

# ANNUAL REPORT 2010-2011

CLEAN ENERGY



**Gujarat State Petronet Limited**  
The Energy Lifeline of Gujarat



## Board of Directors

|                             |                   |
|-----------------------------|-------------------|
| Shri A K Joti, IAS          | Chairman          |
| Shri D J Pandian, IAS       |                   |
| Shri Atanu Chakraborty, IAS |                   |
| Shri Suresh Mathur          |                   |
| Shri J K Jain               |                   |
| Shri R Vaidyanathan         |                   |
| Shri N K Mitra              |                   |
| Shri Tapan Ray, IAS         | Managing Director |

## Company Secretary

Ms. Reena Desai

## Bankers

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

## Contents

|  |    |
|--|----|
| 1. Board of Directors.....                                   | 02 |
| 2. Quality, Health, Safety and Environment Policy .....      | 04 |
| 3. Notice .....  | 05 |
| 4. Directors' Report.....                                    | 07 |
| 5. Management Discussion and Analysis.....                   | 10 |
| 6. Corporate Governance Report .....                         | 14 |
| 7. CEO & CFO Certification.....                              | 22 |
| 8. Corporate Governance Compliance Certificate .....         | 23 |
| 9. Disclosure regarding GSPL Employee Stock Option .....     | 24 |
| 10. GSPL Gas Grid Map .....                                  | 30 |
| 11. Auditors' Report .....                                   | 33 |
| 12. Balance Sheet.....                                       | 36 |
| 13. Profit & Loss Account.....                               | 37 |
| 14. Schedules forming part of the Accounts .....             | 38 |
| 15. Significant Accounting Policies and Notes on Accounts... | 47 |
| 16. Cash Flow Statement.....                                 | 57 |
| 17. Attendance Slip and Proxy Form.....                      | 63 |

## Board of Directors



**Shri A K Joti, IAS, *Chairman***

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 has earlier worked as Managing Director, Sardar Sarovar Narmada Nigam Ltd. He has wide experience of over 37 years in various departments including Revenue, Finance, Home, Water Supply and Education Departments. 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 D J Pandian, IAS, *Non Executive Director***

Shri D J Pandian, IAS holds degree in Master of Business Administration from Madras University. He is a senior IAS officer having administrative and corporate experience spanning more than 28 years. Shri D J Pandian, IAS has worked on deputation with the World Bank in Washington, D.C. He was Director, External Commercial Borrowing, Ministry of Finance, Government of India from 1995 to 1997. In addition, Shri D J Pandian, IAS has also held various appointments in the Government of Gujarat. He previously headed Gujarat Lease Finance Limited from 1993 until 1994. Shri D J Pandian, IAS was Managing Director of GSPCL as well as GSPL from 2004 to 2009. Presently he is Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat.

---



**Shri Atanu Chakraborty, IAS, *Non Executive Director***

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 Ltd., Drinking Water & Infrastructure, Gujarat and State Civil Supplies Corporation Ltd., Gujarat. Shri Atanu Chakraborty, IAS has a wide experience of over 23 years in various Government Departments including Revenue, Finance, Home, Water Resources and Education Departments. Presently he is Managing Director of Gujarat State Fertilizers & Chemicals Limited. Prior to that he served as Principal Secretary, Finance Department (Economic Affairs), Government of Gujarat.

---



**Shri Suresh Mathur, *Independent Director***

Shri Suresh Mathur is a Chartered Accountant from the Institute of Chartered Accountants of India. He has experience spanning more than 45 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 to 2005. He was also Director (Finance) of Indian Oil Corporation from 1994 to 1998. He was also Advisor to the Essar Group.



### **Shri R Vaidyanathan, *Independent Director***

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 J K Jain, *Independent Director***

Shri J K Jain is a Chartered Accountant and has over 31 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 N K Mitra, *Independent Director***

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 37 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 Tapan Ray, IAS, *Managing Director***

Shri Tapan Ray, IAS holds Degree in Mechanical Engineering from Indian Institute of Technology, Delhi, Post Graduate in Public Policy from Woodrow Wilson School, Princeton University USA, Master of Public Administration from Maxwell School, Syracuse University, USA and Degree in Law with various Diplomas. He is a senior IAS officer having wide administrative and corporate experience of more than 30 years. He has also served as Principal Secretary, Finance Department, Government of Gujarat from June 2006 to November 2009. Shri Tapan Ray, IAS, is appointed as Managing Director of GSPL effective from November 2009 and is looking after the entire GSPC Group.

## QUALITY, HEALTH, SAFETY AND ENVIRONMENT POLICY

GSPL commits a high level of QHSE performance to ensure effective and efficient management of Operation and Maintenance of Natural Gas Grid with continual improvements so as to provide reliable natural gas transmission in a safe working environment.

### GSPL is committed to:

- Maintain an organizational culture of Health, Safety & Environmental excellence by conducting its business in a manner that will promote consistent development.
- Safe work, resource conservation, waste management and emergency response measures for continual improvement in QHSE performance.
- Design, construct, operate & maintain its facilities while assuring the best material and service quality and operate in a way that mitigates and minimizes risks and hazards.
- Prevention of ill-health, injuries and pollution by adopting best practices, carrying out periodic risk assessments, audits, reviews, inspections and providing awareness to employees and concerned stakeholders.
- Comply with legal, regulatory and other requirements applicable for natural gas transportation business as a responsible corporate.
- Provide appropriate resources and PPEs to its employees.
- Focusing on teamwork and customer satisfaction, adopting new technologies in O&M activities, maintaining availability of Gas Grid to meet customer requirements and reviewing of process and performance of QMS on regular basis.
- Encourage associates and stakeholders to demonstrate the same level of commitment for continuous improvement in HSE performance.
- Ensure compliance with the policy through a process of training and competence, review and audit.
- Communicate openly with Government agencies, employees, contractors and the general public on effective safety and environmental management issues.
- Delegate power to employees to implement the company's policy on health, safety, environment and loss control.

## NOTICE

Notice is hereby given that 13<sup>th</sup> Annual General Meeting of the members of Gujarat State Petronet Limited will be held on Friday, the 23<sup>rd</sup> day of September, 2011 at 4.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382011 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011, 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 D J Pandian, IAS who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri A K Joti, IAS who retires by rotation and being eligible offers himself for re-appointment.
5. To fix remuneration of Statutory Auditors of the Company in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956.

By order of the Board of Directors

Reena Desai

*Company Secretary*

Date: 9<sup>th</sup> August, 2011

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. 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.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 17<sup>th</sup> September, 2011 to Friday, 23<sup>rd</sup> September, 2011 (both days inclusive) for the purpose of payment of dividend. The dividend, if declared at the ensuing Annual General Meeting shall be paid, on or after 23<sup>rd</sup> September, 2011 to those members of the Company whose names appear (a) as beneficial owners as at the close of business hours on 16<sup>th</sup> September, 2011 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 17<sup>th</sup> September, 2011, after giving effect to all valid share transfers in physical form received on or before 16<sup>th</sup> September, 2011.
6. All transfer deeds, requests for change of address, bank particulars/mandates/ECS mandates, PAN should be lodged with the Company's Registrar and Share Transfer Agent, M/s 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 16<sup>th</sup> September, 2011. 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.



7. 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.
8. The Securities and Exchange Board of India has mandated the submission of Permanent Account by every participant in securities market. Members holding shares in electronic mode are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to our Registrar & Share Transfer Agent M/s Karvy Computershare Private Limited.
9. As stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, profile of Directors seeking re-appointment / appointment is provided under the Section "Board of Directors" of the Corporate Governance Report, which forms an integral part of this Annual Report.

## DIRECTORS' REPORT

### Directors' Report

To,  
The Members  
Gujarat State Petronet Limited

The Directors have pleasure in presenting the 13<sup>th</sup> Annual Report and Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL HIGHLIGHTS

|                                       | (Rs. in Crore) |                |
|---------------------------------------|----------------|----------------|
| Particulars                           | 2009-10        | 2010-11        |
| <b>Total Income</b>                   | <b>1016.72</b> | <b>1068.15</b> |
| Manpower Expenses                     | 9.94           | 15.29          |
| Gas Transmission Charges              | 0.36           | NIL            |
| Admin, O&M & other Expenses           | 49.14          | 62.10          |
| Miscellaneous Expenditure Written Off | 2.79           | 0.10           |
| <b>Total Expenses</b>                 | <b>62.23</b>   | <b>77.49</b>   |
| <b>PBDIT</b>                          | <b>954.49</b>  | <b>990.67</b>  |
| Interest (after Capitalization)       | 93.83          | 96.06          |
| Depreciation                          | 236.49         | 153.30         |
| Prior Period Adjustments              | (2.72)         | 23.70          |
| <b>Profit Before Tax</b>              | <b>626.89</b>  | <b>765.00</b>  |
| Tax including Deferred Tax            | 213.12         | 258.62         |
| <b>Profit After Tax</b>               | <b>413.77</b>  | <b>506.38</b>  |

### MAJOR ACHIEVEMENTS

Your Company has maintained an upward trend in all performance parameters. The physical and financial performance of the Company is summarized as follows:

- Total Income increased from Rs. 1016.72 crore in previous year to Rs.1068.15 crore, recording an increase of 5.06%.
- PBDIT increased from Rs. 954.49 crore in previous year to Rs. 990.67 crore, recording an increase of 3.80%.
- PAT increased from Rs. 413.77 crore in previous year to Rs. 506.38 crore, recording an increase of 22.38%.
- 99.90% pipeline grid availability and “accident free” year of operations.
- During the year, the Company transported an average of 35.64 mmscmd of gas.
- Letters of Authorization have been awarded by Petroleum and Natural Gas Regulatory Board to the GSPL led consortium (BPCL, HPCL and IOCL as other consortium members) for developing three cross-country natural gas transmission pipelines, viz, Mallavaram - Vijapur - Bhilwara (approx 1585 kms) pipeline, Mehsana - Bhatinda (approx 1670 kms) pipeline and Bhatinda - Jammu - Srinagar (approx 740 kms) pipeline.

### CAPITAL

During the year, paid up share capital of the Company has increased from Rs. 562.45 crore to Rs. 562.58 crore on account of allotment of shares to eligible employees under the ESOP - 2005.

### 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 2010-11.

### GAS TRANSMISSION SERVICES

The Company has signed firm GTAs for transporting 32.76 mmscmd of gas to various customers and interruptible / short term GTAs for 6.16 mmscmd (Previous year: firm GTAs 35.46 mmscmd and interruptible GTAs 6.49 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 of GSPL for Gujarat is enclosed as Annexure - V.

The map showing the proposed cross-country natural gas transmission pipelines to be implemented by GSPL is enclosed as Annexure - VI.

#### *Projects commissioned*

During the year, the Company has successfully completed commissioning of approx 250 kms of pipelines under various pipeline projects namely: Darod - Jafrabad, various spurs connecting customers like Sumangal Glass, Nirma, GACL Dahej Connectivity (Roxul), IOCL, IPCL, Ajanta, EOL (Refinery), Met Trade.

Current grid operations account for approx 1874 kms. Gas is flowing from Hazira / Dahej / Vapi to various industries and City Gas Distribution (“CGD”) Networks located in various districts of Gujarat including Surat, Bharuch, Baroda, Anand, Ahmedabad, Gandhinagar, Sabarkantha, Bhavnagar, Amreli, Mehsana, Surendranagar, Rajkot, Jamnagar, Navsari, Kutchh, Panchmahal, Kheda, Valsad.

#### *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:

- Tana - Amreli pipeline (approx 75 kms)
- Mehsana - Palanpur pipeline (approx 70 kms)
- Nano connectivity pipeline (approx 37 kms)
- Sterling SEZ pipeline (approx 26 kms)
- Spurline to Botad (approx 24 kms)

Further, the Company continues to develop several other trunk and spurlines to connect new industrial clusters and medium sized customers along the pipeline network, which include regions like Bhavnagar, Sikka, Vilayat, Dahej and Amreli.

## WIND POWER PROJECT

Your Company being committed to promote clean and green energy has successfully commissioned wind power project of 52.5 MW in the areas of Maliya - Miyana, Rajkot and Gorsar - Adodar, Porbandar.

## FUTURE PLANS

The Company is working on future expansion projects. The Company is planning to develop pipeline infrastructure of approx 1102 kms in the next two years. The Company is also participating in the bids invited by PNGRB for the Surat - Paradip pipeline (approx 1500 kms). 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 13009 mmSCM of gas during the Financial Year 2010 - 11 (Previous year: 11673 mmSCM).

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 programs. The same is being monitored through internal audit teams and delegation of safety management upto 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 moved towards international recognition with the 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 won International Safety award by the British Safety Council based on its performance of zero accident in 2010.

The Company is already certified to Integrated Management Systems (QMS, EMS & OHSAS). Effectiveness of these certifications 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.

## DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956, Shri D J Pandian, IAS and Shri A K Joti, IAS Directors of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves 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 regarding the companies in which they hold directorship, membership/ chairmanship of committees of the Board are given in the Corporate Governance Report forming part of this 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 as Statutory Auditors of the Company for the Financial Year 2010-11.

C&AG has given NIL Comment Report for the Financial Year 2010-11. The NIL Comment Report is enclosed as Annexure - VII.

## AUDIT COMMITTEE

Audit Committee of Directors of the Company at its meeting held on 26<sup>th</sup> May, 2011 approved the Annual Accounts for the Financial Year ended on 31<sup>st</sup> March, 2011 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 this 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 this Directors' Report.

## GSPL EMPLOYEES STOCK OPTION PLAN (“ESOP”):

The Company has instituted the following ESOP Schemes as incentives to attract, retain and reward the employees, and to enable them to participate in the future growth and financial success of the Company.

1. GSPL Employees Stock Option Plan - 2005 (ESOP - 2005).
2. GSPL Employees Stock Option Plan - 2010 (ESOP - 2010).

Each such Option has conferred a right upon the employee to apply for one Equity Share of the Company.

Statutory disclosures regarding ESOP - 2005 and ESOP - 2010 are enclosed as Annexure - III & IV respectively to this Directors' Report.

## PARTICULARS OF EMPLOYEES

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

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

### *Conservation of Energy*

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

### *Technology Absorption*

The Company has not imported any technology. However, the Company has engaged consultants/advisors of international repute to make available latest technology for project implementation.

### *Foreign Exchange Earnings & Outgo*

Foreign Exchange Earnings - NIL

Foreign Exchange Outgo - Rs. 8,84,81,382/-

## 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 has enabled the Company to expand the pipeline network in a professional manner.

The Directors also wish to place on record the sincere thanks to various regulatory authorities for the continuous support extended to the Company.

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: 12<sup>th</sup> August, 2011  
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, 2011.

#### A. INDUSTRY OVERVIEW

Energy has been universally recognized as an important driving force for economic growth and human development in any country. There is a strong mutual relationship between economic development and energy consumption. On one hand energy promotes the scale and pace of economic development and on other hand growth of an economy, with its global competitiveness, hinges on the availability of the cost efficient and environment friendly energy sources.

India, comprising of over 17% of the world's population is a significant consumer of energy resources. India's economy grew at an average rate of 7.8% p.a. which in turn has led to the growth in primary energy consumption at a Compounded Average Growth Rate ('CAGR') of over 6.5% from 2006 to 2010 (Source: BP Statistical Review of World Energy, June 2011 ).

Coal, oil, and natural gas are the three primary commercial energy sources in India. India's energy mix has coal as a major contributor ( $\approx 53\%$ ), with power generation being predominantly dependent on coal. The share of oil is currently 30% in the overall energy mix. The share of natural gas is currently 11% (Source: BP Statistical Review of World Energy, June 2011) in the overall energy mix of India, and with gas becoming the 'preferred fuel' for industries, the latent potential for gas remains very large in the country.

The current per capita energy consumption of the country is projected to improve in tandem with the economic growth and subsequent increase in demand for energy.

Increasing pressure of population and increasing use of energy in different sectors of the economy is an area of concern for India. Predominantly, India has been a gas-starved nation. At present, the consumption of natural gas in India is driven by gas supplies. Also, gas consumption and infrastructure are mostly confined to a particular region of the country, i.e. the western region due to its proximity to gas sources. Hence, whatever quantum of gas comes into the market continues to be absorbed by the consumers.

In fact, Gujarat alone accounts for almost 1/3rd of the total natural gas consumption in India; of which around 25 mmcmd comes from LNG on Term as well as Spot basis. Owing to widespread development of gas infrastructure in the State, including gas transmission pipelines, LNG terminals and CGD networks, Gujarat has one of the most developed markets for Gas in India, with several industrial and CGD companies relying on imported LNG for meeting their gas requirements.

Currently, Gujarat has one of the most developed gas transportation infrastructure in the country, comprising inter alia, GSPL's gas grid of 1874 km covering 18 out of 26 districts. GSPL has made rapid strides as a natural gas transportation company over years.

Ironically, India has been facing capacity constraints in terms of

energy / pipeline infrastructure since a long time. For an emerging economy like India, such capacity constraints would act as an impediment for development of natural gas market which is still at a nascent stage.

The Government of India set up a High level Committee on Allocation of Natural Resources (chaired by Shri Ashok Chawla) in February, 2011 for looking at possible reforms in the allocation process. The Ashok Chawla Committee submitted its Final Report and importance of pipeline infrastructure has been highlighted in the said Report as under:

*"It should be easy to buy, sell and use the commodity being traded. For gas, this means a good nation-wide transportation and distribution infrastructure, which is currently missing. Without such infrastructure, a national gas market will not exist. The Committee's opinion is that the most critical need in the medium term, therefore, is the rapid development of a national gas grid and gas distribution infrastructure. While PNGRB has begun this process, it would be good to expedite this. Of course, it goes without saying that such infrastructure development should be undertaken in a fully transparent manner."*

Typically, infrastructure has been developed based on supplies and mostly demand centres near the supply sources were catered to. The same resulted into region centric development of network.

Gas pipelines play a critical role in matching the supply and demand of natural gas. Your Company forayed into this business with the philosophy of leading demand rather than chasing the same, thereby making huge investments in newer markets. Your Company staged its development in such a manner that not only did it reach all key gas consuming areas of Gujarat, it also attempted to develop its pipeline network by serving a diversified range of customers and thereby tapping the huge latent demand.

Your Company believes that it is very important to capture such latent demand in the country, and the same is possible only through development of pan - India pipelines. Moreover, access to natural gas has a multiplier effect on the economy, as growth in industrial development leads to creation of employment while availability of gas for domestic, commercial and transport sectors helps in reducing burden on Government coffers in the form of subsidies.

Hence, it is based on this premise that your Company finds it important to plan an infrastructure capacity well in advance with a sufficient margin for peaking demand.

Accordingly, your Company is poised to expand its reach in markets outside Gujarat, through the 3 cross-country pipelines for which it was recently awarded Letters of Authorization by the Regulator (PNGRB), namely: Mallavaram - Vijapur - Bhilwara pipeline ( approx 1585 kms), Mehsana - Bhatinda pipeline (approx 1670 kms) and Bhatinda - Jammu - Srinagar pipeline (approx 740 kms).

## B. REGULATORY FRAMEWORK

Government of India (“GOI”) in May 2006 enacted the Petroleum & Natural Gas Regulatory Board Act, 2006 with a primary objective of protecting the interest of consumers and entities engaged in specified activities to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and promote competitive markets in oil and gas sector of India.

The Petroleum and Natural Gas Regulatory Board (PNGRB) was constituted and notified by GOI with effect from 1<sup>st</sup> October, 2007. PNGRB has also notified Regulations concerning various aspects of transmission pipeline.

Notification of Section 16 of the PNGRB Act on July, 2010, has led to expediting of the bidding process for the natural gas pipelines and CGD networks.

However, there were concerns over the ability of PNGRB to issue final authorizations to entities under Section 16 of the PNGRB Act, 2006 in view of the Restrictive Order passed by Supreme Court in March, 2010. However, the Supreme Court has modified the said Order in May, 2011 and has clarified that upon notification of Section 16, PNGRB has authority to issue final authorizations.

PNGRB is likely to authorize the existing & proposed pipeline network of your Company in Gujarat. Your Company has also submitted the tariff details to PNGRB for finalization.

PNGRB has shown commitment to introduce natural gas usage in number of cities. Till date, four rounds of the CGD bidding covering around 29 cities across the country have been initiated by PNGRB. This would encourage investments in the sector and further contribute towards increase in usage of natural gas.

## C. OPPORTUNITIES AND CHALLENGES

Your Company believes that to maintain and sustain the economic growth achieved in the past few years, our country needs infrastructure to ensure commercialization of gas finds. Moreover, gas being brought into the country through LNG terminals also needs to reach remote towns in order to provide equal benefit of the fuel to the common man. Growth in pipeline networks in the country, which in turn lead to setting up of CGD networks, are essential to guarantee overall progress of a nation in terms of economic and industrial progress coupled with taking care of environmental concerns.

Ideally, pipeline capacities should precede the gas supplies and for an energy deficient country like India, demand would certainly not be a critical issue. Capacity constraints would act as an impediment for development of natural gas market which is still at a nascent stage.

Currently, natural gas transmission infrastructure in India is approx 10000 kms and is restricted only to a few States namely: Gujarat, Maharashtra, Madhya Pradesh, Uttar Pradesh, Haryana, Rajasthan, NCR, Assam, Tamil Nadu, Andhra Pradesh and Tripura.

Transmission through pipelines is and shall remain the preferred mode for natural gas as it is the most efficient and safest way. To ensure widespread availability of natural gas, it is becoming increasingly necessary to develop pipeline infrastructure.

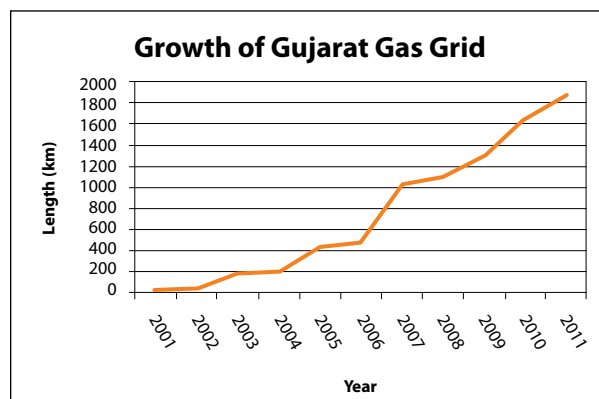
Pipelines play a critical role in matching the supply and demand of natural gas and your Company believes that development of pan-India pipelines would exploit gas supply and demand growth in India and unleash a huge growth potential. There are several sectors like power & industrial which would benefit from the usage of the environment friendly natural gas and it is very important to capture such latent demand. This would be helpful in overall balanced development of gas markets and consumption in the country.

At the same time developing pan-India pipeline infrastructure, including in remote areas, will be a challenge for your Company as this would be its first venture outside Gujarat.

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

## D. OPERATIONS AND FUTURE OUTLOOK

Your Company owns and operates the largest gas transmission network in Gujarat totaling to approx 1874 kms. The gas grid of the Company has reached to 18 out 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 all major industries spread across regions in the State.



Further, your Company has signed long term contracts with various customers across several sectors, for transmission of gas from various sources like from RIL KG Basin fields, LNG terminals at Dahej, Hazira etc.

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

Your Company is continuing expanding its network including development of several spurlines to connect remaining industrial

clusters and medium size customers along the pipeline network in Gujarat in order to facilitate the growth of the Company as well the industries across the State. The Company expects to implement further 3000 kms of pipelines in future subject to timely receipt of all applicable statutory approval. Further, augmentation of existing pipeline network is required due to increase in the gas demand and emergence of inter-state 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 an improvement in availability of gas and the same is expected to increase further.

Accordingly, your Company in a consortium with IOCL, BPCL and HPCL had submitted bids to PNGRB for setting up three cross-country natural gas transmission pipelines, namely: Mallavaram - Vijapur - Bhilwara pipeline (approx 1585 kms), Mehsana - Bhatinda pipeline (approx 1670 kms) and Bhatinda - Jammu - Srinagar pipeline (approx 740 kms). GSPL led consortium has emerged as the lowest bidder for the said pipeline projects. PNGRB has also issued Letters of Authorization in respect of these three pipelines on 7<sup>th</sup> July, 2011.

The development of the said pipelines is of immense economic interest for the country as these would make gas available for industries and transportation (CNG) as well as residential consumers in around 100 cities across the States of Andhra Pradesh, Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Haryana, NCR, Punjab and Jammu & Kashmir, most of which do not have pipeline connectivity as yet. These pipelines also hold significant value to GSPC Group, on the whole, as these open up a gamut of opportunities for gas trading / marketing, gas transmission, gas distribution and import of LNG.

However, the authorizations to the said pipelines have been challenged in Supreme Court of India. Though the decision is pending in this matter, till date no adverse interim order has been passed against the Company in this matter in this relation.

Your Company is likely to submit its Bid for the bids invited by the PNGRB for developing a pipeline of around 1500 kms from Surat in Gujarat upto Paradip in Orissa.

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 36.59% in GSPC Gas Co. Ltd.

It is noteworthy to mention that Sabarmati Gas Ltd. and GSPC Gas Co. Ltd. together are among the largest CGD networks 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.

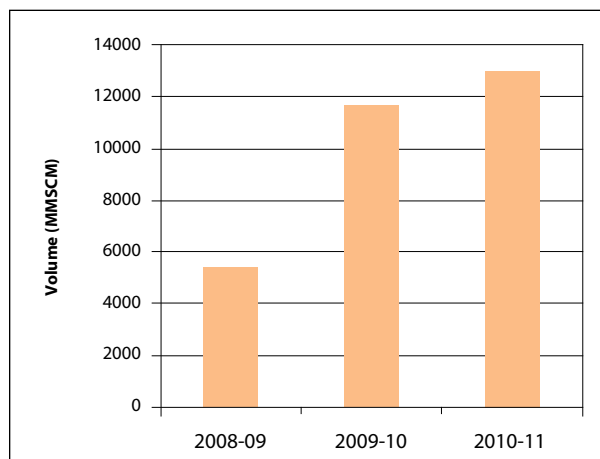
## E. PERFORMANCE PROFILE

The Company continues to expand its gas grid to reach new markets and connect to new supply sources.

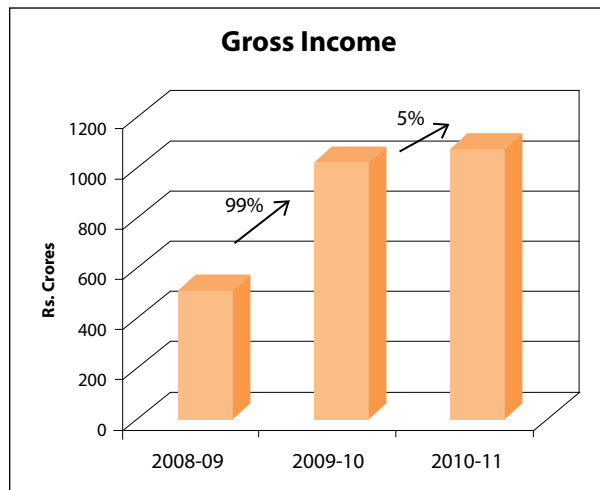
The infrastructure put up by the Company enabled the flow of LNG and domestic gas from various sources including KG Basin to reach various regions of Gujarat.

The Company has managed to achieve 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.

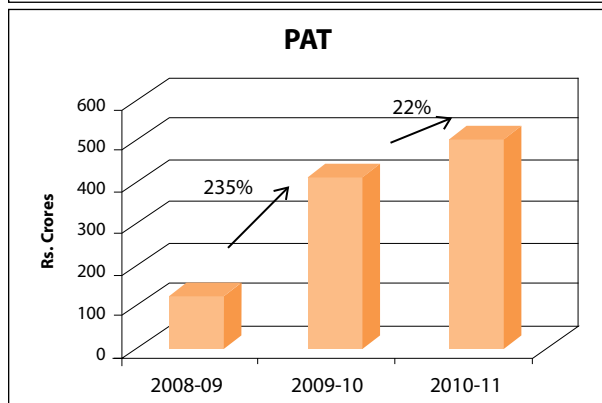
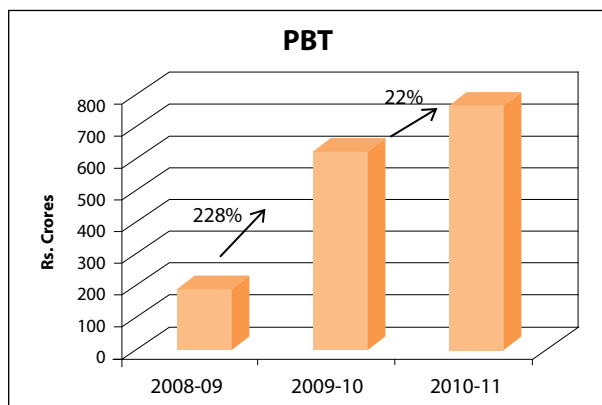
The Company transported 13009 mmscm of natural gas during the year, recording an increase of 11% over last year's volumes transportation of 11673 mmscm.



Income from transportation of gas for the year was Rs. 1,025.21 crore, an increase of 3% over last year's figure of Rs. 991.95 crore.



Profit after Tax for the year was Rs. 506.38 crore as compared to Rs. 413.77 crore in the previous year, recording an increase of 22%.



The Net Worth of the Company has increased from Rs. 1,563.48 crore to Rs. 2,004.75 crore as compared to previous year. During the year, Gross Block of Assets increased from Rs. 3,325.49 crore to Rs. 4,193.53 crore.

The Company continues to have a healthy Debt Equity Ratio of less than 1.

#### Wind Power Project

Your Company believes that renewable energy sources can offer enormous economic, social, and environmental benefits and India has the highest potential for effective use of the renewable energy sources like wind power.

Considering the cost benefit which a wind power project can offer, your Company ventured into and has successfully completed commissioning of the wind power project of 52.5 MW at Maliya - Miyana, Rajkot and Gorsar - Adodar, Porbandar in the State of Gujarat. The Company has generated 3,90,22,223 units of power from the same which resulted in the revenue of approx Rs. 13.89 crore in the year.

## 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 by the Comptroller & Auditor General of India (C&AG) and statutory 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 to SAP system, thereby leading to significant improved controls & transparency.

## G. HUMAN RESOURCES

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

The increasing human capital aspirations are a major challenge for the Company. In order to remain competitive it is imperative that Company has to hire and retain sufficient number of skilled talent so as to strengthen its technical and project management skills.

The Company employed 162 employees as on 31<sup>st</sup> March, 2011 (Previous year: 141 employees).

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

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

Moreover, apart from introducing GSPL ESOP - 2010 for all the employees of the Company during the year, your Company has introduced the Own Your Vehicle Scheme for the benefit of the employees at Gandhinagar.

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 31<sup>st</sup> March, 2011, 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        | Position /Category++                               | * Number of Directorship as on 31 <sup>st</sup> March, 2011 including GSPL | ** Number of Membership/ Chairmanship in Board Committee as on 31 <sup>st</sup> March, 2011 including GSPL |              |
|---------|-----------------------------|--|--|--|--------------|
|         |                             |  |  | Membership+  | Chairmanship |
| 1       | Shri A K Joti, IAS          | Non Executive Chairman (GSPC <sup>1</sup> Nominee) | 6  | 0  | 0            |
| 2       | Shri D J Pandian, IAS       | Non Executive Director (GSPC <sup>1</sup> Nominee) | 15   | 2  | 1            |
| 3       | Shri Atanu Chakraborty, IAS | Non Executive Director (GSPC <sup>1</sup> Nominee) | 14   | 7  | 2            |
| 4       | Shri Suresh Mathur          | Independent Director                               | 4  | 1  | 3            |
| 5       | Shri J K Jain               | Independent Director                               | 4  | 4  | 0            |
| 6       | Shri R Vaidyanathan         | Independent Director                               | 7  | 3  | 0            |
| 7       | Shri N K Mitra              | Independent Director                               | 1  | 0  | 0            |
| 8       | Shri Tapan Ray, IAS         | Managing Director (GSPC <sup>1</sup> Nominee)      | 11   | 4  | 0            |

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 2010-2011:-

The Board meets at regular intervals to discuss and decide on various issues including strategy related matters pertaining to the business/company. The tentative calendar of Board Meeting is circulated to the Directors in advance to facilitate them and to ensure their active participation in the meetings of the Company. Apart from this, the meeting of the Board is also convened on the approval of the Board is obtained through circulation of resolution to all the Directors in case some urgent/special situation arises. Such circular resolution is also confirmed in the next Board Meeting.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to take informed decisions and to discharge its functions effectively. Where it is not practicable to attach the relevant information as a part of agenda papers, the same are tabled at the meeting or / and the presentations are made by the concerned persons to the Board.

During the year 2010-2011, the Board met 5 (Five) times. Details of these meetings are as follows:-

| Sr. No. | Date of Meeting                 |
|---------|---------------------------------|
| 1       | 27 <sup>th</sup> May, 2010      |
| 2       | 29 <sup>th</sup> July, 2010     |
| 3       | 27 <sup>th</sup> October, 2010  |
| 4       | 29 <sup>th</sup> January, 2011  |
| 5       | 10 <sup>th</sup> February, 2011 |

**C. Attendance of each Director at the Board Meeting during the year 2010-2011 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 21 <sup>st</sup> September, 2010 |
|---------|-----------------------------|---|-----------------------------------|---|
| 1       | Shri A K Joti, IAS          | 5   | 5                                 | Yes   |
| 2       | Shri D J Pandian, IAS       | 5   | 0                                 | No  |
| 3       | Shri Atanu Chakraborty, IAS | 5   | 3                                 | No  |
| 4       | Shri Suresh Mathur          | 5   | 5                                 | No  |
| 5       | Shri R Vaidyanathan         | 5   | 4                                 | Yes   |
| 6       | Shri J K Jain               | 5   | 5                                 | Yes   |
| 7       | Shri N K Mitra              | 5   | 5                                 | Yes   |
| 8       | Shri Tapan Ray, IAS         | 5   | 4                                 | Yes   |

Note: The Directors were granted the leave of absence for non attendance at the meeting of Directors of the Company.

**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 D J Pandian, IAS**

Shri D J Pandian, IAS holds degree in Master of Business Administration from Madras University. He is a senior IAS officer having administrative and corporate experience spanning more than 27 years. Shri D J Pandian, IAS has worked on deputation with the World Bank in Washington, D.C. He was Director, External Commercial Borrowing, Ministry of Finance, Government of India from 1995 to 1997. In addition, Shri D J Pandian, IAS has also held various appointments in the Government of Gujarat. He previously headed Gujarat Lease Finance Limited from 1993 until 1994. Shri D J Pandian, IAS was Managing Director of GSPCL as well as GSPL from 2004 to 2009. Presently he is Principal Secretary, Energy & Petrochemicals Department, Government of Gujarat.

Shri D J Pandian, IAS holds Directorship in following other companies:

1. GSPC Gas Company Limited
2. GSPC LNG Limited
3. GSPC Pipavav Power Company Limited
4. Gujarat Alkalies & Chemicals Limited
5. Gujarat Energy Transmission Corporation Limited
6. Gujarat Industries Power Company Limited
7. Gujarat Narmada Valley Fertilizers Company Limited
8. Gujarat Power Corporation Limited
9. Gujarat State Electricity Corporation Limited
10. Gujarat State Energy Generation Limited
11. Gujarat State Fertilizers and Chemicals Limited
12. Gujarat State Petroleum Corporation Limited
13. Gujarat Urja Vikas Nigam Limited
14. Mahaguj Collieries 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 has earlier worked as Managing Director, Sardar Sarovar Narmada Nigam Ltd. He has wide experience of over 37 years in various Departments including Revenue, Finance, Home, Water Supply and Education Departments. 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:

1. Gujarat Alkalies and Chemicals Limited
2. Gujarat Narmada Valley Fertilizers Company Limited
3. Gujarat State Fertilizers & Chemicals Limited
4. Sardar Sarovar Narmada Nigam Limited
5. Gujarat State Petroleum Corporation Limited

### 3. AUDIT COMMITTEE

The composition of the Audit Committee as on 31<sup>st</sup> March, 2011 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 a 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 2010-2011, the Audit Committee met 5 (Five) times. Details of these meetings are as follows:-

| Sr. No. | Date of Meeting                 |
|---------|---------------------------------|
| 1       | 27 <sup>th</sup> May, 2010      |
| 2       | 29 <sup>th</sup> July, 2010     |
| 3       | 27 <sup>th</sup> October, 2010  |
| 4       | 29 <sup>th</sup> January, 2011  |
| 5       | 10 <sup>th</sup> February, 2011 |

The attendance of the members at the Audit Committee Meetings during 2010-2011 therein was as follows:-

| Sr. No. | Name of the Audit Committee Members | Number of Audit Committee Board Meetings holding the office | Number of Audit Committee meetings attended |
|---------|-------------------------------------|---|---|
| 1       | Shri Suresh Mathur                  | 5   | 5   |
| 2       | Shri Atanu Chakraborty, IAS         | 5   | 3   |
| 3       | Shri R Vaidyanathan                 | 5   | 4   |
| 4       | Shri J K Jain                       | 5   | 5   |

The two members of Audit Committee remained present at the Annual General Meeting of the Company held on 21<sup>st</sup> September, 2010 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 2010-2011, the Company has paid Rs. 3,00,000/- in aggregate as sitting fees to its Directors.

##### Stock Options granted to Directors:-

##### ESOP - 2005:

The Company has granted Stock Option to the Directors @ Rs. 14/- per share under ESOP - 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 - 2005 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 - 2005 till date.

##### ESOP - 2010:

Presently the Company has not granted Stock Option to the Directors under ESOP - 2010.

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

Except Shri Suresh Mathur who holds 28,000 Shares, no other Director holds any Share in the Company. Further, as disclosed to the Company, none of the Non-executive Directors has any other pecuniary interest 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 9<sup>th</sup> 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' Grievance Committee as on 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011 is as follows:-

| Particulars       | Opening as on<br>1 <sup>st</sup> April, 2010 | Received*<br>during the year | Disposed<br>during the year | Balance as on<br>31 <sup>st</sup> March, 2011 |
|-------------------|--|------------------------------|-----------------------------|---|
| No. of complaints | NIL  | 846                          | 846                         | 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.

Number of complaints received during the year as a percentage of total number of Members as on 31<sup>st</sup> March, 2011 is 0.44%.

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  |
|-----------|--|--|---|
| 2009-2010 | 21 <sup>st</sup> September, 2010<br>5.00 P.M.  | Assembly Hall, GSPC Bhavan,<br>Behind Udyog Bhavan, Sector-11,<br>Gandhinagar-382011 | 1. For approving offer & issue of shares to the employees of the Company pursuant to GSPL Employee Stock Option Plan - 2010.<br><br>2. For approving offer & issue of shares to the employees of the holding company i.e. Gujarat State Petroleum Corporation Limited pursuant to GSPL Employee Stock Option Plan - 2010. |
| 2008-2009 | 3 <sup>rd</sup> December, 2009<br>11.30 A.M    | Assembly Hall, GSPC Bhavan,<br>Behind Udyog Bhavan, Sector-11,<br>Gandhinagar-382011 | No  |
| 2007-2008 | 26 <sup>th</sup> September, 2008<br>12.00 Noon | Assembly Hall, GSPC Bhavan,<br>Behind Udyog Bhavan, Sector-11,<br>Gandhinagar-382011 | No  |

### B. Postal Ballot:

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

## 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](http://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](http://www.corpfiling.co.in)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com)).

## 9. CODE OF CONDUCT

### Code of Conduct for Directors and Senior Management:-

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.

### Code of Conduct for Prevention of Insider Trading:-

Pursuant to the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for Prevention of Insider Trading. Company Secretary acts as the Compliance Officer. This Code of Conduct is applicable to all Directors and such other Designated Employees of the Company who can have access to unpublished price sensitive information relating to the Company.

## 10. GENERAL SHAREHOLDERS INFORMATION

### A. Schedule & Venue of the 13th Annual General Meeting of the Company:-

|            |  |
|------------|--|
| Date & Day | 23 <sup>rd</sup> September, 2011, Friday   |
| Time       | 4.00 p.m.  |
| Venue      | Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan,<br>Sector - 11, Gandhinagar - 382011. |

### B. Financial Year and Calendar:-

The Financial Year of the Company starts on 1<sup>st</sup> April and ends on 31<sup>st</sup> March every year.

Financial Calendar for 2011-2012 (Tentative Schedule) for adoption of quarterly results for:

|  |  |
|--|--|
| Quarter ending 30 <sup>th</sup> June, 2011                   | On 9 <sup>th</sup> August, 2011        |
| Quarter ending 30 <sup>th</sup> September, 2011              | Before 14 <sup>th</sup> November, 2011 |
| Quarter ending 31 <sup>st</sup> December, 2011               | Before 14 <sup>th</sup> February, 2012 |
| Quarter & Year ending 31 <sup>st</sup> March, 2012 (Audited) | Before 30 <sup>th</sup> May, 2012      |

### C. Book Closure Date:-

Saturday, 17<sup>th</sup> September, 2011 to Friday, 23<sup>rd</sup> September, 2011 (both days inclusive).

### D. Dividend Payment:-

The dividend if approved by the shareholders will be paid on or after 23<sup>rd</sup> September, 2011 but within the statutory time limit of 30 days.

### Unclaimed Dividends/Shares

As per the provisions of the Companies Act, 1956, dividend which remains unclaimed for a period of seven years is mandatorily required to be transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government and thereafter cannot be claimed by the investors from the company.

The members who have not claimed their dividends declared by the Company in respect of Financial Year 2004-05 onwards are requested to claim the same from the Company alongwith necessary documentary proof.

In accordance with newly inserted Clause 5A of the Listing Agreement, the Company has identified 134 folios comprising of 34641 Equity Shares of face value of Rs. 10 each which are unclaimed as on 31<sup>st</sup> March, 2011. The Company is in process of sending reminders to the concerned shareholders in accordance with the said Clause.

### 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 2011-2012 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 2010   | 18047.86   | 17276.80 | 97.40                        | 87.15  | 5399.65   | 5160.90 | 97.50                        | 81.95  |
| May          | 17536.86   | 15960.15 | 96.90                        | 88.00  | 5278.70   | 4908.15 | 96.95                        | 87.00  |
| June         | 17919.62   | 16318.39 | 102.85                       | 93.10  | 5366.75   | 4961.05 | 102.90                       | 93.15  |
| July         | 18237.56   | 17395.58 | 109.00                       | 92.30  | 5477.50   | 5225.60 | 109.05                       | 99.50  |
| August       | 18475.27   | 17819.99 | 119.50                       | 105.70 | 5549.80   | 5348.90 | 121.80                       | 105.85 |
| September    | 20267.98   | 18027.12 | 123.95                       | 105.40 | 6073.50   | 5403.05 | 124.00                       | 105.30 |
| October      | 20854.55   | 19768.96 | 128.25                       | 110.35 | 6284.10   | 5937.10 | 128.25                       | 110.40 |
| November     | 21108.64   | 18954.82 | 123.20                       | 105.10 | 6338.50   | 5690.35 | 122.95                       | 104.40 |
| December     | 20552.03   | 19074.57 | 120.80                       | 105.70 | 6147.30   | 5721.15 | 119.80                       | 105.25 |
| January 2011 | 20664.80   | 18038.48 | 122.00                       | 99.10  | 6181.05   | 5416.65 | 122.00                       | 99.00  |
| February     | 18690.97   | 17295.62 | 105.15                       | 88.00  | 5599.25   | 5177.70 | 104.70                       | 87.50  |
| March        | 19575.16   | 17792.17 | 103.40                       | 90.50  | 5872.00   | 5348.20 | 103.45                       | 90.40  |

**G. Registrar and Transfer Agent and Share Transfer system:-**

The Company has appointed M/s Karvy Computershare Private Limited as the Registrar and Share Transfer Agent of the Company for both physical as well as demat mode.

The Company has entrusted the M/s Karvy Computershare Private Limited with the responsibility of ensuring effective resolution and disposal of all kinds of investor grievances such as demat, remat, non receipt of dividend, etc.

Investors may contact our Registrar and Share Transfer Agent at the following address for their queries:-

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  
 Website: www.karvycomputershare.com  
 Contact person: Mrs. P Varalakshmi

**H. Distribution of Shareholding:-**

Distribution of shareholding as on 31<sup>st</sup> March, 2011 is given below:

| Category (Amount of Share) | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|----------------------------|---------------------|-------------------|--------------------|-------------------|
| 1-5000                     | 175384              | 91.07             | 32984880           | 5.86              |
| 5001-10000                 | 10124               | 5.26              | 8185786            | 1.46              |
| 10001-20000                | 3694                | 1.92              | 5669363            | 1.01              |
| 20001-30000                | 1130                | 0.59              | 2926812            | 0.52              |
| 30001-40000                | 529                 | 0.27              | 1918065            | 0.34              |
| 40001-50000                | 472                 | 0.24              | 2245875            | 0.40              |
| 50001-100000               | 631                 | 0.33              | 4663541            | 0.83              |
| 100001 & above             | 618                 | 0.32              | 503988146          | 89.58             |
| Total                      | 192582              | 100               | 562582468          | 100               |

**I. Dematerialization of Shares and its liquidity:-**

288303805 Equity Shares representing 51.25% of the total Equity Shares of the Company are held in Dematerialized Form and balance 274278663 Equity Shares representing 48.75% are in Physical Form as on 31<sup>st</sup> March, 2011.

**J. Plant Locations:-**

The Company is developing pipeline infrastructure for transportation of gas. Presently, 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@gspl.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.

**M. Non-Mandatory Requirements:-**

1. The Board
  - (a) An office for the use of the Chairman is made available to the Directors whenever required.
  - (b) At present there is no policy fixing the tenure of Independent Directors.
2. Training of Board Members
 

Presently, there is no formal policy for training of the Board of Directors of the Company as the Directors of the Board are eminent and experienced professional persons in their respective fields.
3. Mechanism for evaluating Non-Executive Directors
 

Presently, there does not exist any formal mechanism for performance evaluation of Non-Executive Directors.
4. Remuneration Committee
 

The Company does not have any Whole-Time Director on the Board. In view of the same, no Remuneration Committee is constituted by the Company.
5. Shareholders' Rights
 

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.
6. Audit Qualifications
 

There are no qualifications in the Auditor's Report on the financial statements to the Shareholders of the Company.
7. Whistle Blower Policy
 

Presently, the Company has not established any formal Whistle Blower Policy.

For and on behalf of the Board of Directors

Date: 12<sup>th</sup> August, 2011

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 31<sup>st</sup> March, 2011 and that to the best of our knowledge and belief:
  - i. these audited financial results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the company during the period under review are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee:
  - i. that there are no significant changes in internal control over financial reporting during the period under review;
  - ii. the significant changes in accounting policies during the period under review; and
  - iii. that 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.

Date: 26<sup>th</sup> May, 2011  
Place: Gandhinagar

**Manish Seth**  
*DGM (Finance)*

**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 of India Limited for the financial year ended 31<sup>st</sup> March, 2011. 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 Chairman of the Audit Committee did not remain present at the Annual General Meeting held on 21<sup>st</sup> September, 2010. However, other two members (being the Independent Directors) of Audit Committee remained present to answer shareholders queries.

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

For MEHTA HURKAT & ASSOCIATES  
*Company Secretaries*

MANOJ R. HURKAT  
*Partner*

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

Date: 9<sup>th</sup> August, 2011  
Place: Ahmedabad

## Annexure - III

### DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN-2005

|   |  | 2010-2011   |  | 2009-2010   |  |
|---|--|---|--|---|--|
|   | Description  | 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 <sup>th</sup> October, 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)   | 2000  | 7460   | Nil   | Nil  |
| C | Exercise Price (Note 2)  | Rs.14/-   | Rs.14/-  | Rs.14/-   | Rs.14/-  |
| D | Total Option vested during the year  | Nil   | 6146.25  | Nil   | 274819   |
|   | Cumulative Option vested up to the respective financial year   | 764000  | 1356020.25   | 764000  | 1349874  |
| E | Total Options exercised during the respective financial year   | 10050   | 123834   | 36000   | 297381   |
|   | Cumulative Option exercised up to the respective financial year  | 658000  | 943198   | 647950  | 819364   |
| F | Total number of Shares arising as a result of exercise of Options during the respective financial year     | 10050   | 123834   | 36000   | 297381   |
|   | Cumulative number of Shares arising as a result of exercise of Options up to the respective financial year | 658000  | 943198   | 647950  | 819364   |
| G | Total Option lapsed/cancelled during the year (Note 3)   | Nil   | Nil  | 5000  | 52153  |
|   | Cumulative Option lapsed/cancelled up to the respective financial year (Note 4)                            | 80000   | 403748   | 82000   | 411208   |
| H | Money realized by exercise of Options during the respective financial year                                 | 140700  | 1733676  | 504000  | 4163334  |
| I | Total Number of Options in force as on 31st March of the respective financial year                         | 26000   | 216994   | 34050   | 333368   |
| 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                          | 9.00  | 9.00   | 7.35  | 7.35   |

| 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 1<sup>st</sup> July, 2010, the Compensation Committee of the Company, in accordance with the ESOP - 2005, has made grant of fresh Options out of the lapsed/cancelled Options upto 31<sup>st</sup> March, 2010.

**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 - 2005 was approved by the Board at its meeting held on 13<sup>th</sup> October, 2005 prior to listing of Shares of the Company.

**Note: 3**

Options 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 Options lapsed / cancelled up to the respective financial year are as under:

|   |  | 2010-2011          |                     | 2009-2010          |                     |
|---|--|--------------------|---------------------|--------------------|---------------------|
|   | Description  | 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                                 | 82000              | 411208              | 77000              | 359055              |
| B | Less:<br>Grant of Options during the respective financial year out of A above                              | 2000               | 7460                | Nil                | Nil                 |
| C | Add:<br>Options lapsed during the year   | Nil                | Nil                 | 5000               | 52153               |
| D | <b>Total Options lapsed/cancelled as on 31<sup>st</sup> March of the respective financial year (A-B+C)</b> | <b>80000</b>       | <b>403748</b>       | <b>82000</b>       | <b>411208</b>       |



## Note: 5

| Name of Director or key managerial personnel<br>(as on 31 <sup>st</sup> March, 2011) | Number of Equity Share of Rs.10 each<br>issuable upon exercise of Options. |
|--|--|
| <b>Directors*</b>  |  |
| 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  | 15500  |
| Ms. Reena Desai  | NIL  |

*\*None of the Directors have exercised Options granted under the ESOP - 2005 till date.*

## Note: 6

## Vesting Schedule

| Grant date  | Total Options granted<br>for vesting (see note iv) | Vesting Period |
|---|--|----------------|
| <b>ESOP 1 (See note i)</b>  |  |                |
| 18 <sup>th</sup> October, 2005  | 764000   | 1 year         |
| 19 <sup>th</sup> June, 2008 (see note iii)  | 17000  | 1 year         |
| 1 <sup>st</sup> July, 2010 (see note iii)   | 2000   | 1 year         |
| <b>ESOP 2 (See note iii)</b>  |  |                |
| 18 <sup>th</sup> October, 2005  | 1563940  | 4 years        |
| 19 <sup>th</sup> June, 2008 (see note iii)  | 41995  | 4 years        |
| 1 <sup>st</sup> July, 2010 (see note iii)   | 7460   | 4 years        |
| <b>Note i:</b> Options are vested at the end of 1st year from the date of grant of the Option.  |  |                |
| <b>Note ii:</b> Options are vested equally over 4 consecutive years from the expiry of one year from the date of grant of Option.         |  |                |
| <b>Note iii:</b> Grant of Options was made out of lapsed/cancelled Options.   |  |                |
| <b>Note iv:</b> No. of Options vested may differ due to Options 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

### DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN - 2010 (ESOP-2010)

|   | Description   | 2010-11         |                 |
|---|---|-----------------|-----------------|
|   |   | Type A          | Type B          |
| A | Total Options granted during the year by the Compensation Committee on 27 <sup>th</sup> October, 2010   | 20,38,745       | 90,180          |
| B | Exercise Price per Option (in Rs.) (Note 1)   | 75              | 75              |
| C | Total Option vested during the year   | Nil             | Nil             |
|   | Cumulative Option vested up to the respective financial year  | Nil             | Nil             |
| D | Total Options exercised during the respective financial year  | Nil             | Nil             |
|   | Cumulative Option exercised up to the respective financial year   | Nil             | Nil             |
| E | Total number of Shares arising as a result of exercise of Options during the respective financial year  | Nil             | Nil             |
|   | Cumulative number of Shares arising as a result of exercise of Options up to the respective financial year  | Nil             | Nil             |
| F | Total Option lapsed/cancelled during the year (Note 2)  | 46,140          | Nil             |
|   | Cumulative Option lapsed/cancelled up to the respective financial year (Note 3)   | 46,140          | Nil             |
| G | Money realized by exercise of Options during the respective financial year  | Nil             | Nil             |
| H | Total Number of Options in force as on 31 <sup>st</sup> March of the respective financial year  | 19,92,605       | 90,180          |
| I | Variation in terms of Options   | Nil             | Nil             |
| J | Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of Option (in Rs.)   | 8.97            | 8.99            |
| K | Person-wise details of Options granted to:  |                 |                 |
|   | 1. Existing Directors and key managerial employees  | Note 4          | Note 4          |
|   | 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.            |
|   | 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.            |
| L | Vesting Schedule  | Note 5          | Note 5          |
| M | Lock-in   | N.A.            | N.A.            |
| N | Method and assumptions for estimation of the Fair Value of the Options  | Note 6          | Note 6          |
|   | Price of the underlying shares in the market at the time of grant of Option (in Rs.)  | 118.05<br>(NSE) | 118.05<br>(NSE) |

**Note: 1**

The exercise price of the Option (i.e. the price to be paid by the employee to purchase one Equity Share of the Company) shall be a price that is not less than the Face Value Per Share. Further the exercise price shall be based upon the recommendation of the Compensation Committee.

**Note: 2**

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: 3**

Details of Cumulative Options lapsed / cancelled up to the respective financial year are as under:

|   | Description  | Type A       | Type B     |
|---|--|--------------|------------|
| A | Options lapsed/cancelled at the beginning of the respective financial year                                 | Nil          | Nil        |
| B | <b>Less:</b><br>Grant of Options during the respective financial year out of A above                       | Nil          | Nil        |
| C | <b>Add:</b><br>Options lapsed during the year  | 46140        | Nil        |
| D | <b>Total Options lapsed/cancelled as on 31<sup>st</sup> March of the respective financial year (A-B+C)</b> | <b>46140</b> | <b>Nil</b> |

**Note: 4**

Number of Equity Share of Rs.10 each issuable upon exercise of Options.

| Name of Director* or Key Managerial Personnel<br>(as on 31 <sup>st</sup> March, 2011) | Number of Equity Shares of Rs.10 each<br>issuable upon exercise of Options |
|---|--|
| <b>Key Managerial Personnel#</b>  |  |
| Mr. Michael Weir  | Nil  |
| Mr. Ravindra Agrawal  | 64,535   |
| Mr. Manish Seth   | 44,035   |
| Mr. N Bose Babu   | 64,535   |
| Mr. Sanjay Sengupta   | 35,035   |
| Mr. Subhasish Majumdar  | 28,535   |

*\*None of the Directors have been granted Options under the ESOP- 2010 till date.*

*#Options are granted under category Type-A of GSPL ESOP - 2010.*

**Note: 5**

Vesting Schedule

| ESOP - 2010 | Grant date                     | No. of Shares<br>granted | Vesting Period | Vesting Schedule<br>from date of grant | No. of Shares<br>vested |
|-------------|--------------------------------|--------------------------|----------------|--|-------------------------|
| Type A      | 27 <sup>th</sup> October, 2010 | 2038745                  | 5 years        | 10% – 20% – 20% – 25% – 25%            | Nil                     |
| Type B      | 27 <sup>th</sup> October, 2010 | 90180                    | 5 years        | 0% – 20% – 20% – 25% – 35%             | Nil                     |

**Note: 6**

The Company has calculated the employee compensation cost using the intrinsic value of Stock Options. Had the Fair Value Method been used, in respect of Stock Options granted under ESOP-2010, the employee compensation cost would have been higher by Rs. 0.85 crore, Profit After Tax lower by Rs. 0.85 crore and the basic and diluted Earnings Per Share would have been lower by Rs. 0.02 and Rs. 0.02 respectively.

Disclosure related to Options whose exercise price either equals or exceeds or is less than the market price of the stock.

| Particulars: ESOP - 2010 | Option Grant Date              | Exercise Price (Rs.) | Fair Value (Rs.) |
|--------------------------|--------------------------------|----------------------|------------------|
| Type A                   | 27 <sup>th</sup> October, 2010 | 75.00                | 72.42            |
| Type B                   | 27 <sup>th</sup> October, 2010 | 75.00                | 73.72            |

**Fair Value:**

The fair value of the Options granted has been estimated using the Binomial Option Pricing Model. The fair value of each award has been determined based on different expected lives of the Options that vest each year, as if the award were several separate awards, each with a different vesting date. For this purpose, the model has taken into account the vesting period, the total life of the Option (from date of grant to the last exercise date) and early exercise multiple for each such award. The assumptions used in the estimation of the same have been detailed below:

| Particulars  | ESOP 2010 – Type A and Type B            |  |  |  |  |
|--|--|--|--|--|--|
|  | Vest 1<br>26 <sup>th</sup> October, 2011 | Vest 2<br>26 <sup>th</sup> October, 2012 | Vest 3<br>26 <sup>th</sup> October, 2013 | Vest 4<br>26 <sup>th</sup> October, 2014 | Vest 5<br>26 <sup>th</sup> October, 2015 |
| Equity Share Price                                 | 118.05                                   | 118.05                                   | 118.05                                   | 118.05                                   | 118.05                                   |
| Exercise Price                                     | 75.00                                    | 75.00                                    | 75.00                                    | 75.00                                    | 75.00                                    |
| Volatility   | 44.09%                                   | 45.35%                                   | 46.75%                                   | 43.48%                                   | 45.62%                                   |
| Risk-free Rate                                     | 8.07%                                    | 8.04%                                    | 8.01%                                    | 7.93%                                    | 7.85%                                    |
| Dividend yield                                     | 1.86%                                    | 1.58%                                    | 1.28%                                    | 1.15%                                    | 1.05%                                    |
| Early Exercise Multiple                            | 2.25                                     | 2.25                                     | 2.25                                     | 2.25                                     | 2.25                                     |
| Expected Time to Exercise<br>Assuming Option Vests | 4.62                                     | 5.49                                     | 6.27                                     | 6.88                                     | 7.58                                     |

**Equity Share Price:** Closing price on NSE as on the date of grant has been considered for valuing the grants.

**Exercise Price:** The exercise price of the Option (i.e. the price to be paid by the employee to purchase one Equity Share of the Company) shall be a price that is not less than the Face Value Per Share. Further the exercise price shall be based upon the recommendation of the Compensation Committee from time to time.

**Volatility:** We have considered the historical volatility of the stock of a listed peer till the date of grant of Option to calculate the fair value, as the Company's own stock does not have a sufficiently long history of traded stock.

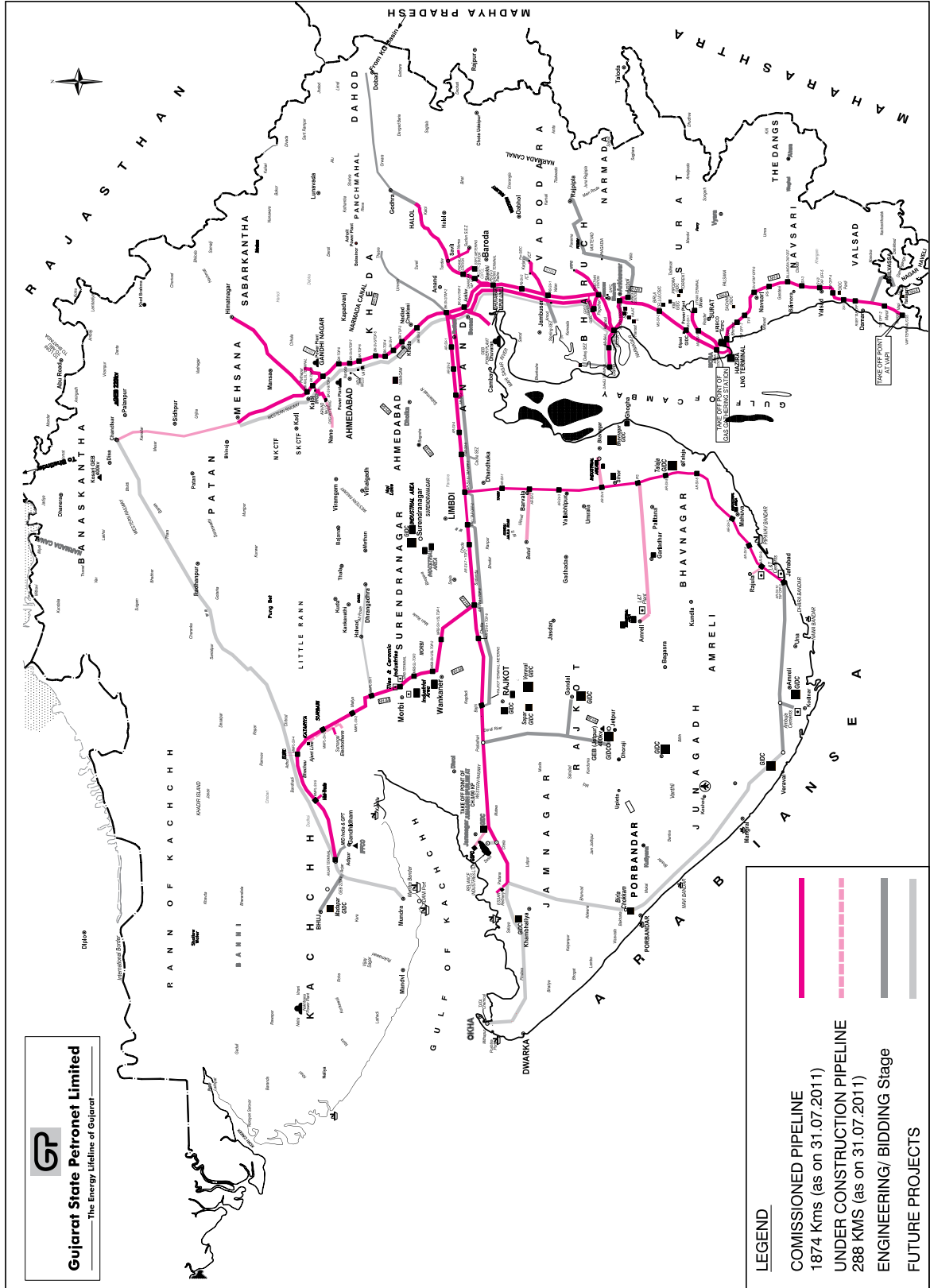
**Risk-free rate of return:** The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero-coupon yield curve for Government Securities.

**Dividend yield:** Expected dividend yield has been calculated based on the historical dividend yield of the Company and the peer group entities.

**Expected Option Life:** The Fair Value of each award has been determined based on different expected lives of the Options that vest each year, as if the award were several separate awards, each with a different vesting date. For this purpose, we have taken into account the vesting period, the total life of the Option (from date of grant to the last exercise date) and early exercise multiple for each such award.

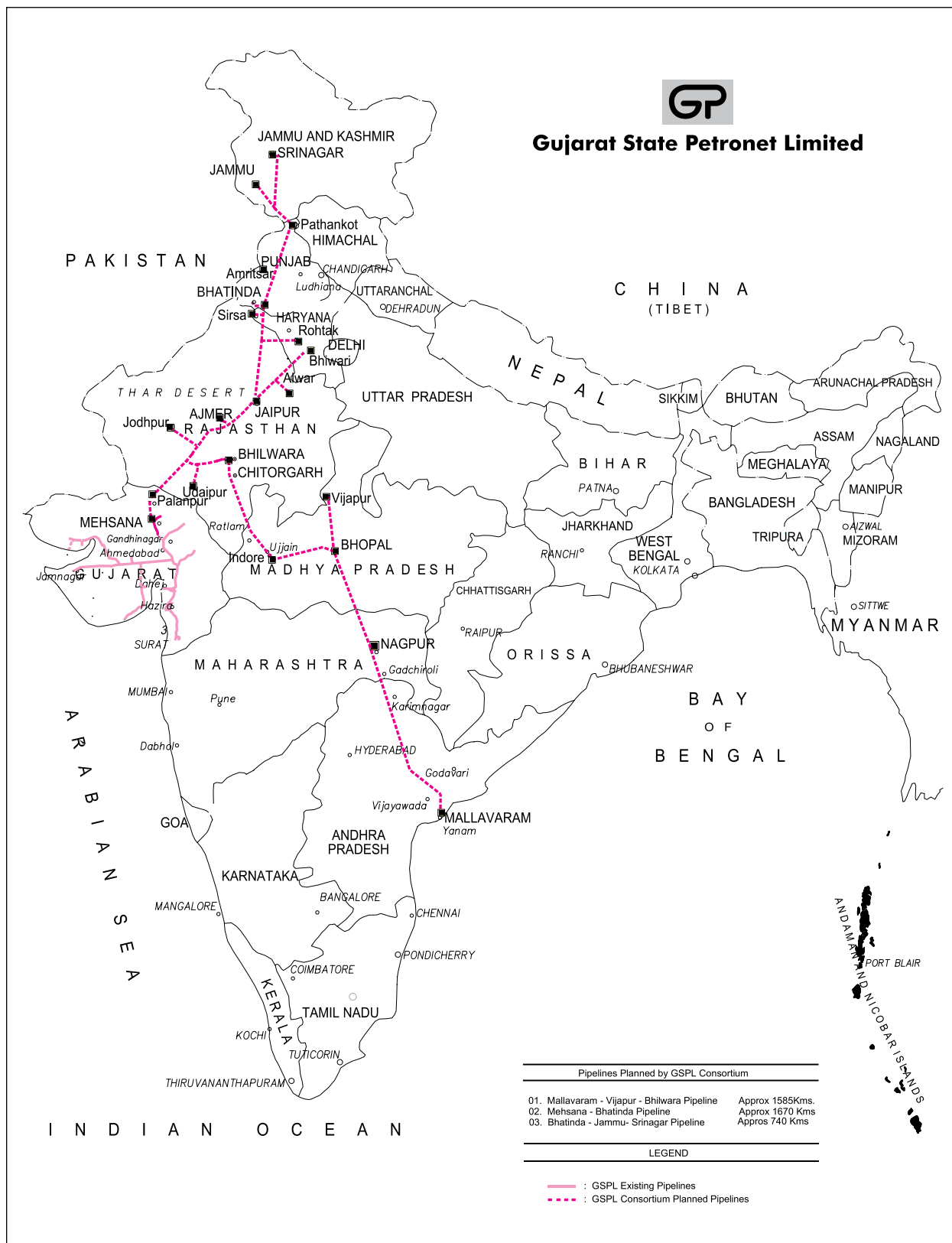


## Annexure - V GSPL Gas Grid Map



## Annexure - VI

### Proposed Cross Country Natural Gas Transmission Pipelines to be implemented by GSPL





## Annexure - VII

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GUJARAT STATE PETRONET LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011.

The preparation of financial statements of Gujarat State Petronet Limited, Gandhinagar for the year ended 31<sup>st</sup> March, 2011 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 8<sup>th</sup> June 2011.

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<sup>st</sup> March 2011. 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

(Dr. Prasenjit Mukherjee)  
Principal Accountant General  
C & R A, Gujarat

Place: Ahmedabad  
Date: 11<sup>th</sup> August, 2011

## 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 31<sup>st</sup> March, 2011 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 21<sup>st</sup> 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 31<sup>st</sup> March, 2011;
    - 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 : 8<sup>th</sup> June, 2011

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our Report of even date on the Accounts of Gujarat State Petronet Limited, Gandhinagar for the year ended on 31<sup>st</sup> March, 2011)

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 2010-2011 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<sup>st</sup> March, 2011 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) 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 paragraph 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 paragraph 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 : 8<sup>th</sup> June, 2011

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

| Particulars  | Schedule | Amount<br>Rs.  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|----------|----------------|--|--|
| <b>I SOURCES OF FUNDS</b>  |          |                |  |  |
| Shareholders' Funds  |          |                |  |  |
| Share Capital  | A        |                | 5,625,824,680                                | 5,624,485,840                                |
| Share Application Money  |          |                | -  | 198  |
| Reserves & Surplus   | B        |                | 14,424,172,160                               | 10,013,750,120                               |
| Employees' Stock Options Outstanding (Net)                               |          |                | 15,734,422                                   | -  |
| Secured Loans  | C        |                | 14,781,946,859                               | 12,565,471,816                               |
| Unsecured Loans  | D        |                | 53,000,000                                   | 30,000,000                                   |
| Deferred Tax Liability(Net)  |          |                | 2,640,603,827                                | 1,405,315,643                                |
| <b>TOTAL</b>   |          |                | <b>37,541,281,948</b>                        | <b>29,639,023,617</b>                        |
| <b>II APPLICATION OF FUNDS</b>   |          |                |  |  |
| Fixed Assets   |          |                |  |  |
| Gross Block  | E        | 41,935,277,169 |  | 33,254,916,381                               |
| Less :Depreciation   |          | 10,118,494,180 |  | 8,887,014,951                                |
| Net Block  |          |                | 31,816,782,989                               | 24,367,901,430                               |
| Capital Work-in-Progress   | F        |                | 3,545,917,171                                | 6,490,732,434                                |
| Investments  | G        |                | 765,749,990                                  | 665,749,990                                  |
| Current Assets, Loans and Advances                                       |          |                |  |  |
| Sundry Debtors   | H        | 697,685,066    |  | 752,711,800                                  |
| Inventory  | I        | 622,626,395    |  | 222,698,667                                  |
| Cash & Bank Balance  | J        | 2,390,120,198  |  | 1,741,721,448                                |
| Other Current Assets   | K        | 166,602,584    |  | 128,651,082                                  |
| Loans & Advances   | L        | 5,119,660,977  |  | 3,599,628,086                                |
|  |          | 8,996,695,219  |  | 6,445,411,083                                |
| Less : Current Liabilities & Provisions                                  | M        | 2,894,356,235  |  | 4,848,396,924                                |
|  |          | 4,691,976,286  |  | 3,485,839,536                                |
|  |          | 7,586,332,521  |  | 8,334,236,460                                |
| Net Current Assets   |          |                | 1,410,362,698                                | (1,888,825,377)                              |
| Miscellaneous Expenditure<br>(To the extent not written off or adjusted) | N        |                | 2,469,100                                    | 3,465,140                                    |
| <b>TOTAL</b>   |          |                | <b>37,541,281,948</b>                        | <b>29,639,023,617</b>                        |
| Significant Accounting Policies and<br>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 : 8<sup>th</sup> June, 2011

For and on behalf of the Board of Directors

A K Joti, IAS  
Chairman

Manish Seth  
DGM (Finance)

Tapan Ray, IAS  
Managing Director

Reena Desai  
Company Secretary

Place : Gandhinagar  
Date : 26<sup>th</sup> May, 2011

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011

| Particulars  | Schedule | 2010-2011<br>Rs.      | 2009-2010<br>Rs.      |
|--|----------|-----------------------|-----------------------|
| <b>I INCOME :</b>  |          |                       |                       |
| Income from Transportation of Gas                              |          | 10,252,082,418        | 9,919,516,234         |
| Income from Sale of Electricity                                |          | 138,919,111           | 216,711               |
| Other Income   | O        | 290,523,806           | 247,453,460           |
| <b>TOTAL</b>   |          | <b>10,681,525,335</b> | <b>10,167,186,405</b> |
| <b>II EXPENDITURE</b>  |          |                       |                       |
| Employee Cost  | P        | 152,871,377           | 99,401,237            |
| Gas Transportation Charges                                     |          | -                     | 3,640,564             |
| Administrative & Other Expenses                                | Q        | 263,605,092           | 217,965,704           |
| Operation & Maintenance Expenses                               | R        | 357,388,974           | 282,928,015           |
| Interest & Financial Charges                                   | S        | 960,624,608           | 928,758,305           |
| Depreciation   |          | 1,532,993,801         | 2,364,876,297         |
| Miscellaneous Expenditure Written Off                          |          | 996,040               | 27,930,346            |
| <b>TOTAL</b>   |          | <b>3,268,479,892</b>  | <b>3,925,500,468</b>  |
| <b>Profit /(Loss) for the Year</b>                             |          | <b>7,413,045,443</b>  | <b>6,241,685,937</b>  |
| Depreciation Written Back (Refer Note No.8)                    |          | (233,754,233)         | -                     |
| Prior Period Adjustments                                       |          | (3,242,222)           | (27,210,411)          |
| <b>Profit /(Loss) Before Tax</b>                               |          | <b>7,650,041,898</b>  | <b>6,268,896,348</b>  |
| <b>Provision for Tax</b>                                       |          |                       |                       |
| Income Tax (Current Year)                                      |          | 1,524,848,851         | 1,877,822,310         |
| MAT Credit Entitlement   |          | (344,419,161)         | -                     |
| Income Tax (Previous Years)                                    |          | 170,502,253           | (8,013,557)           |
| Deferred Tax   |          | 1,235,288,184         | 261,389,229           |
| <b>Profit /(Loss) After Tax</b>                                |          | <b>5,063,821,771</b>  | <b>4,137,698,366</b>  |
| <b>Balance Brought Forward</b>                                 |          | <b>5,965,810,881</b>  | <b>2,484,215,423</b>  |
| <b>Amount Available for Appropriations</b>                     |          | <b>11,029,632,652</b> | <b>6,621,913,789</b>  |
| Dividend   |          | 562,657,813           | 562,652,562           |
| Tax on Dividend  |          | 91,277,454            | 93,450,346            |
| Transfer from Bond Redemption Reserve                          |          | (10,000,000)          | -                     |
| <b>Balance Transferred to Balance Sheet</b>                    |          | <b>10,385,697,385</b> | <b>5,965,810,881</b>  |
| <b>Earnings Per Share (Basic)</b>                              |          | <b>9.00</b>           | <b>7.36</b>           |
| <b>Earnings Per Share (Diluted)</b>                            |          | <b>8.97</b>           | <b>7.35</b>           |
| <b>Significant Accounting Policies &amp; Notes on Accounts</b> | 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 : 8<sup>th</sup> June, 2011

For and on behalf of the Board of Directors

A K Joti, IAS  
Chairman

Manish Seth  
DGM (Finance)

Tapan Ray, IAS  
Managing Director

Reena Desai  
Company Secretary

Place : Gandhinagar  
Date : 26<sup>th</sup> May, 2011

## SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### SCHEDULE - A

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>SHARE CAPITAL</b>   |  |  |
| <b>AUTHORISED SHARE CAPITAL</b>  |  |  |
| 70,00,00,000 Equity Shares of Rs. 10 each  | 7,000,000,000                                | 7,000,000,000                                |
| <b>TOTAL</b>   | <u>7,000,000,000</u>                         | <u>7,000,000,000</u>                         |
| <b>ISSUED SUBSCRIBED AND PAID UP CAPITAL</b>   |  |  |
| 56,25,82,468 Equity Shares of Rs. 10/- each fully paid up<br>(Previous Year 56,24,48,584 Shares of Rs.10/- each fully paid up)<br>[out of above 21,23,05,270 Shares of Rs. 10 each (Previous year 21,23,05,270 Shares)<br>are held by the holding company Gujarat State Petroleum Corporation Limited] | 5,625,824,680                                | 5,624,485,840                                |
| <b>TOTAL</b>   | 5,625,824,680                                | 5,624,485,840                                |

### SCHEDULE - B

| Particulars                         | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|-------------------------------------|--|--|
| <b>RESERVES &amp; SURPLUS</b>       |  |  |
| <b>A) Profit &amp; Loss Account</b> |  |  |
| Opening Balance                     | 5,965,810,881                                | 2,484,215,423                                |
| Addition during the Year            | 4,419,886,504                                | 3,481,595,458                                |
|                                     | <b>10,385,697,385</b>                        | <b>5,965,810,881</b>                         |
| <b>B) General Reserve</b>           |  |  |
| Opening Balance                     | 27,229,963                                   | 27,229,963                                   |
| Addition during the Year            | -  | -  |
|                                     | <b>27,229,963</b>                            | <b>27,229,963</b>                            |
| <b>C) Share Premium</b>             |  |  |
| Opening Balance                     | 4,010,709,276                                | 4,009,375,752                                |
| Addition during the Year            | 535,536                                      | 1,333,524                                    |
|                                     | <b>4,011,244,812</b>                         | <b>4,010,709,276</b>                         |
| <b>D) Bond Redemption Reserve</b>   |  |  |
| Opening Balance                     | 10,000,000                                   | 10,000,000                                   |
| Less Transferred to P&L A/c         | (10,000,000)                                 | -  |
|                                     | <b>-</b>                                     | <b>10,000,000</b>                            |
| <b>TOTAL (A+B+C+D)</b>              | <b>14,424,172,160</b>                        | <b>10,013,750,120</b>                        |

### SCHEDULE - C

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>SECURED LOANS( secured by first Pari Passu charge<br/>on fixed assets except 36" pipe line from Hazira to Mora)</b> |  |  |
| 1) Secured Bonds (further secured on Land and Premises at Sajod Village)<br>(100 Bonds of Rs.1,00,000 each)            | -  | 10,000,000                                   |
| 2) Term Loan from Banks  |  |  |
| Vijaya Bank  | 695,966,155                                  | 844,264,268                                  |
| Union Bank Of India  | 746,776,289                                  | 960,399,067                                  |
| Bank Of Baroda   | 1,332,341,718                                | 1,411,962,047                                |
| Bank Of India  | 52,494,588                                   | 107,244,945                                  |
| Dena Bank  | 784,199,641                                  | 1,028,582,683                                |
| Oriental Bank Of Commerce  | -  | 20,655,601                                   |
| Allahabad Bank   | 1,260,775,573                                | 684,681,533                                  |
| State Bank Of Bikaner & Jaipur   | 52,462,449                                   | 82,487,940                                   |
| State Bank Of Travancore   | 444,391,394                                  | 248,789,817                                  |
| The Karur Vysya Bank Ltd.  | 12,509,395                                   | 29,166,661                                   |
| The South Indian Bank Ltd.   | -  | 29,167,064                                   |
| UCO Bank   | 404,326,786                                  | 528,894,187                                  |
| Corporation Bank   | 698,729,256                                  | 437,431,373                                  |
| State Bank Of India  | 884,176,028                                  | 1,104,219,873                                |
| Axis Bank Ltd.   | -  | 93,584,753                                   |
| IDBI Bank Ltd.   | 1,169,659,430                                | 1,419,654,286                                |
| HDFC Bank Ltd.   | 1,290,000,000                                | 110,000,000                                  |
| ICICI Bank Ltd.  | 1,146,218,487                                | -  |
| 3) Term Loan from Infrastructure Development Finance Co. Ltd.  | 642,857,147                                  | 714,285,718                                  |
| 4) Term Loan from International Finance Corporation  | 3,164,062,523                                | 2,700,000,000                                |
| <b>TOTAL</b>   | <b>14,781,946,859</b>                        | <b>12,565,471,816</b>                        |

### SCHEDULE - D

| Particulars   | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|---|--|--|
| <b>UNSECURED LOANS</b>  |  |  |
| Security Deposit from Customers<br>(Deposit from commercial customers refundable on<br>termination of Gas Transportation Agreement) | 53,000,000                                   | 30,000,000                                   |
| <b>TOTAL</b>  | <b>53,000,000</b>                            | <b>30,000,000</b>                            |

## SCHEDULE - E

### FIXED ASSETS

| (in Rupees)              |  |               |               |             |   |  |               |               |            |   |  |  |
|--------------------------|--|---------------|---------------|-------------|---|--|---------------|---------------|------------|---|--|--|
| Particulars              | GROSS BLOCK  |               |               |             |   | DEPRECIATION   |               |               |            | NET BLOCK   |  |  |
|                          | Op. Balance<br>As On<br>1 <sup>st</sup> April,<br>2010 | Additions     | Adjustments*  | Deduction   | Cl. Balance<br>As On<br>31 <sup>st</sup> March,<br>2011 | Op. Balance<br>As On<br>1 <sup>st</sup> April,<br>2010 | Additions     | Adjustments*  | Deduction  | Cl. Balance<br>As On<br>31 <sup>st</sup> March,<br>2011 | As On<br>31 <sup>st</sup> March,<br>2011 | As On<br>31 <sup>st</sup> March,<br>2010 |
| Land-Free Hold           | 437,208,847  | 142,552,811   | -             | -           | 579,761,658   | -  | -             | -             | -          | -   | 579,761,658                              | 437,208,847                              |
| Land-Lease Hold          | 204,486,010  | 50,031,721    | -             | -           | 254,517,731   | 4,973,721  | 4,021,236     | -             | -          | 8,994,957   | 245,522,774                              | 199,512,289                              |
| Building                 | 1,089,218,984  | 149,673,800   | -             | -           | 1,238,892,784   | 287,719,635  | 75,991,419    | -             | -          | 363,711,054   | 875,181,730                              | 801,499,349                              |
| Plant & Machinery        | 30,591,356,056   | 8,348,193,180 | (844,153,648) | 229,535,768 | 37,865,859,820  | 8,208,786,833  | 1,353,842,543 | (233,754,233) | 67,245,074 | 9,261,630,070   | 28,604,229,750                           | 22,382,569,223                           |
| Communi. Equipments      | 729,048,117  | 47,413,764    | -             | 287,209     | 776,174,672   | 287,613,247  | 63,162,319    | -             | 199,711    | 350,575,855   | 425,598,817                              | 441,434,870                              |
| Computers                | 39,463,925   | 4,686,330     | -             | 288,662     | 43,861,593  | 22,857,644   | 7,279,432     | -             | 233,735    | 29,903,341  | 13,958,252                               | 16,606,281                               |
| Furniture & Fittings     | 36,229,494   | 5,619,555     | -             | -           | 41,849,049  | 10,404,743   | 5,180,434     | -             | -          | 15,585,177  | 26,263,872                               | 25,824,751                               |
| Office Equipments        | 15,120,260   | 1,167,042     | -             | 126,500     | 16,160,802  | 6,398,509  | 1,322,589     | -             | 81,820     | 7,639,279   | 8,521,523                                | 8,721,751                                |
| Vehicles                 | 20,536,733   | 11,282,717    | -             | -           | 31,819,450  | 11,543,553   | 3,651,761     | -             | -          | 15,195,314  | 16,624,136                               | 8,993,180                                |
| Books                    | 458,759  | -             | -             | -           | 458,759   | 458,759  | -             | -             | -          | 458,759   | -  | -  |
| Intangibles-(Software)   | 91,789,196   | 2,328,272     | -             | -           | 94,117,468  | 46,258,307   | 18,542,066    | -             | -          | 64,800,373  | 29,317,095                               | 45,530,889                               |
| Intangible Asset-RoU/RoW | -  | 147,649,734   | 844,153,648   | -           | 991,803,382   | -  | -             | -             | -          | -   | 991,803,382                              | -  |
| Total                    | 33,254,916,381   | 8,910,598,927 | -             | 230,238,140 | 41,935,277,169  | 8,887,014,951  | 1,532,993,801 | (233,754,233) | 67,760,339 | 10,118,494,180  | 31,816,782,989                           | 24,367,901,430                           |
| Previous Year            | 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                           |

\*These Adjustments relates to change in accounting policy of right of use and right of way as per note no.8

**SCHEDULE - F**

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>CAPITAL WORK IN PROGRESS (including Advances)</b> |  |  |
| Darod-Jafrabad Pipeline                              | 33,023,681                                   | 3,720,480,090                                |
| Software Development                                 | 27,093,700                                   | 26,337,500                                   |
| Gana-Rajkot Pipeline                                 | -  | 1,691,475                                    |
| Morbi-Anjar Pipeline                                 | -  | 6,505,298                                    |
| Others   | 576,079,655                                  | 666,075,653                                  |
| Advance to Creditors for Capital Expenses            | 202,191,347                                  | 629,416,784                                  |
| Project Inventory                                    | 1,516,061,879                                | 1,103,866,152                                |
| Bhavnagar Spurline                                   | 155,666,579                                  | 4,076,023                                    |
| Botad Spurline                                       | 148,582,972                                  | 6,990,404                                    |
| GSFC Spurline  | 177,341,380                                  | 5,986,512                                    |
| Nano Spurline  | 365,000,859                                  | 191,651,261                                  |
| Mehsana - Palanpur Pipeline                          | 12,896,113                                   | 15,370,004                                   |
| Vilayat Spurline                                     | 62,498,918                                   | -  |
| Tana -Amreli Spurline                                | 269,480,088                                  | -  |
| Windmill Project                                     | -  | 112,285,278                                  |
| <b>TOTAL</b>   | <b>3,545,917,171</b>                         | <b>6,490,732,434</b>                         |

**SCHEDULE - G**

| Particulars   | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|---|--|--|
| <b>INVESTMENTS (LONG TERM &amp; UNQUOTED) (At Cost)</b>   |  |  |
| 5,75,000 Equity Shares of Rs. 10 each of<br>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<br>GSPC Gas Company Ltd. (Fully Paid Up)                  | 349,999,990                                  | 349,999,990                                  |
| 62,50,000 Equity Shares of Rs. 10 each of<br>Gujarat State Energy Generation Ltd. (Fully Paid Up)     | 100,000,000                                  | -  |
| 27,50,000 Equity Shares of Rs. 10 each of<br>Sabarmati Gas Ltd. (Fully Paid Up)                       | 110,000,000                                  | 110,000,000                                  |
| 2,000 Optionally Convertible Debentures of Rs. 1,00,000 each of<br>Sabarmati Gas Ltd. (Fully Paid Up) | 200,000,000                                  | 200,000,000                                  |
| <b>TOTAL</b>  | <b>765,749,990</b>                           | <b>665,749,990</b>                           |

**SCHEDULE - H**

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>SUNDRY DEBTORS (Unsecured, considered Good)</b>         |  |  |
| Sundry Debtors-Outstanding for a period exceeding 6 months | 87,066,569                                   | 248,031,423                                  |
| - Others   | 610,618,496                                  | 504,680,377                                  |
| <b>TOTAL</b>   | <b>697,685,066</b>                           | <b>752,711,800</b>                           |

**SCHEDULE - I**

| Particulars      | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|------------------|--|--|
| <b>INVENTORY</b> |  |  |
| Stores & Spares  | 173,711,376                                  | 165,572,996                                  |
| Line Pack Gas    | 448,915,019                                  | 57,125,671                                   |
| <b>TOTAL</b>     | <b>622,626,395</b>                           | <b>222,698,667</b>                           |

**SCHEDULE - J**

| Particulars                              | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>CASH &amp; BANK BALANCES</b>          |  |  |
| Cash-On-hand                             | 114,786                                      | 42,440                                       |
| Balance with Banks                       |  |  |
| In Current Accounts with Scheduled Banks | 61,247,158                                   | 75,284,243                                   |
| In Fixed Deposits with Scheduled Banks   | 2,328,758,254                                | 1,666,394,765                                |
| <b>TOTAL</b>                             | <b>2,390,120,198</b>                         | <b>1,741,721,448</b>                         |

**SCHEDULE - K**

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>OTHER CURRENT ASSETS</b>                            |  |  |
| Interest Accrued but not due on Fixed Deposits & Loans | 42,900,602                                   | 16,263,255                                   |
| Interest Accrued but not due on OCD                    | 18,463,563                                   | 8,515,069                                    |
| Refundable Deposit for ROU/ROW                         | 104,524,419                                  | 103,158,758                                  |
| Other Claims Recoverable                               | 714,000                                      | 714,000                                      |
| <b>TOTAL</b>   | <b>166,602,584</b>                           | <b>128,651,082</b>                           |

**SCHEDULE - L**

| Particulars                                 | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|---|--|--|
| <b>LOANS &amp; ADVANCES (Secured )</b>      |  |  |
| House Building Advance to Employees         | 55,605,326                                   | 39,072,619                                   |
| <b>(Unsecured considered Good)</b>          |  |  |
| Loans & Advances to Employees               | 13,299,439                                   | 9,194,964                                    |
| Advances Recoverable in Cash or Kind        | 64,751                                       | 64,751                                       |
| Advance Tax & TDS                           | 4,023,862,645                                | 2,672,720,078                                |
| MAT Credit Entitlement                      | 344,419,161                                  | 155,184,816                                  |
| Equity Share Application - GSPC Gas Co.Ltd. | 276,043,761                                  | 100,000,010                                  |
| Equity Share Application - GSPC LNG.Ltd.    | 250,000,000                                  | 100,000,000                                  |
| Balance Service Tax & Excise Duty etc.      | 104,707,704                                  | 221,457,333                                  |
| Other Advance Payments                      | 14,193,309                                   | 292,655,432                                  |
| Prepaid Expenses                            | 37,464,881                                   | 9,278,083                                    |
| <b>TOTAL</b>                                | <b>5,119,660,977</b>                         | <b>3,599,628,086</b>                         |

**SCHEDULE - M**

| Particulars  | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|--|--|--|
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b>              |  |  |
| <b>A) Current Liabilities</b>                            |  |  |
| Sundry Creditors:  |  |  |
| Micro, Small & Medium Enterprises                        | 2,880,132                                    | 68,757,360                                   |
| Others   | 2,759,597,626                                | 4,696,610,790                                |
| Earnest Money Deposit                                    | 9,960,000                                    | 1,785,000                                    |
| Other Statutory Liabilities                              | 30,103,424                                   | 20,303,848                                   |
| Unclaimed Refund Warrants - Share Application            | 4,083,858                                    | 4,272,858                                    |
| *Unclaimed Interest Warrants - Fixed Deposit from Public | 379,351                                      | 379,351                                      |
| Interest Accrued but not due on Term Loan                | 70,656,650                                   | 48,356,365                                   |
| Interest Accrued but not due on Bonds                    | -  | 735,480                                      |
| Fixed Deposit Repayment due                              | 589,748                                      | 654,005                                      |
| *Dividend Payable/Unclaimed                              | 4,904,508                                    | 3,052,570                                    |
| OYVS Installments from Employees                         | 83,765                                       |  |
| Salary Payable   | 227,073                                      | 589,297                                      |
| Deposits from Customers                                  | 10,890,100                                   | 2,900,000                                    |
|  | <b>2,894,356,235</b>                         | <b>4,848,396,924</b>                         |
| (* Refer Note No. 25 of Notes on Accounts)               |  |  |
| <b>B) Provisions</b>                                     |  |  |
| Provision for Income-Tax & Fringe Benefit Tax            | 3,998,732,510                                | 2,794,108,769                                |
| Provision for Salary Arrears                             | -  | 8,714,483                                    |
| Proposed Dividend  | 562,582,468                                  | 562,448,584                                  |
| Provision for Tax on Dividend                            | 91,264,941                                   | 93,415,680                                   |
| Provision for Gratuity                                   | 6,643,639                                    | 4,705,348                                    |
| Provision for Leave Encashment                           | 23,281,539                                   | 14,405,081                                   |
| Provision for Leave Travel Allowance                     | 8,651,308                                    | 7,360,664                                    |
| Provision for Wealth-Tax                                 | 819,881                                      | 680,927                                      |
|  | <b>4,691,976,286</b>                         | <b>3,485,839,536</b>                         |
| <b>TOTAL (A+B)</b>                                       | <b>7,586,332,521</b>                         | <b>8,334,236,460</b>                         |

**SCHEDULE - N**

| Particulars                        | As at<br>31 <sup>st</sup> March, 2011<br>Rs. | As at<br>31 <sup>st</sup> March, 2010<br>Rs. |
|------------------------------------|--|--|
| <b>MISCELLANEOUS EXPENDITURE</b>   |  |  |
| <b>A) Preliminary Expenditure</b>  |  |  |
| Opening Balance                    | 3,465,140                                    | 5,311,631                                    |
| Addition during the Year           | -  | -  |
| Less : Written Off during the Year | (996,040)                                    | (1,846,491)                                  |
|                                    | <b>2,469,100</b>                             | <b>3,465,140</b>                             |
| <b>B) IPO Expenditure</b>          |  |  |
| Opening Balance                    | -  | 28,080,417                                   |
| Less Adjusted during the Year      | -  | (1,996,562)                                  |
| Less : Written Off during the Year | -  | (26,083,855)                                 |
|                                    | -  | -  |
| <b>TOTAL (A+B)</b>                 | <b>2,469,100</b>                             | <b>3,465,140</b>                             |

**SCHEDULE - O**

| Particulars                                   | 2010 - 2011<br>Rs. | 2009 - 2010<br>Rs. |
|---|--------------------|--------------------|
| <b>OTHER INCOMES</b>                          |                    |                    |
| <b>Interest</b>                               |                    |                    |
| Interest on Fixed Deposits with Banks         | 143,866,308        | 92,612,983         |
| Interest on Share Application Money           | 17,839,167         | 18,714,520         |
| Interest on Optionally Convertible Debentures | 12,000,001         | 8,515,069          |
| Other Interest                                | 8,584,319          | 5,184,896          |
|   | <b>182,289,795</b> | <b>125,027,468</b> |
| Dividend                                      | 24,582,419         | 21,666,666         |
| Misc. Income                                  | 83,651,592         | 100,759,326        |
| <b>TOTAL</b>                                  | <b>290,523,806</b> | <b>247,453,460</b> |

**SCHEDULE - P**

| Particulars                                  | 2010 - 2011<br>Rs. | 2009 - 2010<br>Rs. |
|--|--------------------|--------------------|
| <b>EMPLOYEE COST</b>                         |                    |                    |
| Salaries Wages & Allowances                  | 102,463,610        | 98,780,338         |
| Salary Arrears                               | (461,592)          | (33,381,665)       |
| EDLI   | 340,413            | 234,824            |
| Gratuity                                     | 6,247,211          | 6,207,429          |
| Leave Encashment                             | 9,285,803          | 9,374,698          |
| Super Annuation Scheme                       | 2,378,882          | 1,120,854          |
| Contribution to Provident Fund               | 8,333,970          | 6,299,071          |
| Group Medicaclaim & Personal Accident Policy | 3,549,158          | 2,682,381          |
| Staff Welfare Expenses                       | 722,585            | 3,368,575          |
| ESOP Compensation Expenses                   | 15,734,422         | -                  |
| Training Expenses                            | 3,333,953          | 2,488,547          |
| Recruitment Expenses                         | 942,962            | 2,226,185          |
| <b>TOTAL</b>                                 | <b>152,871,377</b> | <b>99,401,237</b>  |

**SCHEDULE - Q**

| Particulars                                | 2010 - 2011<br>Rs. | 2009 - 2010<br>Rs. |
|--|--------------------|--------------------|
| <b>ADMINISTRATIVE &amp; OTHER EXPENSES</b> |                    |                    |
| Administrative Exps.                       | 41,301,046         | 36,975,590         |
| Advertisement                              | 10,295,910         | 9,061,050          |
| Bandwidth & WebSite Maintenance Charges    | 623,823            | 1,312,094          |
| Business Promotion                         | 1,128,364          | 3,466,210          |
| Loss on Sale of Assets                     | 105,392            | 43,842             |
| Audit Fee                                  | 100,000            | 100,000            |
| Donation                                   | 89,240,512         | 68,480,500         |
| Legal & Professional Exps.                 | 31,358,476         | 26,251,462         |
| Other Expenses                             | 867,368            | 186,624            |
| Interest & Penalties                       | 12,063,749         | 9,565,606          |
| Rent                                       | 18,814,862         | 17,631,919         |
| Rate & Taxes                               | 3,639,543          | 257,675            |
| Seminar & Conference                       | 974,356            | 712,821            |
| Stationery & Printing                      | 4,324,968          | 4,245,768          |
| Travelling Exps. - Directors               | 787,702            | 223,931            |
| Travelling Exps. - Others                  | 8,493,483          | 6,108,908          |
| Postage, Telephone & Courier               | 9,479,941          | 9,514,679          |
| Wealth Tax                                 | 788,995            | (821,865)          |
| HSE Exps.                                  | 2,664,997          | 3,718,237          |
| Listing Fee                                | 915,330            | 852,391            |
| Insurance Exps.                            | 25,636,275         | 20,078,262         |
| <b>TOTAL</b>                               | <b>263,605,092</b> | <b>217,965,704</b> |

**SCHEDULE - R**

| Particulars                                 | 2010 - 2011<br>Rs. | 2009 - 2010<br>Rs. |
|---|--------------------|--------------------|
| <b>OPERATION &amp; MAINTENANCE EXPENSES</b> |                    |                    |
| Maintenance Contracts                       | 165,038,072        | 94,084,515         |
| Payment to Outsourced Persons               | 25,639,345         | 18,576,786         |
| Security Service Charges                    | 34,838,849         | 28,595,831         |
| Land Revenue                                | 1,435,189          | 1,220,209          |
| Electricity Charges                         | 28,126,936         | 25,432,033         |
| Consumption of Spares / Materials           | 26,619,258         | 30,848,945         |
| Fuel Expenses                               | 935,249            | 780,643            |
| Repairs & Maintenance-Building              | 1,868,233          | 2,009,795          |
| Repairs & Maintenance-Machinery             | 8,494,020          | 16,896,290         |
| Other O&M Expenses                          | 64,071,070         | 64,482,797         |
| Reactive Energy Charges - Windmill          | 96,688             | 171                |
| SLDC Charges - Windmill                     | 226,065            | -                  |
| <b>TOTAL</b>                                | <b>357,388,974</b> | <b>282,928,015</b> |

**SCHEDULE - S**

| Particulars                                  | 2010 - 2011<br>Rs. | 2009 - 2010<br>Rs. |
|--|--------------------|--------------------|
| <b>INTEREST &amp; FINANCIAL CHARGES</b>      |                    |                    |
| Interest on Bonds                            | 1,477,020          | 1,472,980          |
| Interest on Term Loan from Banks, IDFC & IFC | 956,872,329        | 896,887,896        |
| Interest on Short Term Loan                  | -                  | 28,301,917         |
| Other Interest                               | 61,114             | 71,233             |
| Other Financial Charges                      | 2,214,145          | 2,024,279          |
| <b>TOTAL</b>                                 | <b>960,624,608</b> | <b>928,758,305</b> |

## 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. 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.

##### d) INTANGIBLE ASSETS:

Expenditure incurred on 'software' & 'Right of Use and Right of Way in Land' which are expected to provide future enduring economic benefits are capitalised as 'Intangible Assets'.

##### e) DEPRECIATION:

- i. Depreciation on gas transmission pipeline(s) is provided at 3.17 % on Straight-Line Method (SLM) considering useful life of thirty years. Depreciation on other fixed assets is provided using Written Down Value Method (WDV).
- ii. The depreciation rates used are as prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on assets is provided on pro rata basis according to the period each asset is put to use during the period.
- iii. Assets costing up to Rs.5,000/- are depreciated fully in the year of purchase.
- iv. Cost incurred on intangible assets software is amortized at 40% on Written Down Value Method whereas the cost incurred on 'Right of Use and Right of Way on Land' is not amortized but will be tested for impairment on periodic basis.
- 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, 1956.

##### f) 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.

##### g) INVENTORY:

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

##### h) 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 recognized in the statement of Profit & Loss Account in the year of occurrence.

i) **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.

j) **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.

k) **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.

l) **AMORTISATION:**

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

m) **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.

n) **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.

o) **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 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.

p) **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 is 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:

a. Bank Guarantee/Letter of Credit issued and outstanding as on 31<sup>st</sup> March, 2011 is for an amount of Rs. 54,50,00,000 (Previous year: Rs. 12,50,00,000)

- b. As at 31<sup>st</sup> March, 2011, ascertainable Claims against the Company by certain land owners seeking enhancement of compensation in respect of RoU acquired by the Company is Rs. 25.91 crores (Previous year: Rs. 1.69 crores)
  - c. Excise Department had issued a demand of Rs. 17.90 lacs on Company towards service tax plus interest & penalty dues as "Recipient of Services of Consulting Engineer from Non-Resident" by the Company during the period F.Y. 2002-03, 2003-2004 & 2004-2005. 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.
  - d. Excise Department during its audit in 2008 had passed three orders demanding Rs. 142.95 crores, interest as applicable & penalty equivalent to basic demand, in relation to periods from 2005-2006 to 2007-2008. Company has filed appeal against the same before the CESTAT. Out of the above, one of the matter involving an amount of Rs. 34.35 crores as basic demand has been decided in Company's favour by CESTAT. For other two matters involving basic demand Rs. 108.60 crores, Company has been granted unconditional stay of demand, based on strong merits of the case, pending final disposal.
  - e. Department has continued adjudicating the issue mentioned in point (d) above, which were pending before CESTAT for earlier years, for F.Y. 2008-2009 and 2009-2010 (being subsequent periods) & passed corresponding orders demanding Rs. 78.40 Crores, interest as applicable & penalty equivalent to basic demand for F.Y. 2008-2009 and issued Show Cause Notices for Rs. 69 crores for F.Y. 2009-2010,. Against, order of Department for F.Y. 2008-2009, Company has filed an appeal before the CESTAT, pending final disposal.
  - f. Income Tax assessments up to A.Y. 2008-2009 have been completed. Company had filed appeals against the various orders passed by assessing officers, whereby appeals lying before Gujarat High Court for A.Y. 2005-2006 - Rs. 0.151 crores, before the Income Tax Appellate Tribunal (ITAT) for A.Y. 2004-2005 to A.Y. 2009-2010 - Rs. 25.419 crores & before Commissioner of Income Tax (Appeals) for A.Y. 2008-2009 - Rs.13.54 crores.
  - g. Based on interpretation of the Acts & various judicial pronouncements in relation to similar matters, Company is of the view that these demands are likely to be deleted or it may be substantially reduced.
3. Estimated amount of contracts remaining to be executed on capital account and not provided for is approximately Rs. 271.60 crores (Previous year: Rs. 687.85 crores).
  4. As per AS-16 "Borrowing Cost" issued by ICAI, the Company has capitalised the borrowing cost amounting to Rs. 37.29 crores during the year. (Previous year: Rs.16.87 crores).
  5. The Company has successfully commissioned the following projects during the year:

| Sl. No. | Project                 | Length, km    | Dia. Inch | Date of Commissioning           |
|---------|-------------------------|---------------|-----------|---------------------------------|
| 1       | IOCL, Baroda            | 4.5           | 12"       | 2 <sup>nd</sup> June, 2010      |
| 2       | IPCL, Baroda            | 2.5           | 12"       | 28 <sup>th</sup> July, 2010     |
| 3       | Ajanta Spurline         | 6.7           | 12"       | 31 <sup>st</sup> August, 2010   |
| 4       | Essar Oil Spur          | 6.0           | 24"       | 9 <sup>th</sup> September, 2010 |
| 5       | Met Trade Connectivity  | 7.5           | 12"       | 14 <sup>th</sup> October, 2010  |
| 6       | Sumangal Spur           | 4.37          | 8"        | 15 <sup>th</sup> October, 2010  |
| 7       | Nirma Spur              | 0.76          | 8"        | 15 <sup>th</sup> November, 2010 |
| 8       | GACL Roxul Connectivity | 0.8           | 8"        | 10 <sup>th</sup> March, 2011    |
| 9       | Darod-Jafrabad Project  | 202.10        | 24"       | 25 <sup>th</sup> March, 2011    |
|         | <b>Total</b>            | <b>235.23</b> |           |                                 |

6. The Company has undertaken windmill project of 52.50 MW at three sites Maliya Miyana (Dist: Rajkot), Gorsar (Dist: Porbandar) and Adodar (Dist: Porbandar) in the State of Gujarat. Company has commissioned the balance capacity of 46.50 MW during the financial year.
7. During the year, Company has transferred Atul Spurline, Dhruva Spurline and Thangadh Spurline to 'GSPC Gas Company Limited', a company promoted by 'Gujarat State Petroleum Corporation Limited' to undertake city gas distribution activity at Book Value and the consideration would be discharged by way of allotment of fully paid up Equity Shares in 'GSPC Gas Company Limited'.
8. During the year, the Company, has changed its accounting policy for treatment of "Land Compensation relating to RoU" & non-refundable "RoW Payments" from part of Plant & Machinery to "Intangible Asset" for better presentation. Company will not amortize the said asset but will test it for impairment on periodic basis since the useful life is not accurately ascertainable. Because of the said change in policy, the Company has written back depreciation amounting to Rs. 23.38 crores provided up to F.Y. 2009-2010.
9. The company has changed the depreciation rate on natural gas pipelines from 8.33% per annum to 3.17% per annum on SLM basis w.e.f. 1<sup>st</sup> April, 2010 in terms of approval of Ministry of Corporate Affairs vide its letter no. 45/2/2011-CL-III dated 13<sup>th</sup> May, 2011. Due to change in depreciation rate, there is a reduction in depreciation charged to Profit & Loss Account amounting to Rs. 142.49 crores with consequent increase in PBT.

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  | 3,90,22,223 |

- b. Licensed Capacity, Installed Capacity & Actual Production

| Description | Licensed Capacity | Installed Capacity | Actual Production for the year ( in KWH) |
|-------------|-------------------|--------------------|--|
| Electricity | N.A.              | 52.5 MW            | 3,90,22,223                              |

11. Auditor's and Managerial Remuneration:

(Amount in INR)

| Sl.No. | Particulars             | 2010-2011       | 2009-2010       |
|--------|-------------------------|-----------------|-----------------|
| 1.     | For Statutory Audit     | 1,00,000        | 1,00,000        |
| 2.     | For other matters       | 2,85,000        | 3,75,000        |
|        | <b>Total</b>            | <b>3,85,000</b> | <b>4,75,000</b> |
| 3.     | Managerial Remuneration | NIL             | NIL             |

12. The Company has incurred expenditure in foreign currency as follows:

(Amount in INR)

| Particulars               | 2010- 2011         | 2009-2010          |
|---------------------------|--------------------|--------------------|
| Capital Goods             | -                  | -                  |
| Professional Service      | 31,657             | 1,05,694           |
| Spare Parts               | -                  | 1,40,22,624        |
| Training                  | 10,80,931          | 1,07,978           |
| Interest & Processing Fee | 8,73,56,119        | -                  |
| Other                     | 12,675             | 2,09,794           |
| <b>Total</b>              | <b>8,84,81,382</b> | <b>1,44,46,090</b> |

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.

## SEGMENTAL INFORMATION

## Primary Segment (Business Segment)

(Rs.in Crores)

|   | Particulars  | Year 2010-2011     |          |             |          | Year 2009-2010     |          |             |          |
|---|--|--------------------|----------|-------------|----------|--------------------|----------|-------------|----------|
|   |  | Gas Transportation | Windmill | Unallocated | Total    | Gas Transportation | Windmill | Unallocated | Total    |
| 1 | <b>Segment Revenue</b>                                     |                    |          |             |          |                    |          |             |          |
|   | External Revenue*  | 1,033.06           | 13.89    | -           | 1,046.95 | 1,001.52           | 0.02     | -           | 1,001.54 |
|   | Inter Segment Revenue                                      | -                  | -        | -           | -        | -                  | -        | -           | -        |
|   | <b>Total Segment Revenue</b>                               | 1,033.06           | 13.89    | -           | 1,046.95 | 1,001.52           | 0.02     | -           | 1,001.54 |
| 2 | <b>Segment Result - Profit(+) / Loss(-)</b>                | 863.35             | (15.32)  | -           | 848.03   | 727.60             | (0.01)   | -           | 727.59   |
|   | Unallocated Corporate Interest & Other Income              | -                  | -        | 21.20       | 21.20    | -                  | -        | 15.18       | 15.18    |
|   | Unallocated Corporate Expenses, Interest & Finance Charges | -                  | -        | (127.93)    | (127.93) | -                  | -        | (118.61)    | (118.61) |
|   | Prior Period Adjustments                                   | -                  | -        | 0.32        | 0.32     | -                  | -        | 2.72        | 2.72     |
|   | Depreciation Written Back                                  | 23.38              | -        | -           | 23.38    | -                  | -        | -           | -        |
|   | <b>Profit Before Tax</b>                                   | 886.72             | (15.32)  | (106.40)    | 765.00   | 727.60             | (0.01)   | (100.70)    | 626.89   |
|   | Income Tax - Current Period                                | -                  | -        | (152.48)    | (152.48) | -                  | -        | (187.78)    | (187.78) |
|   | MAT Credit Entitlement                                     | -                  | -        | 34.44       | 34.44    | -                  | -        | -           | -        |
|   | Income Tax - Previous Years                                | -                  | -        | (17.05)     | (17.05)  | -                  | -        | 0.80        | 0.80     |
|   | Deferred Tax   | -                  | -        | (123.53)    | (123.53) | -                  | -        | (26.14)     | (26.14)  |
|   | <b>Profit After Tax</b>                                    | 886.72             | (15.32)  | (365.02)    | 506.38   | 727.60             | (0.01)   | (313.82)    | 413.77   |
| 3 | <b>Other Information</b>                                   |                    |          |             |          |                    |          |             |          |
|   | Segment Assets   | 3,373.87           | 299.13   | 839.77      | 4,512.76 | 3,147.74           | 75.09    | 574.50      | 3,797.33 |
|   | Segment Liabilities  | 218.27             | 42.06    | 4,252.43    | 4,512.76 | 476.87             | 46.81    | 3,273.65    | 3,797.33 |
|   | Cost to acquire Fixed Assets (incl.CWIP)                   | 346.68             | 249.36   | 0.53        | 596.58   | 721.25             | 75.08    | 2.58        | 798.90   |
|   | Depreciation & Amortization                                | 121.86             | 28.86    | 4.25        | 154.97   | 233.84             | 0.03     | 5.40        | 239.28   |
|   | Non-Cash Expenses other than Depreciation and Amortization | -                  | -        | 1.12        | 1.12     | -                  | -        | (3.14)      | (3.14)   |

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

## 16. Earnings Per Share (EPS as per Accounting Standard-20)

(Amount in INR)

| Particulars  | 2010- 2011     | 2009-2010      |
|--|----------------|----------------|
| Net Profit/(Loss) after Current and Deferred Tax                               | 5,06,38,21,771 | 4,13,76,98,366 |
| Weighted average number of Equity Shares                                       | 56,25,26,491   | 56,22,55,909   |
| Basic EPS  | 9.00           | 7.36           |
| No. of Options in force  | 23,25,779      | 3,67,418       |
| Total weighted average number of Equity Shares including Diluted Equity Shares | 56,48,52,270   | 56,26,23,327   |
| Diluted EPS  | 8.97           | 7.35           |
| 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  | 2010-2011 | 2009-2010 |
|--|-----------|-----------|
| Principal amount remaining unpaid as on 31 <sup>st</sup> March, 2011   | 28.80     | 687.57    |
| Interest due thereon as on 31 <sup>st</sup> March, 2011  | -         | -         |
| 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 31 <sup>st</sup> March, 2011   | -         | -         |
| 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 enterprise   | -         | -         |

18. Employee Stock Option Plans

**ESOP - 2005:**

During the Financial Year 2005-2006, the Company instituted ESOP - 2005. The Board of Directors and the Shareholders approved the plan in the meeting held on 13<sup>th</sup> October, 2005 and 18<sup>th</sup> October, 2005 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 - 2005 Part-I during the year:

| Particulars                                       | 2010-2011 | 2009-2010 |
|---|-----------|-----------|
| Options granted during the period under review    | 2000      | -         |
| Vested during the period under review*            | -         | -         |
| Exercised during the period under review          | 10,050    | 36,000    |
| Lapsed/Cancelled** during the period under review | -         | 5000      |

Number of Options granted, vested exercised and lapsed under ESOP - 2005 Part-II during the year:

| Particulars                                       | 2010-2011 | 2009-2010 |
|---|-----------|-----------|
| Options granted during the period under review    | 7,460     | -         |
| Vested during the period under review *           | 6,146.25  | 2,74,819  |
| Exercised during the period under review          | 1,23,834  | 2,97,381  |
| Lapsed/Cancelled** during the period under review | -         | 52,153    |

\* 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.

The no. of Options vested/exercised/lapsed during the previous year has been restated wherever necessary.

**ESOP - 2010:**

During the Financial Year 2010-2011, the Company instituted ESOP - 2010. The Board of Directors and the Shareholders approved the plan in their meetings held on 23<sup>rd</sup> August, 2010 and 21<sup>st</sup> September, 2010 respectively, which provides for the issue of 62,40,000 Equity Shares to the employees of the Company and Gujarat State Petroleum Corporation Limited at future dates. The Compensation Committee administers the ESOP-2010. The Compensation Committee has granted 21,28,925 Options to the eligible employees under ESOP - 2010.

Number of Options granted, vested, exercised and lapsed under ESOP - 2010 Type - A during the year:

| Particulars                                      | 2010-2011 |
|--|-----------|
| Options granted during the period under review   | 20,38,745 |
| Vested during the period under review            | -         |
| Exercised during the period under review         | -         |
| Lapsed/Cancelled* during the period under review | 46,140    |

Number of Options granted, vested, exercised and lapsed under ESOP - 2010 Type - B during the year:

| Particulars                                      | 2010-2011 |
|--|-----------|
| Options granted during the period under review   | 90,180    |
| Vested during the period under review            | -         |
| Exercised during the period under review         | -         |
| Lapsed/Cancelled* during the period under review | -         |

\*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."

**Accounting for ESOP:**

In accordance with SEBI (Employees Stock Option Plan and Employees Share Purchase Plan) Guidelines, 1999, the difference between market price as on the date of grant of Option and the exercise price of total no. of Options granted is recognized as an asset called 'Deferred ESOP Compensation' and as a liability called 'ESOP Outstanding Account'. The asset called 'Deferred ESOP Compensation' is amortized over the vesting period on straight line basis and considered as a part of 'Employee Cost' in Profit & Loss Account, whereas the liability called 'ESOP Outstanding Account' is derecognized at the time of exercise of Shares by the employees.

**19. Related Party Transactions**

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

(Amt. in INR)

| Name of the Related party                                  | Particulars                                | FY 2010-2011   | FY 2009-2010   |
|--|--|----------------|----------------|
| Gujarat State Petroleum Corporation Ltd. (Holding Company) | Usage & Utility Charge                     | 1,41,14,428    | 1,17,02,719    |
|  | Gas Transportation Income                  | 73,49,84,035   | 14,62,94,482   |
|  | Dividend Paid                              | 21,23,05,270   | 15,92,28,953   |
|  | Purchase of Line Pack Gas                  | 38,94,82,052   | 5,71,25,671    |
| Gujarat State Energy Generation Ltd. (Associate Company)   | Gas Transportation Income                  | 6,75,00,071    | 7,76,09,322    |
|  | Investment in equity share capital in GSEG | 10,00,00,000   | -              |
|  | Security Deposit received                  | -              | 18,00,000      |
| Guj Info Petro Limited (Associate Company)                 | Software Development & Maintenance Charges | 74,34,222      | 58,45,383      |
|  | Bandwidth Charges                          | 7,16,950       | 13,64,043      |
|  | Document Scanning Charges                  | 7,29,989       | 2,90,154       |
| GSPC Gas Company Ltd. (Associate Company)                  | Gas Transportation Income                  | 1,81,45,84,971 | 1,47,55,18,356 |
|  | Interest Income on Share Application Money | 1,78,39,167    | 95,00,001      |
|  | Dividend Income                            | 2,16,66,666    | 2,16,66,666    |
|  | Sale of Line Pipes/Fittings                | 13,92,611      | 17,67,727      |
|  | Crossing Charges received                  | 16,43,470      | 16,21,110      |
|  | Rent Income                                | 25,25,154      | 10,04,304      |
|  | Security Deposit received                  | 26,00,000      | 28,00,000      |
|  | Security Deposit released                  | 6,00,000       | -              |
|  | Asset Sold to GSPC Gas                     | 18,45,79,818   | -              |

| Name of the Related party                         | Particulars                                  | FY 2010-2011 | FY 2009-2010 |
|---|--|--------------|--------------|
| Sabarmati Gas Company Ltd.<br>(Associate Company) | Gas Transportation Income                    | 42,78,45,834 | 29,46,36,037 |
|   | Interest on Share Application Money          | -            | 92,14,519    |
|   | Interest on Optionally Convertible Debenture | 1,20,00,001  | 85,15,069    |
|   | Initial Connectivity Charges received        | 1,10,30,000  | -            |
|   | Dividend Income received                     | 29,15,753    | -            |
|   | Crossing Charges received                    | 1,10,300     | 3,04,621     |
|   | Crossing Charges paid                        | 5,00,301     | -            |
|   | Security Deposit released                    | 6,00,000     | 2,00,000     |
|   | Security Deposit received                    | 2,00,000     | -            |
|   | Gas Transportation Expense                   | -            | 36,40,567    |
| GSPC LNG Ltd.<br>(Associate Company)              | Equity Share Application Money paid          | 15,00,00,000 | 10,00,00,000 |
|   | Purchase of Asset                            | 8,26,049     | -            |
| Shri Tapan Ray, IAS<br>(Managing Director)        | Managerial Remuneration                      | NIL          | NIL          |

20. Company has exercised its Call Option on 30<sup>th</sup> March, 2011 to redeem the outstanding bonds and accordingly liability in regards to bond is discharged in full.

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".

(Amount in INR)

| Sr. No.  | Particulars  | 2010-2011     |              | 2009-2010   |              |
|----------|--|---------------|--------------|-------------|--------------|
|          |  | Gratuity      | Leave Salary | Gratuity    | Leave Salary |
| <b>1</b> | <b>Assumptions</b>                                       |               |              |             |              |
|          | Discount Rate Current Period                             | 8.37%         | 8.37%        | 8.28%       | 8.28%        |
|          | Rate of Return on Plan Assets Current Period             | 9.25%         | -            | 9.00%       | -            |
|          | Salary Escalation Current Period                         | 7.00%         | 7.00%        | 7.00%       | 7.00%        |
| <b>2</b> | <b>Table showing change in Benefit Obligation</b>        |               |              |             |              |
|          | Opening Defined Benefit Obligation                       | 1,07,60,574   | 1,44,05,081  | 42,73,956   | 55,68,013    |
|          | Interest Cost  | 9,00,660      | 12,05,705    | 3,53,884    | 4,61,031     |
|          | Current Service Cost                                     | 24,46,864     | 55,33,388    | 17,42,730   | 23,30,443    |
|          | Benefit Paid   | (2,05,615)    | (4,09,345)   | (1,17,571)  | (5,37,629)   |
|          | Actuarial Loss / (Gain) on Obligations                   | 34,97,172     | 25,46,710    | 45,07,575   | 65,83,223    |
|          | Liability at the end of the period                       | 1,73,99,655   | 2,32,81,539  | 1,07,60,574 | 1,44,05,081  |
| <b>3</b> | <b>Table showing change in Fair Value of Plan Assets</b> |               |              |             |              |
|          | Fair Value of Plan Assets at the beginning of the period | 60,55,226     | -            | 45,38,536   | -            |
|          | Expected Return on Plan Assets                           | 7,77,520      | -            | 4,76,719    | -            |
|          | Contributions  | 41,39,529     | -            | 11,52,198   | -            |
|          | Benefit Paid   | (2,05,615)    | -            | (1,17,571)  | -            |
|          | Actuarial Gain / (Loss) on Plan Assets                   | (10,644)      | -            | 5,344       | -            |
|          | Fair Value of Plan Assets at the end of the period       | 1,07,56,016   | -            | 60,55,226   | -            |
| <b>4</b> | <b>Actual Gain / Loss Recognized</b>                     |               |              |             |              |
|          | Actuarial (Gain) / Loss on obligations                   | 34,97,172     | 25,46,710    | 45,07,575   | 65,83,223    |
|          | Actuarial (Gain) / Loss on Plan Assets                   | 10,644        | -            | (5,344)     | -            |
|          | Net Actuarial (Gain) / Loss recognized during the period | 35,07,816     | 25,46,710    | 45,02,231   | 65,83,223    |
| <b>5</b> | <b>Amount recognized in Balance Sheet</b>                |               |              |             |              |
|          | Liability at the end of the period                       | 1,73,99,655   | 2,32,81,539  | 1,07,60,574 | 1,44,05,081  |
|          | Fair Value of Plan Asset at the end of the period        | (1,07,56,016) | -            | (60,55,226) | -            |
|          | Amount recognized in the Balance Sheet                   | 66,43,639     | 2,32,81,539  | 47,05,348   | 1,44,05,081  |
| <b>6</b> | <b>Expense recognized in the Income Statement</b>        |               |              |             |              |
|          | Current Service Cost                                     | 24,46,864     | 55,33,388    | 17,42,730   | 23,30,443    |
|          | Interest Cost  | 9,00,660      | 12,05,705    | 3,53,884    | 4,61,031     |
|          | Expected return on Plan Asset                            | (7,77,520)    | -            | (4,76,719)  | -            |
|          | Net Actuarial Loss / (Gain) to be recognized             | 35,07,816     | 25,46,710    | 45,02,231   | 65,83,223    |
|          | Expense recognized in P&L                                | 60,77,820     | 92,85,803    | 61,22,126   | 93,74,697    |

22. The break-up of Deferred Tax Asset and Liability into major components are as follows:

(Amount in INR)

| Particulars                             | As on 31 <sup>st</sup> March, 2011 | As on 31 <sup>st</sup> March, 2010 |
|---|------------------------------------|------------------------------------|
| <b>Deferred Tax Liability:</b>          |                                    |                                    |
| Depreciation of Fixed Assets            | 2,65,05,44,223                     | 1,41,18,11,278                     |
| <b>Total Deferred Tax Liability (A)</b> | <b>2,65,05,44,223</b>              | <b>1,41,18,11,278</b>              |
| <b>Deferred Tax Asset:</b>              |                                    |                                    |
| Provision for Leave Encashment          | 77,33,545                          | 48,96,287                          |
| Provision for Gratuity                  | 22,06,851                          | 15,99,348                          |
| <b>Total Deferred Tax Asset (B)</b>     | <b>99,40,396</b>                   | <b>64,95,635</b>                   |
| <b>Net Deferred Tax Liability (A-B)</b> | <b>2,64,06,03,827</b>              | <b>1,40,53,15,643</b>              |

Increase in the Net Deferred Tax Liability of Rs. 1,23,52,88,184 (Previous period: Rs. 26,13,89,229) 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. Balance Sheet Abstract and Company's General business Profile as per Part IV of Schedule VI of the Companies Act, 1956

|            |   |  |
|------------|---|--|
| <b>I</b>   | <b>Registration Details</b><br>Registration No.<br>State Code<br>Balance Sheet Date   | L40200GJ1998SGC035188<br>04<br>31 <sup>st</sup> March, 2011  |
| <b>II</b>  | <b>Capital Raised during the period</b><br>Public Issue<br>Right Issue<br>Bonus Issue<br>Private Placement<br>ESOP(including premium)   | (Amount Rs. in '000)<br>-<br>-<br>-<br>-<br>1,874  |
| <b>III</b> | <b>Position of Mobilisation and Deployment of Funds</b><br>Total Liabilities<br>Total Assets<br><b>Source of Funds</b><br>Paid up Capital<br>Reserves and Surplus<br>Employee Stock Option Outstanding (Net)<br>Secured Loans<br>Unsecured Loans<br>Deferred Tax Liability<br><b>Application of Funds</b><br>Net Fixed Assets (incl. CWIP)<br>Investment<br>Net Current Assets<br>Miscellaneous Expenditure<br>Accumulated Losses | 3,75,41,281<br>3,75,41,281<br><br>56,25,825<br>1,44,24,172<br>15,734<br>1,47,81,947<br>53,000<br>26,40,603<br><br>3,53,62,701<br>7,65,749<br>14,10,362<br>2,469<br>- |
| <b>IV</b>  | Turnover<br>Total Expenditure<br>Profit/(Loss) Before Tax<br>Profit After Tax<br>Earnings Per Share (Rs.)<br>Dividend Rate (%)  | 1,06,81,525<br>30,31,483<br>76,50,041<br>50,63,821<br>9.00<br>10.00  |
| <b>V</b>   | <b>Generic Names of Principal Products/ Services of the Company (As per Monetary Terms)</b><br>Item Code No.<br>Product Description<br>Item Code No.<br>Product Description   | 27160000<br>Electrical Energy<br>N.A.<br>N.A.  |

Signatures to the Schedules A to 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 : 8<sup>th</sup> June, 2011

For and on behalf of the Board of Directors

**A K Joti, IAS**  
Chairman

**Manish Seth**  
DGM (Finance)

**Tapan Ray, IAS**  
Managing Director

**Reena Desai**  
Company Secretary

Place : Gandhinagar  
Date : 26<sup>th</sup> May, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

| Particulars   | 2010 - 2011<br>Rs.     | 2009 - 2010<br>Rs.     |
|---|------------------------|------------------------|
| <b>A Cash Flow from Operating Activities</b>                            |                        |                        |
| Profit before Taxes and Extraordinary Items                             | 7,413,045,443          | 6,241,685,937          |
| <u>Adjustments for:</u>   |                        |                        |
| Depreciation  | 1,532,993,801          | 2,364,876,297          |
| Amortisation of Miscellaneous Expenditure                               | 996,040                | 27,930,346             |
| Amortisation of ESOP Compensation                                       | 15,734,422             | -                      |
| Donation in Kind  | 11,125,377             | -                      |
| Wealth Tax  | 788,995                | (821,865)              |
| Profit on Sale of Assets  | (20,038)               | (953,532)              |
| Loss on Sale of Assets  | 125,269                | 55,859                 |
| Interest under sec. 234B, 234C & 234D                                   | -                      | 6,701,326              |
| Prior Period adjustment affecting Debtors & Creditors                   | 3,242,222              | -                      |
| Dividend Income   | (24,582,419)           | (21,666,666)           |
| Interest Income   | (182,289,795)          | (125,027,468)          |
| Interest & Financial Charges  | 960,624,608            | 938,323,911            |
| <b>Operating Profit before Working Capital Changes</b>                  | <b>9,731,783,925</b>   | <b>9,431,104,145</b>   |
| <u>Changes in Current Assets and Current Liabilities</u>                |                        |                        |
| (Increase)/Decrease in Inventory  | (399,927,728)          | (400,826,311)          |
| (Increase)/Decrease in Sundry Debtors                                   | 55,026,734             | (209,126,418)          |
| (Increase)/Decrease in Loans and Advances                               | 196,387,772            | 947,070,827            |
| (Increase)/Decrease in Other Current Assets                             | (1,365,661)            | 14,202,763             |
| Increase/(Decrease) in Trade Payable                                    | (1,972,214,584)        | 1,039,075,805          |
| <b>Cash generated from Operations</b>                                   | <b>7,609,690,458</b>   | <b>10,821,500,811</b>  |
| Taxes Paid (Including I.T Interest, FBT & TDS)                          | (1,687,335,155)        | (1,959,290,908)        |
| <b>Net Cash Flow from Operating Activities (A)</b>                      | <b>5,922,355,303</b>   | <b>8,862,209,903</b>   |
| <b>B Cash Flow from Investing Activities</b>                            |                        |                        |
| Interest Received   | 145,703,954            | 135,214,586            |
| Dividend Received   | 24,582,419             | 21,666,666             |
| Proceeds from Sale of Assets  | 81,875                 | 2,560,370              |
| Acquisition of Fixed Assets and Change in Capital Work in Progress      | (5,693,163,720)        | (7,776,762,606)        |
| <b>Net Cash Flow from Investing Activities (B)</b>                      | <b>(5,522,795,472)</b> | <b>(7,617,320,984)</b> |
| <b>C Cash Flow from Financing Activities</b>                            |                        |                        |
| Proceeds from issue of Equity Share Capital including Share Premium     | 1,874,376              | 4,667,334              |
| Increase / (Decrease) in Share Application Money                        | (198)                  | 14                     |
| Increase / (Decrease) in Investment                                     | (100,000,000)          | -                      |
| Increase/ (Decrease) in Secured Loans                                   | 2,216,475,043          | 1,485,983,080          |
| Increase/ (Decrease) in Unsecured Loans                                 | 23,000,000             | (400,000,000)          |
| Dividend (Including Corporate Dividend Tax) Paid                        | (655,952,122)          | (493,473,655)          |
| Interest & Financial Charges  | (1,236,558,180)        | (1,075,021,647)        |
| <b>Net Cash Flow from Financing Activities (C)</b>                      | <b>248,838,919</b>     | <b>(477,844,874)</b>   |
| <b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)</b> | <b>648,398,750</b>     | <b>767,044,045</b>     |
| <b>Cash and Cash Equivalents at the beginning of the year</b>           | <b>1,741,721,448</b>   | <b>974,677,403</b>     |
| <b>Cash and Cash Equivalents at the end of the year</b>                 | <b>2,390,120,198</b>   | <b>1,741,721,448</b>   |

Notes to Cash flow Statement for the year ended 31<sup>st</sup> March, 20111 Cash and cash equivalent includes-

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Cash and Cheques on Hand      | 114,786              | 42,440               |
| Balances with Scheduled Banks |                      |                      |
| – in Current Accounts         | 61,247,158           | 75,284,243           |
| – in Deposit Accounts         | 2,328,758,254        | 1,666,394,765        |
|                               | <b>2,390,120,198</b> | <b>1,741,721,448</b> |

2 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.

3 Previous year's figures have been rearranged/regrouped wherever necessary.

**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 : 8<sup>th</sup> June, 2011

**For and on behalf of the Board of Directors**

**A K Joti, IAS**  
Chairman

**Manish Seth**  
DGM (Finance)

**Tapan Ray, IAS**  
Managing Director

**Reena Desai**  
Company Secretary

Place : Gandhinagar  
Date : 26<sup>th</sup> May, 2011



## GREEN INITIATIVE IN CORPORATE GOVERNANCE

9<sup>th</sup> August, 2011

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India ("MCA") has, vide its circular dated 21<sup>st</sup> April, 2011 and 29<sup>th</sup> April, 2011, announced a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies. In terms of the said circulars, service of notice/documents by a company to its shareholders required to be made under the provisions of the Companies Act, 1956 can be made through the electronic mode.

Accordingly, we have sent e-mails on 6<sup>th</sup> July, 2011 to such shareholders whose e-mail addresses were available in the records of the Depository Participants, informing them about the 'Green Initiative' and the Company's proposal to send the documents including Annual Report in electronic mode at their e-mail addresses. We have also sent letters to other shareholders requesting them to provide their e-mail addresses so that the Annual Report can be sent in electronic form.

At the same time, an option has been given to the shareholders, to continue to receive physical copies of the relevant documents/Annual Report, provided a specific request/response is received from them to that effect.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses so that the Company can send the documents including Annual Report in electronic mode.

Shareholders can register their e-mail addresses with their concerned DPs. Members can also register their e-mail addresses with Karvy Computershare Private Limited, our R&TA, by e-mailing at [gspl.cs@karvy.com](mailto:gspl.cs@karvy.com) quoting their Folio No. /Client ID and DP ID.

Alternatively, shareholders may also write to our R&TA at the following address:

**Karvy Computershare Private Limited**  
Unit: Gujarat State Petronet Limited,  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081

We are sure, that as a responsible citizen, you will support this "Green Initiative" of MCA and the decision of the Company in implementing the same.

Thanking You,

Yours Faithfully,  
**For Gujarat State Petronet Limited**

Reena Desai  
*Company Secretary*



## NOTES



[illegible]

## ATTENDANCE SLIP

## GUJARAT STATE PETRONET LIMITED

Registered Office: GSPC Bhavan, Sector - 11, Gandhinagar - 382011.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

|            |                   |
|------------|-------------------|
| DP Id*     | Master Folio No.  |
| Client Id* | No of Shares held |

*\* Applicable for the investors holding Shares in the Demat Form*

## NAME AND ADDRESS OF THE SHAREHOLDER

---



---

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of the Company held on Friday the 23<sup>rd</sup> September, 2011 at 4.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382 011.

---

 Signature of the Shareholder or Proxy

----- TEAR HERE -----

## PROXY FORM

## GUJARAT STATE PETRONET LIMITED

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

|            |                   |
|------------|-------------------|
| DP Id*     | Master Folio No.  |
| Client Id* | No of Shares held |

*\* Applicable for the investors holding Shares in the Demat Form*

I/We, \_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_ being a Shareholder/Shareholders of Gujarat State Petronet Limited, hereby appoint \_\_\_\_\_ resident of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our Proxy to vote for me/us and on my/our behalf at the 13<sup>th</sup> Annual General Meeting of the Shareholders of the Company to be held on Friday the 23<sup>rd</sup> September, 2011 at 4.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382 011 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

AFFIX  
REVENUE  
STAMP

---

 (Signature of the Proxy)

---

 (Signature of the First Holder/Sole Holder)

**Note:** The Proxy in order to be effective shall be duly stamped, completed, signed and deposited at the Registered Office of the Company minimum 48 hours before the time for commencement of the aforesaid meeting. The Proxy need not be a Member of the Company.

TEAR HERE







*If undelivered, please return to :*



**Gujarat State Petronet Limited**

GSPC Bhavan, 5<sup>th</sup> Floor, Sector - 11, Gandhinagar - 382 011.  
Phone: 079-66701001 Fax: 079-23236477 E-mail: [gujpetro@gujaratpetro.com](mailto:gujpetro@gujaratpetro.com)

[www.gujpetronet.com](http://www.gujpetronet.com)