

GUJARAT STATE PETRONET LIMITED

SUPPLEMENTARY ANNUAL GENERAL MEETING (AGM) NOTICE

This Supplementary AGM Notice is issued to transact the following Special Business in view of appointment of Shri M M Srivastava, IAS (Retd.) as an Additional Director and Chairman and Shri Varesh Sinha, IAS as an Additional Director of the Company subsequent to issue of AGM Notice dated 9th August, 2012.

As per the provisions of Section 260 of the Companies Act, 1956, they shall hold office upto the date of the Annual General Meeting. It is, therefore, proposed to regularize appointment of Shri M M Srivastava, IAS (Retd.) as Director and Chairman and Shri Varesh Sinha, IAS as Director of the Company by this Supplementary Notice which shall form part of the Notice dated 9th August, 2012.

SPECIAL BUSINESS

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

“RESOLVED THAT Shri M M Srivastava, IAS (Retd.), who was appointed as an Additional Director and Chairman of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 141 (a) & (b) and 148 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director and Chairman of the Company, liable to retire by rotation.”

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

“RESOLVED THAT Shri Varesh Sinha, IAS, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 read with Article 141(a) and 148 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

For Gujarat State Petronet Limited,

Tapan Ray, IAS
Managing Director

Date: 24th August, 2012

Place: Gandhinagar

Registered Office

GSPC Bhavan, Sector - 11,

Gandhinagar - 382 010.



Annexure to the Supplementary Notice

Explanatory Statement

This Explanatory Statement is issued pursuant to Section 173 (2) of the Companies Act, 1956 and Clause - 49 of the Listing Agreement.

ITEM NO. 5

Shri M M Srivastava, IAS (Retd.), was appointed as an Additional Director and Chairman of the Company by the Board of Directors in accordance with the provisions of Article 141 (a) & (b) and 148 of Articles of Association. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a Member in writing proposing the candidature of Shri M M Srivastava, IAS (Retd.) for appointment as a Director and Chairman of the Company.

Shri M M Srivastava, IAS (Retd.), has graduated in Science from Delhi University and has completed his Masters in Physics from Delhi University. He has also done MBA (Marketing) from University of Ljubljana, Slovenia. He has wide administrative and corporate experience of more than 31 years. He has held various positions in Government Departments including Member (Finance), Gujarat Electricity Board, Managing Director of Gujarat Agro Industries Corporation, Secretary in Finance Department, Commissioner of Commercial Tax Department, Principal Secretary of Energy and Petrochemicals Department and Additional Chief Secretary, Finance Department, Government of Gujarat. Shri M M Srivastava, IAS (Retd.), has also been a Director of the Company from 7th December, 2011 to 31st July, 2012 and has resigned from the Board of Directors of the Company on his retirement from the Indian Administrative Services.

Shri M M Srivastava, IAS (Retd.), does not hold directorship in any other company. Shri M M Srivastava, IAS (Retd.), does not hold any Shares of the Company. He is not related to any Director of the Company.

The Board recommends the appointment of Shri M M Srivastava, IAS (Retd.) as a Director and Chairman of the Company in accordance with the provisions of Article 141 (a) & (b) of Articles of Association.

No other Director except Shri M M Srivastava, IAS (Retd.) is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

ITEM NO. 6

Shri Varesh Sinha, IAS was appointed as an Additional Director of the Company by the Board of Directors in accordance with the provisions of Article 141(a) and 148 of Articles of Association. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting. As required under Section 257 of the Companies Act, 1956, the Company has received a notice from a Member in writing proposing the candidature of Shri Varesh Sinha, IAS for appointment as a Director of the Company.

Dr. Varesh Sinha is a senior officer belonging to the Indian Administrative Service (1977 Batch) having more than 35 years of experience in public service. On the education front, he has graduated in Science [Physics & Maths] and has completed his Masters in "Mathematical Statistics". He has also done Master of Business Administration [MBA] and Ph.D. [Statistics]. During his career, he has held key positions at the State Government level. Presently, he is heading the Finance Department in the State Government. He has held several important positions with Government of Gujarat having worked in various sectors like Tourism, Agri-business, Energy, Education, Panchayat, Urban, Labour, Home, Finance, etc.

Shri Varesh Sinha, IAS is Chairman in GSFSL, GSFS Cap. & Sec. Ltd., and GSIL. Further, Shri Varesh Sinha, IAS is Director in GACL, GSFCL, GNVFCL, GSPCL, SSNNL and GIFTCL. Shri Varesh Sinha, IAS does not hold any Shares of the Company. He is not related to any Director of the Company.

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

No other Director except Shri Varesh Sinha, IAS is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

For Gujarat State Petronet Limited,

Tapan Ray, IAS
Managing Director

Date: 24th August, 2012

Place: Gandhinagar

Registered Office

GSPC Bhavan, Sector - 11,
Gandhinagar - 382 010.



Gujarat State Petronet Limited
The Energy Lifeline of Gujarat



CLEAN ENERGY ↗

2011

ANNUAL REPORT

2012

Board of Directors

Shri A K Joti, IAS
Shri D J Pandian, IAS
Shri R Vaidyanathan
Shri N K Mitra
Shri Tapan Ray, IAS

Chairman

Managing Director

Shri Atanu Chakraborty, IAS (*upto 14th November, 2011*)
Shri J K Jain (*upto 24th May, 2012*)
Shri Suresh Mathur (*upto 9th July, 2012*)
Shri M M Srivastava, IAS (Retd.) (*upto 31st July, 2012*)

Company Secretary

Ms. Reena Desai

Internal Auditors

KPMG, Mumbai

Statutory Auditors

P Singhvi & Associates,
Chartered Accountants
Ahmedabad

Cost Auditors

R K Patel & Co.,
Cost Accountants
Vadodara

Subsidiary Companies

GSPL India Gasnet Limited
GSPL India Transco Limited

Registrar & Share Transfer Agent

M/s Karvy Computershare Pvt. Ltd.
Hyderabad

Registered Office

GSPC Bhavan,
Behind Udyog Bhavan, Sector-11,
Gandhinagar-382010,
Gujarat

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
Yes Bank Ltd.

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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 38 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 29 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 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 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 for more than 38 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 31 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 14th Annual General Meeting of the members of Gujarat State Petronet Limited will be held on Tuesday, the 25th day of September, 2012 at 3.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012, the Statement of Profit & Loss 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 N K Mitra who retires by rotation and being eligible offers himself for re-appointment.
4. To fix remuneration of Statutory Auditors of the Company in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956.

For Gujarat State Petronet Limited,

Tapan Ray, IAS
Managing Director

Date: 9th August, 2012

Place: Gandhinagar

Registered Office

GSPC Bhavan, Sector - 11,
Gandhinagar - 382 010.

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, 15th September, 2012 to Tuesday, 25th September, 2012 (both days inclusive) for the purpose of payment of the Dividend. The Dividend, if declared at the ensuing Annual General Meeting shall be paid, on Wednesday, 3rd October, 2012 to those Members of the Company whose names appear (a) as beneficial owners as at the close of business hours on 14th September, 2012 as per the list to be furnished by the depositories in respect of the Shares held in Electronic Form; and (b) as Members in the Register of Members of the Company as on 15th September, 2012, after giving effect to all valid Share Transfers in Physical Form received on or before 14th September, 2012.
6. All transfer deeds, requests for change of address, bank particulars /mandates/ECS mandates, PAN should be lodged with 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 14th September, 2012. 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 Number by every participant in securities market. Members holding Shares in Electronic Mode are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding Shares in Physical Mode can submit their PAN details to M/s Karvy Computershare Private Limited.
9. As stipulated under Clause 49 of the Listing Agreement with Stock Exchanges, profile of Director seeking re-appointment is provided under Section "Board of Directors" of the Corporate Governance Report, which forms an integral part of this Annual Report.
10. To support the "Green Initiative" in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, Shareholders should register their e-mail addresses with our R&TA M/s Karvy Computershare Private Limited, if Shares are held in Physical Mode or with the DP, if the holding is in Electronic Mode.

DIRECTORS' REPORT

To,
The Members
Gujarat State Petronet Limited

The Directors have pleasure in presenting the 14th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

	(₹ in Crore)	
Particulars (Standalone)	2010-11	2011-12
Total Income	1,068.15	1,174.63
Employee Benefit Expenses	14.86	19.69
Other Expenses	62.53	70.37
Total Expenses	77.39	90.06
PBDITA	990.76	1084.57
Finance Cost	99.07	130.20
Depreciation & Amortisation	153.30	181.90
Preliminary Expenses Written-Off	0.10	0.25
Depreciation Written Back	(23.38)	-
Prior Period Adjustments	(0.32)	3.21
Profit Before Tax	761.99	769.01
Tax including Deferred Tax	255.61	246.95
Profit After Tax Carried to Balance Sheet	506.38	522.06
Appropriations		
Transfer to General Reserves	NIL	NIL
Transfer from Bond Redemption Reserve	(1.00)	NIL
Proposed Dividend		
(including Dividend Distribution Tax)	65.39	65.41
Profit After Appropriations	441.99	456.65

MAJOR ACHIEVEMENTS

Your Company has excelled on all performance parameters. Major achievements of the Company are summarized below:

- Total Income increased from ₹ 1068.15 crore in previous year to ₹ 1174.63 crore recording increase of 9.97%.
- PBDITA increased from ₹ 990.76 crore in previous year to ₹ 1084.57 crore, recording an increase of 9.47%.
- 99.97% pipeline grid availability and "accident free" year of operations.
- PNGRB has granted authorisation for Gas Pipeline Network of 2239 Kms in Gujarat.
- Your Company (with 52% stake) has signed Joint Venture Agreements (JVAs) with IOCL (26%), BPCL (11%) and HPCL (11%) on 30th April, 2012 for execution of the three Cross Country Pipeline Projects viz Mallavaram - Bhopal - Bhilwara - Vijaipur (approx 1585 Kms) Pipeline Project, Mehsana - Bhatinda (approx 1670 Kms) Pipeline Project and Bhatinda - Jammu - Srinagar (approx 740 Kms) Pipeline Project.
- Achieved Financial Closure for the aforesaid three Cross Country Pipeline Projects.

CAPITAL

During the year, paid up share capital of the Company has increased from ₹ 562.58 crore to ₹ 562.69 crore on account of allotment of shares to eligible employees under the ESOP -2005 & ESOP - 2010.

DIVIDEND

Keeping in view the fund requirements for expansion projects and subsidiaries, the Board of Directors of the Company is pleased to recommend dividend @ ₹ 1 (i.e. 10%) per Equity Share of the face value of ₹ 10 each for the Financial Year 2011-12.

GAS TRANSMISSION SERVICES

The Company has effective Firm GTAs of 29.70 MMSCMD for transmission of gas to various customers and interruptible / short - medium term GTAs for 6.58 MMSCMD (Previous year: firm GTAs of 32.76 MMSCMD and interruptible GTAs of 6.16 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 herewith as Annexure -VI.

The map showing the proposed Cross Country Natural Gas Transmission Pipelines to be implemented by GSPL Consortium (through special purpose vehicles) is enclosed herewith as Annexure - VII.

Projects commissioned

Since last Directors' Report, the Company has successfully completed commissioning of various Pipeline Projects like Nano Connectivity Pipeline, Botad Spurline, Spurline to Bhavnagar, Electrothem Spurline, Tana - Amreli Pipeline.

Current grid operations account for approx 2065 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, Mehsana, Surendranagar, Rajkot, Jamnagar, Navsari, Kutchh, Panchmahal, Kheda, Valsad, Amreli.

Projects under execution

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:

- Halol - Dahod Pipeline (approx 105 Kms)
- Mehsana - Palanpur Pipeline (approx 70 Kms)
- Anjar - Bhuj Spurline (approx 47 Kms)

- Bodighodi - Ambardi Pipeline (approx 47 Kms)
- Pipavav - Gundlav Pipeline (approx 46 Kms)
- Dabhan - Thasra Pipeline (approx 45 Kms)
- Amboli - Vantevad Pipeline (approx 44 Kms)
- Dahej SEZ Pipeline (approx 23 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 Anjar, Sikka, Dabhan, Thasra, Halol Dahod and Dahej.

The Company is a co-developer in Dahej SEZ and Panoli SEZ and is developing pipeline infrastructure in these SEZs. Several customers have started receiving gas in Dahej SEZ through Company's Network with more getting connected on ongoing basis.

WIND POWER PROJECT

Your Company being committed to promote clean and green energy has set up wind power project of 52.5 MW in the areas of Maliya Miyana, Rajkot and Gorsar & Adodar, Porbandar. During the year, the Company has sold 10,91,44,509 KWH of electricity generated through Windmills.

FUTURE PLANS

The Company is working on future expansion projects based on the demand in various regions around the gas grid.

OPERATION & MAINTENANCE ACTIVITIES

The Company has transported 12430 MMSCM of gas during the Financial Year 2011 - 12 (Previous Year: 13005 MMSCM).

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

SUBSIDIARY COMPANIES

Your Company has incorporated following two subsidiary companies in October, 2011 for execution of the three Cross Country Pipeline Projects awarded by Petroleum and Natural Gas Regulatory Board:

Company	Pipeline Project
GSPL India Gasnet Limited	1) Mehsana - Bhatinda (approx 1670 Kms)
	2) Bhatinda - Jammu - Srinagar (approx 740 Kms)
GSPL India Transco Limited	Mallavaram - Bhopal - Bhilwara - Vijaipur (approx 1585 Kms)

In accordance with the General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However, the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said

Circular. The audited annual accounts and related information of the subsidiary companies, where applicable, will be made available to any member upon request. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard-21 on Consolidated Financial Statements read with Accounting Standard-23 on Accounting for Investments in Associates, the Audited Consolidated Financial Statements are provided in the Annual Report.

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 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 up to the local level. Further, emergency management plans are being reviewed and updated regularly. Moreover, contractors' adherence to Company's QHSE Policy is also assured through regular site visits and external audits. Contract employees are subjected to training programs like safety induction, defensive driving, Personal Protective Equipment Policy etc. Regular site visits ensure the enhancement of 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 is re-certified to Integrated Management Systems (ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007) with validity till 30th October 2014. 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.

To further enhance the benchmark of Safety Management Systems, your Company was audited by British Safety Council for Five Star Safety Audit. British Safety Council has awarded Four Star rating to O&M division after an extensive evaluation by the auditor from British Safety Council. Your Company

has also bagged International Safety award for 2012 by British Safety Council for its HSE performance in 2011. Besides, your Company has received Certification of Appreciation in 2011 by Gujarat Safety Council for its HSE performance in 2010.

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

Since last Directors' Report, Shri Atanu Chakraborty, IAS, Shri M M Srivastava, IAS (Retd.), Shri J K Jain and Shri Suresh Mathur ceased to be the Directors of the Company. Your Directors wish to place on record an appreciation of the services rendered by them as the Directors of the Company.

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

A brief resume of the Director retiring by rotation at the ensuing Annual General Meeting, nature of his expertise in specific functional areas and details regarding the companies in which he holds 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 2011-12.

C&AG has given Nil comment report for the Financial Year 2011-12. The Nil comment Report is enclosed herewith as Annexure-V.

COST AUDITORS

Your Company is required to carry out Cost Audit for "Gas Transportation" business as well as "Generation of Electricity Through Windmill" business from the Financial Year 2011-12 onwards pursuant to notification no. G.S.R. 870(E) & 871(E) dated 7th December, 2011 of Ministry of Corporate Affairs under Section 209(1)(d) & 233B of the Companies Act, 1956.

Accordingly, your Company has appointed M/s R K Patel & Co. as Cost Auditor for Financial Year 2011-12 for the said businesses and the necessary Report in the prescribed form shall be submitted to MCA within stipulated time period in accordance with the applicable Cost Audit Rules.

AUDIT COMMITTEE

Audit Committee of Directors of the Company at its Meeting held on 24th May, 2012 approved the Annual Accounts for the Financial Year ended on 31st March, 2012 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 for the year ended 31st March, 2012, the applicable accounting standards read with requirements set out under revised Schedule VI to the Companies Act, 1956, have been followed along with proper explanation relating to material departures.
- (ii) accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period.
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities is taken.
- (iv) the Annual Accounts are prepared on a going concern basis.

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 success of the Company.

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

Under the said ESOPs, 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

The Company has incurred Expenditure in Foreign Exchange to the extent of ₹ 1093.04 Lacs during the year under review. Foreign Exchange Earnings during the year were NIL.

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 PNGRB and other regulatory authorities at Central and State level 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 reposed in the Company.

For and on behalf of the Board of Directors,

A K Joti, IAS
Chairman

Date: 9th August, 2012
Place: Gandhinagar

Annexure - I

Management Discussion and Analysis forming part of the Directors' Report for the year ended on 31st March, 2012

A. INDUSTRY OVERVIEW

The role of energy in economic development cannot be underplayed. The recently published BP Energy Outlook 2030 claims that the pace and scale of development in India and China will play a major role in shaping the global outlook (on energy). The Report claims that by the year 2030, China and India will be the world's largest and 3rd largest economies and energy consumers, jointly accounting for about 35% of global population, GDP and energy demand. As per IEA in its presentation at 7th Asia Gas Partnership Summit 2012, the global energy demand will increase by one-third from the year 2010 to the year 2035, with China & India accounting for 50% of the growth.

India's economy grew at an average rate of 8.4% p.a. while the primary energy consumption grew at an average rate of over 7.6% from the year 2006 to the year 2010 (Source: BP Statistical Review of World Energy, June, 2011).

Experts believe that this economic expansion, coupled with India's billion-plus population, will trigger soaring energy demand.

India's indigenous sources of energy are woefully insufficient to meet this demand. As a result, the Country is heavily dependent on overseas resources. Presently, with India's Reserve to Production (R/P) ratio of 30 years about three-fourth of current oil consumption comes from overseas (Source: BP Statistical Review of World Energy, June 2011 & MOP&NG). In the year 2030, coal and natural gas are expected to comprise more than half of India's energy mix (Source: BP Energy Outlook 2030).

Currently, the Indian gas market can be characterized by nervousness. This nervousness stems chiefly from two prime areas of concern which are availability of gas and regulations.

Gas from indigenous sources has been declining. Last year, India witnessed a severe decline in production from even the 'prolific' KG D6 field of RIL not to mention the declining production in fields of ONGC and OIL. Even though there are several other domestic discoveries, including that of GSPC in KG Basin, due for commercial production in the coming few years, the importance of LNG to meet India's growing energy requirement needs to be accentuated.

LNG: INDISPENSABLE TO ENERGY SECURITY

In today's scenario, import of natural gas and development of infrastructure required for the same are two issues of utmost importance. While Petronet LNG Ltd. (PLL) and Hazira LNG Pvt. Ltd. (HLPL), the only 2 operating LNG terminals in India are in the process of expanding their capacities, new terminals at Kochi, Dabhol, Ennore, Mundra, Pipavav, Gangavaram, and Kakinada would add significant LNG Import capacity in the upcoming decade. It is expected that by the year 2020 the LNG Import capacity of India shall grow from existing 13.7 MMTPA to more than 50 MMTPA.

Your Company also recognizes the importance of LNG import infrastructure. Gujarat's well-developed gas market owing to,

inter alia, the existence of 2 LNG import terminals and a well integrated gas pipeline network (belonging to your Company) across the State is a case in point.

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.

However, in recent times, there have been growing concerns owing to the numerous litigations that PNGRB has been facing, cancellation of CGD rounds and no new CGD licenses being awarded.

C. OPPORTUNITIES AND CHALLENGES

One of the key consuming sectors of natural gas today in India is the City Gas Distribution (CGD) segment. Ensuring availability of gas to SMEs, transport, commercial and residential segments of CGD shall not only lead to increased usage of efficient and environment friendly fuel to these segments but shall also reduce the burden on Government coffers as gas would primarily be replacing fuels like Petrol, Diesel and LPG.

CRISIL in its Report on Indian Gas Market Assessment (March 2011) indicates that demand from CGD segment is expected to foresee a significant growth in the future. Rising level of urbanization coupled with awareness amongst consumers of usage benefits of natural gas shall continue to lead to increased interests by developers in CGD network development. However, your Company believes that a conducive regulatory framework will be very essential to retain the interest of developers in this segment.

The CGD segment, owing to its socio-economic dimension and its direct impact on economic growth, provides several opportunities to developers and your Company also recognizes the importance of this segment. Your Company believes that once PNGRB commences Geographical Area (GA) bidding, this segment will offer vast business opportunities as gas price affordability of CGD segment is relatively higher than Power & Fertilizer segment.

Your Company has invested in CGD business. The combined growth achieved by the two group companies in CGD segment, namely GSPC Gas Co. Ltd. and Sabarmati Gas Ltd., is a testimony to the same.

It is noteworthy to mention that GSPC Gas Co. Ltd. is the largest CGD Company in the Country selling more than 4.0 MMSCMD of gas to around 1547 industrial customers, more than 3.3 Lacs households, around 1228 customers in commercial segment and 135 CNG stations spread across Gujarat.

Further, Sabarmati Gas Ltd. is selling more than 0.8 MMSCMD of gas to around 204 industrial customers, more than 0.6 Lacs households, around 320 customers in commercial segment and 23 CNG stations in the State.

Your Company believes that development of three Pan-India Pipelines would lead to emergence of latent demand in States like Madhya Pradesh, Haryana, Punjab and Rajasthan. Along with the growth in demand for natural gas, your Company would also focus on facilitating development of infrastructure for import of LNG.

Your Company provides gas transmission service to various customers, through the infrastructure it has developed, thereby enabling access to gas. Currently, the situation in India is such that the demand aggregators are facing hurdles in importing LNG due to lack of adequate infrastructure for unloading, storage and re-gasification of LNG imported from International Market.

VALUE CHAIN INTEGRATION FOR EFFECTIVE CAPACITY UTILIZATION

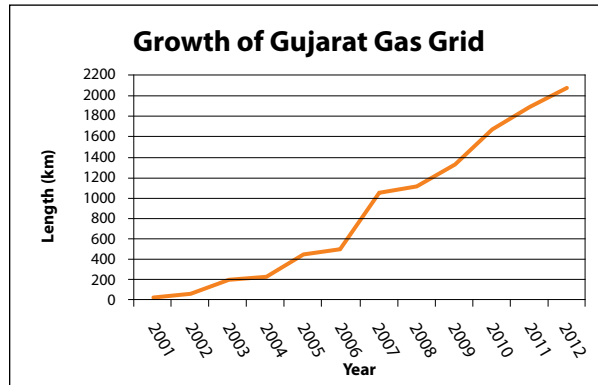
For importing gas, users would have to gain access to two important capacities, i.e. capacity in re-gasification terminal and capacity in transmission pipeline. In consonance with its role of an infrastructure providing company, it is equally important for your Company to develop CGD infrastructure, which is a critical downstream customer segment for the Company, develop / facilitate access to LNG unloading, re-gasification as well as storage infrastructure. As critical as it is for your Company's shippers to gain access to such re-gasification capacity, it is equally necessary for your Company to ensure access to such capacities in order to effectively utilize the capacity of its pipelines.

It is on this same premise that your Company has been participating in synergistic business activities through equity participation in Companies like GSPC Gas Company Limited and Sabarmati Gas Limited, which are in the CGD business and companies like GSPC LNG Limited, which is developing LNG terminal at Mundra. Your Company would continue to support such business activities in future as well.

By promoting / developing such regassification capacity, your Company will play the role of an integrated infrastructure provider acting as an energy channel between sources and gas consumers.

D. OPERATIONS AND FUTURE OUTLOOK

Your Company owns and operates the largest gas transmission network in Gujarat totaling to approx 2065 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. The Company is working on future expansion projects based on the demand in various regions around the gas grid.



Further, your Company is focusing on development of three Pan-India Pipelines namely Mallavaram - Bhopal - Bhilwara - Vijaipur Pipeline, Mehsana - Bhatinda Pipeline and Bhatinda - Jammu - Srinagar Pipeline. Currently, your Company along with its Joint Venture partners, IOCL, BPCL and HPCL, has executed Joint Venture Agreements and formed two Special Purpose Vehicle for development of these Cross Country Pipelines.

One of the Special Purpose Vehicle namely, GSPL India Gasnet Limited, shall implement the Mehsana - Bhatinda Pipeline and Bhatinda - Jammu - Srinagar Pipeline, while another Special Purpose Vehicle, GSPL India Transco Limited shall implement the Mallavaram - Bhopal - Bhilwara - Vijaipur Pipeline.

Your Company has achieved Financial Closure for the aforesaid three Cross Country Pipeline Projects.

Your Company expects that by 2014-15, these new pipelines shall be commissioned and shall act as the new growth engine for your Company. These Pipelines will be in a position to serve several cities / markets in 8 States of the Country. With significant volume of the supplies coming in from LNG receiving terminals in Gujarat, the utilization of your Company's Gujarat grid shall also substantially improve.

In fact, your Company has been receiving a tremendous response and support from Government agencies of States through which these Pipelines shall traverse. Availability of gas to these gas starved regions of India shall ensure growth in industrial activity and significant economic development. Considering the length and breadth of the Country that these Pipelines shall cater to, it is expected that your Company shall scale new heights.

Along with ensuring timely implementation of these Pipeline Projects, your Company is also focusing on development of Pipelines to remaining industrial & coastal regions in Gujarat.

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.

E. PERFORMANCE PROFILE

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

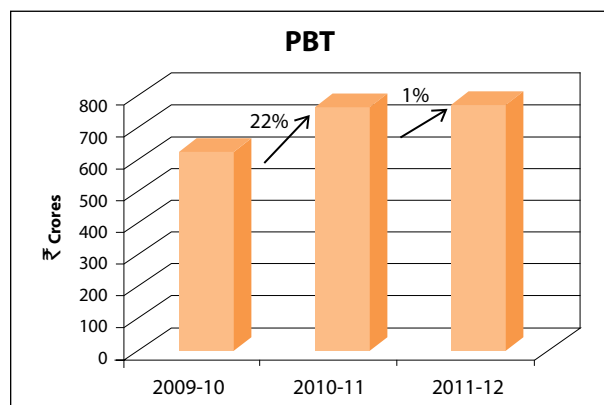
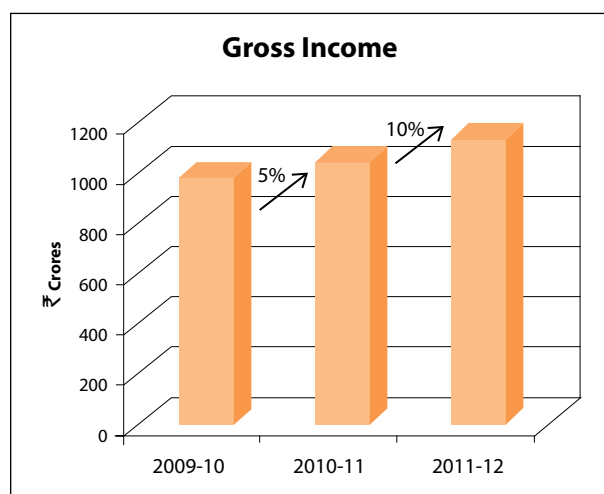
The infrastructure put up by the Company enabled the flow of LNG and domestic gas from various sources including KG Basin to reach various regions of Gujarat.

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.

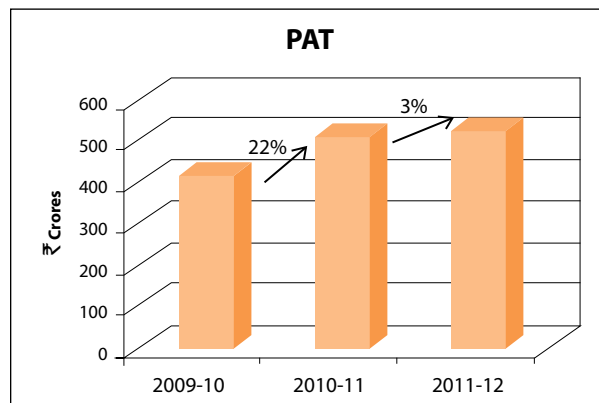
The Company transported 12430 MMSCM of natural gas during the year, a marginal decrease of 4% over last year's volumes transportation of 13005 MMSCM.

Such decrease in volume may be attributed to decline in gas production from RIL's D6 fields which could not be fully replaced by LNG due to economic reasons and poor demand from Power Sector.

Income from transportation of gas for the year was ₹ 1076.46 crore, an increase of 5% over last year's figure of ₹ 1025.21 crore. However, Gross Income was increased by 10%.



Profit After Tax for the year was ₹ 522.06 crore as compared to ₹ 506.38 crore in the Previous Year, recording an increase of 3%.



The Net Worth of the Company has increased from ₹ 2006.33 crore to ₹ 2466.68 crore as compared to Previous Year. During the year, Gross Block of Assets increased from ₹ 4193.53 crore to ₹ 4322.46 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 109144509 Units of power from the same which resulted in the revenue of approx ₹ 38.86 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 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 195 employees as on 31st March, 2012 (Previous Year: 162 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.

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:-

As on 31st March, 2012, the structure of the Board of the Company maintains an optimum mix of Executive, Non Executive and Independent Directors and the same is in conformity with the listing requirements. The detailed composition of the Board as on 31st March, 2012, their category and their Directorship in the 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 st March, 2012 including GSPL	** Number of Membership/ Chairmanship in Board Committee as on 31 st March, 2012 including GSPL	
				Membership+	Chairmanship
1	Shri A K Joti, IAS	Non Executive Chairman (GSPC ¹ Nominee)	6	0	0
2	Shri D J Pandian, IAS	Non Executive Director (GSPC ¹ Nominee)	15	2	1
3	Shri M M Srivastava, IAS	Non Executive Director (GSPC ¹ Nominee)	10	5	0
4	Shri Suresh Mathur	Independent Director	4	2	2
5	Shri J K Jain	Independent Director	4	3	1
6	Shri R Vaidyanathan	Independent Director	5	2	0
7	Shri N K Mitra	Independent Director	1	0	0
8	Shri Tapan Ray, IAS	Managing Director (GSPC ¹ Nominee)	15	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 2011-2012:-

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 Meetings 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 or 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 2011-2012, the Board met 9 (Nine) times. Details of these Meetings are as follows:-

Sr. No.	Date of Meeting
1	26 th May, 2011
2	1 st July, 2011
3	9 th August, 2011
4	14 th November, 2011
5	15 th December, 2011
6	19 th January, 2012
7	23 rd January, 2012
8	9 th February, 2012
9	15 th March, 2012

C. Attendance of each Director at the Board Meetings during the year 2011-12 and at last AGM was as follows:-

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 23 rd September, 2011
1	Shri A K Joti, IAS	9	9	Yes
2	Shri D J Pandian, IAS	9	3	No
3	Shri Atanu Chakraborty, IAS (upto 14 th November, 2011)	3	3	No
4	Shri M M Srivastava, IAS (w.e.f. 7 th December, 2011)	5	5	NA
5	Shri Suresh Mathur	9	8	No
6	Shri R Vaidyanathan	9	7	Yes
7	Shri J K Jain	9	4	Yes
8	Shri N K Mitra	9	4	Yes
9	Shri Tapan Ray, IAS	9	9	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 Reappointment at the ensuing Annual General Meeting:-

Brief resume of Director being reappointed at the ensuing Annual General Meeting, nature of his expertise in specific functional areas and names of the other companies in which he holds Directorship are furnished hereunder:-

i) Shri N K Mitra

Shri N K Mitra has done B.Sc. (Honours) and Petroleum Engineering from Indian School of Mines, Dhanbad. Shri N K Mitra has served the upstream oil & gas industry for more than 38 years. Shri N K Mitra was associated with ONGC from 1973 and was holding senior positions like Chief Engineer (Production), General Manager (Production) and Executive Director (Offshore). Shri N K Mitra's contribution in managing offshore infrastructures, logistics, inputs and manpower, early exploitation of oil & gas from small, marginal and deep water fields are well acknowledged in industry circle. Shri N K Mitra has superannuated as the Director (Offshore) as well as Director-I/c Marketing of Oil & Natural Gas Corporation Ltd. He has been conferred best 'Offshore Oil & Gas Professional from India' by IORS and the longest serving 'distinguished SPE member' by Society of Petroleum Engineers.

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

3. AUDIT COMMITTEE

The composition of the Audit Committee as on 31st March, 2012 was as follows:-

- | | | |
|----|--------------------------|------------|
| 1. | Shri J K Jain | - Chairman |
| 2. | Shri M M Srivastava, IAS | - Member |
| 3. | Shri Suresh Mathur | - Member |
| 4. | Shri R Vaidyanathan | - 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 2011-2012, the Audit Committee met 5 (Five) times. Details of these Meetings are as follows:-

Sr. No.	Date of Meeting
1	26 th May, 2011
2	9 th August, 2011
3	14 th November, 2011
4	15 th December, 2011
5	9 th February, 2012

The attendance of the Members at the Audit Committee Meetings during 2011-12 was as follows:-

Sr. No.	Name of the Audit Committee Members	Number of Audit Committee Board Meetings held while holding the office	Number of Audit Committee Meetings attended
1	Shri J K Jain	5	3
2	Shri Atanu Chakraborty, IAS (upto 14 th November, 2011)	3	2
3	Shri M M Srivastava, IAS (w.e.f. 23 rd January, 2012)	1	1
4	Shri Suresh Mathur	5	5
5	Shri R Vaidyanathan	5	5

The Chairman of the Audit Committee remained present at the Annual General Meeting of the Company held on 23rd September, 2011 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 ₹ 5,000/- per Meeting as sitting fees to the Directors (except Managing Director) for attending Board/Committee Meeting.

During the year 2011-2012, the Company has paid ₹ 3,65,000/- in aggregate as sitting fees to its Directors.

Stock Options granted to Directors:-

ESOP - 2005:

The Company has granted Stock Option to the Directors @ ₹ 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	18,795 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.

Except Shri Suresh Mathur who holds 33,000 Shares as on 31st March, 2012, 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. 9th November, 2009 for a period of five years. Further he does not receive sitting fees from the Company but is paid remuneration by Gujarat State Petroleum Corporation Limited as per the pay structure for Principal Secretary level government officials. He will hold his office till further intimation by Gujarat State Petroleum Corporation Limited or for a period of five years from the date of his appointment, whichever is earlier.

5. SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE

The composition of the Shareholders/Investors' Grievance Committee as on 31st March, 2012 is as follows:-

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

The status of Shareholders Complaint as on 31st March, 2012 is as follows:-

Particulars	Opening as on 1 st April, 2011	Received* during the Year	Disposed during the Year	Balance as on 31 st March, 2012
No. of Complaints	NIL	332	332	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 31st March, 2012 is 0.17%.

Ms Reena Desai, Company Secretary acts as the 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
2010-2011	23 rd September, 2011 4.00 P.M.	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010	No
2009-2010	21 st September, 2010 5.00 P.M.	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010	1. For approving offer & issue of Shares to the employees of the Company pursuant to GSPL Employee Stock Option Plan - 2010. 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 rd December, 2009 11.30 A.M.	Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010	No

B. Postal Ballot:

During the year, Ordinary Resolutions under section 293(1) (d) and 293(1) (a) and Special Resolution under section 372A of the Companies Act, 1956 were passed through Postal Ballot under section 192A (2) of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for increasing in borrowing limit, creation of charge/security in favor of lenders and increasing investment limit of the Company. The Company appointed CS Manoj R. Hurkat, Proprietor, Manoj Hurkat & Associates, Company Secretaries, Ahmedabad to conduct the aforesaid Postal Ballot process in the fair and transparent manner. Details of voting pattern of the resolutions passed through Postal Ballot have been published on the website of the Company and reported to the Stock Exchanges.

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.gupetronet.com. Further, the Financial Results and other required filings of the Company can also be viewed on the website of The National Stock Exchange of India Limited (www.nseindia.com) and The Bombay Stock Exchange Limited (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 14th Annual General Meeting of the Company:-

Date & Day : 25th September, 2012, Tuesday
 Time : 3.00 P.M.
 Venue : Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan,
 Sector - 11, Gandhinagar - 382010.

B. Financial Year and Calendar:-

The Financial Year of the Company starts on 1st April and ends on 31st March every Year.

Financial Calendar for 2012-2013 (Tentative Schedule) for adoption of quarterly results for:

Quarter ending 30 th June, 2012	On 9 th August, 2012
Quarter ending 30 th September, 2012	Before 14 th November, 2012
Quarter ending 31 st December, 2012	Before 14 th February, 2013
Quarter & Year ending 31 st March, 2013 (Audited)	Before 30 th May, 2013

C. Book Closure Date:-

Saturday, 15th September, 2012 to Tuesday, 25th September, 2012 (both days inclusive).

D. Dividend Payment:-

The Dividend if approved by the Shareholders will be paid on Wednesday, 3rd October, 2012.

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 2005-06 onwards are requested to claim the same from the Company alongwith necessary documentary proof.

In accordance with Clause 5A of the Listing Agreement, the Company has identified 132 folios (Previous Year: 134 folios) comprising of 34141 Equity Shares (Previous Year: 34641 Equity Shares) of face value of ₹ 10 each which are unclaimed as on 31st March, 2012. The Company is in process of crediting the unclaimed Equity Shares to a Demate Suspense Account in accordance with the said Clause.

E. Listing on Stock Exchanges and Scrip Codes:-

Name of Stock Exchanges	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 2012-2013 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 2011	19811.14	18976.19	104.90	96.10	5944.45	5693.25	104.90	95.70
May	19253.87	17786.13	105.90	96.05	5775.25	5328.70	106.00	95.25
June	18873.39	17314.38	102.90	84.20	5657.90	5195.90	102.60	84.00
July	19131.70	18131.86	110.40	76.60	5740.40	5453.95	110.35	89.35
August	18440.07	15765.53	107.50	91.80	5551.90	4720.00	107.40	91.60
September	17211.80	15801.01	113.25	96.95	5169.25	4758.85	113.20	97.00
October	17908.13	15745.43	107.35	95.45	5399.70	4728.30	107.20	95.45
November	17702.26	15478.69	103.50	84.55	5326.45	4639.10	103.45	84.30
December	17003.71	15135.86	92.00	76.50	5099.25	4531.15	91.75	76.20
January 2012	17258.97	15358.02	85.00	72.70	5217.00	4588.05	85.20	72.65
February	18523.78	17061.55	89.20	72.55	5629.95	5159.00	89.20	72.45
March	18040.69	16920.61	80.25	74.05	5499.40	5135.95	80.45	73.75

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 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: Mr. Mahendra Singh

H. Distribution of Shareholding:-

Distribution of Shareholding as on 31st March, 2012 is given below:

Category (Amount of Shares)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1-5000	180204	90.51	33518883	5.96
5001-10000	11179	5.62	8919704	1.59
10001-20000	4191	2.11	6354704	1.13
20001-30000	1197	0.60	3085089	0.55
30001-40000	518	0.26	1881773	0.33
40001-50000	506	0.25	2411839	0.43
50001-100000	677	0.34	5000898	0.89
100001 & above	623	0.31	501516237	89.12
Total	199095	100	562689127	100



I. Dematerialization of Shares and its liquidity:-

508716084 Equity Shares representing 90.41% of the total Equity Shares of the Company are held in Dematerialized Form and balance 53973043 Equity Shares representing 9.59% are in Physical Form as on 31st March, 2012.

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-382 010.
Ph.: +91-79-66701001
Fax: +91-79-23236477
Web-site: www.gujpetronet.com
Email: investors.gspl@gspc.in

L. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversions date and likely impact on Equity:-

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

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 Board Members
Presently, there does not exist any formal mechanism for performance evaluation of Non-Executive Directors.
4. Remuneration Committee
As the Company is not paying any Remuneration to its Executive Directors, no separate Remuneration Committee has been formed by the Board.
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,

A K Joti, IAS
Chairman

Date: 9th August, 2012

Place: Gandhinagar

CEO & CFO CERTIFICATION

We hereby certify that:-

- a. We have reviewed audited financial results for the quarter and year ended on 31st March, 2012 and that to the best of our knowledge and belief:
 - i. these audited financial results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. To the best of our knowledge and belief, no transactions entered into by the company during the period under review are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee that:
 - i. there are no significant changes in internal control over financial reporting during the period under review;
 - ii. there are no significant changes in accounting policies during the period under review; and
 - iii. there are no instances of any fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

We further declare that all the Board Members and Senior Management have affirmed with the Code of Conduct for the current year.

Manish Seth
DGM (Finance)

Tapan Ray, IAS
Managing Director

Date: 24th May, 2012
Place: Gandhinagar



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
GUJARAT STATE PETRONET LIMITED
GSPC Bhavan, Sector - 11,
Gandhinagar - 382 010

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 the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for the Financial Year ended 31st March, 2012. 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.

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 MANOJ HURKAT & ASSOCIATES
Company Secretaries

Manoj R. Hurkat
Proprietor

Date: 9th August, 2012
Place: Ahmedabad

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

Annexure - III

DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN-2005

	Description	2011-2012		2010-2011	
		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 th 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)	Nil	Nil	2000	7460
C	Exercise Price (Note 2)	₹ 14/-	₹ 14/-	₹ 14/-	₹ 14/-
D	Total Option vested during the year (Note 1)	2000	8011.25	Nil	6146.25
	Cumulative Option vested up to the respective Financial Year	764000	1364031.5	764000	1356020.25
E	Total Options exercised during the respective Financial Year	10000	84508	10050	123834
	Cumulative Option exercised up to the respective Financial Year	668000	1027706	658000	943198
F	Total number of Shares arising as a result of exercise of Options during the respective Financial Year	10000	84508	10050	123834
	Cumulative number of Shares arising as a result of exercise of Options up to the respective Financial Year	668000	1027706	658000	943198
G	Total Option lapsed/cancelled during the year (Note 3)	15000	44991	Nil	Nil
	Cumulative Option lapsed/cancelled up to the respective Financial Year (Note 4)	95000	434719	80000	403748
H	Money realized by exercise of Options during the respective Financial Year	140000	1183112	140700	1733676
I	Total number of Options in force as on 31 st March of the respective Financial Year	1000	101515	26000	216994
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	9.28	9.28	8.97	8.97

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 1st 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 31st March, 2010.

Note: 2

The exercise is based on the valuation report of an independent Chartered Accountant. The said valuation report indicated value of ₹ 12.50 per Equity Share. However, the Board of Directors of the Company decided to keep the price slightly higher than that price and finalized it at ₹ 14.00 per Equity Share. Further, the ESOP - 2005 was approved by the Board at its Meeting held on 13th 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:

	Description	2011-2012		2010-2011	
		ESOP - 2005 Part-I	ESOP - 2005 Part-II	ESOP - 2005 Part-I	ESOP - 2005 Part-II
A	Options lapsed/cancelled at the beginning of the respective Financial Year	80000	403748	82000	411208
B	Less: Reversal effect for Options lapsed in earlier years	Nil	14020	Nil	Nil
C	Less: Grant of Options during the respective Financial Year out of A above	Nil	Nil	2000	7460
D	Add: Options lapsed during the year	15000	44991	Nil	Nil
E	Total Options lapsed/cancelled as on 31st March of the respective Financial Year (A-B-C+D)	95000	434719	80000	403748

Note: 5

Name of Director or Key Managerial Personnel (as on 31 st March, 2012)	Number of Options granted / exercisable
Directors*	
Mr. D J Pandian, IAS	18795
Key Managerial Personnel	
Mr. Vinay Kumar	24630
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

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

Note: 6**Vesting Schedule**

Grant date	Total Options granted for vesting (see Note iv)	Vesting Period
Part - I (See Note i)		
18 th October, 2005	764000	1 year
19 th June, 2008 (see Note iii)	17000	1 year
1 st July, 2010 (see Note iii)	2000	1 year
Part - II (See Note ii)		
18 th October, 2005	1563940	4 years
19 th June, 2008 (see Note iii)	41995	4 years
1 st July, 2010 (see Note iii)	7460	4 years
Note i: Options are vested at the end of 1 st year from the date of grant of the Option.		
Note ii: Options are vested equally over 4 consecutive years from the expiry of one year from the date of grant of Option.		
Note iii: Grant of Options was made out of lapsed / cancelled Options.		
Note iv: 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	2011-12		2010-11	
		Type A	Type B	Type A	Type B
A	Total Options granted during the year by the Compensation Committee on 27 th October, 2010	Nil	Nil	2038745	90180
B	Exercise Price per Option (in ₹) (Note1)	75	75	75	75
C	Total Option vested during the year	209513	Nil	Nil	Nil
	Cumulative Option vested up to the respective Financial Year	209513	Nil	Nil	Nil
D	Total Options exercised during the respective Financial Year	12151	Nil	Nil	Nil
	Cumulative Option exercised up to the respective Financial Year	12151	Nil	Nil	Nil
E	Total number of Shares arising as a result of exercise of Options during the respective Financial Year	12151	Nil	Nil	Nil
	Cumulative number of Shares arising as a result of exercise of Options up to the respective Financial Year	12151	Nil	Nil	Nil
F	Total Option lapsed/cancelled during the year (Note 2)	20910	15880	46140	Nil
	Cumulative Option lapsed/cancelled up to the respective Financial Year (Note 3)	67050	15880	46140	Nil
G	Money realized by exercise of Options during the respective Financial Year	911325	Nil	Nil	Nil
H	Total number of Options in force as on 31st March of the respective Financial Year	1959544	74300	1992605	90180
I	Variation in terms of Options	Nil	Nil	Nil	Nil
J	Diluted Earnings Per Share (EPS) pursuant to issue of Shares on exercise of Option (in ₹)	9.28	9.28	8.97	8.97
K	Person-wise details of Options granted to:				
	1. Existing Directors and key managerial employees (please see note 4 below for details of Options granted to Directors and key managerial employees)	Note 4	Note 4	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.	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.
L	Vesting Schedule	Note 5	Note 5	Note 5	Note 5
M	Lock-in	N.A.	N.A.	N.A.	N.A.
N	Method and assumptions for estimation of the fair value of the Options	Note 6	Note 6	Note 6	Note 6
	Price of the underlying Shares in the market at the time of grant of Option (in ₹)	118.05 (NSE)	118.05 (NSE)	118.05 (NSE)	118.05 (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	46140	Nil
B	Less: Grant of Options during the respective Financial Year out of A above	Nil	Nil
C	Add: Options lapsed during the year	20910	15880
D	Total Options lapsed/cancelled as on 31st March of the respective Financial Year (A-B+C)	67050	15880

Note: 4

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

Name of Director* or Key Managerial Personnel (as on 31 st March, 2012)	Number of Options granted / exercisable
Key Managerial Personnel#	
Mr. Vinay Kumar	64535
Mr. Ravindra Agrawal	64535
Mr. Manish Seth	44035
Mr. N Bose Babu	64535
Mr. Sanjay Sengupta	35035
Mr. Subhasish Majumdar	28535

**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 Options granted	Vesting Period	Vesting Schedule from date of grant	No. of Options vested
Type A	27 th October, 2010	2038745	5 years	10% – 20% – 20% – 25% – 25%	209513
Type B	27 th 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 ₹ 1.74 crore, Profit After Tax lower by ₹ 1.74 crore and the Basic and Diluted Earnings Per Share would have been lower by ₹ 0.03 and ₹ 0.03 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 (₹)	Fair Value (₹)
Type A	27 th October, 2010	75.00	72.42
Type B	27 th 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 26 th October, 2011	Vest 2 26 th October, 2012	Vest 3 26 th October, 2013	Vest 4 26 th October, 2014	Vest 5 26 th 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 of Return	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 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.

Early Exercise Multiple: Assumes that early exercise happens when the Stock Price is a certain multiple of the Exercise Price. Assumptions are considering the fact that the Employee Stock Options have been granted to different categories of employees and the expected Option life is 10 years.

Annexure - V

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, GANDHINAGAR FOR THE YEAR ENDED 31ST MARCH, 2012.

The preparation of financial statements of Gujarat State Petronet Limited, Gandhinagar for the year ended 31st March, 2012 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 30th May, 2012.

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 31st March 2012. 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.

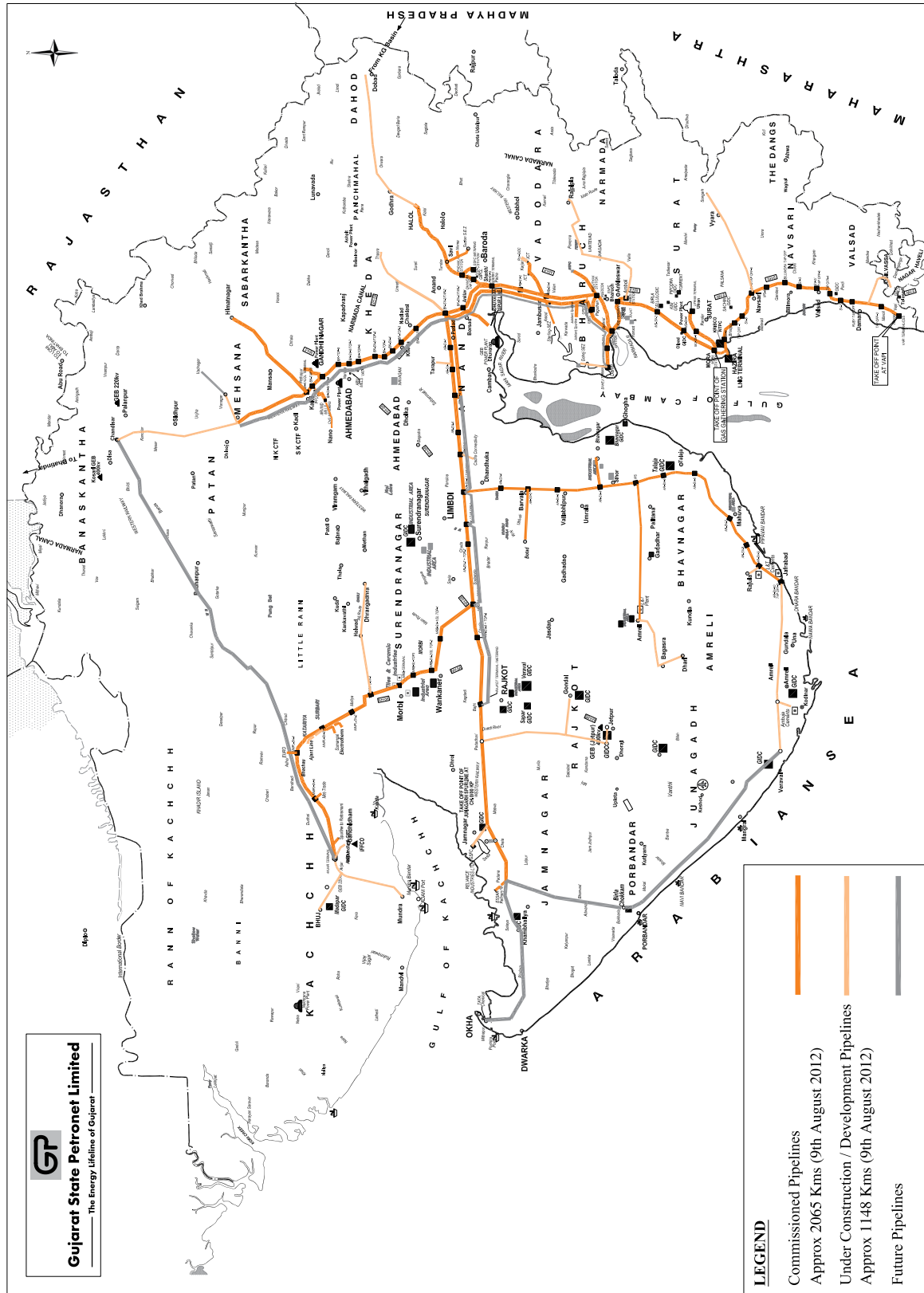
For and on behalf of the
Comptroller & Auditor General of India

(H K Dharmadarshi)
Accountant General
(E & RSA), Gujarat

Place: Ahmedabad
Date: 7th August, 2012

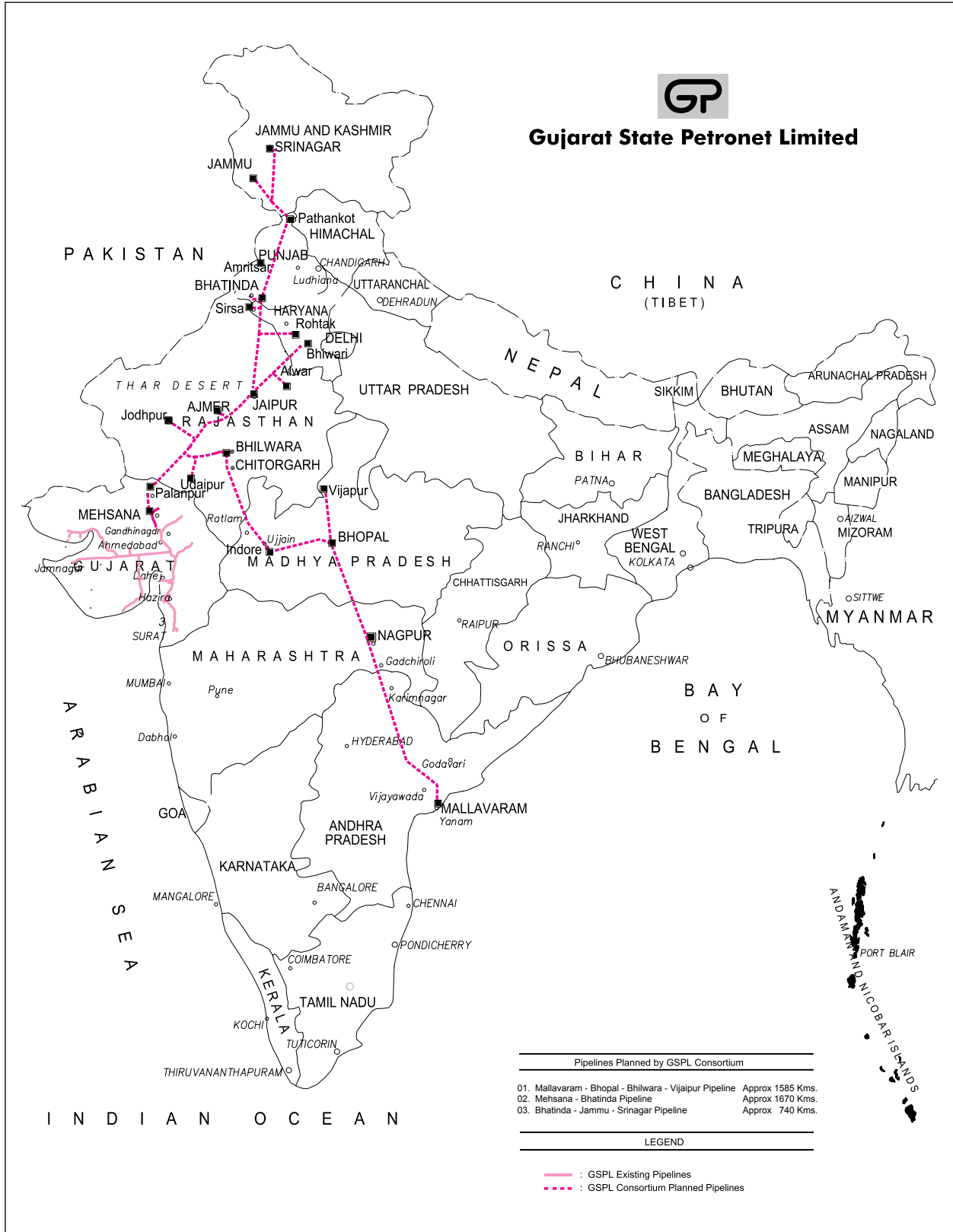


Annexure - VI GSPL Gas Grid Map



Annexure - VII

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





INDEPENDENT AUDITOR'S REPORT

To,
The Members
Gujarat State Petronet Limited
Gandhinagar

Report on the Financial Statements

We have audited the accompanying Financial Statements of Gujarat State Petronet Ltd., Gandhinagar which comprise of the Balance Sheet as at 31st March, 2012, the Statement of Profit & Loss and Cash Flow Statement for the year then ended 31st March 2012 and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (b) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper Books of Account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. The Balance Sheet, Statement of Profit & Loss and Cash flow dealt with by this Report are in agreement with the Books of Account and with the returns received from branches not visited by us;
- d. In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e. As per Circular No. 8/2002 dated 22.03.2002 issued by Ministry of Law, Justice and Company Affairs, Government Companies have been exempted from the applicability of the clause (g) of sub section (1) of Section 274 of the Companies Act, 1956, regarding the disqualification of Directors under the said section.

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

CA Nipun Singhvi
Partner
M. No. 136393

Place: Ahmedabad
Date : 30th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our Report of even date on the Accounts of Gujarat State Petronet Limited, Gandhinagar for the period ended on 31st March, 2012)

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 period 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 has been disposed off during the period as would affect going concern status of the Company.
2. a. During the year, the management and the firm of chartered accountants have physically verified the inventories. In our opinion frequency of verification is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. The discrepancies noticed on verification between the physical stock and book stock were not material and the same have been properly dealt with in the Books of Accounts.
3. (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 sub clause (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. 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 period during the year within the meaning of section 58A, 58AA and other relevant provisions of the Act.
7. Internal Audit of the Company is entrusted to the Chartered Accountants. The system is commensurate with the size and nature of the activities of the Company.
8. We have broadly reviewed the Books of Accounts and record maintain by the corporation pursuant to the Order made by the central government for the maintenance of cost records under section 209 (1) (d) of the Companies Act 1956, and are of the opinion that prima facie the prescribed records have been maintained. We have however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.
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, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Cess and any other statutory dues which are outstanding as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (b) The details of Excise Duty, Income Tax and Sales Tax not deposited on account of dispute is as under.

Nature of Dues	Amount (₹ in Lacs)	Forum where dispute is pending
Service Tax	10,227.07 18,717.40	Commissioner of Central Excise level CESTAT level
Income Tax	50.90 97.72 409.35 5.53	Assesing Officer level CIT (Appeals) level ITAT level Gujarat High Court
Total	29,507.97	

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 during the year under audit and in the immediately preceding financial year. Therefore, the requirement of clause (x) of paragraph 4 of the Order is not applicable to the Company.
11. According to the records of the Company examined by us and on the basis of information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. As per the information and according to the explanations given to us the Company has not granted any loans & advances on the basis of security by way of pledge of other securities, and therefore requirement of clause (xii) of para 4 of the order is not applicable to the Company.
13. The Company is not a Chit Fund, Nidhi or Mutual Benefit Society. Hence, the requirement of clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
14. According to the information and explanation given to us, the Company is not dealing in shares, securities, debentures and other investments and therefore requirement of clause (xiv) of para 4 of the Order is not applicable to the Company.
15. The Company has not given any guarantee for loans taken by the others from banks or financial institutions.
16. The term loans obtained were applied for the purpose for which the loans were obtained.
17. No funds raised for short term requirements have been used for long-term investment.
18. During the period 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 period 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 period 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, 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

CA Nipun Singhvi
Partner
M. No. 136393

Place: Ahmedabad
Date : 30th May, 2012



STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Notes	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	56,268.91	56,258.25
Reserves and Surplus	4	190,398.92	144,399.07
		246,667.83	200,657.32
Non-Current Liabilities			
Long-Term Borrowings	5	109,509.61	121,816.44
Deferred Tax Liabilities (Net)	6	32,437.15	26,406.03
Other Long-Term Liabilities	7	1,329.03	604.18
Long-Term Provisions	10	297.91	238.63
		143,573.70	149,065.28
Current Liabilities			
Trade Payables	8	695.20	2,357.74
Other Current Liabilities	9	49,333.17	52,526.47
Short-Term Provisions	10	6,594.69	6,808.69
		56,623.06	61,692.90
TOTAL		446,864.59	411,415.50
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	302,901.20	307,955.06
Intangible Assets	11	11,121.35	10,212.78
Capital Work-In-Progress	11	41,821.49	33,437.26
Non-Current Investments	12	11,641.64	7,657.50
Long-Term Loans and Advances	13	8,470.81	9,317.87
Other Non-Current Assets	14	786.02	199.37
		376,742.51	368,779.84
Current Assets			
Inventories	15	6,618.37	6,226.26
Trade Receivables	16	8,143.59	6,768.37
Cash and Bank Balances	17	51,476.47	23,896.20
Short-Term Loans and Advances	13	2,596.61	5,083.03
Other Current Assets	14	1,287.04	661.80
		70,122.08	42,635.66
TOTAL		446,864.59	411,415.50
Summary of Significant Accounting Policies	2.1		
The accompanying Notes are integral part of the Financial Statements.			

As per our Report of even date attached

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

Nipun Singhvi
Partner
Membership No. 136393

Place : Ahmedabad
Date : 30th May, 2012

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 : 28th May, 2012

STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Notes	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
INCOME :			
Revenue from Operations	18	112,327.75	104,651.82
Other Income	19	5,134.98	2,163.42
Total Revenue (A)		117,462.73	106,815.24
EXPENSES :			
Employee Benefit Expenses	20	1,969.09	1,485.94
Other Expenses	21	7,036.73	6,252.70
Total Expenses (B)		9,005.82	7,738.64
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (A)-(B)		108,456.91	99,076.60
Depreciation and Amortisation Expenses	22	18,190.36	15,329.94
Preliminary Expenses Written-Off		24.69	9.96
Finance Costs	23	13,019.48	9,907.25
Profit/(Loss) Before Adjustment		77,222.38	73,829.45
Depreciation Written Back		-	(2,337.54)
Prior Period Adjustments		320.86	(32.42)
Profit/(Loss) Before Tax		76,901.52	76,199.41
Tax Expenses			
Current Tax		18,563.79	15,248.49
MAT Credit Entitlement		-	(3,444.19)
Excess/Short Provision of Income Tax		100.50	1,404.01
Deferred Tax		6,031.11	12,352.88
Profit/(Loss) After Tax carried to Balance Sheet		52,206.12	50,638.22
Earning Per Equity Share (EPS) (Nominal Value of Share ₹ 10)			
Basic Earning Per Share (₹)		9.28	9.00
Diluted Earning Per Share (₹)		9.28	8.97
Summary of Significant Accounting Policies	2.1		

The accompanying Notes are integral part of the Financial Statements.

As per our Report of even date attached

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

Nipun Singhvi
Partner
Membership No.136393

Place : Ahmedabad
Date : 30th May, 2012

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 : 28th May, 2012



STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

Particulars	2011-2012	2010-2011
A Cash Flow from Operating Activities		
Profit before Taxes and Extraordinary Items	76,901.52	76,199.41
<u>Adjustments for:</u>		
Depreciation & Amortisation of Preliminary Expenditure	18,215.05	13,002.36
ESOP Compensation Expenses	322.63	157.34
Donation in Kind	-	111.25
Provision for diminution in value of Investment in KGGNL	25.88	-
Prior Period Adjustment	234.20	-
Wealth Tax	9.53	7.89
Profit on Sale of Assets	(2.60)	(0.20)
Loss on Sale & Retirement of Assets	243.83	1.25
Dividend Income	(312.85)	(245.82)
Interest Income	(4,665.00)	(1,822.90)
Interest & Financial Charges	13,019.48	9,907.25
Operating Profit before Working Capital Changes	<u>103,991.67</u>	<u>97,317.83</u>
<u>Changes in Current Assets and Current Liabilities</u>		
(Increase)/Decrease in Inventory	(392.11)	(3,999.28)
(Increase)/Decrease in Trade Receivables	(1,375.22)	550.27
(Increase)/Decrease in Loans, Advances & other Current Assets	(945.07)	1,945.23
Increase/(Decrease) in Trade Payables & other Current Liabilities	(6,522.15)	(19,722.15)
Increase/(Decrease) in other Long Term Liabilities	724.85	230.00
Cash generated from Operations	95,481.97	76,321.90
Taxes paid	<u>(16,214.52)</u>	<u>(16,572.34)</u>
Net Cash Flow from Operating Activities (A)	<u>79,267.45</u>	<u>59,749.56</u>
B Cash Flow from Investing Activities		
(Increase) / Decrease in Investment	(4,010.01)	(1,000.00)
Interest Received	4,116.73	1,457.04
Dividend Received	312.85	245.82
Proceeds from Sale of Assets	3,981.37	0.82
Acquisition of Fixed Assets and Change in Capital Work in Progress	<u>(25,812.14)</u>	<u>(56,931.63)</u>
Net Cash Flow from Investing Activities (B)	<u>(21,411.20)</u>	<u>(56,227.95)</u>
C Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital including Share Premium	22.34	18.74
Proceeds from Share Application Money	-	-
Increase/ (Decrease) in Borrowing	(8,235.35)	22,164.75
Dividend (Including Corporate Dividend Tax) paid	(6,539.35)	(6,559.52)
Interest & Financial Charges paid	<u>(15,523.62)</u>	<u>(12,666.59)</u>
Net Cash Flow from Financing Activities (C)	<u>(30,275.98)</u>	<u>2,957.38</u>
Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)	<u>27,580.27</u>	<u>6,478.99</u>
Cash and Cash Equivalents at the beginning of the period	<u>23,896.20</u>	<u>17,417.21</u>
Cash and Cash Equivalents at the end of the period	<u>51,476.47</u>	<u>23,896.20</u>

Notes to Cash Flow Statement for the year ended on 31st March, 20121 Cash and Cash Equivalent includes-

Cash and Cheques on Hand	1.23	1.15
Balances with Scheduled Banks		
– in Current Accounts	2,186.51	612.47
– in Deposit Accounts	<u>49,288.73</u>	<u>23,282.58</u>
	<u>51,476.47</u>	<u>23,896.20</u>

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 period'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

Nipun Singhvi
Partner
Membership No.136393

Place : Ahmedabad
Date : 30th May, 2012

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 : 28th May, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

1 CORPORATE INFORMATION

Gujarat State Petronet Limited (GSPL) is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPL is a Government Company u/s 617 of Companies Act, 1956. Its Shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited in India. The Company is primarily engaged in transportation of natural gas through pipeline on open access basis from supply points to demand centres. The Company also sells electricity generated through Windmills.

2 BASIS OF PREPARATION

The Financial Statements have been prepared under historical cost convention on accrual and going concern basis of accounting. The Financial Statements have been prepared and presented to comply in all material aspects with the Generally Accepted Accounting Principles (Indian GAAP) in India and the Accounting Standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and the relevant provisions of the Companies Act, 1956. The Company has consistently applied the Accounting Principles and Policies and these Accounting Policies not referred to otherwise, are in conformity with Generally Accepted Accounting Principles (Indian GAAP) in India.

2.1 Significant Accounting Policies

(a) Use of Estimates

The preparation of Financial Statements requires management to make certain judgements, estimates and assumptions that affect the amounts reported in the Financial Statements and Notes thereto. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustments to the components of Financial Statements in future periods.

(b) Fixed Assets and Capital Work In Progress

Fixed Assets are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

The Company capitalises all directly attributable cost of bringing the asset to its working condition for the intended use. Moreover, the Company capitalises borrowing cost for a project.

Capital Work-In-Progress includes expenditure incurred on Assets, which are yet to be commissioned and project inventory.

All the expenditure including direct, indirect expenses, incidental and related to construction incurred during the period of construction on a project, till it is commissioned, is kept as Capital Work In Progress (CWIP) and after commissioning the same is transferred / allocated to the respective Fixed Assets.

(c) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation, if any.

Intangible Assets includes amount paid towards obtaining the Right of Use (ROU) of land and Right of Way (ROW) permissions for laying the Gas Pipeline Network and expenditure incurred on Software. The Company capitalises software as Intangible Assets in terms of Accounting Standard -26 "Intangible Assets".

(d) Depreciation and Amortisation

Depreciation on Fixed Assets is provided on Written Down Value Method (WDV) at the rates prescribed in Schedule XIV to the Companies Act, 1956 except, on Fixed Assets pertaining to Gas Transmission Pipeline(s), where depreciation is provided at 3.17% on Straight Line Method (SLM) in terms of approval from Ministry of Corporate Affairs vide its letter no. 45/2/2011-CL-III dated 13th May, 2011.

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

Cost of lease-hold land is amortised equally over the period of lease.

In case of Intangible Assets, software is amortised at 40% on Written Down Value Method, whereas the cost incurred on 'Right of Use and Right of Way on Land' is not amortised but is tested for impairment on periodic basis.

(e) Investment

Long Term Investments are stated at cost. Provision for diminution in the value of Long-Term Investments is made only if such a decline is other than temporary.

Current Investments are carried at lower of cost and quoted/fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit & Loss.

(f) Inventory

Inventories including Stock of Stores, Spares, Consumables and Line Pack Gas not meant for sale in ordinary course of business are valued at moving average cost.

Project Inventory is valued at cost on moving average basis.

(g) Employee Benefits

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

The Company has participated in Group Gratuity Scheme of Life Insurance Corporation of India. The liability in respect of gratuity benefits being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using projected unit credit method as on the Balance Sheet date and actuarial gains/(losses) after adjustment of planned assets are charged to the Statement of Profit & Loss for the period. Moreover, the liability in respect of leave encashment being defined benefit schemes, payable in future, are also determined by actuarial valuation carried out using projected unit credit method as on the Balance Sheet date and actuarial gains/(losses) are charged to the statement of profit and loss for the period.

Retirement benefits in the form of Provident Fund and defined Superannuation Fund which are defined contribution schemes, are accrued in accordance with statutes and deposited with respective authority/agency and charged to the Profit & Loss Account for the period, in which the contributions to the respective funds accrue.

Short-term employee benefits are recognised as an expense in the Statement of Profit & Loss for the year in which related services are rendered.

In respect of Employees Stock Options, in accordance with SEBI (Employee Stock Option Plan & Employee 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 recognised as an asset called ‘Deferred ESOP Compensation’ and as a liability called ‘ESOP Outstanding Account’. The asset called ‘Deferred ESOP Compensation’ is amortised over the vesting period on Straight Line Basis and considered as a part of ‘Employee Cost’ in Statement of Profit & Loss, whereas the liability called ‘ESOP Outstanding Account’ is derecognised at the time of exercise of Options by the employees.

(h) Borrowing Cost

The company is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying Fixed Assets. For interest capitalisation, 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 capitalised and thereafter the interest is charged to the Statement of Profit & Loss. Additionally, wherever applicable. All other borrowing costs are recognised as expense in the period in which they are incurred and charged to the Statement of Profit & Loss.

(i) Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.

Monetary items (assets and liabilities) denominated in foreign currencies at the period-end are reported at the exchange rate prevailing on the Balance Sheet date.

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

Any income or expense on account of foreign exchange difference either on settlement or on translation is recognised in the Statement of Profit & Loss in line with the provisions of Accounting Standard -11 “The Effects of Changes in Foreign Exchange Rates”.

(j) Revenue Recognition

Revenue from transportation of gas through pipeline is recognised net of Service Tax on fortnight basis when it can be reliably measured and it is reasonable to expect ultimate collection.

Income from Sale of Electricity generated through Windmill is recognised on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection.

All other revenues are recognised when it can be reliably measured and it is reasonable to expect ultimate collection.

Interest expense and income are recognised on time proportion basis. Dividend income is recognised when right to receive is established.

(k) Taxation

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred Tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

Minimum Alternate Tax (MAT) accrued in a year is charged to the Statement of Profit & Loss as Current Tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal Income Tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit & Loss and shown as “MAT Credit Entitlement”. The Company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Provision for Wealth Tax is made in accordance with the provisions of the Wealth Tax Act, 1957 and is included in other expenses under the head of Rates and Taxes.

(l) 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. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount and is recognised immediately as income in the Statement of Profit & Loss.

(m) Earnings Per Share

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard-20 “Earnings Per Share”. Basic EPS is computed by dividing net Profit After Taxes 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.

(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 recognised nor disclosed in Financial Statements.

Contingent Liabilities if material are disclosed by way of Notes to Accounts.

(o) Measurement of EBITDA

As permitted by Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit & Loss. In its measurement, the Company does not include depreciation on Fixed Assets, amortisation of Intangible Assets, amortisation of Preliminary Expenses, Finance Costs and Tax Expenses.

(p) Cash and Cash Equivalent

Cash and Cash Equivalents comprise of Cash and balance with banks including Deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of Cash to be Cash Equivalents.

(q) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby Profit Before Tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income

or expenses associated with investing or financing Cash Flows. The Cash Flows from operating, investing and financing activities of the Company are segregated.

(r) Prior Period Adjustments

In respect of the transactions pertaining to the one or more Prior Periods, the expenditure / (income) relating to Prior Period as a result of errors or omission in the preparation of Financial Statements, is shown under the head “Prior Period Adjustments Account” in the Statement of Profit & Loss as per the provisions of Accounting Standard 5 “Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies”.

(s) Proposed Dividend

The Dividend as proposed by the Board of Directors, including Tax thereon is provided in the Books of Account pending approval at the Annual General Meeting.

(t) Events Occurring after Balance Sheet Date

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

3 SHARE CAPITAL

Particulars	No. of Shares	As at	No. of Shares	As at
		31 st March, 2012 (₹ in Lacs)		31 st March, 2011 (₹ in Lacs)
AUTHORISED SHARE CAPITAL				
70,00,00,000 Equity Shares of ₹ 10 each				
(Previous Year 70,00,00,000 Equity Shares of ₹ 10 each)	700,000,000	70,000.00	700,000,000	70,000.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
56,26,89,127 Equity Shares of ₹ 10/- each fully paid up				
(Previous Year 56,25,82,468 Shares of ₹ 10/- each fully paid up)	562,689,127	56,268.91	562,582,468	56,258.25
TOTAL	562,689,127	56,268.91	562,582,468	56,258.25

Reconciliation of number of Shares Outstanding at the beginning and at the end of the Year

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount (₹ in Lacs)	No. of Shares	Amount (₹ in Lacs)
Equity Shares				
Equity Shares at the beginning of the Year	562,582,468	56,258.25	562,448,584	56,244.86
Add: Equity Shares allotted pursuant to Employee Stock Option Plan	106,659	10.66	133,884	13.39
Equity Shares at the end of the Year	562,689,127	56,268.91	562,582,468	56,258.25

Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹10 per Share. Each holder of Equity Share is entitled to one vote per Share. The Company declares and pays Dividend in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2012, the amount of Dividend per Share recognised as distributions to Equity Shareholders was ₹1 per Share. (31st March, 2011: ₹ 1 per Share.)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Details of Shares held by Holding Company and ultimate Holding Company and their Subsidiaries / Associates

Particulars	As At 31 st March, 2012		As At 31 st March, 2011	
	No. of Equity Shares	Amount (₹ in Lacs)	No. of Equity Shares	Amount (₹ in Lacs)
Equity Shares held by Holding Company - Gujarat State Petroleum Corporation Ltd. having face value of ₹ 10/- each	212,305,270	21,230.53	212,305,270	21,230.53

Details of Equity Shareholder(s) holding more than 5% Equity Shares

Name of the Shareholder	As At 31 st March, 2012		As At 31 st March, 2011	
	No. of Equity Shares	% Holding in Equity Shares	No. of Equity Shares	% Holding in Equity Shares
Gujarat State Petroleum Corporation Limited	212,305,270	37.73%	212,305,270	37.74%
Gujarat Maritime Board	37,088,000	6.59%	37,088,000	6.59%
Life Insurance Corporation of India	35,334,376	6.28%	-	-

Detail of Shares reserved for issue under ESOP

For details of Shares reserved for issue under the Employees Stock Option Plan (ESOP) 2005 and 2010 of the GSPL, please refer Note No. 36

4 RESERVES & SURPLUS

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Securities Premium Reserve</u>		
Opening Balance	40,112.45	40,107.09
Add: Additions during the Year	17.40	5.36
Closing Balance	40,129.85	40,112.45
<u>Bond Redemption Reserve</u>		
Opening Balance	-	100.00
Less: Transferred to Statement of Profit & Loss	-	(100.00)
Closing Balance	-	-
<u>General Reserve</u>		
Opening Balance	272.30	272.30
Add: Additions during the Year	-	-
Closing Balance	272.30	272.30
<u>Employees' Stock Options Outstanding (Net)</u>		
Gross Compensation for ESOPs Granted	1,001.66	1,001.66
Less: Deferred Employee Stock Compensation	482.66	822.61
Less: Transferred to Securities Premium on exercise of ESOPs	5.72	-
Less: Deduction due to ESOP Lapsed / Cancelled	39.02	21.71
Closing Balance	474.26	157.34
<u>Profit & Loss Account</u>		
Opening Balance	103,856.98	59,658.11
Add: Profit during the Year	52,206.12	50,638.22
Add: Transfer from Bond Redemption Reserve	-	100.00
<u>Less: Appropriations</u>		
Proposed Final Equity Dividend	5,626.89	5,625.82
Difference in Final Dividend for Equity Share	0.76	0.75
Tax on Proposed Final Equity Dividend	912.82	912.65
Difference in Tax on Final Dividend for Equity Share	0.12	0.13
Closing Balance	149,522.51	103,856.98
TOTAL	190,398.92	144,399.07

5 LONG TERM BORROWINGS

Particulars	Non-Current		Current Maturities	
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Term Loan from Banks	83,493.98	27,262.01	92,988.32	23,190.53
Term Loan from Financial Institutions	26,015.63	2,812.50	28,828.12	2,812.50
TOTAL	109,509.61	30,074.51	121,816.44	26,003.03
The above Amount includes				
Secured Borrowings	109,509.61	30,074.51	121,816.44	26,003.03
Unsecured Borrowings	-	-	-	-
Amount Disclosed under the Head "Other Current Liabilities" (Note No. 9)	-	(30,074.51)	-	(26,003.03)
Net Amount	109,509.61	-	121,816.44	-

Term Loan from banks and financial institutions are secured by first pari-passu charge on all Tangible and Intangible Fixed Assets, Capital Work in Progress (except 36" Pipeline from Hazira to Mora), Operating Cash Flows, Book Debts and Other Movables of the Company.

Term Loan from bank includes foreign currency loan, which is secured by first pari-passu charge on all Tangible and Intangible Fixed Assets, Capital Work in Progress (except 36" Pipeline from Hazira to Mora), Operating Cash Flows, Book Debts and Other Movables of the Company. The Company has entered in to cross currency swap and interest rate swap in order to hedge its foreign currency risks in full.

Maturity Profile and Rate of Interest of Term Loans

Rate of Interest	No. of Installments	Outstanding As At 31 st March, 2012	Maturity Profile			(₹ in Lacs)
			2013-2015	2015-2018	2018-2023	
7.25%	11	3,927.01	2,498.44	-	-	
7.50%	41	17,083.33	3,333.33	5,000.00	7,083.33	
8.11%	41	5,765.63	1,125.00	1,687.50	2,390.63	
8.25%	9	430.38	-	-	-	
8.64%	41	5,979.17	1,166.67	1,750.00	2,479.17	
1 Yr Gsec + 2.175%	17	10,255.64	2,413.09	3,619.64	3,016.36	
11.05% - Reset Every Year	26	9,285.71	2,857.14	4,285.71	714.29	
11.06% - Reset Every Year	29	10,633.33	2,933.33	4,400.00	1,833.33	
11.67% - Reset Every Year	25	8,928.57	2,857.14	4,285.71	357.14	
Base Rate + 0.75%	11	1,954.81	1,240.53	-	-	
Base Rate + 1.25%	19	5,089.29	2,142.86	1,875.00	-	
Base Rate + 1.90%	25	9,706.44	5,040.00	7,560.00	620.44	
Base Rate + 2.25%	17	1,506.10	714.29	434.68	-	
BPLR - 2.50%	16	4,279.84	2,142.86	1,065.55	-	
BPLR - 2.00%	16	1,086.25	542.86	271.96	-	
BPLR - 2.25%	10	1,296.80	192.55	-	-	
BPLR - 2.50%	72	14,989.17	7,828.37	4,658.50	248.21	
BPLR - 2.55%	25	7,190.59	4,648.00	6,972.00	559.59	
BPLR - 2.75%	28	3,672.63	2,133.33	2,933.33	232.07	
BPLR - 3.25%	27	7,182.50	4,394.98	452.45	-	
BPLR - 3.50%	16	5,712.57	2,857.14	1,426.85	-	
BPLR - 3.75%	11	2,577.09	1,634.23	-	-	
Grand Total	543	139,584.12	54,696.15	52,678.89	19,534.57	

6 DEFERRED TAX LIABILITIES (Net)

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Deferred Tax Liability:		
Impact of Difference between Tax Depreciation and Book Depreciation on Fixed Assets	32,542.30	26,505.44
Total Deferred Tax Liability (A)	32,542.30	26,505.44
Deferred Tax Asset:		
Provision for Leave Encashment	101.13	77.34
Provision for Gratuity	4.02	22.07
Total Deferred Tax Asset (B)	105.15	99.41
Net Deferred Tax Liability (A-B)	32,437.15	26,406.03

7 OTHER LONG TERM LIABILITIES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Others		
Security Deposit from Customers	1,274.20	553.00
OYVS Installments from Employees	4.49	0.84
Other payables (including payables for Capital Goods and Services)	50.34	50.34
TOTAL	1,329.03	604.18

8 TRADE PAYABLES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Trade Payables (refer Note no.35 for details of due to Micro, Small and Medium Enterprises)	695.20	2,357.74
TOTAL	695.20	2,357.74

9 OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Current Maturities of Long-Term Borrowings (Refer Note No. 5)	30,074.51	26,003.03
Other payables (including payables for Capital Goods and Services) (Refer Note No. 35 for details of due to Micro, Small and Medium Enterprises)	16,967.78	24,943.87
Interest accrued but not due on Term Loan	849.13	706.57
Earnest Money Deposit	23.75	99.60
Deposit from Customers	361.55	372.79
Unpaid Matured Deposits and Interest Accrued thereon	-	9.69
Unclaimed Refundable Share Application Money	40.57	40.84
Dividend Payable / Unclaimed	59.66	49.05
Imbalance, Overrun & Other Charges (Refer Note No. 40)	722.67	-
Other Statutory Liabilities	233.55	301.03
TOTAL	49,333.17	52,526.47

10 PROVISIONS

Particulars	Long Term	Short Term	Long Term	Short Term
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Provision for employee benefits</u>				
Provision for Gratuity	-	12.39	12.12	54.32
Provision for Leave Encashment	297.91	13.79	226.51	6.30
Provision for Leave Travel Allowance	-	19.27	-	86.51
	297.91	45.45	238.63	147.13
<u>Other Provisions</u>				
Provision for Income Taxes (Net)	-	-	-	114.89
Proposed Equity Dividend	-	5,626.89	-	5,625.82
Provision for Tax on Proposed Equity Dividend	-	912.82	-	912.65
Provision for Wealth Tax	-	9.53	-	8.20
	-	6,549.24	-	6,661.56
TOTAL	297.91	6,594.69	238.63	6,808.69

11 FIXED ASSETS

Particulars	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	Op. Balance As On 1 st April, 2011	Additions/ Adjustments During the Year	Deduction During the Year	Cl. Balance As On 31 st March, 2012	Op. Balance As On 1 st April, 2011	Additions During the Year	Deduction During the Year	Cl. Balance As On 31 st March, 2012	As On 31 st March, 2012	As On 31 st March, 2011
TANGIBLE ASSETS										
Land- Free Hold	5,797.62	1,686.77	-	7,484.38	-	-	-	-	7,484.38	5,797.62
Land- Lease Hold	2,545.18	2.12	-	2,547.30	89.95	45.59	-	135.54	2,411.76	2,455.23
Building	12,388.93	1,328.21	-	13,717.13	3,637.11	854.03	-	4,491.14	9,225.99	8,751.82
Plant & Machinery	378,658.60	13,200.49	5,309.80	386,549.28	92,616.30	16,322.82	1,108.15	107,830.97	278,718.31	286,042.30
Communication Equipments	7,761.75	690.98	10.82	8,441.90	3,505.76	639.78	3.92	4,141.62	4,300.28	4,255.99
Computers	427.95	95.88	8.94	514.89	289.94	73.19	7.52	355.62	159.27	138.00
Furniture & Fittings	418.49	57.98	-	476.47	155.85	54.95	-	210.80	265.67	262.64
Office Equipments	161.61	12.60	-	174.21	76.39	12.70	-	89.09	85.12	85.22
Vehicles	318.19	157.28	44.96	430.51	151.95	60.47	32.33	180.09	250.42	166.24
Books	4.59	-	-	4.59	4.59	-	-	4.59	-	-
Total (A)	408,482.90	17,232.29	5,374.53	420,340.66	100,527.85	18,063.53	1,151.93	117,439.46	302,901.20	307,955.06
INTANGIBLE ASSETS										
Computer Software	951.84	59.32	-	1,011.17	657.10	126.83	-	783.92	227.25	294.75
Right of Use / Right of Way	9,918.03	976.07	-	10,894.10	-	-	-	-	10,894.10	9,918.03
Total (B)	10,869.88	1,035.39	-	11,905.27	657.10	126.83	-	783.92	11,121.35	10,212.78
CAPITAL WORK IN PROGRESS										
Total (C)	-	-	-	-	-	-	-	-	41,821.49	33,437.26
TOTAL (A+B+C)	419,352.78	18,267.68	5,374.53	432,245.93	101,184.95	18,190.36	1,151.93	118,223.38	355,844.04	351,605.10
Previous Year	332,549.16	89,105.99	2,302.38	419,352.77	88,870.15	12,992.40	677.60	101,184.95	351,605.08	302,292.17

(₹ in Lacs)

**12 NON-CURRENT INVESTMENTS**

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Trade Investments (Long Term)		
Investment in Unquoted Equity Shares of Subsidiary Companies		
2,00,50,060 (31 st March, 2011: Nil) Equity Shares of ₹ 10 each of GSPL India Gasnet Limited (Fully Paid Up) (at Cost)	2,005.01	-
2,00,50,060 (31 st March, 2011: Nil) Equity Shares of ₹ 10 each of GSPL India Transco Limited (Fully Paid Up) (at Cost)	2,005.01	-
Investment in Unquoted Equity Shares of Associate Companies		
2,16,66,666 (31 st March, 2011: 2,16,66,666) Equity Shares of ₹ 10 each of GSPC Gas Company Limited (Fully Paid Up) (at Cost)	3,500.00	3,500.00
Investment in Unquoted Equity Shares of Other Companies		
62,50,000 (31 st March, 2011: 62,50,000) Equity Shares of ₹ 10 each of Gujarat State Energy Generation Ltd. (Fully Paid Up) (at Cost)	1,000.00	1,000.00
27,50,000 (31 st March, 2011: 27,50,000) Equity Shares of ₹ 10 each of Sabarmati Gas Ltd. (Fully Paid Up) (at Cost)	1,100.00	1,100.00
5,75,000 (31 st March, 2011: 5,75,000) Equity Shares of ₹ 10 each of Krishna Godavari Gas Network Ltd. (Fully Paid Up) (At Cost less Provision for other than Temporary Diminution in Value ₹ 25,87,500/- Krishna Godavari Gas Network Ltd.) (31 st March, 2011: Nil)	31.62	57.50
Investment in Unquoted Long Term Debentures of Other Companies		
2,000 (31 st March, 2011: 2000) 6% Optionally Convertible Debentures of ₹ 1,00,000 each of Sabarmati Gas Ltd. (Fully Paid Up)	2,000.00	2,000.00
TOTAL	11,641.64	7,657.50
Aggregate Amount of Unquoted Investments	11,641.64	7,657.50
Aggregate Provision for Diminution in Value of Investments	25.88	-

13 LOANS AND ADVANCES

Particulars	Long Term	Short Term	Long Term	Short Term
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Capital Advances				
Unsecured, Considered Good	1,238.71	-	2,021.91	-
Security Deposit Given				
Unsecured, Considered Good	81.25	32.46	50.67	3.72
Loans & Advances to Related Parties				
<u>Unsecured, Considered Good</u>				
Equity Share Application - GSPC Gas Co. Ltd.	2,760.44	-	2,760.44	-
Equity Share Application - GSPC LNG Ltd.	2,500.00	-	2,500.00	-
Other Loans & Advances				
<u>Secured, Considered Good</u>				
Housing Building Advance to Employees	610.85	47.86	515.98	40.07
<u>Unsecured, Considered Good</u>				
Advance Tax and TDS (Net of Provision)	-	592.40	-	-
Loans & Advances to Employees	47.38	71.01	67.91	65.09
Advances Recoverable in Cash or Kind	-	-	-	0.65
Refundable Deposit for ROW	1,128.23	-	1,045.24	-
Payment under Protest	80.00	131.99	131.99	234.20
MAT Credit Entitlement	-	198.94	193.70	3,250.50
Balance with Service Tax & Excise Duty	-	1,038.39	-	1,002.25
Other Advance Payments	-	400.07	-	141.93
Prepaid Expenses	23.95	83.49	30.03	344.62
TOTAL	8,470.81	2,596.61	9,317.87	5,083.03

14 OTHER ASSETS

Particulars	Non-Current	Current	Non-Current	Current
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Unsecured, Considered Good</u>				
Non-Current Bank Balances (Note No. 17)	557.00	-	5.00	-
Others				
Others Receivables	9.36	237.96	9.36	101.66
Interest Accrued on Share Application Money	-	197.40	-	106.82
Interest Accrued but not due-deposits	8.02	758.68	0.37	428.63
Interest Accrued but not due on OCD	211.64	93.00	184.64	-
Unamortized Preliminary Expenses	-	-	-	24.69
TOTAL	786.02	1,287.04	199.37	661.80

15 INVENTORIES*

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Stores & Spares	1,272.25	1,737.11
Line Pack Gas	5,346.12	4,489.15
TOTAL	6,618.37	6,226.26

*(Valued at Moving Average Cost)

16 TRADE RECEIVABLES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Trade Receivables - Unsecured, Considered Good</u>		
Outstanding for a period exceeding 6 months	738.33	867.50
Others	7,405.26	5,900.87
TOTAL	8,143.59	6,768.37

17 CASH AND BANK BALANCES

Particulars	Non-Current	Current	Non-Current	Current
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Cash and Cash Equivalents				
Balances with Banks				
In Current Accounts	-	1,392.34	-	508.30
Fixed Deposit with original maturity of less than 3 months	-	12,000.00	-	5,617.43
Cash on Hand	-	1.23	-	1.15
	-	13,393.57	-	6,126.88
Earmarked Balances with Banks				
Unpaid Dividend Account	-	73.95	-	49.05
IPO Refund Account	-	40.57	-	40.84
Balance in Escrow A/c-PNGB [Incl TD] (Refer Note No.40)	-	679.65	-	-
Fixed Deposit Repayment Account	-	-	-	14.28
	-	-	-	-
Other Bank Balances				
Fixed Deposit with original maturity of more than 12 months	-	-	-	-
Fixed Deposit with original maturity of more than 3 months but less than 12 months	-	37,088.73	-	17,081.69
Margin Money Deposit - Bank Guarantees	557.00	200.00	5.00	583.46
Total	557.00	51,476.47	5.00	23,896.20
Amount disclosed under Other Non-Current Assets (Note No.14)	(557.00)	-	(5.00)	-
TOTAL	-	51,476.47	-	23,896.20

18 REVENUE FROM OPERATIONS

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Revenue from Transportation of Gas (Net)	107,645.65	102,520.82
Revenue from Sale of Electricity (Net)	3,885.54	1,389.19
Other Operating Revenues		
Connectivity Charges	713.57	741.81
Others	82.99	-
TOTAL	112,327.75	104,651.82

19 OTHER INCOME

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Interest Income		
Interest on Fixed Deposits with Banks	4,196.96	1,438.67
Interest on Share Application Money	262.78	178.39
Interest on Optionally Convertible Debentures	120.00	120.00
Other Interest	85.26	85.84
	4,665.00	1,822.90
Dividend Income from Associate (Long Term Trade Investment)	312.85	245.82
Other Non-Operating Income	157.13	94.70
TOTAL	5,134.98	2,163.42

20 EMPLOYEE BENEFIT EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Salaries and Wages		
Salaries and Allowances	1,342.99	1,028.04
Salary Arrears	21.52	(4.62)
Leave Encashment	83.90	92.86
Contribution to Provident and Other Funds		
Contribution to Provident Fund	96.67	83.34
Contribution to Super Annuation Scheme	31.44	23.79
Group Gratuity Expenses	7.04	62.47
ESOP Compensation Expenses	322.63	157.34
Staff Welfare Expenses	62.90	42.72
TOTAL	1,969.09	1,485.94

21 OTHER EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
(A) Operation & Maintenance Expenses		
Maintenance Contracts	2,001.02	1,650.38
Payment to Outsourced Persons	299.14	256.39
Security Service Charges	424.13	348.39
Land Revenue	19.91	14.35
Power & Fuel	359.40	290.62
Consumption of Stores & Spare Parts	450.79	266.19
Repairs & Maintenance - Building	34.65	18.68
Repairs & Maintenance - Machinery	127.44	84.85
Other O&M Expenses	723.02	640.51
Reactive Energy Charges - Windmill	-	0.97
SLDC Charges - Windmill	2.86	2.26
(A)	4,442.36	3,573.59
(B) Other Expenses		
Advertisement & Publicity Expenses	153.32	102.96
Bandwidth & Website Maintenance Charges	6.11	6.24
Business Promotion	21.44	11.28
Loss on Sale of Fixed Assets	73.61	1.05
Statutory Audit Fees	1.00	1.00
Donation	45.75	892.41
Miscellaneous Expenses	852.15	542.62
Legal & Professional Expenses	433.08	313.58
Provision for Diminution in Investment	25.88	-
Rent	259.85	188.15
Rate & Taxes	30.05	44.29
Recruitment & Training	75.55	42.77
Seminar & Conference	25.46	9.74
Stationery & Printing	36.26	43.25
Travelling Expenses - Directors	7.35	7.88
Travelling Expenses - Others	94.31	84.93
Postage, Telephone & Courier Expenses	145.11	94.80
HSE Expenses	32.33	26.65
Listing Fee	9.65	9.15
Insurance Expenses	266.11	256.36
(B)	2,594.37	2,679.11
TOTAL (A+B)	7,036.73	6,252.70

22 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Depreciation on Tangible Assets	18,063.53	15,144.52
Amortisation of Intangible Assets	126.83	185.42
TOTAL	18,190.36	15,329.94

23 FINANCE COSTS

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Interest Expenses	12,997.34	9,885.12
Other Borrowing Costs	22.14	22.13
TOTAL	13,019.48	9,907.25

24 Till year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of Financial Statements. During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to Company. Accordingly, corresponding figures of the previous year have been regrouped and reclassified wherever considered necessary to compare to this year's figures.

25 CONTINGENT LIABILITY

Bank Guarantee/Letter of Credit issued and outstanding as on 31st March, 2012 is for an amount of ₹ 6,870.00 Lacs (Previous Year: ₹ 5,450.00 Lacs)

As on 31st March, 2012, the Ascertainable Claims against the Company: 1) by certain land owners seeking enhancement of Compensation in respect of RoU acquired by the Company is ₹ 2,544.84 Lacs (Corresponding Previous Period: ₹ 2,591.93 Lacs) and 2) by other parties are ₹ 39.86 Lacs (Corresponding Previous Period: NIL)

As regards Excise & Service Tax Related matters, Dept. vide various Orders for the period 2005-06 to 2008-09 has demanded basic duty of ₹ 18,717.39 Lacs (Previous Year: 18717.39 Lacs) plus applicable interest & penalty, aggrieved by which Company had filed Appeals before CESTAT, pending final disposal. Also, various show cause notices for the period 2009-10 & 2010-11 amounting to ₹ 10,227.07 Lacs (Previous Year: 6,900.54 Lacs) plus applicable interest & penalty has also been issued by Department for which suitable replies have been filed by Company, pending final disposal.

Out of ₹ 18,717.39 Lacs lying at CESTAT stage as mentioned above, ₹ 10,859.94 Lacs related to 1st year of litigation (period covered 2005-06 to 2007-08), CESTAT has granted "Unconditional Stay of Demand" considering strong merits of the case, pending final disposal.

Income Tax Assessments up to Assessment Year 2009-10 have been completed. Company had filed Appeals against the various Orders passed by Assessing Officers, whereby Appeals lying before Gujarat High Court for Assessment Year 2005-06 – ₹ 5.53 Lacs, before the Income Tax Appellate Tribunal (ITAT) for Assessment Year 2004-05 to Assessment Year 2008-09 – ₹ 409.36 Lacs, before CIT (Appeals) for Assessment Year 2009-10 ₹ 97.72 Lacs & matters restored back to Assessing Officer for Assessment Year 2004-05 & Assessment Year 2006-07 – ₹ 50.89 Lacs.

Imbalance and Overrun charges as per the *Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipelines) Regulations, 2008* issued by PNGRB on 7th March, 2011, collected for the period prior to 1st April, 2011 amounting to ₹ 212.73 Lacs (net of taxes) has been neither deposited in Escrow Account nor recognised as liability as these guidelines are applicable w.e.f. 1st April, 2011.

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.

26 CAPITAL & OTHER COMMITMENT

Capital Commitment:

Estimated amount of contracts remaining to be executed on capital account and not provided for is approximately ₹ 58,301.58 Lacs (Previous Year: ₹ 27,160.36 Lacs).

Other Commitment:

During the year, Company has formed two SPVs (Special Purpose Vehicles) namely GSPL India Gasnet Limited for implementation of Mehsana-Bhatinda and Bhatinda-Jammu-Srinagar Pipeline Projects and GSPL India Transco Limited for implementation of Mallavaram-Bhopal-Bhilwara-Vijaipur Pipeline Project. For this purpose, Company is required to contribute ₹ 209,589.98 Lacs as on 31st March, 2012 (Previous Year: NIL) as Equity Share Capital over a period of three years.

27 As per AS-16 "Borrowing Cost" issued by ICAI, the Company has capitalised the borrowing cost amounting to ₹ 2,646.70 Lacs (Previous Year: ₹ 3,729.97 Lacs).

**28 PAYMENT TO AUDITORS**

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
For Statutory Audit	1.00	1.00
For Taxation Matters	-	-
For Company Law Matters	-	-
For Management Services	-	-
For Other Services	2.95	2.85
For Reimbursement of Expenses	0.74	-
TOTAL	4.69	3.85

29 MANAGERIAL REMUNERATION

There are no Whole Time / Executive Director on the Board except Shri Tapan Ray, Managing Director. He is not drawing any remuneration from the Company.

- 30 In the opinion of Management, any of the Assets other than Fixed Assets and Non-Current Investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

31 EXPENDITURE / INCOME IN FOREIGN CURRENCY

Expenditure in Foreign Currency	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Raw Material	-	-
Component & Spare Parts*	27.70	-
Capital Goods	-	-
Royalty, Know How	-	-
Professional and Consultation Fee	7.54	0.31
Training	24.38	10.81
Interest & Processing Fee	1,032.40	873.56
Others	1.02	0.13
TOTAL	1,093.04	884.81

* Comparison of consumption of Imported Component & Spares with Domestic Component & Spares is as below:

Particulars	2011-12		2010-11	
	Amount (₹ in Lacs)	% of Total Consumption	Amount (₹ in Lacs)	% of Total Consumption
Imported	27.70	6.14%	-	0.00%
Domestic	423.12	93.86%	266.48	100.00%
TOTAL	450.82	100.00%	266.48	100.00%

There is no earnings in foreign currency during the Year as well as Previous Year.

- 32 An Investment of ₹ 57.50 Lacs was made by the Company in 2006-07 in Equity Shares of Krishna Godavari Gas Network Ltd. (KGGNL), which was set-up to implement CGD Network in the State of Andhra Pradesh. The Board of Directors of KGGNL in its Meeting held on 27th June, 2011 have decided to go for Voluntary Winding-Up of KGGNL. Accordingly, as required by Accounting Standard 13 an estimated provision of 45% reduction in value of Investment amounting to ₹ 25.88 Lacs is made in P&L Account in Current Year.

- 33 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.

34 EARNINGS PER SHARE

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Net Profit/(Loss) after Current and Deferred Tax	52,206.12	50,638.22
Weighted Average Number of Equity Shares	562,648,145	562,526,491
Basic EPS	9.28	9.00
Total Weighted Average Number of Equity Shares including Potential Equity Shares	562,837,744	564,842,810
Diluted EPS	9.28	8.97
Face Value / Nominal Value of Share	10.00	10.00

35 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:

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Principal amount remaining unpaid as on 31 st March, 2012	341.61	28.80
Interest due thereon as on 31 st March, 2012	-	-
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 st March, 2012	-	-
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	-	-

36 EMPLOYEE STOCK OPTION PLANS

ESOP Scheme 2005:

During the Financial Year 2005-06, the Company instituted ESOP-2005. The Board of Directors and the Shareholders approved the Plan in the Meetings held on 13th October, 2005 and 18th October, 05 respectively, which provides for the issue of 23,27,940 Equity Shares to the employees of the Company and of Gujarat State Petroleum Corporation Ltd. The Compensation Committee administers ESOP-2005. These ESOPs are granted at an exercise price of ₹ 14 per Share to be vested over the period of four years and to be exercised within a period of five years from the date of vesting.

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

Particulars	2011-2012	2010-2011
Options Granted during the Year	-	2,000.00
Vested during the Year*	2,000.00	-
Exercised during the Year	10,000.00	10,050.00
Lapsed/Cancelled** during the Year	15,000.00	-

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

Particulars	2011-2012	2010-2011
Options granted during the Year	-	7,460.00
Vested during the Year*	8,011.25	6,146.25
Exercised during the Year	84,508.00	123,834.00
Lapsed/Cancelled** during the Year	44,991.00	-

* Total Options vested during the Year 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 Year under review on account of retirement / resignation etc. of employees are included in "Total Options Lapsed / Cancelled during the Year" under review.

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

ESOP Scheme 2010:

During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the Plan in the Meetings held on 23rd August, 2010 and 21st September, 2010 respectively, pursuant to which 21,28,925 Options have been granted to the Employees of the Company. The Compensation Committee administers ESOP-2010. These ESOPs are granted at an Exercise Price of ₹ 75 per Share to be vested over the period of five years and to be exercised within a period of ten years from the date of grant.

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

Particulars	2011-2012	2010-2011
Options granted during the Year	-	2,128,925.00
Vested during the Year*	209,513.00	-
Exercised during the Year	12,151.00	-
Lapsed/Cancelled** during the Year	36,790.00	46,140.00

* Total Options vested during the Year 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 Year under review on account of retirement / resignation etc. of employees are included in "Total Options Lapsed / Cancelled during the Year" under review.

Shares reserved for Issue under ESOP - 2005 & ESOP - 2010 (Refer Note No. 3)

Particulars	2011-12	2010-11
Options pending to be exercised out of Total Grant as at the start of Year	2,325,779.00	367,418.00
Add: reversal of excess no of Options shown as 'Lapsed' in past	14,020.00	-
Add: Options granted during the Year	-	2,138,385.00
Less: Options exercised by employees during the Year	106,659.00	133,884.00
Less: Options lapsed due to resignation of Employees during the Year	96,781.00	46,140.00
Options pending to be exercised out of Total Grant as at the end of Year	2,136,359.00	2,325,779.00

37 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, Other non-current Assets, Loans and Advances and Other Current Assets. 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)

(₹ in Lacs)

Particulars	Year 2011-2012				Year 2010-2011			
	Gas Transportation	Windmill	Unallocated	Total	Gas Transportation	Windmill	Unallocated	Total
1 Segment Revenue								
External Revenue*	108,437.48	3,968.54	-	112,406.02	103,305.92	1,389.19	-	104,695.11
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Segment Revenue	108,437.48	3,968.54		112,406.02	103,305.92	1,389.19		104,695.11
2 Segment Result - Profit(+) / Loss(-)	89,112.45	(635.50)	-	88,476.95	86,334.68	(1,531.74)	-	84,802.94
Unallocated Other Income	-	-	5,056.73	5,056.73	-	-	2,120.14	2,120.14
Unallocated Expenses & Finance Cost	-	-	(16,311.30)	(16,311.30)	-	-	(13,093.65)	(13,093.65)
Prior Period Adjustments	-	-	(320.86)	(320.86)	-	-	32.42	32.42
Depreciation Written Back	-	-	-	-	2,337.54	-	-	2,337.54
Profit Before Tax	89,112.45	(635.50)	(11,575.44)	76,901.52	88,672.22	(1,531.74)	(10,941.08)	76,199.40
Income Tax - Current Tax	-	-	(18,563.79)	(18,563.79)	-	-	(15,248.49)	(15,248.49)
MAT Credit Entitlement	-	-	-	-	-	-	3,444.19	3,444.19
Excess/Short Provision of Income Tax	-	-	(100.50)	(100.50)	-	-	(1,404.01)	(1,404.01)
Deferred Tax	-	-	(6,031.11)	(6,031.11)	-	-	(12,352.88)	(12,352.88)
Profit After Tax	89,112.45	(635.50)	(36,270.83)	52,206.12	88,672.22	(1,531.74)	(36,502.27)	50,638.22
3 Other Information								
Segment Assets	346,539.80	25,064.83	75,259.96	446,864.59	337,386.70	29,912.81	44,116.00	411,415.50
Segment Liabilities	19,213.72	458.63	427,192.23	446,864.59	21,826.94	4,206.49	385,382.08	411,415.50
Cost to Acquire Fixed Assets (incl.CWIP)	25,538.45	0.51	1,112.95	26,651.91	34,668.35	24,936.21	53.27	59,657.84
Depreciation & Amortisation	13,503.35	4,489.99	544.35	18,537.69	12,185.57	2,886.37	425.31	15,497.24
Non-Cash Expenses other than Depreciation & Amortisation	-	-	267.11	267.11	-	-	112.31	112.31

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

38 RELATED PARTY TRANSACTIONS

As per the Accounting Standard -18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, transactions* entered into with the Related Parties of the Company are as follows:

(₹ in Lacs)

Sr. No.	Name of the Related Party, its relation with and Nature of Transactions	Transactions with Holding Company		Transactions with Subsidiaries		Transactions with Associates	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Gujarat State Petroleum Corporation Limited (Holding)						
	Gas Transportation Income	10,181.23	7,349.84				
	Charge Allowance Received	7.59	7.97				
	Expenditure Reimbursement Received	88.93	0.93				
	Rent Expense	185.94	142.76				
	Purchase of Line Pack GAS	856.98	3,918.98				
	Dividend Paid	2,123.05	2,123.05				
	Expenditure Reimbursement Paid	74.59	3.58				
2	GSPC Gas Company Limited (Associates)						
	Gas Transportation Income					22,484.34	18,145.85
	Rent Income					26.73	25.25
	Interest Income on Share Application Money					262.78	178.39
	Sale of Line Pipes/Fittings					1.90	13.93
	Security Deposit Released					10.00	6.00
	Security Deposit Received					38.00	26.00
	Pipeline Crossing Charges Income					22.06	16.43
	Dividend Income					270.83	216.67
	Purchase of Capital Goods					11.11	-
	Assets Transferred to GSPC GAS					-	1,845.80
	Charge Allowance Income					1.05	-
	Connectivity Charges Income					57.36	-
	Expenditure Reimbursement Paid					3.07	-
	Expenditure Reimbursement Received					-	2.00
3	Sabarmati Gas Limited (Associates)						
	Gas Transportation Income					4,679.73	4,278.46
	Connectivity Charges Income					-	110.30
	Security Deposit Released					2.00	6.00
	Security Deposit Received					4.00	2.00
	Pipeline Crossing Charges Income					2.21	1.10
	Pipeline Crossing Charges Expense					5.70	5.00
	Dividend Income					41.25	29.16
	Late Payment Charges Income					0.65	-
	Interest Income on Optionally Convertible Debenture					120.00	120.00
	Expenditure Reimbursement Received					8.78	7.90
4	Gujarat State Energy Generation Limited (Associates)						
	Gas Transportation Income					1,112.84	675.00
	Expenditure Reimbursement Paid					1.97	1.64
	Dividend Income					0.77	-
	Investment in Shares of GSEG					-	1,000.00
5	Gujarat Info Petro Limited (Associates)						
	Document Scanning Expense					3.84	7.30
	Bandwidth Charges Expense					6.62	7.17
	Software Development Expense					2.15	66.87
	AMC Charges of Software Expense					13.37	7.47
6	GSPC LNG Limited (Associates)						
	Equity Share Application Money Paid					-	1,500.00
	Charge Allowance Expense					12.37	11.02
	Expenditure Reimbursement Received					2.30	2.67
	Transfer of Assets from GSPC LNG to GSPL					-	8.26

7	GSPL India Gasnet Limited (Subsidiary) Investment in Equity Shares of GIGL Expenditure Reimbursement Received			2,005.01 759.24	- -		
8	GSPL India Transco Limited (Subsidiary) Investment in Equity Shares of GIGL Expenditure Reimbursement Received			2,005.01 213.90	- -		
		13,518.30	13,547.12	4,983.15	-	29,209.78	28,323.64

* The above Transactions are inclusive of all Taxes.

Details of Outstanding Balance with Related Parties:

(₹ in Lacs)

Sr. No.	Particulars	Balance Outstanding with Holding Company		Balance Outstanding with Subsidiaries		Balance Outstanding with Associates	
		31 st March, 2012	31 st March, 2011	31 st March, 2012	31 st March, 2011	31 st March, 2012	31 st March, 2011
1	Gujarat State Petroleum Corporation Limited (Holding) Account Receivable - Gas Transportation Account Receivable - Other Account Payable	570.18 20.51 19.13	573.30 - 1,977.97				
2	GSPC Gas Company Limited (Associates) Account Receivable - Gas Transportation Account Receivable - Other Account Payable Security Deposit Received (Liability)					979.41 181.90 - 96.00	801.08 - 0.17 68.00
3	Sabarmati Gas Limited (Associates) Account Receivable - Gas Transportation Account Receivable - Other Account Payable Security Deposit Received (Liability)					207.69 11.54 - 10.00	209.02 - - 6.00
4	Gujarat State Energy Generation Limited (Associates) Account Receivable - Gas Transportation Account Payable Security Deposit Received (Liability)					203.55 0.14 18.00	34.69 0.13 18.00
5	Gujarat Info Petro Limited (Associates) Account Payable Account Receivable					2.49 -	2.35 -
6	GSPC LNG Limited (Associates) Account Receivable Account Payable					4.56 -	2.49 -
7	GSPL India Gasnet Limited (Subsidiary) Account Receivable Account Payable			127.68 -	- -		
8	GSPL India Transco Limited (Subsidiary) Account Receivable Account Payable			3.65 -	- -		

39 EMPLOYEE BENEFITS

Assumptions used for valuation: In arriving at the valuation for Gratuity & Leave Encashment following assumptions were used:

Particulars	2011-12		2010-11	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Mortality	LIC (1994-96) published table for Mortality rate		LIC (1994-96) published table for Mortality rate	
Withdrawal Rate	5% at Younger Age Reducing to 1% at Old Age		3% at Younger Age Reducing to 1% at Old Age	
Retirement Age	60		60	
Discount Rate Current Period	8.50%	8.50%	8.37%	8.37%
Rate of Return on Plan Assets Current Period	9.25%	-	9.25%	-
Salary Escalation Current Period	7.00%	7.00%	7.00%	7.00%

The following table sets out the status of the Gratuity Plan and Leave Salary as required under Accounting Standard 15 (Revised) on “Employee Benefit”.

(₹ in Lacs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in Benefit Obligation				
Opening defined benefit obligation	174.00	232.82	107.61	144.05
Interest Cost	14.56	19.49	9.01	12.06
Current Service Cost	29.66	22.18	24.47	55.33
Benefit Paid	3.78	5.01	(2.06)	(4.09)
Actuarial Loss/(Gain) on Obligations	(26.69)	42.23	34.97	25.47
Liability at the end of the period	187.76	311.70	174.00	232.82
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the period	107.56	-	60.55	-
Expected Return on Plan Assets	12.49	-	7.78	-
Contributions	58.70	-	41.40	-
Benefit Paid	3.78	-	(2.06)	-
Actuarial Gain/(Loss) on Plan Assets	0.40	-	(0.11)	-
Fair Value of Plan Assets at the end of the period	175.37	-	107.56	-
Actual Gain / loss recognised				
Actuarial Gain/(Loss) on obligations	(26.69)	42.23	34.97	25.47
Actuarial Gain/(Loss) on Plan Assets	0.40	-	0.11	-
Net Actuarial Gain/(Loss) recognised during the period	(27.08)	42.23	35.08	25.47
Amount recognised in Balance Sheet				
Liability at the end of the period	187.76	311.70	174.00	232.82
Fair Value of Plan Asset at the end of the period	175.37	-	107.56	-
Amount recognised in the Balance Sheet	12.39	311.70	66.44	232.82
Expense recognised in the Statement of Profit & Loss				
Current Service Cost	29.66	22.18	24.47	55.33
Interest Cost	14.56	19.49	9.01	12.06
Expected return on Plan Asset	12.49	-	(7.78)	-
Net Actuarial Loss/(Gain) to be recognised	(27.08)	42.23	35.08	25.47
Expense recognised in Statement of Profit & Loss	4.65	83.90	60.78	92.86

- 40 The Company has maintained a separate Escrow Account as per PNGRB Guidelines for modalities of maintaining and operation of Escrow Account for charges towards system indiscipline in terms of positive or negative imbalance or overruns. In this regard, during the year 2011-12, amount recovered from customers is deposited in the said account. Further the amount invoiced (Net of Taxes) during the year 2011-12 is recognised as Liability.
- 41 During the Year, the Company has changed its Accounting Policy for Amortising Preliminary Expenditure. Accordingly, the unamortised amount of Preliminary Expenditure to the tune of ₹ 14.74 Lacs has been debited to P&L Account. Due to this change in Accounting Policy, the Profit and Other Asset (Unamortised Preliminary Expenditure) has been reduced by ₹ 14.74 Lacs.
- 42 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.
- 43 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.
- 44 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).
- 45 The figures appearing in Financial Statements are rounded off to the nearest ₹ in Lacs.

As per our Report of even date attached

For P Singhvi & Associates

Chartered Accountants

Firm Regn. No. 113602 W

Nipun Singhvi

Partner

Membership No.136393

Place : Ahmedabad

Date : 30th May, 2012

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 : 28th May, 2012

INDEPENDENT AUDITOR'S REPORT

To,
The Members
Gujarat State Petronet Limited (Consolidated)
Gandhinagar

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Gujarat State Petronet Ltd., Gandhinagar which comprise of the Balance Sheet as at 31st March, 2012 and the Statement of Profit & Loss of the Corporation for the year then ended and summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We did not audit the Financial Statements of two subsidiaries included in the Consolidated Financial Statements, whose Annual Financial Statements reflect Total Assets of ₹ 5,149.75 Lacs as at 31st March, 2012; as well as the total revenue of ₹ 22.67 Lacs for the year ended on 31st March, 2012. Similarly, We did not audit the Financial Statements of one Associate, the Profit of which is included in the Consolidated Annual Financial Statements, whose Annual Financial Statements reflect Aotal Assets of ₹ 1,68,255.53 Lacs as at 31st March, 2012; as well as the Total Tevenue of ₹ 3,23,746 Lacs for the year ended on 31st March, 2012 This Financial Statement and other financial information has been audited by other auditor whose reports has been furnished to us, and our opinion is based solely on the report of other auditor.

We report that the Consolidated Financial Statement have been prepared by the Company's Management in accordance with the requirement of the Accounting Standard (AS) 21, "Consolidated Financial Statement" and (AS) 23 "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Charted Accountants of India.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (b) the case of the Consolidated Statement of Profit & Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

CA Nipun Singhvi
Partner
M. No. 136393

Place: Ahmedabad
Date : 30th May, 2012



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Notes	As at 31 st March, 2012	As at 31 st March, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	56,268.91	56,258.25
Reserves and Surplus	4	199,826.98	151,537.81
		256,095.89	207,796.06
Non-Current Liabilities			
Long-Term Borrowings	5	109,509.61	121,816.44
Deferred Tax Liabilities (Net)	6	32,433.39	26,406.03
Other Long-Term Liabilities	7	1,329.03	604.18
Long-Term Provisions	10	297.91	238.63
		143,569.94	149,065.28
Current Liabilities			
Trade Payables	8	695.20	2,357.74
Other Current Liabilities	9	50,334.32	52,526.47
Short-Term Provisions	10	6,594.69	6,808.69
		57,624.21	61,692.90
TOTAL		457,290.04	418,554.24
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	302,901.20	307,955.06
Intangible Assets	11	11,121.70	10,212.78
Capital Work-In-Progress	11	44,271.08	33,437.26
Non-Current Investments	12	17,052.41	14,796.24
Long-Term Loans and Advances	13	8,470.81	9,317.87
Other Non-Current Assets	14	786.02	199.37
		384,603.22	375,918.58
Current Assets			
Inventories	15	6,618.37	6,226.26
Trade Receivables	16	8,143.59	6,768.37
Cash and Bank Balance	17	54,155.68	23,896.20
Short-Term Loans and Advances	13	2,597.48	5,083.03
Other Current Assets	14	1,171.70	661.80
		72,686.82	42,635.66
TOTAL		457,290.04	418,554.24
Summary of Significant Accounting Policies	2.1 to 2.6		
The accompanying Notes are integral part of the Financial Statements.			

As per our Report of even date attached

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

Nipun Singhvi
Partner
Membership No. 136393

Place : Ahmedabad
Date : 30th May, 2012

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 : 28th May, 2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

Particulars	Notes	For the Year ended 31 st March, 2012	For the Year ended 31 st March, 2011
INCOME :			
Revenue from Operations	18	112,327.75	104,651.82
Other Income	19	4,886.83	1,946.75
Total Revenue (A)		117,214.58	106,598.57
EXPENSES :			
Employee Benefit Expenses	20	1,969.09	1,485.94
Other Expenses	21	7,036.73	6,252.70
Total Expenses (B)		9,005.82	7,738.64
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (A)-(B)		108,208.76	98,859.93
Depreciation and Amortisation Expenses	22	18,190.36	15,329.94
Preliminary Expenses Written-Off		36.85	9.96
Finance Costs	23	13,019.48	9,907.25
Profit/(Loss) Before Adjustment		76,962.07	73,612.78
Depreciation Written Back		-	(2,337.54)
Prior Period Adjustments		320.86	(32.42)
Profit/(Loss) Before Tax		76,641.21	75,982.74
Tax Expenses			
Current Tax		18,570.79	15,248.49
MAT Credit Entitlement		-	(3,444.19)
Excess/Short Provision of Income Tax		100.50	1,404.01
Deferred Tax		6,027.35	12,352.88
Profit/(Loss) After Tax		51,942.57	50,421.55
Add: Share of Profit in Associate for the Year		2,552.87	4,440.62
Profit / (Loss) for the Year carried to Balance Sheet		54,495.44	54,862.17
Earning Per Equity Share (EPS) (Nominal value of Share ₹ 10)			
Basic Earning Per Share (₹)		9.69	9.75
Diluted Earning Per Share (₹)		9.68	9.71
Summary of Significant Accounting Policies	2.1 to 2.6		
The accompanying Notes are integral part of the Financial Statements.			

As per our Report of even date attached

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

Nipun Singhvi
Partner
Membership No. 136393

Place : Ahmedabad
Date : 30th May, 2012

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 : 28th May, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

Particulars	2011-2012	2010-2011
A Cash Flow from Operating Activities		
Profit Before Taxes and Extraordinary Items	76,641.21	75,982.74
<u>Adjustments for:</u>		
Depreciation & Amortisation of Preliminary Expenditure	18,215.05	13,002.36
ESOP Compensation Expenses	322.63	157.34
Donation in Kind	-	111.25
Provision for Diminution in Value of Investment in KGGNL	25.88	-
Prior Period Adjustment	234.20	-
Wealth Tax	9.53	7.89
Profit on Sale of Assets	(2.60)	(0.20)
Loss on Sale & Retirement of Assets	243.83	1.25
Dividend Income	(42.02)	(29.15)
Interest Income	(4,687.68)	(1,822.90)
Interest & Financial Charges	13,019.48	9,907.25
Operating Profit Before Working Capital Changes	103,979.51	97,317.83
<u>Changes in Current Assets and Current Liabilities</u>		
(Increase)/Decrease in Inventory	(392.11)	(3,999.28)
(Increase)/Decrease in Trade Receivables	(1,375.22)	550.27
(Increase)/Decrease in Loans, Advances & Other Current Assets	(945.07)	1,945.23
Increase/(Decrease) in Trade Payables & Other Current Liabilities	(6,522.15)	(19,722.15)
Increase/(Decrease) in Other Long Term Liabilities	724.85	230.00
Cash Generated from Operations	95,469.81	76,321.90
Taxes Paid	(16,222.40)	(16,572.34)
Net Cash Flow from Operating Activities (A)	79,247.41	59,749.56
B Cash Flow from Investing Activities		
(Increase)/Decrease in Investment	-	(1,000.00)
Interest Received	4,123.43	1,457.04
Dividend Received	312.85	245.82
Proceeds from Sale of Assets	3,981.37	0.82
Acquisition of Fixed Assets and Change in Capital Work in Progress	(27,129.61)	(56,931.63)
Net Cash Flow from Investing Activities (B)	(18,711.96)	(56,227.95)
C Cash Flow from Financing Activities		
Proceeds from Issue of Equity Share Capital including Share Premium	22.34	18.74
Proceeds from Share Application Money	-	-
Increase/ (Decrease) in Borrowing	(8,235.35)	22,164.75
Dividend (Including Corporate Dividend Tax) Paid	(6,539.35)	(6,559.52)
Interest & Financial Charges Paid	(15,523.62)	(12,666.59)
Net Cash Flow from Financing Activities (C)	(30,275.98)	2,957.38
Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)	30,259.47	6,478.99
Cash and Cash Equivalents at the beginning of the Period	23,896.20	17,417.21
Cash and Cash Equivalents at the end of the Period	54,155.67	23,896.20

Notes to Cash Flow Statement for the year ended on 31st March, 2012

1 Cash and Cash Equivalent includes-

Cash and Cheques on Hand	1.23	1.15
Balances with Scheduled Banks		
– in Current Accounts	2,415.71	612.47
– in Deposit Accounts	51,738.73	23,282.58
	54,155.67	23,896.20

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 period'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

Nipun Singhvi

Partner

Membership No.136393

Place : Ahmedabad

Date : 30th May, 2012

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 : 28th May, 2012

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2012

1 CORPORATE INFORMATION

Gujarat State Petronet Limited (GSPL) is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPL is a Government Company u/s 617 of Companies Act, 1956. Its Shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited in India. The Company is primarily engaged in transportation of natural gas through pipeline on open access basis from supply points to demand centres. The Company also sells electricity generated through Windmills.

2 BASIS OF PREPARATION

The Financial Statements have been prepared under historical cost convention on accrual and going concern basis of accounting. The Financial Statements have been prepared and presented to comply in all material aspects with the Generally Accepted Accounting Principles (Indian GAAP) in India and the Accounting Standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and the relevant provisions of the Companies Act, 1956. The Company has consistently applied the Accounting Principles and Policies and these Accounting Policies not referred to otherwise, are in conformity with Generally Accepted Accounting Principles (Indian GAAP) in India.

2.1 Significant Accounting Policies

(a) Use of Estimates

The preparation of Financial Statements requires management to make certain judgements, estimates and assumptions that affect the amounts reported in the Financial Statements and Notes thereto. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustments to the components of Financial Statements in future periods.

(b) Fixed Assets and Capital Work In Progress

Fixed Assets are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

The Company capitalises all directly attributable cost of bringing the asset to its working condition for the intended use. Moreover, the Company capitalises borrowing cost for a project.

Capital Work-In-Progress includes expenditure incurred on Assets, which are yet to be commissioned and project inventory.

All the expenditure including direct, indirect expenses, incidental and related to construction incurred during the period of construction on a project, till it is commissioned, is kept as Capital Work In Progress (CWIP) and after commissioning the same is transferred / allocated to the respective Fixed Assets.

(c) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation, if any.

Intangible Assets includes amount paid towards obtaining the Right of Use (ROU) of land and Right of Way (ROW) permissions for laying the Gas Pipeline Network and expenditure incurred on Software. The Company capitalises software as Intangible Assets in terms of Accounting Standard -26 "Intangible Assets".

(d) Depreciation and Amortisation

Depreciation on Fixed Assets is provided on Written Down Value Method (WDV) at the rates prescribed in Schedule XIV to the Companies Act, 1956 except, on Fixed Assets pertaining to Gas Transmission Pipeline(s), where depreciation is provided at 3.17% on Straight Line Method (SLM) in terms of approval from Ministry of Corporate Affairs vide its letter no. 45/2/2011-CL-III dated 13th May, 2011.

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

Cost of lease-hold land is amortised equally over the period of lease.

In case of Intangible Assets, software is amortised at 40% on Written Down Value Method, whereas the cost incurred on 'Right of Use and Right of Way on Land' is not amortised but is tested for impairment on periodic basis.

(e) Investment

Long Term Investments are stated at cost. Provision for diminution in the value of Long-Term Investments is made only if such a decline is other than temporary.

Current Investments are carried at lower of cost and quoted/fair value. Any reduction in carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit & Loss.

(f) Inventory

Inventories including Stock of Stores, Spares, Consumables and Line Pack Gas not meant for sale in ordinary course of business are valued at moving average cost.

Project Inventory is valued at cost on moving average basis..

(g) Employee Benefits

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

The Company has participated in Group Gratuity Scheme of Life Insurance Corporation of India. The liability in respect of gratuity benefits being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using projected unit credit method as on the Balance Sheet date and actuarial gains/(losses) after adjustment of planned assets are charged to the statement of Profit & Loss for the period. Moreover, the liability in respect of leave encashment being defined benefit schemes, payable in future, are also determined by actuarial valuation carried out using projected unit credit method as on the Balance Sheet date and actuarial gains/(losses) are charged to the statement of Profit & Loss for the period.

Retirement benefits in the form of Provident Fund and defined Superannuation Fund which are defined contribution schemes, are accrued in accordance with statutes and deposited with respective authority/agency and charged to the Profit & Loss Account for the period, in which the contributions to the respective funds accrue.

Short-term employee benefits are recognised as an expense in the statement of Profit & Loss for the year in which related services are rendered.

In respect of employees stock options, in accordance with SEBI (Employee Stock Option Plan & Employee 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 recognised as an asset called 'Deferred ESOP Compensation' and as a liability called 'ESOP Outstanding Account'. The asset called 'Deferred ESOP Compensation' is amortised over the vesting period on Straight Line Basis and considered as a part of 'Employee Cost' in Statement of Profit & Loss, whereas the liability called 'ESOP Outstanding Account' is derecognised at the time of exercise of Options by the employees.

(h) Borrowing Cost

The Company is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying Fixed Assets. For interest capitalisation, 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 capitalised and thereafter the interest is charged to the Statement of Profit & Loss. Additionally, wherever applicable. All other borrowing costs are recognised as expense in the period in which they are incurred and charged to the Statement of Profit & Loss.

(i) Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the time of the transaction.

Monetary items (assets and liabilities) denominated in foreign currencies at the period-end are reported at the exchange rate prevailing on the Balance Sheet date.

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

Any income or expense on account of foreign exchange difference either on settlement or on translation is recognised in the Statement of Profit & Loss in line with the provisions of Accounting Standard -11 "The Effects of Changes in Foreign Exchange Rates".

(j) Revenue Recognition

Revenue from transportation of gas through pipeline is recognised net of Service Tax on fortnight basis when it can be reliably measured and it is reasonable to expect ultimate collection.

Income from Sale of Electricity generated through Windmill is recognised on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection.

All other revenues are recognised when it can be reliably measured and it is reasonable to expect ultimate collection.

Interest expense and income are recognised on time proportion basis. Dividend income is recognised when right to receive is established.

(k) Taxation

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred Tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

Minimum Alternate Tax (MAT) accrued in a year is charged to the Statement of Profit & Loss as Current Tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal Income Tax during the specified period. i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the Statement of Profit & Loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT Credit Entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

Provision for Wealth Tax is made in accordance with the provisions of the Wealth Tax Act, 1957 and is included in other expenses under the head of Rates and Taxes.

(l) 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. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount and is recognised immediately as income in the Statement of Profit & Loss.

(m) Earnings Per Share

The Company reports Earnings Per Share (EPS) in accordance with Accounting Standard-20 “Earnings Per Share”. Basic EPS is computed by dividing net Profit After Taxes 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.

(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 recognised nor disclosed in Financial Statements.

Contingent Liabilities if material are disclosed by way of Notes to Accounts.

(o) Measurement of EBITDA

As permitted by Guidance Note on Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit & Loss. In its measurement, the Company does not include depreciation on Fixed Assets, amortisation of Intangible Assets, amortisation of Preliminary Expenses, Finance Costs and Tax Expenses.

(p) Cash and Cash Equivalent

Cash and Cash Equivalents comprise of Cash and balance with banks including Deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of Cash to be Cash Equivalents.

(q) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby Profit Before Tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing Cash Flows. The Cash Flows from operating, investing and financing activities of the Company are segregated.

(r) Prior Period Adjustments

In respect of the transactions pertaining to the one or more Prior Periods, the expenditure / (income) relating to Prior Period as a result of errors or omission in the preparation of Financial Statements, is shown under the head "Prior Period Adjustments Account" in the Statement of Profit & Loss as per the provisions of Accounting Standard 5 "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".

(s) Proposed Dividend

The Dividend as proposed by the Board of Directors, including Tax thereon is provided in the Books of Account pending approval at the Annual General Meeting.

(t) Events Occurring after Balance Sheet Date

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

2.2 Subsidiaries and Associate under Consideration:

The Consolidated Financial Statements of Gujarat State Petronet Ltd. represent Consolidation of Accounts of its two Subsidiaries as per Accounting Standard 21 'Consolidated Financial Statements' and Accounting for Investment in one Associate as per Accounting Standard 23 'Accounting for Investment in Associates in Consolidated Financial Statements' as follows:

Name of company	Relation with GSPL	Proportion of ownership as on 31 st March, 2012
GSPL India Gasnet Ltd.	Subsidiary	100%
GSPL India Transco Ltd.	Subsidiary	100%
GSPC Gas Company Ltd.	Associates	36.59%

2.3 Consolidation of Financial Statements of Subsidiaries

The Financial Statements of the Company (Gujarat State Petronet Ltd.) and its Subsidiaries - GSPL India Gasnet Limited & GSPL India Transco Limited are combined on line by line basis by adding together the book value of like items of Asset, Liability, Income and Expenditure after fully eliminating intra-group balances and intra-group transactions resulting in unrealised Profits or Losses in accordance with Accounting Standard 21 "Consolidated Financial Statements".

These two Subsidiaries (GSPL India Gasnet Ltd. and GSPL India Transco Ltd.) were incorporated by the Promoter Company (Gujarat State Petronet Ltd.) on 13th October, 2011. Investment in these two Companies are at face value of Equity Share and no premium is paid over and above face value. Therefore, there is no 'Goodwill' or 'Capital Reserve' at the time of Acquisition of Shares of Subsidiaries by the Holding Company as the share of Holding Company in Equity of Subsidiaries are same as cost of Investment.

The accounting policies of both the Subsidiaries are same as per the accounting policy of Holding Company - Gujarat State Petronet Ltd. Therefore, no adjustment is required for any differences in accounting policy between Subsidiaries and Holding Company at the time of consolidation.

2.4 Accounting for Investment in Associate - GSPC Gas Company Limited

Investment in Associate has been accounted for using Equity Method in accordance with Accounting Standard 23 'Accounting for investment in Associates in Consolidated Financial Statements'.

The excess of proportionate Share of the Company in GSPC Gas's Equity & Reserve as on the date of acquisition i.e. 5th March, 2008 over the cost of acquisition is identified as 'Capital Reserve' and has been included in carrying amount of Investment and disclosed separately. The carrying amount of Investment is adjusted thereafter for the post acquisition changes in the Share of Net Asset of Associate.

Most of the accounting policies of associate GSPC Gas are same vis-a-vis the Company for all similar transactions except a few for which adjustments have been made on the post acquisition Profit of the Associate.

2.5 The Accounts of both the Subsidiaries and one Associate are drawn up to the same reporting date as per the reporting date of the company i.e. 31st March, 2012.

2.6 Investment in other companies (other than Subsidiaries and Associates) are accounted as per Accounting Standard 13 'Accounting for Investment'.

2.7 The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 dated 8th February, 2011 has granted a general exemption from attaching Financial Statements of Subsidiaries, subject to fulfillment of certain conditions stipulated in the Circular. Accordingly, the Company has not attached the Financial Statements of Subsidiaries.

3 SHARE CAPITAL

Particulars	No. of Shares	As at 31 st March, 2012 (₹ in Lacs)	No. of Shares	As at 31 st March, 2011 (₹ in Lacs)
AUTHORISED SHARE CAPITAL				
70,00,00,000 Equity Shares of ₹ 10 each				
(Previous Year 70,00,00,000 Equity Shares of ₹ 10 each)	700,000,000	70,000.00	700,000,000	70,000.00
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
56,26,89,127 Equity Shares of ₹ 10/- each fully paid up				
(Previous Year 56,25,82,468 Shares of ₹ 10/- each fully paid up)	562,689,127	56,268.91	562,582,468	56,258.25
TOTAL	562,689,127	56,268.91	562,582,468	56,258.25

Reconciliation of number of Shares Outstanding at the beginning and at the end of the Year

Particulars	2011-2012		2010-2011	
	No. of Shares	Amount (₹ in Lacs)	No. of Shares	Amount (₹ in Lacs)
Equity Shares				
Equity Shares at the beginning of the Year	562,582,468	56,258.25	562,448,584	56,244.86
Add: Equity Shares allotted pursuant to Employee Stock Option Plan	106,659	10.66	133,884	13.39
Equity Shares at the end of the Year	562,689,127	56,268.91	562,582,468	56,258.25

Terms/Rights attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10 per Share. Each holder of Equity Share is entitled to one vote per Share. The Company declares and pays Dividend in Indian Rupees. The Dividend proposed by the Board of Directors is subject to the approval of Shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2012, the amount of Dividend per Share recognised as distributions to Equity Shareholders was ₹ 1 per Share. (31st March, 2011: ₹ 1 per Share.)

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Details of Shares held by Holding Company and ultimate Holding Company and their Subsidiaries / Associates

Particulars	As At 31 st March, 2012		As At 31 st March, 2011	
	No. of Equity Shares	Amount (₹ in Lacs)	No. of Equity Shares	Amount (₹ in Lacs)
Equity Shares held by Holding Company - Gujarat State Petroleum Corporation Ltd. having face value of ₹ 10/- each	212,305,270	21,230.53	212,305,270	21,230.53

Details of Equity Shareholder(s) holding more than 5% Equity Shares

Name of the Shareholder	As At 31 st March, 2012		As At 31 st March, 2011	
	No. of Equity Shares	% Holding in Equity Shares	No. of Equity Shares	% Holding in Equity Shares
Gujarat State Petroleum Corporation Limited	212,305,270	37.73%	212,305,270	37.74%
Gujarat Maritime Board	37,088,000	6.59%	37,088,000	6.59%
Life Insurance Corporation of India	35,334,376	6.28%	-	-

Detail of Shares reserved for issue under ESOP

For details of Shares reserved for issue under the Employees Stock Option Plan (ESOP) 2005 and 2010 of the GSPL, please refer Note No. 36

4 RESERVES & SURPLUS

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Securities Premium Reserve</u>		
Opening Balance	40,112.45	40,107.09
Add: Additions during the Year	17.40	5.36
Closing Balance	40,129.85	40,112.45
<u>Bond Redemption Reserve</u>		
Opening Balance	-	100.00
Less: Transferred to Statement of Profit & Loss	-	(100.00)
Closing Balance	-	-
<u>General Reserve</u>		
Opening Balance	272.30	272.30
Add: Additions during the Year	-	-
Closing Balance	272.30	272.30
<u>Employees' Stock Options Outstanding (Net)</u>		
Gross Compensation for ESOPs Granted	1,001.66	1,001.66
Less: Transferred to Securities Premium on exercise of ESOPs	5.72	-
Less: Deduction due to ESOP Lapsed / Cancelled	39.02	21.71
Less: Deferred Employee Stock Compensation	482.66	822.61
Closing Balance	474.26	157.34
<u>Profit & Loss Account</u>		
Opening Balance	110,995.72	59,658.10
Add: Profit during the Year	54,495.44	54,862.17
Add: Share of Profit from Associate	-	2,914.80
Add: Transfer from Bond Redemption Reserve	-	100.00
<u>Less: Appropriations</u>		
Proposed Final Equity Dividend	5,626.89	5,626.58
Difference in Final Dividend for Equity Share	0.76	-
Tax on Proposed Final Equity Dividend	912.82	912.77
Difference in Tax on Final Dividend for Equity Share	0.12	-
Closing Balance	158,950.57	110,995.72
TOTAL	199,826.98	151,537.81

5 LONG TERM BORROWINGS

Particulars	Non-Current As at 31 st March, 2012 (₹ in Lacs)	Current Maturities As at 31 st March, 2012 (₹ in Lacs)	Non-Current As at 31 st March, 2011 (₹ in Lacs)	Current Maturities As at 31 st March, 2011 (₹ in Lacs)
Term Loan from Banks	83,493.98	27,262.01	92,988.32	23,190.53
Term Loan from Financial Institutions	26,015.63	2,812.50	28,828.12	2,812.50
TOTAL	109,509.61	30,074.51	121,816.44	26,003.03
The above Amount includes				
Secured Borrowings	109,509.61	30,074.51	121,816.44	26,003.03
Unsecured Borrowings	-	-	-	-
Amount Disclosed under the Head "Other Current Liabilities" (Note No. 9)	-	(30,074.51)	-	(26,003.03)
Net Amount	109,509.61	-	121,816.44	-

Term Loan from banks and financial institutions are secured by first pari-passu charge on all Tangible and Intangible Fixed Assets, Capital Work in Progress (except 36" Pipeline from Hazira to Mora), Operating Cash Flows, Book Debts and Other Movables of the Company.

Term Loan from bank includes foreign currency loan, which is secured by first pari-passu charge on all Tangible and Intangible Fixed Assets, Capital Work in Progress (except 36" Pipeline from Hazira to Mora), Operating Cash Flows, Book Debts and Other Movables of the Company. The Company has entered in to cross currency swap and interest rate swap in order to hedge its foreign currency risks in full.

Maturity Profile and Rate of Interest of Term Loans

Rate of Interest	No. of Installments	Outstanding As At 31st March, 2012	Maturity Profile			(₹ in Lacs)
			2013-2015	2015-2018	2018-2023	
7.25%	11	3,927.01	2,498.44	-	-	
7.50%	41	17,083.33	3,333.33	5,000.00	7,083.33	
8.11%	41	5,765.63	1,125.00	1,687.50	2,390.63	
8.25%	9	430.38	-	-	-	
8.64%	41	5,979.17	1,166.67	1,750.00	2,479.17	
1 Yr Gsec + 2.175%	17	10,255.64	2,413.09	3,619.64	3,016.36	
11.05% - Reset Every Year	26	9,285.71	2,857.14	4,285.71	714.29	
11.06% - Reset Every Year	29	10,633.33	2,933.33	4,400.00	1,833.33	
11.67% - Reset Every Year	25	8,928.57	2,857.14	4,285.71	357.14	
Base Rate + 0.75%	11	1,954.81	1,240.53	-	-	
Base Rate + 1.25%	19	5,089.29	2,142.86	1,875.00	-	
Base Rate + 1.90%	25	9,706.44	5,040.00	7,560.00	620.44	
Base Rate + 2.25%	17	1,506.10	714.29	434.68	-	
BPLR - 2.50%	16	4,279.84	2,142.86	1,065.55	-	
BPLR - 2.00%	16	1,086.25	542.86	271.96	-	
BPLR - 2.25%	10	1,296.80	192.55	-	-	
BPLR - 2.50%	72	14,989.17	7,828.37	4,658.50	248.21	
BPLR - 2.55%	25	7,190.59	4,648.00	6,972.00	559.59	
BPLR - 2.75%	28	3,672.63	2,133.33	2,933.33	232.07	
BPLR - 3.25%	27	7,182.50	4,394.98	452.45	-	
BPLR - 3.50%	16	5,712.57	2,857.14	1,426.85	-	
BPLR - 3.75%	11	2,577.09	1,634.23	-	-	
Grand Total	543	139,584.12	54,696.15	52,678.89	19,534.57	

6 DEFERRED TAX LIABILITIES (Net)

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Deferred Tax Liability:		
Impact of Difference between Tax Depreciation and Book Depreciation on Fixed Assets	32,542.30	26,505.44
Total Deferred Tax Liability (A)	32,542.30	26,505.44
Deferred Tax Asset:		
Provision for Leave Encashment	101.13	77.34
Provision for Gratuity	4.02	22.07
Preliminary Expenses u/s 35D	3.76	-
Total Deferred Tax Asset (B)	108.91	99.41
Net Deferred Tax Liability (A-B)	32,433.39	26,406.03

7 OTHER LONG TERM LIABILITIES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Others		
Security Deposit from Customers	1,274.20	553.00
OYVS Installments from Employees	4.49	0.84
Other Payables (including payables for Capital Goods and Services)	50.34	50.34
TOTAL	1,329.03	604.18

8 TRADE PAYABLES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Trade Payables (refer Note No.35 for details of due to Micro, Small and Medium Enterprises)	695.20	2,357.74
TOTAL	695.20	2,357.74

9 OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Current Maturities of Long-Term Borrowings (Refer Note No.5)	30,074.51	26,003.03
Other Payables (including payables for Capital Goods and Services) (refer note no.35 for details of due to Micro, Small and Medium Enterprises)	17,779.08	24,943.87
Interest accrued but not due on Term Loan	849.13	706.57
Earnest Money Deposit	23.75	99.60
Deposit from Customers	361.55	372.79
Unpaid Matured Deposits and Interest Accrued thereon	-	9.69
Unclaimed Refundable Share Application Money	40.57	40.84
Dividend Payable / Unclaimed	59.66	49.05
Imbalance, Overrun & Other Charges (Refer Note No.40)	722.67	-
Other Statutory Liability	423.40	301.03
TOTAL	50,334.32	52,526.47

10 PROVISIONS

Particulars	Long Term As at 31 st March, 2012 (₹ in Lacs)	Short Term As at 31 st March, 2012 (₹ in Lacs)	Long Term As at 31 st March, 2011 (₹ in Lacs)	Short Term As at 31 st March, 2011 (₹ in Lacs)
<u>Provision for employee benefits</u>				
Provision for Gratuity	-	12.39	12.12	54.32
Provision for Leave Encashment	297.91	13.79	226.51	6.30
Provision for Leave Travel Allowance	-	19.27	-	86.51
	297.91	45.45	238.63	147.13
<u>Other Provisions</u>				
Provision for Income Taxes (Net)	-	-	-	114.89
Proposed Equity Dividend	-	5,626.89	-	5,625.82
Provision for Tax on Proposed Equity Dividend	-	912.82	-	912.65
Provision for Wealth Tax	-	9.53	-	8.20
	-	6,549.24	-	6,661.56
TOTAL	297.91	6,594.69	238.63	6,808.69

11 FIXED ASSETS

Particulars	GROSS CARRYING AMOUNT			ACCUMULATED DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
	Op. Balance As On 1 st April, 2011	Additions/ Adjustments During the Year	Deduction During the Year	Cl. Balance As On 31 st March, 2012	Op. Balance As On 1 st April, 2011	Additions During the Year	Deduction During the Year	Cl. Balance As On 31 st March, 2012	As On 31 st March, 2011
TANGIBLE ASSETS									
Land- Free Hold	5,797.62	1,686.77	-	7,484.38	-	-	-	-	5,797.62
Land- Lease Hold	2,545.18	2.12	-	2,547.30	89.95	45.59	-	135.54	2,455.23
Building	12,388.93	1,328.21	-	13,717.13	3,637.11	854.03	-	4,491.14	8,751.82
Plant & Machinery	378,658.60	13,200.49	5,309.80	386,549.28	92,616.30	16,322.82	1,108.15	107,830.97	286,042.30
Communication Equipments	7,761.75	690.98	10.82	8,441.90	3,505.76	639.78	3.92	4,141.62	4,255.99
Computers	427.95	95.88	8.94	514.89	289.94	73.19	7.52	355.62	138.00
Furniture & Fittings	418.49	57.98	-	476.47	155.85	54.95	-	210.80	262.64
Office Equipments	161.61	12.60	-	174.21	76.39	12.70	-	89.09	85.22
Vehicles	318.19	157.28	44.96	430.51	151.95	60.47	32.33	180.09	166.24
Books	4.59	-	-	4.59	4.59	-	-	4.59	-
Total (A)	408,482.89	17,232.29	5,374.53	420,340.66	100,527.85	18,063.53	1,151.93	117,439.46	302,901.20
INTANGIBLE ASSETS									
Computer Software	951.84	59.73	-	1,011.57	657.10	126.87	-	783.97	294.75
Right of Use / Right of Way	9,918.03	976.07	-	10,894.10	-	-	-	-	9,918.03
Total (B)	10,869.88	1,035.80	-	11,905.67	657.10	126.87	-	783.97	10,212.78
CAPITAL WORK IN PROGRESS*									
Total (C)	-	-	-	-	-	-	-	-	33,437.26
TOTAL (A+B+C)	419,352.77	18,268.09	5,374.53	432,246.33	101,184.95	18,190.40	1,151.93	118,223.43	351,605.10
Previous Year	332,549.16	89,105.99	2,302.38	419,352.77	88,870.15	12,992.40	677.60	101,184.95	302,292.17

* Capital Work in Progress includes pre-operative expenses incurred by subsidiary companies amounting ₹ 983.49 Lacs.

12 NON-CURRENT INVESTMENTS

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Trade Investments (Long Term)		
Investment in Unquoted Equity Shares of Associate Companies		
2,16,66,666 (31 st March, 2011: 2,16,66,666) Equity Shares of ₹ 10 each of GSPC Gas Company Limited (Fully Paid Up) (at Cost)	4,413.43	4,413.43
Less: Capital Reserve	(913.43)	(913.43)
	3,500.00	3,500.00
Add: Share of Profit	10,132.96	7,580.09
Less: Dividend received	(712.18)	(441.35)
	12,920.78	10,638.74
Investment in Unquoted Equity Shares of Other Companies		
262,50,000 (31 st March, 2011: 62,50,000) Equity Shares of ₹ 10 each of Gujarat State Energy Generation Ltd. (Fully Paid Up) (at Cost)	1,000.00	1,000.00
27,50,000 (31 st March, 2011: 27,50,000) Equity Shares of ₹ 10 each of Sabarmati Gas Ltd. (Fully Paid Up) (at Cost)	1,100.00	1,100.00
5,75,000 (31 st March, 2011: 5,75,000) Equity Shares of ₹ 10 each of Krishna Godavari Gas Network Ltd. (Fully Paid Up) (At Cost less Provision for other than Temporary Diminution in Value ₹ 25,87,500/- Krishna Godavari Gas Network Ltd.) (31 st March, 2011: Nil)	31.63	57.50
Investment in Unquoted Long Term Debentures of Other Companies		
2,000 (31 st March, 2011: 2000) 6% Optionally Convertible Debentures of ₹ 1,00,000 each of Sabarmati Gas Ltd. (Fully Paid Up)	2,000.00	2,000.00
TOTAL	17,052.41	14,796.24
Aggregate Amount of Unquoted Investments	17,052.41	14,796.24
Aggregate Provision for Diminution in Value of Investments	25.88	-

13 LOANS AND ADVANCES

Particulars	Long Term	Short Term	Long Term	Short Term
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Capital Advances				
Unsecured, Considered Good	1,238.71	-	2,021.91	-
Security Deposit Given				
Unsecured, Considered Good	81.25	32.46	50.67	3.72
Loans & Advances to Related Parties				
<u>Unsecured, Considered Good</u>				
Equity Share Application - GSPC Gas Co.Ltd.	2,760.44	-	2,760.44	-
Equity Share Application - GSPC LNG Ltd.	2,500.00	-	2,500.00	-
Other Loans & Advances				
<u>Secured, Considered Good</u>				
Housing Building Advance to Employees	610.85	47.86	515.98	40.07
<u>Unsecured, Considered Good</u>				
Advance Tax and TDS (Net of Provision)	-	593.27	-	-
Loans & Advances to Employees	47.38	71.01	67.91	65.09
Advances Recoverable in Cash or Kind	-	-	-	0.65
Refundable Deposit for ROW	1,128.23	-	1,045.24	-
Payment under Protest	80.00	131.99	131.99	234.20
MAT Credit Entitlement	-	198.94	193.70	3,250.50
Balance with Service Tax & Excise Duty	-	1,038.39	-	1,002.25
Other Advance Payments	-	400.07	-	141.93
Prepaid Expenses	23.95	83.49	30.03	344.62
TOTAL	8,470.81	2,597.48	9,317.87	5,083.03

14 OTHER ASSETS

Particulars	Non-Current	Current	Non-Current	Current
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Unsecured, Considered Good</u>				
Non-Current Bank Balances (Note No. 17)	557.00	-	5.00	-
Others				
Others Receivables	9.36	106.64	9.36	101.66
Interest Accrued on Share Application Money	-	197.40	-	106.82
Interest Accrued but not due-Deposits	8.02	774.66	0.37	428.63
Interest Accrued but not due on OCD	211.64	93.00	184.64	-
Unamortized Preliminary Expenses	-	-	-	24.69
TOTAL	786.02	1,171.70	199.37	661.80

15 INVENTORIES*

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Stores & Spares	1,272.25	1,737.11
Line Pack Gas	5,346.12	4,489.15
TOTAL	6,618.37	6,226.26

*(Valued at Moving Average Cost)

16 TRADE RECEIVABLES

Particulars	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
<u>Trade Receivables - Unsecured, Considered Good</u>		
Outstanding for a period exceeding 6 months	738.33	867.50
Others	7,405.26	5,900.87
TOTAL	8,143.59	6,768.37

17 CASH AND BANK BALANCES

Particulars	Non-Current	Current	Non-Current	Current
	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2012 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)	As at 31 st March, 2011 (₹ in Lacs)
Cash and Cash Equivalents				
Balances with Banks				
In Current Accounts	-	1,621.55	-	508.30
Fixed Deposit with original maturity of less than 3 months	-	14,450.00	-	5,617.43
Cash on Hand	-	1.23	-	1.15
	-	16,072.78	-	6,126.88
Earmarked Balances with Banks				
Unpaid Dividend Account	-	73.95	-	49.05
IPO Refund Account	-	40.57	-	40.84
Balance in Escrow A/c-PNGB [Incl TD] (Refer Note No.40)	-	679.65	-	-
Fixed Deposit Repayment Account	-	-	-	14.28
	-	-	-	-
Other Bank Balances				
Fixed Deposit with original maturity of more than 12 months	-	-	-	-
Fixed Deposit with original maturity of more than 3 months but less than 12 months	-	37,088.73	-	17,081.69
Margin Money Deposit - Bank Guarantees	557.00	200.00	5.00	583.46
Total	557.00	54,155.68	5.00	23,896.20
Amount disclosed under Other Non-Current Assets (Note No.14)	(557.00)	-	(5.00)	-
TOTAL	-	54,155.68	-	23,896.20

18 REVENUE FROM OPERATIONS

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Revenue from Transportation of Gas (Net)	107,645.65	102,520.82
Revenue from Sale of Electricity	3,885.54	1,389.19
Other Operating Revenues		
Connectivity Charges	713.57	741.81
Others	82.99	-
TOTAL	112,327.75	104,651.82

19 OTHER INCOME

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Interest Income		
Interest on Fixed Deposits with Banks	4,219.64	1,438.66
Interest on Share Application Money	262.78	178.39
Interest on Optionally Convertible Debentures	120.00	120.00
Other Interest	85.26	85.84
	4,687.68	1,822.89
Dividend Income from Long Term Trade Investment	42.02	29.16
Other Non-Operating Income	157.13	94.70
TOTAL	4,886.83	1,946.75

20 EMPLOYEE BENEFIT EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Salaries and Wages		
Salaries and Allowances	1,342.99	1,028.04
Salary Arrears	21.52	(4.62)
Leave Encashment	83.90	92.86
Contribution to Provident and Other Funds		
Contribution to Provident Fund	96.67	83.34
Contribution to Super Annuation Scheme	31.44	23.79
Group Gratuity Expenses	7.04	62.47
ESOP Compensation Expenses	322.63	157.34
Staff Welfare Expenses	62.90	42.72
TOTAL	1,969.09	1,485.94

21 OTHER EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
(A) Operation & Maintenance Expenses		
Maintenance Contracts	2,001.02	1,650.38
Payment to Outsourced Persons	299.14	256.39
Security Service Charges	424.13	348.39
Land Revenue	19.91	14.35
Power & Fuel	359.40	290.62
Consumption of Stores & Spare Parts	450.79	266.19
Repairs & Maintenance - Building	34.65	18.68
Repairs & Maintenance - Machinery	127.44	84.85
Other O&M Expenses	723.02	640.51
Reactive Energy Charges - Windmill	-	0.97
SLDC Charges - Windmill	2.86	2.26
(A)	4,442.36	3,573.59
(B) Other Expenses		
Advertisement & Publicity Expenses	153.32	102.96
Bandwidth & Website Maintenance Charges	6.11	6.24
Business Promotion	21.44	11.28
Loss on Sale of Fixed Assets	73.61	1.05
Statutory Audit Fees	1.00	1.00
Donation	45.75	892.41
Miscellaneous Expenses	852.15	542.62
Legal & Professional Expenses	433.08	313.58
Provision for Diminution in Investment	25.88	-
Rent	259.85	188.15
Rate & Taxes	30.05	44.29
Recruitment & Training	75.55	42.77
Seminar & Conference	25.46	9.74
Stationery & Printing	36.26	43.25
Travelling Expenses - Directors	7.35	7.88
Travelling Expenses - Others	94.31	84.93
Postage, Telephone & Courier Expenses	145.11	94.80
HSE Expenses	32.33	26.65
Listing Fee	9.65	9.15
Insurance Expenses	266.11	256.36
(B)	2,594.37	2,679.11
TOTAL (A+B)	7,036.73	6,252.70

22 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Depreciation on Tangible Assets	18,063.53	15,144.52
Amortisation of Intangible Assets	126.83	185.42
TOTAL	18,190.36	15,329.94

23 FINANCE COSTS

Particulars	For the Year ended 31 st March, 2012 (₹ in Lacs)	For the Year ended 31 st March, 2011 (₹ in Lacs)
Interest Expenses	12,997.34	9,885.12
Other Borrowing Costs	22.14	22.13
TOTAL	13,019.48	9,907.25

24 Till year ended 31st March, 2011, the Company was using pre-revised Schedule VI to the Companies Act, 1956, for preparation and presentation of Financial Statements. During the year ended 31st March, 2012 the revised Schedule VI notified under the Companies Act, 1956, has become applicable to Company. Accordingly, corresponding figures of the previous year have been regrouped and reclassified wherever considered necessary to compare to this year's figures.

25 CONTINGENT LIABILITY

Bank Guarantee/Letter of Credit issued and outstanding as on 31st March, 2012 (incl. Associate) is for an amount of ₹ 6,892.32 Lacs (Previous Year: ₹ 5,867.90 Lacs)

As on 31st March, 2012, the Ascertainable Claims against the Company: (1) by certain land owners seeking enhancement of Compensation in respect of RoU acquired by the Company is ₹ 2,544.84 Lacs (Corresponding Previous Period: ₹ 2,591.93 Lacs) and (2) by other parties are ₹ 39.86 Lacs (Corresponding Previous Period: NIL).

Other Claims against the Company not acknowledged as Debt is ₹ 2.39 Lacs (Associate) (Previous Year: 3.40 Lacs)

Other money for which the Company is contingently liable (Associate) ₹ 656.37 Lacs (Previous Year: 342.88 Lacs)

As regards Excise & Service Tax Related matters, Dept. vide various Orders for the period 2005-06 to 2008-09 has demanded basic duty of ₹ 18,717.39 Lacs (Previous Year: 18717.39 Lacs) plus applicable interest & penalty, aggrieved by which Company had filed appeals before CESTAT, pending final disposal. Also, various show cause notices for the period 2009-10 & 2010-11 amounting to ₹ 10,227.07 Lacs (Previous Year 6,900.54 Lacs) plus applicable interest & penalty has also been issued by Department for which suitable replies have been filed by Company, pending final disposal.

Out of ₹ 18,717.39 Lacs lying at CESTAT stage as mentioned above, ₹ 10,859.94 Lacs related to 1st year of litigation (period covered 2005-06 to 2007-08), CESTAT has granted "Unconditional Stay of Demand" considering strong merits of the case, pending final disposal.

Income Tax Assessments up to Assessment Year 2009-10 have been completed. Company had filed Appeals against the various Orders passed by Assessing Officers, whereby Appeals lying before Gujarat High Court for Assessment Year 2005-06 - ₹ 5.53 Lacs, before the Income Tax Appellate Tribunal (ITAT) for Assessment Year 2004-05 to Assessment Year 2008-09 - ₹ 409.36 Lacs, before CIT (Appeals) for Assessment Year 2009-10 ₹ 97.72 Lacs & matters restored back to Assessing Officer for Assessment Year 2004-05 & Assessment Year 2006-07 - ₹ 50.89 Lacs.

Imbalance and Overrun charges as per the 'Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipelines) Regulations, 2008' issued by PNGRB on 7th March, 2011, collected for the period prior to 1st April, 2011 amounting to ₹ 212.73 Lacs (net of taxes) has been neither deposited in Escrow Account nor recognised as liability as these guidelines are applicable w.e.f. 1st April, 2011.

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.

26 COMMITMENT

Estimated amount of contracts remaining to be executed on capital account and not provided for (incl. Subsidiary & Associate) is approximately ₹ 85,984.51 Lacs (Previous Year: ₹ 30,040.96 Lacs).

Estimated amount of contracts remaining to be executed on revenue account (Associate) and not provided for is ₹ 5139.20 Lacs.

Other Commitment:

Commitment to pay (Associate) ₹ 1.83 Lacs toward investments in Equity Shares in GSPC Distribution Networks Limited (GDNL).

27 As per AS-16 "Borrowing Cost" issued by ICAI, the Company has capitalised the borrowing cost amounting to ₹ 2,646.70 Lacs (Previous Year: ₹ 3,729.97 Lacs).

28 PAYMENT TO AUDITORS

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
For Statutory Audit	1.00	1.00
For Taxation Matters	-	-
For Company Law Matters	-	-
For Management Services	-	-
For Other Services	2.95	2.85
For Reimbursement of Expenses	0.74	-
TOTAL	4.69	3.85

29 MANAGERIAL REMUNERATION

There are no Whole Time / Executive Director on the Board except Shri Tapan Ray, Managing Director. He is not drawing any remuneration from the Company.

- 30 In the opinion of Management, any of the Assets other than Fixed Assets and Non-Current Investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

31 EXPENDITURE / INCOME IN FOREIGN CURRENCY

Expenditure in Foreign Currency	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Raw Material	-	-
Component & Spare Parts*	27.70	-
Capital Goods	-	-
Royalty, Know How	-	-
Professional and Consultation Fee	7.54	0.31
Training	24.38	10.81
Interest & Processing Fee	1,032.40	873.56
Others	1.02	0.13
TOTAL	1,093.04	884.81

* Comparison of consumption of Imported Component & Spares with Domestic Component & Spares is as below:

Particulars	2011-12		2010-11	
	Amount (₹ in Lacs)	% of total Consumption	Amount (₹ in Lacs)	% of total Consumption
Imported	27.70	6.14%	-	0.00%
Domestic	423.12	93.86%	266.48	100.00%
TOTAL	450.82	100.00%	266.48	100.00%

There is no earnings in foreign currency during the Year as well as Previous Year.

- 32 An Investment of ₹ 57.50 Lacs was made by the Company in 2006-07 in Equity Shares of Krishna Godavari Gas Network Ltd. (KGGNL), which was set-up to implement CGD Network in the State of Andhra Pradesh. The Board of Directors of KGGNL in its meeting held on 27th June, 2011 have decided to go for Voluntary Winding-Up of KGGNL. Accordingly, as required by Accounting Standard 13 an estimated provision of 45% reduction in value of Investment amounting to ₹ 25.88 Lacs is made in P&L Account in Current Year.
- 33 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.

34 EARNINGS PER SHARE

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Net Profit/(Loss) after Current and Deferred Tax	54,495.44	54,862.17
Weighted Average Number of Equity Shares	562,648,145	562,526,491
Basic EPS	9.69	9.75
Total Weighted Average Number of Equity Shares including Potential Equity Shares	562,837,744	564,852,270
Diluted EPS	9.68	9.71
Face Value / Nominal Value of Share	10.00	10.00

35 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:

Particulars	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Principal amount remaining unpaid as on 31 st March, 2012	341.61	28.80
Interest due thereon as on 31 st March, 2012	-	-
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 st March, 2012	-	-
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	-	-

36 EMPLOYEE STOCK OPTION PLANS**ESOP Scheme 2005:**

During the Financial Year 2005-06, the Company instituted ESOP-2005. The Board of Directors and the Shareholders approved the plan in the Meetings held on 13th October, 2005 and 18th 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. These ESOPs are granted at an exercise price of ₹ 14 per Share to be vested over the period of four years and to be exercised within a period of five years from the date of vesting.

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

Particulars	2011-2012	2010-2011
Options granted during the Year	-	2,000.00
Vested during the Year*	2,000.00	-
Exercised during the Year	10,000.00	10,050.00
Lapsed/Cancelled** during the Year	15,000.00	-

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

Particulars	2011-2012	2010-2011
Options granted during the Year	-	7,460.00
Vested during the Year*	8,011.25	6,146.25
Exercised during the Year	84,508.00	123,834.00
Lapsed/Cancelled** during the Year	44,991.00	-

* Total Options vested during the Year 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 Year under review on account of retirement / resignation etc. of Employees are included in "Total Options lapsed / cancelled during the Year" under review.

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

ESOP Scheme 2010:

During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the Plan in the Meetings held on 23rd August, 2010 and 21st September, 2010 respectively, pursuant to which 21,28,925 Options have been granted to the Employees of the Company. The Compensation Committee administers ESOP-2010. These ESOPs are granted at an Exercise Price of ₹ 75 per Share to be vested over the period of five years and to be exercised within a period of ten years from the date of grant.

Number of Options granted, vested, exercised and lapsed under ESOP 2010 during the Year:

Particulars	2011-2012	2010-2011
Options granted during the Year	-	2,128,925.00
Vested during the Year*	209,513.00	-
Exercised during the Year	12,151.00	-
Lapsed/Cancelled** during the Year	36,790.00	46,140.00

* Total Options vested during the Year 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 Year under review on account of retirement / resignation etc. of employees are included in "Total Options Lapsed / Cancelled during the Year" under review.

Shares reserved for issue under ESOP - 2005 & ESOP - 2010 (Refer Note No. 3)

Particulars	2011-12	2010-11
Options pending to be exercised out of Total Grant as at the start of Year	2,325,779.00	367,418.00
Add: reversal of excess no of Options shown as 'lapsed' in past	14,020.00	-
Add: Options granted during the Year	-	2,138,385.00
Less: Options exercised by Employees during the Year	106,659.00	133,884.00
Less: Options lapsed due to resignation of employees during the Year	96,781.00	46,140.00
Options pending to be exercised out of Total Grant as at the end of Year	2,136,359.00	2,325,779.00

37 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, Other Non-Current Assets, Loans and Advances and Other Current Assets. 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)

(₹ in Lacs)

Particulars	Year 2011-2012				Year 2010-2011			
	Gas Transportation	Windmill	Unallocated	Total	Gas Transportation	Windmill	Unallocated	Total
1 Segment Revenue								
External Revenue*	108,437.48	3,968.54	-	112,406.02	103,305.92	1,389.19	-	104,695.11
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Segment Revenue	108,437.48	3,968.54	-	112,406.02	103,305.92	1,389.19	-	104,695.11
2 Segment Result - Profit(+) / Loss(-)	89,112.45	(635.50)	-	88,476.95	86,334.68	(1,531.74)	-	84,802.94
Unallocated Other Income	-	-	4,808.57	4,808.57	-	-	1,903.48	1,903.48
Unallocated Expenses & Finance Cost	-	-	(16,323.46)	(16,323.46)	-	-	(13,093.64)	(13,093.64)
Prior Period Adjustments	-	-	(320.86)	(320.86)	-	-	32.42	32.42
Depreciation Written Back	-	-	-	-	2,337.54	-	-	2,337.54
Profit Before Tax	89,112.45	(635.50)	(11,835.76)	76,641.19	88,672.22	(1,531.74)	(11,157.74)	75,982.74
Income Tax - Current Tax	-	-	(18,570.79)	(18,570.79)	-	-	(15,248.49)	(15,248.49)
MAT Credit Entitlement	-	-	-	-	-	-	3,444.19	3,444.19
Excess/Short Provision of Income Tax	-	-	(100.50)	(100.50)	-	-	(1,404.01)	(1,404.01)
Deferred Tax	-	-	(6,027.35)	(6,027.35)	-	-	(12,352.88)	(12,352.88)
Profit After Tax	89,112.45	(635.50)	(36,534.40)	51,942.55	88,672.22	(1,531.74)	(36,718.93)	50,421.55
3 Other Information								
Segment Assets	348,989.39	25,064.83	83,235.82	457,290.04	337,386.70	29,912.81	51,254.74	418,554.24
Segment Liabilities	19,213.72	458.63	437,617.68	457,290.04	21,826.94	4,206.49	392,520.81	418,554.24
Cost to Acquire Fixed Assets (incl.CWIP)	27,988.04	0.51	1,112.95	29,101.50	34,668.35	24,936.21	53.27	59,657.84
Depreciation & Amortisation	13,503.35	4,489.99	544.35	18,537.69	12,185.57	2,886.37	425.31	15,497.24
Non-Cash Expenses other than Depreciation & Amortisation	-	-	267.11	267.11	-	-	112.31	112.31

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

38 RELATED PARTY TRANSACTIONS

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

(₹ in Lacs)

Sr. No.	Name of the Related Party, its relation with GSPL and Nature of Transactions	Transactions with Holding Company		Transactions with Associates	
		2011-12	2010-11	2011-12	2010-11
1	Gujarat State Petroleum Corporation Limited (Holding)				
	Gas Transportation Income	10,181.23	7,349.84		
	Charge Allowance Received	7.59	7.97		
	Expenditure Reimbursement Received	88.93	0.93		
	Rent Expense	185.94	142.76		
	Purchase of Line Pack GAS	856.98	3,918.98		
	Dividend Paid	2,123.05	2,123.05		
	Expenditure Reimbursement Paid	74.59	3.58		
2	GSPC Gas Company Limited (Associates)				
	Gas Transportation Income			22,484.34	18,145.85
	Rent Income			26.73	25.25
	Interest Income on Share Application Money			262.78	178.39
	Sale of Linepipes/Fittings			1.90	13.93
	Security Deposit Released			10.00	6.00
	Security Deposit Received			38.00	26.00
	Pipeline Crossing Charges Income			22.06	16.43
	Dividend Income			270.83	216.67
	Purchase of Capital Goods			11.11	-
	Assets Transferred to GSPC GAS			-	1,845.80
	Charge Allowance Income			1.05	-
	Connectivity Charges Income			57.36	-
	Expenditure Reimbursement Paid			3.07	-
	Expenditure Reimbursement Received			-	2.00
3	Sabarmati Gas Limited (Associates)				
	Gas Transportation Income			4,679.73	4,278.46
	Connectivity Charges Income			-	110.30
	Security Deposit Released			2.00	6.00
	Security Deposit Received			4.00	2.00
	Pipeline Crossing Charges Income			2.21	1.10
	Pipeline Crossing Charges Expense			5.70	5.00
	Dividend Income			41.25	29.16
	Late Payment Charges Income			0.65	-
	Interest Income on Optionally Convertible Debenture			120.00	120.00
	Expenditure Reimbursement Received			8.78	7.90
4	Gujarat State Energy Generation Limited (Associates)				
	Gas Transportation Income			1,112.84	675.00
	Expenditure Reimbursement Paid			1.97	1.64
	Dividend Income			0.77	-
	Investment in Shares of GSEG			-	1,000.00
5	Gujarat Info Petro Limited (Associates)				
	Document Scanning Expense			3.84	7.30
	Bandwidth Charges Expense			6.62	7.17
	Software Development Expense			2.15	66.87
	AMC Charges of Software Expense			13.37	7.47
6	GSPC LNG Limited (Associates)				
	Equity Share Application Money Paid			-	1,500.00
	Charge Allowance Expense			12.37	11.02
	Expenditure Reimbursement Received			2.30	2.67
	Transfer of Assets from GSPC LNG to GSPL			-	8.26
		13,518.30	13,547.12	29,209.78	28,323.64

* The above Transactions are inclusive of all Taxes.

Details of Outstanding Balance with Related Parties:

(₹ in Lacs)

Sr. No.	Particulars	Balance Outstanding with Holding Company		Balance Outstanding with Associates	
		31 st March, 2012	31 st March, 2011	31 st March, 2012	31 st March, 2011
1	Gujarat State Petroleum Corporation Limited (Holding)				
	Account Receivable - Gas Transportation	570.18	573.30		
	Account Receivable - Other	20.51	-		
	Account Payable	19.13	1,977.97		
2	GSPC Gas Company Limited (Associates)				
	Account Receivable - Gas Transportation			979.41	801.08
	Account Receivable - Other			181.90	-
	Account Payable			-	0.17
	Security Deposit Received (Liability)			96.00	68.00
3	Sabarmati Gas Limited (Associates)				
	Account Receivable - Gas Transportation			207.69	209.02
	Account Receivable - Other			11.54	-
	Account Payable			-	-
	Security Deposit Received (Liability)			10.00	6.00
4	Gujarat State Energy Generation Limited (Associates)				
	Account Receivable - Gas Transportation			203.55	34.69
	Account Payable			0.14	0.13
	Security Deposit Received (Liability)			18.00	18.00
5	Gujarat Info Petro Limited (Associates)				
	Account Payable			2.49	2.35
	Account Receivable			-	-
6	GSPC LNG Limited (Associates)				
	Account Receivable			4.56	2.49
	Account Payable			-	-

39 EMPLOYEE BENEFITS

Assumptions used for valuation: In arriving at the valuation for Gratuity & Leave Encashment following assumptions were used:

Particulars	2011-12		2010-11	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Mortality	LIC (1994-96) published table for Mortality rate		LIC (1994-96) published table for Mortality rate	
Withdrawal Rate	5% at Younger Age Reducing to 1% at Old Age		3% at Younger Age Reducing to 1% at Old Age	
Retirement Age	60		60	
Discount Rate Current Period	8.50%	8.50%	8.37%	8.37%
Rate of Return on Plan Assets Current Period	9.25%	-	9.25%	-
Salary Escalation Current Period	7.00%	7.00%	7.00%	7.00%

The following table sets out the status of the Gratuity Plan and Leave Salary as required under Accounting Standard 15 (Revised) on "Employee Benefit".

(₹ in Lacs)

Particulars	2011-12		2010-11	
	Gratuity	Leave Salary	Gratuity	Leave Salary
Table showing change in Benefit Obligation				
Opening defined Benefit Obligation	174.00	232.82	107.61	144.05
Interest Cost	14.56	19.49	9.01	12.06
Current Service Cost	29.66	22.18	24.47	55.33
Benefit Paid	3.78	5.01	(2.06)	(4.09)
Actuarial Loss/(Gain) on Obligations	(26.69)	42.23	34.97	25.47
Liability at the end of the period	187.76	311.70	174.00	232.82
Table showing change in Fair Value of Plan Assets				
Fair Value of Plan Assets at the beginning of the period	107.56	-	60.55	-
Expected Return on Plan Assets	12.49	-	7.78	-
Contributions	58.70	-	41.40	-
Benefit Paid	3.78	-	(2.06)	-
Actuarial Gain/(Loss) on Plan Assets	0.40	-	(0.11)	-
Fair Value of Plan Assets at the end of the period	175.37	-	107.56	-
Actual Gain/Loss recognised				
Actuarial (Gain)/Loss on obligations	(26.69)	42.23	34.97	25.47
Actuarial Gain/(Loss) on Plan Assets	0.40	-	0.11	-
Net Actuarial (Gain)/Loss recognised during the period	(27.08)	42.23	35.08	25.47
Amount recognised in Balance Sheet				
Liability at the end of the period	187.76	311.70	174.00	232.82
Fair Value of Plan Asset at the end of the period	175.37	-	107.56	-
Amount recognised in the Balance Sheet	12.39	311.70	66.44	232.82
Expense recognised in the Statement of Profit & Loss				
Current Service Cost	29.66	22.18	24.47	55.33
Interest Cost	14.56	19.49	9.01	12.06
Expected return on Plan Asset	12.49	-	(7.78)	-
Net Actuarial Loss/(Gain) to be recognised	(27.08)	42.23	35.08	25.47
Expense recognised in Statement of Profit & Loss	4.65	83.90	60.78	92.86

- 40 The Company has maintained a separate Escrow Account as per PNGRB Guidelines for modalities of maintaining and operation of Escrow Account for charges towards system indiscipline in terms of positive or negative imbalance or overruns. In this regard, during the year 2011-12, amount recovered from customers is deposited in the said Account. Further the amount invoiced (Net of Taxes) during the Year 2011-12 is recognized as Liability.
- 41 During the Year, the company has changed its Accounting Policy for amortising Preliminary Expenditure. Accordingly, the unamortised amount of Preliminary Expenditure to the tune of ₹ 14.74 Lacs has been debited to P&L Account. Due to this change in Accounting Policy, the Profit & Other Asset (Unamortised Preliminary Expenditure) has been reduced by ₹ 14.74 Lacs.
- 42 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.
- 43 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.
- 44 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).
- 45 The figures appearing in Financial Statements are rounded off to the nearest ₹ in Lacs.

As per our Report of even date attached

For P Singhvi & Associates

Chartered Accountants

Firm Regn. No. 113602 W

Nipun Singhvi

Partner

Membership No.136393

Place : Ahmedabad

Date : 30th May, 2012

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 : 28th May, 2012

**FINANCIAL SUMMARY OF SUBSIDIARY COMPANIES****(As required by MCA General Circular No. 2/2011 (No. 51/12/2007-CL-III) dated 8th February, 2011)**

(₹ in Lacs)

Particulars	For the period ended on 31st March, 2012	For the period ended on 31st March, 2012
Name of Subsidiary	GSPL India Gasnet Ltd.	GSPL India Transco Ltd.
Capital	2,005.01	2,005.01
Reserves	1.44	5.82
Total Assets	3,063.00	2,086.76
Total Liabilities	3,063.00	2,086.76
Investments	NIL	NIL
Total Income	8.16	14.51
Profit Before Tax	2.08	8.43
Provision for Tax (including Deferred Tax)	0.64	2.61
Profit After Tax	1.44	5.82
Proposed Dividend	NIL	NIL

GREEN INITIATIVE IN CORPORATE GOVERNANCE

9th August, 2012

Dear Shareholder,

Sub: Green Initiative in Corporate Governance – Electronic Mode of Service of Documents.

The Ministry of Corporate Affairs, Government of India (“MCA”) has taken “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies through Electronic Mode. MCA has issued Circulars dated 21st April, 2011 and 29th April, 2011 inter-alia allowing companies to serve documents including Annual Reports, etc to the Shareholders through Electronic Mode.

Clause 32 of the Listing Agreement as amended provides that the Company shall send soft copy of the Annual Report containing its Balance Sheet, Statement of Profit & Loss and Director’s Report to all those Shareholders who have registered their e-mail addresses for the purpose.

Your Company implemented the Green Initiative last year and effected Electronic delivery of the Annual Report for the Financial Year 2010 - 11 to the Shareholders who had provided their e-mail addresses. In continuation of the said initiative, the Company has sent Annual Report for the Financial Year 2011 - 12 in Electronic Form in lieu of the Paper Form to the shareholders who had provided their e-mail addresses.

At the same time, as a shareholder of the Company, you will be entitled to be furnished, free of cost, a printed copy of the Annual Report upon receipt of a requisition from you, at any time.

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. Shareholders can also register their e-mail addresses with Karvy Computershare Private Limited, our R&TA, by e- mailing at 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:

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

We also request you to intimate changes in your e-mail address/contact details as and when they change, to the Share Transfer Agent/ Depository Participant, as applicable.

The above referred documents including Annual Report would also be made available on the Company’s website: www.gujpetronet.com.

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,

Tapan Ray, IAS
Managing Director

NOTES

[illegible]

ATTENDANCE SLIP

GUJARAT STATE PETRONET LIMITED

Registered Office: GSPC Bhavan, Sector - 11, Gandhinagar - 382010.

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 14th Annual General Meeting of the Company held on Tuesday the 25th September, 2012 at 3.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382 010.

 Signature of the Shareholder or Proxy

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

PROXY FORM

GUJARAT STATE PETRONET LIMITED

Registered Office: GSPC Bhavan, Sector -11, Gandhinagar - 382 010.

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 14th Annual General Meeting of the Shareholders of the Company to be held on Tuesday the 25th September, 2012 at 3.00 p.m. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382 010 or at any adjournment thereof.

Signed this _____ day of _____ 2012.

 (Signature of the Proxy)

 (Signature of the First Holder/Sole Holder)

AFFIX
REVENUE
STAMP

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.

Book-Post



If undelivered, please return to :



Gujarat State Petronet Limited

GSPC Bhavan, 5th Floor, Sector - 11, Gandhinagar - 382 010.
Phone: 079-66701001 Fax: 079-23236477 E-mail: gujpetronet@gujaratpetro.com

www.gujpetronet.com