009-10 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 31/03/2010 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. (c),(d),(e),(f), (g), (h), (i), (j) & (k) of point no.2 of the notes on 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 period under audit and in the immediately preceding 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 under audit, 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 under audit, 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 under audit, 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 period under audit.

For P. Singhvi & Associates
Chartered Accountants
F. R. No. 113602 W

(Praveen Singhvi)
Partner
M. No. 071608

Place: Ahmedabad
Date : 30th May, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule	Rs.	As At	As At
			31st March 2010	31st March 2009
			Rs.	Rs.
I SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A		5,624,485,840	5,621,152,030
Share Application money			198	184
Reserves & Surplus	B		10,013,750,120	6,530,821,138
Secured Loans	C		12,565,471,816	11,079,488,736
Unsecured Loans	D		30,000,000	430,000,000
Deferred Tax Liability(Net)			1,405,315,643	1,143,926,414
TOTAL			29,639,023,617	24,805,388,502
II APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	E	33,254,916,381		24,211,840,155
Less :Depreciation		<u>8,887,014,951</u>		6,525,506,655
Net Block			24,367,901,430	17,686,333,500
Capital work - in-progress	F		5,386,866,282	6,445,948,108
Investments	G		665,749,990	355,749,990
Current Assets, Loans and Advances				
Sundry Debtors	H	752,711,800		543,585,382
Inventory	I	1,326,564,819		925,738,508
Cash & Bank Balance	J	1,741,721,448		974,677,403
Other Current Assets	K	128,651,082		153,040,963
Loans & Advances	L	<u>3,599,628,086</u>		<u>3,018,300,363</u>
		7,549,277,235		5,615,342,619
Less : Current Liabilities & Provisions	M	4,848,396,924		3,741,702,727
		<u>3,485,839,536</u>		<u>1,589,675,036</u>
		8,334,236,460		5,331,377,763
Net Current Assets			(784,959,225)	283,964,856
Miscellaneous Expenditure (To the extent not written off or adjusted)	N		3,465,140	33,392,048
TOTAL			29,639,023,617	24,805,388,502
Significant Accounting Policies and Notes on Accounts	T			
As per our report of even date attached				
For P. Singhvi & Associates Chartered Accountants Firm Regn. No. 113602 W	For and on behalf of the Board			
Praveen Singhvi Partner Membership No.071608	A. K. Joti, IAS Chairman		Tapan Ray, IAS Managing Director	
	Manish Seth Asst. Gen.Mgr. (Finance)		Reena Desai Company Secretary	
Place : Ahmedabad Date : 28 th May, 2010			Place : Gandhinagar Date : 27 th May, 2010	

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

Particulars	Schedule	2009 - 2010 Rs.	2008 - 2009 Rs.
I INCOME			
Income From Transportation of Gas		9,919,516,234	4,874,989,565
Income From Sale of Electricity		216,711	-
Other Income	O	247,453,460	243,081,574
TOTAL		10,167,186,405	5,118,071,139
II EXPENDITURE			
Employee Cost	P	99,401,237	109,372,742
Gas Transportation Charges		3,640,564	35,844,097
Connectivity Charges		-	90,801,538
Administrative & Other Expenses	Q	208,400,098	133,233,765
Operation & Maintenance Expenses	R	282,928,015	225,237,620
Interest & Financial Charges	S	938,323,911	871,137,757
Depreciation		2,364,876,297	1,704,858,086
Miscellaneous expenditure written off		27,930,346	29,926,915
TOTAL		3,925,500,468	3,200,412,520
Profit/(Loss) for the year		6,241,685,937	1,917,658,619
Prior Period Adjustments		(27,210,411)	4,115,943
Profit/(Loss) Before Tax		6,268,896,348	1,913,542,676
Provision for Tax			
Income Tax(Current Year)		1,877,822,310	531,767,690
Income Tax(Previous Year)		(8,013,557)	(1,130,306)
Deferred tax		261,389,229	144,895,200
Fringe Benefit Tax		-	3,883,683
Profit/(Loss) After Tax		4,137,698,366	1,234,126,409
Balance Brought Forward		2,484,215,423	1,741,124,024
Amount Available For Appropriations		6,621,913,789	2,975,250,433
Dividend		562,652,562	421,586,402
Tax on dividend		93,450,346	71,648,609
Transfer from Bond Redemption Reserve		-	2,200,000
Balance Transferred To Balance Sheet		5,965,810,881	2,484,215,423
Earnings Per Share (Basic)		7.36	2.20
Earnings Per Share (Diluted)		7.35	2.19
Significant Accounting Policies & Notes on Accounts	T		

As per our report of even date attached

For P. Singhvi & Associates
Chartered Accountants
Firm Regn. No. 113602 W

Praveen Singhvi
Partner
Membership No.071608

Place : Ahmedabad
Date : 28th May, 2010

For and on behalf of the Board

A. K. Joti, IAS
Chairman
Manish Seth
Asst. Gen.Mgr. (Finance)

Tapan Ray, IAS
Managing Director
Reena Desai
Company Secretary

Place : Gandhinagar
Date : 27th May, 2010



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - A

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
70,00,00,000 Equity Shares of Rs. 10 each	7,000,000,000	7,000,000,000
TOTAL	<u>7,000,000,000</u>	<u>7,000,000,000</u>
ISSUED SUBSCRIBED AND PAID UP CAPITAL		
56,24,48,584 Equity Shares of Rs. 10/- each fully paid up (Previous Year 56,21,15,203 shares of Rs.10/- each fully paid up) [out of above 21,23,05,270 shares of Rs. 10 each (Previous year 21,23,05,270 shares) are held by the holding company Gujarat State Petroleum Corporation Limited]	5,624,485,840	5,621,152,030
TOTAL	5,624,485,840	5,621,152,030

SCHEDULE - B

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
RESERVES & SURPLUS		
A) Profit & Loss Account		
Opening Balance	2,484,215,423	1,741,124,025
Addition During The Year	3,481,595,458	743,091,398
	5,965,810,881	2,484,215,423
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	4,009,375,752	4,008,941,716
Addition During The Year	1,333,524	434,036
	4,010,709,276	4,009,375,752
D) Bond Redemption Reserve		
Opening Balance	10,000,000	12,200,000
Less transferred to P&L A/c	-	2,200,000
	10,000,000	10,000,000
TOTAL (A+B+C+D)	10,013,750,120	6,530,821,138

SCHEDULE - C

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 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.	10,000,000	10,000,000
2) Term Loan From Banks		
Vijaya Bank	844,264,268	996,267,602
Union Bank Of India	960,399,067	1,186,515,132
Bank Of Baroda	1,411,962,047	1,445,612,648
Bank Of India	107,244,945	187,269,095
Dena Bank	1,028,582,683	1,274,598,872
Oriental Bank Of Commerce	20,655,601	104,131,124
Allahabad Bank	684,681,533	527,548,795
State Bank Of Bikaner & Jaipur	82,487,940	112,298,368
State Bank Of Travancore	248,789,817	53,216,993
The Karur Vysya Bank Ltd.	29,166,661	45,820,955
The South Indian Bank Ltd.	29,167,064	46,641,524
UCO Bank	528,894,187	653,744,006
Corporation Bank	437,431,373	406,131,144
State Bank Of India	1,104,219,873	1,325,845,800
Axis Bank Ltd.	93,584,753	128,840,388
IDBI Bank Ltd.	1,419,654,286	1,589,292,000
HDFC Bank Ltd.	110,000,000	-
3) Term Loan From Infrastructure Development Finance Co. Ltd.	714,285,718	285,714,290
4) Term Loan From International Finance Corporation	2,700,000,000	700,000,000
TOTAL	12,565,471,816	11,079,488,736

SCHEDULE - D

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
UNSECURED LOANS		
HDFC Bank Ltd.-Short term Loan	-	400,000,000
Security Deposit from Customers (Deposit from commercial customers refundable on termination of Gas Transportation Agreement)	30,000,000	30,000,000
TOTAL	30,000,000	430,000,000

SCHEDULE - E FIXED ASSETS

(in Rupees)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Op. Balance As On 01 Apr. 2009	Additions	Deduction	Cl. Balance As On 31-Mar-2010	Op. Balance As On 01 Apr. 2009	Additions	Deduction	Cl. Balance As On 31-Mar-2010	As On 31-Mar-2010	As On 31-Mar-2009
Land-Free Hold	327,130,170	110,078,677	-	437,208,847	-	-	-	-	437,208,847	327,130,170
Land-Lease Hold	127,986,318	76,499,692	-	204,486,010	2,645,723	2,327,998	-	4,973,721	199,512,289	125,340,595
Building	931,347,847	157,871,137	-	1,089,218,984	214,128,268	73,591,367	-	287,719,635	801,499,349	717,219,579
Plant & machinery	22,097,140,248	8,494,215,808	-	30,591,356,056	6,018,649,694	2,190,137,139	-	8,208,786,833	22,382,569,223	16,078,490,554
Communi. Equipments	611,600,271	117,722,377	274,531	729,048,117	226,877,543	60,966,428	230,724	287,613,247	441,434,870	384,722,728
Computers	23,209,438	16,460,520	206,033	39,463,925	14,880,476	8,065,864	88,696	22,857,644	16,606,281	8,328,962
Furniture & Fittings	16,899,250	19,330,244	-	36,229,494	6,354,482	4,050,261	-	10,404,743	25,824,751	10,544,768
Office Equipments	10,238,733	4,920,502	38,975	15,120,260	5,295,983	1,123,882	21,356	6,398,509	8,721,751	4,942,750
Vehicles	24,037,012	1,010,880	4,511,159	20,536,733	11,235,863	3,334,915	3,027,225	11,543,553	8,993,180	12,801,149
Intangibles-(Software)	41,792,109	49,997,087	-	91,789,196	24,979,864	21,278,443	-	46,258,307	45,530,889	16,812,245
Books	458,759	-	-	458,759	458,759	-	-	458,759	-	-
Total	24,211,840,155	9,048,106,924	5,030,698	33,254,916,381	6,525,506,655	2,364,876,297	3,368,001	8,887,014,951	24,367,901,430	17,686,333,500
Previous Year	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	17,686,333,500	15,371,269,371



SCHEDULE - F

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
CAPITAL WORK IN PROGRESS (including advances)		
Darod-Jafrabad Pipeline	3,720,480,090	53,295,374
Software Development	26,337,500	62,067,414
Gana-Rajkot Pipeline	1,691,475	690,005,418
Morbi-Anjar Pipeline	6,505,298	1,099,725,958
Others	698,498,596	446,369,464
Advance to Creditors for Capital Expenses	629,416,784	445,022,657
Olpad-Utran Pipeline	-	8,370,714
Bhadbhut-Gana Pipeline	-	3,400,453,616
Rajkot-Jamnagar Pipeline	-	206,441,519
Nano Spurline	191,651,261	2,127,629
Birla Copper Spur	-	32,068,345
Windmill Project	112,285,278	-
TOTAL	5,386,866,282	6,445,948,108

SCHEDULE - G

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
INVESTMENTS (LONG TERM & UNQUOTED) (At Cost)		
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
27,50,000 Equity Shares of Rs. 10 each of Sabarmati Gas Ltd.(Fully Paid Up)	110,000,000	-
2,000 Optionally Convertible Debentures of Rs. 1,00,000 each of Sabarmati Gas Ltd.(Fully Paid Up)	200,000,000	-
TOTAL	665,749,990	355,749,990

SCHEDULE - H

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
SUNDRY DEBTORS (Unsecured, considered good)		
Sundry Debtors -Outstanding for a period exceeding 6 months	248,031,423	93,559,943
- Others	504,680,377	450,025,439
TOTAL	752,711,800	543,585,382

**SCHEDULE - I**

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
INVENTORY		
Stores & Spares	1,269,439,148	925,738,508
Link Pack Gas	57,125,671	-
TOTAL	1,326,564,819	925,738,508

SCHEDULE - J

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
CASH & BANK BALANCES		
Cash-On-hand	42,440	57,214
Balance with Banks		
In Current Accounts with Scheduled Banks	75,284,243	47,038,865
In Fixed Deposits with Scheduled Banks	1,666,394,765	927,581,324
TOTAL	1,741,721,448	974,677,403

SCHEDULE - K

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
OTHER CURRENT ASSETS		
Interest Accrued But Not Due on Fixed Deposits & Loans	16,263,255	34,965,442
Interest Accrued But Not Due on OCD	8,515,069	-
Refundable Deposit for ROU/ROW	103,158,758	117,361,521
Other Claims Recoverable	714,000	714,000
TOTAL	128,651,082	153,040,963

SCHEDULE - L

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
LOANS & ADVANCES (Secured)		
House Building & Other Advance To Employees	48,267,583	11,163,148
(Unsecured considered good)		
Advances Recoverable in Cash or Kind	64,751	64,751
Advance Tax & TDS	2,672,720,078	839,803,506
MAT Credit Entitlement	155,184,816	149,702,838
Equity Share Application -GSPC Gas Co.Ltd.	100,000,010	100,000,010
Equity Share Application - Sabarmati Gas Ltd.	-	326,095,878
Equity Share Application -GSPC LNG.Ltd.	100,000,000	-
Balance with LIC -Group Gratuity Scheme	-	264,580
Balance Service Tax & Excise Duty Etc.	221,457,333	698,793,016
Other Advance Payments	292,655,432	888,207,825
Prepaid Expenses	9,278,083	4,204,811
TOTAL	3,599,628,086	3,018,300,363

SCHEDULE - M

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
CURRENT LIABILITIES & PROVISIONS		
A) Current Liabilities		
Sundry Creditors:		
Micro, Small & Medium Enterprises	68,757,360	3,115,602
Others	4,696,510,790	3,696,809,346
Earnest Money Deposit	1,785,000	1,450,000
Other Statutory Liabilities	20,303,848	29,257,397
Unclaimed Refund Warrants - Share Application	4,272,858	4,453,608
*Unclaimed Interest Warrants - Fixed Deposit from Public	379,351	474,627
Interest Accrued But Not Due On Term Loan	48,356,365	-
Interest Accrued But Not Due On Bonds	735,480	737,500
Fixed Deposit Repayment Due	654,005	674,005
*Dividend Payable/Unclaimed	3,052,570	2,315,048
Salary Payable	589,297	15,594
Audit Fee payable	100,000	100,000
Deposits from Customers	2,900,000	2,300,000
	4,848,396,924	3,741,702,727
(* Refer Note No. 25 of Notes on Accounts)		
B) Provisions		
Provision for Income-tax & Fringe Benefit Tax	2,794,108,769	1,038,064,885
Provision for Salary Arrears	8,714,483	50,878,172
Proposed Dividend	562,448,584	421,586,402
Provision for Tax on Dividend	93,415,680	71,648,609
Provision for Gratuity	4,705,348	-
Provision For Leave Encashment	14,405,081	5,568,013
Provision For Leave Travel Allowance	7,360,664	-
Provision For Wealth-tax	680,927	1,928,955
TOTAL (A+B)	3,485,839,536	1,589,675,036
	8,334,236,460	5,331,377,763

**SCHEDULE - N**

Particulars	As At 31st March 2010 Rs.	As At 31st March 2009 Rs.
MISCELLANEOUS EXPENDITURE		
A) Preliminary Expenditure		
Opening Balance	5,311,631	7,158,122
Addition During The Year	-	-
Less : Written Off During The Year	(1,846,491)	(1,846,491)
	3,465,140	5,311,631
B) IPO Expenditure		
Opening Balance	28,080,417	56,160,841
Less: Adjusted During The Year	(1,996,562)	-
Less : Written Off During The Year	(26,083,855)	(28,080,424)
	-	28,080,417
TOTAL (A+B)	3,465,140	33,392,048

SCHEDULE - O

Particulars	2009 - 2010 Rs.	2008 - 2009 Rs.
OTHER INCOME		
INTEREST		
Interest on Fixed Deposits with Banks	92,612,983	199,311,237
Interest on Share Application Money	18,714,520	32,072,259
Interest on Income Tax Refund	-	690,783
Interest on Optionally Convertible Debentures	8,515,069	-
Other Interest	5,184,896	1,038,404
	125,027,468	233,112,683
Dividend	21,666,666	801,370
Misc. Income	100,759,326	9,167,521
Total	247,453,460	243,081,574

SCHEDULE - P

Particulars	2009 - 2010 Rs.	2008 - 2009 Rs.
EMPLOYEE COST		
Salaries Wages & allowances	98,780,338	56,867,245
Salary Arrears (Refer Note No.26 of Notes on Accounts)	(33,381,665)	37,211,509
EDLI	234,824	152,851
Gratuity	6,207,429	1,002,168
Leave Encashment	9,374,698	440,826
Super Annuation Scheme	1,120,854	1,000,417
Contribution to Provident fund	6,299,071	3,635,442
Group Medclaim & Personal Accident Policy	2,682,381	1,972,428
Staff Welfare Expenses	3,368,575	906,498
Training Expenses	2,488,547	3,369,530
Recruitment Expenses	2,226,185	2,813,828
Total	99,401,237	109,372,742

SCHEDULE - Q

Particulars	2009 - 2010 Rs.	2008 - 2009 Rs.
ADMINISTRATIVE & OTHER EXPENSES		
Administrative Exp.	36,975,590	30,163,309
Advertisement	9,061,050	7,169,749
Bandwidth & WebSite Maintenance Charges	1,312,094	1,263,400
Business Promotion	3,466,210	3,169,955
Loss on Sale of Assets	43,842	-
Audit fee	100,000	100,000
Donation	68,480,500	835,000
Legal & Professional Exp	26,251,462	26,524,184
Other Expenses	186,624	303,419
Rent	17,631,919	11,736,219
Rate & Taxes	257,675	4,557,620
Seminar & Conference	712,821	1,996,506
Stationery & Printing	4,245,768	3,449,791
Travelling Exp.-Directors	223,931	371,584
Travelling Exp.-Others	6,108,908	9,323,942
Postage, Telephone & Courier	9,514,679	7,527,461
Wealth Tax	(821,865)	1,932,774
HSE Exp.	3,718,237	3,968,436
Listing Fee	852,391	843,700
Insurance Exps.	20,078,262	17,996,716
Total	208,400,098	133,233,765

**SCHEDULE - R**

Particulars	2009 - 2010	2008 - 2009
	Rs.	Rs.
OPERATION & MAINTENANCE EXPENSES		
Maintenance Contracts	94,084,515	65,769,817
Payment to Outsourced Persons	18,576,786	16,582,756
Security Service Charges	28,595,831	20,944,502
Land Revenue	1,220,209	1,465,887
Electricity Charges	25,432,033	21,454,690
Consumption of spares / Materials	30,848,945	35,105,220
Fuel Expenses	780,643	1,257,792
Repairs & Maintenance-Building	2,009,795	1,106,236
Repairs & Maintenance-Machinery	16,896,290	11,622,162
Other O&M expenses	64,482,797	49,928,558
Reactive Energy Charges - Windmill	171	-
Total	282,928,015	225,237,620

SCHEDULE - S

Particulars	2009 - 2010	2008 - 2009
	Rs.	Rs.
INTEREST & FINANCIAL CHARGES		
Interest On Bonds	1,472,980	1,794,000
Interest On Term Loan from Banks, IDFC & IFC	896,887,896	850,664,107
Interest On Short Term Loan	28,301,917	837,260
Other Interest	9,636,839	1,270,065
Other Financial Charges	2,024,279	16,572,325
Total	938,323,911	871,137,757

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE - T****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. Moreover, the Company capitalises interest on the borrowings for a project.
- iii. 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.
- iv. 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 period 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 amortized 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.
- vi. Depreciation on Windmill is provided on WDV basis as per rate prescribed under Schedule XIV of the Companies Act.

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

Inventories including project material, stock of spares and line pack gas not meant for sale in ordinary course of business, are valued at moving average cost.

g) RETIREMENT BENEFITS:

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



- ii. The Company has defined contribution plan for Superannuation Fund.
 - iii. The Company has participated in- Group Gratuity scheme of Life Insurance Corporation of India.
 - iv. Liability in respect of defined benefit plan is accounted for on actuarial valuation basis at the year / period end.
 - v. Actuarial gains/losses are recognised in the statement of Profit & Loss Account in the year of occurrence.
- h) **BORROWING COSTS:**
- The company is capitalizing borrowing costs that are directly attributable to the acquisition or construction of fixed assets. 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. In addition to it, wherever applicable, Interest on Mobilization Advance extended by the company to the contractors, is adjusted against the relevant Project cost.
- i) **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.
- j) **REVENUE RECOGNITION**
- All Income and Expenses are recognized on accrual basis.
- The company invoices customers (Gas transportation business) 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.
- Income from sale of windmill generated electricity is recognized on last day of respective month.
- 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.
- k) **AMORTISATION**
- Preliminary expenses are being written off in 10 equal installments. IPO Expenses are being written off in 5 equal installments.
- l) **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.
- m) **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.
- n) **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 period by weighted average number of Equity Shares outstanding during the period.
- The number of shares used in computing diluted EPS comprises the weighted average number of equity shares considered for deriving basic EPS, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.
- o) **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 year have been regrouped and reclassified wherever considered necessary to compare to this year's figures.

2. Contingent Liability

- Bank Guarantee/Letter of Credit issued and outstanding to the extent of Rs. 12,50,00,000 (Previous year Rs. 4,00,00,000)
- Ascertainable Claims against the company by certain land owners seeking enhancement of compensation in respect of RoU acquired by the company is Rs. 168,33,738 /- (Previous year Rs. 99,33,591/-)
- 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:

- Service tax (Including Education Cess) of Rs. 17,90,459/-
 - Interest under section 75 of the Finance Act
 - Penalty of Rs. 100/- per day till failure to pay such service tax under section 76 of the Finance Act
 - 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
- d. During FY 2008-09 Audit was conducted by Central Excise & Service Tax Department & three different orders were issued against the company. Details of the same have been summarized as below:

Particulars	OIO NO. 33/ COMMR/2009	OIO NO. 35/ COMMR/2009	OIO NO. 34/ COMMR/2009	Remarks
Issue Involved	Non-Allowability of "CENVAT Credit on Capital Goods" used in relation to providing of output services (For the Period 1.7.2005 to 31.3.2008)	Non-Allowability of "Service Tax credit on input services" used in relation to providing of output services (For the Period 1.7.2005 to 31.3.2008)	Taxing the services of GSPL under the category "Clearing & Forwarding Agency" for the period 01.04.03 to 15.06.05	Company has filed the appeal before CESTAT against the impugned Order, pending disposal
Service Tax including E. Cess	44.90 crores	63.70 crores	34.35 crores	Company has also been granted Unconditional stay of demand by CESTAT against such orders
Interest	Interest under section 75 of the Finance Act			
Penalty u/s 76	Rs. 200 per day or 2% per month whichever is higher, subject to maximum of basic demand amount			
Penalty u/s 78	44.90 crores	63.70 crores	34.35 crores	

- Company has also received 2 orders from Central Excise & Service Tax department for matters covered under above referred OIO 33/COMMR/2009 & 35/COMMR/2009 for subsequent period of FY 2008-09 amounting to Rs. 44.80 crores & Rs. 33.60 crores respectively, interest as applicable & penalty equivalent to the basic demand. Company is in the process of filing an appeal before CESTAT against the impugned orders.
- Company has received order from CIT (Appeals) for A.Y. 2004-05, regarding appeal made by company against various disallowances made by AO. Order was partially un-favoured to the company for which company has filed appeal before ITAT, Pending disposal (Amount involved Rs. 9.12 lacs). Department has also filed appeal before ITAT for matters decided against them by CIT (Appeals) (Amount Involved Rs. 30.89 lacs)



- g. 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.
- h. For A.Y. 2006-07, AO has made various disallowances aggregating to Rs. 9.5 crores, company had filed appeal against the same before CIT (Appeals) & got the relief to the extent of Rs. 6.75 crores. For the balance disallowance, company has filed appeal before ITAT, pending disposal. Department has also filed appeal before ITAT for matters decided against them by CIT (Appeals), pending disposal.
- i. Company has received order from CIT (Appeals) for A.Y. 2007-08, regarding appeal made by company against various disallowances made by AO. Order was partially un-favoured to the company to the extent of Rs.4.31 crores for which company has filed an appeal before ITAT, pending disposal.
- j. Income tax department has passed the orders of Re-assessment u/s 147 for A.Y. 2004-05 & A.Y. 2005-06, based on opinion framed by AO during A.Y. 2006-07 for disallowance of depreciation claim on cost added in block of "Plant & Machinery" for "Compensation for acquiring Right of User in Land", "Right of Way" payments & "Crop Compensation". The disallowance on account of the same was Rs. 3.46 crores & Rs. 7.50 crores for A.Y. 2004-05 & A.Y. 2005-06 respectively. Being aggrieved by such order, company has filed an appeal against the same before CIT(Appeals), pending disposal.
- k. Company has filed an appeal before CIT(A) against the order passed u/s 201 relating to A.Y. 2009-10, pending disposal. The amount involved is Rs. 1.32 lacs & interest as applicable.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 6,87,85,75,899/- (Previous year 6,33,80,95,036/-).
4. The amount of Capital Work in Progress (CWIP) mainly includes expenses incurred Darod-Jafrabad Pipeline and other interconnections / spur lines and Windmill project, which are under execution.
5. As per AS-16 "Borrowing Cost" issued by ICAI, the company has capitalised the borrowing cost amounting to Rs.16,87,04,843/- (Previous year Rs. 21,31,66,629).
6. The Company successfully commissioned the following mainline projects during the year:

Sl. No.	Project	Length, km	Dia, Inch	Date of Commissioning
1	Bhadbhut Gana Pipeline	109.00	30	28-Apr-2009
2	Birla Copper Spur Line	8.50	6	18-Aug-2009
3	Olpad Utran Pipeline	17.40	18	29-Oct-2009
4	Morbi Anjar Pipeline	127.65	18	20-Jan-2010
5	Welspun Anjar Spur Line	5.60	12	20-Jan-2010
6	Euro Ceramic Spur Line	4.00	12	17-Mar-2010
7	Gana Hadala Pipeline	82.00	30	30-Mar-2010
	Total	354.15		

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.

7. During the year, Company has undertaken windmill project of 52.5 MW, out of which windmill of 6 MW has been successfully commissioned in Maliya region of Rajkot District of Gujarat and the balance are expected to be on stream during the financial year 2010-11.
8. The company had proposed transfer of 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 during the year 2009-10. 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 and is expected to be completed in financial year 2010-11.
9. 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 for specified purpose. 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.

10. Particulars in respect of Goods manufactured as per clause 4C & 4D of Part II to Schedule VI of Companies Act, 1956 is as under:

a. Quantitative details in respective of generation and sale of electricity

Description	Unit	Quantity
Electricity Generated & Sold	KWH	60,874

Licensed Capacity / Installed Capacity & Actual Production

Description	Licensed Capacity	Installed Capacity	Actual Production for the year
Electricity	-	6 MW	60,874 KWH

11. Auditor's and Managerial Remuneration:

Sl. No.	Particulars	F.Y. 2009-10	F.Y. 2008-09
1	As Auditors	Rs. 1,00,000/-	Rs. 1,00,000/-
2	Other Matters	Rs. 3,75,000	Rs. 80,000
	Total	Rs. 4,75,000	Rs. 1,80,000
3	Managerial Remuneration	NIL	NIL

12. The Company has incurred expenditure in foreign currency for Capital Goods Rs. NIL & Professional Services Rs. 1,05,694 (Previous year being Rs. NIL & Rs.36,83,573), Spare parts Rs. 1,40,22,624 (Previous year Rs. 61,16,525) Training Expenses Rs. 1,07,977 (Previous year Rs.13,10,013), and Others Rs. 2,09,794 (Previous year Rs. 4,10,507). Earning of the company in foreign currency is NIL (Previous year Rs.NIL)

13. During the year there has been no further development with regard to the 'Other Claims Recoverable' in Schedule 'K'.

14. 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.

15. SEGMENT REPORTING

a. Business Segments:

The Company has identified and reported business segments taking into account nature of product and services, differing risks and returns and internal business reporting systems. The Company's principal business is transportation of Gas through pipeline. Other business segment includes generation of electricity through windmill.

b. Segment Revenue and Expense

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

c. Segment Assets and Liabilities

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

d. The Company does not have geographical distribution of revenue hence secondary segmental reporting based on geographical locations of its customers is not applicable to the Company.

e. As the Company was operating in only one segment till previous year, previous year figures have not been disclosed.



SEGMENTAL INFORMATION:

Primary Segment (Business Segment)

(Amount in Rs.)

Particulars	Year 2009-10			
	Gas Transportation	Windmill	Unallocated	Total
1 Segment Revenue				
External Revenue*	10,015,159,291	216,711	-	10,015,376,002
Inter Segment Revenue	-	-	-	-
Total Segment Revenue	10,015,159,291	216,711	-	10,015,376,002
2 Segment Result - Profit(+) / Loss(-)	7,276,045,123	(115,042)	-	7,275,930,081
Unallocated Corporate Interest & other income	-	-	151,810,403	151,810,403
Unallocated Corporate Expenses, Interest & Finance Charges	-	-	(1,186,054,548)	(1,186,054,548)
Prior Period Adjustments	-	-	27,210,411	27,210,411
Profit Before Tax	7,276,045,123	(115,042)	(1,007,033,733)	6,268,896,348
Income Tax(Current Period)	-	-	(1,877,822,310)	(1,877,822,310)
Income Tax(Previous Period)	-	-	8,013,557	8,013,557
Deferred tax	-	-	(261,389,229)	(261,389,229)
Profit After Tax	7,276,045,123	(115,042)	(3,138,231,715)	4,137,698,366
3 Other Information				
Segment Assets	31,477,386,292	750,879,096	5,744,994,689	37,973,260,077
Segment Liabilities	4,768,727,538	468,051,483	32,736,481,056	37,973,260,077
Cost to acquire Fixed Assets (incl.CWIP)	7,212,491,357	750,766,257	25,767,485	7,989,025,098
Depreciation & Amortisation	2,338,446,843	320,154	54,039,645	2,392,806,642
Non-Cash Expenses other than Depreciation and Amortisation	-	-	(31,430,050)	(31,430,050)

* Segment Revenue includes Other Income which is directly attributable to each segment.

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

Particulars	2009-10	2008-09
Net Profit/(Loss) after current and deferred tax	4,13,76,98,366	1,23,41,26,409
Weighted average number of equity shares	56,22,55,909	56,20,54,973
Basic EPS	7.36	2.20
No. of option in force	3,67,418	7,57,952
Total weighted average number of equity shares including diluted equity shares	56,26,23,327	56,28,12,925
Diluted EPS	7.35	2.19
Face value / Nominal value of share	10	10

17. Information in respect Micro, Small and Medium Enterprises Development Act, 2006; Company had sought confirmation from the vendors whether they fall in the category of Micro/Small/Medium Enterprises. Based on the information available, the required disclosures are given below:

(Rs. In Lakhs)

Particulars	2009-10	2008-09
Principal amount remaining unpaid as on 31 st March	687.57	31.16
Interest due thereon as on 31st March	-	-
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
Interest accrued and remaining unpaid as at 31st March	-	-
Further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

18. 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 2010	Year Ended 2009
Options granted during the year	Nil	17,000
Vested	Nil	Nil
Exercised	36,000	20,900
Lapsed/Cancelled*	5,000	12,000

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

Particulars	Year Ended 2010	Year Ended 2009
Options granted during the year	Nil	41,995
Vested*	2,74,819	2,93,085
Exercised	2,97,381	87,609
Lapsed/Cancelled**	52,153	80,931

* Total options vested during the period under review 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 during the period under review on account of retirement / resignation etc. of employees are included in "Total options lapsed / cancelled during the period under review.



19. 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 during the year 2009-10 are as follows:

(Amt. in Rs.)

Name of the Related party	Particulars	2009-10	2008-09
Gujarat State Petroleum Corporation Ltd. (Holding Company)	Usage & Utility Charge	11,702,719	13,230,252
	Gas Transportation Income	146,294,482	83,704,823
	Other expenditure incurred by GSPC on behalf of GSPL	6,813,801	4,508,057
	Other expenditure incurred by GSPL on behalf of GSPC	2,081,042	3,844,915
	Dividend Paid	159,228,953	106,152,635
	Purchase of Line Pack Gas	57,125,671	-
	Connectivity charges paid	-	90,801,538
	ERP Support Charges	-	24,711,301
Gujarat State Energy Generation Ltd. (Associate Company)	Gas Transportation Income	77,609,322	63,925,371
	Other expenditure incurred by GSEG on behalf of GSPL	256,880	241,471
	Other expenditure incurred by GSPL on behalf of GSEG	1,985,311	99,440
	Security Deposit Received	1,800,000	-
Guj Info Petro Limited (Associate Company)	Software Development & Maintenance Charges	5,845,383	5,460,696
	Bandwidth Charges	1,364,043	967,128
	Connectivity Charges	27,575	-
	Other expenditure incurred by GSPL on behalf of GIPL	528,396	259,664
	Other expenditure incurred by GIPL on behalf of GSPL	48,982	1,500
	Document Scanning Charges	290,154	-
GSPC Gas Company Ltd. (Associate Company)	Gas Transportation Income	1,487,110,728	940,104,025
	Interest income on Share Application Money	9,500,001	1,093,150
	Dividend income	21,666,666	801,370
	Sale of Linepipes/Fittings	1,767,727	11,027,287
	Crossing charges received	1,621,110	1,032,150
	Rent income	1,004,304	308,286
	Other expenditure incurred by GSPL on behalf of GSPC Gas	140,188	328,365
	Other expenditure incurred by GSPC GAS on behalf of GSPL	765	2,694,615
	Security Deposit Received	2,800,000	800,000
	Purchase of Valves	46,055	-
	Sabarmati Gas Ltd. (Associate Company)	Gas Transportation Income	294,636,037
Crossing charges received		304,621	187,360
Interest on Share Application Money		9,214,519	30,979,109
Interest on Optionally Convertible Debenture		8,515,069	-
Gas Transportation Expense		3,640,567	17,581,509
GSPC LNG Ltd. (Associate Company)	Equity Share Application Money paid	100,000,000	-
	Other expenditure incurred by GSPL on behalf of GSPC LNG	2,824,605	958,438
	Other expenditure incurred by GSPC LNG on behalf of GSPL	940,950	-
Shri Tapan Ray, IAS (Managing Director)	Managerial Remuneration	Nil	Nil

20. 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

The earliest date of redemption is 30th March 2013 with a call option to redeem on 30th March 2011.

21. Provision for Gratuity & Leave Salary (AS-15):

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

Sr. No.	Particulars	Gratuity	Leave Salary
1	Assumptions Discount Rate Current Period Rate of Return on Plan Assets Current Period Salary Escalation Current Period	8.28% 9.00% 7.00%	8.28% - 7.00%
2	Table showing change in benefit obligation Opening defined benefit obligation Interest Cost Current Service Cost Benefit Paid Actuarial Loss / (gain) on Obligations Liability at the end of the period	42,73,956 3,53,884 17,42,730 (1,17,571) 45,07,575 1,07,60,574	55,68,013 4,61,031 23,30,443 (5,37,629) 65,83,223 1,44,05,081
3	Table showing change in Fair Value of Plan Assets Fair Value of Plan Assets at the beginning of the period Expected Return on Plan Assets Contributions Benefit Paid Actuarial gain / (loss) on Plan Assets Fair Value of Plan Assets at the end of the period	45,38,536 4,76,719 11,52,198 (1,17,571) 5,344 60,55,226	- - - - - -
4	Actual Gain / loss recognized Actuarial (gain) / loss on obligations Actuarial (gain) / loss on Plan Assets Net Actuarial (gain) / loss recognized during the year	45,07,575 (5,344) 45,02,231	65,83,223 - 65,83,223
5	Amount recognized in Balance Sheet Liability at the end of the period Fair Value of Plan Asset at the end of the period Amount recognized in the Balance Sheet	1,07,60,574 (60,55,226) 47,05,348	1,44,05,081 - 1,44,05,081
6	Expense recognized in the Income Statement Current Service cost Interest cost Expected return on Plan Asset Net Actuarial Loss / (gain) to be recognized Expense recognized in P&L	17,42,730 3,53,884 (4,76,719) 45,02,231 61,22,126	23,30,443 4,61,031 - 65,83,223 93,74,697



22. The break-up of Deferred Tax Asset and Liability into major components at 31st March, 2010:

Particulars	31st March 2010	31st March 2009
Deferred Tax Liability		
Depreciation of Fixed Assets	1,41,18,11,278	1,14,58,18,982
Total Deferred Tax Liability (A)	1,41,18,11,278	1,14,58,18,982
Deferred Tax Asset:		
Provision for Leave encashment	48,96,287	18,92,568
Provision for Gratuity	15,99,348	NIL
Total Deferred Tax Asset (B)	64,95,635	18,92,568
Net Deferred Tax Liability (A-B)	1,40,53,15,643	1,14,39,26,414

Increase in the Net Deferred Tax Liability of Rs.26,13,89,229 (Previous year: Rs.14,48,95,200) has been charged to P&L Account.

23. 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
24. 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.
25. Amount due for credit to Investor Education and Protection Fund towards unclaimed interest warrant – Fixed Deposit from Public & Unclaimed Dividend is NIL (Previous year NIL).
26. The company had made a Provision of Rs.5,08,78,172 for a proposed salary revision till 31st March ,2009. Out of the same, an amount of Rs. 1,74,96,507 has been paid /payable to the employees based on implementation of Sixth Pay Commission Pay Scale and the balance of Rs. 3,33,81,655 has been reversed during the current financial year.

27. 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	31.03.2010	
II	Capital Raised During The year	(Amount in Rs. '000s)	
	Public Issue	-	
	Right Issue	-	
	Bonus Issue	-	
	Private Placement	-	
	ESOP(including Premium)	4,667	
III	Position of Mobilisation and Deployment of Funds:		
	Total Liabilities	2,96,39,024	
	Total Assets	2,96,39,024	
	Source of Funds		
	Paid up Capital	56,24,486	
	Reserves and Surplus	1,00,13,750	
	Secured Loans	1,25,65,472	
	Unsecured Loans	30,000	
	Deferred Tax Liability	14,05,316	
	Application of Funds		
	Net Fixed Assets (incl.CWIP)	29,754,768	
	Investment	6,65,750	
	Net Current Assets	(7,84,959)	
	Miscellaneous Expenditure	3,465	
	Accumulated losses	-	
	VI	Turnover	1,01,67,186
		Total Expenditure	38,98,290
Profit/(Loss) Before Tax		62,68,896	
Profit After Tax		41,37,698	
Earnings Per Share (Rs.)		7.36	
Dividend Rate (%)		10%	
V	Generic Names of Principal Products/ Services of the Company (As per Monetary Terms)		
	Item Code No.	27160000	
	Product Description	Electrical Energy	
	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 P. Singhvi & Associates
Chartered Accountants
Firm Regn. No. 113602 W

Praveen Singhvi
Partner
Membership No.071608

Place : Ahmedabad
Date : 28th May, 2010

For and on behalf of the Board

A. K. Joti, IAS
Chairman
Manish Seth
Asst. Gen. Mgr. (Finance)

Tapan Ray, IAS
Managing Director
Reena Desai
Company Secretary

Place : Gandhinagar
Date : 27th May, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	2009 - 2010 Rs.	2008 - 2009 Rs.
A Cash Flow from Operating Activities		
Profit before Taxes and Extraordinary Items	6,241,685,937	1,913,542,676
<u>Adjustments for:</u>		
Depreciation	2,364,876,297	1,706,340,684
Amortisation of Miscellaneous Expenditure	27,930,346	29,926,915
Provision of Salary Arrears written back	(50,878,172)	-
Gratuity, Leave Encashment & LTA Provision	21,167,660	118,971
Wealth Tax	(821,865)	1,932,774
Profit on sale of Assets	(953,532)	(32,403)
Loss on sale of Assets	55,859	-
Interest under Section 234B, 234C & 234D	6,701,326	1,269,892
Dividend Income	(21,666,666)	(801,370)
Interest Income	(125,027,468)	(233,112,683)
Interest & Financial Charges	938,323,911	871,137,757
Operating Profit before Working Capital Changes	9,401,393,633	4,290,323,213
<u>Changes in Current Assets and Current Liabilities</u>		
(Increase)/Decrease in Inventory	(400,826,311)	(528,655,174)
(Increase)/Decrease in Sundry Debtors	(209,126,418)	(127,372,945)
(Increase)/Decrease in Loans and Advances	947,070,827	(622,876,495)
(Increase)/Decrease in Other Current Assets	14,202,763	18,295,647
Increase/(Decrease) in Trade Payable	1,068,786,317	(422,083,040)
Cash generated from Operations	10,821,500,811	2,607,631,206
Taxes Paid (Including I.T Interest, FBT & TDS)	(1,959,290,908)	(569,942,929)
Net Cash Flow from Operating Activities (A)	8,862,209,903	2,037,688,277
B Cash Flow from Investing Activities		
Interest Received	135,214,586	295,780,091
Dividend Received	21,666,666	801,370
Proceeds from sale of Assets	2,560,370	32,402
Acquisition of Fixed Assets and Change in Capital Work in Progress	(7,776,762,606)	(4,579,426,555)
Net Cash Flow from Investing Activities (B)	(7,617,320,984)	(4,282,812,692)
C Cash Flow from Financing Activities		
Proceeds from issue of Equity Share Capital including Share Premium	4,667,334	1,519,126
Proceeds from Share Application Money	14	-
Increase/ (Decrease) in Secured Loans	1,485,983,080	1,429,043,321
Increase/ (Decrease) in Unsecured Loans	(400,000,000)	420,000,000
Dividend (Including Corporate Dividend Tax) Paid	(493,473,655)	(328,759,866)
Interest & Financial Charges	(1,075,021,647)	(871,297,257)
Net Cash Flow from Financing Activities (C)	(477,844,874)	650,505,324
Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)	767,044,045	(1,594,619,091)
Cash and Cash Equivalents at the beginning of the year	974,677,403	2,569,296,494
Cash and Cash Equivalents at the end of the year	1,741,721,448	974,677,403

Notes to Cash flow Statement for the year ended March 31, 2010

- Cash and cash equivalent includes-

Cash and Cheques on Hand	42,440	57,214
Balances with Scheduled Banks		
- in Current Accounts	75,284,243	47,038,865
- in Deposit Accounts	1,666,394,765	927,581,324
	1,741,721,448	974,677,403
- 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	A. K. Joti, IAS	Tapan Ray, IAS
<i>Chartered Accountants</i>	<i>Chairman</i>	<i>Managing Director</i>
<i>Firm Regn. No. 113602 W</i>		
Praveen Singhvi	Manish Seth	Reena Desai
<i>Partner</i>	<i>Asst. Gen.Mgr. (Finance)</i>	<i>Company Secretary</i>
<i>Membership No.071608</i>		
Place : Ahmedabad		Place : Gandhinagar
Date : 28 th May, 2010		Date : 27 th May, 2010



GSPC GAS

GSPC GAS COMPANY LIMITED



GSPC GAS



11TH ANNUAL REPORT 2009 - 2010



GSPC GAS

GSPC GAS

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BOARD OF DIRECTORS:

Shri D J Pandian, IAS
Shri Tapan Ray, IAS
Shri L Chuaungo, IAS
Shri H V Patel, IAS
Shri C L Meena, IAS
Shri K D Chatterjee

CHIEF EXECUTIVE OFFICER :

Shri P. P. G. Sarma

COMPANY SECRETARY:

Shri Ahmed Khan

BANKERS:

State Bank of India	Bank of Maharashtra
State Bank of Mysore	State Bank of Travancore
Dena Bank	United Bank of India
Axis Bank	State Bank of Bikaner and Jaipur
IDBI Bank	Karur Vysya Bank
Bank of India	Syndicate Bank
The Kalupur Comm. Co-Op. Bank Limited.	Kotak Mahindra Bank Limited
Oriental Bank of Commerce	ICICI Bank Limited
Bank of Baroda	HDFC Bank Limited
Union Bank of India	Standard Chartered Bank
Corporation Bank	Gujarat State Financial Services Limited
UCO Bank	

STATUTORY AUDITORS:

Jain Seth & Co.
Chartered Accountants
Ahmedabad.

INTERNAL AUDITORS:

Ashok Chhajed & Associates.
Chartered Accountants
Ahmedabad.

CORPORATE AND REGISTERED OFFICE:

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

NOTICE

In substitution of earlier notice, a revised NOTICE is hereby given that Eleventh Annual General Meeting of GSPC Gas Company Ltd. (Formerly known as Gujarat State Fuel Management Company Limited) is scheduled to be held on 29th of September, 2010 at 4.00 p.m. at Committee Room, Energy and Petro Chemicals Department (EPD), New Sachivalaya, Block no.5, Gandhinagar, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2010, Profit and Loss Account for the year ended on that date 31st March 2010, along with schedules forming part of the same and Auditors' Report, Report of Comptroller and Auditor General and the Directors' Report thereon.
2. To declare dividend on the paid up share capital of the company @10% (Rs.1/- per Equity share) for the Financial Year 2009-10
3. To appoint Shri L. Chuauungo, IAS as Director who retires by rotation and being eligible seeks reappointment.
4. To fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2010-11

SPECIAL BUSINESS:

5. Appointment of Shri C.L. Meena, 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 C.L. Meena, IAS who was appointed as Additional Director in the Board meeting held on 18/12/2009 and who holds office up to the date of this Annual General Meeting be and is hereby appointed as non-rotational Director of the Company not liable to retire by rotation as per the applicable provisions of the Companies Act, 1956.”

6. To Increase the Authorized Share Capital of the Company and consequently amendment in the capital clause of Memorandum of Association (Revised Agenda)

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

“RESOLVED THAT under the provisions of Section 16, 94 and other applicable provisions of the Companies Act, 1956 if any, the Authorised Share Capital of the Company be increased from existing Rs.100,00,00,000/- (Rupees One hundred Crores only) divided in to 10,00,00,000 (Ten Crore only) Equity shares of Rs.10/- each to Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided in to 20,00,00,000 (Twenty Crore Only) Equity shares of Rs.10/- each and that the Clause V of the Memorandum of Association of the Company be altered and read as under”

V the Authorized Share Capital of the Company is Rs. 200,00,00,000/- (Rupees Two Hundred Crores) divided in to 20,00,00,000 (Twenty Crore) equity shares of Rs.10/- (Rupees Ten) each.

7. To approve allotment of Equity Shares u/s 81(1)(A) of the Companies Act-1956

(Revised Agenda)

To Consider and if thought fit, to pass with or without modification, the following resolutions as a Special Resolutions

“RESOLVED THAT pursuant to the provision of Section 81(1A) and the other applicable provisions, if any of the Companies Act, 1956 and Unlisted Public Companies (Preferential Allotment) Rules, 2003 and subject to such other conditions and modification as many be considered and appropriated by the Board of Directors of the Company (which term shall include its duly constituted committee if any and shall hereinafter be referred to as the “Board”), the authority, consent and approval of the Company, be and is hereby accorded to the Board of Directors of the Company, to offer, issue and allot 10,00,00,000/- (Ten Crore only) Equity Shares as when found appropriate to Gujarat State Petroleum Corporation Ltd. (GSPC), Gujarat State Petronet Ltd. (GSPL), Gujarat Industrial development Corporation Ltd. (GIDC), Gujarat Alkalis and Chemicals (GACL), Gujarat State Fertilizers Company Ltd. (GSFC), Government of Gujarat or any of its/theirs Associate Company, and /or other entities /Corporation/Company or body corporate including existing shareholders, as may be decided by the Board, at such price and or at such other terms and conditions as may be decided by the Board from time to time.”

“RESOLVED FURTHER THAT the new equity shares so allotted shall be subject to the Memorandum of Association and Articles of Association of the Company and shall rank in all respects pari passu with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of the giving effect to the above resolution including issue and allotment of the equity shares, the Board be and is hereby authorized to exercise all such powers and do all such acts, deeds, things, and matters, as the Board may in its sole discretion consider necessary or desirable or appropriate and to settle any question, issue or difficulty that many arise in connection therewith in the manner the Board may in its sole discretion, consider fit and appropriate.”

“RESOLVED FURTHER THAT Board of Directors or its Committee be and is hereby authorized to do all such acts, deeds, and things as may be necessary to give effect to the aforesaid resolution”

By order of the Board
Ahmed Khan
DGM(F) & Company Secretary

Date: 28/09/2010
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 there of 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 C.L.Meena, IAS, as Additional Director of the Company on 18th December,2009 , who holds office of director upto the date of this Annual General Meeting. Now that Shri C.L.Meena, IAS is eligible for appointment as director as Company has received a notice from the member proposing Shri C.L.Meena, IAS as Director of the Company u/s 257 of the Act and Company has also received nomination from Government of Gujarat in pursuance of Article-14 of the Articles of Association. The Board recommends to the members his appointment as Director of the Company, and upon being appointed in ensuing General Meeting, he would be considered as Non-rotational/Permanent Director.

None of the Directors of the Company is in any way concerned or interested in the said resolution except as mentioned

ITEM NO.6 and 7 :

The present Authorised Share Capital of the Company is Rs.100 Cr which is divided into equity shares of Rs.10/- each while currently the paid up share capital of the company is Rs.59,20,90,240/-. The business operation of the Company is more of a capital intensive nature and therefore it is likely to issue fresh equity as against equity infusion or against asset transfer or acquisition from Promoter Company, Government of Gujarat, other state PSUs, body corporate, public companies in near future. It is therefore required to increase the limit of present Authorised Share capital by Rs.100,00,00,000/- (Rupees One Hundred Crore only) resulting in to the Authorised Share Capital of Rs.200,00,00,000/- (Rs. Two Hundred Crores only). This will require to amend the Capital clause V of the Memorandum of Association of the Company.

The Directors recommend the resolution to the Members for their approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution except as mentioned.

ITEM NO. 7 (Revised)

The Company has been promoted by Gujarat State Petroleum Corporation Limited. Section 81(1A) of the Companies Act, 1956 provides that whenever it is proposed to increase the Subscribed Share Capital of the Company by issuing further Equity shares, by

offering such Equity Shares to persons excluding other existing shareholders of the Company, approval of the Members by Special Resolution is required.

The Company has received/will receive further capital contribution from the promoters or may require to issue Equity Shares to the promoters, Government of Gujarat, other State PSUs, body corporate, public companies as against expansion and acquisition of any assets. Considering this the company has proposed to increase the authorised share capital of the Company to Rs. 200,00,00,000/- (Rupees Two Hundred Crore only) divided into 20,00,00,000 (Twenty crore only) equity shares of Rs. 10/- each.

The Company proposes to issue the same to Gujarat State Petroleum Corporation Ltd. (GSPC), Gujarat State Petronet Ltd. (GSPL), Gujarat Industrial development Corporation Ltd. (GIDC), Gujarat Alkalis and Chemicals (GACL), Gujarat State Fertilizers Company Ltd. (GSFC), Government of Gujarat or any of its/theirs Associate Company, and /or other entities /Corporation/ Company or body corporate including existing shareholders, as may be decided by the Board within the price band of Rs. 10/- to Rs. 100/- per equity share, and on such terms and conditions as many be decided by the Board from time to time in one or more trenches.

In view of the aforesaid provision of Section 81(1A) of the Companies Act, 1956, read with, in case applicable, Unlisted Public Companies (Preferential Allotment) Rules, 2003 approval of the members of the company is required by way of Special Resolution.

Further information required pursuant to the Unlisted Public Companies (Preferential Allotment) Rules, 2003 is given below:

It is proposed to offer, issue, and allot 10,00,00,000 (Ten crore only) Equity shares of Rs. 10/- each to Gujarat State Petroleum Corporation Ltd. (GSPC), Gujarat State Petronet Ltd. (GSPL), Gujarat Industrial development Corporation Ltd. (GIDC), Gujarat Alkalis and Chemicals (GACL), Gujarat State Fertilizers Company Ltd. (GSFC), Government of Gujarat or any of its/theirs Associate Company, and /or other entities /Corporation/Company or body corporate including existing shareholders as may be decided by the Board from time to time within the price band of Rs. 10/- to Rs. 100/- per equity share, and on such terms and conditions as may be decided by the Board from time to time in one or more trenches.

The Company may issue these shares as against payment consideration to be made either in cash or towards asset transfer as it may take place from GSPL, GSPC /the promoter or for such other consideration or arrangement as may be agreed upon. The proposed issue of Equity Shares will be made in the price band of Rs.10 to Rs.100 inclusive of the premium if any.

No change in control or management of the company is expected on account of proposed preferential allotment of shares.

The proposed preferential allotment shall be made at such price within the mentioned price band and on such terms and conditions, as may be decided by the Board from time to time in one or more trenches.

The Certificate from Practicing Company Secretary certifying compliance with the requirements of Unlisted Public Companies (Preferential Allotment Rules), 2003 shall be placed before the Members at the General Meeting.

Details about paid up shares capital of the Company before and after the proposed preferential allotment shall be as follows:

Shareholders	Pre Issue		Post Issue	
	No. of Shares	% of Total Equity Shareholding	No. of Shares	% of Total Equity Shareholding
Gujarat Narmada Valley Fertilizers Company Ltd	50,020	0.08%	50,020	Proposed combined shareholding subject to the final allotment will be 0.7130 %.
Gujarat Power Corporation Limited	250,000	0.42%	250,000	
Gujarat Paguthan Energy Corporation Private Limited	50,000	0.08%	50,000	
Gujarat Industries Power Company Limited	100,000	0.17%	100,000	
Gujarat State Fertilizers and Chemicals Limited	99,980	0.17%	99,980	
Gujarat Electricity Board (Gujarat Urja Vikas Nigam Limited)	50,000	0.08%	50,000	
Gujarat State Energy Generation Limited	250,000	0.42%	250,000	
Gujarat State Petroleum Corporation Limited	36,692,378	61.97%		Not less than 51%
Gujarat State Petronet Limited	21,666,666	36.59%		
Proposed Issue to GSPL, GIDC GACL, Govt of Gujarat, GACL, GSFC & Other Allottees if required*			10,00,00,000	Not More than 49% (excluding Gujarat State Petronet Ltd.)
Total	5,92,09,024	100.00%	15,92,09,024	100%

* No of shares to be decided by the Board

Your Directors recommend this Special Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution .

By order of the Board

Ahmed Khan
DGM (F) & Company Secretary

Date: 28/09/2010
Place: Gandhinagar

Regd. Office:
GSPC GAS COMPANY LTD
Block No.15,3rd Floor ,Udyog Bhavan,
Sector 11
Gandhinagar: 382 011.

DIRECTORS' REPORT

To,
The Members,
GSPC GAS COMPANY LTD.

Your Directors have pleasure in presenting the 11th Annual Report together with the Audited Accounts of the Company for the year ended on 31st March, 2010.

FINANCIAL RESULTS:

(Amt. in Lacs)

Particulars	For the year ended on 31 st March, 2010	For the year ended on 31 st March, 2009
Sales	119215.58	84109.01
Other Income	4492.74	3780.44
Total Income	123708.33	87889.46
Less: Expenditure	114791.23	74538.62
Net Profit Before Depreciation and Taxes	8917.09	13350.83
Less: Depreciation and Amortization	2512.65	1311.07
Less :Prior Period Items	19.56	17.57
Profit before Taxes (PBT)	6384.88	12024.59
Less: Taxation (including FBT and Deferred Taxes)	2989.89	4523.86
Profit after Taxes (PAT)	3394.98	7500.73
Add/ Less : Balance Brought Forward	9834.74	2711.92
Amount Available for Appropriations	13229.72	10212.65
Less : Appropriations :		
Proposed Dividend	592.09	592.09
Tax on Dividend	98.34	100.62
Excess Provisions made in earlier years	--	(314.81)
Profit Carried to the Balance sheet	12539.29	9834.74

During financial year 2009-10 the Sale (Net Turnover) of Natural Gas has been increased by nearly 42% from the last year and the said pattern was also observed in Procurement price and Transportation Charges of Gas both shoot up by nearly 54% from last year. Members may be aware that the financial year under review witnessed volatility in Spot price of Gas world over. Your Company too was not spared from this phenomenon.

DIVIDEND:

The members are aware that your company has just four years back started its City Gas Distribution (CGD) operations and since last two years has been paying dividend to the Share holders. This year also Company has posted Rs. 3394.98 Lacs profit after tax (PAT) and hence your directors recommend the dividend at 10% (Rs. 1/- per share) of the paid up capital of the

company. The total payout in respect of dividend for the year 2009-2010 would be 690.43 Lacs with dividend distribution tax.

BUSINESS AND OPERATIONAL OVERVIEW:

As the members are aware that, the company initiated its operations just four years back and it has received significant achievements in various fields. Within this short span your company has become fastest growing company in City Gas Distribution Business in India, promoting the use of clean, green and efficient fuel for the small, medium, commercial and domestic sectors. Now it is an established fact that Gas is the fuel of 21st Century and the economy based on Gas shall give tremendous boost to the Inclusive Growth to all regions inclusive that of Gujarat.

This year also has been very active in terms of the operations of the Company. Your company commissioned its operation in Billimora in January, 2010. Company's reach also witnessed in Vavol, Uttatsanda and Bhilad regions.

GSPC GAS has now emerged with Brand of its own. Your company has successfully registered its Trade Mark, namely GSPC PNG and GSPC GAS. These trade names will have great journey ahead and will project themselves as most efficient and trustworthy CGD Company.

However the task of spreading Clean-Green Fuel is full of challenges. As the Company is in its initial stage of Project expansion, it will have significant amount of Capital Investment even in coming years. Petroleum and Natural Gas Regulatory Board related compliance have become prime duty of the Company. For new regions and areas for spreading the CGD operations PNGRB has become sole regulatory agency. The Company has been implementing Best of the technicians, technology and brain for spreading its business.

Noteworthy developments

• CNG SEGMENT:

The Company has Points of Presence across Gujarat. This presence is instrumental in catering the needs of vehicles fuelled by CNG. Your company has been endeavoring to fulfill the needs of CNG Vehicles by making available CNG Gas Stations at strategic locations. The following table indicates no. of CNG stations of different categories located in different zones across Gujarat.

Zone	Mother Stations /Online Station	Daughter Stations	Total
South Gujarat	5	9	14
Saurashtra	11	12	23
Central	12	14	26
North	—	3	3
South	6	14	20
Total	29	43	72

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

FY.	No. of CNG Gas Stations	Sales Volume in (Lakh Kg.)
2006-07	4	24
2007-08	14	110
2008-09	25	287
2009-10	72	570

• PNG SEGMENT:

As the benefits arising out of Piped Natural Gas are now gradually being experienced by the End Gas Users, the spread in its demand is quiet obvious. Your company is working under several regulatory controls. The massive Capital Investment is also a known requirement. Procurement of Gas and Distribution of Gas are the two major elements in entire Gas Supply Chain. The members shall appreciate the fact that whereas the entire Oil and Gas Sector is regulated by the several norms of Central Government while Distribution of Gas is constrained by the numerous approvals, sanctions, authorizations, from several Government agencies such as Municipal Corporations, Nagar Palika, Railway Authority, NHAI, State R & B Department. In spite of these constraints, your company is committed to provide PNG connections to most of the households.

The enthusiasm and overwhelming response for the domestic PNG connection is very encouraging to the Company. The same has been witnessed in terms of figures as enumerated below.

PNG CUSTOMERS REGISTRATIONS:

Domestic Customers	F.Y. 2009-10	F.Y. 2008-09	F.Y. 2007-08	F.Y. 2006-07
No. of Registrations	2,08,996	78,013	32,000	12,000
No. of Connections	1,27,830	46,889	20,700	8,000

INDUSTRIAL AND COMMERCIAL CUSTOMERS:

The benefits of PNG have also been enjoyed by small and medium Industry and Commercial Business in Gujarat. This Financial year company's Industrial Clients have reached to 765 as against 506 last year, as a result Average Daily Consumption by Industrial customers also witnessed this up move from 1.13 MMSCMD to 1.93 MMSCMD and as on date, the Company is flowing 3.16 MMSCMD of gas through its network.

REGULATORY AFFAIRS:

In May 2008, the Company has applied for 10 regions, consisting of 33 areas, as an existing entity for authorization to PNGR Board as per the relevant PNGR regulations. PNGR Board has

initiated the process of authorization as existing entity in those 10 regions, first GAs shall be finalized and then after hearing authorization shall be granted by the Board. The Company expects that by the end of current financial year i.e. 2010-11 the PNGR Board would complete its process and the Company aims to get the authorizations.

FIXED DEPOSITS:

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

DIRECTORS:

During the Year under review, a casual vacancy occurred upon resignation of Director Shri D.J. Pandian, IAS on 9th November, 2009 who on the same day was appointed as Director and Chairman of the Board on transferring as Principal Secretary, Energy and Petrochemicals Department, Government of Gujarat in place of Shri S. Jagadeesan, IAS w.e.f. 9th November, 2009.

Also consequent to the Transfer, Director Shri P.K.Pujari, IAS tendered his resignation from the Directorship of the Company vide his communication dated 10th February, 2010.

The Board wishes to place on record its sincere appreciation for Shri P.K.Pujari, IAS and for Shri S. Jagadeesan, IAS for their valuable contribution made for the company during his tenure.

Consequent to the appointment of Shri Tapan Ray, IAS as Director of the Promoter Company Gujarat State Petroleum Corporation Ltd. ("GSPC"), he has been appointed as Nominee Director of GSPC on 9th November, 2009 in place of Shri D. J. Pandian, IAS.

Pursuant to the Direction of Energy and Petro-Chemicals Department, Government of Gujarat and as per Clause 14 of the Articles of Association of the Company, Shri C. L. Meena, IAS was appointed as Director on 18th December, 2009 as representative of Finance Department of the Government of Gujarat. Members may note that pursuant to the Article 14 of the Articles of Association of the Company the Government of Gujarat had nominated Shri C. L. Meena, IAS on the Board of Directors of the Company.

Further, In accordance with the Companies Act, 1956 and Articles of Association of the Company, one of your Director Shri L. Chuaungo IAS is liable to retire by Rotation in the ensuing Annual General Meeting and is eligible for re-appointment and accordingly your Directors recommend the re-appointment.

AUDIT COMMITTEE:

Consequent to the several changes that took place in the Board during the Financial year 2009-10 more particularly when Shri P. K. Pujari, IAS resigned, Shri D. J. Pandian, IAS was appointed as Chairman of the Company and Shri Tapan Ray,

IAS was appointed as Director as a result the Audit Committee was also reconstituted as under :

Shri C. L. Meena, IAS (Chairman)
Shri Tapan Ray, IAS
Shri K. D. Chatterjee

During the year under review, Audit Committee met 2 times on 13/08/2009 and on 21/08/2010. The terms of the reference of the Audit Committee remained same as it was decided in 9th AGM.

AUDITOR:

Being a Government company, the Statutory Auditor is appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2009-10. The Comptroller and Auditor General of India (C&AG) appointed M/s Jatin Seth & Co., Chartered Accountants, Ahmedabad as an Auditor to carryout statutory audit of the Company for the financial year 2009-10.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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;
- c. 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.
- d. 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:

The Board acknowledges and appreciates the valuable contribution made by all the employees, Contractors, Consultants of the Company and foresees mutual rewarding association in future too.

HEALTH, SAFETY AND ENVIRONMENT (HSE) :

Continuing the Industrial Practice world over a health, safety and environment committee has been formed which shall interalia implement monitor HSE Policy, environment audit, monitor and ensure the prime standards of environmental, health and safety norms and compliance with applicable environmental and pollution laws at all locations of the Company. This HSE Committee meets once a month to review all the issues relating to the H.S.E. Shri PPG Sarma, CEO of the Company heads this committee and monitors the performance.

SOCIAL RESPONSIBILITY:

Your company has been continuously working towards the environment clean up through reduction in vehicular and industrial pollution by providing eco-friendly fuel to the consumers in State of Gujarat.

The Company is also providing cheaper environment friendly fuel to household consumers in form of Piped Natural Gas and has constantly aimed for achieving improved customer service by supplying uninterrupted, economic and environment friendly fuel to its valued customers

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

D. J. Pandian, IAS
Chairman

Date : 25 -08-2010
Place: Gandhinagar

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

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE 'A'

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

I) CONSERVATION OF ENERGY:

Wherever possible, Company is using Energy efficient electrical devices. (* 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, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
Raw Materials	-	-
Components & Spare Parts	-	-
Capital goods	-	20,52,961

2. Expenditure in Foreign Currency

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
Travelling Expenses	-	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	48	Chief Executive Officer	Rs 51.11 Lacs (annually)	B.E. (Mechanical)	Vide Contract Dt 24th April, 2006	BG (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 2010

The preparation of financial statements of GSPC Gas Company Limited for the year ended 31 March, 2010 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 25th August, 2010.

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 GAS Company Limited for the year ended 31 March 2010. 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**

(Dr. Prasenjit Mukherjee)
Principal Accountant General

Place : Ahmedabad
Date : 28-09-2010

AUDITOR'S REPORT

To,
The Members
GSPC Gas Company Limited

1. We have audited the attached Balance Sheet of GSPC Gas Company Limited as at 31st March, 2010, 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 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 (as amended by Companies Auditors' Report (amendment) Order, 2004) 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 explanations which to the best of our knowledge and belief were necessary for the purposes 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 and 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 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;
 - (e) Since the Company is a Government Company, as per Notification No.: G.S.R. 829 (E) dated October 21, 2003 of 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 explanations 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, 2010** ; and
 - (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, Jain Seth & Co.
Chartered Accountants

Place : Ahmedabad
Date : 25-08-2010

CA Vasudev Upadhyay
Partner
M. No.: 048175

ANNEXURE TO AUDITOR'S REPORT

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

1. **In respect of its fixed assets:**

The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. As explained to us, all the fixed assets have been verified by the management in a 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.

In our opinion, the Company has not disposed of substantial part of fixed assets during the year.
2. **In respect of its inventories:**

As explained to us during the year, the management has physically verified the inventories at reasonable interval.

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.

The company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and book stocks were not material and the same have been properly dealt with in the books of accounts.
3. **In respect of loans granted and taken to / from parties covered in the register maintained u/s 301 of the Companies Act, 1956.**

According to the information and the explanations 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 purchases 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 weaknesses 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.**

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 respect of Deposit from Public.**

As per the information and explanations given to us, the company has not accepted any deposits from the public during the year within the meaning of sections 58A, 58AA or any other relevant provisions 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 records prescribed under section 209(1) (d) of the companies Act, 1956.
9. **In respect of statutory dues.**

According to the records of the Company, the company is 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.

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 31st March, 2010 for a period of more than six months from the date they became payable.

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 except as under :

Sr. No.	Financial Year	Nature of Dispute	Pending under which authority	Amount in Rs.
1	2003-2004	Excise exemption related to SSI units	Custom, 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 / banks / debenture**
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 banks 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 provisions 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 explanations 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 and vice-versa.
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 clause 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 the Company has not issued any debentures during the year and hence clause 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 clause 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 under audit.

For, Jain Seth & Co.
Chartered Accountants

Place : Ahmedabad
Date : 25-08-2010

CA Vasudev Upadhyay
Partner
M. No.: 048175

BALANCE SHEET AS AT 31ST MARCH, 2010

Amount in Rupees

Particulars	Schedule	As at 31st March 2010	As at 31st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	592,090,240	592,090,240
Reserves and Surplus	B	1,594,500,442	1,324,045,158
Share Application Money		984,200,000	100,000,000
Loan Funds			
Secured Loans	C	3,289,784,015	2,804,390,228
Unsecured Loans	D	620,026,301	200,000,000
Deposits from Customers		221,880,873	20,722,000
Deferred Tax Liability		393,625,983	204,209,205
Total		7,696,107,854	5,245,456,832
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	E	6,619,932,066	3,802,136,918
Less: Depreciation and Amortisation		548,790,283	299,316,561
Net Block		6,071,141,782	3,502,820,357
Capital Work-in-Progress	F	1,834,253,546	1,608,247,550
Investments	G	1,750,000	1,750,000
Current Assets, Loans and Advances			
Current Assets			
Inventories	H	79,519,572	71,983,405
Sundry Debtors		870,520,158	481,336,537
Cash and Bank Balances		346,027,073	47,605,390
Loans and Advances	I	54,565,767	614,884,855
Other Current Assets	J	76,501,813	97,664,545
Sub-Total (i)		1,427,134,383	1,313,474,731
Less : Current Liabilities and Provisions	K		
Liabilities		1,535,884,972	1,031,777,190
Provisions		102,286,884	149,058,616
Sub-Total (ii)		1,638,171,856	1,180,835,807
Net Current Assets (i-ii)		(211,037,473)	132,638,924
Miscellaneous Expenditure		-	-
(To the extent not written off or adjusted)			
Total		7,696,107,854	5,245,456,832
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, Jain Seth & Co. Chartered Accountants	For and on behalf of Board of Directors D. J. Pandian, IAS Chairman	Tapan Ray, IAS Director
CA. Vasudev Upadhyay Partner M. No. 048175	P. P. G. Sarma Chief Executive Officer	Ahmed Khan DGM (Finance) & Company Secretary
Place: Ahmedabad Date: 25-08-2010		Place: Gandhinagar Date: 25-08-2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

Amount in Rupees

Particulars	Schedule	Year Ended 31st March 2010	Year Ended 31st March 2009
INCOME			
Sale of Natural Gas	L	12,094,762,501	8,511,688,760
Less : Excise Duty		173,203,515	100,786,994
Net Turnover		11,921,558,986	8,410,901,766
Other Income	M	449,274,205	378,044,441
		<u>12,370,833,191</u>	<u>8,788,946,207</u>
EXPENDITURE			
Purchase of Natural Gas		9,121,093,406	5,922,389,269
Gas Transportation Charges		1,457,341,807	938,407,278
Operation and Maintenance Expenses	N	308,500,838	127,968,448
Payments to and Provisions for Employees	O	103,624,226	57,968,976
Administrative and Other Expenses	P	174,076,064	136,529,830
Interest and Financial Charges	Q	264,287,438	170,598,746
Donation		50,200,000	100,000,000
		<u>11,479,123,778</u>	<u>7,453,862,547</u>
Profit Before Depreciation and Tax		891,709,413	1,335,083,660
Depreciation and Amortisation		251,265,118	131,107,527
Depreciation written back due to Change of Method		-	(241,204)
Profit Before Prior Period items and Tax		640,444,295	1,204,217,337
Prior Period Items		1,956,388	1,757,835
Profit Before Tax		638,487,907	1,202,459,501
Provision for Taxation			
Current Income Tax		108,669,744	341,100,000
Deferred Tax		189,416,778	119,482,134
Fringe Benefit Tax		-	1,063,734
Wealth Tax		-	10,340
Short / (Excess) Provision of Tax made in earlier years		903,199	(9,269,893)
Profit After Tax		339,498,186	750,073,186
Balance Brought Forward		983,474,288	271,192,086
Amount available for Appropriations		1,322,972,475	1,021,265,272
Proposed Dividend		59,209,024	59,209,024
Tax on Dividend		9,833,879	10,062,574
Short / (Excess) Provision of Dividend made in earlier years		-	(31,480,614)
Balance Carried to Balance Sheet		1,253,929,572	983,474,288
Earning per Share (Basic and Diluted)		5.73	12.67
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, Jain Seth & Co.
Chartered Accountants

For and on behalf of Board of Directors
D. J. Pandian, IAS
Chairman

Tapan Ray, IAS
Director

CA. Vasudev Upadhyay
Partner
M. No. 048175

P. P. G Sarma
Chief Executive Officer

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Ahmedabad
Date: 25-08-2010

Place: Gandhinagar
Date: 25-08-2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE A

	Amount in Rupees	
	As At 31st March 2010	As At 31st March 2009
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 : 59,209,024 Equity Shares of Rs.10 each fully paid up) Of the above Equity Shares,	592,090,240	592,090,240
<p>(i) 36,692,378 (Previous Year 36,692,378) Equity Shares of Rs. 10 each fully paid up are held by the holding company, Gujarat State Petroleum Corporation Limited , out 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.</p> <p>(ii) 21,666,666 (Previous Year 21,666,666) 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.</p>		
Total	592,090,240	592,090,240

SCHEDULE B

	Amount in Rupees	
	As At 31st March 2010	As At 31st March 2009
RESERVES AND SURPLUS		
Security Premium Account		
Opening Balance	340,570,870	340,570,870
Add : Received during the year	-	-
	340,570,870	340,570,870
Profit and Loss Account		
	1,253,929,572	983,474,288
Total	1,594,500,442	1,324,045,158

SCHEDULE C

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
SECURED LOANS		
Term Loans from Banks		
Axis Bank Ltd	259,828,917	404,201,219
Bank of India	199,249,897	210,380,451
Dena Bank	690,176,680	404,040,333
IDBI Bank	307,862,722	323,342,048
State Bank of India	768,967,530	808,467,047
State Bank of Mysore	384,453,389	404,033,041
The Kalapur Co Op Comm Bank Ltd	229,221,495	249,926,089
Oriental Bank of Commerce	450,023,385	-
Total	3,289,784,015	2,804,390,228

Notes :

- The Loans from above bankers are secured by :
 - first ranking pari-passu charge on all the present and future fixed assets of the company.
 - second ranking pari-passu charges on all present and future current assets of the company.
- Repayable within one year Rs. 63,03,92,376 (Previous year Rs. 54,31,82,654).

SCHEDULE D

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
UNSECURED LOANS		
Short Term Loans from Banks and Financial Institutions		
Karur Vysya Bank	200,000,000	200,000,000
Gujarat State Financial Services Ltd	300,000,000	-
Syndicate Bank	120,026,301	-
Total	620,026,301	200,000,000

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE - E												Amount in Rupees	
FIXED ASSETS (At Cost)	GROSS BLOCK					DEPRECIATION & AMORTISATION					NET BLOCK		
	As at April 1, 2009	Additions during the year	Deductions during the year	Adjustment during the year**	As at March 31, 2010	As at April 1, 2009	For the year	Deductions	Adjustment during the year**	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009	
TANGIBLE ASSETS:													
Lease hold Land	51,177,760	38,000,000	-	-	89,177,760	825,462	1,628,918	-	-	2,454,380	86,723,380	50,352,298	
Freehold Land	162,565,159	44,141,163	-	-	206,706,322	-	-	-	-	-	206,706,322	162,565,159	
Buildings	96,933,073	52,830,021	-	-	149,763,094	6,568,914	2,151,766	-	-	8,720,680	141,042,414	90,364,159	
Plant and Machinery	3,145,700,474	2,412,206,216	-	-	5,557,906,691	251,837,575	218,187,507	-	-	470,025,082	5,087,881,608	2,893,862,899	
Furniture and Fixture	17,810,092	15,791,079	282,869	68,416	33,386,718	1,857,462	1,280,170	7,742	9	3,129,899	30,256,819	15,952,630	
Computer Equipments	18,229,258	7,238,767	3,285,615	-	22,182,410	5,447,667	2,651,980	1,443,683	-	6,655,964	15,526,446	12,781,591	
Office Equipments	19,520,223	16,453,359	238,260	(68,416)	35,666,906	4,212,552	927,977	21,111	(9)	5,119,409	30,547,497	15,307,670	
Vehicles	25,787,897	964,099	404,746	-	26,347,250	3,324,732	2,872,376	315,141	-	5,881,968	20,465,282	22,463,165	
Sub Total (A)	3,537,723,936	2,587,624,704	4,211,490	-	6,121,137,151	274,074,364	229,700,694	1,787,677	-	501,987,382	5,619,149,768	3,263,649,571	
INTANGIBLE ASSETS:													
ROW Permissions	222,971,909	185,487,573	-	-	408,459,482	20,891,104	15,528,120	-	-	36,419,223	372,040,259	202,080,805	
ROU	27,352,611	2,181,687	-	-	29,534,298	-	-	-	-	-	29,534,298	27,352,611	
Software and other Intangibles	14,088,462	47,111,975	399,302	-	60,801,135	4,351,093	6,036,304	3,720	-	10,383,678	50,417,457	9,737,369	
Sub Total (B)	264,412,982	234,781,235	399,302	-	498,794,915	25,242,197	21,564,424	3,720	-	46,802,901	451,992,014	239,170,785	
TOTAL [A+B]	3,802,136,918	2,822,405,939	4,610,792	-	6,619,932,066	299,316,561	251,265,118	1,791,397	-	548,790,283	6,071,141,782	3,502,820,356	
Previous Year	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	

Notes-

- (1) ** Adjustments during the current period are due to reclassification of assets and consequent of depreciation.
- (2) Additions to the fixed Assets during the current year includes borrowing costs capitalized Rs. 7,38,76,123 (Previous year Rs. 56,268,852) 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

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
CAPITAL WORK - IN - PROGRESS		
Capital Work in Progress - CNG and PNG Projects (includes Rs. 8,55,48,781 (Previous year Rs. 7,38,23,512) of borrowing cost capitalised pertaining to borrowings for qualifying assets as per AS-16.)	1,790,931,290	1,578,315,447
Advances paid towards Capital Expenditure	9,473,518	699,093
Loan Syndication Expenses	29,392,656	-
Software GIS Development	4,456,082	27,966,978
Skill Development Centre	-	1,266,032
Total	1,834,253,546	1,608,247,550

SCHEDULE G

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
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 Book Value of Unquoted Investment Rs. 17,50,000 (Previous Year Rs. 17,50,000)		
- Aggregate Market Value of Unquoted Investment Rs. N.A (Previous Year Rs. N.A)		
Total	1,750,000	1,750,000

SCHEDULE H

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
CURRENT ASSETS		
INVENTORIES		
Natural Gas in Pipeline (Linepack) <i>(Refer Note No. 3 of Schedule R(B))</i>	63,993,408	63,993,408
Stores, Spares and Consumables	15,526,164	7,989,997
Sub Total (i)	79,519,572	71,983,405
SUNDRY DEBTORS		
(Unsecured, Considered good)		
- Outstanding for more than Six Months	1,297,449	26,600
- Others	211,922,215	48,327,798
(Secured by Bank Guarantee and Deposits)		
- Outstanding for more than Six Months	524,573	331,165
- Others	656,775,921	432,650,973
Sub Total (ii)	870,520,158	481,336,537
CASH AND BANK BALANCES		
Cash on Hand	3,509,656	1,692,854
Balances with Scheduled Banks		
- In Current Accounts (including Swip In facility Accounts)	342,327,416	43,451,220
- In Fixed Deposits	190,000	2,461,315
Sub Total (iii)	346,027,073	47,605,390
Total (i) to (iii)	1,296,066,802	600,925,331

SCHEDULE I

	As At 31st March 2010	Amount in Rupees As At 31st March 2009
LOANS AND ADVANCES		
<i>(Unsecured, considered good unless otherwise stated)</i>		
Advances Recoverable in cash or in kind or for value to be received*		
Staff Advance	1,061,890	875,745
Sundry Deposits	52,589,281	37,352,088
Advances to Suppliers (Gas Purchase)	-	576,657,022
Advance Tax and TDS (Net of Provision)	914,596	-
<i>* Maximum outstanding during the year is Rs. 61,48,84,855 (Previous year Rs. 61,48,84,855)</i>		
Total	54,565,767	614,884,855

SCHEDULE J

	Amount in Rupees	
	As At 31st March 2010	As At 31st March 2009
OTHER CURRENT ASSETS		
Interest Accrued but not due	666,432	1,533,106
Pre Paid Expenses	5,898,555	5,220,900
Other Current Assets	1,946,704	4,136,759
Duties and Taxes		
CENVET Credit Account	66,852,803	86,462,536
Balances with Central Excise Authorities (PLA)	1,137,319	311,244
Total	76,501,813	97,664,545

SCHEDULE K

	Amount in Rupees	
	As At 31st March 2010	As At 31st March 2009
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS		
- Creditors for Capital Goods and Services	591,034,070	477,048,498
- Creditors for Gas Purchase, Transmission and Others	654,439,035	236,791,666
<i>(Creditors for Micro, Small and Medium Enterprises - Refer note no. 6 of schedule R(B))</i>	1,245,473,105	713,840,164
Interest Payable (Accrued)	1,247,429	7,335,610
Other Liabilities	4,335,000	12,902,676
Duties and Taxes	89,315,936	198,375,553
Advances Received from Customers	195,513,502	99,323,188
Sub Total (i)	1,535,884,972	1,031,777,190
PROVISIONS		
Provision for Taxation (Net of Advance Income Tax and TDS) (Current year Rs. 8,28,00,663/- and Previous year Rs. 26,87,12,323/-)	25,869,081	73,461,751
Provision for Employee Benefits	6,187,706	3,218,072
Provision for Proposed Dividend	59,209,024	59,209,024
Provision for Dividend Distribution Tax	9,833,879	10,062,574
Provision for Expenses	1,187,194	3,107,195
Sub Total (ii)	102,286,884	149,058,616
Total (i) and (ii)	1,638,171,856	1,180,835,807

SCHEDULE L

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
SALES OF NATURAL GAS		
Compressed Natural Gas (CNG)		
Sale of CNG	1,395,138,315	709,764,838
Less : Excise Duty on Sale of CNG	173,203,515	100,786,994
Sub Total (i)	1,221,934,800	608,977,844
Piped Natural Gas (PNG)		
Sub Total (ii)	10,699,624,186	7,801,923,922
Total (i) to (ii)	11,921,558,986	8,410,901,766

SCHEDULE M

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
OTHER INCOME		
INCOME FROM OPERATIONS		
Registration Charges Income from Domestic Connections	240,541,749	153,438,231
Contract Renewal Charges Income	16,516,475	6,399,925
Late Payment Charges Income (TDS Rs.7,60,856 (Previous Year Rs. 2,42,206))	7,818,742	3,140,985
Take or Pay Charges Income	2,242,097	39,075,409
Miscellaneous Operating Income	5,235,959	1,967,521
Sub Total (i)	272,355,022	204,022,071
INITIAL CONNECTION CHARGES INCOME		
Initial Connection Charges Income (TDS Rs. 5,42,804 (Previous year Rs. 10,41,261)) (Refer Note 5 of Schedule R(B))	162,051,323	155,680,890
Sub Total (ii)	162,051,323	155,680,890
OTHER MISCELLANEOUS INCOME		
Liquidated Damages Income	6,764,096	9,822,456
Interest Income (TDS Rs. 3,82,412 (Previous year Rs. 9,71,910))	3,171,420	5,220,699
Tender / EOI Fees Income	1,339,525	744,000
Profit on Sale of Assets	79,588	58,703
Commission Income (TDS Rs. 16,783 (Previous year Rs.12,088))	157,637	102,974
Miscellaneous Income (TDS Rs. 44,000 (Previous year Rs. NIL))	3,355,594	2,392,649
Sub Total (iii)	14,867,860	18,341,481
Total (i) to (iii)	449,274,205	378,044,441

SCHEDULE N

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
OPERATION AND MAINTENANCE EXPENSES		
(i) CNG		
Operation and Maintenance Expenses	42,948,418	24,007,370
CNG-Daughter Station Exp.	833,216	3,396,223
LCV / HCV Hiring Charges	57,440,562	-
Electricity Expenses - CNG Stations	73,716,793	40,337,435
Excise Duty - Daughter Station Expenses	32,059,679	5,521,648
Repairs and Maintenance - CNG Machinery	4,666,788	498,747
Stores and Consumables-CNG	6,961,247	5,922,630
Sub Total (i)	218,626,703	79,684,053
(ii) PNG		
Operation and Maintenance Expenses	59,122,933	37,143,154
Electricity Expenses - Site Offices and Store Yards	2,768,383	1,759,910
Repairs and Maintenance - PNG Machinery	2,042,353	715,495
Stores and Consumables PNG	20,753,157	8,665,836
Re-adjusted Take or Pay Charges	5,187,309	-
Sub Total (ii)	89,874,134	48,284,395
Total (i) and (ii)	308,500,838	127,968,448

SCHEDULE O

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages and Allowances	90,021,385	50,863,899
Contribution to Provident and Other Funds	9,248,715	6,034,043
Staff Welfare Expenses	4,354,126	1,071,034
Total	103,624,226	57,968,976

SCHEDULE P

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
ADMINISTRATIVE AND OTHER EXPENSES		
Electricity Exp.	1,653,709	198,181
Repairs and Maintenance Exp. - Building	909,661	768,310
Repairs and Maintenance Exp. - Others	10,633,117	1,264,855
Business Promotion and Marketing Exp.	15,235,261	8,695,638
Franchisee, Agent Commission and Profit Margin Exp.	24,961,424	24,289,676
Advertisement and Publicity	5,599,611	9,753,913
Legal, Professional and Technical Consultancy Exp.	22,669,605	29,185,205
Insurance Exp.	6,724,479	5,115,959
Rent, Rates and Maintenance Exp.	18,465,036	12,642,810
Administration and Establishment Exp.	11,054,282	7,840,678
Security Exp.	15,757,768	5,692,286
Stationery and Printing Exp.	7,741,602	5,422,345
Telephone and Communication Exp.	8,058,612	5,231,439
Conveyance and Travelling Exp.	4,304,969	3,639,720
Vehicle Hiring and Running Expenses	14,699,248	11,303,268
Audit Fees	398,238	330,900
Loss on Sale / Discarding of Assets	890,255	1,742,965
Rate, Taxes and Duties paid	1,316,644	1,892,723
Miscellaneous Debit balance written off	-	103,534
Miscellaneous Expenses	3,002,543	1,415,425
Total	174,076,064	136,529,830

SCHEDULE Q

	Amount in Rupees	
	Year Ended 31st March 2010	Year Ended 31st March 2009
INTEREST AND FINANCIAL CHARGES		
INTEREST		
Interest on Term Loan	308,709,744	204,942,273
Interest - Others	38,998,652	52,093,558
	347,708,396	257,035,831
Bank Charges	2,180,434	1,417,185
	349,888,830	258,453,016
Less : Interest Capitalised during the year	85,601,392	87,854,270
Total	264,287,438	170,598,746

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

Amount in Rupees

Particulars	Year Ended 31 st March 2010	Year Ended 31 st March 2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	638,487,907	1,202,459,501
Adjustments for:		
Depreciation	251,265,118	130,866,323
Loss on sale of Fixed Assets	890,255	1,742,965
Profit on sale of Fixed Assets	(79,588)	(58,703)
Prior period adjustment account	(14,833)	50,076
Misc debit balances written off	-	85,550
Interest Expense	262,107,004	169,181,561
Interest Income	(3,171,420)	(5,220,699)
Operating Profit before Working Capital Changes	1,149,484,443	1,499,106,574
Adjustments for changes in Working Capital		
(Increase)/Decrease in Sundry Debtors	(389,183,621)	(165,640,290)
(Increase)/Decrease in Loan and Advances	561,233,684	(619,623,758)
(Increase)/Decrease in Other Current Assets	21,162,732	(2,499,772)
(Increase)/Decrease in Inventories	(7,536,167)	(7,989,997)
Changes in Trade and Other Receivables	185,676,627	(795,753,816)
Increase/(Decrease) in Current Liabilities	390,122,210	246,557,262
Increase/(Decrease) in Provisions	1,049,633	5,909,583
Changes in Trade and Other Payables	391,171,843	252,466,845
Cash Generated from Operations	1,726,332,914	955,819,602
Extra Ordinary Items and Other Adjustments	-	-
Taxes Refund	-	(846,477)
Taxes Paid	158,080,210	359,897,081
Net Cash from Operating Activities	1,568,252,704	596,768,999
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including capital work in progress	(2,852,198,368)	(2,013,896,380)
Interest Received	3,171,420	5,220,699
Sale / Transfer of Fixed Assets	5,396,959	120,000
Net Cash used in Investing Activities	(2,843,629,989)	(2,008,555,680)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital /Share Application Money	884,200,000	100,000,000
Proceeds from Long-term borrowings	1,164,996,000	1,600,000,000
Proceeds from Short-term borrowings	1,444,026,301	200,000,000
Repayment of Long-term borrowings	(679,602,213)	(190,613,772)
Repayment of Short-term borrowings	(1,024,000,000)	-
Deposits from Customers	201,158,873	401,500
Interest Paid	(347,708,396)	(257,035,831)
Dividend Paid (including tax thereon)	(69,271,598)	(3,155,185)
Net Cash from Financing Activities	1,573,798,968	1,449,596,712
NET INCREASE IN CASH AND CASH EQUIVALENTS	298,421,683	37,810,031
Cash and Cash Equivalents at the beginning of the year	47,605,390	9,795,359
Cash and Cash Equivalents at the end of the year	346,027,073	47,605,390
Closing Cash and Cash Equivalents comprise:		
Cash in hand	3,509,656	1,692,854
Balances with Scheduled Banks	342,517,416	45,912,535

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.
- Previous Year figures have been regrouped and reclassified wherever considered necessary to conform to the current year's figures.
- Figures in bracket indicate Cashoutflow.

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

For, Jain Seth & Co.
Chartered AccountantsCA. Vasudev Upadhyay
Partner
M. No. 048175Place: Ahmedabad
Date: 25-08-2010For and on behalf of Board of Directors
D. J. Pandian, IAS
ChairmanP P G Sarma
Chief Executive OfficerTapan Ray, IAS
DirectorAhmed Khan
DGM (Finance) &
Company SecretaryPlace: Gandhinagar
Date: 25-08-2010

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 are materialized.

3. Fixed Assets and Capital Work in Progress

(a) 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 and machinery, cost of laying of pipeline, cost of survey, commissioning and 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 asset 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).

(b) 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, cost of developing software for internal use and corporate club membership.

(c) 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 are 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.

5. Impairment of Assets

In accordance with Accounting Standard 28 on “Impairment of Assets” when at the balance sheet date, 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 and 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 received 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 and 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.

Interest expense and income are recognized on time proportion basis.

Expenditure charged to profit and 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 as defined in Accounting Standard 16 on “Borrowing Costs” 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

Investments are classified as long or current term in accordance with Accounting Standard 13 on “Accounting for Investments”

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

Current Investment are stated at lower of cost and fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

9. Inventories

Natural Gas in distribution networks being technically not feasible to be quantified due to operational constraints, (refer note No. 16 (E) 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 initial purchase cost of gas (refer note No. 3 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 (assets and liabilities) denominated in foreign currencies at the year-end are reported at the exchange rate prevailing on the balance sheet date.

Non-monetary foreign currency items are carried at cost using the exchange rates on the date of transaction.

Any income or expense on account of foreign exchange difference either on settlement or on translation is recognized in the profit and loss account in line with the provisions of Accounting Standard -11 on “The Effects of Changes in Foreign Exchange Rates”.

11. Employee Benefits

Employees Benefits are provided in the books as per Accounting Standard -15 on “Employee Benefits” (revised 2005) in the following manner:

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 and 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 (RPFC) 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 in line with the provisions of Accounting Standard - 26 on “Intangible Assets”.

13. Taxes on Income

Tax provision for the reporting period, comprises current tax and deferred tax.

Tax provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws that have been enacted as on balance sheet date. Current Tax represents amount of income tax payable in respect of the taxable income for the reporting period.

Deferred tax liability and assets is computed as per Accounting Standard (AS-22) on “Accounting for Taxes on Income”. 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 and conditions. The aggregate rentals payable are charged as rent expenses in the profit and loss account for the relevant period.

15. Earnings per Share

The Company reports earnings per share (EPS) in accordance with Accounting Standards - 20 on “Earnings 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 as on the balance sheet date.

16. Cash Flow Statement

The Cash Flow Statement is prepared by the “Indirect Method” set out in Accounting Standard 3 on “Cash Flow Statements” and presents the cash flows by operating, investing and financing activities of the company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand, current account balances with Banks and demand deposits with banks.

17. Provisions, Contingent Liabilities and Contingent Assets

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

Contingent liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets", if any, are not recognized for liabilities whose future outcome cannot be ascertained with reasonable certainties but are disclosed in the notes to accounts.

Contingent assets are neither recognized nor disclosed in the financial statements.

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

18. 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 FOR THE YEAR ENDED ON 31ST MARCH, 2010

1. Contingent liabilities not provided for in respect of :

Sr. No.	Particulars	As at 31st March 2010 (Rupees)	As at 31st March 2009 (Rupees)
1	Claims against the company not acknowledged as debts	9,55,588	41,60,238
2	Bank Guarantees issued by banks on behalf of the company	79,71,125	5,45,81,650
3	Disputed statutory claims / levies in respect of Appeals filed against / by company : Excise Duty - related to the financial year 2003-2004 on account of appeal filed by the Commissioner of Central Excise and Customs, Surat with Custom, Excise and Service Tax Appellate Tribunal.	23,65,736	23,65,736
4	Mansukhbhai Devshibhai Sodhatri has filed a civil application no. 77 of 2008 before the Principal Civil Judge, Rajkot, against GSPC Gas alleging damages as a result of physical and mental injury from pipeline laid by GSPC Gas. He has prayed for a total compensation of Rs. 4,50,000/-	4,50,000	NIL

2. Estimated amount of contracts remaining to be executed on capital account and not provided for as at the balance sheet date, is Rs. 124,54,10,884/- (Previous year Rs. 59,08,88,388/-).

3. There is a line pack of Natural Gas (Qty. 64,81,513 SCM and Rs. 6,39,93,408) in the transmission line of Transporter (GSPL) in the financial year 2006-2007. The Company has option either to receive the quantity of the said line pack of Natural Gas or receive the value thereof on return it back to Transporter at end of the agreement as per the clause of Gas Transmission Agreement (GTA). This Line pack of Natural Gas in pipelines of Transporter is valued at initial purchase cost of gas and the same is shown under the head "Inventories" in the balance sheet at every year-end subsequent to the financial year 2006-2007.

4. Deferred Tax Liability :

Major components of deferred tax liability and assets are as follows:

Particulars	As at 31st March 2010 (Rupees)	As at 31st March 2009 (Rupees)
Deferred Tax Liability		
On Depreciation	39,60,21,296	20,54,33,780
Less : Deferred Tax Assets		
On Disallowance under the Income Tax Act, 1961	23,95,313	12,24,575
Deferred tax liability (Net)	39,36,25,983	20,42,09,205

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 the 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. Information in respect of Micro, Small and Medium Enterprises Development Act, 2006:
The Company had sought confirmation from the vendors whether they fall in the category of Micro, Small and Medium Enterprises and claiming their status as Micro, Small and Medium Enterprises. Based on the information available with the company, the required disclosures are given below:

Sr. No.	Particulars	As at 31st March 2010 (Rupees)	As at 31st March 2009 (Rupees)
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	14,07,67,202	NIL
(ii)	the amount of interest paid by the company in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year,	NIL	NIL
(iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	NIL	NIL
(iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year;	NIL	NIL
(v)	the amount of further interest remaining due and payable even in the succeeding years, until such dated when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.”	NIL	NIL

7. Based on the Accounting Standard – 17 on “Segment Reporting” (AS-17), issued by the Institute of Chartered Accountants 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.
8. The Company has taken certain premises for office use and store yards under license agreements. The total rentals recognized as expense for the period ended on 31st March, 2010 under the above license agreements aggregate to Rs.1,84,65,036 (Previous year Rs. 1,26,42,810). The future minimum lease payment obligations are as under:

Future Minimum Lease Payments	As at 31st March 2010 (Rupees)	As at 31st March 2009 (Rupees)
Not Later than one year	20,909,425	8,957,429
Later than One year and not later than five year	24,732,141	7,507,571
More than five years	9,207,425	-

9. There is no impairment of any assets in terms of Accounting Standard - 28 (AS-28) on “Impairment of Assets”.

10. Employee Benefits:

The Company has implemented Accounting Standard - 15 (AS-15) (Revised 2005) on “Employee Benefits”, issued by the Institute of Chartered Accountants of India.

(a) Provident Fund - Defined Contribution Plan

All employees are entitled to provident fund benefits and amount charged to profit and loss account during the year is Rs. 50,40,523/- (Previous year Rs. 31,81,646/-).

- (b) Gratuity and Leave Encashment - Defined Benefit Plans (payable in future) - Provision made for gratuity and leave encashment as per actuarial valuation. The principal assumptions used in actuarial valuation and necessary disclosures are as below:**

A. Assumptions	Gratuity For Year ended at 31st March, 2010	Leave Encashment For Year ended at 31st March, 2010	Gratuity For Year ended at 31st March, 2009	Leave Encashment For Year ended at 31st March, 2009
Discount rate	8.28%	8.28%	7.83%	7.83%
Rate of return on plan assets	0%	0%	0%	0%
Salary Escalation	7%	7%	7%	7%
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	2,11,309	27,40,724	1,19,772	2,95,912
Interest Cost	17,496	2,26,932	9,378	23,170
Current Service Cost	1,10,077	32,21,872	76,796	24,06,020
Benefits Paid	0	(3,44,837)	0	0
Actuarial (gain) / Loss on obligations	75,581	(71,448)	5,363	15,622
Liability at the end of the year	4,14,463	57,73,243	2,11,309	27,40,724
Amount recognized in the Balance Sheet	4,14,463	57,73,243	2,11,309	27,40,724
C. Expenses recognised in the Profit and Loss Account				
Current Service Cost	1,10,077	32,21,872	76,796	24,06,020
Interest Cost	17,496	2,26,932	9,378	23,170
Actuarial (gain) / Loss	75,581	(71,448)	5,363	15,622
Expenses charged to Profit and Loss Account	2,03,154	33,77,356	91,537	24,44,812
D. Balance Sheet Reconciliation				
Opening Net Liability	2,11,309	27,40,724	1,19,772	2,95,912
Expenses Charged To Profit and Loss Account	2,03,154	33,77,356	91,537	24,44,812
Benefits Paid	0	(3,44,837)	0	0
Closing Liability	4,14,463	57,73,243	2,11,309	27,40,724

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 balances of some of the parties of debtors / creditors for amount due to them/ amount due from them are subject to reconciliation. Necessary adjustments, if any, will be made when the accounts are settled after confirmation received.
12. The balances of various types of advances received from customers are subject to confirmation and reconciliation.
13. In the opinion of management, the current assets including loan and advances, debtors and other current assets are recoverable at the value stated in the balance sheet in ordinary course of business.
14. Deposits received from domestic, commercial, non-commercial and industrial customers have been considered as a source of long-term funds as the amount of deposits are refundable only on termination of gas connection by the customers.
15. Earnings Per Share (EPS):

Basic EPS		Year ended 31st March, 2010	Year ended 31st March, 2009
Profit / (Loss) attributable to equity shareholders	Rs.	33,94,98,186	75,00,73,186
Weighted average number of ordinary equity shares for Basic EPS	Nos.	59,209,024	59,209,024
Nominal Value of equity share	Rs.	10	10
Basic EPS	Rs.	5.73	12.67

The Company does not have any outstanding dilutive potential equity shares, as contingently issuable ordinary shares (share application money received by the company) are not included, as the condition of issue price is not met. Consequently, the basic and diluted earnings per share of the company remain same.

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

(A) Auditors' Remuneration:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009(Rupees)
Audit Fees (including Service Tax)	3,86,050	330,900
Out of Pocket Expenses	12,188	-
Other Fees (including Service Tax)	1,43,390	-
Total	5,41,628	330,900

(B) Directors' Remuneration:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009(Rupees)
Managerial Remuneration	-	-
Director's Sitting Fees	4,000	3,250
Out of Pocket Expenses	13,250	9,000

(C) Licensed Capacity, Installed Capacity and Actual Production :

Particulars	For the Year ended 31st March, 2010	For the Year ended 31st March 2009
Licensed Capacity	Not Applicable	Not Applicable
CNG : Installed Capacity in SCM**	153,884,000	97,140,087
CNG : Actual Production in Kg's.	56,909,533	28,685,054

** Installed Capacity is working out on 16 hours continuous operations of CNG compressors for 365 days based on SCM capacity of the compressor while actual production is for actual no. of hours and days operated during the current period; hence, practically both the figures are not comparable.

(D) Opening Stock, Production, Sales and closing stock of Goods Produced :

Particulars	For the Year ended 31st March, 2010	For the Year ended 31st March 2009
Opening Stock of CNG	0 Kg.	0 Kg.
Production of CNG	56,909,533 Kg.	28,685,054 Kg.
Sales of CNG	56,909,533 Kg.	28,685,054 Kg.
Closing Stock of CNG	0 Kg.	0 Kg.

(E) Sales Turnover and Purchase :

Particulars	For the Year ended 31st March, 2010		For the Year ended 31st March 2009	
	Quantity	Value (Rs)	Quantity	Value (Rs)
Purchase of Natural Gas (Qty. in SCM at various Calorific value)	789,361,047	9,121,093,406	479,256,923	5,922,389,269
Sale of Natural Gas (PNG) (Qty. in SCM)	725,361,904	10,699,624,186	418,447,803	7,801,992,855
Sale of Natural Gas (CNG) (Qty. in Kg's)	56,909,533	1,221,934,800	28,685,054	608,977,844

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.

(F) Value of Imports on CIF basis in respect of:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
Raw Materials	-	-
Components and Spare Parts	-	-
Capital goods	-	20,52,961

(G) Expenditure in Foreign Currency:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
Travelling Expenses	-	6,47,355
Sponsorship Expenses	-	-
Know-how, Royalty, Professional Consultancy Fees etc.	-	-

(H) Earnings in Foreign Currency:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31st March, 2009 (Rupees)
Export of Goods	-	-
Interest and Dividends	-	-
Know-how, Royalty, Professional Consultancy Fees	-	-
Other Income, if any	-	-

17. Related Party Disclosures:

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

(a) List of Related Parties and Relationship:

Sr. No.	Name of Related Parties	Relationship
1	Gujarat State Petroleum Corporation Ltd (GSPC)	Holding Company
2	Gujarat State Petronet Limited (GSPL)	Associate Company
3	Gujarat State Energy Generation Limited (GSEG)	Associate Company
4	Sabarmati Gas Limited (SGL)	Associate Company
5	Guj Info Petro Limited (GIPL)	Associate Company

Key Management Personnel:

Sr. No.	Name of Personnel	Designation
1	Mr. Tapan Ray, IAS	Director
2	Mr. PPG Sarma	Chief Executive Officer

(b) Transactions with Related Parties :

Nature of Transaction (Signification Influence)	Transaction with Holding Company		Transaction with Associates		Key Management Personnel		Value of Total Transaction**	
	Sr. No.	Financial Year No.	For the Year ended 31st March 2010	For the Year ended 31st March 2009	For the Year ended 31st March 2010	For the Year ended 31st March 2009	For the Year ended 31st March 2010	For the Year ended 31st March 2009
Gujarat State Petroleum Corporation Ltd.								
1. (Holding Comapny)								
Purchase of Natural Gas								
1) GSPC	9599746203	5173995581					9599746203	5173995581
2) GSPC NICO JV	835114822	1611019602					835114822	1611019602
Repair and Maint. Charges		1440512						1440512
Salary and Allowances Paid	799929	97136					799929	97136
Assets Transferred	(397880)						397880	
Software								
Maintenance Exp.	1145243						1145243	
Business Promotion Exp.	295971						295971	
Advance Payment for purchase of Land	9393664							
Staff Welfare and Other Exp.	925144							
Rent - Office Building paid		2567849						2567849
Salary and Allow. Recovered	1528770	614328				1528770	614328	
2. Gujarat State Petronet Limited (Associate)								
Gas Transportation Charges			1463848480	940326402			1463848480	940326402
Interest on Share Application Money			9500000	1093150			9500000	1093150
Share Application Money Received			-	100000000			-	100000000
Supervision Charges Reserved			1761140	1161800			1761840	1161800
Purchase of Capital Goods			1167727	11027287			1167727	11027287
Salary and Allowances Paid			157337	328365			157337	328365
Bank Guarantee Give			5000000	2500000			5000000	2500000
Deposit (Assets)			3200000	1600000			3200000	1600000
Rent Paid			1127915	342832			1127915	342832
Salary and Allow. Recovered				2481889				2481889

3. Sabarmati Gas Limited (Associate)								
Gasn Transportation Charged			2706798	2283444			2706798	2283444
Supervision Charges			200000				200000	
Pipe Laying ROW Connectivity Charges				16545000				16545000
Software GIS Charges Recovered			4735384				4735384	
Deposit (Assets)			200000				200000	
4. Guj Info Petro Limited (Associates)								
Bandwidth Charges			1162747	214147			1162747	214147
Outsource Service Exps.			335521				335521	
Consultancy Fees			57519				57521	
Computer Exps			284023	716562			284023	716562
Software Maintenance			15442				15442	
Rent Paid			82725					
Salary and Allow. Recovered				17075				17075
Recruitment Exps.			137875					
GSPC Software Charges			3898993				3898993	
5. Gujarat State Energy Generation Limited (Associate)								
Supervision Charges Received			400000				400000	
Repair Vehicle								
OYVS Charges			5408				5408	
Deposit (Assets)			800000				800000	
6 Key Management Personnel								
Shri PPG Sarma Remuneration Paid					5111299	4963778	5111299	4963778
Total Transactions**	10448551866	6789735008	1546385034	1103137953	5111299	4963778	11989646666	7897836739

** The above transactions are inclusive of all taxes like VAT, Service Tax, and Royalty etc.

Nature of Transaction (Signification Influence)	Balance Outstanding with Holding Company		Balance Outstanding with Associates		Balance Outstanding with Key Management Personnel		Total Outstanding	
	As at 31st March 2010	As at 31st March 2009	As at 31st March 2010	As at 31st March 2009	As at 31st March 2010	As at 31st March 2009	As at 31st March 2010	As at 31st March 2009
Balance Outstanding								
Gujarat State Petroleum Corporation Ltd.								
1. (Holding Comapny) Accounts Payable Accounts Receivable Advance for purchase of Land	520890660	128935780 577004870					520890660 9393664	128935780 577004870
2. Gujarat State Petronet Limited (Associate) Accounts Payable Accounts Receivable Deposits (Assets) Share Application Money			68909130 19854 5000000 10000000	51434090 1363072 1800000 10000000			68909130 19854 5000000 10000000	51434090 1363072 1800000 10000000
3. Sabarmati Gas Limited (Associate) Accounts Payable Accounts Receivable			987483 -	18442408 -			987483 -	18442408 -
4. Guj Info Petro Limited (Associate) Accounts Payable Accounts Receivable			99233 -				99233 -	
5. Gujarat State Energy Generation Limited (Associate) Accounts Payable Accounts Receivable			800000 19773	- 29144			800000 19773	- 29144
6. Key Management Personnel Accounts Payable Accounts Receivable					196989 -	147787 -	196989 -	147787 -

18. Prior Period items:

The Details of Prior Period items Income /Expenses (net) include in profit and loss account is as under:

Particulars	Year ended 31st March, 2010 (Rupees)	Year ended 31 st March, 2009 (Rupees)
Legal, Professional and Consultancy Fees	47491	11474
Administrative and Establishment Expenses	--	586639
Operational and Maintenance Exp CNG	933718	482956
Operation and Maintenance Exp. PNG	437299	580916
Gas Transportation Charges	--	194339
Depreciation	(14833)	22745
Interest Expenses	1826	26078
Income From Operations	--	(122049)
Interest income	(5650)	(12476)
Other Expenses	73520	(12785)
Agency Commission to DMA - PNG	94567	--
Rent Expenses	116779	--
Security Expenses	251938	--
Repair and Maintenance Exp. - Others	(4519)	--
Salary, Allowance and Contribution Funds	24252	--
Total	19,56,388	17,57,837

19. The Company has given refundable security deposit in form of fixed deposit (FDR) to various project authorities and it will be refunded after satisfactory completion of work. The company has shown this fixed deposit (FDR), till the same are in custody with project authorities as "Sundry Deposits" under the schedule Loans and Advances in the balance sheet.

20. The Company has received the share application money from the following applicants:

Sr. No.	Name of applicant's	Amount in Rs.
1	Gujarat State Fertilizers and Chemicals Limited.	250,000,000
2	Gujarat State Petronet Limited	100,000,000
3	Government of Gujarat	284,200,000
4	Gujarat Industrial Development Corporation	250,000,000
5	Gujarat Alkalies and Chemicals Limited	100,000,000
	Total	984,200,000

21. As per the understanding between the company and its promoter group company (i.e. GSPC and GSPL), the company pays interest on share application money received from GSPL @ 9.50% p.a. till the date of allotment of shares.

22. Corresponding figures of previous year have been re-grouped and re-classified wherever necessary to confirm the current year figures.

For, Jain Seth & Co.
Chartered Accountants

CA. Vasudev Upadhyay
Partner
M. No. 048175

Place: Ahmedabad
Date: 25-08-2010

For and on behalf of Board of Directors
D. J. Pandian, IAS
Chairman

P P G Sarma
Chief Executive Officer

Tapan Ray, IAS
Director

Ahmed Khan
DGM (Finance) &
Company Secretary

Place: Gandhinagar
Date: 25-08-2010

**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-2010
<hr/>		
II Capital Raised During The Year		
Public Issues		Nil
Rights Issue		Nil
Bonus Issue		Nil
Private Placement		Nil
<hr/>		
III Position of Mobilisation and Deployment of Funds:		
Total Liabilities		7,696,108
Total Assets		7,696,108
Source of Funds		
Paid up Capital		592,090
Share Application Money		984,200
Reserves and Surplus		1,594,501
Secured Loans		3,289,784
Un-Secured Loans		620,026
Deposits from Customers		221,881
Deferred Tax Liability (Net)		393,626
Application of Funds		
Net Fixed Assets		6,071,142
Capital Work in Progress		1,834,254
Investment		1,750
Net Current Assets		(211,038)
Miscellaneous Expenditure		0
Accumulated losses		0
<hr/>		
IV Performance of the Company		
Total Income		12,370,833
Total Expenditure		11,732,345
Profit / (loss) Before Tax		638,488
Profit (Loss) After Tax		339,498
Earnings Per Share (Rs.)		5.73
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.

As per our report of even date attached.

For, Jain Seth & Co.
Chartered Accountants

CA. Vasudev Upadhyay
Partner
M. No. 048175

Place: Ahmedabad
Date: 25-08-2010

For and on behalf of Board of Directors

D. J. Pandian, IAS
Chairman

P P G Sarma
Chief Executive Officer

Tapan Ray, IAS
Director

Ahmed Khan
DGM (Finance) &
Company Secretary

Place : Gandhinagar
Date : 25-08-2010





BOARD OF DIRECTORS

Shri Sudeep Kumar Nanda, IAS
Shri Tapan Ray, 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 9th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
Income from Operations	1054.43	649.56
Other Income	116.17	88.10
Total Income	1170.60	737.66
Less : Depreciation	47.49	21.94
Other Expenses	866.53	506.47
Total Expenditure	914.02	528.41
Tax	58.50	45.59
Net Profit	198.08	163.66

DIVIDEND

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

Issue of Government Resolution

Government Resolution (GR) No. TSP/2004/808/DST dated 18/03/2010 by Department of Science and Technology (DST) Government of Gujarat, included Guj Infopetro Ltd (GIPL) as a Total Solution Provider (TSP) for IT/ITeS Services.

GIPL is now eligible to undertake all IT/ITeS projects of Government Department/Boards/ Corporations/ Society or any Agency/entity of State Government without any tendering process. Release of this GR has paved way for rapid growth by creating immense business opportunities.

BUSINESS ACTIVITES

ISP Business

The Company at present has a Category-'A' ISP License and provides internet bandwidth and other IT / ITeS services to Corporates, Educational Institutions / Universities, Government Organizations / Departments, Group companies and various other Clients across Gujarat and Mumbai.

GIPL currently has business presence at Ahmedabad, Baroda, Gandhidham, Hazira, Gandhinagar, Mora, Rajkot, and Vapi. In spite of tough competition from national internet service providers, company has been able to maintain its market presence.

Non- ISP Business

1. APEX Consultant / Nodal Agency / Total Solution Provider

GIPL is currently acting as the APEX consultant to Gujarat Mineral Development Corporation and Gujarat Urja Vikas Nigam Limited. The company has been appointed as Nodal Agency for Energy and Petrochemicals Department and Transport Department for all IT related work. GIPL is a Total Solution Provider (TSP) for Forest Department, Transport Department, Gujarat Agro Industries Corporation, GS&HSEB, and Commercial Tax Department.

2. Ahmedabad Janmarg Limited

GIPL has been awarded contract to operate 12 new bus-stations of BRTS project. Hardware and Software have been successfully developed and deployed and presently operations are going efficiently.

3. Software Development

a) SAP/ERP implementation

GIPL being Nodal Agency/ TSP/ APEX Consultant is undertaking the implementation of ERP at GMDC, GIPCL and GSPC GAS and also looking after the implementation of ORACLE apps EBS 11i for GUVNL.

b) Document Management Services

GIPL has successfully implemented Document Management System in GSPL.

c) Data Management System

Data Migration & Porting of Driving License Data has been successfully completed for Transport Department, GoG.

URBANnet and Integrated Document Access System (IDAS) has been developed and implemented successfully for AUDA and group companies.

d) University Management System

University Management System Software has been conceptualized and is under deployment at PDPU.

e) Result Hosting

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

f) Online Examination

GIPL now has expertise for conducting online examination, and has successfully conducted online examinations for GSPC GAS and Gujarat Power Corporation Limited.

g) Ingenious Software Development

1. Application Integration with Payment Gateway and GIS Map conversion is underway for AUDA.

2. GIPL, as its international order from GTZ International Services, is currently developing Management Information System (MIS) for Japanese Bank of

International Co-operation (JBIC) funded by Gujarat Forestry Development Project (GFDP)

3. Human Resource Planning Software has been developed and deployed successfully.
4. Interest Subsidy Management System (ISMS), Onion Export Management System (OEMS) and Material Distribution Management System (MDMS) has been developed for Gujarat Agro Industries Corporation.
5. NREGA application has been successfully deployed and presently SAMAYDAN application for the Forest Department is being developed.
6. 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 and AMC has been awarded to GIPL.
7. Software for Purchase order generation has been developed and deployed successfully for GSPC GAS.
8. Vehicle Tracking System for GSPC GAS has been deployed successfully.

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.

Website Development

GIPL is also delivering services of website development to group companies and government departments.

ISO 9001: 2008 Certification

The Company has recently got its ISO 9001:2008 certifications revalidated after an audit and is now valid till 26th November, 2010, for services like customized software development, provision of man-power for LAN and WAN networking projects, ISP services and maintenance, IT consultancy and project management.

FIXED DEPOSITS

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

DIRECTORS

Shri Tapan Ray, IAS, Managing Director, GSPC has been appointed as an Additional Director on 18th December, 2009 till the next Annual General Meeting. Shri D. J. Pandian, IAS, Principal Secretary, EPD earlier resigned as Director of GIPL in this year.

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri S. K. Nanda, IAS and Shri M. Y. Farooqui, 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 2009-10 by C&AG.

C&AG have given NIL Comment Report for the Financial Year 2009-10. 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.

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. 10.88 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 could 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 Providers and various departments/ organizations of the Government of Gujarat like Forest Department, Commercial Tax, Transport Department, Gujarat Urja Vikas Nigam Limited, Gujarat Alkalies and Chemical Limited, Ahmedabad Urban Development Authority, Ahmedabad Municipal Corporation, Ahmedabad Stock Exchange GAIC, GTZ, GS&HSEB and other customers for their valuable support, trust and confidence in the Company.

For and on behalf of Board of Directors

Tapan Ray, IAS
Director

V. K. Sharma
Director

Place : Gandhinagar
Date : 26th August, 2010

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 2010.

The preparation of financial statements of Guj Infopetro Limited for the year ended 31 March 2010 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 29 June 2010.

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 Guj Infopetro Limited for the year ended 31 March 2010. 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: 20th August, 2010

**(Dr. Prasenjit Mukherjee)
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, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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, 2010;
 - (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
Firm Reg. No. 101698W

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

Place : Ahmedabad
Date : 29th June, 2010

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, 2010.

- 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, 2010. Further, it has not incurred cash loss during the financial year 2009-2010 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 : 29th June, 2010

FOR CHANDULAL M. SHAH & CO.
Chartered Accountants
Firm Reg. No. 101698W

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

BALANCE SHEET AS AT 31ST MARCH 2010

Amount in Rupees

Particulars	Schedule	As at 31st March 2010	As at 31st March 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	500,600	500,600
Reserves & Surplus	2	86,925,911	67,118,010
		<u>87,426,511</u>	<u>67,618,610</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	3	34,122,205	22,287,331
Less : Accumulated depreciation		15,862,074	11,264,973
Net block		18,260,131	11,022,358
Capital Work In Progress		1,500,000	1,500,000
		19,760,131	12,522,358
Deferred Tax Asset	16.3	674,163	2,024,537
Current assets, loans and advances			
Sundry debtors	4	23,669,248	23,531,213
Cash and bank balances	5	170,643,561	152,155,268
Loans and advances	6	18,243,115	10,329,273
		212,555,924	186,015,754
Less: Current Liabilities and provisions			
Current Liabilities	7	144,203,550	132,341,866
Provisions (<i>Net of Advance Tax</i>)	8	1,360,157	602,173
		145,563,707	132,944,039
Net Current Assets		66,992,217	53,071,715
		<u>87,426,511</u>	<u>67,618,610</u>
Significant accounting policies	15		
Notes to accounts	16		

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 Accountants
 (F.R.No. 101698W)

K.H. Vasavada
Partner
 Membership No.: 12322

Place: Ahmedabad
 Date: 29th June,2010

For and on behalf of the Board

Tapan Ray, IAS
Director

V.K.Sharma
Director

Place: Gandhinagar
 Date: 29th June,2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Amount in Rupees

Particulars	Schedule	Year Ended 31st March 2010	Year Ended 31st March 2009
Income			
Income from operations	9	78,680,090	49,431,979
Facility Management Income		15,384,853	9,842,887
Software development Income		11,378,457	5,681,210
Other income	10	11,617,262	8,810,443
		<u>117,060,662</u>	<u>73,766,519</u>
Expenditure			
Network Operating Expenses	11	13,795,534	12,831,687
Facility Management Charges		11,096,722	4,783,814
Software Development Expenses.		7,194,647	4,270,000
Personnel cost	12	30,406,750	11,941,128
Other operating expenses	13	23,600,246	8,990,165
Interest expenses		492,105	8,065,809
		<u>86,586,004</u>	<u>50,882,603</u>
Profit before Depreciation and Tax		30,474,658	22,883,916
Depreciation	3	4,749,519	2,193,543
Profit before Tax		25,725,139	20,690,373
Less: Provision for tax			
- Current tax		4,500,000	4,100,000
- Deferred tax		1,350,374	140,777
- Fringe benefit tax		-	318,200
Profit after Tax		19,874,765	16,131,396
Less:			
- Prior period Adjustment		112,736	(236,751)
- Short/(Excess) provision of Tax		(45,872)	2,209
Profit for the year		19,807,901	16,365,938
Balance in profit and loss account brought forward		67,118,010	50,752,072
Balance Transferred to Balance Sheet		86,925,911	67,118,010
Earnings per share :			
Basic and Diluted	16.2	397.02	322.24
Significant accounting policies	15		
Notes to accounts	16		

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 Accountants
(F.R.No. 101698W)

K.H. Vasavada
Partner
Membership No.: 12322

Place: Ahmedabad
Date: 29th June,2010

For and on behalf of the Board

Tapan Ray, IAS
Director

V.K.Sharma
Director

Place: Gandhinagar
Date: 29th June,2010

SCHEDULES TO THE FINANCIAL STATEMENTS

SCHEDULE 1

	Amount in Rupees	
	2009-10	2008-09
SHARE CAPITAL		
Authorised capital		
50,000,000 (2008-09: 50,000,000) equity shares of Rs 10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital		
50,060 (2008-09: 50,060) equity shares of Rs 10 each fully paid up	500,600	500,600

SCHEDULE 2

	Amount in Rupees	
	2009-10	2008-09
RESERVES & SURPLUS		
Profit & Loss Account		
Balance as per last Balance Sheet	67,118,010	50,752,072
Add: Net Profit during the year	19,807,901	16,365,938
TOTAL	86,925,911	67,118,010

SCHEDULE 3

FIXED ASSETS									Amount in Rupees
PARTICULARS	Leasehold Office Premise	Leasehold Improvements	Office Equipment	Vehicles	Plant and Machinery	Computer and Peripherals	Furniture & Fixture	Total	Previous year
Gross Block									
At 1 April 2009	2,550,085	2,621,872	1,578,851	550,746	6,776,891	4,242,907	3,965,980	22,287,332	21,090,311
Additions	-	376,797	247,320	44,588	4,864,304	6,380,585	204,316	12,117,910	2,668,721
Deductions	-	-	14,350	-	155,413	113,274	-	283,037	1,471,701
At 31 March 2010	2,550,085	2,998,670	1,811,821	595,334	11,485,781	10,510,218	4,170,296	34,122,205	22,287,331
Accumulated Depreciation									
At 1 April 2009	441,876	2,259,825	740,199	456,153	1,972,417	3,412,301	1,982,202	11,264,973	10,323,740
Charge for the year	105,410	300,014	159,334	33,821	1,223,326	2,553,315	374,299	4,749,519	2,193,543
Prior Period Adj.:	-	-	-	-	-	-	-	-	127,242
Deduction	-	-	1,002	-	56,431	94,985	-	152,418	1,125,068
At 31 March 2010	547,286	2,559,839	898,531	489,974	3,139,312	5,870,631	2,356,501	15,862,074	11,264,973
Net Book Value									
At 31 March 2010	2,002,799	438,831	913,290	105,360	8,346,469	4,639,587	1,813,795	18,260,131	11,022,358
At 31 March 2009	2,108,209	362,047	838,652	94,592	4,804,474	830,606	1,983,778	11,022,358	

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

SCHEDULE 4

	Amount in Rupees	
	2009-10	2008-09
SUNDRY DEBTORS		
<i>Unsecured</i>		
Over six months		
- Considered good	4,638,624	9,626,193
- Considered doubtful	1,521,748	4,897,355
Others, considered good	<u>19,030,624</u>	<u>13,905,020</u>
	25,190,996	28,428,568
Less: Provision for doubtful debts	1,521,748	4,897,355
TOTAL	23,669,248	23,531,213

SCHEDULE 5

	Amount in Rupees	
	2009-10	2008-09
CASH AND BANK BALANCES		
Cash in hand	205,445	156,592
Balances with scheduled banks		
- in current accounts	14,767,387	1,016,578
- in fixed deposits	155,670,729	150,982,098
TOTAL	170,643,561	152,155,268

SCHEDULE 6

	Amount in Rupees	
	2009-10	2008-09
LOANS AND ADVANCES		
<i>Unsecured, considered good</i>		
Advances recoverable in cash or in kind or for value to be received	448,633	783,762
Advance income tax and tax deducted at source- (<i>Net of provision for taxation</i>)	10,861,711	6,248,381
Deposits	3,568,954	728,261
Accrued interest on deposit	1,036,296	710,550
Income accrued on bandwidth supplies	705,904	675,168
Prepaid expenses	1,380,905	746,317
Other current assets	240,712	436,834
TOTAL	18,243,115	10,329,273

SCHEDULE 7

	Amount in Rupees	
	2009-10	2008-09
CURRENT LIABILITIES		
Creditors for goods and services (Refer Note 16.13)	6,969,378	5,018,073
Advances from customers	114,295,050	106,279,624
Advance billings	2,510,751	3,778,748
Expenses payable	7,073,559	4,350,232
Other liabilities	8,169,812	7,890,189
Deposits	5,185,000	5,025,000
TOTAL	144,203,550	132,341,866

SCHEDULE 8

	Amount in Rupees	
	2009-10	2008-09
PROVISIONS		
<i>(Net of Advance Tax paid)</i>		
Leave encashment	1,218,017	563,340
Gratuity	142,140	38,833
TOTAL	1,360,157	602,173

SCHEDULE 9

	Amount in Rupees	
	2009-10	2008-09
INCOME FROM OPERATIONS		
Income from marketing and selling of bandwidth	36,381,843	41,764,511
Operation and Maintenance Income	500,000	2,128,836
Web hosting and Development Income	1,027,770	518,980
Consultancy Income	18,283,377	1,577,207
Other facilities and activities	16,208,615	3,354,445
Resale Income	6,278,485	88,000
TOTAL	78,680,090	49,431,979

SCHEDULE 10

	Amount in Rupees	
	2009-10	2008-09
OTHER INCOME		
Interest		
- on fixed deposits (Gross) (Tax deducted at source Rs 10,54,874/-; 2008-09:Rs 17,13,547/-)	7,767,526	8,512,039
Miscellaneous income	3,849,736	298,404
TOTAL	11,617,262	8,810,443

SCHEDULE 11

	Amount in Rupees	
	2009-10	2008-09
NETWORK OPERATING EXPENSES		
Bandwidth Charges	5,329,249	8,809,478
Cable Network Charges	228,593	145,668
Connectivity Charges	1,370,568	991,423
Installation Charges	278,050	24,025
Cost of Goods Sold - Traded Goods	4,703,678	75,619
Domain Registration Exps.	38,003	60,000
Loading & Unloading & Octroi	800	11,310
Website Maint. Exps.	503,700	123,000
Operation & Maint.	500,000	2,000,000
6% AGR Exps.	842,893	591,164
TOTAL	13,795,534	12,831,687

SCHEDULE 12

	Amount in Rupees	
	2009-10	2008-09
PERSONNEL COST		
Salaries, allowances and bonus	26,143,450	8,603,400
Contributions to provident fund	1,358,081	775,150
Outsourced manpower charges	487,283	1,539,671
Gratuity Exps.	349,504	41,807
Staff welfare	2,068,432	981,100
TOTAL	30,406,750	11,941,128

SCHEDULE 13

	Amount in Rupees	
	2009-10	2008-09
OTHER OPERATING EXPENSES		
Electricity expenses	1,849,798	1,187,798
Rent	7,730,695	1,831,576
Repairs and Maintenance	1,519,897	641,740
Security Charges	387,249	238,985
Vehicle Running Charges	629,150	595,247
Printing & stationary	277,525	337,979
Travel and Conveyance	616,696	499,835
Legal and Professional charges	1,809,637	774,482
Telephone expenses	903,050	543,272
Business development expenses	1,135,749	449,265
Bank Guarantee & Bank charges	159,374	175,591
Auditors' remuneration		
- for statutory audit	225,000	150,000
- out of pocket expenses	20,000	20,000
Loss on sale of fixed assets/ Asset W.off, net	22,124	293,386
Directors sitting fees	20,500	9,000
Amount written off	314,737	
Miscellaneous expenses	2,066,399	716,917
Licence Fees	457,870	318,616
Provision for doubtful debts	-	6,476
Bad Debts written off	3,454,796	-
Data Migration Exps.	-	200,000
TOTAL	23,600,246	8,990,165

14 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, the 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.

15 Significant Accounting Policies

15.1 *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.

15.2 *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.

15.3 *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.

15.4 *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 in the ratio of 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.

15.5 *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.

15.6 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.

15.7 Provision for taxation

Income-Tax expenses comprise current tax and Deferred Tax. Provision for current tax is made as per provisions of I.T. Act. 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.

15.8 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.

15.9 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.

15.10 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.

15.11 Impairment of 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	
	2009-10	2008-09
16. Notes to the accounts		
16.1 Contingencies and Commitments:		
Contingent Liabilities	NIL	NIL
16.1.2 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	20,000,000	20,000,000
Performance Corporate Guarantee to GSPL	0	1,620,000
16.2 Earnings Per Share		
Basic & Diluted Earnings Per Share		
Net Profit before prior period adjustment attributable to the equity shareholders	19,874,765	16,131,396
Weighted average number of equity shares of Rs. 10 each outstanding during the year	50,060	50,060
Basic & Diluted earnings per equity share	397.02	322.24
Face value per share	10	10
Net Profit after prior period adjustment attributable to the equity shareholders	19,807,901	16,365,937
Weighted average number of equity shares of Rs. 10 each outstanding during the year	50,060	50,060
Basic & Diluted earnings per equity share	395.68	326.93
Face value per share	10	10
16.3 Deferred Tax asset, net		
Deferred Tax assets		
Provision for doubtful debts	517,242	1,664,611
Provision for leave encashment	414,004	191,479
Provision for Gratuity	48,314	13,199
Difference in depreciation allowable under Companies Act, 1956	(305,397)	155,248
Total	674,163	2,024,537

16.4 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 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.	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Income Received:								
- Value of Services Rendered	12,690,581	75,115,639	6,049,156	7,660,974	6,172,193	1,039,330	711,528	1,092,420
Expenses/ Payments made by GIPL :								
- Expenses Reimbursements	3,083,633	9,269,694	468,808	259,664	-	-	50,663	134,243
Others								
- Share Application Money	-	26,388,200	-	-	-	-	-	-
Balance as on 31st March'10 & March'09								
- Amt. Receivable	842,166	1,992,837	1,644,172	1,885,102	1,116,626	328,300	124,430	199,159
- Amt. Payable	11,666,045	2,120,210	-	-	-	-	10,197	24,228

16.5 Remuneration paid to key personnel 2009-10 2008-09
Directors / C.E.O 2,700,032 1,350,296

16.6 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.

16.7 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

16.8 Employees Benefit:**16.8.1**

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. 13.58 lacs in the Profit & Loss Account under the head "Contribution to Provident Fund and Other Funds (Schedule 12)

II Defined Benefit Plans:

(A) Contribution to Gratuity Fund – Funded Scheme

Amount in Rupees

(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,2010

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
A	Change in obligation during the year ended 31st march 2010				
	1. Liability at the beginning of the year	320,871	270,631	563,340	771,842
	2. Interest Cost	24,868	21,650	43,659	61,747
	3. Current Service Cost	95,966	75,133	41,585	56,368
	4. Past Service Cost	-	-	-	-
	5. Benefit Paid	-	-	-	(88,589)
	6. Actuarial (Gain)/ Losses	260,306	(46,543)	569,433	(238,028)
	7. Liability at the end of the period	702,011	320,871	1,218,017	563,340
B	Change in assets during the year ended 31st March, 2010				
	1. Plan assets at the beginning of the year	282,038	-	-	-
	2. Expected return of plan assets	21,858	-	-	-
	3. Contributions	246,197	273,605	-	88,589
	4. Benefit Paid	-	-	-	(88,589)
	5. Actuarial Gain/ (Losses)	9,778	8,433	-	-
	6. Plan assets at the end of the year	559,871	282,038	-	-
	7. Total Actuarial Gain/ (Loss) to be Recognized	(250,528)	54,976	(569,433)	238,028
C	Actual Return on Plan Assets				
	1. Expected return of plan assets	21,858	-	-	-
	2. Actuarial gain/ (Loss)	9,778	8,433	-	-
	3. Actual return on plan assets	31,636	8,433	-	-
D	Net asset / (Liability) recognized in the Balance Sheet as at 31st March, 2010				
	1. Liability at the end of the period	702,011	320,871	1,218,017	563,340
	2. Plan assets at the end of the period	559,871	282,038	-	-
	3. Amount recognized in the Balance Sheet Accrued	142,140	38,833	1,218,017	563,340
E	Expenses recognized in the statement of Profit & loss account for the year ended 31st March,2010				
	1. Current Service Cost	95,966	75,133	41,585	56,368
	2. Interest Cost	24,868	21,650	43,659	61,747
	3. Expected return on plan assets	(21,858)	-	-	-
	4. Actuarial (Gain)/ Losses	250,528	(54,976)	569,433	(238,028)
	5. Past Service Cost	-	-	-	-
	6. Total Expenses	349,504	41,807	654,377	(119,913)
F	Balance Sheet reconciliation				
	1. Opening Net Liability	38,833	270,631	563,340	771,842
	2. Expenses as above	349,504	41,807	654,677	(119,913)
	3. Employer's Contribution	(246,197)	(273,605)	-	(88,589)
	4. Amount recognized in the Balance Sheet	142,140	38,833	1,218,017	563,340
G	Actuarial Assumptions				
	1. Discount Rate	8.00%	7.75%	8.00%	7.75%
	2. Rate of return on plan assets	8.00%	7.75%	8.00%	0.00%
	3. Salary Escalation	7.00%	7.00%	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

16.9 Directors' remuneration	2009-10	2008-09
Salaries and allowances *	2,700,032	1,350,296
Total	2,700,032	1,350,296

* Directors' remuneration represents amount reimbursed to GSPC towards services rendered by the Director.

16.10 Materials, supplies and components consumed during the year

	2009-10		2008-09	
	Rs	%	Rs	%
Materials, supplies & components Indigenous	229,394	100	156,978	100
Total	229,394	100	156,978	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.

16.11 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:

	2009-10	2008-09
Lease payments debited to the profit and loss account		
- Cancellable operating leases	7,681,219	1,831,576
Total	7,681,219	1,831,576

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.

16.12 Sundry Debtors includes Rs. 3,727,394/- (P.Y. Rs. 4,405,398/-) due from Companies under the same management

16.13 In terms of section 22 of Micro, small and medium enterprise Development Act, 2006, the outstanding from 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:

- Amount due and outstanding to suppliers as at the end of the accounting period.
 - Interest paid during the period.
 - Interest payable at the end of the accounting period.
 - Interest accrued and unpaid at the end of the accounting period have not been furnished.
- In the view of the above and in absence of relevant information, the Auditors have relied on the same.

16.14 Balances of debtors, creditors and loans and advances are subject to confirmation.

Amount in Rupees

16.15 Expenditure in foreign currency

	2009-10	2008-09
Bandwidth charges	900,659	2,828,685
Membership charges	155,693	133,098
Travelling Expenses	31,704	-
TOTAL	1,088,056	2,961,783

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 period.

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.

16.16 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 Accountants
 (F.R.No. 101698W)

K.H. Vasavada
Partner
 Membership No.: 12322

 Place: Ahmedabad
 Date: 29th June,2010

For and on behalf of the Board
Tapan Ray, IAS
Director
V.K.Sharma
Director

 Place: Gandhinagar
 Date: 29th June,2010

Balance Sheet Abstract and the Company's General Business Profile

I. Registration Details

Registration No. State Code
 Balance sheet date
 Date Month Year

II. Capital Raised during the year (Amount in Rupees thousands)

Public issue	Rights issue
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>
Bonus issue	Private placement
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>

III. Position of mobilization and deployment of Funds (Amount in Rs. thousands)

Total Liabilities	Total Assets
<input type="text" value="87,427"/>	<input type="text" value="87,427"/>

Source of Funds

Paid-up Capital	Reserves and Surplus
<input type="text" value="501"/>	<input type="text" value="86,926"/>
Secured Loans	Unsecured Loans
<input type="text" value="-"/>	<input type="text" value="-"/>
Share application money	Deffered Tax Liabilites
<input type="text" value="-"/>	<input type="text" value="-"/>

Application of Funds

Net fixed Assets	Investments
<input type="text" value="19,760"/>	<input type="text" value="-"/>
Net Current Assets	Miscellaneous Expenditure
<input type="text" value="66,993"/>	<input type="text" value="-"/>
Accumulated loss	Deferred tax asset
<input type="text" value="-"/>	<input type="text" value="674"/>

IV. Performance of Company (Amount in Rs. thousands)

Turnover (including other income)	Total expenditure
117,061	86,653
(+ -)	(+ -)
Profit/Loss before tax	Profit/Loss after tax
(+ 25,725)	(+ 19,875)
Earnings per share in Rs	Dividend %
397.02	-

Refer note 16.2

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 Chandulal M.Shah & CO.
Chartered Accountants
 (F.R.No. 101698W)

K.H. Vasavada
Partner
 Membership No.: 12322

 Place: Ahmedabad
 Date: 29th June,2010

For and on behalf of the Board
Tapan Ray, IAS **V.K.Sharma**
Director *Director*

 Place: Gandhinagar
 Date: 29th June,2010



GSPC PIPAVAV POWER COMPANY LIMITED



4TH ANNUAL REPORT 2009 - 2010



BOARD OF DIRECTORS

Shri D. J. Pandian, IAS	:	Chairman
Shri Tapan Ray, IAS	:	Nominee Director
Dr. P K Das (Retd.), IAS	:	Independent Director
Shri L. Chuaungo, IAS	:	Independent Director
Shri P K Pujari, IAS	:	Nominee Director (upto 10 th February, 2010)

COMPANY SECRETARY

Kuldeep Jain

STATUTORY AUDITORS

M/s. Dharmendra & Khajanchi,
Chartered Accountants, Ahmedabad

INTERNAL AUDITORS

M/s. Kherada & Company,
Chartered Accountants, Ahmedabad

BANKERS

Corporation Bank, Gandhinagar
HDFC Bank, Gandhinagar
Dena Bank, Gandhinagar
Bank of Maharashtra, Gandhinagar
IDBI Bank, Ahmedabad
Karur Vysya Bank, Ahmedabad

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,

NOTICE OF 4TH ANNUAL GENERAL MEETING OF THE COMANY

NOTICE is hereby given that the 4th Annual General Meeting of the Member of the Company will be held on Friday, 31st December, 2010 at 11.45 AM in the Conference Room, located on 5th Floor, Block No.5, Dept. of Energy & Petrochemicals, New Sachivalaya, Gandhinagar-382011 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2010, Profit and Loss Account for the year ended on that date and the Report of Board of Directors and Auditors.
2. To appoint a Director in place of Shri Tapan Ray, IAS who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Dharmendra & Khajanchi, Chartered Accountants, Ahmedabad, as Statutory Auditors of the Company for the Financial year 2010-11 and fixing remuneration.

By Order of the Board of Directors

Date : 21st December, 2010
Place : Gandhinagar

Kuldeep Jain
Company Secretary

Registered Office:
3rd Floor, GSPC Bhavan, Sector-11, Gandhinagar.

NOTES

1. A member entitles to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote at the Annual General Meeting instead of himself/herself and such a proxy need not be a member of the Company.
2. Proxy forms, duly completed should however reach at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. The appointment of Statutory Auditors for the FY 2010-11 is made by the Comptroller & Auditor General of India under Section 619(2) of the Companies Act, 1956 but remuneration payable to them is required to be fixed by the members of the Company in terms of provisions of Section 224(8)(aa) of Companies Act, 1956.

By Order of the Board of Directors

Date : 21st December, 2010
Place : Gandhinagar

Kuldeep Jain
Company Secretary

Registered Office:
3rd Floor, GSPC Bhavan, Sector-11, Gandhinagar

DIRECTORS' REPORT

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 4th Annual Report of the Company together with the Audited Accounts for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS

The Company is yet to commence any business & hence does not have any revenue / turnover. For the year ended 31st March 2010, 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 / turnover and accordingly during the year under review no amount is being transferred to the Reserves or used for payment of dividend.

3. CAPITAL:

3.1 During the year there has been no change in the Authorised Equity Share Capital as well as in the Paid up Share Capital of the Company.

3.2 On 20th January 2010, a four party Share Subscription and Shareholders Agreement (SSHA) amongst Gujarat State Petroleum Corporation Ltd. (GSPC), Gujarat Power Corporation Limited (GPCL), Swan Energy Ltd. -SWAN (Earlier known as Swan Mills Ltd.) and the Company has been executed whereby SWAN shall invest approx. Rs. 381 crores for 49% stake in the Company towards Equity Share Capital of the Company coupled with assignment of 70% Carbon Emission Reduction Units (CERS) to be generated from its ongoing 700 MW Pipavav Power Project in favour SWAN. While CER Assignment has been entered between SWAN and the Company for assignment of 70% CERS. Presently, both the Agreements have been submitted to Government of Gujarat for its final approval.

3.3 Recently, a Public Interest Litigation (SCA No.8134/2010) has been filed in Gujarat High Court against the GoG alongwith all the parties of SSHA whereby the methodology of offering 49% equity in GPPC to SWAN linked with assignment of 70% Carbon Emission Reductions (CERS) to Swan has been challenged. The matter is presently sub-judice.

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 As per the Progress Report of May 2010 submitted by TCE-GPPC's owners Engineer for the Project, BHEL's EPC Progress for the Project is under:

Sr. No.	Details	Weightage %	Progress Planned %	Progress Achieved %
1.0	EPC Progress	100%	87.5%	64.20%
1.1	Design & Engineering	16%	16%	15.20%
1.2	Procurement, Manufacturing of Equipments, Transport & Receipt of Equipments	44%	40.5%	37%
1.3	Civil Works, Erection, Testing & Commissioning	40%	31%	12%

4.2 As per the Monthly Progress Report of April – 2010 as submitted by BHEL:

	Original Schedule	Revised Schedule
Unit – 1	September – 2010	February – 2011
Unit – 2	December – 2010	May – 2011

4.3 GPPC has been pushing tirelessly to BHEL so that there is in minimum delay in commissioning of the Project.

4.4 M/s. Coastal Marine Construction & Engineering Ltd., Mumbai (COMACOE) has been awarded the contract of construction of Sea water Intake & Effluent Disposal System as per approved CRZ Clearance given by Ministry of Environment and Forests (MOEF), Government of India. Letter of Intent (LOI) has been issued on 5th August 2010 and COMACOE has started work on the same.

4.5 GSPL is progressing well in laying of the gas pipeline and construction of Gas Receiving Station on the Site.

4.6 The land for the Project has been provided by GPCL. As SSHA has already been signed which have been submitted to Government of Gujarat for its final concurrence. As per terms of the SSHA, GPCL is required to transfer whole of the Project Land unconditionally and irrevocably in favour of GPPC. Thereby, GPPC will become absolute owner of the Project land.

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:

During the year, Shri S. Jagadeesan, IAS ceased to be the Chairman and Director of the Company w.e.f 1st December 2009. While Shri P. K. Pujari, IAS also tendered his resignation from the Board of the Company.

The Board places on record its appreciation for the valuable services rendered by Shri S. Jagadeesan, IAS as well as by Shri P. K. Pujari, IAS to the Company.

Shri D J Pandian, IAS, PS-EPD, Government of Gujarat was nominated by GSPC as Chairman of the Board of the Company in place of Shri S. Jagadeesan, IAS. While Shri Tapan Ray, IAS was nominated as Director in place of Shri D. J. Pandian, IAS. Accordingly he was inducted on the Board as Director of the Company and later chosen unanimously.

Shri Tapan Ray, 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 2009-10.

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.

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 2010 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 2009-10 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 2009-10 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 13th August 2010 has approved and recommended the Annual Accounts for the year ended on 31st March 2010 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 2010, the Board of Directors confirms that:

11.1 In the preparation of the annual accounts for the financial year ended 31st March, 2010, 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, 2010 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	2009-10 (Rs.)	2008-09 (Rs.)
1.	Foreign Exchange Earned	Nil	Nil
2.	Foreign Exchange used (actual basis)		
	Foreign Travel	1,85,303/-	3,51,982/-

14. INSURANCE:

The Company's property and assets have been adequately insured. 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. Besides, all insurance in respect to EPC contract related to the Project are covered under comprehensive mega policy taken by BHEL.

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,

Place: Gandhinagar
Date: 31st August, 2010

D. J. Pandian, IAS
Chairman

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 ON 31 MARCH 2010.

The preparation of financial statements of GSPC Pipavav Power Company Limited for the year ended 31 March 2010 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 31 August 2010.

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 2010. 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 Companies Act. 1956.

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

Date : 24-11-2010
Place : Ahmedabad

(Dr. Prasenjit Mukherjee)
Principal Accountant General

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 2010 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 (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 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 2010, and
 - ii. In the case of Cash Flow Statement, of the cash flow the year ended on that date.

Place: Ahmedabad
Date: 31st August, 2010

For, M/s. Dharmendra & Khajanchi
Chartered Accountants
F.R.N. 102472W

Dharmendra Solanki
Partner
Membership 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, 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 its 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 the 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. Provision 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, service tax and any other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March 2010 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 31.03.2010 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: 31st August, 2010

For, M/s. Dharmendra & Khajanchi
Chartered Accountants
F.R.N. 102472W

Dharmendra Solanki
Partner
Membership No.: 42412

BALANCE SHEET

Amount in Rupees

Particulars	Schedule	As at 31 st March 2010	As at 31 st March 2009
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	A	368,904,360	368,904,360
Share Application Money		1,317,577,603	50,000,000
Loan Funds			
Secured Loans	B	2,575,486,799	2,075,486,799
Unsecured Loans	C	2,850,000,000	553,557,110
		<u>7,111,968,762</u>	<u>3,047,948,269</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	D	34,246,313	1,903,942
Less: Accumulated Depreciation		1,119,037	476,431
Net Block		33,127,276	1,427,511
Capital Work-in-Progress	E	7,050,008,719	2,957,813,420
Current Assets, Loans and Advances			
Current Assets			
Cash & Bank Balances	F	32,849,624	108,719,981
Loans and Advances	G	44,960,709	12,661,279
Sub-Total (i)		<u>77,810,333</u>	<u>121,381,260</u>
Less : Current Liabilities and Provisions			
Current Liabilities	H	57,375,917	41,654,026
Provisions		2,597,754	2,016,001
Sub-Total (ii)		<u>59,973,671</u>	<u>43,670,027</u>
Net Current Assets (i-ii)		<u>17,836,662</u>	<u>77,711,233</u>
Miscellaneous Expenditure (To the extent not written off or adjusted)	I	10,996,105	10,996,105
		<u>7,111,968,762</u>	<u>3,047,948,269</u>
Significant Accounting Policies and Notes to Accounts	Q		

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

For, M/s Dharmendra & Khajanchi
Chartered Accountants

D. J. Pandian (IAS)
Chairman

Tapan Ray (IAS)
Director

Dharmendra L. Solanki
Partner
Membership No.: 42412

Kuldeep Jain
Company Secretary

Rajesh Sivadasan
AGM (F&A)

S. K. De
General Manager (Projects)

Place: Ahmedabad
Date: 31st August, 2010

Place: Gandhinagar
Date: 31st August, 2010

CASH FLOW STATEMENT AS AT 31ST MARCH 2010

Particulars	Schedule	Amount in Rupees	
		As At 31 st March 2010	As At 31 st March 2009
A CASH FLOW FROM OPERATING ACTIVITIES		-	-
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	J	(32,342,371)	(498,554)
(Increase) / Decrease in Capital Work in Progress	K	(3,628,555,583)	(412,660,992)
Payment of Taxes and Duties	L	1,212,351	(7,453,917)
Interest & other Income	M	3,191,948	37,844,452
<i>Changes in Current Assets and Liabilities</i>			
(Increase) , Decrease in Other Current Assets		(33,021,175)	(3,150,598)
(Increase) , Decrease in Loans & Advances	N	28,202	(867,505)
Increase , (Decrease) in Current Liabilities	O	7,490,772	26,618,481
NET CASH FROM INVESTING ACTIVITIES		(3,681,995,856)	(360,168,633)
C CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of Equity Shares and Share Application Money		1,230,000,000	50,000,000
Increase , (Decrease) in Secured Loan		500,000,000	125,486,799
Increase , (Decrease) in Unsecured Loan		2,296,442,890	(446,442,890)
Interest Paid	P	(420,317,391)	(252,192,859)
NET CASH FROM FINANCING ACTIVITIES		3,606,125,499	(523,148,950)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(75,870,357)	(883,317,583)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		108,719,981	992,037,564
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		32,849,624	108,719,981
Significant Accounting Policies and Notes to Accounts	Q		

Notes:

1 Cash and Cash Equivalents includes:

Cash and Bank Balances

32,849,624

108,719,981

2 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: 31st August, 2010

D. J. Pandian (IAS)
Chairman

Kuldeep Jain
Company Secretary

S. K. De
General Manager (Projects)

Tapan Ray (IAS)
Director

Rajesh Sivadasan
AGM (F&A)

Place: Gandhinagar
Date: 31st August, 2010

SCHEDULES TO THE BALANCE SHEET

SCHEDULE A

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
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		
36,890,436 (Previous Year 36,890,436)		
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, 36,890,436 (Previous Year 36,890,436) Equity Shares are held by Gujarat State Petroleum Corporation Ltd (GSPC), the holding company.

SCHEDULE B

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
SECURED LOANS		
Term Loans		
From Rural Electrification Corporation Ltd. (REC)	2,575,486,799	2,075,486,799
	2,575,486,799	2,075,486,799

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	
	As at 31st March 2010	As at 31st March 2009
UNSECURED LOANS		
Short Term Loan		
Bank of Maharashtra	590,000,000	-
Corporation Bank	410,000,000	-
Dena Bank	250,000,000	350,000,000
IDBI Bank	500,000,000	-
Karur Vysya Bank	1,100,000,000	-
Swan Mills Limited	-	203,557,110
	2,850,000,000	553,557,110

SCHEDULE D

FIXED ASSETS (At Cost)										
Amount in Rupees										
PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-April-2009	Additions	Deduction	As at 31-March-2010	As at 1-April-2009	For the Year	Deduction	As at 31-March-2010	As at 31-March-2010	As at 31-March-2009
Freehold Land	-	-	-	-	-	-	-	-	-	-
Buildings	-	27,763,219	-	27,763,219	-	102,906	-	102,906	27,660,313	-
Computer Equipments	984,725	1,539,802	-	2,524,527	307,952	354,534	-	662,486	1,862,041	676,773
Furniture & Fixtures	132,640	1,716,358	-	1,848,998	4,983	85,328	-	90,311	1,758,687	127,657
Office Equipments	282,067	1,322,992	-	1,605,059	19,712	51,910	-	71,622	1,533,437	262,355
Vehicles	504,510	-	-	504,510	143,784	47,928	-	191,712	312,798	360,726
TOTAL	1,903,942	32,342,371	-	34,246,313	476,431	642,606	-	1,119,037	33,127,276	1,427,511
Previous Year	1,405,388	498,554	-	1,903,942	274,390	202,041	-	476,431	1,427,511	1,130,998

SCHEDULE E

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
CAPITAL WORK - IN - PROGRESS		
CWIP-Advances / Payables	473,373,061	1,991,960,561
CWIP-Civil Construction	44,913,512	22,281,062
CWIP-Finance Cost	43,868,046	43,261,396
CWIP-Land	74,393,267	72,922,274
CWIP-Non-EPC Cost	7,848,665	2,701,952
CWIP-IDC (Interest During Construction) Borrowing Cost	657,088,440	228,539,930
CWIP Technical & Engineering Cost	71,575,781	24,212,615
CWIP-EPC Cost	5,558,438,184	500,914,281
CWIP-Project Development Expenditure (Refer Note-1)	118,509,764	71,019,349
	7,050,008,719	2,957,813,420

SCHEDULE F

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
CURRENT ASSETS		
CASH AND BANK BALANCES		
Cash on hand	44,088	27,383
Balances with Scheduled Banks		
- In current accounts	32,805,536	88,692,598
- In fixed deposits	-	20,000,000
	32,849,624	108,719,981

SCHEDULE G

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received	452,931	1,259,189
Sundry deposits	563,120	53,503
Advances to Employees	211,264	(57,175)
	<u>1,227,315</u>	<u>1,255,517</u>
Advance Tax & TDS		
Advance Income Tax	-	216,852
TDS deducted	7,081,401	7,194,737
Fringe Benefit Tax	327,188	690,543
	<u>7,408,589</u>	<u>8,102,132</u>
Other Current Assets		
Advances Towards Other Projects	7,073,558	2,960,707
Interest accrued but not due on fixed deposits	-	9,747
Prepaid expenses	29,251,247	333,176
	<u>36,324,805</u>	<u>3,303,630</u>
	44,960,709	12,661,279

SCHEDULE H

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
Creditors	3,668,911	26,759,289
Salary / Expenses Payable	504,709	269,209
Interest accrued but not due on loans	17,374,804	6,772,795
Interest accrued but not paid on loans	-	2,370,890
Other Liabilities	20,119,872	62,451
Duties & Taxes		
Labour and WCT	5,417,491	-
TDS deducted	<u>10,290,130</u>	<u>5,419,392</u>
	57,375,917	41,654,026
B) PROVISIONS		
Provision for Fringe Benefit Tax	284,188	319,099
Provision for Income Tax	2,250,621	1,696,902
Provision for Leave Encashment	72,200	-
Provision for Gratuity	<u>(9,255)</u>	<u>-</u>
	2,597,754	2,016,001
	<u>59,973,671</u>	<u>43,670,027</u>

SCHEDULE I

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary Expenses	10,996,105	10,996,105
Less-Written off during the year	-	-
	<u>10,996,105</u>	<u>10,996,105</u>

SCHEDULES TO CASH FLOW STATEMENT
SCHEDULE J

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
PURCHASE OF FIXED ASSETS		
Building (Other than Factory)	27,763,219	-
Computer Equipments	1,539,802	245,974
Furniture & Fixtures	1,716,358	108,070
Office Equipments	1,322,992	144,510
Vehicles	-	-
	32,342,371	498,554

SCHEDULE K

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
(INCREASE) / DECREASE IN CAPITAL WORK-IN-PROGRESS		
As per balance sheet	4,092,195,299	636,430,389
Less:		
Depreciation	642,606	202,041
Income tax	-	1,465,621
Fringe Benefit Tax	-	284,188
Interest During Construction (IDC)	428,548,510	226,821,692
Other Interest	-	31,597,984
Leave Encashment and Gratuity	62,945	-
Interest on Share Application Money & STL (NET)	37,577,603	-
	<u>3,625,363,635</u>	<u>376,058,863</u>
Add:		
Tender Fees Received	100,000	-
Interest Income	3,091,948	36,602,129
	<u>3,191,948</u>	<u>36,602,129</u>
	3,628,555,583	412,660,992

SCHEDULE L

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
PAYMENT OF TAXES & DUTIES		
Advance Income Tax Paid	(216,852)	213,912
Payment of Fringe Benefit tax	(363,355)	303,043
TDS deducted	(113,336)	6,936,962
Less		
Income Tax	553,719	-
Changes in Provision for FBT	(34,911)	-
	<u>(1,212,351)</u>	<u>7,453,917</u>

SCHEDULE M

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
OTHER INTEREST AND OTHER INCOME		
Other Interest	3,091,948	36,602,129
Tender Fees Received	100,000	-
Less : Change in Interest accrued but not due	-	(1,242,323)
	3,191,948	37,844,452

SCHEDULE N

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
(INCREASE) / DECREASE IN LOANS & ADVANCES		
Changes in Advance Recoverable in Cash or in Kind or for Value to be Received	(806,258)	956,395
Changes in Sundry Deposits	509,617	1,651
Changes in Advances to Employees	268,439	(90,541)
	(28,202)	867,505

SCHEDULE O

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
INCREASE / (DECREASE) IN CURRENT LIABILITIES AND PROVISIONS		
Changes in Creditors / Expenses Payable	(23,090,379)	24,334,565
Changes in Other Liabilities	20,057,421	50,947
Changes in Salary Payable	235,500	269,209
Changes in TDS deducted	4,870,738	4,923,760
Changes in Labour Cess and WCT	5,417,491	(2,960,000)
	7,490,772	26,618,481

SCHEDULE P

	Amount in Rupees	
	As at 31st March 2010	As at 31st March 2009
INTEREST PAID		
Changes in CWIP-IDC (Interest During Construction) Borrowing Cost	428,548,510	226,821,692
Other Interest Paid	-	31,597,984
Less :		
Interest Accrued But Not Paid on Loans	(2,370,890)	2,370,890
Interest Accrued But Not Due on Loans	10,602,009	3,855,927
	420,317,391	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/ materialized.

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 Project Development Expenditure 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. 5,000/- 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.

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 recognizes 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 Project Development Expenditure Account. Non monetary foreign items are carried at cost.

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

Income tax expense comprises of 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 and confirmed visibility 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 confirmed 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	
	As At 31 st March 2010	As At 31 st March 2019
Opening Balance	71019349	47078515
(i) Payments to and Provisions for Employees (including personnel on deputation)		
- Salaries Wages and Bonus	11174329	5708791
- Contribution to Provident Fund, Gratuity Fund, Superannuation Fund, Leave encashment etc.	1404794	969102
- Employee Welfare and other amenities.	839573	220209
	13418696	6898102
(ii) Insurance	5312960	563653
(iii) Rent	2277875	3566404
(iv) Travelling Expenses	3184380	2117848
(v) Foreign Travel	185303	1695184
(vi) Legal & Professional and Technical Consultancy Fees	8403404	3270611
(vii) Payment to Auditors	469065	222725
(viii) Sitting Fees	74000	78000
(ix) Vehicle Running Expenses	3813094	2408298
(x) Telephone & Postage Expenses	855018	602000
(xi) Stationery & Printing Expenses	1267696	630852
(xii) Electricity Expenses	57728	23818
(xiii) Bank Charges	76600	23561
(xiv) General & Administrative Charges	12037567	4264564
(xv) Business Promotion Expenses	444575	660380
(xvi) Interest & Finance Charges	79747	31597984
(xvii) Depreciation	642606	202041
(xviii) Forex Fluctuation	(3061074)	-
	120558589	105904539
Less:		
(i) Interest on Fixed Deposit (Gross, Tax Deducted at Source Rs. 144438/- (Previous Year 6930191/-)	3064998	36602129
(ii) Prior Period Adjustment	-	32870
(iii) Tender Fees Received	100000	-
(iv) Other Interest	26950	-
Total Income	3191948	36634999
Add:		
Provision for Tax		
- Income Tax	785000	1465621
- Fringe Benefit Tax	0	284188
- Short Provision of FBT (FY 2007-08)	243116	-
- Short Provision of IT (FY 2007-08)	115007	-
Total	1143123	1749809
Closing Balance	118509764	71019349

2. Project land

- a) The land for the Project has been provided by Gujarat Power Corporation Limited (GPCL). However, the project land is yet to be transferred in GPPC's name. The Company has initiated necessary steps so that the land is being transferred in Company's name at earliest.
- 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) During the year 2009-10, Rs. 81,72,392/- (Rs. 1,66,37,797/- were paid during the F.Y. 2008-09) has been paid by the Company 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. Last pending payment of Rs. 303500.00 toward land compensation was paid after 31st March 2010. With this, there is no outstanding payment due to any of the land losers of the Company.
- d) The amount so given to the farmers / land losers are shown in Capital Work in Progress Account as CWIP-Land Rs . 7,46,96,767/- (P.Y Rs. 7,29,22,274.1/-)

3. Change in the Scope of EPC

Consequent of CRZ clearance vide MOEF, GOI letter dated 1st April, 2009 and as decided by the Board, sea water intake and outfall system is taken out of the Scope of BHEL and will be implemented by the Company itself.

Consequent to the above, there will be a reduction in the value of EPC contract awarded to BHEL which is yet to be quantified.

4. Share Subscription & Share Holder's Agreement

- a) On 20th January 2010, four party share subscription and share holder's agreement has been signed amongst GSPC, GPCL, Swan Energy Limited (SWAN) and GPPC. Accordingly,
 - (i) SWAN has infused Rs. 103 Crores towards Share Application Money;
 - (ii) Existing short term loan as on 31st March 2009, for Rs. 20.35 Crore provided by SWAN has been converted in Share Application Money and
 - (iii) Rs. 2 Crore towards one time, lumpsum, non-refundable advance towards assignment of CER which is shown as Advance in "Other Liabilities" as it is subject to Government of Gujarat's Final Approval. As per the legal opinion received by the company, this Advance will be treated as Income from the effective date of the Agreement with SML. The effective date will be reckoned on fulfillment of following:-
 1. Receipt of final approval of Government of Gujarat and
 2. SML investing the entire amount towards Equity Share Capital as envisaged in the Share Holders Agreement between the Company and SML. (Refer note 4(d) also)
 - b) During the FY 2008-09, the Company has received Share Application Money of Rs. 5 Crore from GSPC.
 - c) The fund received on account of Share Application Money has been utilized by the Company pending allotment of Shares against the Share Application Money. The Company has received consent from GSPC & SWAN to utilize the application money for the project payments.
 - d) Though Government of Gujarat vide its letter dated 24th Oct-08 has already accorded the in-principle approval of above equity participation linked with assignment of CERs (Carbon Emission Reductions), the allotment of shares will be made once the final approval of GoG is received.
5. During the year, one imported gas turbine supplied from BHEL was damaged enroute to project site due to collapse of bridge during transit. The Company had made payment of Rs. 89,98,20,924/- as advance towards the supply of turbine. However on account of the turbine not being delivered, the company has considered the amount paid towards said turbine as advance against EPC contract and adjusted the same from all subsequent payments to BHEL under EPC contract. All insurance in respect to EPC contract related to the project are covered under comprehensive mega policy taken by BHEL.

6. During the period ended on 31-03-2010, the Company has paid Rs. 3,49,98,46,076/- to Bharat Heavy Electricals Ltd. towards EPC contract. The above sum includes Rs. 76,99,68,235/- towards liability in the foreign currency amounting to USD 25,52,888 and EURO 1,02,20,938.50 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. 30,61,074/- has been transferred to the Project Development Expenditure Account.

**7. Foreign Currency Transactions:
Expenditure in Foreign Currency**

(In Rupees)

S.No.	Particulars	2009-10	2008-09
1.	Foreign Travel	1,85,303/-	3,51,982/-

8. 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.

9. The amount cumulatively capitalized to "IDC" (Interest During Construction) and included in Capital Work-in Progress is Rs. 65,70,88,440/- (P.Y. Rs. 22,85,39,930/-).

10. 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:

	In Rupees
Employer's Contribution to Provident Fund	530187
Employer's Contribution to Superannuation Fund	462708

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.

In Rupees

	Gratuity	Leave Encashment
a. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at 01-04-09	275973	483354
Current Service Cost	150557	194481
Interest Cost	22906	40118
Actuarial (gain)/loss	54564	106970
Benefits Paid	-	(63464)
Defined Benefit obligation at 31-03-10	504000	761459
b. Reconciliation of opening and closing balances of fair value of plan assets		
Fair Value of plan assets at 01-04-09	328568	579204
Expected return on plan assets	37882	57081
Actuarial gain / (loss)	(8311)	(5672)
Employer contribution	155116	122110
Benefits Paid	-	(63464)
Fair Value of plan assets at 31-03-10	513255	689259

c. Reconciliation of fair value of assets and obligations

Fair value of plan assets as at 31 st March, 2010	513255	689259
Present value of obligation as at 31 st March, 2010	504000	761459
Amount recognized in Balance Sheet	9255	(72200)

d. Expenses recognized during the year

(Under the head "Payments to and Provisions for Employees-Refer Schedule-P Note-1)		
Current Service Cost	150557	194481
Interest Cost	22906	40118
Expected return on plan assets	(37882)	(57081)
Net Actuarial (gain)/loss	62875	112642
Net Cost	198456	290160

e. Actuarial assumptions

Mortality Table (L.I.C.)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount rate (per annum)	8.30%	8.30%
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.

11. Estimated amount of contracts remaining to be executed on capital accounts not provided for (net of advance) is Rs. 5,70,06,97,167/- (Previous year Rs. 1564,15,29,693/-), USD 6,62,41,307/- and EURO 1,53,16,763/-.
12. 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/-
13. The Company's activities during the period 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'.
14. 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.
15. The Central Board of Direct Taxes have decided wide circular no.2/2010 dated 29-01-2010 that any installment of advance tax paid in respect of fringe benefits for assessment year (A.Y.) 2010-11 shall be treated as advance income tax paid by assessee for A.Y. 2010-11. The assessee can adjust such sum against its advance tax obligation in respect of income for Financial Year (F.Y.) 2009-10. The unadjusted amount, if any, may be claimed as refund in the return of income for A.Y. 2010-11 to be filed later this year. Accordingly advance fringe benefit tax of Rs.43,000/- paid for the first quarter has been treated as advance income tax for the A.Y.2010-11.
16. There are no Micro Enterprises and Small Enterprises / Small Scale Industrial Undertakings to whom the Company owned any sum as at 31st March 2010 and hence there is no balance outstanding as at 31st March 2010 owed to such undertakings.

17. The Project Development Expenditure Account includes:

	2009-10	2008-09
Payment to Statutory Auditors		
Audit Fees	1,10,300/-	82,725/-
Others	79,610/-	NIL

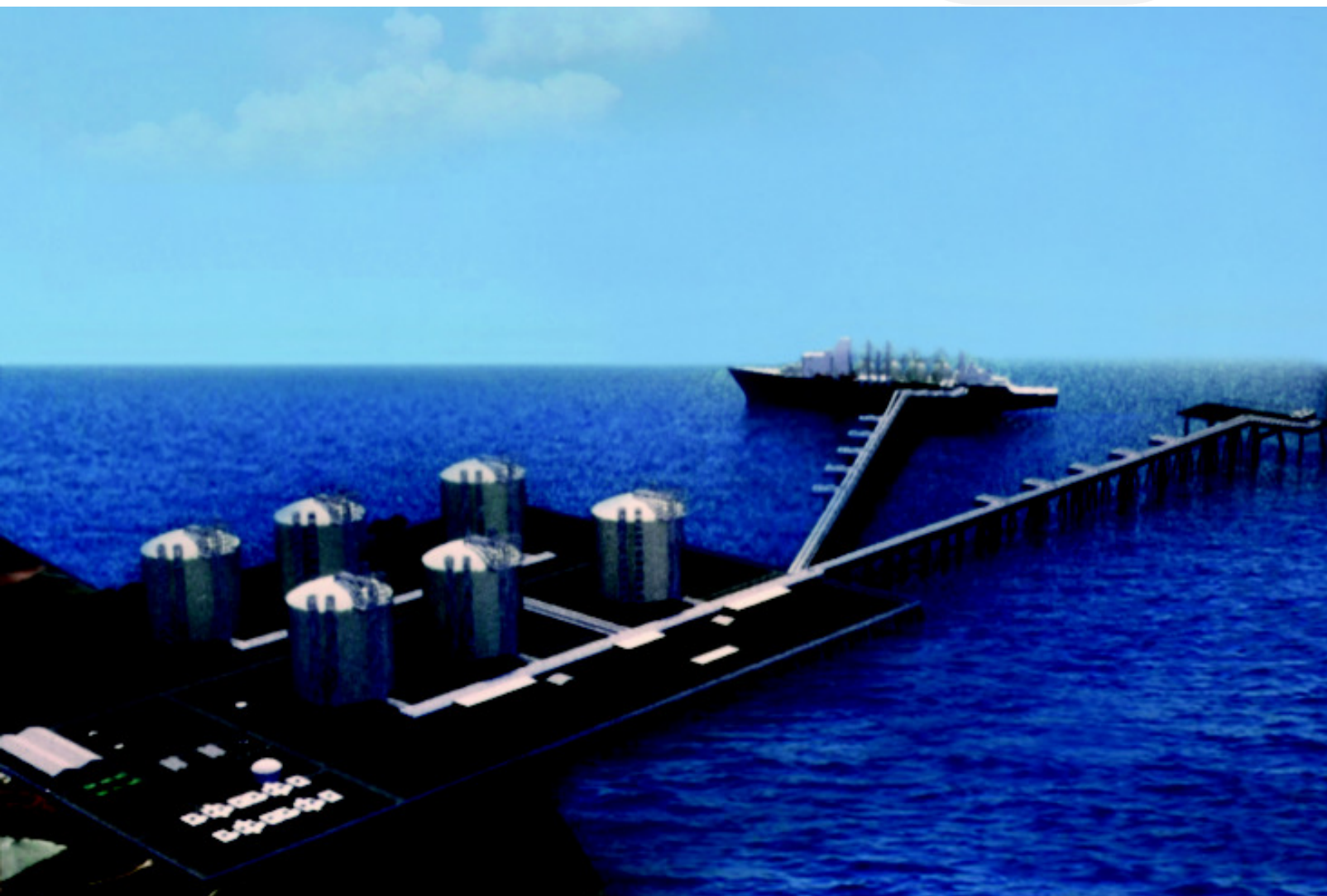
18. The balances of receivables, payables and loans and advances are subject to their confirmations. These balances are therefore, subject to adjustments, if any, as may be required on settlement of these balances with the parties. However we have sent letter of confirmation to parties on random basis for balance confirmation.
19. Corresponding figures of the previous year have been regrouped, rearranged and reclassified wherever considered necessary to confirm to this years' figures.

20. Balance sheet abstract and the company's general business profile

Registration Details		
Registration No :		U40100GJ2006SGC47783
State code :		04
Balance sheet date :		31-03-2010
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 :		7171942433
Total Assets :		7171942433
Sources of Funds		
Paid-up capital :		36,89,04,360
Share Application Money		131,75,77,603
Reserves and surplus :		-
Secured loans :		257,54,86,799
Unsecured loans :		285,00,00,000
Application of Funds		
Net fixed assets :		7083135995
Investments :		-
Net current assets :		17836662
Miscellaneous expenditure :		109,96,105
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	D. J. Pandian (IAS) Chairman	Tapan Ray (IAS) Director
Dharmendra L. Solanki Partner Membership No.: 42412	Kuldeep Jain Company Secretary	Rajesh Sivadasan AGM (F&A)
	S. K. De General Manager (Projects)	
Place: Ahmedabad Date: 31 st August, 2010		Place: Gandhinagar Date: 31 st August, 2010



GSPC LNG LIMITED



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BOARD OF DIRECTORS

Shri D J Pandian, IAS Chairman
Shri Tapan Ray, IAS
Shri Atanu Chakraborty, IAS (w.e.f 04.02.10)
Shri Subhash Dave
Shri M. Y. Farooqui

Shri P. K. Pujari, IAS (upto 10.02.2010)

BANKERS

IDBI Bank Ltd.
State Bank of India
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 year ended 31st March, 2010.

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 5 MMTPA which can be expanded to 20 MMTPA. The Company has initiated activities for setting up LNG terminal at Mundra.

Project Status

M/s Tractabel, Belgium has carried out detailed Feasibility Study. The Company has awarded Front End Engineering Design (FEED) study to M/s Tractabel. 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

Shri P. K. Pujari, IAS has ceased to be the Director of the Company since last Director's Report. Your Directors wish to place on record appreciation of service rendered by Shri P. K. Pujari, IAS as Director of the Company

Shri D. J. Pandian, IAS has resigned from the Directorship w.e.f 9th November, 2009 and was again appointed as additional directors and Chairman w.e.f 11th December, 2009 to hold office till the ensuing Annual General Meeting. It is proposed to appoint Shri D. J. Pandian, IAS as regular Director and Chairman at the ensuing Annual General Meeting.

Shri Atanu Chakraborty, IAS was appointed as additional Director to hold office till the ensuing Annual General Meeting. It is proposed to appoint Shri Atanu Chakraborty, IAS as regular Director at the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 1956 Shri Tapan Ray, IAS Director of the Company is liable to retire at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 - 14,53,56,212/-

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 Financial Year 2009-10.

C&AG office has given NIL Comment Report for the Financial Year 2009-10. 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

D. J. Pandian, IAS
Chairman

Date : 15th September, 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 2010.

The preparation of financial statements of GSPC LNG LIMITED for the year ended 31 March 2010 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 14 July, 2010.

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, 2010. 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 : 8th September, 2010

(Dr. Prasenjit Mukherjee)
Principal Accountant General

AUDITORS' REPORT

C. R. Shredalal & Co.
Chartered Accountants

101 - 102, 1st Floor,
'Parishram', 5/B, Rashmi Society,
Mithakhali Six Roads,
Navrangpura, Ahmedabad-380009.
Tele : (079) 26446560
Fax : (079) 26449570

To The Members,
GSPC LNG LIMITED

1. We have audited the attached Balance Sheet of GSPC LNG LIMITED, as at 31st March, 2010 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 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) In pursuance to the notification No. GSR 829(E) dated 21-10-2003 issued by the Department of Company Affairs; clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956 pertaining to disqualification of Directors is not applicable to a Government Company;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant Accounting Policies and other notes 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 :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the Nil Profit/Loss 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. C.R. SHAREDALAL & CO.,
CHARTERED ACCOUNTANTS,

PLACE : AHMEDABAD
DATE : July 14, 2010

(J. K. PATEL)
PARTNER
Membership No.047136
Firm Registration No. 109943W



ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of GSPC LNG LIMITED on the financial statements for the year ended 31st March, 2010]

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. Accordingly, the question of affecting the going concern assumption does not arise.
2. The Company does not hold any physical inventories during the year. Accordingly, clause (ii) of paragraph 4 of the Order is not applicable to the Company.
3. (a) The Company has not granted any loans, secured or unsecured to any companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(b) to (iii)(d) of paragraph 4 of the Order are not applicable to the Company.
(e) The Company has not taken any loans, secured or unsecured from any companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
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. Further, on the basis of our examination of the books of account and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control system.
5. (a) According to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that Section. Accordingly, clause (v)(b) of paragraph 4 of the Order is not applicable to the Company.
6. As the Company has not accepted any deposits from the public, the directive issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed thereunder are not applicable to the Company. 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 view of clause (vii) of paragraph 4 of the Order, the Company does not require to maintain Internal Audit System. Accordingly, the same is not applicable to the Company. However the Internal Audit functions carried out during the year by the firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
8. The Central Government has prescribed the maintenance of cost records under clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956. However, since Company's activities pertained to the pre-operative stage, the question of maintenance of cost records does not arise.
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 applicable dues, during the year with the appropriate authorities. However, minor delay has been noticed in respect of Professional Tax, Service Tax and Tax Deducted at Sources (TDS) during the year. According to the information and explanation given to us no undisputed amounts payable in respect of statutory dues outstanding as at 31st March, 2010 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. Accordingly, clause (x) of paragraph 4 of the Order is 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 provision of any special status applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company. Accordingly, clauses (xiii)(a) to (xiii)(d) of paragraph 4 of the Order 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.
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 during the year.
16. The Company has not obtained any term loans.
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.
20. The Company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have been informed of such case by the management.

**For. C.R. SHAREDALAL & CO.,
CHARTERED ACCOUNTANTS,**

PLACE : AHMEDABAD
DATE : July 14, 2010

(J. K. PATEL)
PARTNER
Membership No.047136
Firm Registration No. 109943W



BALANCE SHEET AS AT MARCH 31, 2010

Amount in Rupees

Particulars	Schedule	As at 31 st March 2010	As at 31 st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	500,600	500,600
Share Application Money		333,800,000	50,000,000
Reserves and Surplus		-	-
Loan Funds			
Secured loans		-	-
Unsecured Loans		-	-
TOTAL		334,300,600	50,500,600
APPLICATION OF FUNDS			
Fixed Assets :			
B			
Gross Block		3,830,498	745,476
Less: Accumulated Depreciation		1,186,523	139,108
Net Block		2,643,975	606,368
Capital Work In Progress	C	328,260,161	45,045,843
Investments		-	-
Current Assets, Loans and Advances			
D			
Inventories		-	-
Sundry Debtors		-	-
Cash & Bank Balances		6,142,566	12,519,023
Other Current Assets		22,846,170	-
Loan & Advances		2,424,792	16,201
Sub-Total (i)		31,413,528	12,535,224
Less: Current Liabilities and Provisions			
E			
Current Liabilities		27,225,837	7,582,344
Provisions		1,024,847	338,112
Sub-Total (ii)		28,250,684	7,920,456
Net Current Assets (i-ii)		3,162,844	4,614,769
Profit And Loss Account		233,620	233,620
TOTAL		334,300,600	50,500,600
Significant Accounting Policies and Notes to Financial Statements	F		

As per our report of even date

For, C.R. Shredalal & Co,
Chartered Accountants

For, GSPC LNG Limited

[J.K. Patel]
Partner
Membership No.: 047136

D. J. Pandian, IAS
Chairman

Tapan Ray, IAS
Director

Place: Ahmedabad
Date : July 14, 2010

Place: Gandhinagar
Date: July 12, 2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Amount in Rupees

Particulars	Schedule	For the Year Ended 2009-10	For the Year Ended 2008-09
INCOME			
Interest (From Deposits)		1,011,073	247,166
Total(A)		1,011,073	247,166
EXPENDITURE			
Provision for Taxation :-			
Income Tax		312,422	78,627
Total(B)		312,422	78,627
Sub Total(A-B)		698,651	168,539
<i>Less: Surplus</i> Transferred to Pre-Operative Expenditure	C	698,651	168,539
Profit/ (Loss) for the period		-	-
Balance of Previous Year		(233,620)	(233,620)
Balance carried to Balance Sheet		(233,620)	(233,620)
Earnings per Share (Basic & Diluted) face value of Rs.10 per share		-	-
Significant Accounting Policies and Notes to Financial Statements	F		

As per our report of even date

For, C.R. Shredalal & Co,
Chartered Accountants

[J.K. Patel]
Partner
Membership No.: 047136

Place: Ahmedabad
Date : July 14, 2010

For, GSPC LNG Limited

D. J. Pandian, IAS
Chairman

Tapan Ray, IAS
Director

Place: Gandhinagar
Date: July 12, 2010



SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE A

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
SHARE CAPITAL		
AUTHORISED		
10,00,000 Equity Shares of Rs.10/- each	<u>10,000,000</u>	<u>10,000,000</u>
	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, 2009	Additions / Adjustments	Deduction	'As at 31-March 2010	As at April 1, 2009	During the Year	Deduction	'As at 31-March 2010	'As at 31-March 2010	'As at 31-March 2009
1. Office Equipments	36,490	173,635	-	210,125	3,859	21,005	-	24,864	185,261	32,631
2. Computer Equipments	613,695	442,920	-	1,056,615	118,124	335,372	-	453,496	603,119	495,571
3. Furniture & Fixtures	28,900	98,464	-	127,364	3,228	5,120	-	8,348	119,016	25,672
4. Other Intangible Assets (Includes Computer Software)	66,391	1,240,525	-	1,306,916	13,897	393,496	-	407,393	899,523	52,494
5. Vehicles	-	1,129,478	-	1,129,478	-	292,422	-	292,422	837,056	-
TOTAL	745,476	3,085,022	-	3,830,498	139,108	1,047,415	-	1,186,523	2,643,975	606,368
Previous Year	9,700	735,776	-	745,476	1,058	138,050	-	139,108	606,368	-
Capital Work In Progress (Including Advances)	45,045,843	283,214,318	-	328,260,161	-	-	-	-	328,260,161	45,045,843
Previous Year	4,416,823	40,629,020	-	45,045,843	-	-	-	-	45,045,843	-



SCHEDULE C

Amount in Rupees

Particulars	As at 31 st March 2010	As at 31 st March 2009	
CAPITAL WORK IN PROGRESS			
Site Selection	8,343,670	2,806,000	
Detailed Feasibility	18,952,440	14,889,938	
Seismological Investigaton	10,337,380	4,406,125	
Soil Investigation	68,573,665	-	
Clearances	10,075,033	-	
Front End Engineering Design	142,326,681	-	
Land Reclamation	13,392,235	-	
PROJECT DEVELOPMENT EXPENDITURE			
(Pre-Operative Expenditure)			
Opening Balance	22,943,780	606,605	
Salaries Wages and Bonus	15,070,312	4,680,527	
Contribution to Provident Fund, Gratuity, Superannuation etc.	1,315,364	295,822	
Employee Welfare and other Expenses	344,525	19,827	
Insurance Expenses	186,911	362	
Travelling Expenses-Others	4,938,462	2,019,052	
Travelling Expenses-Directors	12,000	17,000	
Legal & Professional Expenses	6,202,379	8,911,978	
Payment to Auditors	60,665	27,678	
Recruitment & Training Expenses	191,701	4,149,791	
Rent and Utilities	705,136	63,313	
Advertisement Expenses	1,150,477	1,477,212	
Sitting Fees	14,000	15,000	
Membership Fees	1,064,278	-	
Seminar & Conference	158,060	-	
Vehicle Expenses	9,059	9,825	
Telephone & Postage Expenses	627,268	301,739	
Stationery & Printing Expenses	203,834	184,366	
Office Expenses	646,428	119,189	
Other Expenses	65,656	3,091	
Depreciation	<u>1,047,415</u>	<u>34,013,929</u>	22,433,822
Fringe Benefit Tax	-	71,892	
Interest Expenses / (Income)	(698,651)	(168,539)	
(Net of Income tax Rs 3,12,422; Previous year Rs. 78,627 applicable on Interest Income)			
(Transfer from Profit & Loss Statement)			
TOTAL	328,260,161	45,045,843	

SCHEDULE D

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
CURRENT ASSETS		
INVENTORIES	-	-
SUNDRY DEBTORS (Unsecured, considered good)		
- More than Six Months	-	-
- Less than Six months	-	-
CASH AND BANK BALANCES		
Cash on hand	8,455	12,474
Balances with Scheduled Banks		
A) In Current Accounts	6,134,111	12,506,549
B) In others Accounts	-	12,519,023
Other Current Assets		
Deposit With GSFS	22,844,299	-
Interest Accrued but not due on Fixed Deposits	1,871	-
LOANS AND ADVANCES (Receivables in Cash or Kind)	2,424,792	16,201
TOTAL	31,413,528	12,535,224

SCHEDULE E

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
CURRENT LIABILITIES AND PROVISIONS		
A) CURRENT LIABILITIES		
(Refer note no. 6 of Schedule F)		
i) Total Outstanding Dues of Micro, Small & Medium Enterprises	-	-
ii) Total Outstanding Dues of Creditors other than Micro, Small & Medium Enterprises		
- Creditors for Expenses	53,150	325,916
- Creditors for Capital Goods & Services	8,622,592	5,154,598
(Due to Holding Company i.e. Gujarat State Petroleum Corporation Ltd. Rs 42,71,378/-; Previous Year Rs. 36,94,213) (Maximum Balance Rs. 42,71,378/-, Previous Year Rs. 46,32,231)		
Retention Money	7,718,195	-
Salary Payable	-	417,075
Earnest Money Deposit	1,000,000	-
TDS Payable	5,788,834	1,658,809
Provident Fund Payable	-	25,946
Service tax Payable	4,043,066	27,225,837
B) PROVISIONS		
Provision for Income Tax (Net of TDS Receivable Rs. 1,78,698 & Advance Tax Rs. 1,32,778 ; Previous Year TDS Receivable Rs. 56,015, Advance Tax nil)	946	22,612
Provision for FBT	-	71,892
Provision for Gratuity	229,061	52,684
Provision for Leave Encashment	247,081	48,778
Provision for Super Annuation	534,446	95,493
Provision for Expenses	13,313	1,024,847
TOTAL	28,250,684	7,920,456

**SCHEDULE F****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. **Provisions, Contingent Liabilities and Contingent Assets :**
Provision is recognized when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of the obligation. Disclosure for Contingent Liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. No provision is recognized or disclosure for Contingent Liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote. Contingent Asset is neither recognized nor disclosed in the financial statements.
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. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recognized in the "Capital Work in Progress".
6. **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.
7. **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 valuation and certification 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.

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
Gujarat State Petronet Limited
Sabarmati Gas Company Ltd.
- c) Key Managerial Personal :
 1. Shri D. J. Pandian, IAS, Chairman
 2. Shri Tapan Ray, IAS, Director
 3. Shri Atanu Chakraborty, IAS, Director
 4. Shri Subhash Dave, Director
 5. 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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Expenses Incurred on behalf of the Company	5,765	1,35,373	24,51,527	34,044	-	-
Expenses Incurred by the Company	24,27,406	11,36,794	9,40,950	-	-	-
Share Application Money Received	8,38,00,000	3,00,00,000	10,00,00,000	-	-	-
Rent and utilities Paid	7,12,857	63,313	-	-	-	-
Assets purchased by Company	-	-	12,23,784	-	-	-
Sitting Fee	-	-	-	-	14,000	15,000
Travelling Expenses	-	-	-	-	12,000	17,000

e) Closing Balance of Related Parties are as follows :

(Amount in Rupees)

Name of Party	Closing Balance as on	
	31st March 2010	31st March 2009
Gujarat State Petroleum Corporation Limited	42,71,378	36,94,123
Gujarat State Petronet Limited	2,23,357	-
Sabarmati Gas Limited	-	5,495

3. Managerial Remuneration :

(Amount in Rupees)

2009-2010	2008-2009
Nil	Nil



4. Auditor's Remuneration:

(Amount in Rupees)

	2009-10	2008-09
Audit Fees	22,060	22,060
Other Matters	38,605	5,618
Total	60,665	27,618

5. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital accounts (net of advances) and not provided for is Rs. 27,44,16,661/- (Previous Year Rs.10,03,81,947/-)

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	2009-10	2008-09
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	2009-10	2008-09
Capital Expenditure (For Professional Services)	Rs. 14,36,33,855/-	Rs. 1,31,35,248/-
Pre-Operative Expenditure	Rs. 17,22,357 /-	Rs. 4,89,546/-

b) Earning

(Amount in Rupees)

Particulars	2009-10	2008-09
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.
- Super Annuation : The Company is in process of formulating a Super Annuation fund for the employees.
- Gratuity and Leave Encashment are Defined Benefit Plans.

The disclosures required under AS15 (revised 2005) 'Employee Benefit' are as follows:

Employer's Contribution to Provident Fund : Rs. 4,40,820/-(Previous year Rs 88,729/-)

Provision towards Contribution to Super Annuation Fund : Rs. 4,38,953/-(Previous Year Rs. 95,493/-)

The liability towards Gratuity and Leave Encashment is determined based on actuarial valuation using the Projected Unit Credit Method which is as follows.

(Amount in Rupees)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		2009-10	2008-09	2009-10	2008-09
A	Reconciliation of opening and closing balances of Defined Benefit obligation				
	Defined Benefit Obligation at the beginning of the period	52,684	-	48,778	-
	Current Service Cost	84,642	52,684	1,65,079	48,778
	Interest Cost	5,923	-	8,985	-
	Actuarial(gain)/loss	85,812	-	24,239	-
	Defined Benefit Obligation at period end	2,29,061	52,684	2,47,081	48,778
B	Reconciliation of opening and closing balances of fair value of plan assets				
	Fair value of plan assets at beginning of period	-	-	-	-
	Expected return on plan assets	-	-	-	-
	Actuarial (gain)/loss	-	-	-	-
	Employer Contribution(provision)	-	-	-	-
	Benefit Paid	-	-	-	-
	Fair Value of plan assets at end of period	-	-	-	-
C	Reconciliation of fair value of assets and obligations				
	Fair value of plan assets as at Balance Sheet date	-	-	-	-
	Present value of obligation as at Balance Sheet date	2,29,061	52,684	2,47,081	48,778
	Amount recognized in Balance Sheet	2,29,061	52,684	2,47,081	48,778
D	Expenses recognized during the period				
	Current Service Cost	84,642	52,684	1,65,079	48,778
	Interest Cost	5,923	-	8,985	-
	Expected return on plan assets	-	-	-	-
	Net Actuarial (gain)/loss	85,812	-	24,239	-
	Net Cost	1,76,377	52,684	1,98,303	48,778
E	Actuarial assumptions				
	Mortality Rates(L.I.C.)	1994-96 (ultimate)	1994-96 (ultimate)	1994-96 (ultimate)	1994-96 (ultimate)
	Discount rate(per annum)	8.28%	7.94%	8.28%	7.94%
	Expected rate of return on plan assets(per annum)	0.00%	0.00%	0.00%	0.00%
	Rate of escalation in salary(per annum)	7.00%	7.00%	7.00%	7.00%

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-2010	As on 31-March-2009
Net Profit / (Loss) After Tax	0	0
Numbers of equity shares	50,060	50,060
Basic/Diluted Earnings Per Share (EPS)	N.A.	N.A.
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. Corresponding figures of the previous year have been regrouped and reclassified wherever considered necessary to compare to this year's figures.

14. Figures are rounded off to the nearest rupee.

For, C.R. Sharedalal & Co,
Chartered Accountants

[J.K. Patel]
Partner
Membership No.: 047136

Place: Ahmedabad
Date : July 14, 2010

For, GSPC LNG Limited

D. J. Pandian, IAS
Chairman

Tapan Ray, IAS
Director

Place: Gandhinagar
Date: July 12, 2010

CASH FLOW STATEMENT
FOR THE PERIOD ENDED ON 31ST MARCH, 2010

Amount in Rupees

Particulars	For the Period Ended on 31 st March 2010	For the Period Ended on 31 st March 2009
Cash Flow from Operating Activities		
Profit/ (Loss) after Tax	-	-
Cash Generated from Operations	-	-
Less : Direct Tax Paid	-	-
Add : Prior Period Adjustment / Exceptional Items	-	-
Net Cash Flow from Operating Activities (A)	-	-
Cash Flow from Investing Activities		
(Increase) / Decrease Capital Work in Progress	(283,214,318)	(40,629,020)
Purchase of Fixed Assets	(3,085,022)	(735,776)
Depreciation	1,047,415	138,050
(Increase) / Decrease in current Assets (-)	(2,410,461)	(16,201)
Increase / (Decrease) in current Liabilities (+)	20,330,228	3,261,370
Net Cash Flow from Investing Activities (B)	(267,332,158)	(37,981,577)
Cash Flow from Financing Activities		
Proceeds from Share Capital	-	-
Proceeds from Share Application Money	283,800,000	30,000,000
Proceeds from Loans	-	-
Repayment of Loans (Net)	-	-
Interest / Dividend Paid	-	-
Net Cash Flow from Financing Activities (C)	283,800,000	30,000,000
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	16,467,842	(7,981,577)
Cash and Cash equivalents at the Beginning of the Period		
Cash on hand	12,474	600
Bank Balances	12,506,549	20,500,000
	12,519,023	20,500,600
Cash and Cash equivalents at the End of the Period		
Cash on hand	8,455	12,474
Bank Balances	6,134,111	12,506,549
Short Term Fixed Deposits	22,844,299	-
	28,986,865	12,519,023

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 as prescribed in The Companies(Accounting Standard) Rules, 2006.
- 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. Shredalal & Co,
Chartered Accountants

For, GSPC LNG Limited

[J.K. Patel]
Partner
Membership No.: 047136

D. J. Pandian, IAS
Chairman

Tapan Ray, IAS
Director

Place: Ahmedabad
Date : July 14, 2010

Place: Gandhinagar
Date: July 12, 2010

**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-2010
II Capital Raised During The Period	
Public Issues	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
III Position of Mobilisation and Deployment of Funds :	
Total Liabilities	334,301
Total Assets	334,301
Source of Funds	
Paid up Capital	501
Reserves and Surplus	0
Share Application Money	333,800
Secured Loans	0
Unsecured Loans	0
Deferred Tax liability (Net)	0
Application of Funds	
Net Fixed Assets	2,644
Capital Work in Progress	328,260
Investment	0
Net Current Assets	3,163
Miscellaneous Expenditure	0
Accumulated losses	234
IV Performance of the Company	
Total income	1,011
Total Expenditure	312
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

D. J. Pandian, IAS
ChairmanTapan Ray, IAS
Director

 **GSPC (JPDA) Limited**



4TH ANNUAL REPORT 2009 - 2010



BOARD OF DIRECTORS

Shri D. J. Pandian, IAS (Director upto 09/11/2009)
Shri Tapan Ray, IAS (Director from 09/11/2009)
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 4th Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 2010.

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.

FIXED DEPOSITS

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

DIRECTORS

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri Subhash Dave 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 2010.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that,

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) accounting policies are selected and applied consistently and judgements and estimates are reasonable and prudent

so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of 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.28,44,51,784
Foreign Exchange Outgo -	Rs. 80,20,85,692

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

Subhash Dave
Director

M. Y. Farooqui
Director

Date : 16/09/2010
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 (JPDA) LIMITED FOR THE YEAR ENDED 31 MARCH 2010.

The preparation of financial statements of GSPC (JPDA) Limited for the year ended 31 March, 2010 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 Auditor Report dated 16 September, 2010.

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, 2010. 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: 11/10/2010

(Dr. Prasenjit Mukherjee)
Principal 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, 2010, the statement in lieu of profit & loss account and the cash flow statement of the Company for the period 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 and read together with the Companies (Auditor's Report) Amendment Order, 2004, (herein after referred as the Order), issued by the Government of India 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 comply 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, 2010.
 - (b) In the case of the Statement in lieu of Profit & Loss Account, of the expenditure of the company for the period ended on that date; and
 - (c) In the case of the cash flow statement, of the cash flows for the period ended on that date.

For, J. C. SHAH & CO.
Chartered Accountants

[J. J. SHAH]
Partner
Membership No:- 118004
FR No: 109599W

Place: Ahmedabad
Date: 16/09/2010

**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 PERIOD ENDED 31ST MARCH, 2010.**

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 period 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 period 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, 2010 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 period.
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 period for long term investment and vice versa.
18. During the period, 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 period, 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 period, 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
FR No: 109599W

Place: Ahmedabad
Date: 16/09/2010

BALANCE SHEET AS AT MARCH 31, 2010

Amount in Rupees

Particulars	Schedule	As at 31 st March 2010	As at 31 st March 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	A	14,000,600	14,000,600
Reserves and Surplus	B	32,104,749	37,310,101
Share Application Money		842,100,000	308,700,000
Loan Funds			
Secured loans		-	-
Unsecured Loans		-	-
TOTAL		888,205,349	360,010,701
APPLICATION OF FUNDS			
Fixed Assets :			
Gross block		-	-
Less: Depreciation		-	-
Net Block		-	-
Capital Work In Progress	C	826,482,647	376,508,023
Investments			
Current Assets, Loans and Advances			
Current Assets			
Inventories	D	-	-
Sundry Debtors		-	-
Cash & Bank Balances		53,935,399	9,163,772
Other Current Assets		15,838,968	5,064,020
Loan & Advances		7,624,627	3,217,778
Sub-Total (i)		<u>77,398,994</u>	<u>17,445,570</u>
Less: Current Liabilities and Provisions	E		
Current Liabilities		20,101,711	36,604,982
Provisions		-	-
Sub-Total (ii)		<u>20,101,711</u>	<u>36,604,982</u>
Net Current Assets (i-ii)		57,297,283	(19,159,412)
Miscellaneous Expenditure			
(To the extent not written off or adjusted)	F	4,425,420	2,662,091
TOTAL		888,205,349	360,010,701
Significant Accounting Policies and Notes to Accounts	H		

“As per our report of even date”

For, J. C. Shah & Co
Chartered Accountants

For, GSPC (JPDA) Limited.

[J. J. Shah]
Partner
M.No.118004
F.R.No. 109599W

[M.Y.Farooqui]
Director

[Subhash Dave]
Director

[Rajesh Sivadasan]
Sr. Manager (F & A)

Date : 16/09/2010
Place : Ahmedabad

Date : 16/09/2010
Place : Gandhinagar

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Amount in Rupees

Particulars	Schedule	For the Year 2009-10	For the Year 2008-09
INCOME			
Sales		-	-
Other income		-	-
Increase/(Decrease) in stock		-	-
TOTAL - A		-	-
EXPENDITURE			
Purchase		-	-
Direct Expenditure		-	-
Payments to and provisions for Employees		-	-
Administrative & Other Expenses	G	1,763,329	1,002,654
Interest and Finance Charges		-	-
Depreciation		-	-
Preliminary Exps. Written Off		-	1,138,130
Provision for Taxation		-	-
TOTAL - B		1,763,329	2,140,784
TOTAL (B -A)		1,763,329	2,140,784
Less :			
Transferred to Pre-Operative Expenses			
A/c carried to Balance Sheet		1,763,329	2,140,784
		-	-
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
F.R.No. 109599WDate : 16/09/2010
Place : Ahmedabad

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director[Rajesh Sivadasan]
Sr. Manager (F & A)Date : 16/09/2010
Place : Gandhinagar

SCHEDULE A

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
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 (P.Y. 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 2010	As at 31 st March 2009
RESERVE & SURPLUS		
Capital Reserve		
Opening Balance	-	
Addition / (Deduction) During the Year	57,575,818	57,575,818
Foreign Exchange Translation Reserve		
Opening Balance	37,310,101	-
Addition / (Deduction) During the Year	(62,781,170)	(25,471,069)
TOTAL	32,104,749	37,310,101

SCHEDULE C

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
CAPITAL WORK IN PROGRESS		
CWIP Exploration Cost - Joint Venture (Refer Schdule H(B) -1		
Opening Balance	376,508,023	23,622,537
Addition During the Year (Net)	449,974,624	826,482,647
TOTAL	826,482,647	376,508,023

SCHEDULE D

Particulars	Amount in Rupees			
	As at 31 st March 2010		As at 31 st March 2009	
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	-	-	-	-
Balances with Scheduled Banks				
A) In Current Accounts	53,935,399		9,163,772	
B) In others Accounts	-	53,935,399	-	9,163,772
OTHER CURRENT ASSETS				
Other Current Assets	15,838,968	15,838,968	5,064,020	5,064,020
LOANS AND ADVANCES				
GST Receivable	4,761,954		3,217,778	3,217,778
Other Receivables	2,862,673	7,624,627		
TOTAL		77,398,994		17,445,570

SCHEDULE E

Particulars	Amount in Rupees			
	As at 31 st March 2010		As at 31 st March 2009	
CURRENT LIABILITIES AND PROVISIONS				
A) CURRENT LIABILITIES				
Creditors for Goods & Services*	16,879,972		34,095,489	
Creditors for Expenses	<u>3,221,739</u>	20,101,711	<u>2,509,494</u>	36,604,982
B) PROVISIONS				
Provision for Taxation	-	-	-	-
Other Provisions	-	-	-	-
TOTAL		20,101,711		36,604,982

* The Above Amount represents Creditors for Capital Projects

SCHEDULE F

Particulars	Amount in Rupees	
	As at 31 st March 2010	As at 31 st March 2009
MISCELLANEOUS EXPENDITURE		
Miscellaneous Expenditure (To the extent not written off or adjusted)		
Preliminary Expenses		
Stamping Charges	-	50,100
Registration Fees	-	1,058,000
Professional Fees	-	15,580
Printing Fees	-	14,450
		<u>1,138,130</u>
Less : Trf. To Statement in lieu of Profit & Loss A/c.	-	<u>1,138,130</u>
Pre-Operative Expenditure (Deferred Revenue Expenditure)		
Opening Balance	2,662,091	561,907
Add : Balance Transferred from Statement in Lieu of Profit & Loss Account	1,763,329	2,140,784
Less : Amt. Trf. To CWIP-Exploraiton	-	40,600
		<u>2,662,091</u>
TOTAL	4,425,420	2,662,091

SCHEDULE G

Particulars	Amount in Rupees	
	For the Year 2009 - 10	For the Year 2008 - 09
ADMINISTRATIVE & OTHER EXPENSES		
Administrative Exps.	-	600
Auditor's Remuneration	35,000	35,000
Bank Charges	12,381	13,328
Director's Sitting Fees	25,000	10,000
Hotel Loading & Boarding Exps.	10,647	
Foreign Exchange (Gain)/ Loss	1,123,409	
Interest on Late Payment of TDS	154	17
Legal & Professional Fees	556,737	941,427
Stationery & Printing Exps.	-	2,282
	<u>1,763,329</u>	<u>1,002,654</u>
TOTAL	1,763,329	1,002,654

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.

Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet. Any profit/loss arising out of such conversion is charged to Profit and Loss Account.

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. Accordingly the financial statements of the Company reflect its share of assets, liabilities, income and expenditure of the Joint Venture operations which are accounted on the basis of available information on line by line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the joint venture agreement.

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, Hotel lodging and boarding 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 Contingent 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)	10%
		Japan Energy Corporation	15%
		Videocon JPDA 06-103 Limited	25%
		Bharat Petro Resources JPDA Ltd	25%

During the year Oilex JPDA 06-103 Limited has reduced his P.I. from 25% to 10% by introducing Japan energy E&P JPDA Pty Ltd. (JE) with P.I. of 15%.

In addition to this Company's share in Joint Venture has also been reduced to 20% from 25% as per the farm out agreement dated 25th September, 2009 entered into by the company and the Farmee i.e. Pan Pacific Petroleum NL. Other joint venture partner' namely Videocon JPDA 06-103 Limited and Bharat Petroresources JPDA Limited has also agreed to introduce Pan Pacific Petroleum NL (PPP) with P.I. of 15% by reducing their P.I. from 25% to 20%. As per the farmout agreement the Company has received total Farm-out consideration of Rs 127,391,765/- (USD 2,750,000) of which Rs 69,815,947/- has been reduced from the CWIP and Rs.57,575,818/- has been taken to Capital Reserve. The designated authority of Timor Leste i.e. Autoridade Nacional do Petroleo of Timor Leste has also approved the farm-out on 18 February,2010. For the interim period between the signing of the farm-out agreement and the approval by the designate authority PPP had routed the 5% farm out share of expenses towards the joint venture of USD 3,351,031/ through the Company-. The exchange gain/loss on account of the same has been accounted in the Statement In lieu of Profit & Loss Account. Accordingly 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% (25%)	Oilex (JPDA 06/103) Ltd (Operator) Videocon JPDA 06-103 Limited Bharat Petro Resources JPDA Ltd Japan Energy Corporation Pan Pacific Petroleum NL	10% (25%) 20% (25%) 20% (25%) 15% (-) 15% (-)

*Figures in bracket indicate previous year figures

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 2009-10 (In Rupees)	For the year 2008-09 (In Rupees)
Auditors Fees	35,000	35,000
Directors Sitting fees	25,000	10,000
Administrative Exps.	-	600
Hotel Lodging & Boarding Exps.	10,647	-
Bank Charges	12,381	13,328
Interest on Late Payment of TDS	154	17
Legal & Professional Fees	5,56,737	9,41,427
Stationery & Printing Exps.	-	2,282
Net Foreign Exchange (Gain) / Loss	11,23,410	-
Total	17,63,329	10,02,654

3. Company's Share in Joint Venture:

The Company's Share of assets, liabilities, income and expenses in the joint venture namely JPDA 06-103 Block has been incorporated in the financial statement as per Participating Interest and the figures are as given below

Amount in Rupees

Particulars	As on 31st March 2010	As on 31st March 2009
Sources of Funds		
Current Liabilities - Joint Venture	2,864,953	13,839,410
Total	2,864,953	13,839,410
Application of Funds		
Capital Work in Progress – Exploration	826,482,647	379,776,382
Bank Balances	41,946,835	8,833,423
G.S.T. Receivable	4,761,954	3,217,778
Other Current Assets	15,838,968	5,064,020
Total	889,030,404	396,891,603

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, 2010. However the accounts of Joint venture have been audited till the financial year ended 31st December, 2009 as the Joint venture is following calendar year for accounting.

4. 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.

5. Foreign Exchange Translation Reserve:

Foreign Exchange Translation Reserve has been calculated as per Accounting Standard 11 & AS -27 issued by the ICAI.

Foreign Exchange Trans. Reserve (Gain) up to F.Y.2008-09	Rs. 3,74,47,656
Foreign Exchange Trans. Reserve (Loss) for F.Y.2009-10	Rs. 6,27,81,170
Closing Balance (Net)	Rs. 2,54,71,069

6. GST Credit Receivable from Australian Government has been deducted from CWIP-Exploration Expenditure. However from February'2009 GST credit will be taken by Joint Venture Operator on behalf of all Joint Venture partners. Accumulated Balance of GST Credit up to January has been shown as Receivable from Joint Venture. 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.

7. 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.84,21,00,000/- as Capital Contribution pending for allotment of shares.

b) Joint Venture

1. JPDA 06 /103 Block – Timor Area.

c) Key Managerial Personal :

1. Shri Tapan Ray, Director
2. Shri Subhash Dave, Director
3. Shri M. Y. Farooqui, Director

8. 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."

9. Managerial Remuneration : NIL

10. Auditor's Remuneration:

	Current Period	Previous Year
Audit Fees	Rs.35,000/-	Rs. 35,000/-
Other Matters	Rs.30,000/-	Rs.22,500/-
Total	Rs.65,000/-	Rs.57,500/-

11. Capital Commitments:

As per the management there were no capital commitments as on 31st March 2010.

12. 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.

13. The company has not received any intimation from its vendor regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the act are not made.

14. Expenditure in Foreign Currency (Cash Call Contribution (Net))

	Year ended 31st March, 2010	Year ended 31st March, 2009
Cash Call Contribution remitted (Capital Work In Progress)	US\$1,09,67,809 /-	US\$ 65,90,000/-

15. 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

[M. Y. Farooqui]
Director

For, GSPC (JPDA) Limited.

[Subhash Dave]
Director

[J. J. Shah]
Partner
M.No.118004
F.R.No. 109599W

Date : 16/09/2010
Place : Ahmedabad

[Rajesh Sivadasan]
Sr. Manager (F & A)

Date : 16/09/2010
Place : Gandhinagar

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2010

Amount in Rupees

Particulars	For the Year Ended on 31 st March 2010	For the Year Ended on 31 st March 2009
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	<u>-</u>	<u>-</u>
Add / Less : Working Capital Adjustments		
(Increase) / Decrease in other current Assets (-)	(10,774,948)	(3,814,957)
(Increase) / Decrease in loans & advances (-)	(4,406,849)	(1,984,601)
Increase / (Decrease) in current Liabilities (+)	(16,503,272)	27,281,046
Cash Generated from Operations	<u>(31,685,069)</u>	<u>21,481,489</u>
Inventories		
Add : Prior Period Adjustment / Exceptional Items - Pre - Operative Exps.	(1,763,329)	(1,002,654)
Net Cash Flow from Operating Activities (A)	<u>(33,448,397)</u>	<u>20,478,835</u>
Cash Flow from Investing Activities		
Purchase of Assets / CWIP including Joint Ventures	(455,179,976)	(315,534,785)
Sale of Fixed Assets	-	-
Interest / Dividend Income	-	-
Net Cash Flow from Investing Activities (B)	<u>(455,179,976)</u>	<u>(315,534,785)</u>
Cash Flow from Financing Activities		
Proceeds from Share Capital	-	-
Proceeds from Share Application Money	533,400,000	301,950,000
Proceeds from Loans	-	-
Repayment of Loans (Net)	-	-
Interest / Dividend Paid	-	-
Net Cash Flow from Financing Activities (C)	<u>533,400,000</u>	<u>301,950,000</u>
Net Increase/(Decrease) in Cash and Cash equivalents (D) (A+B+C)	<u>44,771,627</u>	<u>6,894,050</u>
Cash and Cash equivalents at the Beginning of the Year		
Cash on hand	-	600
Bank Balances	9,163,772	2,269,122
	<u>9,163,772</u>	<u>2,269,722</u>
Cash and Cash equivalents at the End of the Year		
Cash on hand	-	-
Bank Balances	53,935,399	9,163,772
	<u>53,935,399</u>	<u>9,163,772</u>

Notes:

1. The above cash flow statement has been under the 'Indirect Method' as set out in the Accounting Standard-3 notified in the Companies (Accounting Standards) Rules, 2006

As per our report of even date

For, GSPC (JPDA) Limited.

For, J. C. Shah & Co
Chartered Accountants

[M. Y. Farooqui]
Director

[Subhash Dave]
Director

[J. J. Shah]

Partner

M.No.118004

F.R.No. 109599W

Date : 16/09/2010

Place : Ahmedabad

[Rajesh Sivadasan]

Sr. Manager (F & A)

Date : 16/09/2010

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-2010
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	888205
Total Assets	888205
Source of Funds	
Paid up Capital	14001
Reserves and Surplus	32105
Share Application Money	842100
Secured Loans	0
Unsecured Loans	0
Deferred Tax liability (Net)	0
Application of Funds	
Net Fixed Assets	0
Capital Work in Progress	826483
Investment	0
Net Current Assets	57297
Miscellaneous Expenditure	4425
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.	N.A.
Product Description	N.A.
Item Code No.	N.A.
Product Description	N.A.

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 : 16/10/2010
Place : Ahmedabad

Date : 16/10/2010
Place : Gandhinagar