

Growth • Momentum • Sustainability



GAIL (India) Limited



Fueling a World of New Energies

In an increasingly aggressive and competitive scenario for both companies and individuals alike, it takes the courage and prescience of a very special kind to put things in perspective. At GAIL (India) Limited, we take special pride in this role. As pioneers of Natural Gas processing and distribution in the country, we are fully aware of our responsibility towards ensuring sustainability, even as we provide the energy resource for a nation on the fast track to growth.

The increase in demand for energy has signalled the start of a phase dominated by the need to make practical, material and deliverable choices about the pathways to the energy future – and to make them now. The objective for us here at GAIL is to provide access to affordable, efficient, safe, secure and progressively lower carbon energy at a scale to meet this growing demand for energy. Which is why we are clear in putting natural gas at the top of the list of supply options. We firmly believe that natural gas should be seen both as a preferred transition fuel to a lower carbon economy and as a fundamentally advantaged energy supply option in its own right.

Growth with sustainability- *the underlying philosophy behind the driving force at GAIL has led us to explore newer avenues of energy generation such as wind and solar power. Pursuing a sustainable development model that is, at once, clean and green, we celebrate technology and nature with balance. And as a responsible corporate, we are happy to make a meaningful difference to millions of lives across India.*

In a day and age when ecology and the environment are often affected by growth, we try and maintain the equation everyday, and set the tone for new & fair directions of equitable development.

Contents



CONTENTS

Notice of AGM	6
Chairman's Letter	14
Highlights	16
Board of Directors	20
Directors' Report	24
Report on CSR	42
Management Discussion & Analysis	44
Report on Corporate Governance	53
Five Year Profile	68
Annual Accounts	72
Auditor's Report to the Shareholders	73
Financial Statement	77
Cash Flow Statement	95
Accounting Policies	97
Balance Sheet Abstract & Company's General Business Profile	115
Schedule of Fixed Assets - Township	118
Income and Expenditure - Township etc.	119
Comments of C & AG	120
Subsidiary Companies	121
Consolidated Financial Statements	192



Vision

Be the Leading Company in Natural Gas and Beyond, with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility.

Mission

To accelerate and optimise the effective and economic use of Natural Gas and its fractions to the benefit of national economy.



NOTICE

NOTICE is hereby given that the **Twenty-sixth Annual General Meeting** of the members of **GAIL (India) Limited** will be held on **Wednesday, the 22nd day of September, 2010** at **10.30 a.m.** at **Air Force Auditorium, Subroto Park, New Delhi- 110010**, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended 31st March, 2010, Directors' Report, Auditors' Report and the comments thereupon of Comptroller & Auditor General of India.
2. To declare final dividend @55% (Rs. 5.5/- per share) on the paid-up equity share capital of the Company for the year ended 31st March, 2010 as recommended by the Board and confirm the payment of interim dividend of 20% (Rs. 2/- per share) already paid in the month of December, 2009.
3. To appoint a Director in place of Shri R.K. Goel, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. U.K. Sen, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To authorize Board of Directors of the Company to fix remuneration of the Statutory Auditor(s) of the Company in terms of the provisions of section 224(8)(aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as an Ordinary Resolution :
"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller & Auditor General of India for the FY 2010-11, as may be deemed fit by the Board."

SPECIAL BUSINESS

- A. To consider, and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolution:
6. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Mahesh Shah, who was appointed as an Additional Director w.e.f. 08.09.2009, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009 be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri R.M. Sethi, who was appointed as an Additional Director w.e.f. 08.09.2009, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009 be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Dr. Vinayshil Gautam, who was appointed as an Additional Director w.e.f. 08.09.2009, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009 be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri S.L. Raina, who was appointed as an Additional Director w.e.f. 08.09.2009, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. C-31022/3/2008-CA dated 19.08.2009, be and is hereby appointed as a Director (HR) of the Company, liable to retire by rotation, on such terms & conditions, remuneration and tenure as may be determined by the President of India from time to time."
10. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Prabhat Singh, who was appointed as an Additional Director w.e.f. 24.02.2010, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. 31022/2/202009-CA dated 24.02.2010, be and is hereby appointed as a Director (Marketing) of the Company, liable to retire by rotation, on such terms & conditions, remuneration and tenure as may be determined by the President of India from time to time."
11. **"RESOLVED THAT** in accordance with the provisions of section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Sudhir Bhargava, who was appointed as an Additional Director w.e.f. 15.03.2010, pursuant to the provisions of section 260 of the Companies Act, 1956, by the President of India vide letter No. C-31019/1/2006-CA (Part) dated 15.03.2010, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
12. **"RESOLVED THAT** in accordance with the provisions of clause 49 of the listing agreement, the consent of the members be and is hereby accorded for payment of any fees/compensation/honorarium, etc. other than sitting fee, to an Independent Director within a ceiling of Rs.1,00,000/- per annum as may be deemed fit by the Board from time to time."
- B. To consider, and if thought fit, to pass with or without modification(s), the following resolutions as Special Resolution:
13. **"RESOLVED THAT** in accordance with the provisions of the Companies Act, 1956, other applicable laws, rules, regulations etc., the consent of the members be and is hereby accorded to appoint Ms. Esha Goel, daughter of Shri R.K. Goel, Director (Finance) to hold an office or place of profit in the company, appointed as Deputy Manager, (BIS) at E-3 level against advertisement on all-India basis, as per recommendations of selection committee, in the pay scale of Rs. 29,100-54,500/- and on other terms and conditions applicable to other employees in the same scale.

FURTHER RESOLVED THAT CMD and/or Director (HR) be and is/are hereby authorized to take such steps as may be necessary to effectuate the decision in the foregoing resolution on behalf of the company, as may be required."

By order of the Board
Sd/-
(N.K. Nagpal)
Company Secretary

Place: New Delhi
Date: 30.07.2010

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED WITH THE NOTICE).**
2. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the Special Business is annexed herewith.
3. A brief resume of the Director(s) proposed for appointment/ re-appointment as mandated in Clause 49 of the Listing Agreement is annexed with the Notice.
4. The documents referred to in the accompanying Notice and Explanatory Statement thereto, are open for inspection by members, at the Registered Office of the Company during office hours i.e. between 11:00 a.m. and 1:00 p.m., on all working days, except Saturday, Sunday and holiday(s), upto the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, the 4th September, 2010 to Wednesday, the 22nd September 2010 (both days inclusive)** to determine the entitlement of the final dividend @55% (Rs. 5.5/- per share) if so approved by the members of the Company at the aforesaid AGM. The Company had already paid interim dividend @ 20% (Rs. 2/- per share) in the month of December, 2009. The said final dividend after declaration at the said AGM, will be paid to those eligible members whose name(s) appear:-
 - a) as member(s) holding shares in **physical mode**, in the Register of Members of the Company after giving effect to all valid and complete transfers, lodged with R&TA/Company on or before 3rd September, 2010; and
 - b) as Beneficial Owner(s) holding shares in **electronic mode**, details as furnished by the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for said purpose.
6. Members holding shares in multiple folios in **physical mode** are requested to apply for consolidation to the R&TA/Company along with relevant Share Certificates. **R&TA is not processing the remat request(s), unless involved conversion of entire shareholding in demat mode.**
7. Members who have not encashed their Dividend Warrant(s) may approach the R&TA/ Company for issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant(s). Unclaimed/unpaid final dividend for FY 2002-03, which is due for transfer to IEPF, should be claimed by the members before **29th September, 2010**. After that date, no claim shall lie against the Fund/Company, in respect of the said amount.
8. Regarding modalities of dividend viz. change of address/dividend mandate/bank details, members are requested to refer "Dividend" section of Report on Corporate Governance and may also visit Company's website at www.gailonline.com, 'Investor Zone' section for further reference. The Company/R&TA has designated an exclusive e-mail ID viz. investorqueries@gail.co.in and admin@mcsdel.com to facilitate investors to register their complaints, if any.
9. Members are requested to:-
 - i) bring their copy of Annual Report and Attendance Slip at the venue of the meeting.
 - ii) quote their Folio/DP & Client Id No. in all correspondence with the R&TA / Company.
 - iii) note that briefcase, mobile phone, bag, helmets, eatables and other belongings **will not be allowed** to be taken inside the venue of the meeting for security purposes and shareholders/proxy holders will be required to take care of their belongings.
 - iv) note that **no gifts** will be distributed at the Annual General Meeting.
 - v) note that **shareholders present in person or through registered proxy** shall only be entertained.
 - vi) note that the attendance slip/proxy form should be **signed** as per the specimen signature registered with the R&TA / Depository Participant (DP).
 - vii) please carry **photo ID card** for identification/verification purposes.
 - viii) note that entry to the hall will be strictly on the basis of the admission card, which will be provided at the counters of R&TA at the venue, in exchange for duly completed and signed Attendance Slip.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956****ITEM NO. 6**

Shri Mahesh Shah, part-time non-official (Independent) Director was nominated by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009, as a Director on the Board of Directors of the Company w.e.f. 11.08.2009. However, before his appointment, the notice of 25th AGM scheduled for 08.09.2009 was already printed and under dispatch, therefore, his tenure as Additional Director expired on 08.09.2009. The appointment of Shri Mahesh Shah was further renewed by the Board, as an Additional Director w.e.f. 08.09.2009, till the conclusion of this Annual General Meeting. The Board recommends that Shri Mahesh Shah may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri Mahesh Shah as Director of the Company.

Your Directors recommend the resolution for approval of the members.

Shri Mahesh Shah is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned / interested in the proposed resolution.

ITEM NO. 7

Shri R.M. Sethi, part-time non-official (Independent) Director was nominated by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009, as a Director on the Board of Directors of the Company w.e.f. 11.08.2009. However, before his appointment, the notice of 25th AGM scheduled for 08.09.2009 was already printed and under dispatch, therefore, his tenure as Additional Director expired on 08.09.2009. The appointment of Shri R.M. Sethi was further renewed by the Board, as an Additional Director w.e.f. 08.09.2009, till the conclusion of this Annual General Meeting. The Board recommends that Shri R.M. Sethi may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri R.M. Sethi as Director of the Company.

Your Directors recommend the resolution for approval of the members.

Shri R.M. Sethi is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned / interested in the proposed resolution.

ITEM NO. 8

Dr. Vinayshil Gautam, part-time non-official (Independent) Director was nominated by the President of India vide letter No. 34024/27/2007-CA dated 11.08.2009, as a Director on the Board of Directors of the Company w.e.f. 11.08.2009. However, before his appointment, the notice of 25th AGM scheduled for 08.09.2009 was already printed and under dispatch, therefore, his tenure as Additional Director expired on 08.09.2009. The appointment of Dr. Vinayshil Gautam was further renewed by the Board, as an Additional Director w.e.f. 08.09.2009, till the conclusion of this Annual General Meeting. The Board recommends that Dr. Vinayshil Gautam may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Dr. Vinayshil Gautam as Director of the Company.

Your Directors recommend the resolution for approval of the members.

Dr. Vinayshil Gautam is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned / interested in the proposed resolution.

ITEM NO. 9

Shri S.L. Raina was appointed as Director (HR) on whole-time basis by the President of India vide letter No. C-31022/3/2008-CA dated 19.08.2009 till the date of his superannuation or until further orders, whichever event occurs earlier. However, before his appointment, the notice of 25th AGM scheduled for 08.09.2009 was already printed and under dispatched, therefore, his tenure as Additional Director expired on 08.09.2009. The appointment of Shri S.L. Raina was further renewed by the Board, as an Additional Director w.e.f. 08.09.2009 till the conclusion of this Annual General Meeting. The Board recommends that Shri S.L. Raina may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri S.L. Raina as a Director of the Company.

Your Directors recommend the resolution for approval of the members.

Shri S.L. Raina is interested in this resolution to the extent of his appointment as a Director (HR). No other Director of the Company is concerned/ interested in the proposed resolution.

ITEM NO. 10

Shri Prabhat Singh was appointed as Director (Marketing) on whole-time basis by the President of India vide letter No. 31022/2/202009-CA dated 24.02.2010 till the date of his superannuation or until further orders, whichever event occurs earlier and inducted as an Additional Director w.e.f. 24.02.2010 till the conclusion of this Annual General Meeting. The Board recommends that he may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri Prabhat Singh as a Director of the Company.

Your Directors recommend the resolution for approval of the members.

Shri Prabhat Singh is interested in this resolution to the extent of his appointment as a Director (Marketing). No other Director of the Company is concerned/ interested in the proposed resolution.

ITEM NO. 11

Shri Sudhir Bhargava, part-time Director (Government Nominee) was nominated by the President of India vide letter No. C-31019/1/2006-CA (Part) dated 15.03.2010, as a Director on the Board of Directors of the Company w.e.f. 15.03.2010 and inducted as an Additional Director, till the conclusion of this Annual General Meeting. The Board recommends that Shri Sudhir Bhargava may be appointed as a Director, liable to retire by rotation.

The Company has received a notice along with requisite fee from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri Sudhir Bhargava as Director of the Company.

Your Directors recommend the resolution for approval of the members.

Shri Sudhir Bhargava is interested in this resolution to the extent of his appointment as a Director. No other Director of the Company is concerned / interested in the proposed resolution.

ITEM NO. 12

Clause 49 of the listing agreement mandates that all fees/compensation except sitting fees as per provision of the Companies Act, 1956, if any, paid to non-executive Directors, including independent Directors requires previous approval of shareholders in general meeting.

Services of Independent Director(s) being professionals/ experts in their respective area may be required to utilize their talent, apart from services rendered by them as a Director. Accordingly, the proposal for payment of upto Rs. 1,00,000 per annum to an Independent Director for services rendered other than directorship was approved by the Board in its 274th Board meeting held on 03.09.2009.

Your Directors recommend the resolution for approval of the members.

Except Independent Director(s), none of the Director of the Company is concerned/interested in the proposed resolution.

ITEM NO. 13

As per recommendations of selection committee, Ms. Esha Goel, daughter of Director (Finance) was appointed as Deputy Manager (BIS) at E-3 level in respect of advertisement on all-India basis, in the pay scale of Rs. 29,100-54,500.

As per provisions of section 314 of the Companies Act, 1956, if a relative of a Director holds office or place of profit and is in receipt of a monthly remuneration of Rs. 10,000 or more, but does not exceed Rs. 50,000, consent of the shareholders is required through a special resolution passed at the general meeting of the Company held for the first time after the appointment.

Proposal for appointment of Ms. Esha Goel as Deputy Manager (BIS) was approved by the Board in its 274th Board meeting held on 03.09.2009, subject to the approval of the shareholders at the General Meeting by a special resolution, monthly remuneration being within aforesaid prescribed limit. However, since the notice of last AGM held on 08.09.2009 was already sent to the shareholders, therefore, the matter is put up to the shareholders now for her appointment.

Your Directors recommend the resolution for approval of the members.

Shri R.K. Goel, Director (Finance) is interested in this resolution. None of the Director of the Company is concerned/ interested in the proposed resolution.

PURSUANT TO THE PROVISIONS OF CLAUSE 49 OF THE LISTING AGREEMENT, A BRIEF RESUME OF THE DIRECTORS, PROPOSED FOR APPOINTMENT/ RE-APPOINTMENT IS GIVEN BELOW:

ITEM NO. 3

Shri R.K. Goel, took over as the Director (Finance) in November 2005. He joined the company as Manager (Finance) in July 1988. A graduate in commerce and a Fellow member of the Indian Institute of Chartered Accountants of India, Shri Goel brings with him experience of over 30 years in the area of Financial Management by serving major oil and gas companies of India. Before joining GAIL, Shri Goel served for almost a decade in another Navratna Oil giant, Indian Oil Corporation Ltd.

Shri Goel holds 1500 equity shares of the Company.

Shri R.K. Goel holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1	GAIL Global (Singapore) Pte. Limited	Brahmaputra Cracker & Polymer Limited (Audit Committee)
2	Central UP Gas Limited	Maharashtra Natural Gas Limited (Audit Committee)
3	GAIL China Gas Global Energy Holdings Limited	Central UP Gas Limited (Audit Committee)
4	Maharashtra Natural Gas Limited	
5	Brahmaputra Cracker & Polymer Limited	
6	ONGC Petro-additions Limited	
7	China Gas Holdings Limited	

ITEM NO. 4

Dr. U.K. Sen retired as Special Secretary to the Government of India, Department of Revenue, Ministry of Finance. Dr. Sen is B.Sc. (Hons.) Physics from University of Calcutta, Post Graduate Diploma in Public Administration and Ph.D. from South Gujarat University.

Dr. Sen has been Member of Central Board of Excise and Customs (CBEC) and Institution Development Specialist of Asian Development Bank (ADB). He held the position of CMD in Fertilizer Corporation of India (FCI).

Dr. Sen does not hold any equity shares of the Company.

Dr. U.K. Sen holds the Directorship and membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	GAIL Gas Limited	GAIL Gas Limited (Audit Committee)

ITEM NO. 6

Shri Mahesh Shah reckoned as a powerful figure in the contemporary financial sector of India, have successfully dealt with various companies and industrial houses in the area of asset funding, arranging institutional finance, project evaluation, acquisition, merger, corporate advisory services, investment etc. as the Director of Inter Corporate Financiers & Consultants Ltd., SEBI Authorized Category-I Merchant Banker.

He is a qualified Chartered Accountant, Cost Accountant, Company Secretary along with a degree in Law and Business Management. He is the past President of The Institute of Company Secretaries of India, The Institute of Cost & Works Accountants of India, and has been a past member of Accounting Standard Board of ICAI. He has well represented leading industrial and trade bodies-both on regional and national level such as the Indian Chamber of Commerce, Bharat Chamber of Commerce, Calcutta Chamber of Commerce, CII, FICCI, ASSOCHAM etc. He has also represented ICSI and ICWAI in various official delegations/meetings conducted from time to time with various Ministries including the Ministry of Finance and other regulatory bodies such as RBI, SEBI, Stock Exchanges, CBDT, CBEC etc relating to the development in the Economy and Capital Markets.

Shri Shah is a prolific writer and eloquent speaker on matters concerning Corporate Finance, Industry, Accounting, Auditing, Economic Issues, Investment Management and other related subjects. He has also contributed articles in various Professional Journals, Economic Newspapers, and Bulletins.

Shri Shah does not hold any equity shares of the Company.

Shri Mahesh Shah holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	Bharat Sanchar Nigam Limited	Bharat Sanchar Nigam Limited (Audit Committee)
2.	Kitply Industries Limited	Kitply Industries Limited (Audit Committee)
3.	Inter Corporate Financiers & Consultants Limited	Inter Corporate Financiers & Consultants Limited (Audit Committee)
4.	MSV Share & Stock Brokers Limited	

ITEM NO. 7

Shri R.M. Sethi is a Bachelor of Arts in Economics, Political Science & English Literature, and Masters in Political Science. He was taught at the University of Allahabad and at the National Academy of Administration, Mussoorie. He was also the first Hubert Humphrey Fellow, 1979-80 from India and studied Management & Economics at the University of Boston, USA.

Shri Sethi joined the prestigious Indian Administrative Service in 1970. He took voluntary retirement from the I.A.S. in February 1996, and set up the Stellar Group of Companies to participate in the country's growing economy and changes brought about through the policies of liberalization.

Shri Sethi has been an expert with the Common Wealth Fund for Technical Co-operation, having carried out a three months Consultancy for Industrial Projects, in Papua New Guinea, for UNIDO at Vienna, and in India, as well as for the Food & Agricultural Organization on fertilizer & seeds.

Shri Sethi does not hold any equity shares of the Company.

Shri R.M. Sethi holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	Stellar Ventures Private Limited	Nil
2.	Stellar Parks Private Limited	
3.	Fact Software Private Limited	
4.	Stellar Informatics Private Limited	
5.	Stellar Hotels Private Limited	
6.	Key Site Developers Private Limited	
7.	Stellar Recreation Private Limited	
8.	Annie's Realty Private Limited	
9.	American Pacific (India) Private Limited	
10.	Stellar Trading Private Limited	

ITEM NO. 8

Dr. Vinayshil Gautam serves as Professor of Department of Management Studies of Indian Institute of Technology, New Delhi. He is an internationally acclaimed management expert, having facilitated Management Development activities in Germany, UAE, Saudi Arabia, Malaysia and some of the finest organizations in India. His expertise has been sought in some of the key policy formulation activities of the Government and the corporate sector. He sits on the board of various Indian and non-Indian organizations.

He has addressed international audiences from Montreal to Melbourne and Caracas to Tokyo. He has been visiting faculty to universities such as Cambridge, Sussex, London, Brunel, Dominican, Duke, Penn State. He serves as the Chairman of D.K. International Foundation.

He is a recipient of several fellowships and Awards. Among other things Dr. Gautam has served as the Founder Director of IIM(K); Leader consulting team IIM (Shillong); First head, Management Department IIT(D). He has represented India in the activities of UNESCO and Asian Productivity Organization.

Dr. Gautam does not hold any equity shares of the Company.

Dr. Vinayshil Gautam holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	S. Kumars Nationwide Limited	Nil
2.	Shivam Auto Tech Limited	
3.	Moser Baer (I) Limited	
4.	Lake Palace Hotels & Motels Pvt. Limited	
5.	Ginni International Limited	
6.	D.K. International Foundation, Trust	

ITEM NO. 9

Shri S. L. Raina, Director (HR) is an MBA from University of Hull, London, an LL.B, a Master in Public Administration and Bachelor in Science, Shri Raina has a career spanning more than three decades in Hydrocarbon and Textile industries and has a very rich experience in human resource management as also marketing and legal at senior level.

Prior to becoming Director (HR), Shri Raina headed various Human Resource Departments of the company and spearheaded a wide range of employees development programmes. Shri Raina has served as head of Legal Department, represented the company in various judicial, arbitral and administrative proceedings. Shri Raina has also served the Company as Central Public Information Officer under the Right to Information Act, 2005. Shri Raina was Zonal General Manager (Marketing), Northern Zonal Office of GAIL and was associated with signing of Heads of Agreement with various consumers for supply of Regasified - LNG, besides, marketing of liquid hydrocarbons in Northern Zone.

Shri Raina holds 450 equity shares in the Company.

Shri S. L. Raina holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	Tripura Natural Gas Company Limited	Nil
2.	GAIL Global (Singapore) Pte. Limited	
3.	Shell CNG, Egypt	
4.	Brahmaputra Cracker & Polymer Limited	
5.	Mahanagar Gas Limited	

ITEM NO. 10

Shri Prabhat Singh, Director (Marketing) is a Civil Engineer having graduated from the prestigious Indian Institute of Technology, Kanpur, and has around 29 years of experience of working in the Hydrocarbon Industry both in MNC and Public Sector Navratna PSUs at prominent positions.

Prior to joining GAIL as Director (Marketing), Shri Singh headed the Upstream Business Development and the Strategy Divisions in British Gas since April 2006. Before joining GAIL and serving the company for almost 20 years, Shri Singh had also served EIL and NTPC.

During his earlier stint in GAIL, he headed GAIL's Exploration and Production Department as General Manager. He made a major contribution in the execution of world's longest exclusive LPG pipeline project from Jamnagar to Loni. Shri Singh also led "Project Parivartan" in GAIL - a highly human oriented change management initiative which put "people at the heart of corporate purpose" to address the changing business environment.

Shri Singh holds 300 equity shares in the Company.

Shri Prabhat Singh holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	Avantika Gas Limited	Nil
2.	Ratnagiri Gas and Power Pvt. Limited	
3.	Shell CNG, Egypt	
4.	Fayum Gas, Egypt	
5.	NATGAS, Egypt	

ITEM NO. 11

Shri Sudhir Bhargava, Additional Secretary, Ministry of Petroleum & Natural Gas, Government of India, is an IAS Officer from Rajasthan Cadre (1979). He is an MPA from Harvard University, USA and M.Sc (Physics) from University of Calcutta.

During his IAS career spanning over three decades, he has served in various departments falling under various sectors, which primarily include CMD, National Textile Corporation; Secretary, Department of Irrigation and Department of Personnel; Principal Secretary, Department of Health and Department of Education, Government of Rajasthan; Joint Secretary, Ministry of Textiles, Government of India; Joint Secretary, Department of Fertilizer, Ministry of Chemical & Fertilizer, Government of India.

Shri Sudhir Bhargava holds the Directorship and chairmanship/membership of Committee(s) of the following other Companies:

S. No.	Directorship	Chairmanship/Membership
1.	Oil and Natural Gas Corporation Limited	Nil
2.	Indian Oil Corporation Limited	



ATTENDANCE SLIP

GAIL (INDIA) LIMITED

Registered Office: 16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066

Folio/DP & Client ID No. :

No. of Shares :

Name :

Father's Name :

Address :

I hereby record my presence at the **Twenty-sixth Annual General Meeting** of the Company to be held on Wednesday, the **22nd day of September, 2010** at **10.30 a.m.** at **Air Force Auditorium, Subroto Park, New Delhi- 110010.**

Signature of Shareholder/Proxy holder

NOTES:

1. The attendance slip should be signed as per the specimen signature registered with the R&TA /Depository Participant (DP). Such duly completed and signed Attendance Slips should be handed over at the R&TA counter(s) at the venue against which R&TA will provide admission card. Entry to the hall will be strictly on the basis of admission card as provided by R&TA. **Please carry photo-ID card for identification/verification purposes.**
2. Shareholder(s) present in person or through registered proxy shall only be entertained.
3. Briefcase, mobile phone, bag, eatables, helmets and other belongings **will not be allowed** to be taken inside the venue of the meeting for security purposes and shareholder(s)/proxy holder(s) will be required to take care of their belonging(s).
4. **No gifts** will be distributed at the Annual General Meeting.



PROXY FORM

GAIL (INDIA) LIMITED

Registered Office: 16, Bhikaiji Cama Place, R.K. Puram, New Delhi - 110066

I/We of being a member of GAIL (India) Limited hereby appoint of or failing him of or failing him of as my/our proxy, in my/our absence to attend and vote for me/us and on my/our behalf at the **Twenty-sixth Annual General Meeting** of the Company to be held on **Wednesday, the 22nd day of September, 2010** at **10.30 a.m** at **Air Force Auditorium, Subroto Park, New Delhi- 110010** or at any adjournment thereof.

Folio/DP & Client ID No. :

No. of Shares :

Name :

Father's Name :

Address :

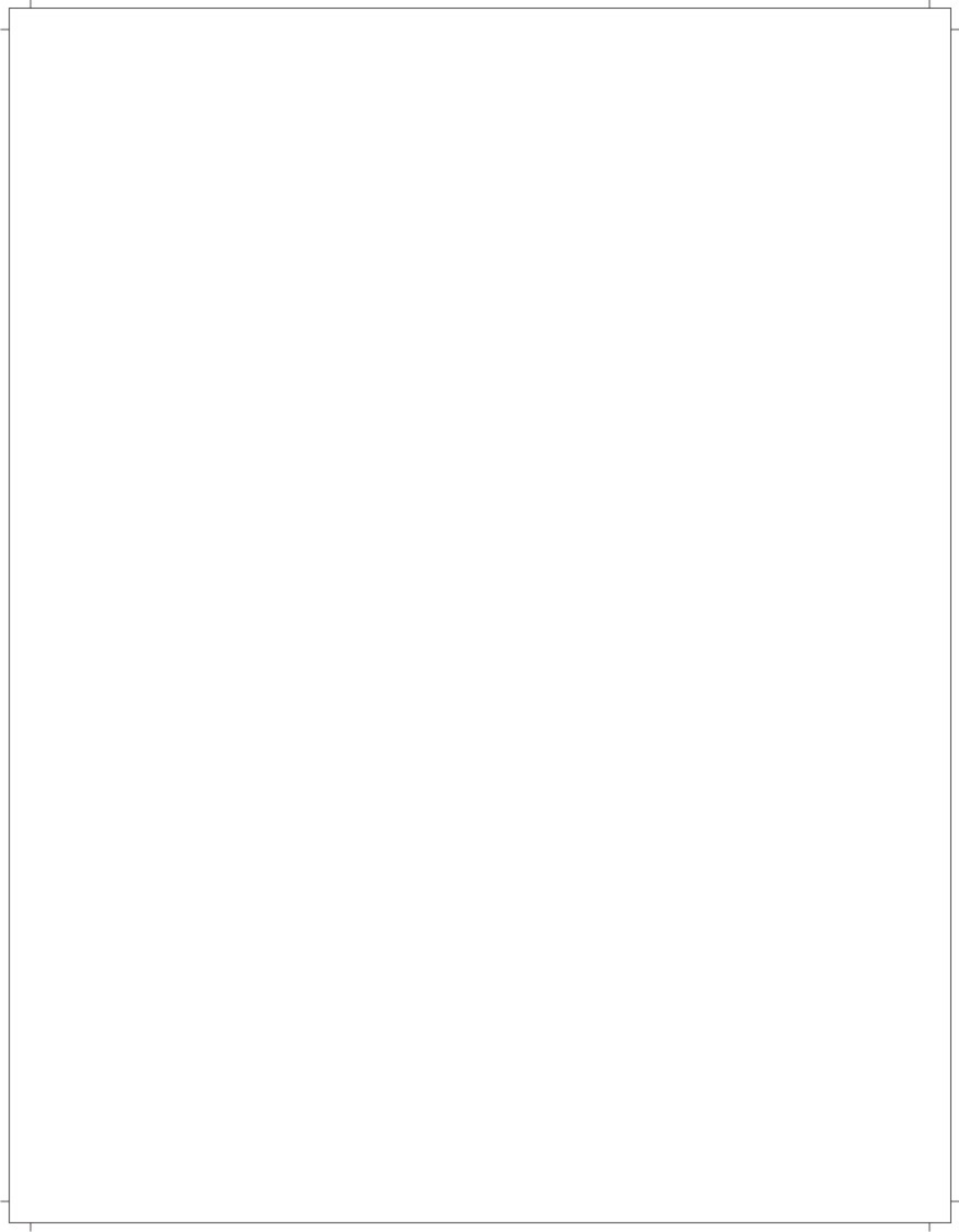
Affix
Revenue
Stamp
Re.1/-

Signed this day of, 2010

Signature

NOTES:

1. The Proxy in order to be effective must be deposited at the Registered Office of the Company duly stamped, completed and signed, not less than 48 hours before the schedule time of the Annual General Meeting.
2. The Proxy Form should be signed across the stamp as per specimen signature registered with the R&TA/Depository Participant (DP).



**Statutory Auditors**

M/s Mehra Goel & Co.	Chartered Accountants, New Delhi
M/s Rasool Singhal & Co.	Chartered Accountants, U.P.

Cost Auditors

M/s R.J.Goel & Co.	Cost Accountants, New Delhi
M/s Ramanath Iyer & Co.	Cost Accountants, New Delhi
M/s K.G.Goyal & Co.	Cost Accountants, Jaipur
M/s Shome & Banerjee	Cost Accountants, New Delhi
M/s K.Narsimhna Murthy	Cost Accountants, Hyderabad
M/s Bandyopadhyaya & Bhaumik & Co.	Cost Accountants, Kolkata
M/s R.M.Bansal & Co.	Cost Accountants, Kanpur

Company Secretary

Shri N.K. Nagpal

Stock Exchanges where Shares/GDRs of the Company are listed

Bombay Stock Exchange Limited	Floor 1, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (East) Mumbai - 400051
London Stock Exchange (GDRs)	10, Paternoster Square London - EC4M 7LS(U.K.)

Registrar and Share Transfer Agent

MCS Limited	F-65, Okhla Industrial Area Phase- I, New Delhi - 110020
-------------	---

Bankers

State Bank of India	Corporate Accounts Group Branch Jawahar Vyapar Bhavan, 11th & 12th Floors Tolstoy Marg, New Delhi - 110001
ICICI Bank Ltd.	9A, Phelps Building, Connaught Place New Delhi - 110001
HDFC Bank Ltd.	1st Floor, Kailash Building 26, Kasturba Gandhi Marg New Delhi-110001

Registered Office

16, Bhikaiji Cama Place
R.K. Puram, New Delhi - 110066

Subsidiary Companies

GAIL Global (Singapore) Pte Limited	5 Shenton Way, #23-03 UIC Building, Singapore - 068808
Brahmaputra Cracker and Polymer Limited	Hotel Brahmaputra Ashok, M.G.Road, Guwahati, Assam-781001
GAIL Gas Limited	16, Bhikaiji Cama Place R.K. Puram, New Delhi - 110066

Letter from CMD, GAIL

“ In order to have a balanced ecosystem, we strongly believe that pursuing business in a manner that provides growth with sustainability will continue to be the underlying philosophy for GAIL. ”



Dear co-owners of GAIL,

Greetings on the eve of festival season in India.

Yet another successfully completed year that has demonstrated GAIL's sustained **growth momentum** in spite of a highly challenging external environment.

As you know, the year gone by has marked the successful completion of **25 glorious years of GAIL**. During this arduous yet rewarding journey, GAIL, which started as a gas pipeline company, has successfully **evolved as an integrated gas major** with global foot prints. Today, the turnover is nearly Rs. 25,000 crores and the market capitalization is in excess of Rs. 50,000 crores. The 20 year CAGR of 27% in Profit After Tax signifies **consistent profitable growth** of GAIL. Personally speaking, I have been privileged to be a part of this **exciting growth story of GAIL** from its early days.

Today, we are entering a new era of growth and prosperity in an emerging and resilient India. Latest statistics from the International Monetary Fund indicate that India is expected to grow at 9.4% in 2010, much higher than most other countries of the world. The rising economy will therefore generate higher demand for energy, including natural gas, across the country.

As I see it, India's gas market is on the threshold of its next phase of accelerated growth, mainly driven by the positive results of the reform initiatives of the Government of India, across the entire gas value chain. Supplies are witnessing a significant jump, the inter-state gas pipeline grid is fast taking shape, regulatory reforms in City Gas and Power sectors and pricing reforms in the fertilizer sector are gathering momentum. With the recent acceptability of market driven gas prices, natural gas is indeed emerging as a **major driver to spur clean and strong industrial growth** in India. At a global level, thanks to technology, shale gas has emerged as a game changer and it has important implications for the Indian gas markets too. All these developments clearly indicate a greater role for natural gas in India, with a potential to significantly change India's energy scene in this coming decade.

Foreseeing the immense potential in the Indian gas sector, GAIL developed a well-conceived strategic blue print with **ambitious goals for its growth** and has accordingly started executing various pipeline projects at an investment of around Rs. 30,000 crores covering 16 different states, **to establish a truly pan-Indian presence**. Surely, GAIL's project management skills will be tested in the most adverse terrain conditions, but I have full confidence in coming up to the expectations and in commissioning these projects without over run of time & cost. **At strategic level**, capacity expansion of petrochemical plant, equity participation in green field petrochemical projects, equity acquisitions in overseas E&P assets, roll out of City Gas projects, entering into gas-based power projects and tapping unconventional resources like CBM, shale gas, etc. are being pursued to have a prudent mix of regulated and un-regulated business portfolio. **To move beyond gas**, GAIL is venturing into renewables also and has made a small beginning in Wind and Solar power projects.

In order to have a balanced ecosystem, we strongly believe that pursuing business in a manner that provides **growth with sustainability** will continue to be the underlying philosophy for GAIL. The **"Strategy-2020"** which is being developed currently, is taking this key aspect in its true perspective. In the same vein, **as a responsible Corporate Citizen**, GAIL is strongly committed to caring for the society, through its various CSR programmes and you will be pleased to know that we have enhanced the allocation for CSR activities from 1% to 2% of our PAT. This, we believe, will truly bring **value and smile** to all our stakeholders.

On closing, I would say that an exciting and challenging future beckons the Indian gas sector. There is growth momentum and the key growth drivers – supply, demand, infrastructure, policies, prices and technology – are all clearly favoring it. GAIL, which is relatively young among its oil & gas peers, has commenced its next journey under a new management team but with the rich experience of its past 25 years. Your continuous support and cooperation will motivate us to excel in all our endeavours. We reaffirm our commitment to keep up the **growth momentum, along with sustainability, for better value creation** to all stakeholders.

With warm regards,

Yours sincerely,



(B.C. Tripathi)

Chairman and Managing Director

Highlights 2009-10

Turnover	:	Rs. 24,996 crore (US\$5,473 Million)
PBDIT	:	Rs. 4,851 crore (US\$ 1,062 Million)
PBT	:	Rs. 4,578 crore (US\$ 1,002 Million)
PAT	:	Rs. 3,140 crore (US\$ 688 Million)
10 Years CAGR (Turnover)	:	13%
10 Years CAGR (PAT)	:	14%

GAIL Group Companies account for

- About 3/4th of natural gas transmitted in India through pipelines
- More than 1/2 of the natural gas sold in India
- Almost 1/4th (24%) of polyethylene produced in the country
- LPG produced for every 10th LPG cylinder in the country
- Pipeline transmission of around 1/4th of the country's total LPG
- Gas supply for about 1/2 of the country's fertilizer produced
- Gas supply for about 1/2 of country's gas-based power generation
- Operating more than 2/3rd of country's CNG stations
- More than 1/2 of country's piped natural gas supply



Marching Ahead ...

Maintaining Leadership

Retained leadership position in Gas Transmission in India
Registered a growth of 28% in 2009-10

Reached a new high of single day gas transmission-126.6 MMSCMD

Commissioned about 700 km. of Gas Pipelines in 2009-10

Shaping the Pipeline Dream

Executing 7500 km. inter-state and intra-state gas pipeline projects in 16 states across the country at investment of Rs. 30,000 crore to establish PAN INDIA presence



Strengthening Global Foothold

Became a partner in a transnational gas pipeline project between Myanmar and China

Moving Beyond Gas

Commissioned a wind energy project of 4.5 MW capacity in Gujarat

Value Beyond Business

Enhanced CSR allocation from 1% to 2% of profit after tax.

Contributed Rs. 2 crore each to Government of Karnataka and Andhra Pradesh to meet the needs of flood affected people

Nurturing the Youth

Your young Company is growing younger!

180 fresh Executive Trainees have joined Team GAIL in 2009-10

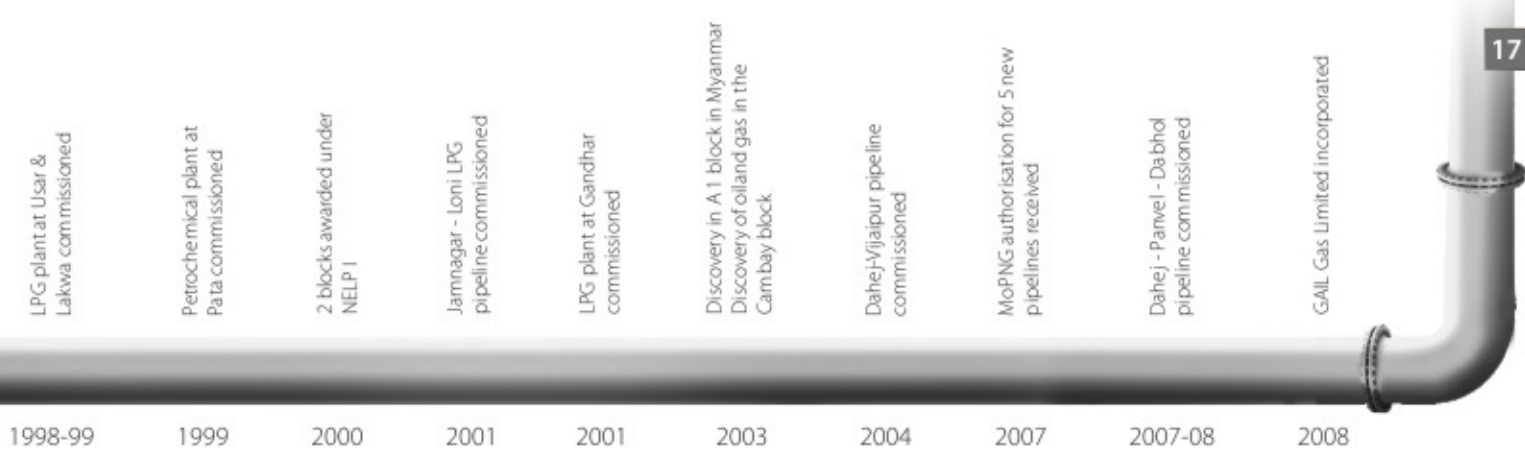
Consolidating the Core Business

Signed Gas Transmission Agreements (GTAs) for about 33 MMSCMD of gas

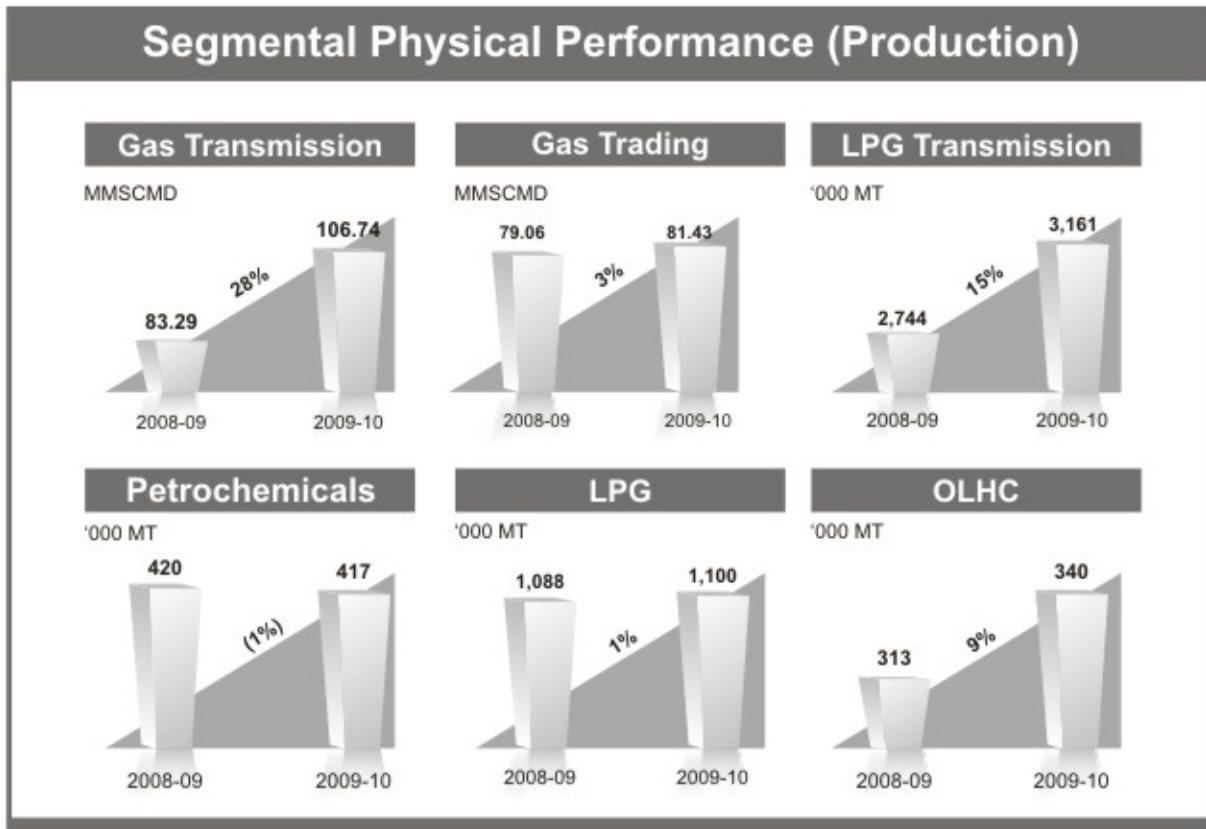
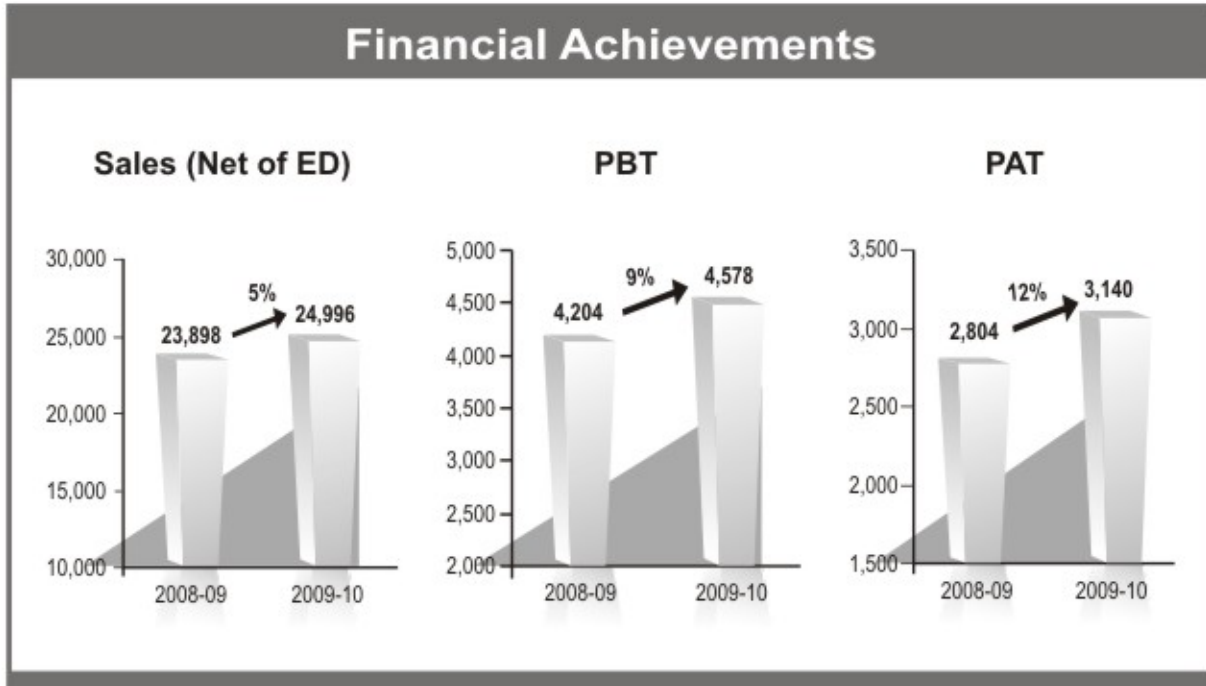
Tied up about 7.0 MMSCMD of gas in western offshore, Cauvery Offshore & Rajasthan onshore

Acquiring equity in a green field petrochemical complex of 1.1 MMTPA Ethylene capacity in Gujarat








From Strength to Strength....



Achievements 2009-10



Major Products and Brands

Business	Product / Brand	End Uses
Petrochemicals	 G-Lex	Pressure Pipes, OFC Ducts, Blow Molded Containers, Thin Films, Monofilament, Raffia etc.
	 G-Lene	Raffia, Wire and cable, Pipe coating, Injection Moulding, Film, Rotomoulding, Coating/Lamination,
Liquid Hydrocarbons	 PROPANE	Manufacture of Textiles, Glass, Picture Tubes, Automobile, Bearings, Forging, casting, melting industry, Paint shops of major car manufacturers, Ceramics, Brick Kilns, Drying Ovens, Metal Industry, Refrigerant in AC, etc.
	 PENTANE	Artificial ice formation, Low temperature thermometers, Solvent extraction processes, Blowing agent in plastics, Pesticides, Production of Iso and normal Pentane
City Gas Distribution	 CNG	Automobiles
	 PNG	Cooking, Water heating, Air Conditioning, Space Heating, Steam Generation, Power Generation, Dryers, Furnaces, Boilers
Telecom	 AITEL	Bandwidth Leasing Infrastructure Leasing

Board of Directors



Sh. B.C. Tripathi
Chairman & Managing Director



Sh. R. K. Goel
Director (Finance)



Sh. R.D. Goyal
Director (Projects)



Sh. S.L. Raina
Director (HR)



Sh. Prabhat Singh
Director (Marketing)



Sh. Sudhir Bhargava
Director



Sh. Apurva Chandra
Director



Dr. U.K. Sen
Director



Prof. A.Q. Contractor
Director



Sh. Mahesh Shah
Director

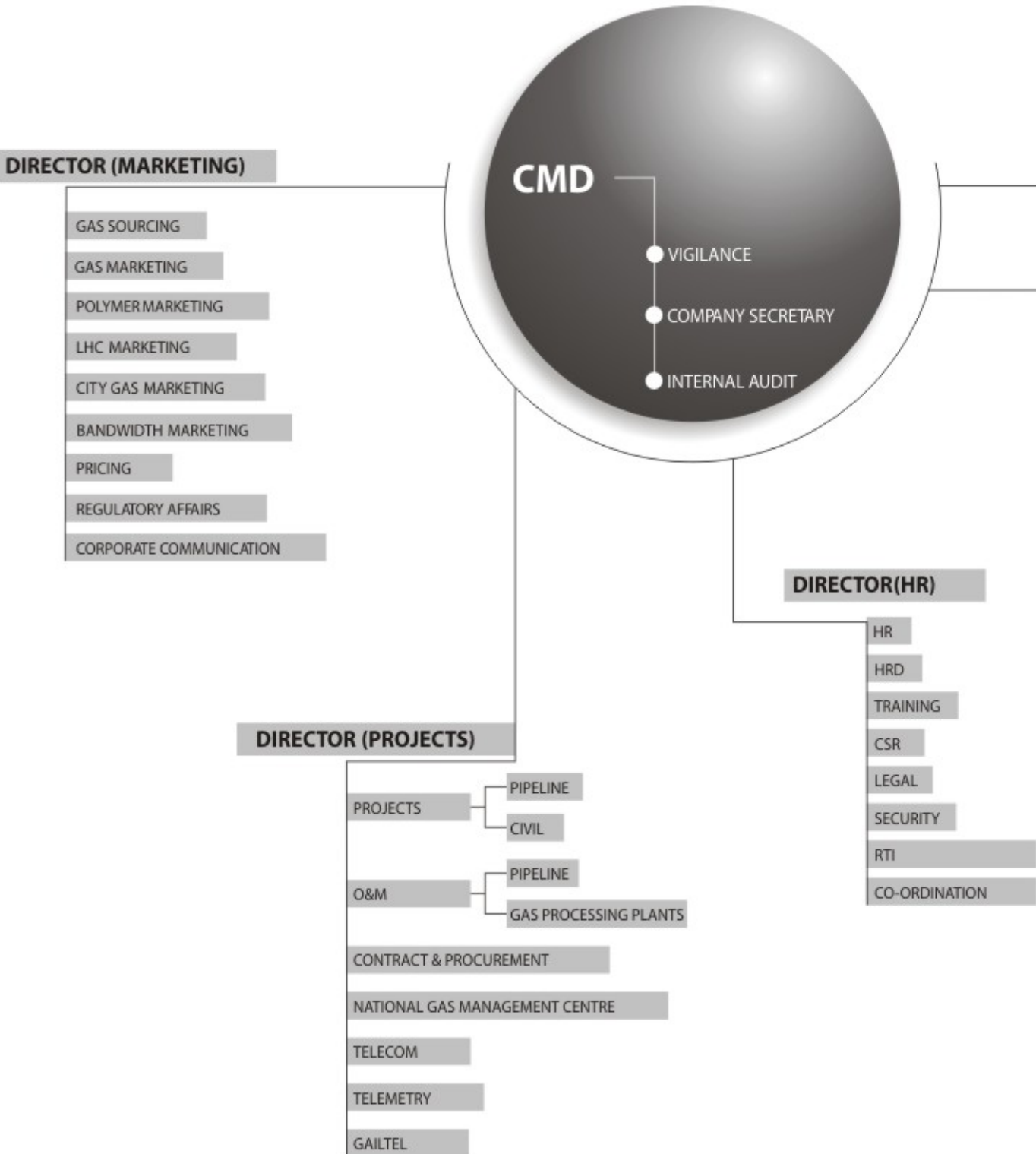


Sh. R. M. Sethi
Director



Dr. Vinayshil Gautam
Director

Functional Structure



DIRECTOR (FINANCE)

DIRECTOR (BD)



MGMT. ACCOUNTING

CENTRAL ACCOUNTS

TAXATION

PROJECT EVALUATION

TREASURY

PAYMENTS

BUSINESS INFORMATION SYSTEMS

COSTING

Board Structure

Functional Directors	Govt. Nominated Directors	Independent Directors	Sub-Committees of the Board
B.C. Tripathi R.K. Goel R.D. Goyal S.L. Raina Prabhat Singh	Sudhir Bhargava Apurva Chandra	Dr. U.K. Sen Prof. A.Q. Contractor Mahesh Shah R.M. Sethi Dr. Vinayshil Gautam	<p>Audit Committee Dr. U.K. Sen (Chairman) Prof. A.Q. Contractor Mahesh Shah R.M. Sethi</p> <p>Business Development & Marketing Committee R.M. Sethi (Chairman) R.K. Goel Director (BD) Prabhat Singh Apurva Chandra Dr. U.K. Sen Prof. A.Q. Contractor</p> <p>Compensation Committee R.K. Goel (Chairman) S.L. Raina Dr. U.K. Sen</p> <p>CSR Committee B.C. Tripathi (Chairman) S.L. Raina Apurva Chandra Prof. A.Q. Contractor</p> <p>Employee Disciplinary Committee B.C. Tripathi (Chairman) S.L. Raina R.D. Goyal Independent Director</p> <p>Empowered C & P Committee B.C. Tripathi (Chairman) R.K. Goel R.D. Goyal S.L. Raina Prabhat Singh</p> <p>Ethics Committee Dr. Vinayshil Gautam (Chairman) Apurva Chandra Dr. U.K. Sen Prof. A.Q. Contractor Mahesh Shah</p> <p>H.R. Committee B.C. Tripathi (Chairman) R.K. Goel R.D. Goyal S.L. Raina Prabhat Singh Dr. U.K. Sen R.M. Sethi</p> <p>HSE Committee Prof. A.Q. Contractor (Chairman) R.D. Goyal Director (BD) Dr. U.K. Sen</p> <p>Project Appraisal Committee B.C. Tripathi (Chairman) R.K. Goel Apurva Chandra Prof. A.Q. Contractor Dr. Vinayshil Gautam Concerned Functional Director</p> <p>Redressal of Vendors Grievance Committee Independent Director (Chairman) R.K. Goel R.D. Goyal Concerned Functional Director</p> <p>Remuneration Committee Dr. U.K. Sen (Chairman) R.K. Goel S.L. Raina</p> <p>Share Transfer Committee Executive Director (Finance)/Head of Finance Company Secretary/Senior Most Official in Company Secretariat</p> <p>Shareholders / Investors Grievances Committee Mahesh Shah (Chairman) S.L. Raina Prabhat Singh</p>
BD	BUSINESS DEVELOPMENT		
CSR	CORPORATE SOCIAL RESPONSIBILITY		
HR	HUMAN RESOURCES		
HRD	HUMAN RESOURCES DEVELOPMENT		
HSE	HEALTH, SAFETY & ENVIRONMENT		
O&M	OPERATION & MAINTENANCE		
TQM	TOTAL QUALITY MANAGEMENT		

Directors' Report





Shri B. C. Tripathi, CMD, GAIL accompanied by other Directors with the SCOPE Meritorious Award for Corporate Governance for the year 2007-08

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 26th Annual Report of your "Navratna" Company along with Audited Financial Statements for the Financial Year 2009-10.

NATURAL GAS - SUSTAINABLE ENERGY

Indian economy is poised for high growth as compared to other economies in the world thereby generating energy demand. As the most environment-friendly fossil fuel, natural gas is a major contributor to the clean and green environment. The establishment of a sustainable energy road map is one of the most pressing needs facing the country. Your Company for the last 25 years is driving India's gas sector and is all set to take up the challenge of providing this *sustainable energy*.

Today, your Company is an integrated energy company along the Natural Gas value chain with global footprints. Having started as a gas transmission Company during the late eighties, it grew organically over the years by building a large network of natural gas trunk Pipelines covering a length of around 7,850 km. Your Company has interests in the business of natural gas, LPG, Liquid Hydrocarbons and Petrochemicals, the latter being value-added products. Your Company has also diversified into Exploration & Production, City Gas Distribution and is steadily developing its overseas presence. Your

Company is spearheading the move to a new era of clean fuel industrialization.

Your Company is implementing projects for laying five new pipelines and augmentation of two existing pipelines with a total length of about 7,500 km having an outlay of about Rs. 30,000 crores. This will lead to doubling of pipeline length and transmission capacity in the coming years.

Your Company's present business portfolio includes:

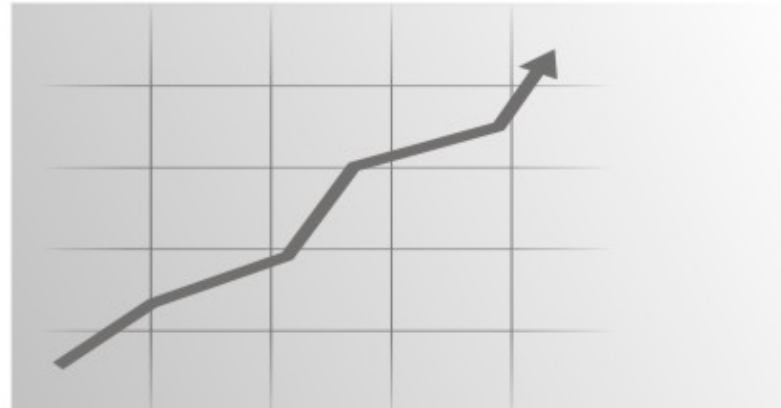
- 7,850 km of Natural Gas high pressure trunk pipeline with a capacity of approx. 150 MMSCMD of natural gas across the country
- 7 LPG Gas Processing Units to produce 1.4 MMTPA of LPG and Other Liquid Hydrocarbons
- North India's only gas based integrated Petrochemical complex at Pata, Uttar Pradesh, with a capacity of producing 4,10,000 TPA of Polymers
- 1,900 km of LPG Transmission pipeline network with a capacity to transport 3.8 MMTPA of LPG
- 27 Oil and Gas Exploration blocks and 1 Coal Bed Methane Block
- 13,000 km of OFC network offering highly dependable bandwidth for telecom service providers

PERFORMANCE OVERVIEW

Your Company has recorded sustained growth in all key physical and financial parameters in the Financial Year 2009-10. During the year 2009-10, the important financial and physical highlights are as under:-

Financial

Particulars	(Rs. in crores)	
	2009-10	2008-09
Turnover (Net of ED)	24,996	23,898
Other Income	541	797
Cost of Sales (excluding Interest and Depreciation and including extraordinary items)	20,327	19,844
Gross Margin	5,210	4,851
Interest	70	87
Depreciation	562	560
Profit Before Tax	4,578	4,204
Provision for Tax	1,438	1,400
Profit after Tax	3,140	2,804
Appropriations		
Interim Dividend	254	507
Proposed Final Dividend	698	381
Corporate Dividend Tax	159	151
Net Transfer to Bond Redemption Reserve	(3)	32
Transfer to General Reserve	314	280
Balance carried forward to Balance Sheet	1,718	1,453


Physical

Particulars	2009-10	2008-09
Gas Transmission (MMSCMD)	106.74	83.29
LPG Production (TMTs)	1,100	1,088
Pentane / Propane / SBP Solvents / Naptha Production (TMTs)	340	313
Polymer Production (TMTs)	417	420
LPG Transmission (TMTs)	3,161	2,744

Converged Accounting Standards (IFRS) Implementation

In accordance with the road map given by the Ministry of Corporate Affairs, Government of India, Accounts are to be prepared on the basis of converged Accounting Standards i.e. Indian Accounting Standards converged with International Financial Reporting Standards (IFRS) w.e.f. 1st April, 2011. Accordingly, your Company is taking necessary steps for the implementation of Accounting Standards which are converged with IFRS. Basic IFRS training has also been imparted to concerned senior officials of your Company. Your Company is gearing up to implement the Converged Accounting Standards (IFRS) w.e.f. 1st April, 2011 as would be notified by Central Government.

DIVIDEND

Your Company has a consistent track-record of dividend payment. So far, your Company has disbursed dividend of Rs. 7,370 crores to the shareholders.

The Board of Directors of the Company had earlier approved payment of an interim dividend @ 20% per equity share (Rs.2/- per equity share) amounting to Rs. 253.70 crores paid in the month of December, 2009. Further, the Board had recommended payment of final dividend @ 55% per equity share (Rs. 5.5 per equity share) for the year 2009-10.

With this, the total dividend payment for the fiscal 2009-10 will be at 75% (Rs. 7.5 per equity share) amounting to Rs. 951.36 crores on its paid-up equity capital of Rs. 1,268.48 crores.



Shri S. Sundareshan, IAS, Secretary to the Government of India, Ministry of Petroleum and Natural Gas and Shri B. C. Tripathi, CMD, GAIL exchanging documents after signing the Annual Performance MoU for the year 2010-11

CREDIT RATING

Your Company has been assigned the highest domestic credit ratings of AAA from ICRA and CARE which indicates the highest credit quality and rated instruments carry the lowest credit risk. The international rating agency, Moody's International, Hong Kong, has reaffirmed the Corporate issuer rating of Baa2 and local currency issuer rating of A3 to your Company in January 2010. Your Company's international rating from Moody's is higher than the country's sovereign rating. This rating reflects GAIL's leadership position in natural gas transmission business, the low level of business risks, favorable outlook for natural gas trade, its robust profitability and financial position and strengths derived from the significant sovereign ownership.



CORPORATE STRATEGY

Your Company has developed Strategic Plan for the period 2007-12. The goal set by your Company includes doubling of its bottom line by the year 2011-12. The strategy developed to realize the set goals is as under:

- **Gas Sourcing & Marketing:** Tying-up with producers and suppliers for marketing and transmission of natural gas on long term and sustainable basis. This is being realized by securing more gas from various producers, thereby increasing transmission and marketing volumes.
- **Gas Transmission:** Expanding of pipeline infrastructure from 7,850 km to about 12,000 km with the laying of new pipelines by 2011-12. For achieving this, execution of various new pipelines at a cost of around Rs. 30,000 crores is in progress.

- **City Gas:** Pursuing of City Gas distribution opportunities in various parts of the country. This requires introduction of Compressed Natural Gas for the automotive sector and Piped Natural Gas for commercial and domestic use in more number of cities in a phased manner. The same is being realized by participating in PNGRB's bidding process for various cities and executing city gas projects in those cities.
- **Petrochemicals:** In the area of Petrochemicals business, your Company is examining possible options for expansion of its Petrochemical Complex at Pata and is exploring green field participation in new ventures in India and abroad. For achieving this, expansion of Petrochemical Complex at Pata is being carried out in phases and participation in new field ventures is being undertaken through equity stake, while also exploring new ventures through JV route.
- **E&P:** Your Company also plans to strengthen E&P capability and resources to participate as a major partner / operator in Domestic E&P / CBM bidding. This would help in developing E&P as a self-sustainable business for augmenting additional supplies of natural gas. For this, investments are being made in both domestic on-land and off-shore fields, with a balanced portfolio of developmental and exploratory projects.
- **Globalization:** On the globalization front, the plan is to focus on areas having synergy with the existing businesses by entering into new and emerging gas rich countries with focus on sourcing of gas and participation in downstream activities.

Your Company is also in the process of developing Strategy for the coming decade. Certain focus areas of diversification have been identified, besides keeping focus on the core business areas. The strategy for pursuing such areas is being developed.

SEGMENTAL REVIEW

Your Company has been consistently achieving the top-most all round "Excellent" rating by the Government of India, since the commencement of signing of the Memorandum of Understanding (MoU) with the Government of India on performance review. During the year under review, the segment wise business performance of the Company is as under:

GAIL team at a strategy workshop



➤ **Natural Gas Marketing**

Natural gas continues to constitute the core business of your Company. During the year 2009-10, Gas Sales was 81.43 MMSCMD compared to 79.06 MMSCMD in the previous financial year. Major supplies of natural gas includes fuel to power plants, feedstock for gas based fertilizer plants. Your Company holds around 55% market share in gas marketing in India.

➤ **Natural Gas Transmission**

Your Company owns and operates a network of about 7,850 km of natural gas high pressure trunk pipeline with a capacity of approx. 150 MMSCMD of natural gas across the country. The Gas Transmission during the year was 106.74 MMSCMD compared to 83.29 MMSCMD in the previous financial year registering a growth of 28%. Your Company's share of gas transmission business is 72% in India.

➤ **Natural Gas Pipeline Projects**

During the financial year, your Company has completed commissioning of various pipelines having a total length of about 700 km, including Dadri-Bawana pipeline for supplying gas to Pragati Power Corporation Limited and Chainsa - Sultanpur Pipeline, which will facilitate supplying about 34 MMSCMD gas to around 65 customers.

➤ **LPG Transmission**

Your Company is the only Company in India which owns and operates pipelines for exclusive LPG transmission for third party usage. There are two LPG Pipeline Transmission Systems with a total length of about 1,900 km, 1,300 km of which connects the Western and Northern parts of India and 600 km of network is in the Southern part of the country. The

LPG transmission system has a capacity to transport upto 3.8 MMTPA of LPG. LPG transmission throughput was about 3.16 million MT in the year 2009-10.

➤ **Petrochemicals**

During 2009-10, your Company has produced 4,17,000 MT of polymer and sold 4,10,000 MT of polymer and has 21% of overall domestic market share. Your Company also introduced a new pipe grade product PE-100 grade in the market.

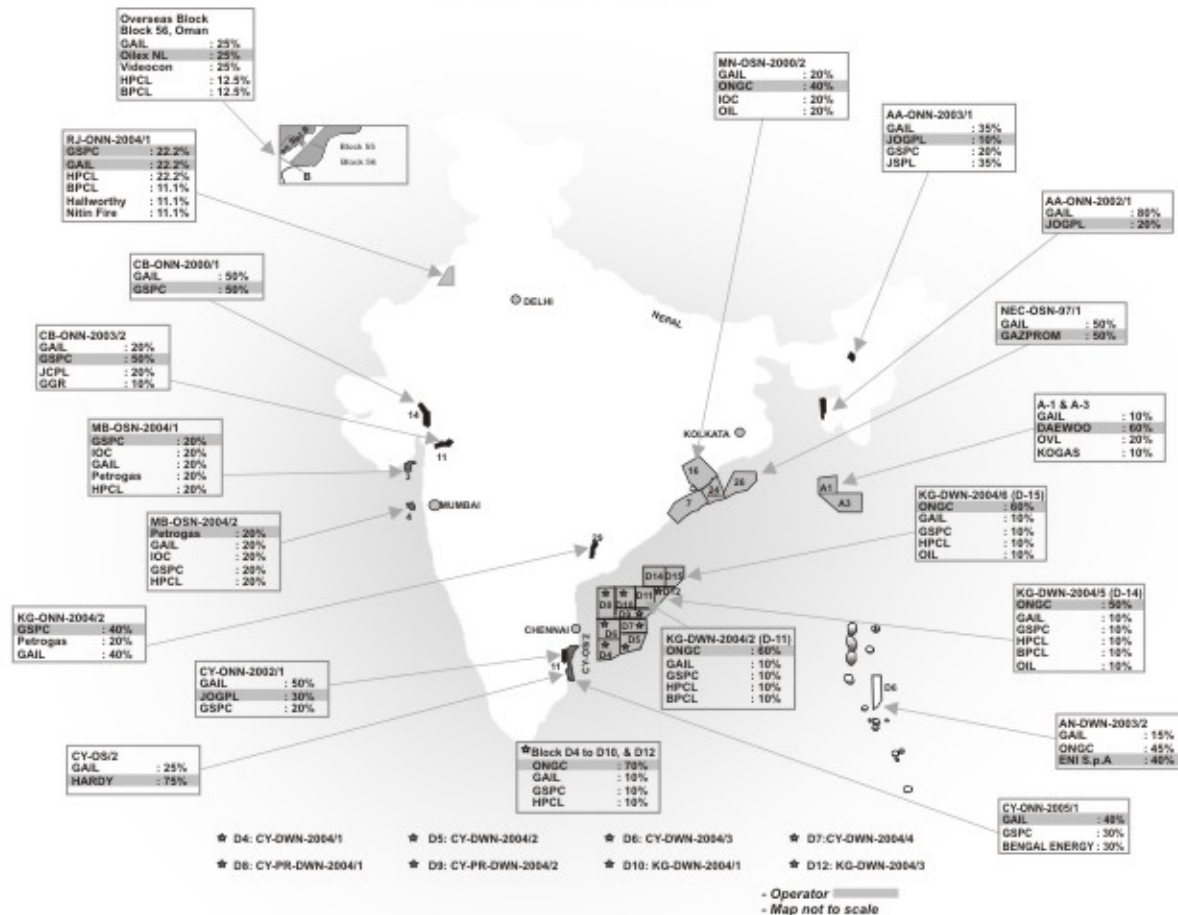
➤ **LPG & Other Liquid Hydrocarbon Production**

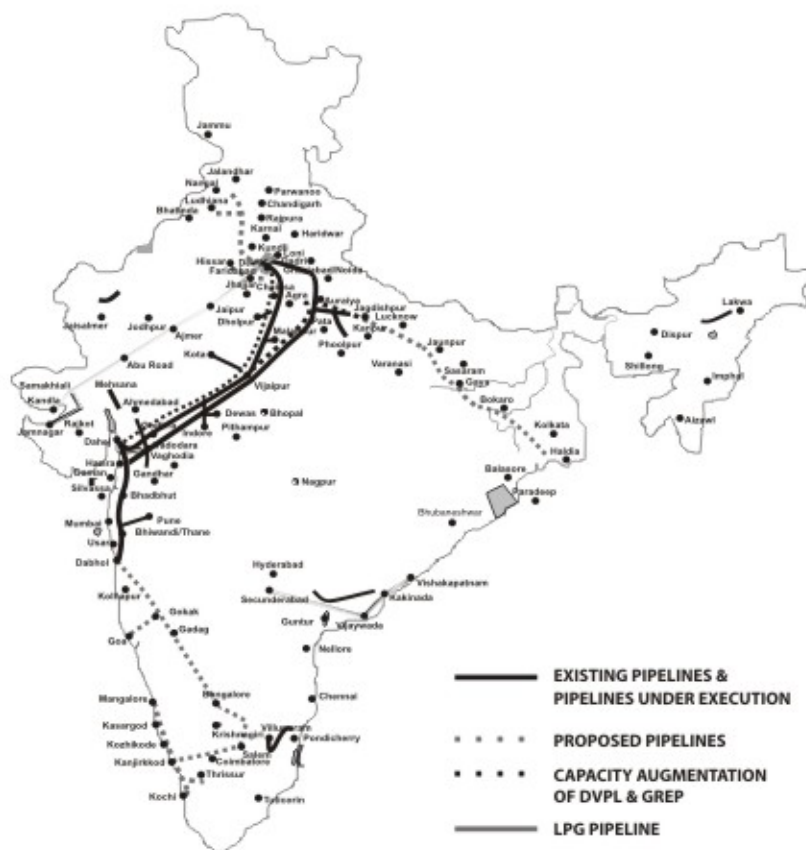
Your Company has 7 LPG plants in the country. In the year 2009-10, total Liquid Hydrocarbon production was about 1.440 million MT which mainly included 1.1 million MT of LPG, 0.18 million MT of Propane, 0.06 million MT of Pentane and balance quantity included other products like SBP solvent and Naptha.

➤ **Exploration and Production (E&P)**

During the year 2009-10, hydrocarbon discovery has been made in Tripura Onland E&P block. Approval of Cabinet Committee on Economic Affairs (CCEA) has been obtained for investment in Field Development Plan for A-1 and A-3 E&P blocks in Myanmar and also for participation in the associated onshore midstream pipeline. Development of the blocks A-1 and A-3 is in progress and the Gas production is expected to start from May, 2013. The Petroleum Exploration License for Cauvery Onland E&P block has been granted by Government of Tamil Nadu, where your Company is an Operator and the said block has been awarded during NELP-VII bidding round. The petroleum operation of the aforesaid block has already commenced.

GAIL's E & P Assets





Your Company has participating interest in 27 E&P blocks and 1 CBM block. Out of these, 24 E&P blocks are in India and 3 blocks are overseas (A-1 and A-3 blocks in Myanmar and Block 56 in Oman). The onland block in Cambay basin is generating revenue and the revenue generated during the year is Rs. 32.25 crores.

Your Company is operating two onland E&P blocks viz. Rajasthan Onland and Cauvery Onland.

➤ **Coal Bed Methane**

Your Company has participating interest in 1 Coal Bed methane block (in Chattisgarh state). The block is in first exploration stage. Exploration activities like drilling of core holes have been completed and drilling of test wells is planned.

➤ **Telecommunications**

Leveraging on its pipeline network, your Company has built up a strong Optic Fibre Cable (OFC) network for leasing of bandwidth as a carriers' carrier. Your Company's telecom business unit - 'GAILTEL' has approximately 13,000 km of OFC network.

SEGMENTAL OUTLOOK

➤ **Natural Gas**

Major focus for your Company is to maintain its dominant position in the gas business, especially the transmission segment and continue the relationship with existing customers and also add more customers. Therefore, your Company is building about 7,500 km of pipelines to transport and supply natural gas to various customers in Power, Fertiliser, Refinery, Industries, CGD projects etc. These would include large trunk pipelines, along with smaller pipelines which would provide connectivity among trunk lines to form a grid.

➤ **Natural Gas Pipeline Projects**

Your Company is executing various pipeline projects for about 7,500 km of pipeline passing through 16 states, at an approved project cost of around Rs. 30,000 crores. When these pipelines are commissioned, the gas transmission capacity is expected to increase from 150 MMSCMD at present to around 300 MMSCMD.

Your Company has received approval / authorization in the year 2007 for the following five new natural gas pipelines in the country from the Ministry of Petroleum and Natural Gas (MoPNG), covering a length of around 5,500 km:

- 610 km Dadri - Bawana - Nangal pipeline passing through UP, Delhi, Haryana and Punjab
- 350 km Chainsa - Gurgaon - Jhajjar - Hissar pipeline passing through Haryana and Rajasthan
- 2050 km Jagdishpur - Haldia pipeline passing through West Bengal, Jharkhand, Bihar and U.P.
- 1389 km Dabhol - Bangalore pipeline passing through Maharashtra and Karnataka
- 1114 km Kochi - Kanjirkkod - Bangalore / Mangalore pipeline passing through Kerala, Tamil Nadu and Karnataka

In addition to these, your Company will be augmenting the capacities of its two existing pipelines, namely, Dahej (Gujarat) - Vijaipur (Madhya Pradesh) pipeline and Vijaipur (Madhya Pradesh) - Dadri (Uttar Pradesh) pipeline, having a length of around 2,000 km.

Your Company has taken initiatives to transparently execute the projects without any time & cost over-runs through meticulous Project Monitoring.

➤ **Petrochemicals**

Your Company owns and operates a gas based integrated petrochemical plant at Pata, Uttar Pradesh, with a capacity of producing 4,10,000 TPA of Polymers i.e. HDPE and LLDPE. Your Company is in the process of installing an additional gas cracking furnace, after which, the capacity will further increase up to 4,50,000 TPA.

Your Company is currently in the process of setting up a 2,80,000 TPA Petrochemical Plant in Assam, at an investment of about Rs. 5,460 crores through its subsidiary, Brahma Putra Cracker and Polymer Limited (BCPL).

➤ **Gas Sourcing**

Your Company continues to have focus on securing gas supplies from international markets. LNG and trans-national pipelines are the two prevalent modes of cross border gas trade and your Company has been making efforts to bring more natural gas into the country.

➤ **Wind Energy**

Your Company has successfully commissioned a wind energy project of 4.5 MW capacity at Sinoi (Anjar), District Bhuj in Gujarat, at a cost of Rs. 27.7 crores, in March, 2010. The generated power is fully utilized for captive consumption at your Company's installations in Gujarat, namely, Gandhar, Kandla and Samakhali.

Based on the successful commissioning and satisfactory performance of this project, your Company is planning to go for commercial wind energy projects in different states.

BUSINESS INITIATIVES

➤ **Global**

Your Company is continuously scouting for overseas business opportunities in the natural gas sector. The purpose is to have long term growth in core business areas and also to source natural gas to meet the growing requirements of the Indian market.

Your Company aims to target the African market owing to its high gas reserves and nascent gas infrastructure. Your Company is a part of the consortium which includes Shell, Total, PTT & other companies for bidding in the Nigerian Gas Master Plan (NGMP) project in Nigeria. Your Company is also looking for opportunities in countries like Ghana, Egypt, Papua New Guinea (PNG), Qatar etc. Your Company has signed an MOU with Egyptian Natural Gas Holdings Company (EGAS) for cooperation in gas sector projects in Egypt. Your Company is also shortly opening an office in Egypt to pursue gas sector opportunities in Africa and Middle East.

Polymer packaging at GAIL Petrochemical Plant, Pata



Shri B.C. Tripathi, CMD, GAIL addressing the 2nd India - Africa Hydrocarbon Conference organised at New Delhi during December 2009

Your Company is having Participating Interest in two offshore E&P blocks A-1 & A-3 in Myanmar. For monetization of gas, your Company will also be participating in a offshore and onshore pipeline project. Commercial production of gas from these blocks is likely to commence from mid of 2013.

➤ **Domestic**

In order to further strengthen its presence in the petrochemicals business, your Company is in the process of acquiring equity stake in ONGC Petro-additions Limited (OPaL), along with co-promoter status and rights to market a portion of polymers produced by OPaL. OPaL is setting up a green field petrochemical complex of 1.1 MMTPA Ethylene capacity (dual feed cracker) in Dahej, Gujarat.

To foray in the fast growing power sector, GAIL has undertaken a number of initiatives through which, GAIL on its own, and also in partnership with other companies, plans to set up power plants in various parts of the country. In order to reach customers not connected by pipeline, your Company has undertaken study for distribution of gas in the form of LNG through tankers.

IT INITIATIVES

Your Company is IT savvy organization and is continuously adopting the latest and state-of-the-art IT solutions to keep pace with the fast changing industry. This helps in continuous improvement in efficiency and productivity of employees and also enables 'right information to right person', by use of latest IT security solutions.

Your Company has taken several new IT initiatives to enhance productivity. The process of upgradation of the existing SAP ERP hardware and software has been initiated, which will add several new features to the existing ERP setup and provide enhanced reporting and information management facilities. New components like Governance, Risk and Control (GRC), e-Recruitment and Gas Management System (GMS) are also being added to the SAP infrastructure.

Your Company has also started the process for implementation of a robust, state-of-the-art Document Management System (DMS), in line with the best practices of the industry. This will include digitization of all the important information and records of the Company across various locations, electronic workflow and authorizations-based access to information. In addition to the above, your Company has put in place the latest High-Definition Video Conferencing (VC) systems at all its major locations to improve the communication facilities and reduce travel time and expenses.

Further, e-mail being a major and very important communication tool in today's world, e-mail infrastructure has been upgraded to the latest version. Also, functionality of e-mails has been centralized and a Disaster Recovery (DR) setup has been put in place to take care of any unforeseen eventualities.

IT security is also a major thrust area of IT strategy and planning in the organization. Entire IT systems and processes have been audited by expert external agency to strengthen information security, identify the risk areas and mitigate them with latest and industry standard security solutions. Keeping pace with the latest advancements, the IT policy of your Company has been revised to reflect those changes. Also, the Business Information System department of your Company has been certified with the new ISO 9001:2008 standard.



IT Infrastructure at GAIL



GAIL's National Gas Management Centre at Noida

SUBSIDIARIES & JOINT VENTURES

Your Company has formed Subsidiaries and Joint Venture companies for City Gas Distribution and Petrochemicals. Your Company is one of the pioneers to introduce City Gas Projects in India for gas supplies to households, commercial users and for the transport sector by forming Subsidiaries/ Joint Venture Companies.

Subsidiaries



Brahmaputra Cracker and Polymer Limited (BCPL)

Your Company has 70% equity share in BCPL, a subsidiary, with Oil India Limited (OIL), Numaligarh Refinery Limited (NRL), Govt. of Assam, each having 10% equity share. Feedstock Supply Agreements have been signed between BCPL and all the three suppliers, viz., Oil and Natural Gas Corporation Limited, Oil India Limited and Numaligarh Refinery Limited. Technology license agreements have been signed for cracker, polyethylene and polypropylene units.

Entire land for the project has been acquired by BCPL. Civil & structural works for the main process units, namely, Ethylene cracker unit, Polyethylene unit (HDPE/LLDPE), Polypropylene unit, C2+ extraction unit, Gas de-hydration unit and Gas sweetening unit of BCPL have commenced. Contract has been awarded for captive power plant for Lepetkata & gas turbine driven compressor for Dulaijan station.

BCPL is setting up a 2,80,000 TPA polymer plant at an investment of Rs. 5,460 crores. Financial commitment to the extent of Rs. 3,000 crores has been made and project execution is in progress.



GAIL Gas Limited

GAIL Gas is a wholly owned subsidiary of your Company. GAIL Gas has been selected for implementation of City Gas Distribution (CGD) projects in four cities, namely,

Kota, Dewas, Sonapat & Meerut in the 1st round of bidding by Petroleum & Natural Gas Regulatory Board (PNGRB). GAIL Gas has already started supply of CNG & PNG (Industrial Customers) in the city of Dewas from December, 2009. Steel Pipeline laying work is in progress in the cities of Meerut, Sonapat & Kota. The gas supplies will commence shortly in these cities. The total approved investment in all these cities is approx. Rs. 435 crores in phase-I.

GAIL Global (Singapore) Pte Limited

Your Company has a wholly owned subsidiary, namely, GAIL Global (Singapore) Pte Ltd., to manage investments abroad. Your Company is looking for further business opportunities through this subsidiary company.

Joint Ventures



Aavantika Gas Limited (AGL)

AGL is in operation in Indore and Ujjain and is supplying CNG to the transport sector in these cities. AGL is supplying CNG to almost 9,000 vehicles in both the cities. AGL has plans to set up 5 and 2 CNG stations in Gwalior and Ujjain respectively and domestic supplies to households. 6 daughter stations are mechanically ready for CNG dispensing, awaiting for CCOE final approval. MoPNG has authorised AGL for CGD in Indore, Gwalior and Ujjain. Your Company has 22.5% stake in the Company along with HPCL as equal partner.




Bhagyanagar Gas Limited (BGL)

BGL is currently operating 6 CNG stations in Vijaywada and 4 CNG stations in Hyderabad and one CNG station in Rajahmundry. BGL is supplying CNG in these 3 cities to almost 6,000 vehicles. BGL is also operating two Auto LPG stations in Hyderabad and one Auto LPG station in Tirupati. BGL has received authorization from MoPNG for City Gas Distribution (CGD) in Hyderabad & Vijaywada. Your Company has 22.5% stake in the Company along with HPCL as equal partner.


Central U.P. Gas Limited (CUGL)

CUGL is currently operating 7 CNG stations in Kanpur and 2 CNG stations in Bareilly. CUGL is supplying CNG to almost 12,000 vehicles in the two cities. CUGL commenced its domestic supply of PNG with connections to 35 households in Kanpur. CUGL has received authorization from MoPNG for CGD in Kanpur & Bareilly. Your Company has 22.5% stake in the Company along with BPCL as equal partner.


Green Gas Limited (GGL)

GGL is currently operating 6 CNG stations in Lucknow and 3 CNG stations in Agra. GGL is supplying CNG in the two cities. GGL has tied up for commencement of domestic supply of PNG with connections to households, commercial and industrial establishments. MoPNG has authorized GGL for CGD in Lucknow & Agra. Your Company has 22.5% stake in the Company along with IOCL as equal partner.


Indraprastha Gas Limited (IGL)

IGL is the largest CGD entity in terms of CNG sales and the number of vehicles supplied by CNG in India. IGL has received authorization from MoPNG for CGD in Delhi & its suburbs viz. NOIDA (Gautam Budh Nagar), Greater NOIDA, Gurgaon, Faridabad and Ghaziabad.

IGL is supplying piped gas to around 2 lacs domestic, 340 commercial, 20 small industrial consumers and CNG to over 3 lac vehicles through around 200 CNG stations in NCR.

Your Company has 22.5% stake in the Company along with BPCL as equal partner.


Mahanagar Gas Limited (MGL)

MGL is a Joint Venture of your Company and British Gas. MGL has set up 140 CNG stations catering to over 2 lac vehicles spread over Mumbai, Thane, Mira-Bhayandar and Navi-Mumbai areas besides supplying PNG to over 4.5 lac domestic customers, more than 1,000 small industrial & commercial consumers. It has received authorization from MoPNG for CGD in Mumbai, District Thane including Navi Mumbai & Mira Bhayander. Your Company has 49.75% stake in the Company along with British Gas as equal partner.


Maharashtra Natural Gas Limited (MNGL)

MNGL is a Joint Venture of your Company and Bharat Petroleum Corporation Limited (BPCL) for implementation of City Gas Projects in and around Pune city. MNGL has received authorization from MoPNG for CGD in Pune including Pimpri, Chinchwad, Talegaon, Hinjewadi & Chakan areas. It has started 10 stations supplying CNG to nearly 5,000 vehicles. Your Company has 22.5% stake in the Company along with BPCL as equal partner.

ONGC Petro-additions Limited (OPaL)

Your Company is in the process of acquiring equity stake in ONGC Petro-additions Limited (OPaL), which is a Joint Venture of your Company with Oil and Natural Gas Corporation Ltd. and Gujarat State Petroleum Corporation Ltd., for setting up Petrochemical Project at Dahej in Gujarat. OPaL is setting up a green field petrochemical complex of 1.1 MMTPA ethylene capacity (dual feed cracker) in Dahej, Gujarat.


Petronet LNG Limited (PLL)

PLL has been formed for setting up of LNG import and regasification facilities. PLL has a long term LNG supply contract with RasGas, Qatar, for import of 7.5 MMTPA of LNG. PLL Dahej terminal in Gujarat has been expanded to 10 MMTPA capacity. PLL has successfully implemented a pilot project for supplying LNG through cryogenic road tankers. PLL is also coming up with a LNG terminal at Kochi, Kerala, with an initial capacity of 2.5 MMTPA, expandable up to 5 MMTPA and it is scheduled to be operational by end of 2011. Your Company has 12.5% equity stake in PLL, along with BPCL, ONGC and IOCL as equal partners.

Ratnagiri Gas and Power Private Limited (RGPPPL)

RGPPPL is a joint venture company between your Company, NTPC, Financial Institutions and MSEB. The capacity of the Ratnagiri Gas & Power Station is 2,150 MW, which is the largest gas based power generation facility in the country and is currently producing 1,850 MW of power. RGPPPL is in the process of commissioning an LNG import terminal of 5 MMTPA capacity. Your Company has 32.88% stake in the Company along with NTPC as equal partner.


Tripura Natural Gas Company Limited (TNGCL)

TNGCL is presently supplying gas to around 7,500 domestic, 170 commercial and industrial consumers and has set up one CNG station in Agartala, which is catering to more than 1,400 vehicles. TNGCL has received authorization from MoPNG for CGD in Agartala. Your Company has 29% stake in the Company.

GAIL China Gas Global Energy Holdings Limited

The joint venture company has been formed with an objective to pursue gas sector opportunities, mainly in China. Your Company has 50% equity interest in the company along with China Gas as equal partner. The joint venture company is in the process of identifying projects in gas and other related areas in China.

OVERSEAS PRESENCE

Your Company has presence in 5 countries. Your Company has made strategic investment in City Gas Distribution (CGD) & CNG businesses through equity participation in three companies in Egypt and one in China. Your Company is looking for further collaboration with them to pursue more business opportunities. Your Company has already formed a 50:50 JV with China Gas Holdings Ltd., with an objective to pursue downstream gas sector opportunities in China. Further, your Company is opening an office in Egypt.

Your Company has participating interest in two offshore blocks (A-1 & A-3) in Myanmar and one onshore block (56) in Oman. Commercial production of gas from Myanmar will start from May, 2013. Apart from this, your Company is also participating in an onshore pipeline project for transportation of gas from Myanmar to China.



Dignitaries at GAIL pavilion at 6th AGPS



Mr. Abdullah Bin Hamad Al-Attiyah, Deputy Premier and Minister of Energy & Industry, Qatar and Shri Murli Deora, Hon'ble Union Minister for Petroleum & Natural Gas, India lighting the lamp at the Inaugural Session of 6th AGPS 2010

Asia Gas Partnership Summit (AGPS)

Your Company organized the 6th Asia Gas Partnership Summit (AGPS) 2010 at Delhi during March 2010 on the theme "Sourcing, Transmission, Distribution of Natural Gas: Challenges for Emerging Markets", in association with FICCI and IGU. AGPS is a flagship event of your Company which has brought together leaders from the global natural gas industry onto one platform to share their perspectives and examine the paradigm shifts taking place in the Asian and global gas markets. The latest edition was a grand success and had a overwhelming response, both from the sponsors and the delegates. It witnessed unprecedented participation with 60 speakers, over 900 participants and 40 partners. As many as 25 eminent speakers from 14 countries presented papers. Foreign delegates & exhibitors also participated in the Summit.



Shri Jitin Prasada, Hon'ble Union Minister of State for Petroleum and Natural Gas, India addressing the 6th AGPS 2010

34 A high level Qatar delegation led by H.E. Mr. Abdullah Bin Hamad Al-Attiyah, Dy. Premier and Minister for Energy and Industry, State of Qatar, participated in the conference, which added a new dimension to the event. The event bolstered the already existing relationship between India and Qatar in the domain of natural gas and enhanced GAIL's brand image as a global and integrated gas utility.

SUSTAINABLE DEVELOPMENT

Your company continues to focus on energy security, climate change and energy needed to support economic development of the country in a sustainable manner. GAIL believes that the main ways to meet India's future energy challenges are through diversity, by accessing wide range of clean energy sources - both conventional and non-conventional, and by improving energy efficiency and therefore, thrust is given to all such areas to contribute to a sustainable environment.

Natural gas is strategically important because it releases the least carbon dioxide compared to other fossil fuels e.g. when used as fuel for power generation, it produces about half the emissions caused by conventional coal

generation. Therefore, the focus on natural gas continues and remains the mainstay of your Company's business.

Keeping in view the need for developing low carbon economy, your Company has also started investing in low carbon businesses, mainly the renewable energy sources like wind and solar power. While a wind power project of 4.5 MW capacity for captive generation is already operational, new wind projects for commercial generation are also being planned. Your Company is also foraying into solar power sector and is making necessary tie-ups for the same.



Award from Bureau of Energy Efficiency



Oil Industry Safety Directorate Award

Your Company is also continuously focusing on improving energy efficiency in its operations through use of energy efficient technologies, processes and equipments and through close performance monitoring. The details of energy conservations measures taken in 2009-10 and further initiatives towards energy conservation have been taken up which are likely to yield results in 2010-11 and onwards are given in **Annexure-D**.

CLEAN DEVELOPMENT MECHANISM

Continuing with its philosophy of 'Spreading the Green Energy', your Company has taken a conscious decision to incorporate various environment friendly initiatives in its new Office Building being constructed at Noida. These initiatives will reduce the emissions of Green-House-Gases (GHG) from this building compared to a building constructed in the business-as-usual scenario. Therefore, it should be possible to get these initiatives registered as Projects under Clean Development Mechanism (CDM) for getting Certified Emission Reduction (CER) Units. Necessary applications for registering the Projects are being submitted to the United Nations Framework Convention on Climate Change (UNFCCC).

HEALTH, SAFETY & ENVIRONMENT- SUSTAINABLE DEVELOPMENT

During the year, enhanced efforts continued to address Health, Safety and Environment matters and attain sustainable performance at all workplaces and beyond. Your Company is a responsible Corporate Citizen and Health, Safety and Environment (HSE) excellence has been extensively promoted as a corporate culture within the organization. The Safety & Health of employees and external stakeholders are embedded in the core organizational values of the Company. The HSE policy, inter-alia, aims to ensure safety of public, employees, plant & equipment, ensure compliance with all statutory rules and regulations, imparting training to its employees, carrying out safety audits of its facilities, and promoting eco-friendly activities.

To give top most thrust on HSE issues, your Company has constituted a HSE sub-committee of Board of Directors to review our HSE performance and emergency preparedness.

• **Corporate Health, Safety & Environment (HSE) Policy**

Your Company is committed to promote globally comparable levels of Health, Safety, Environment and Loss Control in the areas of its business of Exploration and Production of Hydrocarbons, Natural Gas and LPG transmission, Production of LPG, Petrochemicals etc., with clear emphasis on improving the Environment for Sustainable Development. The safety and occupational health of its employees and external stakeholders are of paramount importance and all these attributes are embedded within the core organizational values of the organization.

• Safety Performance

In order to achieve excellence in Health, Safety & Environment (HSE) aspects, your Company has embraced the principles and codes of best HSE practices in its HSE Management System. HSE Management System comprises 18 elements, which includes Leadership & Commitment, Employees' Participation, Facility Design, Construction & Pre-startup Safety Review, Process Safety Information, Risk Analysis and Management, Third Party Services, Personnel Safety, Control of Defeat and Reliability of Critical System and Devices, Work Permit System, Operation & Maintenance, Inspection & Maintenance, Management of Change, Training, Incident Investigation and Analysis, Occupational Health, Environment Management, Emergency Planning and Response, Compliance Audit.

Your Company continues to demonstrate excellent HSE performance. HSE indices across all its work centers are meticulously monitored with the aim of continual improvement.



Year(s)	HSE Index	
	MoU Target (%)	Achieved (%)
2007-08	97	99.21
2008-09	97	98.95
2009-10	97.5	99.25

• Safety Training

Your Company continues to give utmost importance to train the employees on HSE aspects. Apart from employees, spouses, children, contract workers, tanker drivers, nearby villagers etc. are also imparted safety training. New recruited trainees are given one week specific HSE training at site.

• External Safety Audits (ESA)

Your Company's safety practices and systems are audited for continual improvement by external agencies and inter-unit safety audit teams.

➤ *External Safety Audits:* During the year 2009-10, safety audits were carried out by external agencies for 18 O&M base units. Also, building safety audit was carried out in your Company's corporate office building in Delhi, O&M and Training Institute building at Noida. Major work centers have been certified for Integrated Management Systems (IMS). IMS outlines the standards needed to align with, or conform to, internationally accredited certifications such as ISO 9001 (quality assurance), ISO 14001 (environment) and OHSAS 18001 (health and safety).

➤ *Inter Unit Safety Audits:* During the year 2009-10, inter-unit safety audits have been carried out for seven units of GAIL.

• Occupational Health

Your Company continued its commitment to improve the well being of its employees. During the year 2009-10, all employees at the work centers were medically examined. Besides, contract workers, CISF personnel, villagers from nearby areas were also covered under the program.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has set high standards of discharging Corporate Social Responsibilities (CSR). The CSR allocation has been enhanced from the current financial year from 1% to 2% of profit after tax of the previous financial year for CSR programmes. CSR allocations are used for economic, environmental and social upliftment of communities in and around the work centers in the major thrust areas such as Community Development, Infrastructure, Drinking water/Sanitation, Literacy Enhancement/Empowerment, Educational Aids, and Healthcare/Medical. Besides specific social welfare programmes, the CSR funds are also used to provide relief to victims of national calamities. Major initiatives undertaken by your Company under these thrust areas are detailed in a separate part of this Annual Report.



Shri S.L. Raina, Director (HR) interacting with employee collectives



E-Shiksha initiative under GAIL CSR programme

HUMAN RESOURCE

Your Company's industrial relations climate remained congenial and constructive. There were no Man Days or Man Hours lost on account of any sort of Industrial conflict. There was no incident of Strike/ Gherao/ Assault etc. Following Major Human Resource (HR) Initiatives marked the company's progress on Employee's compensation, welfare and development front:

1. Revision of Pay Scales for Board Level and below Board level Executives
2. Initiation of process of comprehensive review of HR/ HRD Policy Framework
3. Review of Performance Management System (PMS) for Executives
4. Review of Induction level for Executive Trainees
5. Implementation of Performance Related Pay (PRP)
6. Completion of Annual Placement and Departmental Promotion Exercises by 31st March, 2010.

• Training Initiatives

Oil & Gas industry, has been witnessing a rapid growth & development, both at the domestic, as well as global frontiers. Your Company is also implementing various new projects to strengthen Company's presence across the entire gas value chain. With new technological developments and phenomenal expansion taking place in the hydrocarbon sector, need of the industry is changing from merely acquiring the latest state of the art technologies and equipment to engaging qualified personnel suitably equipped with knowledge, skills, attitude and a practical exposure to the highly specialized jobs. Your Company has ISO 9001 certified GAIL Training Institutes (GTIs) at Noida & Jaipur and is consistently working towards development of Human Capital of the Organization.

Training programs are identified by systemizing organizational needs with individual needs through an e-Performance Management System (e-PMS). Further, required orientation are given to Executive Trainees and newly promoted employees at executive levels.

In its pursuit to offer training programs to Indian and overseas companies to convert itself into a revenue generating centre, GTI has successfully organized customized training programs for participants from other reputed organizations like IOCL, RGTIL, Siti Energy, U.P. Fire Service Department etc. Besides, special workshops have also been conducted within and outside GTI, in line with the specific needs of clients.

Your Company is committed to deliver its best with a team of highly skilled faculty, who possess a blend of academic and practical experience to achieve the stature at par with other international institutes of repute.

• **Women Empowerment**

Women employees have a value adding role in the human capital profile of GAIL. Amongst the total 211 women employees, 152 are in the executive cadre and 20 out of these are in the middle / senior management positions.

Your Company has instituted 3 Awards for GAIL Women employees for encouraging and recognizing their best services in the field of (i) Functional Management (ii) Corporate Social Responsibility and (iii) Corporate Cultural Initiatives. This scheme is known as GAIL Women Employees Award Scheme (GWEDAS). The award consists of:

- A Certificate
- A Trophy
- Cash prize of Rs.1,00,000/-
- Citation for each award

These awards are distributed every year on International Women's Day (8th March).



Ms Meenaxee Medhi, Chief Manager (Training) receiving the Best Woman Employee Award on International Women's Day



Shri Arun singhal, IAS, Chief Vigilance Officer, GAIL at the Inaugural Session of Vigilance Awareness Week 2009

During the year, 220 employees joined the Company and the attrition rate has gone down to 0.69% as against from 0.96% for FY 2008-09.

• **Vigilance Function**

Your Company has organized Vendor Interaction Programme/Issues/ Apprehensions raised by the vendors were addressed, suggestions made by the vendors were given due consideration after deliberation by the Management.

CVC's thrust on leveraging of technology for improving vigilance administration have been implemented and the steps taken by your Company includes application forms and complete information regarding registration of contractors / suppliers / consultants / vendors is available on your Company's website. Vendors can apply online for registration; to ensure transparency and improve efficiency, e-tendering has been implemented since 2007. All tenders above Rs. 50 lacs are being processed through e-tendering; status of bill payments to contractors / suppliers etc. is available online through the Bill Watch System (BWS) of your Company's website. Vendors can monitor the progress of their bills by logging on to BWS with their unique bill receipt number; to tackle the problem of repeated queries in a piece-meal manner, a provision of sending alerts of a file, submitted more than five times to the same officer(s) has been incorporated in the File Monitoring System; all tenders are zero Deviation tenders in order to avoid repeated queries and only one time Technical / Commercial Query is being allowed.

All vendors / contractors are required to sign the integrity pact for tenders valuing Rs. 1 crore and above. The status of the same is being sent to Independent External Monitors (IEMs), persons of repute who were appointed in consultation with CVC.

• **Representation of SC/ST, OBC , Minorities and Differently Abled**

Your Company has been implementing Reservation Policies for SCs / STs / OBCs / Persons with Disability (PH) and accordingly, has been providing employment to the candidates belonging to these categories in all Direct Recruitments as per instructions / guidelines received from time to time from the Government, since its inception i.e. 16th August, 1984.

The total manpower of the Company as on 31st March, 2010, stood at 3,703, out of which, 17.1% belong to SC, 6.72% belong to ST, 17.23% to OBC, 8.44% to Minorities and 2.27% to physically challenged.

New initiatives adopted by your Company as per the recommendations of the Vigilance includes fixed deposit confirmation from the Banks; publishing your Company tenders on Govt. of India tender website; revised format for annual property returns of employees; online vigilance complaint system; reverse auction; energy balancing in SAP across LPG Plants; online energy reconciliation of LPG Plants across your Company; no bill pendency / file pendency before relieving officers; email alerts on LCs of your Company consumers.

• **Official Language**

Your Company is continuously making vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Union of India. The Official Language Implementation Committees at Corporate as well as Regional / Unit level held their quarterly meetings regularly to monitor and review the progress made in achieving the targets fixed in the Annual Programme.

In an endeavour to familiarize the new entrants in the Company with Official Language Act and various rules, training to Executive Trainees and Graduate Engineer Trainees is being imparted at induction level and special 2-days' training programmes for newly promoted employees from S7 to E1 and E2 grades, have been designed and implemented at corporate level, besides other regular workshops at all the work centers.

With a view to create greater awareness and consciousness among employees, Hindi Fortnight was celebrated from 14th to 28th September, 2009 across the Company. In order to involve families of Company's employees, various competitions were also conducted for them.

Bilingual softwares were provided across the Company. To impart working knowledge of Hindi as well as computer training to employees in bilingual software, a comprehensive and time bound programme was prepared and implemented during the year.

"Rajbhasha Sahyog", a quarterly Hindi magazine, was published and distributed among employees in order to create interest among employees of your Company and their family members towards reading and creative writing in Hindi.

RESEARCH AND DEVELOPMENT

Research in energy technologies is important for efficient exploitation of indigenous energy resources. It is of utmost importance to have a strong set-up of R&D. In the light of expanding and growing importance of natural gas in the country's energy mix, R&D and technology development efforts in the natural gas sector assumes an important dimension.

Your Company has reconstituted R&D with a vision and mission with improved focus and purpose on development and assimilation of technologies in the gas & alternate energy sector. As a long term strategy, to carry out R&D projects, your Company has envisaged a judicious and healthy mix of 'In-house' & 'Out-sourced' strategy, which shall lead to short gestation period of research projects and retaining of Intellectual Property Rights (IPR) for owning the technology developed. Your Company is envisaging R&D pilot project for Landfil Gas harnessing at Ghazipur, Delhi, for recovering energy from municipal solid waste, in association with Municipal Corporation of Delhi.

Your Company has identified the following thrust areas for R&D activities:

Short Term:

- Energy from waste;
- New polymer grades;
- Alternate fuels;
- Compact and energy efficient storage;
- Coal to Gas/Liquid.

Long Term:

- Non Conventional Energy;
- Commercialization of Futuristic fuels ;
- Value addition of natural gas.



Signing of MoU between GAIL and Council for Scientific & Industrial Research

LAURELS

During the year under review, continuing the past trend, your Company was proud recipient of several awards. Some of the significant awards conferred upon your Company are as under:

• Corporate Awards

- SCOPE Corporate Governance Award for 2007-08 for excellence in propagation and implementation of Corporate Governance practices. Her Excellency, Smt. Pratibha Devisingh Patil, Hon'ble President of India, gave away the award to CMD, GAIL, in a glittering function held in Vigyan Bhawan in the month of April 2010.
- Dahej-Panvel-Dabhol pipeline project awarded 3rd position in IPMA project excellence award 2009.
- International Safety award from British Safety Council.
- India Pride Awards - Silver Award in the Oil & Gas category
- Platts Top 250 - Ranked 148th during 2009 and 5th among utility companies.
- India's most customer responsive company in the manufacturing category by the Avaya Global Connect.

• HSE Awards

During the year 2009-10, your Company has been awarded several coveted awards/appreciation for its excellent performance in HSE. Some of the significant awards conferred upon your Company are as under:

- Golden Peacock Environmental Management Award to Gandhar Plant.
- Shreshtha Suraksha Puraskar for 2008 from National Safety Council to Vijaipur LPG Plant and HVJ Compressor Stations.
- Prashansa Patra from National Safety Council, Mumbai to GPU Gandhar and Mumbai Region pipeline.
- Gujarat State Safety Award- 2008 from Gujarat Safety Council to Baroda unit.
- Certificate of appreciation from Gujarat Safety Council to Vaghodia LPG Plant.


Rajiv Gandhi National Quality Award

Dalal Street Investment Journal Award

- Amity Corporate Excellence Award for Health & Safety Practices during International Business Summit (INBUSID) being organized on 24th Feb, 2010.
- Greentech Silver Award for outstanding achievement in the safety management for the year 2010 to Agartala unit.

• Others

- Best customer friendly company by Economic Times
- PSU wealth creation by Dalal Street Journal

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the Right to Information Act, 2005. Your Company has nominated APIOs/PIOs/CPIO at its units/offices across the country to provide information to citizens under the provisions of RTI Act.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed Management Discussion and Analysis form part of this report at **Annexure- A.**

CORPORATE GOVERNANCE

Your Company believes Corporate Governance is at the root of shareholder's value creation. Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance forms part of this Report at **Annexure- B.**

- Three top awards from Oil Industry Safety Directorate for Gas Processing Unit, Vijaipur (First), Auraiya (Second) and cross country pipeline for HVJ Pipeline (First).
- Safety innovation award for 9 units from Institution of Engineers to Vijaipur, Vaghodia, Gandhar, Khera, JLPL (Mansarampura and Nasirabad), Agra, Maharashtra Region pipeline, Usar unit.
- International Safety award from British Safety Council for our units at Pata, Vijaipur, Gandhar, Vaghodia, Lakwa and Rajamundry.
- Golden Peacock Award for Occupational Health & Safety from Institute of Directors to Hazira Gas Compressor Station.



The statutory auditors of the Company have examined and certified your Company's compliance with respect to conditions enumerated in clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance. The certificate forms part of this Report at **Annexure- C**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION

Details of conservation of energy, technology absorption in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed at **Annexure- D**.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

In terms of the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the annexure to the Directors' Report. However, having regard to the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

There were a total 144 employees, who were employed throughout the financial year 2009-10 and in receipt of remuneration which, in the aggregate, was not less than Rs. 24 lac p.a. Further, there were a total of 51 employees, who were employed for part of the financial year 2009-10 and in receipt of remuneration which, in the aggregate, was not less than Rs. 2 lac p.m.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits and, as such, no amount of principal or interest was outstanding as of the balance sheet date.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, foreign exchange earnings were Rs. 5.67 crores. Expenditure in foreign currency was Rs. 1,913.55 crores.

During the year under review, your Company has incurred expenditure of Rs. 1.79 crores on foreign tours, foreign training, seminars & conferences, Rs.0.11 crores on entertainment and Rs. 13.33 crores on advertising & publicity.

DIRECTORS

Shri B.C. Tripathi, then Director (Marketing) was appointed as Chairman and Managing Director in place of Dr. U.D. Choubey w.e.f. 01.08.2009. Shri Mahesh Shah, Shri R.M. Sethi and Dr. Vinayshil Gautam were appointed as non-official part-time (Independent) Director in place of Dr. Amit Mitra and Dr. A.K. Kundra w.e.f. 11.08.2009. Shri S.L. Raina was appointed as Director (HR) w.e.f. 19.08.2009. Shri A.K. Purwaha, then Director (Business Development) ceased to be a Director w.e.f. 30.09.2009. Shri S. Sundareshan, Special Secretary, MoPNG on his appointment as Secretary, MoPNG ceased to be Director w.e.f. 01.02.2010. Shri Prabhat Singh was appointed as Director (Marketing) w.e.f. 24.02.2010 and Shri Sudhir Bhargava, Additional Secretary, MoPNG was appointed as Director w.e.f. 15.03.2010.

The Board placed on record its deep appreciation for the valuable services rendered by Dr. U.D. Choubey, Shri A.K. Purwaha, Shri S. Sundareshan, Dr. Amit Mitra and Dr. A.K. Kundra during their association with your Company.

CODE OF CONDUCT

In line with the requirements of clause 49 of Listing Agreement, the Board Members and Senior Management Personnel, have affirmed compliance with the Code of Conduct for the financial year ending 31st March, 2010.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirements of section 217(2AA) of the Companies Act, 1956 in relation to Directors' Responsibility Statement, it is confirmed that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- the Directors have taken 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;
- the Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

AUDITORS

• Statutory Auditors

The Statutory Auditor of your Company is appointed by Comptroller & Auditor General of India (C&AG). M/s Mehra Goel & Co., Chartered Accountants, New Delhi and M/s Rasool Singhal & Co., Chartered Accountants, Aligarh were appointed as joint statutory auditors of your Company for the FY 2009-10. The C&AG has appointed M/s M.L. Puri & Co., Chartered Accountants, New Delhi and M/s Rasool Singhal & Co., Chartered Accountants, Aligarh as joint statutory auditors for FY 2010-11. M/s S.C.J. Associates, Branch Auditors of Pata and M/s Rupa Sekhar & Associates, Branch Auditors of LPG ceased to be the Branch Auditors of the Company.

The review of Annual Accounts of your Company for the year ended 31st March, 2010 by C&AG forms part of this report as an addendum. Notes on accounts referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

• Cost Auditors

Pursuant to the directions of the Central Government for audit of cost accounts, your Company has appointed M/s R.J.Goel & Co., Delhi for Vijaipur- LPG, M/s Ramnath Iyer & Co., New Delhi for Pata - LPG, M/s K.G.Goyal & Co., Jaipur for Vaghodia -LPG, M/s Shome & Banerjee, New Delhi for Gandhar - LPG, M/s K.Narsimhama Murthy, Hyderabad for Usar - LPG, M/s Bandyopadhyaya & Bhaumik & Co., Kolkata for Lakha - LPG and M/s R.M.Bansal & Co., Kanpur for CNG Station, Baroda as Cost Auditor(s) for the year ended 31st March, 2010.

ACKNOWLEDGMENT

Your Directors acknowledge their gratitude for the valuable guidance and support received from Government of India in particular the Ministry of Petroleum and Natural Gas and various State Governments, regulatory and statutory authorities from time to time

Your Directors also acknowledge the constructive suggestions received from Statutory Auditors and Comptroller & Auditor General of India and are grateful for their continued support and cooperation.

Your Directors thank all share-owners, bankers, financial institutions, business partners and members of the GAIL family for their faith, trust and confidence reposed in your Company and appreciates the contribution of contractors, vendors and consultants in the implementation of various projects of the Company.

Your Directors would like to place on record its appreciation to the hard work, commitment and unstinting efforts put in by your Company's employees at all levels to ensure that your Company continues to grow and excel.

For and on behalf of the Board

B.C. Tripathi
Chairman & Managing Director

Place: New Delhi
Dated: 30.07.2010

Report on Corporate Social Responsibility

Your Company has set high standards of discharging its responsibility as a Corporate citizen by taking up several *Corporate Social Responsibility (CSR)* initiatives. CSR efforts are focused at enabling *inclusive development* of the communities in and around us- in all our activities, through *engagement, partnering, empowering and transforming* the lives of the local populace. With the annual CSR allocations being enhanced from the current financial year onwards from 1% to 2% of the previous year's profit after tax, your Company has reinforced its commitment for stepping up its efforts in this direction. CSR programmes are carefully identified through a diligent process of *Need Identification* at the grass root level and cover a wide spectrum of welfare and developmental activities, which fall under seven broad *Thrust areas* spanning- *Community Development, Infrastructure, Drinking water/sanitation, Literacy Enhancement/Empowerment, Educational Aids, and Healthcare/Medical.*

During the year under reporting, your Company had undertaken specific CSR programmes amounting to a value Rs. 43.58 crores, which included extending support for providing relief to the flood victims of Andhra Pradesh & Karnataka.

These initiatives have touched the lives of thousands of local villagers in and around the areas where your Company has significant presence and will help generate sustainable benefits for their development over a period of time

Your Company's commitment towards the **Environment**, forms an implicit part of its Vision statement and through its CSR initiatives, it has promoted this cause through specific environment-friendly programmes such as contribution to the *Wildlife Trust of India* for operation of Motor Veterinary Units (MVS) in Assam, installation of solar street lights in some villages around its installations at Pata (UP) & Vijaipur (MP), construction of check dams and rain water harvesting structures at various locations in MP & Rajasthan to enable water conservation and restoration and repair of water dams. The programmes taken under 'Environment Protection' have benefitted nearly 350 villages over a span of two years.

Investment in **Health Care** programmes has also made a significant impact in terms of providing better health care to the marginalized sections of our society, especially women and children in the villages adjoining our work centres. Some of the CSR initiatives taken under the health care programmes over the year 2009-10, include holding of family welfare camps, health camps, provision of wide range of medical equipments like TMT machine, Operating Microscope, ECG machine, Haemodialysis machine and a Mammography unit; mobile medical van; X-ray machine with generator; etc. to various hospital including district Hospitals. Contribution for reconstructive surgeries of leprosy patients to restore functional impairment & support for setting up of an Eye Hospital in Guna, MP are some of the other important programmes under this head.

Recognizing that the availability of potable **drinking water** is a clearly identified need in many villages of rural India, your Company has been taking up a number of programmes in this area. Providing bore-wells, tube-wells, hand-pumps, overhead tanks as well as storage facilities, are some of the efforts taken in this direction.

In the area of **Literacy Enhancement / Empowerment**, your Company has attempted to address the issues of unemployability through *skill development and vocational training* programmes undertaken at several locations. Significant measures have been taken for the creation of livelihood opportunities and facilitating forums for effective empowerment and self-reliance. Empowerment of differently abled and physically challenged persons has also been promoted through several means, such as providing them with necessary medical aids, equipment and infrastructural support. your Company has consistently been supporting the *Rajiv Gandhi Foundation* in its programme for providing motorized vehicles to physically challenged persons, so as to empower them to be independent & self-sustaining.



Connectivity to villages by construction of roads at Pata, UP



Education programme for slum children at Delhi supported by GAIL



Free health check up for school children organised by GAIL

In the area of **Infrastructure**, construction of village roads, culverts, community toilets & other facilities in identified villages have also helped bring a facelift to these villages and improve the quality of life of its people.

Among all socio-economic interventions, **Education** is considered as the most powerful & your Company has regularly and consistently been supporting this cause under its CSR programmes. Sponsoring students belonging to the lower societal strata for specialized coaching for IIT & Engineering entrances under its project "Utkarsh Superb-30" has been a very successful programme. Out of a total 23 students who were afforded the specialized coaching, 14 have been selected this year for the IITs, NITs & UPTU. Another successful programme has been setting up of 50 non-formal education centres for slum children of Delhi & Noida under project "Padho Aur

Smt. Sheila Dikshit, Hon'ble Chief Minister, Delhi flagging off the GAIL sponsored mid day meal vehicle at Delhi



Shri Murlidhar Deora, Hon'ble Union Minister of Petroleum and Natural Gas handing over of an Ambulance for poor and socially backward people as a part of GAIL CSR programme at Mumbai



Solar street lighting by GAIL at Khanpur village at Pata, UP

Badho", 1,500 slum children have so far been covered under this project and a large number of them have already been mainstreamed into Government schools. "E-Shiksha" programme for imparting computer literacy to students of village schools in Vijaipur, M.P. & Pata, U.P., participation in "Mid-day Meal" programme of Govt. of Delhi and Corporate sponsorship of orphan children of SOS homes at Ahmedabad, Chandigarh and Delhi are some of the other very successful and satisfying programmes undertaken over this year for supporting & promoting education among the rural and urban poor.

Under **Community Development**, adoption of destitute tribal children of the orphanage in the tribal area of Jhabua, M.P. providing a modern technology based fire tender for fire fighting in the Baddi- Barotiwal-Nalagr (BBN) industrial Area in Himachal Pradesh, contribution for setting up of STI (Sexually Transmitted Infection) Clinic for truckers in and around villages of Vijaipur, Madhya Pradesh are some major programmes.

Management Discussion and Analysis



Management Discussion and Analysis



Indian Economy

Indian economy is emerging from an exceptionally difficult and challenging period where it had to face an unprecedented global financial crisis. After growing at an impressive average of about 9% per year for four years during 2004-2008, the economy slowed down to about 6.5% in 2008-09 and then recovered to 7.4% in 2009-10. In the current financial year, the economy is expected to grow at about 8-8.5%.

Going forward, Indian economy is expected to maintain its status as one of the fastest growing economies in the world, with the projected average growth rate of about 9%.

Driven by strong economic growth, the growth in commercial energy demand in India is also expected to grow at one of the fastest rates in the world.

Indian Energy Sector

India is the 5th largest energy consumer in the world and is expected to become the 3rd largest energy consumer by 2020 (after US & China). Today, over 70% of India's oil requirements are being met by imports. Per capita consumption of energy in India is one of the lowest in the world (around 0.3 tonnes of oil equivalent compared to world average of 1.8) but in the long run, this will rise and so will the share of natural gas within the energy basket. India has made a voluntary commitment to reduce its carbon intensity by 20% by 2020. One of the measures to achieve this includes switch over to clean fuels and therefore, natural gas will get an increased focus to meet the energy requirements of the nation.

Natural Gas Demand-Supply Outlook

Globally, natural gas constitutes about 24% of the energy basket, while in India, it accounts for about 9-10%. The relatively low share of gas in India's energy consumption is attributed mainly to the limited availability of Natural Gas in India.

In order to increase gas supplies in India, through a Joint Venture of your Company, India commenced gas imports in the form of Liquefied Natural Gas (LNG), through special ships, from the year 2004. Since then, the last 6-7 years have particularly seen significant developments in terms of establishing a reliable domestic market for imported LNG and its price acceptability by consumers across different industries.

The other important demand driver is the success of reforms in the upstream oil & gas sector, adopted by the Government of India. Various rounds of New Exploration Licensing Policy (NELP) of Government of India, between 1999 and 2009, threw open the Exploration & Production of oil & gas sector for various domestic and international players, and this has yielded exceptional results in terms of multiple discoveries, which are gradually being commercialized and are playing a crucial role in bridging the demand-supply gap of Natural Gas in India.

The other important driver for gas demand would be the development of natural gas trunk pipelines in various parts of the country. To promote the reach of natural gas in various parts of the country, the Government of India has given authorizations for laying 9 new gas pipelines, which would more than double the existing length of trunk pipelines in the country.

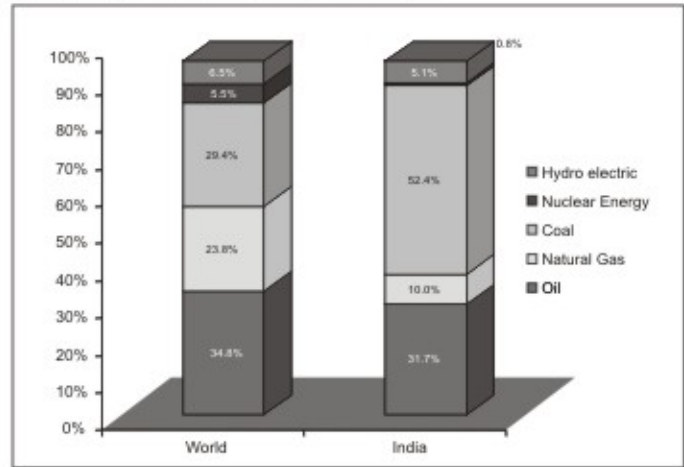
Due to measures like these, it is estimated that by 2015, Indian gas demand is likely to go upto the level of 300 MMSCMD and meeting this demand requires not only continual investments in the upstream side for increased volumes of gas supply, but also significant expansion in infrastructure and downstream facilities.

Furthermore, in order to sustain its economic growth at 8-9%, it is also projected that gas demand in India could be over 600 MMSCMD by 2030. By that time, per capita energy consumption could rise to 1.3 tonnes of oil equivalent and the share of Natural Gas could be around 11% as against 9% of the energy basket today.

Currently, Power, Fertilizers, Industries and Refineries consume more than three-fourths of gas in India. Growth in demand from these sectors, their investments and price acceptability at higher levels will unlock the supply potentials, mainly imports in the form of LNG. Continued investments in upstream, further investments in the midstream for gas infrastructure expansion and substantial investments in the downstream will be essential for ensuring availability of adequate gas supplies from domestic sources / imports and consumption at the demand centres. All this is bound to make India one of the largest consumers of gas in the world.

The year 2009-10 has seen substantial increase in Natural Gas volumes in India owing to the commencement of supply from KG Basin D6 gas field. Total gas supply increased from 110 MMSCMD in 2008-09 to 147 MMSCMD for the year 2009-10. The steep growth in demand coupled with likely increase in supplies owing to the large discoveries on the east coast and possible enhancement of LNG imports instill confidence that the Natural Gas contribution in Indian energy sector will further increase in the coming years. Likely increase of share of gas in consumption pattern in Indian context is further supported by the fact that only around 20% of India's sedimentary basin has been relatively well explored.

Primary Energy Consumption India vis-à-vis World



Source: BP Statistical report 2010

Opportunities, Threats, Risks, Concerns & Mitigation

Transmission of Natural Gas

Your Company is the market leader in the field of pipeline transmission of natural gas, commanding a share of around 72% of the entire gas available in India.

Your Company has been authorized by MoPNG for 5 new Natural Gas pipelines in 2007 and your Company is also implementing the upgradation of 2 existing pipelines, having a total length of 7,500 km. This will further strengthen your Company's position as India's premier Natural Gas transmission Company and expand the length and capacity of its existing transmission network. These pipelines will be built by your Company on an open access and common carrier principle and are expected to be completed in two phases in the next 3-4 years.



When these pipelines are commissioned, the total capacity of your Company's pipeline is expected to increase from about 150 MMSCMD to around 300 MMSCMD.

Your Company has signed Gas Transmission Agreements (GTAs) with 30 shippers, including Power & Fertilizer units such as Indian Farmers Fertilizer Cooperative Ltd. (IFFCO), National Fertilizers Ltd. (NFL) and NTPC Ltd. etc. for transmission of RIL D6 KG Basin gas resulting into tie up of over 31 MMSCMD. Gas transmission commenced for RIL KG D-6 gas for various shippers from April 2009.

Your Company has formulated Model GTA conforming to the regulatory framework notified by PNGRB for pipeline transmission of natural gas. All the existing GTAs with shippers have also been amended for complying with PNGRB regulations.

Sourcing of Gas

Sourcing of Natural Gas includes sourcing from domestic supplies, from imports through trans-national pipelines and LNG and also from unconventional sources like Shale Gas, CBM etc. However, in the Asian context, apart from domestic supplies, LNG is expected to drive the growth in consumption of gas in the immediate future and trans-national pipelines in the longer run.



Inauguration of gas supply to Maruti plant at Manesar



Signing of Gas Transmission Agreement between GAIL and Rajasthan Rajya Vidyut Utpadan Nigam Limited

Your Company, country's leading marketer and transporter of gas, has been proactive in sourcing gas to maintain and increase its market share. These efforts have led to tying up of 4.6 MMSCMD of gas from western offshore region and other domestic sources. Your Company has signed separate Gas Sale & Purchase Agreements (GSPAs) with Hindustan Oil Exploration Company for 1.5 MMSCMD of gas from its Cauvery Offshore block and with SGL Consortium for 0.95 MMSCMD of gas from its on-shore RJ-ON/6 block in Rajasthan, and has signed corresponding downstream contracts with M/s PPN Power Generating Company Private Ltd., Pondicherry, and M/s Rajasthan Rajya Vidyut Utpadan Nigam Ltd., Ramgarh respectively. Your Company is in the process of tying up additional 1 MMSCMD of gas from Bandra formation gas fields of ONGC in the western off-shore region.

To meet the requirements of customers, your Company has sourced around 280 MMSCMD of Spot RLNG in 2009-10 from sources like Petronet LNG Ltd. (PLL) and Hazira LNG Private Ltd. (HLPL). RLNG contracts for around 10.53 MMSCMD were renewed with 81 consumers during the year. Your Company has also sourced through PLL, 5.26 MMSCMD of Tranche-A LNG from Rasgas, Qatar and 3.6 MMSCMD long term LNG from Gorgon, Australia signed with PLL.

In addition, your Company also contracted 2.59 MMSCMD of RIL D6 gas for usage in your Company's LPG production plants.

Your Company is also in talks with several overseas and domestic players for sourcing of additional gas required to meet the short-fall in demand.

E&P

Your Company is participating in 27 E&P Blocks and 1 CBM Block. Out of these 27 blocks, so far, hydrocarbon discoveries have been made in 9 E&P blocks. Development activities have started in 2 E&P blocks in Myanmar whereas one block in the Cambay basin is already in commercial production. In the remaining blocks with hydrocarbon discoveries, appraisal activities are in progress. So far, 6 out of 9 hydrocarbon discoveries appear to be commercial as on date.

Seismic data acquisition and drilling is planned as per the Annual Work Programme in the rest of the blocks under exploration. Going forward, your Company has opportunities to acquire more E&P blocks and to carry out exploration in blocks offered under future NELP / CBM bidding rounds in India and overseas.

Your Company has built capabilities to reduce risk through skill development of its E&P personnel and infrastructure related to geological and geophysical interpretation.



Signing of Gas Sale Contract between GAIL & HOEC

Inter-State Gas Grid

Your Company plans to complete the following seven new Natural Gas Pipelines spread over 7,500 km at an estimated investment of Rs. 30,000 crores. MoPNG has authorized your Company to lay the following Natural Gas pipelines:

1. Dadri Bawana Nangal pipeline
2. Chainsa Gurgaon Jhajjar Hissar pipeline
3. Jagdishpur Haldia pipeline
4. Dabhol Bangalore pipeline
5. Kochi Kanjirkod Bangalore / Mangalore pipeline
6. Capacity augmentation:
 - HVJ/DVPL Pipeline
 - GREP Pipeline

Your Company is also executing a gas pipeline from Langetala gas fields to RRUVNL Power plant at Ramgarh in Jaisalmer district and pipeline connectivity to Bhilwara and Chitorgarh in Rajasthan. Your Company is also planning to lay offshore pipeline from Kochi LNG terminal to NTPC Kayamkulam for supplying RLNG to NTPC power plant.

Petrochemicals

Petrochemical has been identified as a major thrust area for the growth of your Company. In this direction your Company has already taken up a number of initiatives. Your Company owns and operates a gas based integrated petrochemical plant at Pata, Uttar Pradesh, with a capacity of producing 4,10,000 TPA of Polymers i.e. HDPE and LLDPE; with an additional gas cracking furnace slated to be commissioned in this year, the capacity is expected to increase up to 450,000 TPA. Your Company is also in the process of evaluating the possibility of capacity expansion of its petrochemical plant to double the existing capacity by 2014.

Your Company is currently also setting up a 2,80,000 TPA Petrochemical Complex at Lepatkata in District Dibrugarh, Assam at an investment of about Rs. 5,460 crores, through its subsidiary, Brahmaputra Cracker and Polymer Limited (BCPL).

Your Company is acquiring equity in ONGC Petro-additions Limited (OPaL), along with the co-promoter status. OPaL is setting up a green field petrochemical complex of 1.1 MMTPA ethylene capacity (dual feed cracker) in Dahej, Gujarat.

Policy & Regulatory Framework

In 2006, the Petroleum and Natural Gas Regulatory Board Act, 2006 has been enacted by Parliament. The Act has been promulgated for the establishment of Petroleum and Natural Gas Regulatory Board (PNGRB) to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas, excluding the production of crude oil and natural gas.

In October 2007, the Government of India has appointed and established the 5-member Petroleum & Natural Gas Regulatory Board for carrying out the various provisions of the PNGRB Act, 2006.



Signing of MoU between GAIL & Vadodara Mahanagar Seva Sadan (VMSS)

The functions of the Regulatory Board, inter-alia, include granting authorizations for laying, building, operating or expanding common carrier or contract carrier pipelines and for laying, building, operating or expanding city gas distribution networks, registering entities for marketing petroleum products and natural gas and for establishing and operating LNG terminals, regulating access to common carrier or contract carrier pipelines and regulating transportation rates of common carrier or contract carrier pipelines etc.

So far, PNGRB has notified more than 20 numbers of regulations/ amendments, mainly pertaining to Natural Gas Pipelines and City Gas Distribution (CGD), and there are many more regulations at draft stage.

In respect of Natural Gas Transmission tariff, PNGRB has issued Regulations, namely, "Petroleum & Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff Regulations), 2008" which, inter-alia, includes:

- Natural Gas pipelines includes spur line and excludes dedicated pipeline and CGD networks.
- Capacity of Natural Gas pipeline means the sum of capacity requirements of the entity, firm-up contracted capacity with other entities and at least 33% of sum of own requirement and firm-up capacity.
- Tariff shall be uniform within a zone. Each zone shall be of 300 km. Each tariff zone shall have a corridor of 50 km or 10% of the length of the pipeline, whichever is lower, on either side of the pipeline. The first zone shall start from the point of origin of pipeline.
- Tariff shall be worked out on DCF methodology based on the balance economic life of the pipeline.

- Economic life of the pipeline shall be a period of 25 years beginning from the date of commencement of physical activity for laying the pipeline.
- Tariff Review shall be done by the PNGRB after every five consecutive years.

In 2006, Natural Gas Pipeline Policy has been announced by Government of India and the Government has also issued the gas utilization policy, which governs the sale of natural gas by NELP contractors and the priority areas for gas supply from Reliance Industries D-6 Block in KG Basin. As per the Government policy, NELP Contractors would sell gas from NELP blocks to consumers in accordance with the marketing priorities determined by the Government. The selling price would also be on the basis of the formula for determining the gas price as approved by the Government. At present, Fertilizer, Power, City Gas, etc. are major beneficiaries under the policy. As regards price, gas is being marketed under multiple pricing mechanism, which is being governed as per various Production Sharing Contracts (PSCs), on the basis of the formula for determining the price as approved by the Government, and considering the priority areas for consumption.

Prices of Natural Gas and others

During the financial year, APM gas was supplied to Power & Fertilizer sector at base price of Rs. 3,200/1,000 SCM. Price for city gas & small consumers is around Rs. 3,840/1,000 SCM, while same is supplied to non-APM consumers at US\$ 4.75/MMBTU. Price of gas supplied from Ravva Satellite is around US\$ 4.30/ MMBTU and RLNG is supplied at ex-terminal pooled price as declared by PLL on monthly basis.

In respect of gas pricing methodology, based on directive from Government of India, MoPNG, Mercados Energy Markets India Private Limited (Mercados) had conducted a study on arriving at a uniform pooled price for various categories of consumers in India. Mercados had submitted their report, which is under review by Government and various stakeholders.

Government of India is a major shareholder of the Company. Major decisions like fixation of price of natural gas and subsidy sharing are taken by the Government of India.

Petrochemical and LPG prices are influenced by global demand supply position and vary from time to time.

Natural Gas Pipeline Tariff Review

PNGRB has notified various regulations including the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008. As per the Tariff Regulations, each natural gas pipeline, for which there is Acceptance of Central Government Authorization/ Grant of Authorization by PNGRB, has to submit to the PNGRB the financial costs and other data for determination of natural gas pipeline tariffs. PNGRB has prescribed the methodology for working out the transportation tariff of natural gas pipelines.

In accordance of which, your Company submitted financial costs and data of its various natural gas pipelines viz. HBJ-GREP-DVPL and its up-gradation, DUPL-DPPL, Agartala, KG Basin Network, Cauvery Basin Network, NCR Network, Mumbai Region Network to PNGRB for determination of pipeline tariffs. For Gujarat network data compilation and tariff computation is under process.

Price of APM Natural Gas

Vide Letter No. L-12015/8/10-GP dated 31-May-2010, Government of India, MoPNG, has revised the prices of APM Natural gas produced by National Oil Companies (NOCs), which are effective from 01-June-2010.

As per the revised prices, the earlier APM gas price of 3,200/1,000 SCM to Power and Fertiliser consumers as well as the earlier APM price of Rs. 3,840/1,000 SCM for city gas & small consumers, have been revised to US\$ 4.2/MMBTU. In addition, marketing margin of Rs. 200/1000 SCM shall be charged from customers by the companies marketing the gas produced by NOCs.

Natural Gas Pipeline Tariffs

Vide a Tariff Order No. TO/03/2010, PNGRB has determined and approved the "provisional" initial unit natural gas pipeline tariffs on zonal basis for the HVJ-GREP-DVPL pipeline and the DVPL/GREP upgradation, to be applicable w.e.f 20.11.2008 and 01.04.2010 respectively.

The tariffs are now determined by PNGRB on "provisional" basis. The final computations in respect of the initial unit natural gas pipeline tariff shall be made considering adjustments required for, inter-alia, actual capital and operating costs etc. and accordingly, the pipeline entity shall adjust with customers the difference between the provisional tariff and final tariff, retrospectively.

Subsidy

As per Government of India's directives, in order to make LPG affordable to domestic consumers, your Company is sharing the subsidy on account of under-recoveries of national Oil Marketing Companies (OMCs), since the year 2003-04.

Your Company has borne a subsidy of Rs. 8,539 crores since FY 2003-04. During the year under review, Company has made a provision of Rs. 1,327 crores on account of subsidy.

PHYSICAL PERFORMANCE

	2009-10	2008-09
Total Gas Throughout (MMSCMD)	106.74	83.29
Total Liquid Hydrocarbon Sales (TMT)	1,443	1,405
Total Polymers Sales (TMT)	410	423
Total LPG Transported (TMT)	3,161	2,744
Crude Oil Sales (MT)	14,625	13,153

FINANCIAL PERFORMANCE

Income

On the back of improved physical performance particularly in the Gas Transmission segment, your Company registered a turnover (net of Excise Duty) of Rs. 24,996 crores in FY 2009-10, a 5% increase, as against net turnover of Rs. 23,898 crores in the previous year. The increase in turnover was achieved despite subsidy provision of Rs. 1,327 crores during FY 2009-10 against Rs. 1,781 crores during last year. The other income was Rs. 541 crores as against Rs. 797 crores in the last year. The total income was Rs. 25,558 crores against Rs. 24,700 crores during last year, registering a growth of 3%.

Cost of Sales

Cost of sales including depreciation and interest was Rs. 20,980 crores as against Rs. 20,496 crores during the previous year showing an increase of 2%. The increase was mainly on account of increase in volume of PMT gas purchase, increase in salary expenditure due to provision on account of wage revision etc.

Profitability

Your Company achieved a Profit After Tax (PAT) of Rs. 3,140 crores in the current financial year 2009-10 against Rs. 2,804 crores during the previous year, with an increase of 12%. The increase in PAT was mainly due to increased Transmission Volume, increase in Liquid HC sales quantity, increase in LPG transmission quantity, lower subsidy by Rs. 454 crores and increase in polymer price.

Segment Wise Turnover (Net of ED)

		(Rs. in crores)	
S. No.	PARTICULARS	2009-10	2008-09
1	Transmission Services		
	a) Natural Gas	2,926	2,216
	b) LPG Transmission	447	380
2	Gas Trading	15,821	15,434
3	Petrochemicals	2,904	2,824
4	LPG & Other Liquid Hydro Carbons	2,833	2,968
5	GAILTEL	12	24
6	Unallocated	53	52
TOTAL SALES		24,996	23,898

Shareholders' Fund

The reserves and surplus increased to Rs. 15,531 crores at the end of the current financial year as compared to Rs. 13,501 crores in the corresponding previous year. As on 31st March 2010, net worth of the Company stood at Rs. 16,607 crores as compared to Rs. 14,575 crores as on 31st March, 2009.


Ratio Analysis

Return to Networth for the Company during the current financial year stood at 18.91%. Return on Capital Employed (ROCE) was 23.63% for FY 2009-10. Debt-Equity ratio is at a very comfortable position of 0.09 as on 31st March, 2010. Diluted EPS has gone up to Rs. 25 during the year 2009-10 from Rs. 22 per share for the period ended on 31st March 2009. Market capitalization as on 31st March, 2010 was Rs. 51,982 crores as against Rs. 30,983 crores as on 31st March, 2009.

Funds Flow

The source of funds comprising equity, loan and deferred tax liability stood at Rs. 19,669 crores as compared to Rs. 17,296 crores in the previous year. There has been an increase in reserves and surplus from Rs. 13,501 crores to Rs. 15,531 crores. The capital work in progress stood at Rs. 2,330 crores as against Rs. 2,426 crores in the previous year.

MATERIAL DEVELOPMENT IN HR AND INDUSTRIAL RELATIONS

Your Company believes that a continuous thrust on learning by the employees has been its unique preposition, which has always yielded results and is the source of sustainable key competitive advantage. Towards this end, your Company has been quite proactive in the area of Human Resource Development.

The total employee strength of your company stood at 3,703 as on 31st March, 2010.

Company continues to focus on employee oriented initiatives with a view to tap potential of employees while synergising individual development and organizational growth.

ENVIRONMENT PROTECTION AND CONSERVATION/RENEWAL ENERGY DEVELOPMENTS/FOREIGN EXCHANGE CONSERVATION

Your Company is committed to operational excellence along with improvement in environmental performance. It is highly sensitive to the changing requirements of the environment and stakeholders, which reflects in our activities.

Your Company is extremely environment friendly, being Natural Gas Company, spreading green energy by transportation of Natural Gas and LPG through pipelines, Promoting CNG as alternate fuel for transport sector, Promoting PNG for household use and developing green and healthy environment in and around its work stations.

Few of the important initiatives undertaken during the year under review to protect and sustain the environment are mentioned as under:

➤ **Environmental Performance and initiatives**

Your Company's sustainability initiatives are focused on resource conservation and are aimed at preserving and protecting the natural resources for future generations. Your Company continues to recognize the importance of all the National & International regulations and ensures compliances at all times. Your Company's environmental performance is well within the emission limits as per statutory guidelines. Your Company has taken up various projects on renewable energy sources like wind energy for meeting our energy needs, tapping Solar Energy for solar water heating systems at various plants and various process engineering related energy efficiency projects at each plant.

➤ **Greenbelt Development**

Your Company constantly endeavors to minimize the direct and indirect environmental impact of its business operations and strives to enrich the environment, wherever possible. Many tree planting and Horticulture related improvement programmes have been implemented and are ongoing process in your Company to enhance the pollution free environment in and around its units. The green cover together with large water bodies in our units has created an ideal habitat for birds. Your company has so far developed a green belt of over 1 million trees and the process of encouraging tree plantation in the barren areas is continuing.

➤ **Water Conservation**

Your Company's water conservation efforts are directed at prevention of water wastage. This is in full evidence at our establishments where wasteful water use is eliminated at the design stage itself for ensuring productive & efficient utilization of water in the process plants. The comprehensive wastewater management facilities comprise of oil removal facilities, chemical treatment and Biological treatment facilities with Extended Aeration process. Treated wastewater is used for Horticulture and firewater use. Your Company makes continuous efforts to maximize recycle of treated wastewaters. By treatment of wastewater, your Company ensures conservation of this precious resource and in turn develops sustainability.

➤ **Rainwater Harvesting**

Rainwater Harvesting was also undertaken at most of our work centers, to recharge the groundwater strata effectively.

➤ **Air Monitoring**

Your Company continuously monitors ambient air quality. The pollutants are maintained below stipulated norms, by providing adequate stack heights for effective dispersion together with the use of clean fuel. Continuous monitoring of ambient air quality is done by State of the Art Ambient Air Quality Monitoring Stations at our process plants.

➤ **Solid Waste Management**

In your process plants, the solid wastes are collected, stored and handled, in a manner which has no detrimental effect on the ground water or other environment.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been emphasizing the cause of community development and empowerment. Your Company has adopted a policy whereby 2% of its profit after tax of the previous financial year is utilized for meeting its corporate social responsibilities. Details of various activities undertaken during the year under review has already been covered as a separate section in this Annual Report.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has developed internal control system in its various business processes commensurate with size and nature of business. Your Company has an independent in-house Internal Audit Department functionally reporting to the Audit Committee which is considered as global best practice.

Internal Audit Department consists of professionally qualified executives from various disciplines who carry out audit of financial, technical and other business activities of the Company besides reviewing the adequacy of internal control systems, risk management process etc., under Internal Audit Charter which contains best global practices in the profession of Internal Auditing.

CAUTIONARY STATEMENT

Statements in the Directors' Report and Management Discussion & Analysis, describing the Company's objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Forward looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Actual results, performances or achievements may vary materially from those expressed or implied, economic conditions, Government policies and other incidental factors such as litigation and industrial relation. Readers are cautioned not to place undue conviction on the forward looking statements.



Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance permeates beyond compliances, adherence to regulatory framework, financial prudence, transparent processes and reporting systems. Corporate Governance fundamentals include transparency, fairness, accountability, Trusteeship and Ethics. Your Company adheres to good corporate practices and emphasizes on commitment to values and ethical business conduct. It believes in adopting the best practices laid down in different statutes and goes beyond adherence of statutory framework to bring transparency, accountability and equity in all facets of its operations. Your Company's philosophy of Corporate Governance is to ensure transparency in all its operations and enhancing all stakeholders value within the framework of laws and regulations.

Your Company strongly believes that sound principles of Corporate Governance are key to success and enhance the confidence of its stakeholders. At the highest level, the Company continuously endeavors to adopt innovative approach for open, transparent and merit based management, ensuring fairness in transactions.

Corporate Governance in the Company has been strengthened by formulating and adopting Codes and Policies viz. Code of Conduct for Bond Members and Senior Management Personnel, Code of Conduct for Prevention of Insider Trading.

Your Company is driven by its core values viz. ethical practices, concern for people at work, delight of customers. It relentlessly strives to use best-in-class technology, focus on all aspects of the Natural Gas value chain including petrochemicals; promote highest levels of safety in its operations, maintain better health of its employees, provide a clean environment for sustainable development.

Your Company has taken a number of initiatives in furtherance of goals for Corporate Governance like e-business, Bill Watch System, File Movement

System, Customer Relation Management, Customer Grievance Redressal System, Online Recruitment, e-Performance Management System (e-PMS), Online Vigilance Complaint Registration System, e-Budgeting System.

Management Information Systems are in place for efficient and effective decision making. Exception reports are generated, which are monitored by the top management. Audit Committee oversees the internal control systems, their adequacy to bring transparency in decision making.

Further, the Board has constituted an Ethics Committee to ensure ethical conduct of business. A consolidated compliance report of all laws applicable to the Company is periodically put up to the Board.

Your Company is proud recipient of SCOPE Corporate Governance Award for 2007-08 for excellence in propagation and implementation of Corporate Governance practices. Her Excellency, Smt. Pratibha Devisingh Patil, Hon'ble President of India gave away the award to CMD, GAIL in a glittering function held in Vigyan Bhawan on 10th April, 2010.

2. BOARD OF DIRECTORS

The Board of your Company constantly endeavors to set goals and targets aligned to the Company's Vision - *Be the Leading Company in Natural Gas and Beyond, with Global Focus, Committed to Customer Care, Value Creation for all Stakeholders and Environmental Responsibility* and Mission - *To accelerate and optimize the effective and economic use of Natural Gas and its fractions to the benefit of the national economy*. The Board also defines the Company's policy and oversees its implementation in attaining these goals.

i. Composition of the Board

Your Company being a Government Company, appointment/ nomination of all the Directors is being done by the President of India, through the Ministry of Petroleum & Natural Gas (MoPNG). The Articles of Association of the Company stipulates that the number of Directors shall not be less than three and not more than twenty.



Shri B.C. Tripathi, CMD, GAIL receiving the SCOPE Meritorious Award for Corporate Governance from Smt. Pratibha Devisingh Patil, H E President of India in the presence of Shri Vilasrao Deshmukh, Hon'ble Minister of Heavy Industries & Public Enterprises, Government of India

As on 31st March, 2010, there were 12 (Twelve) Directors on the Board comprising of 5 (Five) Whole-time Directors including the Chairman & Managing Director, 2 (Two) Part-time Directors (Government Nominee) and 5 (Five) Part-time non-official (Independent) Directors. Composition and attendance record of the Company's Board of Directors are as follows:

Name and Designation of the Director(s)	No. of Board Meetings attended	Attendance at last Annual General Meeting	Directorships held in other Public Limited Companies	Membership/ Chairmanship in Committees of the Board of the other Companies
I. Whole-time Directors				
Sh. B. C. Tripathi, Chairman and Managing Director [w.e.f. 01.08.2009 and upto 31.07.2009 as Director (Marketing)]	9	Yes	4	Nil
Dr. U.D. Choubey, Chairman and Managing Director (upto 31.07.2009)	4	No	-	-
Sh. R. K. Goel Director (Finance)	9	Yes	4	3
Sh. Santosh Kumar, Director (Projects) (upto 30.06.2009)	3	N.A.	-	-
Sh. A.K. Purwaha, Director (Business Development) (upto 30.09.2009)	4	Yes	-	-
Sh. R. D. Goyal, Director (Projects) (w.e.f. 01.07.2009)	6	Yes	4	Nil
Sh. S.L. Raina, Director (HR) (w.e.f. 19.08.2009)	5	Yes	3	Nil
Sh. Prabhat Singh, Director (Marketing) (w.e.f. 24.02.2010)	1	N.A.	1	Nil
II. Part-time Directors (Government Nominee)				
Sh. S. Sundereshan, (upto 31.01.2010)	6	No	-	-
Sh. Sudhir Bhargava, (w.e.f. 15.03.2010)	1	N.A.	2	Nil
Sh. Apurva Chandra	6	No	Nil	Nil
III. Part-time Non-official (Independent) Directors				
Dr. Amit Mitra, (upto 11.08.2009)	2	N.A.	-	-
Dr. A. K. Kundra, (upto 11.08.2009)	4	N.A.	-	-
Dr. U.K. Sen	6	Yes	1	1
Prof. A.Q. Contractor	7	No	Nil	Nil
Sh. Mahesh Shah (w.e.f. 11.08.2009)	5	Yes	4	2
Sh. R. M. Sethi (w.e.f. 11.08.2009)	5	No	Nil	Nil
Dr. Vinayshil Gautam (w.e.f. 11.08.2009)	4	Yes	4	1

Note:1 During the year 2009-10, 9 (Nine) Board Meetings were held.

2 25th Annual General Meeting was held on 08.09.2009.

3 Directors inter-se are not related to each other.

4 None of the Director(s) on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders/Investors Grievance Committee and based on latest disclosures received from Director(s).

5 None of Non-executive Directors, hold any Equity Shares in the Company.

ii. Details of Board meetings

During the financial year 2009-10, 9 (Nine) meetings of the Board were held, the details of which are as below:

S. No.	Meeting No.	Date of Board Meeting
1.	270 th	12.06.2009
2.	271 st	15.06.2009
3.	272 nd	22.06.2009
4.	273 rd	24.07.2009
5.	274 th	03.09.2009
6.	275 th	28.10.2009
7.	276 th	21.12.2009
8.	277 th	18.01.2010
9.	278 th	29.03.2010

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement (clause 49) which, inter-alia, include overseeing the Company's financial reporting process and the disclosure of its financial information; reviewing with the Management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the Management the performance of statutory and internal auditors, adequacy of internal control systems and all other matters specified under Clause 49 of the Listing Agreement with Stock Exchanges as amended from time to time.

The Audit Committee of the Company comprises solely of four Independent Directors, headed by Dr. U. K. Sen as the Chairman, Prof. A.Q. Contractor, Sh. Mahesh Shah and Sh. R. M. Sethi as the Members.

Besides the above, the Director (Finance), Statutory Auditors of the Company and Head of Internal Audit are the permanent invitees to the meetings of Audit Committee. Senior functional executives are also invited, as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year 2009-10, 8 (Eight) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

S. No.	Meeting No.	Date of Meeting
1.	78 th	28.04.2009
2.	79 th	11.06.2009
3.	80 th	21.07.2009
4.	81 st	05.10.2009
5.	82 nd	27.10.2009
6.	83 rd	22.12.2009
7.	84 th	18.01.2010
8.	85 th	25.02.2010

4. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The terms of reference of the Committee is to, inter-alia, oversee redressal of shareholders/ investors grievances mechanism. The Shareholders/Investors Grievance Committee of the Company comprises of Sh. Mahesh Shah, Independent Director as the Chairman, Shri Prabhat Singh, Director (Marketing) and Shri S. L. Raina, Director (HR) as the member(s). The Company Secretary acts as the Compliance Officer of the Company. During the financial year 2009-10, a meeting of Shareholders/Investors Grievance Committee was held on 27.10.2009.

Based on the report received from Registrar & Transfer Agent of the Company viz. MCS Limited in respect of shareholders complaints received through stock exchanges/statutory/regulatory bodies are only identified as complaints. Status of the complaints received and redressed during the respective quarters are being placed at the meetings of the Audit Committee and Board. During the year 2009-10, 41 complaints were received from the shareholders/investors through SEBI/Stock Exchanges and other statutory bodies, which pertained to matters like non-receipt of dividend, annual report, non-credit of bonus shares etc. All the 41 complaints were resolved, therefore, as on 31.03.2010, there were no investor complaints pending.

Your Company has taken various steps to ensure that the shareholder related matters/issues are given due priority and are resolved within a reasonable period of time except the grievance relating to 'Offer for Sale' of equity shares by Government of India and/or grievance constrained by incomplete documentation and/or legal impediments against the Company.

Your Company/R&TA has designated an exclusive e-mail id viz. investorqueries@gail.co.in and admin@mcsdel.com to facilitate investors to register their complaints, if any. Member(s) may also visit our website at www.gailonline.com, 'Investor Zone' section for further reference.

5. REMUNERATION COMMITTEE

Your Company being a Government Company, the remuneration of its whole-time Directors is determined by the President of India, through Ministry of Petroleum & Natural Gas. The Part-time Director(s) (Government Nominee) do not receive any remuneration from the Company. Further, the part-time non-official Directors (Independent) were paid a sitting fee of Rs. 10,000/- for attending each meeting of the Board of Directors and Committee(s) thereof, in addition to expenses incidental thereto. Your Company has increased the sitting payable to Independent Director from Rs. 10,000/- to Rs. 20,000/- and Rs. 15,000 for attending each meeting of the Board and Committee respectively w.e.f. 1st April, 2010.

In terms of DPE guidelines on pay revision w.e.f. 1.1.2007, your Company has formed Remuneration Committee during the year, which is headed by Dr. U. K. Sen, Independent Director as Chairman and Shri R. K. Goel Director (Finance), Shri S. L. Raina, Director (HR) as members to decide on Performance Related Pay (PRP) pool and policy of distribution of PRP payments to employees.

The details of remuneration paid to Whole-time Directors of the Company for the financial year 2009-10, is as below:

(in Rs.)

S. No.	Names of the Director	Salary & Allowances	Contribution to PF, Gratuity and Other Funds	Other Benefits and Perquisites	Performance Linked Incentives	Total
1.	Sh. B. C. Tripathi, Chairman and Managing Director	26,19,947	2,37,896	3,55,120	25,75,919	57,88,882
2.	Sh. R. K. Goel Director (Finance)	21,50,743	2,07,628	14,98,004	21,54,254	60,10,629
3.	Sh. R. D. Goyal, Director (Projects)	14,99,565	1,04,368	1,88,826	20,21,851	38,14,610
4.	Sh. S.L. Raina, Director (HR)	9,17,810	79,839	5,28,343	19,74,441	35,00,433
5.	Sh. Prabhat Singh, Director (Marketing)	1,91,885	13,464	23,878	1,28,571	3,57,798
6.	Dr. U.D. Choubey, Ex-Chairman and Managing Director	21,14,109	12,58,514	9,61,209	11,77,320	55,11,152
7.	Sh. Santosh Kumar Ex-Director (Projects)	20,17,988	12,43,012	7,36,218	10,29,984	50,27,202
8.	Sh. A.K. Purwaha, Ex-Director (BD)	9,88,935	1,34,645	73,366	13,44,090	25,41,036

The payment made to Whole-time Directors of the Company includes performance linked incentives, as per the policy of the Company, which is applicable to all the employees of the Company and is based on performance parameters viz. Corporate Performance, Unit Performance and Individual Performance. The remuneration did not include provision for leave, gratuity and post retirement benefits as per revised AS-15 since the same were not ascertained for individual employee (Refer note no 7 & 9 of schedule 14).

The service contract of Whole-time Directors is for five years (or till superannuation, whichever is earlier) and is renewable. The notice period of three months or salary in lieu thereof is required in case of severance of service. During the year under review, your Company has not introduced any stock-option scheme.

The details of sitting fees paid to the part-time non-official (Independent) Directors, for attending the meetings of the Board of Directors and Committee(s) thereof, is given below:

(Rs. in lacs)

S. No.	Name of the Independent Director(s)	Amount
1.	Dr. U.K. Sen	2.60
2.	Prof. A.Q. Contractor	2.40
3.	Sh. Mahesh Shah	1.30
4.	Sh. R. M. Sethi	1.40
5.	Dr. Vinayshil Gautam	0.60
6.	Dr. Amit Mitra	0.20
7.	Dr. A. K. Kundra	1.00

6. OTHER SUB-COMMITTEES

Apart from statutory sub-committees viz. Audit Committee and Shareholders/Investors Grievance Committee, there are other Board level Committees for implementing the overall business strategy, value creation for the stakeholders and implementing the business plans, as approved by the Board of Directors from time to time. The details of these sub-Committees of the Board are enumerated below:



S. No.	Name of Committee(s)	Constitution	Power(s)
1.	Business Development & Marketing Committee	1. Sh. R M Sethi -Chairman 2. Director (Finance) 3. Director (BD) 4. Director (Marketing) 5. Shri Apurva Chandra 6. Dr. U.K. Sen 7. Prof. A.Q. Contractor	Proposals of business development and marketing groups that fall within powers of Board like strategic planning, strategic alliance, joint ventures and acquisition / merger Globalization through business participation in a foreign country, Opening of offices abroad, bid application to PNGRB, Consideration of new areas of business, Issue related to Policy/ rules / regulations relating to marketing of natural gas, LPG, polymers, GAILTEL and other products and services, subject to DPE circular dated 22 nd July, 1997.
2.	Compensation Committee	1. Director(Finance)-Chairman 2. Director (HR) 3. Dr. U.K. Sen	Formulation of ESOP scheme.
3.	Corporate Social Responsibility Committee	1. CMD-Chairman 2. Director (HR) 3. Shri Apurva Chandra 4. Prof. A.Q. Contractor	To approve the proposals of CSR.
4.	Employee Disciplinary Committee	1. CMD-Chairman 2. Director (HR) 3. Director (Projects) 4. Independent Director	To act as Appellate & Reviewing Authority of Executives of GAIL under GAIL Employees' (Conduct, Disciplinary & Appellate) Rules, 1986.
5.	Empowered C&P Committee	CMD and all the Functional Directors. CMD is the Chairman of the Committee.	To approve Procurement cases.
6.	Ethics Committee	1.Dr. Vinayshil Gautam-Chairman 2. Shri Apurva Chandra 3. Dr. U.K. Sen 4. Prof. A.Q. Contractor 5. Sh. Mahesh Shah	To deal with all the aspects of ethics in the Company.
7.	H.R. Committee	1. CMD-Chairman 2. All the Functional Directors 3. Dr. U.K. Sen 4. Sh. R M Sethi	Issues pertaining to rules and regulations relating to recruitment and conditions of service of the employees of the company, social welfare schemes, incentives schemes and changes therein and amendment in CDA Rules, subject to DPE circular dated 22 nd July, 1997.
8.	HSE Committee	1. Prof. A.Q. Contractor-Chairman 2. Director (Projects) 3. Director (BD) 4. Dr. U.K. Sen	To review HSE performance and emergency preparedness.
9.	Project Appraisal Committee	1. CMD-Chairman 2. Director (Finance) 3. Shri Apurva Chandra 4. Prof. A.Q. Contractor 5. Dr. Vinayshil Gautam 6. Concerned Functional Director	Projects costing between Rs.50 and 100 crores would be considered by the PAC and Board without financial appraisal, while the projects costing Rs.100 crores and more would require appraisal, subject to DPE circular dated 22 nd July, 1997.
10.	Redressal of Vendors Grievance Committee	1. Independent Director-Chairman 2. Director (Finance) 3. Director (Projects) 4. Concerned Functional Director	To develop a mechanism for Redressal of Vendor Grievances. All proposals to be put to the Board for consideration shall be routed through the Redressal of Vendor Grievance Committee.
11.	Share Transfer Committee	1. Executive Director (Finance)/ Head of Finance 2. Company Secretary/Senior Most Official in Company Secretariat.	To approve transfer/ transmission of shares, issuance of duplicate share certificates etc.

The minutes of sub-committees of the Board are also placed before the Board from time to time.

7. GENERAL BODY MEETINGS
Location and time, where last three AGMs were held

The location, time and details of special resolutions passed during last three AGMs are as follows:

Year	2006-07	2007-08	2008-09
AGM	23 rd	24 th	25 th
Date & Time	03.09.2007 10:30am	04.09. 2008 10:30am	08.09.2009 10:30am
Venue	Air Force Auditorium, Subroto Park, New Delhi-110010	Air Force Auditorium, Subroto Park, New Delhi-110010	Air Force Auditorium, Subroto Park, New Delhi-110010
Special Resolution passed	None	Increase in the Authorised Share Capital of the Company from Rs. 1,000 crores to Rs. 2,000 crores.	None
Details	---	To amend the Clause V of the Memorandum of Association and Article 5 of the Articles of Association to increase the Authorized share capital of the Company.	---

During the last year, no item warranted the postal ballot as stipulated under the Companies Act, 1956. No special resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.

8. DISCLOSURES

- i. Annual Financial statements 2009-10 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes no. 13 of schedule 14 to the accounts in the Annual Report.
- ii. The CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee, as required under Clause 49 of the Listing Agreement.
- iii. Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company for the financial year ending on 31st March, 2010.
- iv. In pursuance of the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with the objective of preventing purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Directors/Officers/Designated Employees are prevented to deal in the Company's shares during the closure of Trading Window. To deal in Securities, beyond limits, specified permission of Compliance Officer is required. All Directors/Officers/Designated Employees are also required to disclose related information periodically as defined in the Code.
- v. Government of India came out with 'Offer for Sale' of shares of your Company in the year 2004. As per information made available by MCS Ltd., as on 31.03.2010, there are 25 pending cases for share credit consisting of 1,312 equity shares (including 437 bonus shares).

- vi. None of the non-executive Directors have any pecuniary relationship or transactions with the Company during the financial year ending on 31st March, 2010.
- vii. The Company has put in place a suitable machinery to act on complaints from "Whistle Blowers", in terms of Ministry of Personnel, Public Grievances and Pensions Resolution no. 371/12/2002-AVD-III dated 21st April, 2004.
- viii. The Company has put up an adequate risk assessment and minimization procedure. A report on compliance of applicable laws and risk assessment framework is periodically reviewed by the Board.
- ix. The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement, save and except composition of Board of Directors, as specified in clause 49(1A) (ii) of the Listing Agreement with respect to required number of Independent Directors on the Board. The Company has complied with the requirements of the SEBI, Stock Exchanges or regulatory authorities on capital market related activities as applicable from time to time.
Your Company is regularly taking up the matter with Ministry of Petroleum & Natural Gas, Government of India for appointment of requisite number of Independent Directors on the Board of the Company. The Government of India is in the process of selecting Independent Directors through a process of Search Committee and will take some time before the Government nominates requisite number of Independent Directors on the Board of your Company.
- x. The Company has so far adopted the applicable non-mandatory requirements of clause 49 of the Listing Agreement with Stock Exchanges except w.r.t. training of Board members.
- xi. DPE has formulated Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007 and Central Government has formulated Corporate Governance Voluntary Guidelines, 2009, which are voluntary in nature and were complied by your Company for FY 2009-10.



9. MEANS OF COMMUNICATION

Timely disclosure of consistent, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, major steps taken are as under:

- The quarterly results of the Company were announced within a month of end of quarter and audited annual results along with results for the fourth quarter were announced within three months of the end of the financial year. In order to attain maximum shareholder reach, the financial results of the Company during the year 2009-10 were published in leading newspapers (English & Hindi) viz. Economic Times, Hindustan Times, Times of India, Hindustan, Navbharat Times, Dainik Jagran, The Hindu, Business Line, Business Standard, Financial Express, Pioneer, etc.
- Information relating to shareholding pattern, compliance with corporate governance norms etc. was posted on SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website in addition to the website of the Company for FY 2009-10.
- "Limited Review" reports of the un-audited financial results for the respective quarter(s) were obtained from the statutory auditors of the Company and also filed with the Stock Exchange(s) from time to time.
- Financial results are displayed on the website of the Company viz., www.gailonline.com. Official news/press releases and presentations made to analysts are also hosted on the Company's website from time to time.

10. DIVIDEND

• Date of Book closure and Dividend payment date

During the financial year 2009-10, the Board of Directors approved the payment of dividend, for which the respective Record Date / Book Closure and dividend payment dates, the details of which are as follow:

S. No.	Dividend Declared	Dividend (%)	Record Date / Book Closure	Dividend Payment Date
1.	Interim Dividend	20 (Rs. 2/- per share)	29.12.2009	31.12.2009
2.	Final Dividend (Proposed)	55 (Rs. 5.5/- per share)	04.09.2010 to 22.09.2010	30.09.2010 (Likely)

With this, the Company has paid a total dividend of 75% (Rs. 7.5/- per equity share) each on the paid-up equity share capital, for the year ended 31st March, 2010.

• Change of Address/Bank Details/NECS Mandate

For change of address/bank details/dividend mandate, Members may approach-

- if shares are held in physical mode, to the Company/R&TA of the Company.
- if shares are held in electronic mode, to their Depository Participant (DP). The Company/ R&TA will not entertain such requests, if any.

Bank Account details and 9-digit MICR Code of their Bankers, as noted in the records of their DP is used for the purpose of overprinting on Dividend Warrants or remittance of dividend through National Electronic Clearing Service (NECS), wherever applicable. It is, therefore, necessary that the members holding shares in electronic mode should ensure their correct bank details and/or 9-digit MICR Code number are noted in the records of the DP so that no NECS rejection takes place. As per the dividend mandate noted in the records of DP, the amount of dividend will be credited directly to bank account of the shareholder. The credit of dividend amount can also be confirmed from pass book/bank statement.

Members holding shares in physical mode and desirous of availing this facility may give the details of their bank account i.e. 9-digit MICR Code, along with photocopy of a cheque or a blank cancelled cheque relating to the designated bank account to the R&TA/Company.

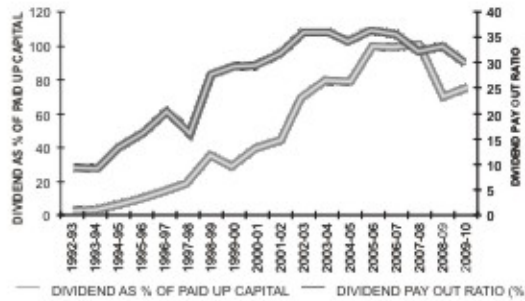
• Transfer of unpaid/unclaimed amounts to Investor Education and Protection Fund

Pursuant to Section 205C of the Companies Act, 1956, dividend amount(s) remaining unclaimed and unpaid for a period of seven years, from the date they became due for payment, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government in this behalf.

During the year, your Company has transferred an amount of Rs. 4,42,111/- and Rs. 3,74,677/- in the Investor Education and Protection Fund (IEPF) for unclaimed/unpaid dividend for FY 2001-02 and interim dividend FY 2002-03 respectively.

Accordingly, unclaimed/unpaid final dividend (@ 40%) for the FY 2002-03 which is due for transfer to IEPF, should be claimed by the members before 29th September, 2010. After that date, no claim shall lie against the Fund/Company, in respect of the said amount. The due dates of transfer of unpaid/ unclaimed dividend to IEPF for the respective financial years are as under:

Sl. No.	FY	Type of Dividend	Dividend (%)	Last date for claiming Unpaid Dividend	Due date for transfer to IEPF
1	2002-03	FINAL	40	29.09.2010	29.10.2010
2	2003-04	INTERIM	40	07.01.2011	07.02.2011
		FINAL	40	29.09.2011	29.10.2011
3	2004-05	INTERIM	40	19.12.2011	19.01.2012
		FINAL	40	27.09.2012	27.10.2012
4	2005-06	INTERIM	60	16.01.2013	16.02.2013
5		SPL INTERIM	20	14.02.2013	14.03.2013
		FINAL	20	13.08.2013	13.09.2013
6	2006-07	INTERIM	55	27.12.2013	27.01.2014
		SPL INTERIM	25	11.03.2014	11.04.2014
		FINAL	20	02.09.2014	02.10.2014
7	2007-08	INTERIM	40	16.12.2014	16.01.2015
		FINAL	60	03.09.2015	03.10.2015
8	2008-09	INTERIM	40	27.01.2016	27.02.2016
		FINAL	30	07.09.2016	07.10.2016
9	2009-10	INTERIM	20	20.12.2016	20.01.2017
		FINAL (PROPOSED)	55	21.09.2017	21.10.2017

Dividend Data : Dividend as % of paid-up capital and dividend pay out ratio


Members who have not yet encashed their Dividend Warrant may approach the R&TA/Company for issuance of demand draft(s) upon completion of necessary formalities in the said behalf in lieu of such warrant.

11. GENERAL SHAREHOLDER INFORMATION
Forthcoming AGM : Date, time and venue

26th Annual General Meeting of the Company is scheduled for **Wednesday, the 22nd day of September, 2010 at 10.30 a.m. at Air Force Auditorium, Subroto Park, New Delhi- 110010.**

Market Price Data
Market Price Data: High, Low during each month in the financial year 2009-10

MONTHS	BSE			NSE			MARKET CAPITALISATION (RS. IN CRORES)		MARKET INDEX	
	High (in Rs.)	Low (in Rs.)	Volume (No. of Shares)	High (in Rs.)	Low (in Rs.)	Volume (No. of Shares)	BSE	NSE	Sensex	Nifty
April	282	238	370338	285	237	2105451	32291	32325	11403	3484
May	317	255	388343	323	248	2117813	35169	35171	14625	4449
June	315	273	304860	318	273	1687639	36846	36858	15467	4655
July	365	284	656853	359	284	2898763	41338	42107	15670	4637
August	350	310	278873	350	310	2143689	41770	41795	15924	4732
September	371	332	414602	389	332	1919526	44896	44942	17127	5084
October	388	331	270221	394	330	1798574	46589	46626	17326	5142
November	425	334	273875	425	333	1593999	48892	48921	17199	5108
December	432	394	210657	439	393	1412631	52443	52458	17465	5201
January	449	383	321893	445	383	1742431	47861	47867	17701	5282
February	425	391	216099	425	392	1452950	49278	49309	16496	4932
March	424	385	184926	425	391	1449419	51778	51786	17711	5303

Financial year

The Company's financial year is from 1st April to 31st March.

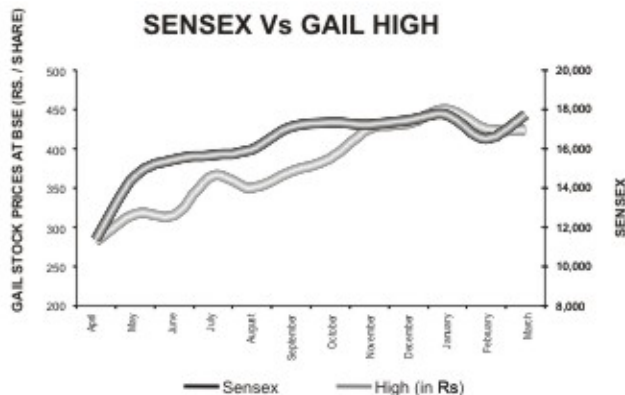
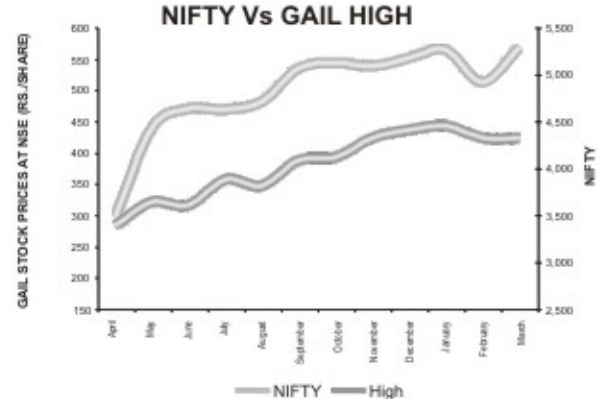
Listing on Stock Exchanges

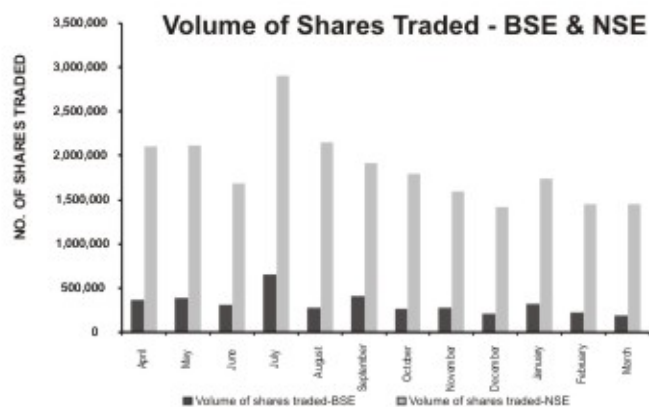
The Company's listing details are as follow:

Stock Exchange	Security Code	Type of Security
Bombay Stock Exchange Limited (BSE)	532155	Equity Shares
National Stock Exchange of India Limited (NSE)	GAIL-EQ	Equity Shares
London Stock Exchange	GAIL LI	GDRs
	GAILY US	

Further, the Non-Convertible Redeemable Bonds - Series - I (6.10%) & Series - II (5.85%) of the Company are listed at the Wholesale Debt Market (WDM) segment of NSE. State Bank of India, Mumbai is the Debenture Trustee for the aforesaid Bond Series. During the year, first series of Bond Series - II (5.85%) having ISIN code INE129A07065 was redeemed on 25th March, 2010.

The Annual listing fees for the listed equity shares and Bonds of the Company, pertaining to the year 2010-11 has been paid to the concerned Stock Exchanges on demand. The Company has also made the payment of the Annual Custody Fees to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for the financial year 2010-11, based on the folio/ISIN positions as on 31.03.2010.

SENSEX Vs GAIL HIGH

NIFTY Vs GAIL HIGH




• **Registrar and Transfer Agent (R&TA)**

MCS Ltd.
Unit: GAIL (India) Limited
F-65, Okhla Industrial Area
Phase-I
New Delhi - 110020
Phone : 91-11-41406149/50/51/52
Fax : 91-11-41709881
Website : www.mcsdel.com
E-mail : admin@mcsdel.com

• **Share Transfer System**

The shares of the Company are being compulsorily traded in dematerialized form and are available for trading under both the depositories in India viz. NSDL and CDSL. MCS Ltd. is the depository interface of the Company. In order to strengthen the Know Your Customer (KYC) norms, which is already in existence for shareholders holding shares in electronic mode as per SEBI letter dated 27.04.2007, the KYC has been made applicable for shareholders holding shares in physical mode as per SEBI letter dated 20.05.2009. MCS Ltd. is not processing the remat request(s), unless involved conversion of entire shareholding in demat mode.

The Company has a Share Transfer Committee in place which considers the requests for transfer/transmission of shares, issue of duplicate share certificates, re-materialization etc.

During the year, half-yearly certificate(s), confirming due compliance of the share transfer formalities by the Company [clause 47(c) of the Listing Agreement]; and Secretarial Audit Report(s) [under SEBI (Depositories and Participants) Regulations, 1996] for reconciliation of total admitted capital with both the depositories, were obtained from a Practising Company Secretary and the same were also submitted with the Stock Exchanges within the stipulated time. As a measure of good corporate governance practice, the Company has also opted for voluntary Compliance Certificate from the Practising Company Secretary.

• **Distribution of shareholding**

The distribution of shareholding of the Company as on 31st March, 2010 is detailed below:

No. of equity shares held	No. of Shareholders	% to Total	No. of Shares	% to Total
1	5,732	2.86	5,732	0.00
2-10	16,230	8.09	1,08,326	0.01
11-50	75,483	37.64	23,90,332	0.19
51-100	40,031	19.96	31,80,277	0.25
101-200	31,317	15.62	47,32,836	0.37
201-750	26,553	13.24	90,84,414	0.72
751-5000	4,217	2.10	68,72,727	0.54
5001-10000	294	0.15	21,02,350	0.17
10001-15000	110	0.05	13,66,582	0.11
15001 and above	579	0.29	123,86,33,824*	97.65
TOTAL	2,00,546	100.00	126,84,77,400	100.00

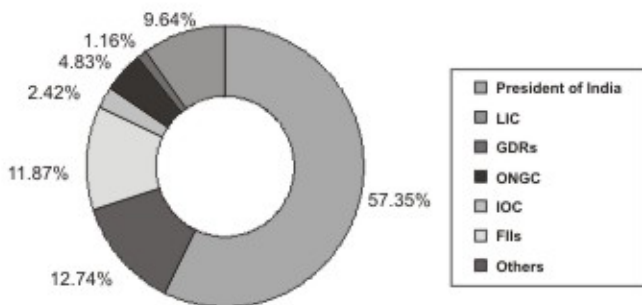
*Includes holding of President of India.

• **Geographical Distribution of Shareholders as on 31st March 2010**

S. No.	City	No. of Shareholders	% to Total	No. of Shares	% to Total
1	Ahmedabad	11,399	5.68	19,84,065	0.16
2	Bangalore	8,681	4.33	10,18,740	0.08
3	Bhubaneswar	386	0.19	36,757	0.00
4	Chandigarh	1,141	0.57	1,69,483	0.01
5	Chennai	6,967	3.47	35,37,318	0.28
6	Delhi*	21,351	10.65	79,27,97,186	62.50
7	Guhawati	467	0.23	60,472	0.00
8	Hyderabad	4,419	2.20	6,45,624	0.05
9	Jaipur	2,664	1.33	2,56,418	0.02
10	Kanpur	1,453	0.72	1,55,292	0.01
11	Kolkatta	9,529	4.75	28,99,045	0.23
12	Mumbai	49,927	24.90	45,56,68,877	35.92
13	Nagpur	1,041	0.52	1,10,555	0.01
14	Patna	756	0.38	81,744	0.01
15	Trivandrum	572	0.29	92,329	0.01
16	Others	79,793	39.79	89,63,495	0.71
TOTAL	2,00,546	100.00	126,84,77,400	100.00	

* President of India holds 72,73,90,047 equity shares of the Company in physical mode, which constitutes 57.35% of total paid-up equity capital.

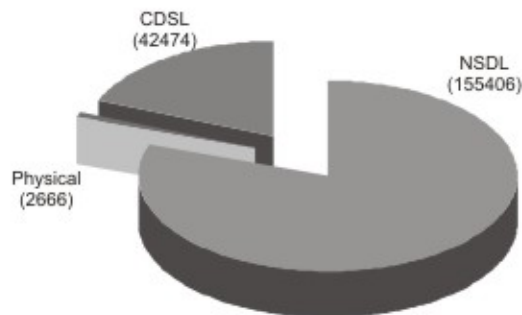
● **Shareholding Profile as on 31st March, 2010**



● **Dematerialization of shares and liquidity**

As on 31st March, 2010, the Company has 2,00,546 no. of Shareholders, out of which 2,666 shareholders were holding equity shares in physical mode, 1,97,880 shareholders were holding equity shares in demat mode. The demat ISIN of the Company's equity shares is INE129A01019 and Corporate Identification Number of Company is L40200DL1984GOI018976.

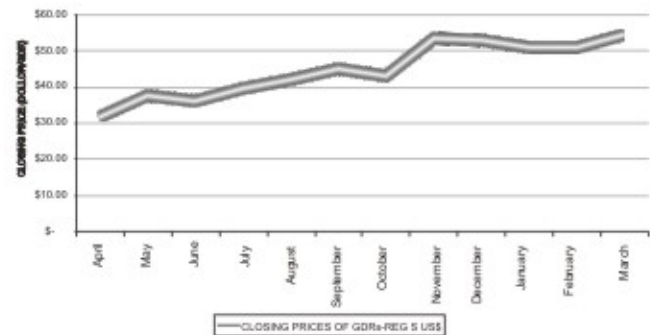
Shareholders in Demat / Physical Mode



● **Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

The Government of India had disinvested 135 million equity shares out of its holding in the international market through GDR mechanism in 1999-2000. A total no. of 22.5 million GDRs were issued, one GDR representing six underlying equity shares. As on 31st March, 2010, a total number of 23,58,402 GDRs representing 141,50,412 (1.12%) number of equity shares were outstanding. The conversion of GDRs into equity shares has no impact on total equity capital.

● **GDR Closing Prices-London Stock Exchange**



● **Major Plant Locations**

The following are the major plant locations of the Company:-

U.P. Petrochemical Complex, PATA

P.O. Pata - 206241
Distt. Auraiya (U.P)

LPG Recovery Plant, Usar

P.O. Malyan - 402203
Tal. Alibagh
Distt. Raigad (Maharashtra)

LPG Recovery Plant, Vijaipur

GAIL Complex
Vijaipur - 473112
Distt. Guna (M.P)

LPG Recovery Plant, Vaghodia

GIDC Industrial Estate
Vaghodia - 391760
Distt. Baroda (Gujarat)

LPG Recovery Plant, Lakwa

Sivasagar - 785688
Assam

LPG Recovery Project, Gandhar

Village Rozantankaria
Tal. AMOD
Distt. Bharuch - 392140 Gujarat

● **Address for correspondence**

GAIL (India) Limited
16, Bhikaji Cama Place, R.K. Puram
New Delhi - 110066

Phone : 91-11-26172580/26182955

Fax No. : 91-11-26185941

Website : www.gailonline.com



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GAIL (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by GAIL (India) Ltd. for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Guidelines on Corporate Governance for Central Public Sector Enterprises, 2007 issued by DPE.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and examination thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement and in DPE guidelines, subject to that requisite number of the Independent Directors on the Board which was less than half of the total strength of the Board as required under clause 49 of the Listing agreement. The Company has informed that the Government of India is in process of selecting requisite number of Independent Directors, since GAIL is a Government Company.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mehra Goel & Co.
Chartered Accountants
Firm No.: 0517N

Geetika Mehra
Partner
Membership No.: 510525
Place: New Delhi
Dated: 09.06.2010

For Rasool & Singhal & Co.
Chartered Accountants
Firm No.: 500015N

Praveen Gupta
Partner
Membership No.: 073489
Place: New Delhi
Dated: 10.06.2010

ANNEXURE TO THE DIRECTORS' REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken

1. Switching over of CCVT/TEG power to Grid Power: CCVT/TEG has been replaced by grid supply at some of RR station in JLPL, HVJ & Vadodara resulted in saving of around Rs. 41 lacs.
2. Installation of aerodynamic FRP fan blades in Cooling Towers: Replacement of ID fans blades in cooling towers with new efficient high performance FRP blades at GPU Vijaipur resulting in annual saving of 314503 KWH/annum which corresponds to Rs. 15.72 lacs/annum.
3. Reduction in specific energy consumption at GPU Vijaipur from 1.210 to 1.205 MKcal/ MT through process optimization, changes, improvement in production through better upkeep and maintenance of plant and equipments including Gas Turbines, replacement/re-tubing of heat exchangers in Train-11, replacement of cold insulation, de-riming of Feed gas chiller, change in cooling towers configuration etc. This has resulted saving of around 2521 MKcal with corresponding saving of around Rs. 13.5 lacs.
4. Modification done in lighting system: Optimization, replacement of conventional lighting system by energy efficient lighting like T-5 tube lights, CFL, MH lamps etc. along HVJ, JLPL etc. resulting in saving of 1.8 lacs units /annum with corresponding saving of

around Rs. 9 lacs. Total estimated savings during year 2009-10 was around Rs. 3.5 lacs.

5. Installation of Energy Efficient UPS: at Jhabua Compressor Station old thyristered based UPS having efficiency of 70% is replaced with energy efficient IGBT based UPS having efficiency of 90%. This has resulted in saving of around 50578 KWH with corresponding saving of Rs. 2.27 lacs.
6. System improvisation: At GPU Gandhar canopy on top of open funnel inside the Cells of Cooling Tower provided in overflow line to preventing wastage of water at the rate of 1 M3/Hr. Total estimated Annual savings are 8640M3 of water. The implementation of scheme resulted in savings of 5088 M3 of water in year 2009-10 with corresponding monetary saving was around Rs.0.97 lacs.
7. Energy efficiency measures at Vijaipur like optimum sized motor replacement for IA compressor, star conversion of AHU motor of HVAC room, resulting in Energy saving of 25000 KWH/annum with corresponding saving of Rs. 1.3 lacs. Total estimated saving during 2009-10 was around 0.72 lacs.
8. Cooling water supply augmentation to CG compressor has resulted in an accrued benefit of Rs 13.77 crores as additional revenue generation and energy saving. Also the provision of cooling water supply to Exchanger EE206A from Cooling Tower 3 has given operational ease to minimize quench tower overhead gas temperature and thereby saving energy in CG Compressor.
9. Diversion of Ethylene Boil Off Gas vapors to HDPE I & II has been commissioned in Feb 2010. Diversion of Ethylene Sphere (TS-114) vapors to HDPE-II has given the flexibility of operation in gas cracker unit by way of diversion of Ethylene vapors in case of trip of HDPE-I.



10. Diversion of Butene-2 to hydrogenated C4 Mix product has accrued a benefit of Rs 1.1 crore as additional revenue generation by way of product value addition.
11. Energy efficient coating (Fluiglide) done on internals of the cooling water pumps (5 Nos more pumps in addition to the 4 Nos done last year) has resulted saving of Rs 40.6 lacs per annum.
12. By operating 150 no. of 40 W tube light through door limit switch in DCS instrument panel room, an energy saving of 60225 KWH per annum has resulted in monetary saving of Rs 1.96 lac.
13. Replacement of 40 W conventional tube lights with 28 W T-5 is done along with installation of few other efficient lighting systems at the shopping complex of the township with an energy saving of 32160 KWH per annum resulting in a monetary saving of about Rs 1.04 lac per annum.
14. As a step towards protection of environment, two Nos of 1 KW roof top grid connected solar photovoltaic power plant has been installed at GAIL DAV Public school Building as an alternative source of energy to conserve fossil fuel.



(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

1. Installation of solar power system at IP-03 Sone ka Gurja and RR-60 Shiwal in place of TEG /CCVT. This may result in to saving of around 185800 SCM of gas with corresponding saving of around 15 lacs.
2. Installation of Capacitor bank at Jhabua to improve the power factor at Compressor Station. Total estimated expenditure is approx. Rs. 5 lacs. Estimated Energy saving per annum will be 10950KWH which corresponds to Rs. 0.55 lac/annum.
3. Replacement of Heat exchanger in Train-12 at GPU Vijaipur will be taken up during annual shutdown of unit in May, 2010. This will be effective in further reducing the specific energy consumption of the GPU Vijaipur due to improved cooling efficiency.
4. Upgradation of Mark-IV control system to Mark-VI E in Train-12 at GPU Vijaipur for improving system reliability and efficient GT controls.
5. Improving the existing lighting system by replacing conventional lighting with more efficient lighting fixtures like T5 tube lights, CFL, Metal Halide etc. at various location of HVJ and JLPL.
6. Flare gas recovery project: This project will recover gases going into flare system for utilization in boilers as supplementary fuel. The project is under implementation. With an estimated investment of around Rs. 6 crores, the project would result into fuel savings of 1.2 MT/hr equivalent to around Rs. 10.5 crores / year.
7. A Mist cooling system with an investment of Rs 3.3 crores is approved for execution in EE-806 and EE-807 exchangers of Propylene Refrigeration System (C3R) in GCU to cater the increased requirement of cooling water during summers (April to Sept) and an additional revenue generation is envisaged worth Rs. 3.6 crore (equivalent additional Ethylene / Polymer production) due to this energy conservation initiative.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Energy conservation measures taken so far have resulted in an improvement in energy efficiency as detailed at (a) and (b) above.

(d) Total energy consumption and energy consumption per unit of production

As per **Form A** annexed.

B. TECHNOLOGY ABSORPTION

(e) Efforts made in technology absorption

As per **Form B** annexed.

(f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans

As realization of polymers in domestic market was 7-8 % higher on an average than the export market. So this activity was not taken up.

(g) Total foreign exchange used and earned

During the year under review, your Company has incurred expenditure of Rs. 1.79 crores on foreign tours, foreign training, seminars & conferences, Rs. 0.11 crores on entertainment and Rs. 13.33 crores on advertising & publicity.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2009-10	2008-09
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY		
a. Purchased		
Unit (KWH)	266075601	263089553
Total Amount (Rs. in lacs)	11489.19	11402.00
Rate/Unit (Rs./KWH)	4.32	4.33
b. Own Generation		
(i) Through Diesel Generator		
Unit (KWH)	607551.68	590533.00
Units per liter of Diesel Oil (KWH/Litres)	2.47	2.54
Cost/Unit (Rs./KWH)	14.97	14.53
(ii) Through Steam/Gas Turbine/Generator		
Units (KWH)	226821696	207969525
Units per ltr. of fuel oil/gas	3111.42	2881.68
Cost/Unit	3.58	3.93
2. COAL	NIL	NI
Quantity (tonnes)		
Total cost		
Average rate		
3. FURNACE OIL	NIL	NIL
Quantity (K. ltrs.)		
Total amount		
Average rate		
4. OTHERS/INTERNAL GENERATION		
Natural Gas Consumption (SCM / Year)	2531100	2017888
Total Amount (Rs. in lacs)	265.20	319.81
Cost of natural gas / SCM (Rs. / SCM)	10.48	15.85
B. CONSUMPTION PER UNIT OF PRODUCTION		
ETHYLENE		
Production (MT)	429992	431580
Electricity (KWh/MT)	51.37	49.49
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.246	0.27
- Steam (MT/MT)	0.942	0.94
HDPE		
Production (MT)	201146	198545
Electricity (KWh/MT)	335.03	332.58
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Steam (MT/MT)	0.89	0.83
LLDPE		
Production (MT)	216040	221481
Electricity (KWh/MT)	246.359	248.00
Furnace Oil	Nil	Nil
Coal	Nil	Nil
Others - Fuel Gas (MT/MT)	0.035	0.042
- Steam (MT/MT)	0.73	0.79

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company

- Initiation of Works towards recovery and commercialisation of Landfill gas (LFG) from Municipal solid waste dumping yard, of MCD at Ghazipur, Delhi.
- Bench scale study of recovering valuable hydrocarbons from Plastic Waste/Low polymer wax.
- Entered MoU with MGL & Eden Energy Ltd. for introducing "HYTHANE" fuel (blend of hydrogen and CNG) in public transport system at Mumbai through BEST.
- Exploring the possibility of prospecting insitu Coal /Lignite gasification at Barmer, in Rajasthan using underground coal gasification (UCG) technology.
- GAIL had contributed Rs.16 crore towards Hydrogen corpus fund (HCF) under the aegis OIDB for carrying out hydrogen related research.

2. Benefits derived as a result of the above R&D

- LFG recovery and commercialisation shall lead to Green House Gas (GHG) mitigation by preventing (GHG) emission and Conversion of LFG to CNG/PNG. This project also enables us to claim carbon credit under clean development mechanism (CDM).
- Recovery of value added hydrocarbons from waste plastic will solve the problem of plastic waste disposal apart from recovering value added products through the two stages catalytic conversion processes.
- Introduction of "HYTHANE" fuel as automotive fuel help to reduce the NOx pollutants apart from improvement in the combustion efficiency of I.C engines in transport sector.
- UCG technology shall enable to recover the unmineable / unrecoverable high ash content, Indian Coal /Lignite in an economically and environmentally viable way as Coal gas insitu condition.
- GAIL shall avail of funding from HCF for carrying out Hydrogen related research.

3. Future plan of action

- Detailed feasibility and project report for establishing Pilot plant for LFG recovery and commercialisation at Ghazipur, Delhi, shall be carried out with the Technology partner (Consultant).
- Scale up studies shall be carried out at IIP, Dehradun, for validating the Lab scale results/studies for further process upgradation.
- After the necessary statutory clearance from Petroleum and Explosives Safety Organisation (PESO), Hydrogen reformer and hydrogen dispenser shall be installed at the identified BEST Bus depots for introduction of "HYTHANE" and its performance shall be evaluated.
- Pre-feasibility studies involving site selection and characterisation for UCG pilot plant establishment shall be carried out with M/s Uzbek Coal.
- Hydrogen research proposals with identified research partners/Research Institutes shall be submitted to HCF for availing funding.

4. Expenditure on R&D

(a) Capital	: Rs. NIL
(b) Recurring	: Rs.16.17 crores
(c) Total	: Rs.16.17 crores
(d) Total R&D expenditure as a percentage of total turnover:	0.06 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

- a) MoU entered with M/s Techknow, Chicago for landfill gas extraction and commercialisation.
- b) MoU entered with MGL & Eden Energy Ltd, for introduction of HYTHANE fuel (admixture of Compressed Natural gas and Hydrogen) in Mumbai, BEST transport system.
- c) Pre-feasibility study and pilot plant for underground coal/lignite gasification at Barmer, Rajasthan is being planned with M/s Uzbek Coal.
- d) Scale up study of recovering valuable hydrocarbons from plastic waste
- e) Hydrogen research / fuel cell demonstration/application
- f) Development of CNG/ANG storage for two wheelers

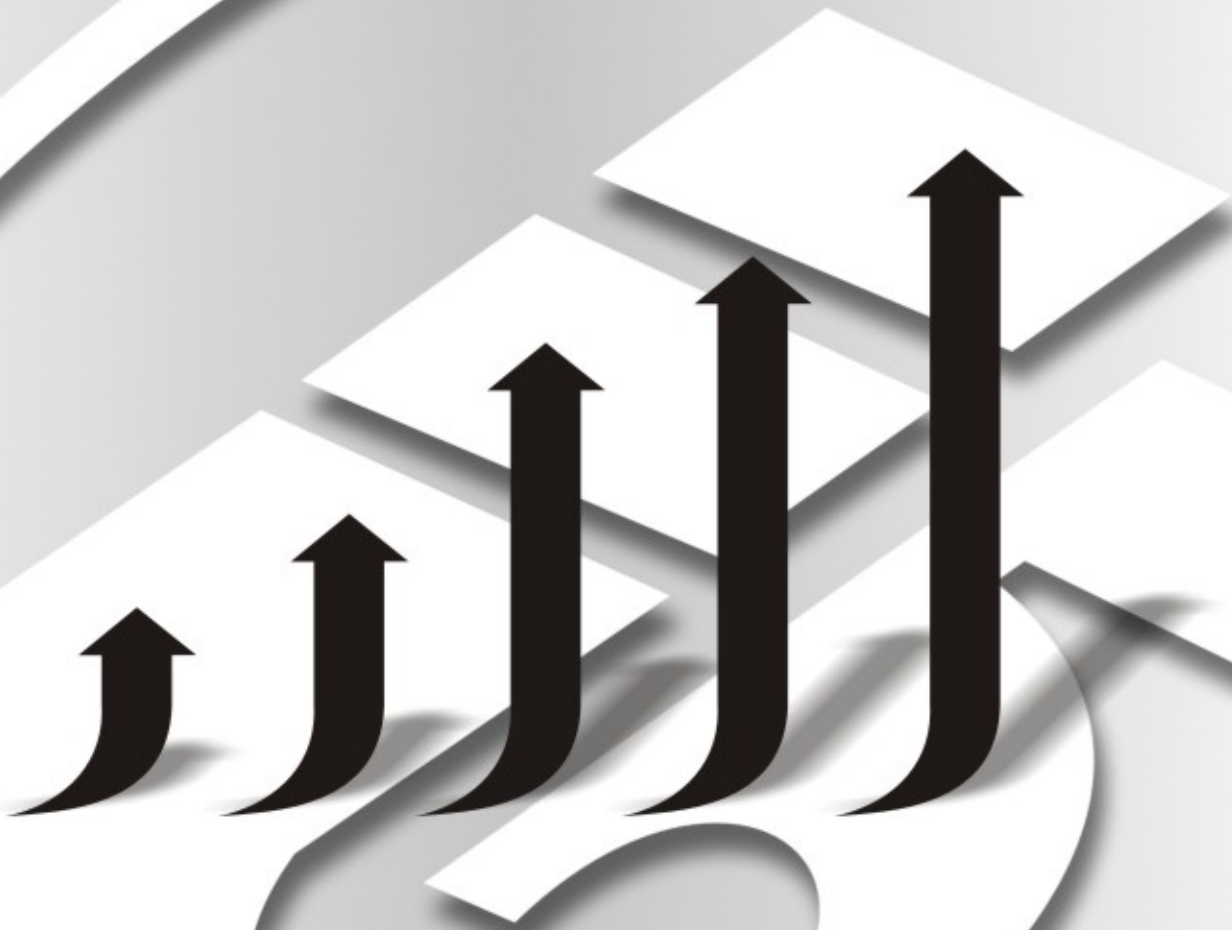
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.

- a) Landfill gas recovery from Municipal solid waste shall lead to GHG mitigation by reduction of Green House Gas emission to atmosphere and realisation of commercialisation of LFG into CNG/PNG.
- b) Introduction of "HYTHANE" fuel shall lead to reduction of NOx pollution and may also improve the efficiency of IC engines in transport sector.
- c) Underground coal gasification shall help us to recover the unmineable coal reserves in an economically and environmentally viable way.
- d) Hydrocarbon recovery from plastic waste shall provide economic solution to waste plastic disposable by recovering valuable hydrocarbons.
- e) Hydrogen related research & fuel cell projects shall enable GAIL to enter into Hydrogen economy.
- f) Development and application of CNG storage for two wheelers shall mitigate the urban pollution by reducing CO2 emissions.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), following information may be furnished:

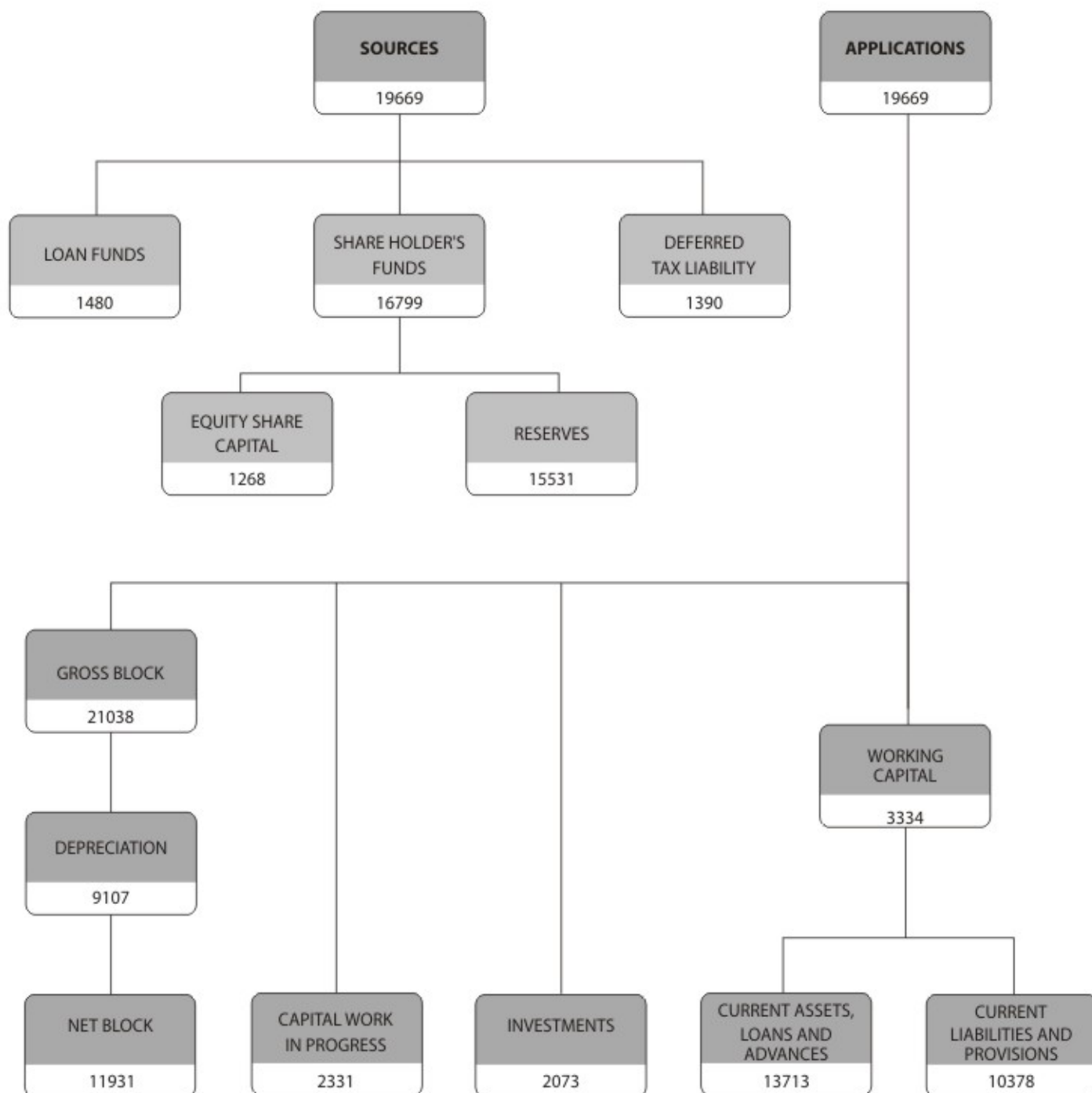
- a. Technology imported
 - i. HDPE technology from Mitsui chemical Inc., Japan for GAIL Petrochemical complex expansion for addition of 100 KTA capacity
 - ii. Ethylene cracker technology from SWEC, USA for GAIL petrochemical complex expansion for addition of 100 KTA ethylene capacity
- b. Year of import : 2005
- c. Has technology been fully absorbed? : Yes
- d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : NA

Five Year Profile



Sources and Application of Funds as at 31st March 2010

(Rs. in Crore)



Five Year Profile

(Rs. in crores)

(A) FINANCIAL	2005-06	2006-07	2007-08	2008-09	2009-10
PAID-UP CAPITAL	845.65	845.65	845.65	1268.48	1,268.48
RESERVES & SURPLUS	9,127.64	10,547.26	12,159.23	13,501.15	15,530.52
SECURED LOANS	1,600.00	1,100.00	1,100.00	1,100.00	1,446.00
UNSECURED LOANS	316.56	237.85	165.87	100.13	34.38
DEFERRED TAX LIABILITY (NET)	1,299.70	1,318.67	1,319.69	1,325.93	1,389.56
	13,189.55	14,049.43	15,590.44	17,295.69	19,668.94
REPRESENTED BY :					
GROSS BLOCK	14,469.48	14,932.56	16,957.86	17,603.98	21,037.67
LESS : DEPRECIATION	6,913.52	7,478.19	8,024.57	8,553.66	9,106.57
NET FIXED ASSETS	7,555.96	7,454.37	8,933.29	9,050.32	11,931.10
CAPITAL WORK-IN-PROGRESS	615.59	1,936.94	816.66	2,426.33	2,330.49
INVESTMENTS / ADVANCES FOR INVESTMENT (PENDING ALLOTMENT)	1,443.35	1,463.84	1,490.88	1,737.27	2,073.03
NET CURRENT ASSETS	3,574.65	3,194.28	4,349.61	4,081.77	3,334.32
MISCELLANEOUS EXPENDITURE	-	-	-	-	-
	13,189.55	14,049.43	15,590.44	17,295.69	19,668.94
GROSS SALES	14,875.49	16,545.85	18,580.21	24,414.67	25,375.80
GROSS MARGIN	3,954.38	3,542.05	4,508.47	4,850.92	5,210.37
DEPRECIATION	560.46	575.19	573.90	559.90	561.82
PRELIMINARY/DEFERRED REVENUE EXPENSES WRITTEN-OFF	-	-	-	-	-
INTEREST	117.30	107.08	79.57	87.00	70.00
PROFIT/(LOSS) BEFORE TAX	3,276.62	2,859.78	3,855.00	4,204.02	4,578.47
PROFIT/(LOSS) AFTER TAX	2,310.07	2,386.67	2,601.46	2,803.70	3,139.84
DIVIDEND INCL. INTERIM DIVIDEND	845.65	845.65	845.65	887.93	951.36
CORPORATE DIVIDEND TAX	118.60	123.62	143.72	150.90	158.99
INTERNAL GENERATION	2,870.53	2,961.86	3,175.36	3,363.60	3,701.74
NET WORTH	9,874.81	11,262.42	12,842.38	14,575.12	16,607.48
CAPITAL EMPLOYED INCLUDING ASSETS UNDER CONSTRUCTION & INVESTMENTS	13,189.55	14,049.43	15,590.44	17,295.69	19,668.94

(B) GAS THROUGHPUT/PRODUCTION	2005-06	2006-07	2007-08	2008-09	2009-10
NATURAL GAS (MMSCMD)	78.87	77.29	82.10	83.29	106.73
LPG (M / T)	1042219	1026413	1042597	1087986	1099554
SBP SOLVENT/NAPHTHA (M / T)	56218	65469	75126	101493	102479
PENTANE (M / T)	53346	72826	73505	58392	58551
PROPANE (M / T)	173920	178736	155873	152671	179274
ETHYLENE (M / T)	325808	367150	393389	431580	429992
HDPE/LLDPE (M/T)	311469	353921	385593	420108	417147
(C) FINANCIAL RATIOS					
NET WORTH PER RUPEE OF PAID-UP CAPITAL (Rs.)	11.68	13.32	15.19	11.49	13.09
BORROWINGS TO NET WORTH (Rs.)	0.19	0.12	0.10	0.08	0.09
PROFIT BEFORE TAX TO CAPITAL EMPLOYED (%)	24.84	20.36	24.73	24.31	23.28
PROFIT BEFORE TAX TO NET WORTH (%)	33.18	25.39	30.02	28.84	27.57
PROFIT BEFORE TAX TO GROSS SALES (%)	22.03	17.28	20.75	17.22	18.04
PROFIT BEFORE TAX TO GROSS FIXED ASSETS (%)	22.65	19.15	22.73	23.88	21.76
GROSS SALES TO CAPITAL EMPLOYED (%)	112.78	117.77	119.18	141.16	129.01
EARNING PER SHARE (Rs.)	27.32	28.22	30.76	22.10	24.75
DIVIDEND PER SHARE (Rs.)	10.00	10.00	10.00	7.00	7.50
DIVIDEND PAYOUT RATIO (INCLUDING DIVIDEND TAX)	41.74	40.61	38.03	37.05	35.36

Annual Accounts





Auditor's Report to the Shareholders of GAIL (India) Limited

We have audited the attached Balance Sheet of GAIL (India) Limited as at 31st March, 2010, the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

For Mehra Goel & Co.
Chartered Accountants
Firm No:0517 N

R.K. Mehra
Partner
Membership No. 6102
New Delhi
Dated: May 17, 2010

- c. The Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e. Disclosure in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not required as per notification no. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date ; and
 - c) in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For Rasool & Singhal & Co.
Chartered Accountants
Firm No :500015N

Praveen Gupta
Partner
Membership No. 073489
New Delhi
Dated: May 17, 2010

Annexure to the Auditor's Report

The Annexure referred to in the auditor's report to the shareholders of GAIL (India) Limited for the year ended March 31, 2010. We report that :

- (i) (a) The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, there is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- In our opinion, there was no substantial disposal of fixed assets during the year.
- (ii) The inventories have been physically verified at reasonable intervals by the Management, except the stores & spares lying with Engineers India Ltd. and other contractors. We have been explained that the stock of gas at the end of the year has been taken with reference to reading of Turbine Flow Meter/Gas Chromatograph installed at Terminals, Stock of LPG/Pentane/SBP Solvent are determined with reference to Tank Level Gauge measurement which are converted into tonnage by measurement of density and applying correction factor for temperature. LPG vapour volume is converted to tonnage by standard formulae.
- In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of inventories as compared to the books and records.
- (iii) The Company has neither granted nor taken any loans secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- (iv) In our opinion, and according to information and explanations given to us, there are adequate internal control procedures to commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) On the basis of our examination of the books of accounts, and as per information and explanation given to us, the company has not made any transactions in respect of any party during the financial year that needs to be entered in the register pursuant to the section 301 of the Companies Act, 1956.
- (vi) The company has not accepted any deposits from the public during the year covered under section 58A and 58AA or any other relevant provision of the Companies Act, 1956.
- (vii) In our opinion, the company's internal audit system is commensurate with its size and nature of its activities.
- (viii) We have broadly reviewed the books of Accounts maintained by the Company 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 we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of these records.
- (ix) (a) According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us, no undisputed amounts payable in respect of Sales tax, Service Tax, Custom duty, Excise duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
- (b) As certified by the Management on which we have relied upon, the dues of Excise Duty, Custom Duty, Entry Tax, Sales Tax and other Taxes which have not been deposited on account of disputes and the forum where the dispute is pending, are given below:



(Rs. In Crores)

Sl. No.	Statute	Subject Matter of Dispute	Amount	Period of Dispute	Status - Forum
1.	Entry Tax	(a) Entry Tax on Market Value of Natural Gas instead of its Purchase Price (Including Interest)	234.90	1999-2007	Allahabad High Court & Trade tax Tribunal
		(b) Rajasthan Entry Tax Demand	8.76	2002-03, onwards	Dy. Commissioner, Appeals, Kota
2.	Sales Tax	(a) Non-acceptance of declaration form for concessional sales tax	0.16	1995-96 & 1996-97	Dy. Commissioner, Commercial Tax, Gwalior
		(b) Surcharge on Turn over tax -Rajasthan	0.44	2002-03, 2003-04 & 2004-05	State tax Tribunal, Ajmer
		(c) Sales Tax demand as per assessment order of 2005-06 and 2006-07	2.61	2005-06 & 2006-07	Additional Commissioner- Appeal Noida
		(d) CST demand on Transmission charges with penalty & interest thereon	0.48	2005-06 and 2006-07	AP High Court
3.	Excise	(a) LPG valuation Dispute	14.39	Jan 2001 to Feb 2005	CESTAT Mumbai
		(b) Dispute on Pentane Classification	78.16	Mar. 2000 TO Feb 2002 & Aug.2005 to Jul 2009	CESTAT New Delhi & CESTAT Ahmedabad
		(c) Dispute on MFO Classification as Motor spirit	40.69	July 2004 to May 2009	CESTAT Ahemdabad
4.	Service Tax	(a) Demand of differential service tax based on returns for the period from Oct 06 to Mar 07	0.10	Oct.2006 to Mar.2007	Commissioner (Appeals) Vadodara
		(b) Demand raised denying refund claim allowed to GAIL for service tax on compression charges	0.26	Sep.2007	CESTAT Ahemdabad
		(c) Credit denied on input services Township security (Feb.08- Mar.09) and Maintenance of land/lawns (Nov.08)	0.81	Feb.2008 to Mar.2009	Commissioner (Appeals) Kanpur
5.	Income Tax	Liability of Tax on disallowance of deductions claimed & Penalty	1.76	AY-1996-97 to 2007-08.	ITAT Delhi
6.	Other taxes	Notified Area tax on revised value. (incl. interest)	3.06	1985-86 to 2008-09	Ahmedabad High Court



- (x) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank and debenture holders.
- (xii) In our opinion, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities other than to its employees. In our opinion, the company has maintained adequate documents and records in respect of such loans.
- (xiii) The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the order not applicable.
- (xiv) According to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the order is not applicable.
- (xv) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
- (xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made to us, the term loans taken by the company have been utilized for the purposes for which they are obtained.
- (xvii) According to the information and explanation given to us, company has not raised any short term loan during the year.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has not issued any debentures during the year.
- (xx) During the year no money has been raised by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Mehra Goel & Co.
Chartered Accountants
Firm No:0517 N

R.K. Mehra
Partner
Membership No. 6102
New Delhi
Dated: May 17, 2010

For Rasool & Singhal & Co.
Chartered Accountants
Firm No :500015N

Praveen Gupta
Partner
Membership No. 073489
New Delhi
Dated: May 17, 2010

Balance Sheet as at 31st March, 2010

(Rs. in crores)

	SCHEDULE No.	AS AT 31st March 2010		AS AT 31st March 2009	
SOURCES OF FUNDS					
Shareholder's Funds					
Capital	1	1,268.48		1,268.48	
Reserves and Surplus	2	15,530.52	16,799.00	13,501.15	14,769.63
Loan Funds					
Secured Loans	3	1,446.00		1,100.00	
Unsecured Loans		34.38	1,480.38	100.13	1,200.13
Deferred Tax Liability (Net)					
			1,389.56		1,325.93
			19,668.94		17,295.69
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	21,037.67		17,603.98	
Less : Depreciation		9,106.57		8,553.66	
Net Block		11,931.10		9,050.32	
Capital Work in Progress	5	2,330.49	14,261.59	2,426.33	11,476.65
Investments					
	6		1,763.01		1,437.52
Advances for Investments (Pending Allotment)					
	6A		310.02		299.75
Carried Forward			16,334.62		13,213.92



Balance Sheet as at 31st March, 2010

(Rs. in crores)

	SCHEDULE No.	AS AT 31st March 2010	AS AT 31st March 2009
Brought Forward		16,334.62	13,213.92
Current Assets, Loans and Advances	7		
Inventories		631.70	601.41
Sundry Debtors		1,295.04	1,503.34
Cash and Bank Balances		4,171.51	3,456.15
Other Current Assets		8.26	54.63
Loans and Advances		7,606.18	6,621.01
		13,712.69	12,236.54
Less : Current Liabilities and Provisions	8		
Current Liabilities		5,448.31	4,177.92
Provisions		4,930.06	3,976.85
		10,378.37	8,154.77
Net Current Assets		3,334.32	4,081.77
TOTAL		19,668.94	17,295.69

Contingent Liabilities not provided for (Refer Schedule 14)**Notes on Accounts**

14

Schedules 1 to 14 and Accounting Policies form part of Accounts

N. K. Nagpal
SecretaryR. K. Goel
Director(Finance)R. D. Goyal
Director(Projects)B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517NFor M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015NR. K. Mehra
(Partner)
Membership No. 6102Praveen Gupta
(Partner)
Membership No. 073489Place : New Delhi
Dated : May 17, 2010

Profit & Loss Account for the Year Ended 31st March, 2010

		(Rs. in Crores)			
		YEARS ENDED		YEARS ENDED	
SCHEDULE	NO.	31 st MARCH, 2010		31 st MARCH, 2009	
INCOME					
Sales		24,017.72		23,696.08	
Less : Excise Duty		<u>379.40</u>		<u>516.29</u>	
		23,638.32		23,179.79	
LPG Transmission / RLNG Shippers Charges		1,345.66		694.30	
Income from Telecom		<u>12.42</u>		<u>24.29</u>	
		24,996.40		23,898.38	
Add : Accretion to Stock					
Closing Stock		260.25		239.66	
Less : Opening Stock		<u>239.66</u>	<u>20.59</u>	<u>234.66</u>	<u>5.00</u>
			25,016.99		23,903.38
Other Income	9		541.10		796.62
TOTAL			25,558.09		24,700.00
EXPENDITURE					
Purchase of Gas for trading			14,461.85		14,328.39
Gas Pool			968.18		752.00
Manufacturing, Transmission, Administration, Selling & Distribution and other Expenses	10	4,938.76		4,775.03	
Depreciation	4	<u>561.82</u>		<u>559.91</u>	
		5,500.58		5,334.94	
Less : Expenditure during construction period transferred to Capital Work-in-Progress	11	<u>20.64</u>	5,479.94	<u>16.74</u>	5,318.20
TOTAL			20,909.97		20,398.59
Profit before Interest and Finance Charges			4,648.12		4,301.41
Interest and Finance Charges	12	82.97		87.00	
Less : Interest and Finance Charges transferred to Capital Work-in-Progress	11	<u>12.97</u>	<u>70.00</u>	<u>-</u>	<u>87.00</u>
Profit for the year	Carried Forward		4,578.12		4,214.41



(Rs. in Crores)

	SCHEDULE NO.	YEARS ENDED 31 st MARCH, 2010	YEARS ENDED 31 st MARCH, 2009
Brought Forward		4,578.12	4,214.41
Less : Prior Period Adjustments (Net)	13	(0.35)	10.39
Profit before Tax		4,578.47	4,204.02
Provision for Taxation - Current		1,375.00	1,386.35
(Includes Wealth Tax Rs. 1.00 Previous Year: 1.00)			
- Deferred		63.63	6.24
- FBT		-	7.73
Profit after Tax		3,139.84	2,803.70
Amount available for appropriation		3,139.84	2,803.70
APPROPRIATIONS			
Interim Dividend		253.70	507.39
Proposed Final Dividend		697.66	380.54
Corporate Dividend Tax		158.99	150.90
Transfer from Bond Redemption Reserve		(30.00)	-
- Transfer to Bond Redemption Reserve		27.13	32.13
General Reserve		314.00	280.00
Balance Carried to Balance Sheet		1,718.36	1,452.74
TOTAL		3,139.84	2,803.70
Details of Earning Per Share			
A. Profit after tax		3,139.84	2,803.70
B. Weighted Average No. of Equity Shares		1,268,477,400	1,268,477,400
C. Nominal Value per Equity Share (Rs.)		10/-	10/-
D. Basic and Diluted Earning Per Share (Rs.)		24.75	22.10
Notes on Accounts	14		
Schedules 1 to 14 and Accounting policies form part of Accounts			

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Schedule 1 - Share Capital

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
AUTHORISED 200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of Rs. 10/- each	<u>2,000.00</u>	<u>2,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP 126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of Rs.10/- each fully paid up.	<u>1,268.48</u>	<u>1,268.48</u>
TOTAL	1,268.48	1,268.48

Schedule 2 - Reserves and Surplus

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Capital Reserve (Grant Received from Danish Govt. for construction of Gas Technology Institute at Noida)		
As per Last Account	1.74	1.86
Less : Transferred to Profit & Loss Account	<u>0.12</u>	<u>0.12</u>
	1.62	1.74
Share Premium Account	0.27	0.27
Investment Allowance (Utilised) Reserve		
As per Last Account	19.11	146.48
Less : Transferred to General Reserve	<u>-</u>	<u>127.37</u>
	19.11	19.11
Bonds Redemption Reserve		
As per Last Account	192.77	160.64
Add : Transferred from Profit & Loss Account	27.13	32.13
Less : Transfer to Profit & Loss Account	<u>(30.00)</u>	<u>-</u>
	189.90	192.77
General Reserve		
As per Last Account	1,997.68	2,013.14
Add : Transferred from Investment Allowance(Utilised) Reserve	-	127.37
Add : Transferred from Profit & Loss Account	314.00	280.00
Less : Issue of Bonus Shares	<u>-</u>	<u>422.83</u>
	2311.68	1997.68
Profit and Loss Account		
As per Last Account	11,289.58	9,836.84
Add : Transferred from Profit & Loss Account	<u>1,718.36</u>	<u>1,452.74</u>
	13007.94	11289.58
TOTAL	15,530.52	13,501.15

Schedule 3 - Loan Funds

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
SECURED LOANS		
Bonds Series - I	500.00	500.00
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodara plant both present and future and whether installed or not and lying or in store)		
Bonds Series - II	480.00	600.00
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodara together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)		
Oil Industry Development Board	466.00	-
(Secured by Hypothecation by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's Project of Chainsa-Jhajjar-Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)		
	1,446.00	1,100.00
UNSECURED LOANS		
-Other Loans and Advances		
- Oil Industry Development Board	34.38	100.13
(Rs. 34.38 (Previous Year : Rs. 65.75) due for payment within one year)		
TOTAL	1,480.38	1,200.13

Schedule 4 - Fixed Assets (Tangible / Intangible Assets)

(Rs. in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.3.2010	Upto 31.3.2009	For the Year	Adjustments during the year	As at 31.3.2010	As at 31.3.2010	As at 31.3.2009
Tangible Assets (A)										
Land : Freehold	69.48	10.88	-	80.36	-	-	-	-	80.36	69.48
Leasehold	74.36	4.13	-	78.49	7.78	0.70	0.07	8.55	69.94	66.58
Building : Office/Others	397.30	2.52	0.78	399.04	112.00	10.82	(0.11)	122.71	276.33	285.30
Residential	261.27	0.88	-	262.15	56.85	5.07	-	61.92	200.23	204.42
Bunk Houses	1.57	0.23	-	1.80	1.52	0.09	-	1.61	0.19	0.05
Plant and Machinery	16,267.33	3270.12	9.40	19,528.05	8,122.92	505.08	(5.12)	8,622.88	10,905.17	8,144.41
Railway Lines & Sidings	5.48	-	-	5.48	4.75	0.26	-	5.01	0.47	0.73
Electrical Equipments	140.70	3.72	0.69	143.73	60.33	7.75	(0.45)	67.63	76.10	80.37
Furniture, Fixtures and other equipments	283.41	16.00	3.71	295.70	151.43	24.24	(3.23)	172.44	123.26	131.98
Transport Equipments	2.52	0.01	0.07	2.46	1.87	0.14	(0.07)	1.94	0.52	0.65
E&P Assets										
Producing Property	-	-	-	-	-	-	-	-	-	-
Support Equipment & Facilities	1.65	-	-	1.65	0.28	0.09	-	0.37	1.28	1.37
TOTAL (A)	17,505.07	3,308.49	14.65	20,798.91	8,519.73	554.24	(8.91)	9,065.06	11,733.85	8,985.34
Intangible Assets (B)										
Right of Use *	53.96	136.56	-	190.52	-	-	-	-	190.52	53.96
Softwares / Licences	44.95	3.29	-	48.24	33.93	7.58	-	41.51	6.73	11.02
Total (B)	98.91	139.85	-	238.76	33.93	7.58	-	41.51	197.25	64.98
TOTAL (A+B)	17,603.98	3,448.34	14.65	21,037.67	8,553.66	561.82	(8.91)	9,106.57	11,931.10	9,050.32
Previous Year	16,957.86	723.00	76.88	17,603.98	8,024.57	559.91	(30.82)	8,553.66	9,050.32	8,933.29
* Right of use for laying pipelines is a perpetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortisation is provided on the same, being perpetual in nature.										

Schedule 5 - Capital Work-in-Progress

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
A. Plant & Machinery		
Linepipe Construction and related facilities including Cathodic Protection and Dispatch Terminals	724.97	701.33
Compressor Stations	2.62	0.02
Telecom/Telesupervisory System	1.76	1.68
LPG Pipeline Project	1.07	-
LPG Projects	0.55	2.58
Petrochemicals	22.67	6.62
Telecom Project	0.01	0.01
Others	35.27	25.07
Exploratory Well in Progress	310.37	331.54
Development Well in Progress	63.14	12.28
B. Buildings	1.48	2.39
Less : Provision for abandonment of Work in Progress	0.34	0.33
	1.14	2.06
C. Linepipes, Capital Items in Stock/Transit	1,133.02	1,342.28
Less : Provision for losses/obsolescence	0.01	0.08
	1,133.01	1,342.20
D. Advance for Capital Expenditure		
(Unsecured - Considered Good)	33.91	0.94
(Unsecured - Considered Doubtful)	1.80	1.80
	35.71	2.74
Less : Provision for Doubtful Advances	1.80	1.80
	33.91	0.94
TOTAL	2,330.49	2,426.33

Schedule 6 - Investments

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
LONG-TERM INVESTMENTS		
1. Trade Investments		
Quoted * -		
a) In Joint Venture Companies		
3,15,00,000 (Previous Year : 3,15,00,000) Equity Shares of Rs. 10/- each fully paid-up in Indraprastha Gas Ltd.	31.50	31.50
9,37,50,000 (Previous Year : 9,37,50,000) Equity Shares of Rs.10/- each fully paid up in Petronet LNG Ltd. (includes 1,00,00,000 equity shares allotted at a premium of Rs. 5/- per share)	98.75	98.75
b) In Associate Company		
21,00,00,000 (Previous Year : 21,00,00,000) Equity Shares of HK\$ 0.01/- each fully paid up in China Gas Holding Ltd.China, acquired at a premium of HK\$ 1.148 /- per share	136.32	136.32
c) In Government of India Bonds		
6.96 % Oil Companies GOI Special Bonds 2009 (Allotted in lieu of claims pending with Oil Co-ordination Committee. Redeemed during the year)	—	6.00
7 % Oil Companies GOI Special Bonds 2012 (Allotted in lieu of claims pending with Oil Co-ordination Committee)	9.59	9.59
d) Others		
5,70,600 (Previous Year : 5,70,600) Equity Shares of Rs.10/- each fully Paid-up in Gujarat Industries Power Co. Ltd. (includes 1,90,200 Equity Shares acquired during the year 1996-97 at a premium of Rs.15/- per share)	0.86	0.86
5,14,00,267 (Previous Year : 5,14,00,267) Equity Shares of Rs. 10/- each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares during 1999-2000 at a price of Rs.162.34 per Share and 1,71,33,422 bonus shares received during 2006-07)	556.29	556.29
* Aggregating market value of the above mentioned quoted securities Rs. 7580.53 (Previous Year : Rs. 4,905.94)(includes cost where market price not available)		
Carried Forward	833.31	839.31



(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Brought Forward	833.31	839.31
Unquoted - At cost		
a) In Subsidiary Companies		
21,00,000 (Previous Year : 21,00,000) Equity Shares of USD 1 each fully paid up in GAIL Global (Singapore) Pte. Ltd. incorporated in Singapore (100% subsidiary company)	9.64	9.64
18,43,60,083 (Previous Year : 35,000) Equity Shares of Rs. 10/- each fully paid up in Brahmaputra Cracker & Polymer Ltd.	184.36	0.04
3,13,00,000 (Previous Year : 50,000) Equity Shares of Rs. 10/- each fully paid up in GAIL Gas Ltd.	31.30	0.05
b) In Joint Venture Companies		
4,44,49,970 (Previous Year : 4,44,49,970) Equity shares of Rs. 10/- each fully paid up in Mahanagar Gas Ltd.	44.45	44.45
12,500 (Previous Year : 12,500) Equity shares of Rs. 10/- each fully paid up in Bhagyanagar Gas Ltd.	0.01	0.01
1,35,00,000 (Previous Year : 1,35,00,000) Equity shares of Rs. 10/- each fully paid up in Central UP Gas Ltd.	13.50	13.50
12,500 (Previous Year : 12,500) Equity shares of Rs. 10/- each fully paid up in Green Gas Ltd.	0.01	0.01
2,25,00,000 (Previous Year : 25,000) Equity shares of Rs. 10/- each fully paid up in Maharashtra Natural Gas Ltd.	22.50	0.03
59,29,00,000 (Previous Year : 50,00,00,000) Equity shares of Rs. 10/- each fully paid up in Ratnagiri Gas Power Project Ltd.	592.90	500.00
12,500 (Previous Year : 12,500) Equity shares of Rs. 10/- each fully paid up in Avantika Gas Ltd.	0.01	0.01
55,000 (Previous Year : NIL) Equity shares of Rs. 100/- each fully paid up in Tripura Natural Gas Company Ltd.	0.55	-
c) In Associate Companies		
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of Rs.10/- each fully paid-up in Gujarat State Energy Generation Ltd.	20.76	20.76
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	8.10	8.10
2,20,000 (Previous Year : 2,20,000) Equity Shares of LE 10/- each fully paid up in Shell Compressed Natural Gas Company, Egypt registered in Egypt.	1.61	1.61
Carried Forward	1,763.01	1,437.52

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Brought Forward	1,763.01	1,437.52
2. Non Trade Investments - Others		
Unquoted - At cost		
i) 30 Shares (Previous Year : 30) of Rs. 50 each fully paid up in Darpan Co-operative Housing Society Ltd, Vadodara	—	—
ii) 50 Shares (Previous Year : 50) of Rs. 50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd, Vadodara	—	—
iii) 400 Shares (Previous Year : 400) of Rs. 10 each fully paid up in Sanand Members Association, Ahmedabad.	—	—
iv) 35 Shares (Previous Year : 35) of Rs. 50/- each fully paid up in Green Field (B) Co-operative Housing Society Ltd., Mumbai	—	—
TOTAL	1,763.01	1,437.52

Schedule 6A-Advances for Investments (Pending Allotment)

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Joint Venture Companies		
i) Bhagyanagar Gas Ltd.	22.49	17.48
ii) Tripura Natural Gas Ltd.	0.28	0.83
iii) Green Gas Ltd.	23.03	15.48
iv) Maharashtra Natural Gas Ltd.	-	22.48
v) Avantika Gas Ltd.	22.49	13.50
vi) Ratnagiri Gas & Power Pvt. Ltd.	100.00	192.90
vii) Central UP Gas Ltd.	1.50	-
viii) ONGC Petro Additions Ltd. (OPAL)	113.83	-
Subsidiary Companies		
i) Brahmaputra Cracker and Polymer Ltd.	-	29.13
ii) GAIL Gas Ltd.	26.40	7.95
TOTAL	310.02	299.75

Schedule 7 - Current Assets, Loans and Advances

(Rs. in Crores)

	AS AT 31 st MARCH, 2010		AS AT 31 st MARCH, 2009	
A. CURRENT ASSETS				
INVENTORIES				
(As taken, valued and certified by the Management)				
Stores and Spares *	323.53		305.91	
Less : Provision for Losses / Obsolescence	1.77		2.70	
	321.76		303.21	
Construction Surplus - Capital / Stores	80.16		88.51	
Less : Provision for Losses/Obsolescence	30.47		29.97	
	49.69		58.54	
Stock of Gas**/Polymers / LPG and Other Products (including Rs. 2.94 stock in process)	260.25	631.70	239.66	601.41
* Includes Rs. 21.03 (Previous Year : Rs. 21.72) in transit.				
**after adjustment of calorific value				
SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months				
- Unsecured, Considered Good	101.54		151.45	
- Unsecured, Considered Doubtful	152.87	254.41	127.68	279.13
Other Debts				
- Unsecured, Considered Good	1,193.50		1,351.89	
- Unsecured, Considered Doubtful	-	1,193.50	0.42	1,352.31
		1,447.91	1,631.44	
Less : Provision for Doubtful debts	152.87	1,295.04	128.10	1,503.34
CASH AND BANK BALANCES				
Cash in hand	0.18		0.16	
Cheques/Stamps in hand	0.48		0.01	
	0.66		0.17	
BANK BALANCES (SCHEDULED BANKS)				
On Current Account (includes Corporate Liquid Term Deposit Rs.90.25 (Previous Year : Rs. 82.20))	118.40		133.08	
On Current Account -Dividend Payable	2.67		2.88	
On Current Account -JV Consortium (Rs. 24914/- (Previous Year : Rs. 24914/-)	--		--	
On Short Term Deposit	1,480.66		1,838.63	
On Short Term Deposit -Gas Pool Money (includes interest accrued but not due Rs.39.48 (Previous Year : Rs. 28.63)	2,498.40		1,413.66	
On Short Term Deposit -CSR (includes interest accrued but not due Rs 0.07 (Previous Year : Rs. 0.35))	10.79		10.35	
On Short Term Deposit -JV Consortium (includes interest accrued but not due Rs.0.89 (Previous Year : Rs.3.10) (Refer Note No. 5 of Notes to Accounts)	59.93	4,170.85	57.38	3,455.98
		4,171.51	3,456.15	
OTHER CURRENT ASSETS				
Interest accrued but not due (Including on investments of Rs.0.04 (Previous Year : Rs. 0.04)		8.26	54.63	
Carried Forward		6,106.51	5,615.53	



(Rs. in Crores)

	AS AT 31 st MARCH, 2010		AS AT 31 st MARCH, 2009	
Brought Forward	6,106.51		5,615.53	
B. LOANS AND ADVANCES				
Loans/Advances to Subsidiaries (Unsecured, Considered Good) GAIL Global (Singapore) PTE. LTD., (100% subsidiary company incorporated in Singapore) (Includes interest accrued Rs. 1.36 (Previous Year : Rs. 2.71)	66.83		81.03	
Loans to Employees				
- Secured, Considered Good	159.86		142.91	
- Unsecured, Considered Good (including dues from Directors Rs. 0.16 (Previous Year : Rs.0.12)) (Maximum amount due at any time during the year : Rs. 0.22) (Previous Year : Rs. 0.20)	18.56		23.17	
Others (Unsecured, Considered Good)	0.03	245.28	0.18	247.29
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good (includes Rs. 1260.30 (Previous Year :1131.74) paid / adjusted against Income tax demand under protest.)	2,943.09		2,650.45	
- Unsecured, Considered Doubtful	1.13		1.38	
	2,944.22		2,651.83	
Less : Provision for Doubtful Advances	1.13	2,943.09	1.38	2,650.45
Advance tax / TDS		4,282.16		3,509.32
Claims Recoverable				
- Unsecured, Considered Good	59.01		169.92	
- Unsecured, Considered Doubtful	3.83		2.91	
	62.84		172.83	
Less : Provision for doubtful claims	3.83	59.01	2.91	169.92
Deposits with Customs, Port Trust and Others				
- Unsecured, Considered Good	76.64		44.03	
- Unsecured, Considered Doubtful	0.45		0.39	
	77.09		44.42	
Less : Provision for doubtful claims	0.45	76.64	0.39	44.03
		7,606.18		6,621.01
TOTAL	13,712.69		12,236.54	

Schedule 8 - Current Liabilities and Provisions

(Rs. in Crores)

	AS AT 31 st MARCH, 2010		AS AT 31 st MARCH, 2009	
A. CURRENT LIABILITIES				
Sundry Creditors (Includes Rs. 59.93 (Previous Year : Rs. 57.38) payable to JV consortium)	2,031.77		1,972.49	
Deposits/Retention Money from Contractors and others	256.72		212.28	
Abandonment Cost (E&P)	1.25		1.25	
Other Liabilities	548.92		452.93	
Gas Pool Money	2,571.66		1,512.25	
Imbalance & Overrun Charges	12.59		-	
Unclaimed Dividend (Amount due for credit to Investor Education and Protection Fund is Rs. Nil (Previous Year : Nil))	2.67		2.88	
Interest accrued but not due (Includes on loan Rs. 18.92 (Previous Year : Rs.19.22))	22.73	5,448.31	23.84	4,177.92
B. PROVISIONS				
Provision for taxation / FBT / Wealth Tax	3,950.88		3,390.53	
Provision for Proposed Dividend	697.66		380.54	
Provision for Corporate Dividend Tax	115.87		64.67	
Provision for Leave Encashment and Post Retirement Benefits	165.65	4,930.06	141.11	3,976.85
TOTAL		10,378.37		8,154.77

Schedule 9 - Other Income

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Dividend from long term (trade) investment		220.54		216.29
Interest on :				
- Bonds (Long term trade investment)		0.67		1.13
- Deposits with Banks		97.52		354.38
- Others		101.34		29.23
		199.53		384.74
(Tax deducted at source :Rs.18.92 (Previous Year : Rs.80.97))				
Add : Transferred to Expenditure during construction period (Schedule 11)	(0.22)	199.31	(0.20)	384.54
Miscellaneous Income including liabilities written back (Tax deducted at source : Rs. 0.37 (Previous Year : Rs. 0.36))	121.53		195.91	
Add : Transferred to Expenditure during construction period (Schedule 11)	(0.28)	121.25	(0.12)	195.79
TOTAL		541.10		796.62

Schedule 10- Manufacturing, Transmission, Administration, Selling & Distribution and Other Expenses

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Raw Material consumed		2,199.34		2,128.31
Employees Remuneration and Benefits*				
Salaries, Wages and Allowances	504.19			420.59
Contribution to Provident and Other Funds	25.17			68.32
Welfare Expenses	91.84	621.20	87.76	576.67
Power, Fuel and Water Charges				
Power and Water Charges	140.67			132.06
Gas used as Fuel	769.72			737.45
		910.39		869.51
Stores and Spares consumed		199.45		194.53
Rent		13.05		12.66
Rates and Taxes (includes entry tax on gas)		55.22		53.75
Licence Fees - Telecom		0.89		1.78
Bandwidth Consumption		0.39		0.46
Repairs and Maintenance				
Plant and Machinery	102.73			77.95
Buildings	14.37			13.52
Others	23.35	140.45	23.99	115.46
Insurance		8.15		9.41
Communication Expenses		8.04		8.07
Printing and Stationery		2.25		2.68
Travelling Expenses		38.09		35.68
Books and Periodicals		0.57		0.57
Advertisement and Publicity		13.33		11.89
Carried Forward		4,210.81		4,021.43

* Includes :

- 1) Rs.58.00 (Previous Year : Rs. 111.04) on account of retirement benefits viz. Leave encashment, Medical, Long Service award, terminal benefit, sick leave and gratuity.



(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Brought Forward		4,210.81		4,021.43
Payment to Auditors				
Audit Fees		0.41		0.27
Tax Audit fees		0.04		0.04
Out of Pocket Expenses		0.11	0.56	<u>0.09</u> 0.40
Entertainment Expenses		0.11		0.11
Recruitment and Training Expenses		9.37		7.67
Vehicle Hire and Running Expenses		15.18		14.09
Survey Expenses		127.88		165.55
Dry Well Expenses written off		209.34		199.53
Oil & Gas Producing Expenses (Operators)		6.67		5.20
Royalty on Crude Oil		3.88		3.60
Consultancy Charges		13.88		18.08
Data Processing Expenses		2.25		0.82
Donation		0.01		4.38
Research and Development Expenses		16.17		-
Loss on sale / written off of assets(net)		7.55		43.74
Bad Debts/Claims/Advances/Stores written off		0.01		0.29
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items		25.89		26.31
Excise Duty on Stock (net)		4.75		(8.76)
Expenses on Enabling Facilities		0.17		0.87
Selling & Distribution Expenses		16.66		7.79
Discount on Sales		106.08		142.87
Commission on Sales		15.16		14.81
Security Expenses		51.79		46.24
Corporate Social Responsibility Expenses		20.77		31.13
Other Expenses		73.82		<u>28.88</u>
TOTAL		4,938.76		4,775.03

Schedule 11 - Expenditure during Construction Period

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	13.57		10.66	
Contribution to Provident and Other Funds	1.17		0.57	
Welfare Expense	1.85	16.59	1.69	12.92
Power, Fuel and Water Charges		0.06		0.07
Stores & Spares		0.05		-
Rent		0.26		0.56
Rates and Taxes		0.01		-
Repairs and Maintenance - Plant and Machinery		0.01		-
Repairs and Maintenance - Building		0.01		0.04
Repairs and Maintenance - Others		0.20		0.12
Insurance		-		0.02
Printing and Stationery		0.06		0.04
Communication Expenses		0.26		0.23
Entertainment Expenses		0.09		0.05
Travelling Expenses		2.50		2.41
Books and Periodicals		0.01		0.01
Recruitment and Training Expenses		0.23		0.03
Vehicle Hire and Running Expenses		0.02		-
Interest and Finance Charges		12.97		-
Consultancy Charges		-		0.06
Data Processing Expenses		-		0.01
Depreciation		0.16		0.11
Other Expenses		0.12		0.06
		33.61		16.74
Less : Interest Income	0.22		0.20	
Misc. Income	0.28	0.50	0.12	0.32
Net Expenditure		33.11		16.42
Less : Transferred to Capital Work-in-progress				
a) Mfg, Transmission, Admn., Selling & Distribution and Other Expenses	20.64		16.74	
b) Interest & Finance Charges	12.97		-	
c) Other Income	(0.50)	33.11	(0.32)	16.42
Balance Carried over to Balance Sheet		NIL		NIL

Schedule 12 - Interest and Finance Charges

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Interest on Term Loans		4.17		8.51
Bonds		65.47		65.60
Others		13.23		12.81
Commitment and other Finance Charges		0.10		0.08
TOTAL		82.97		87.00

Schedule 13 - Prior Period Adjustments

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010	YEAR ENDED 31 st MARCH, 2009
Purchase of Gas	0.23	0.01
Raw Material	-	0.40
Salaries, Wages and Allowances	0.42	-
Travelling Expenses	(0.35)	-
Advertisement and Publicity	0.13	(0.05)
Power, Fuel and Water Charges	0.22	0.20
Stores and Spares consumed	-	(4.36)
Entertainment Expenses	(0.01)	-
Rent	0.05	-
Rates and Taxes	(0.10)	0.32
Depreciation(Net)	0.08	(0.01)
Repairs and Maintenance	(0.05)	0.35
Communication Expenses	(0.07)	-
Recruitment and Training Expenses	-	0.02
Survey Expenses	3.73	-
Interest	-	(0.37)
Profit/Loss on sale of Assets	-	(0.28)
Consultancy Charges	0.10	0.94
Other Expenses	3.08	(0.12)
TOTAL	7.46	(2.95)
Less :		
- Sales	0.42	(8.25)
- Interest Income	0.69	1.08
- Miscellaneous Income	6.70	(6.17)
TOTAL (NET)	(0.35)	10.39

Cash Flow Statement for the Financial Year Ended 31st March, 2010

(Rs. In Crores)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit Before Tax and Extraordinary Items	4578.47	4204.02
2 ADD:		
Depreciation	561.90	559.90
Capital Reserve	(0.12)	(0.12)
Exchange Rate Variation on Loan to Subsidiary	(8.59)	(17.07)
Interest Expenditure	70.00	87.00
Dividend Income on Investments	(220.54)	(216.29)
Interest Income	(199.53)	(384.54)
Provision for Employees Benefits	24.54	53.98
Provision for Payrevision	(47.88)	79.39
Provision for Doubtful Debts	24.77	23.73
Other Provisions	0.73	2.84
Provision / Write off of Assets / CWIP	209.34	199.53
Profit / Loss on Sale of Assets (Net)	7.55	43.74
	422.17	432.09
3 Operating Profit Before Working Capital Changes (1 + 2)	5000.64	4636.11
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(43.73)	(1265.82)
Inventories	(35.04)	(22.84)
Trade and Other Payables	1324.13	731.34
	1245.36	(557.32)
5 Cash Generated from Operations (3+4)	6246.00	4078.79
6 Direct Taxes Paid	(1568.57)	(1500.91)
NET CASH FROM OPERATING ACTIVITIES (5+6)	4677.43	2577.88
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3570.17)	(2553.51)
Sale of Fixed Assets	19.19	23.44
Investment in Other Companies	(335.76)	(246.39)
Loans & Advances to Subsidiary	22.79	2.06
Interest Received	227.20	305.96
Dividend Received	220.54	216.29
NET CASH FROM INVESTING ACTIVITIES	(3416.21)	(2252.15)
BALANCE CARRIED FORWARD	1261.22	325.73



Cash Flow Statement for the Financial Year Ended 31st March, 2010

(Rs. In Crores)

	2009-10	2008-09
BALANCE BROUGHT FORWARD	1261.22	325.73
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	466.00	0.00
Repayment of Long Term Borrowings	(185.75)	(65.74)
Interest Paid	(84.08)	(89.59)
Dividend & Dividend Tax Paid	(742.03)	(1187.24)
NET CASH FROM FINANCING ACTIVITIES	(545.86)	(1342.57)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	715.36	(1016.84)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (OPENING BALANCE)	3456.15	4472.99
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE)	4171.51	3456.15
NOTES :		
1 Cash & Cash Equivalents include :		
Cash & Bank Balances As per Balance Sheet	4171.51	3456.15
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	4171.51	3456.15

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Accounting Policies

1. Accounting Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

3. Fixed Assets

Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes & levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

4. Intangible Assets

Intangible assets like software, licenses and right-of-use of land including sharing of ROU with other entities which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

5. Capital Work in Progress

- Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.
- The capital work in progress includes advance for capital goods/ material in Transit/ value of materials / equipment etc. received at site for use in the projects

6. Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for use after netting off any income earned on temporary investment of such funds.

7. Expenses Incurred During Construction Period

All revenue expenditure incurred during the year, which is exclusively attributable to acquisition / construction of fixed assets, is capitalized at the time of commissioning of such assets.

8. Depreciation / Amortisation

- Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).

- Assets costing upto Rs.5,000/- are depreciated fully in the year of capitalisation.
- Bunk Houses are amortised on assumption of five years life.
- Oil and Gas Pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years.
- Computers at the residence of the employees are depreciated @ 23.75% per annum on SLM basis. Furniture, Electric Equipments and Mobiles provided for the use of employees are depreciated @ 15% per annum on SLM basis.
- Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
- Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.
- Capital expenditure on the assets (enabling facilities), the ownership of which is not with the Company, is charged off to Revenue.
- Software / Licences are amortised in 5 years on straight line method.
- No depreciation is being charged on ROU being perpetual in nature.
- After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- Capital assets installed at the consumers premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the rates as specified in Schedule XIV of the Company's Act, 1956.

9. Foreign Currency Translation

- Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.
- Non monetary items (such as Investments, Fixed Assets, etc), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

10. Investments

Investments are classified into current and long term investments. Current investments are stated at lower of cost or market value. Long term investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

11. Inventories

- Raw materials and Finished products are valued at cost or net realisable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.

- b) Stock in process is valued at cost or net realisable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- c) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- d) Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, which ever is lower.
- e) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.
- 12. Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, are capitalised with the cost of that fixed asset and are depreciated fully over the remaining useful life of that asset.

13. Grants

In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to Capital Reserve which is recognised as income in the Profit and Loss Account over the useful life period of the asset.

- 14. Sale proceeds are accounted for based on the consumer price inclusive of Statutory Levies and charges upto the place where ownership of goods is transferred.
- 15. Income from Consultancy/Contract Services, if any, is recognized based on Proportionate Completion Method.
- 16. The interest allocable to operations in respect of assets commissioned during the year is worked out by adopting the average of debt equity ratios at the beginning and closing of that year and applying the average ratio of debt thus worked out to the capitalised cost.
- 17. Pre-project expenditure relating to Projects which are considered unviable/closed is charged off to Revenue in the year of declaration/closure.

18. Employees Benefits

- a. All short term employee benefits are recognized at there undiscounted amount in the accounting period in which they are incurred.
- b. Employee Benefits under Defined Contribution Plan in respect of provident fund is recognized based on the undiscounted obligation of the company towards contribution to the fund. The same is paid to the provident fund which is administered through a separate trust.
- c. Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absence, post retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Actuarial liability in excess of respective plan assets is recognized during the year.
- d. Provision for gratuity as per actuarial valuation is funded with a separate trust.

19. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset, if any, is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

20. R&D Expenditure

All expenditure, other than on capital account, on research and development are charged to Profit and Loss Account.

21. Exploration and Development Costs:-

- i) The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities, which includes:-
 - a. Survey Costs are recognized as revenue expenditure in the year in which these are incurred.
 - b. Cost of exploratory wells is carried as 'Exploratory wells in progresses'. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created or is written off in the year when determined to be dry / abandoned.
 - c. All wells appearing as "exploratory wells in progress" which are more than two years old from the date of completion of drilling are charged to Profits and Loss Account except those wells which have proved reserves and the development of the fields in which the wells are located has been planned.

ii) Capitalization of Producing Properties

- a. Producing Properties are capitalised when the wells in the area / field are ready to commence commercial production having proved developed oil and gas reserves.
- b. Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipments & facilities and estimated future abandonment cost.

iii) Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method (UOP)". The depletion or unit of production charged for all the capitalized cost is calculated in the ratio of production during the year to the proved developed reserves at the year end.

iv) Production cost of Producing Properties

Company's share of production costs as indicated by Operator consists of pre well head and post well head expenses including depreciation and applicable operating costs of support equipment and facilities.

22. Provisions, Contingent Liabilities, Contingent Assets & Capital Commitments

- a. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding Rs. 5 Lacs in each case are disclosed by way of notes to accounts.



- b. Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs 5 Lacs.

23. Impairment

The Carrying amounts of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal / External factors, an Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

GENERAL

24. Prepaid expenses and prior period expenses/income upto Rs.1,00,000/- in each case are charged to relevant heads of account of the current year.
25. Liquidated Damages / Price Reduction Schedule, if any, are accounted for as and when recovery is effected and the matter is considered settled by

the Management. Liquidated damages / Price Reduction Schedule, if settled, after capitalization of assets are charged to revenue if below Rs. 50 lacs in each case, otherwise adjusted in the cost of relevant assets.

26. Insurance claims are accounted for on the basis of claims admitted by the insurers.
27. a. Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.
- b. Liability in respect of MGO of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.
- c. Minimum charges relating to transportation of LPG are accounted for on receipt basis.

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Schedule 14 - Notes on Accounts

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for :
 - i) Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs 4848.04 Crores (Previous Year: Rs 2890.08 Crores).
 - ii) Company's share in estimated amount of contracts remaining to be executed and not provided for based on audited/unaudited statement of accounts of Joint Ventures Rs. 1569.98 Crores (Previous Year: Rs.340.58 Crores).
- 2. Contingent Liabilities :-**
 - I. Claims against the Company not acknowledged as debts: Rs 4757.88 Crores (Previous Year: Rs 4758.54 Crores), which mainly include:-
 - (a) Claims of ONGCL for Rs 335.25 Crores (Previous Year: Rs 352.74 Crores) on account of interest for delayed payment and MGO, etc. Out of these, MGO claims of Rs 47.81 Crores (Previous Year: Rs 48.69 Crores) are recoverable on back-to-back basis.
 - (b) Income tax assessments up to the Assessment Year 2007-08 have been completed and a demand of Rs 1262.06 Crores relating to the Assessment Years 1996-97 to 2007-08 (Previous Year: Rs 1212.56 Crores) is raised by disallowing deductions claimed by the company. The company has already made the payment of Rs 1260.30 Crores (Previous Year: Rs 1131.74 Crores) under protest. Based upon the decision of the appellate authorities and the interpretation of the Income Tax Act, the company has been legally advised that the demand is likely to be deleted or it may be substantially reduced. The company has filed appeals against the demand for the Assessment Years 1997-98 to 2004-05 with Income Tax Appellate Tribunal (ITAT) and for Assessment Year 1996-97 & 2005-06 to 2007-08 with Commissioner of Income Tax (Appeal).
 - (c) Legal cases for claim of Rs 2325.78 Crores (Previous Year: Rs 2507.59 Crores) by vendors on account of Liquidated damages/Price Reduction Schedule, Natural Gas price differential etc and by customers for Natural gas transmission charges etc. Further details are not disclosed as same are expected to prejudice the legal proceedings.
 - II. Bank Guarantee & Letters of Credit : Rs 1665.58 Crores (Previous Year: Rs 1105.82 Crores) including bank guarantees issued on behalf of subsidiaries Rs 45.88 Crores (Previous Year: 9.00 Crores)
 - III. The Company has issued corporate guarantee for Rs. 254.34 Crores (Previous Year: 254.34 Crores) in favour of Oil Industry Development Board (OIDB) on behalf of Brahmaputra Cracker & Polymer Limited (BCPL), a subsidiary of the company, for raising a loan.
 - IV. Share in Contingent Liabilities of Joint Ventures based on their audited/unaudited statement of accounts: Rs 229.89 Crores (Previous Year: Rs 229.05 Crores).
3. Sales Tax demand of Rs 3449.18 Crores (Previous Year: Rs 3449.18) and interest thereon Rs 1513.04 Crores (Previous Year: Rs 1513.04) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law for the period 1998-99 to 2000-2001 considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.
4. (a) Freehold land acquired for city gas Lucknow and Kanpur, Jhansi Maintenance Base, Sectionalising Valves in Jamnagar Loni Pipeline and Mumbai valuing Rs 6.17 Crores (Previous Year: Rs 1.70 Crores) are valued / capitalized on provisional basis.
 - (b) Title deeds for freehold land, valuing Rs 7.61 Crores (Previous Year: Rs 3.19 Crores) and leasehold land valuing Rs 22.53 Crores (Previous Year: Rs 23.23 Crores) are pending execution.
 - (c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing Rs 1.17 Crores (Previous Year: Rs 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.
 - (d) Net Block for "Building" includes an amount of Rs.1.25 Crores (Previous year: Rs. 1.29 Crores) earmarked for disposal but in use.
5. (a) The balance retention from PMT JV consortium amounting to Rs 59.93 Crores (Previous Year: Rs 57.38 Crores) includes interest amounting to Rs 2.55 Crores (Previous Year: Rs 3.10 Crores) on Short term deposits for the year. This interest income does not belongs to the company hence not accounted as income.

- (b) Liability on account of Gas Pool Money amounting to Rs.2571.66 Crores (Previous Year: Rs. 1512.25 Crores) includes interest amounting to Rs. 225.00 Crores (Previous Year: Rs. 108.13 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.
6. 'Advance recoverable in Cash or in kind or value to be received' includes an amount of Rs.3.02 Crores (Previous Year: Rs. 3.02Crores) recoverable on account of Disinvestment by Government of India of its equity in the company by way of GDR/offer for sale.
7. Pending implementation of pay revision w.e.f. 1st January, 2007, provision of Rs.136.51 Crores (upto Previous Year Rs 184.39 Crores) has been made on estimated basis.
8. A net amount of Rs 0.86 Crores has been debited (Previous Year: credited Rs. 2.22 Crores) to Profit & Loss account due to exchange rate variation.
9. The required disclosure under the Revised Accounting Standard 15 is given as below:

(i) DEFINED CONTRIBUTION PLAN

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Profit & Loss accounts. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by Government of India (GOI). The fair value of the assets of the Provident Fund including the returns on the assets thereof, as on the Balance Sheet date is greater than the obligations under the defined contribution plan.

An amount of Rs 28.69 Crores (Previous Year: Rs 20.25 Crores) is recognized as expense for defined contribution plan (Contributory Provident Fund).

(ii) DEFINED BENEFIT PLAN

Brief description.

A) Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to Rs 10 Lakhs (Previous Year: Rs. 10 Lakhs).

B) Post Retirement Medical Benefit (PRMS)

Upon payment of one time prescribed contribution by the superannuated employees/those who resigned from service can avail the facility subject to the completion of minimum of 10 years of service and 50 years of age.

C) Earned Leave Benefit (EL)

Accrual 30 days per year. Encashment while in service 75% of Earned Leave balance subject to maximum of 90 days at a time, twice per calendar year. Encashment on retirement or superannuation maximum 300 days.

D) Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for transfer of traveling allowance. Employees are gifted a gold coin weighing 25 grams.

E) Half Pay Leave (HPL)

Accrual 20 days per year. Encashment while in service NIL. Full encashment on retirement.

F) Long Service Award (LSA)

Employees are eligible for gold coin after every five years depending upon the completion of service, subject to minimum of 15 years of service.

The following table summarizes the components of net benefit expenses recognized in the Profit and Loss Account:-

	Gratuity		PRMS		EL		Terminal Benefits		HPL		LSA	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
A. Expenses recognized in the P&L Account												
Current Service Cost	7.83	6.90	-	1.45	5.09	5.73	-	0.12	0.79	2.33	-	-
Past service cost	-	8.49	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	7.42	3.52	2.21	1.34	4.13	3.08	0.08	0.08	2.38	1.20	0.57	-
Expected Return on Plan Assets	(8.22)	(4.13)	-	-	-	-	-	-	-	-	-	-
Net actuarial Gain / (Loss) recognized in the year	10.55	(33.28)	(1.35)	(6.45)	(41.91)	(27.85)	(1.85)	0.14	(0.86)	(11.54)	(0.30)	(1.93)
Expenses recognized in P&L Account for FY 2009-10	(3.52)	48.06	3.56	9.24	51.13	36.66	1.93	0.06	4.03	15.07	0.87	1.93
Expenses recognized in P&L Account for Transitional Period	-	-	-	-	-	-	-	-	-	-	-	-
B The amount recognized in the Balance Sheet												
Present value of Obligation as at 31.03.2010 (I)	98.03	101.45	30.87	27.84	88.50	72.86	2.96	1.10	35.52	32.01	7.81	7.30
Fair value of Plan Assets as at 31.03.2010 (II)	102.83	54.68	-	-	-	-	-	-	-	-	-	-
Difference (II) - (I)	4.80	(46.77)	(30.87)	(27.84)	(88.50)	(72.86)	(2.96)	(1.10)	(35.52)	(32.01)	(7.81)	(7.30)
Net Asset / (Liability) recognized in the Balance Sheet	4.80	(46.77)	(30.87)	(27.84)	(88.50)	(72.86)	(2.96)	(1.10)	(35.52)	(32.01)	(7.81)	(7.30)
C. Changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2009	101.45	50.42	27.84	19.19	72.86	44.03	1.10	1.13	32.01	17.16	7.30	5.62
Interest Cost	7.42	3.52	2.21	1.34	4.13	3.08	0.08	0.08	2.38	1.20	0.57	-
Current Service Cost	7.83	6.90	-	1.45	5.09	5.73	-	0.12	0.79	2.33	-	-
Past service cost	-	8.49	-	-	-	-	-	-	-	-	-	-
Expected return on plan assets	(8.22)	(4.13)	-	-	-	-	-	-	-	-	-	-
Actual return on plan assets	5.03	4.30	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.93)	(1.33)	(0.53)	(0.59)	(35.49)	(7.83)	(0.07)	(0.09)	(0.52)	(0.22)	(0.36)	(0.25)
Net Actuarial Gain / (Loss) on Obligation	10.55	(33.28)	(1.35)	(6.45)	(41.91)	(27.85)	(1.85)	0.14	(0.86)	(11.54)	(0.30)	(1.93)
Present Value of the Defined Benefit Obligation as at 31.03.2010	98.03	101.45	30.87	27.84	88.50	72.86	2.96	1.10	35.52	32.01	7.81	7.30
D. Changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2009	102.70	51.71	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	8.22	4.14	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	0.02	0.01	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.93)	(1.34)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain / (Loss)	(3.18)	0.16	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2010	102.83	54.68	-	-	-	-	-	-	-	-	-	-
Principal actuarial assumption at the Balance Sheet Date												
Discount rate	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%
Expected return on plan assets	8%	8%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	5%	5%	-	-	5%	5%	-	-	5%	5%
Annual increase in salary	5%	5%	-	-	5%	5%	-	-	5%	5%	-	-
Mortality table referred LIC (1994-96) DULY MODIFIED												
	AGE		WITHDRAWAL RATE % (2009-10)				WITHDRAWAL RATE % (2008-09)					
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS		3%				3%					
	UPTO 44 YEARS		2%				2%					
	ABOVE 44 YEARS		1%				1%					

NOTE:

The actuarial valuation takes into account the estimates of future salary increase, inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

10. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to Rs.1326.73 Crores (Previous Year: Rs. 1781.20 Crores) out of which Rs. Nil Crores (Previous Year: 86.98 Crores) pertains to short provision for the quarter ended Jan-March'2009. Corresponding adjustment on account of CST amounting to Rs.9.95 Crores (Previous Year: Rs. 20.93Crores) has been made.

11. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG Ltd (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.

(b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.

(c) Petroleum and Natural Gas Regulatory Board (PNGRB) have issued PNGRB ("Determination of Natural Gas Pipeline Tariff") Regulations 2008 effective from 20th November 2008. As per these Regulations, the natural gas pipeline tariff being charged by the company for its pipeline networks in operation is subject to revision with retrospective effect in accordance with the Regulations. Impact on profits, if any, is recognized as and when the pipeline tariff is revised in accordance with the Regulations.

PNGRB vide its order no-TO/02/2010 dated 19th April, 2010, have notified "PROVISIONAL" initial unit natural gas pipeline tariff on estimated basis for HVJ-GREP-DVPL and DVPL/GREP up gradation pipelines to be applicable w.e.f.20.11.2008. In accordance with the order, the company has reversed a sum of Rs.140.37 Crores from Sales and created liability of that amount. Further, a sum of Rs.42.07 Crores has been adjusted in segment revenue on account of internal consumption. Impact on profit on final determination of tariff will be adjusted in the year in which it is finally determined.

(d) PNGRB has notified charges for pipeline overrun and imbalances created on account of positive/negative off-takes over the tolerance limit of allocated capacity to be charged from shippers. The amount recovered is to be kept in an escrow account. In the absence of guidelines of modalities of maintaining the escrow account, the sum of Rs. 12.59 Crores recovered from customers have been recognized as liability in the financial statements.

(e) Value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on receipt basis and shown as liability till make up Gas is delivered to customer, during the recovery period, in terms of the Gas Sales Agreement with the customers.

12. In compliance of Accounting Standard 17 on "Segment Reporting" as notified under Companies Accounting Standard Rules,2006, the required information is given as per Annexure - A. The Company has adopted following Business segments as its reportable segment.

- (i) Transmission services
 - a) Natural Gas
 - b) LPG
- (ii) Natural Gas Trading
- (iii) Petrochemicals
- (iv) LPG and other Liquid Hydrocarbons
- (v) GAILTEL
- (vi) Others

There are no geographical segments.

13. In compliance of Accounting Standard 18 on "Related party Disclosures" as notified under Companies Accounting Standard Rules,2006, the names of related parties, nature of relationship and detail of transactions entered therewith are given in Annexure - B.

14. (a) In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules,2006, the Company has provided accumulated net deferred tax liability in respect of timing difference as on 31st March,2010 amounting to Rs.1389.56 Crores (Previous Year: Rs 1325.93 Crores). Net Deferred tax expense for the year of Rs 63.63 Crores (Previous Year: Rs. 6.24 Crores) has been charged to Profit & Loss Account. The item-wise details of deferred tax liability are as under:

(Rs. in Crores)

	As on 31st March, 2010	As on 31st March, 2009
Deferred tax liability:		
a) Depreciation	1563.64	1470.56
b) Others	12.47	12.76
Less: Deferred Tax Assets:		
c) Provision for Retirement Benefits other than Gratuity	55.03	47.96
d) Provision for Doubtful Debts/ Claims/Advances	64.39	56.99
e) Others including liability for pay revision	67.13	52.44
f) Deferred tax Liability (net)	1389.56	1325.93

14. (b) Income Tax Provisions for the current year includes Rs. 20.59 Crores related to Assessment Year 1997-98 & 2007-08 as per orders passed under Income Tax Act, 1961.

15. (a) In Compliance of Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules,2006, brief description

of Joint Ventures of the Company are:

- (i) **Mahanagar Gas Limited:** A Joint Venture with British Gas Plc. and Government of Maharashtra to supply gas to domestic, commercial, small industrial consumers and CNG for transport sector in Mumbai. The company has equity participation of 49.75% of the paid up capital and has invested Rs. 44.45 Crores for acquiring 4,44,49,970 equity shares of Rs. 10/- each in Joint Venture Company.
- (ii) **Indraprastha Gas Limited:** A Joint Venture with BPCL and Government of National Capital Territory (NCT) of Delhi to supply gas to domestic, commercial units and CNG for transport sector in Delhi. The company has equity participation of 22.50% of the paid up capital and has invested Rs. 31.50 Crores for acquiring 3,15,00,000 equity shares of Rs. 10/- each in Joint Venture Company.
- (iii) **Petronet LNG Limited:** A Joint Venture with BPCL, IOCL and ONGCL for setting up LNG imports facilities. The company has equity participation of 12.50% of the paid up capital and has invested Rs. 98.75 Crores for acquiring 9,37,50,000 equity shares of Rs. 10/- each in Joint Venture Company.
- (iv) **Bhagyanagar Gas Limited:** A Joint Venture with HPCL for distribution and marketing of CNG, Auto LPG, Natural Gas and other gaseous fuels in Andhra Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested Rs. 0.01 Crores for acquiring 12,500 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 22.49 Crores (Previous Year: Rs. 17.48 Crores) as advance pending allotment of equity shares in Joint Venture Company.
- (v) **Tripura Natural Gas Company Limited:** A Joint Venture with Assam Gas Company Limited and Tripura Industrial Development Corporation for transportation and distribution of natural gas through pipelines in Tripura. The company has equity participation of 29% of the paid up capital and has invested Rs. 0.55 Crores for acquiring 55,000 equity shares of Rs. 100/- each in Joint Venture Company. The Company has also paid Rs. 0.28 Crores (Previous Year: Rs. 0.83 Crores) as advance pending allotment of equity shares in Joint Venture Company.
- (vi) **Central UP Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Kanpur, Uttar Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested Rs. 13.50 Crores for acquiring 1,35,00,000 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 1.50 Crores (Previous Year: Rs. Nil) as advance pending allotment of equity shares in Joint Venture Company.
- (vii) **Green Gas Limited:** A Joint Venture with IOCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Agra & Lucknow, Uttar Pradesh. The company has equity participation of 22.50% of the paid up capital and has

invested Rs. 0.01 Crores for acquiring 12,500 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 23.03 Crores (Previous Year: Rs. 15.48 Crores) as advance pending allotment of equity shares in Joint Venture Company.

- (viii) **Maharashtra Natural Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Pune, Maharashtra. The company has equity participation of 22.50% of the paid up capital and has invested Rs.22.50 Crores for acquiring 2,25,00,000 equity shares of Rs. 10/- each in Joint Venture Company.
- (ix) **Ratnagiri Gas and Power Private Limited:** A Joint Venture with GAIL, NTPC and other Financial Institutions for the revival of the Dabhol Project. The company has equity participation of 32.88% of the paid up capital and has invested Rs.592.90 Crores for acquiring 59,29,00,000 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 100.00 Crores (Previous Year: Rs. 192.90 Crores) as advance pending allotment of equity shares in Joint Venture Company. A sum of Rs. 84.00 Crores also remain unpaid as on 31st March, 2010 against call raised by Joint Venture Company.
- (x) **Aavantika Gas Limited:** A Joint Venture with GAIL and HPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in MP. The company has equity participation of 22.50% of the paid up capital and has invested Rs.0.01 Crores for acquiring 12,500 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 22.49 Crores (Previous Year: Rs. 13.50 Crores) as advance pending allotment of equity shares in Joint Venture Company.
- (xi) **ONGC Petro additions Limited (OPAL):** A Joint Venture with Oil and Natural Gas Corporation Ltd, GAIL (India) Ltd and Gujarat state Petroleum Corporation Ltd. for setting up Petrochemical Project at Dahej in Gujarat. The company has equity participation of 19% of the paid up capital. The Company has paid Rs. 113.83 Crores (Previous Year: Rs. Nil) as advance pending allotment of equity shares in Joint Venture Company. A sum of Rs. 157.85 Crores also remain unpaid as on 31st March, 2010 against call raised by Joint Venture Company.
- (xii) **GAIL China Gas Global Energy Holdings Limited:** A Joint Venture with China Gas Holdings Ltd. To pursue gas sector opportunities mainly in China. The company has equity participation of 50% of the paid up capital.

The Company's share in the assets and liabilities as at 31st March, 2010 and in the Income and expenditure for the year in respect of above Joint ventures, based on audited/unaudited statements of accounts as furnished by them, is as under: Final adjustments shall be effected during the year in which audited accounts are received.

(Rs in Crores)

	2009-10	2008-09
A. Assets		
Long Term Assets	3305.76	1992.84
Current Assets	909.29	711.62
B. Current Liabilities & Provisions	597.24	507.75
C. Income	3262.38	1974.52
D. Expenditure	2951.87	1889.52
E. Contingent Liability (*)	229.89	229.05

(*) To the extent of information available with the company

- 15 (b) An amount of Rs. 84 Crores remain unpaid as on 31st March 2010 against call raised by Brahmaputra Cracker and Polymer Ltd., a subsidiary of the company.

16. Jointly Controlled Assets

- (i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy and overseas exploration bidding and has 24 Blocks (PY 24 Blocks) as on 31.03.2010 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1 where it is a joint operator and CY-ONN-2005/1 where it is an operator, and would share in Expense/Income/Assets/Liabilities based upon its percentage in production sharing contract. The participating interest in the following twenty three NELP - Blocks in India and one overseas block in Oman as on 31st March, 2010 is as under:

SI No.	Joint Venture under NELP Blocks	Participating Interest
1	MN-OSN-2000/2	20%
2	CB-ONN-2000/1	50%
3	AA-ONN-2002/1	80%
4	CY-ONN-2002/1	50%
5	AA-ONN-2003/1	35%
6	CB-ONN-2003/2	20%
7	AN-DWN-2003/2	15%
8	Block 56, Oman	25%
9	RJ-ONN-2004/1	22.225%
10	KG-ONN-2004/2	40%
11	MB-OSN-2004/1	20%
12	MB-OSN-2004/2	20%
13	CY-DWN-2004/1	10%
14	CY-DWN-2004/2	10%
15	CY-DWN-2004/3	10%

16	CY-DWN-2004/4	10%
17	CY-PR-DWN-2004/1	10%
18	CY-PR-DWN-2004/2	10%
19	KG-DWN-2004/1	10%
20	KG-DWN-2004/2	10%
21	KG-DWN-2004/3	10%
22	KG-DWN-2004/5	10%
23	KG-DWN-2004/6	10%
24	CY-ONN-2005/1	40%

- (ii) Further GAIL has been awarded 3 Coal Bed Methane (CBM) Blocks under CBM-III bidding round as under where it is a non-operator.

SL. No.	Joint Venture under NELP Blocks	Participating Interest
1)	RM-CBM-2005/III	35%
2)	TR-CBM-2005/III	35%
3)	MR-CBM-2005/III	45%

- (iii) In Block CB-ONN-2000/1, the government of India has granted Exploration extension of 425 Sq Km to be governed under a separate ring fenced PSC.

- (iv) In addition to above, the Company has farmed-in as non operator in the following blocks:

SI No.	Joint Venture under Farmed-in Blocks	Participating Interest
1)	A-1, Myanmar	10%
2)	CY-OS/2	25%
3)	A-3, Myanmar	10%

- (v) The Company's share in the assets and liabilities as at 31st March 2010 and in the Income and the expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon unaudited statement of accounts submitted by the operators are given below and final adjustments shall be effected during the year in which audited accounts are received.

(Rs in Crores)

Particulars	2009-10	2008-09
Income	32.54	33.76
Expenses	382.96	380.94
Fixed Assets(Gross Block)	4.93	4.58
Producing Property	-	-
Other Assets	432.60	386.41
Current Liabilities	109.17	125.91

- (vi) Share of Minimum work programme committed under various production sharing contracts in respect of E & P joint ventures is Rs 921.06 Crores (Previous Year: Rs 585.67 Crores)

Quantitative information:
Details of Company's Share on 31.03.2010 for Block no. CB-ONN-2000/1:

(Value Rs in Crs)

Particulars	Opening stock		Production(Treated & processed crude)		Sales		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)		(MT)		(MT)		(MT)	
Year ended								
31/03/10	617.60	0.25	14380.00	-	14625.48	33.20*	372.12	0.28
Year ended								
31/03/09	73.56	0.05	13697.26	-	13153.22	35.42**	617.60	0.25

* The above sale value includes test production sales from PK#1 and Sanand East Field for Rs 0.95 Crores.

** The above sale value includes test production sales from PK#1 and Sanand East Field for Rs 2.71 Crores.

Details of Company's share of Proved Oil Reserves as on 31.03.2010 for Block no. CB-ONN-2000/1:

Particulars	Opening	Addition	Deletion	Production	Closing
	Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)
Crude Oil	7,25,818.37			15279.91	710538.46

As intimated by Gujarat State Petroleum Corporation Ltd (Operator)

17. In compliance with amended Clause 32 of the Listing Agreement with Stock Exchanges, the required information are given in Annexure - C.
18. In some cases, the Company has received intimation from Micro and Small Enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006". The Company has certified that as a practice, the payment to Suppliers is made within 7-10 days. No payments beyond appointed date were noticed. The amount remaining unpaid as at 31st March 2010 is Rs. 1796.80 Crores (Previous Year: Rs. 1741.78Crores). No payments beyond the appointed date were noticed. No interest was paid or payable under the Act.

19. Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a JVC in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07. The gross block of fixed assets and Capital work in progress value of Lakwa unit is Rs.253.11 Crores as on 31st March 2010 (Previous Year: Rs. 252.58 Crores).
20. Non-Refundable Deposits Rs. 15.98 Crores (Previous Year: Rs. 9.31 Crores) made with the concerned authorities for railway crossings, forest crossings, removal and laying of electric/telephone poles and lines are accounted for under Capital Work-in-Progress on the basis of work done/confirmation from the concerned department.
21. Balances grouped under Material with Contractors, Sundry Debtors, Loans and Advances, Deposits and Sundry Creditors, etc. are subject to confirmation.
22. The Profit & Loss Account includes: -
- Expenditure on Public Relations and Publicity amounting to Rs 13.33 Crores (Previous Year: Rs 11.89 Crores). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.0005:1 (Previous Year: 0.0005:1).
 - Research and Development Expenses Rs 16.17 Crores (Previous Year: Rs Nil).
 - Entertainment Expenses Rs.0.11 Crores (Previous Year: Rs 0.11 Crores).
23. Previous Year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions

24. Information Required as per Schedule VI of the Companies Act, 1956

I. Quantitative Information

(Value Rs. In Crores)

	Opening Stock		Purchase		Sales		Internal Consumption		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Natural Gas including RLNG (MMSCM)										
Year Ended 31.03.2010	173.92	171.84	29630.56	18399.09	27428.73	17848.04	2291.50	3224.77	209.46	165.33
Year Ended 31.03.2009	173.92	171.84	29031.20	17946.15	26667.75	17336.27	2201.85	3140.47	173.92	171.84
LPG (M/T)										
Year Ended 31.03.2010	6738.19	9.51	-	-	1100989.91	1767.60	-	-	7747.54	11.20
Year Ended 31.03.2009	9003.48	9.51	-	-	1092214.12	1871.33	-	-	6738.19	9.51
Pentane (M/T)										
Year Ended 31.03.2010	1296.38	2.89	-	-	59677.59	177.29	-	-	382.43	0.89
Year Ended 31.03.2009	1695.63	2.89	-	-	58528.46	204.49	-	-	1296.38	2.89
Propane (M/T)										
Year Ended 31.03.2010	4069.76	7.44	-	-	180306.17	632.89	-	-	1868.04	3.61
Year Ended 31.03.2009	3882.36	7.44	-	-	153152.75	604.71	-	-	4069.76	7.44
SBP Solvent(M/T)										
Year Ended 31.03.2010	121.60	0.23	-	-	33245.02	132.98	-	-	145.01	0.23
Year Ended 31.03.2009	529.46	0.23	-	-	33697.13	155.44	-	-	121.60	0.23
Naptha (MT)										
Year Ended 31.03.2010	1520.49	2.64	-	-	68866.83	226.70	-	-	1531.19	3.56
Year Ended 31.03.2009	1611.98	2.64	-	-	68038.40	252.92	-	-	1520.49	2.64
Polymers (M/T)										
Year Ended 31.03.2010	7519.89	25.22	-	-	409510.12	3015.02	1.55	-	15112.63	54.34
Year Ended 31.03.2009	9958.16	25.22	-	-	422545.82	3066.54	0.50	-	7519.89	25.22
C2/C3 (M/T)*										
Year Ended 31.03.2010	4757.25	6.77	-	-	-	-	-	-	3160.24	4.54
Year Ended 31.03.2009	2665.61	6.77	-	-	-	-	-	-	4757.25	6.77
Ethylene (M/T)										
Year Ended 31.03.2010	730.90	1.54	-	-	-	-	-	-	1213.16	2.54
Year Ended 31.03.2009	730.90	1.54	-	-	-	-	-	-	730.90	1.54
Butene-1 (M/T)*										
Year Ended 31.03.2010	592.76	1.82	-	-	-	-	-	-	385.08	1.25
Year Ended 31.03.2009	592.76	1.82	-	-	-	-	-	-	592.76	1.82
CNG (000*KG)										
Year Ended 31.03.2010	-	-	-	-	10150.10	24.12	-	-	-	-
Year Ended 31.03.2009	-	-	-	-	10345.32	21.96	-	-	-	-
Other Products(M/T)										
Year Ended 31.03.2010	5844.10	9.50	-	-	50276.65	160.81	9322.59	-	5608.99	9.55
Year Ended 31.03.2009	5844.10	9.50	-	-	42249.78	149.64	13260.12	25.86	5844.10	9.50

Note : (i) Difference in reconciliation of opening stock, purchase, sales and closing stock is on account of measurement tolerance.

(ii) Natural Gas used for Fuel & Raw Material.

(iii) Captive Consumption of Polymer includes 0.500 MT(Previous Year Nil) of free sample.

(*) Ethylene, Butene 1 and C2/C3 are consumed internally for manufacture of final products at PATA.



(Rs in Crores)

	2009-10	2008-09
II. CIF Value of Imports		
i) Capital Goods	74.01	28.47
ii) Spare Parts & Components	85.68	73.14
iii) Raw Material	90.20	-
III. a) Expenditure in Foreign Currency		
i) Interest/Commitment Charges	-	-
ii) Technical/Consultancy/License Fee/Engineering	27.92	27.26
iii) Others	1885.63	1921.86
b) Earnings in Foreign Currency		
i) Sales	-	-
ii) Others (Including Tender fee)	5.67	6.96
IV. Remuneration paid/payable to Directors		
Functional Directors including Chairman & Managing Director:		
Salaries & Allowances	2.49	0.89
Contribution to Provident and Other Funds	0.33	0.06
Other Benefits and Perquisites	0.44	0.14
	3.26	1.09
Independent Directors:		
Directors Sitting Fee	0.09	0.06

- a. In addition to above remuneration, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.
- b. The remuneration did not include Provision for Leave, Gratuity and Post Retirement Benefits as per revised Accounting Standard-15 since the same were not ascertained for individual employees, and effect of Pay revision for which estimated provisions have been made (refer Note No-7 & 9)

V. Licensed Capacity, Installed Capacity and Actual Production*

	CURRENT YEAR 2009-10				PREVIOUS YEAR 2008-09			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
i) Natural Gas including RLNG (MMSCMD)								
(a) HWJ, DVPL, SG & DUPL - DPPL	76.50	76.50	54.55	-	69.30	69.30	50.62	-
(b) Others	73.45	73.45	21.59	-	73.45	73.40	22.53	-
(c) RLNG Shipper	-	-	30.59	-	-	-	10.14	-
ii) LPG (M/T)	1112376	1112376	-	1099554	1112376	1112376	-	1087986
iii) Propane (M/T)	201085	201085	-	179274	201085	201085	-	152671
iv) Ethylene (M/T)	400000	400000	-	429992	400000	400000	-	431580
v) HDPE/LLDPE (M/T)	410000	410000	-	417147	410000	410000	-	420108
vi) Pentane	82454	82454	-	58551	82454	82454	-	58392
vii) SBP Solvent/Naptha	110743	110743	-	102479	110743	110743	-	101493
viii) CNG (000'KG)	-	-	-	10150	-	-	-	10345
ix) C2/C3**	-	400000	-	580901	-	400000	-	584625
x) Butane-1***	10000	10000	-	8615	10000	10000	-	9374

Notes * As certified by the company and relied upon by auditors

** Internally consumed

*** Internally consumed



VI. Value of Raw Materials , Stores/Spares and Components Consumed during the Year

	CURRENT YEAR 2009-10			PREVIOUS YEAR 2008-09		
	Qty.	Rs in crores	%	Qty.	Rs in crores	%
i) Raw Material Consumed :						
a) Gas (MMSCM)						
- Indigeneous	1353.68	2199.34	100.00	1294.04	2128.31	100.00
- Imported	-	-	-	-	-	-
Sub total		2199.34	100.00		2128.31	100.00
ii) Stores , Spares Components Consumed						
- Indigeneous	-	103.62	51.95	-	107.89	55.46
- Imported	-	95.83	48.05	-	86.64	44.54
Sub total		199.45	100.00		194.53	100.00
Total		2398.79			2322.84	

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate Report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Information about Business Segments for Financial Year 2009-10

 (Annexure - A)
 (Rs in Crores)

SL No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING **	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	GAILTEL	OTHERS ***	UN-ALLOC-ABLE	TOTAL	ELIMI-NATION	CONSO-LIDATED TOTAL
		NATURAL GAS	LPG									
1	REVENUE											
	External Sales/ Other Income	2,925.49	447.19	15,821.01	2,904.01	2,832.95	12.42	53.33	-	24,996.40	-	24,996.40
	Intersegment sales	242.87	-	2,981.90	8.20	-	-	-	-	3,232.97	3,232.97	-
	Total revenue	3,168.36	447.19	18,802.91	2,912.21	2,832.95	12.42	53.33	-	28,229.37	3,232.97	24,996.40
2	RESULTS											
	Segment Result(Profit before Interest &Tax)	2,239.41	278.16	373.16	1,327.86	608.78	(8.99)	(340.74)	-	4,477.64	-	4,477.64
	Unallocated expenses (Net)								249.02	249.02	-	249.02
	Operating Profit	2,239.41	278.16	373.16	1,327.86	608.78	(8.99)	(340.74)	(249.02)	4,228.62	-	4,228.62
	Interest Expenses								70.00	70.00	-	70.00
	Interest/ Dividend Income								419.85	419.85	-	419.85
	Provision for Taxation								1,438.63	1,438.63	-	1,438.63
	Profit/(Loss) from Ordinary Activities	2,239.41	278.16	373.16	1,327.86	608.78	(8.99)	(340.74)	(1,337.80)	3,139.84	-	3,139.84
	Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	2,239.41	278.16	373.16	1,327.86	608.78	(8.99)	(340.74)	(1,337.80)	3,139.84	-	3,139.84
3	OTHER INFORMATION											
	Segment Assets	11,380.97	917.46	-	1,898.66	1,172.72	39.48	47.46	-	15,456.75	-	15,456.75
	Unallocated Assets	-	-	-	-	-	-	-	14,590.57	14,590.57	-	14,590.57
	Total Assets	11,380.97	917.46	-	1,898.66	1,172.72	39.48	47.46	14,590.57	30,047.32	-	30,047.32
	Segment Liabilities	1,701.71	52.39	-	120.04	86.20	20.52	109.85	-	2,090.71	-	2,090.71
	Unallocated Liabilities	-	-	-	-	-	-	-	8,287.67	8,287.67	-	8,287.67
	Total Liabilities	1,701.71	52.39	-	120.04	86.20	20.52	109.85	8,287.67	10,378.38	-	10,378.38
	Cost to acquire fixed assets	3,353.57	27.92	-	12.99	45.06	-	0.61	8.19	3,448.34	-	3,448.34
	Depreciation*	240.51	67.45	-	154.90	84.63	6.00	0.94	7.39	561.82	-	561.82
	Non Cash expenses other than Depreciation*	2.02	0.51	26.42	(1.76)	(0.04)	-	-	6.30	33.45	-	33.45

Sales net off Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Others includes E&P & City Gas

Information about Business Segments for Financial Year 2008-09

 (Annexure - A)
(Rs in Crores)

Sl. No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING **	PETRO-CHEMICALS	LPG & LIQUID HYDRO-CARBONS	GAILTEL	OTHERS ***	UN-ALLOC-ABLE	TOTAL	ELIMI-NATION	CONSO-LIDATED TOTAL
		NATURAL GAS	LPG									
1	REVENUE											
	External Sales/ Other Income	2,216.11	380.33	15,434.15	2,823.93	2,967.66	24.29	51.91	-	23,898.38	-	23,898.38
	Intersegment sales	266.33	-	2,874.15	25.85	-	-	-	-	3,166.33	3,166.33	-
	Total revenue	2,482.44	380.33	18,308.30	2,849.78	2,967.66	24.29	51.91	-	27,064.71	3,166.33	23,898.38
2	RESULTS											
	Segment Result(Profit before Interest & Tax)	1,598.18	221.13	348.09	1,209.96	859.07	(4.55)	(338.81)	-	3,893.07	-	3,893.07
	Unallocated expenses (Net)								202.88	202.88	-	202.88
	Operating Profit	1,598.18	221.13	348.09	1,209.96	859.07	(4.55)	(338.81)	(202.88)	3,690.19	-	3,690.19
	Interest Expenses								87.00	87.00	-	87.00
	Interest/ Dividend Income								600.83	600.83	-	600.83
	Provision for Taxation								1,400.32	1,400.32	-	1,400.32
	Profit/(Loss) from Ordinary Activities	1,598.18	221.13	348.09	1,209.96	859.07	(4.55)	(338.81)	(1,089.37)	2,803.70	-	2,803.70
	Extra Ordinary Items										-	
	Net Profit/(Loss)	1,598.18	221.13	348.09	1,209.96	859.07	(4.55)	(338.81)	(1,089.37)	2,803.70	-	2,803.70
3	OTHER INFORMATION											
	Segment Assets	8,270.69	997.53	-	2,095.21	1,307.20	49.11	22.32		12,742.06	-	12,742.06
	Unallocated Assets	-	-	-	-	-	-	-	12,708.33	12,708.33	-	12,708.33
	Total Assets	8,270.69	997.53	-	2,095.21	1,307.20	49.11	22.32	12,708.33	25,450.39	-	25,450.39
	Segment Liabilities	1,475.79	44.90	-	103.38	91.64	18.94	126.55		1,861.20	-	1,861.20
	Unallocated Liabilities								6,293.50	6,293.50	-	6,293.50
	Total Liabilities	1,475.79	44.90	-	103.38	91.64	18.94	126.55	6,293.50	8,154.70	-	8,154.70
	Cost to acquire fixed assets	643.05	32.23	-	22.58	18.28	-	2.67	4.19	723.00	-	723.00
	Depreciation*	236.56	68.49	-	154.12	84.77	7.41	0.82	7.74	559.91	-	559.91
	Non Cash expenses other than Depreciation*	29.53	0.13	23.80	0.96	2.91	5.29	-	7.71	70.33	-	70.33

Sales net off Excise Duty

* Excluding Prior period adjustments

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

*** Others includes E&P & City Gas

Related Party Disclosures

I) Relationship

A) Joint Venture Companies/Associates

- 1) Mahanagar Gas Limited
- 2) Indraprastha Gas Limited
- 3) Petronet LNG Limited
- 4) Bhagyanagar Gas Limited
- 5) Tripura Natural Gas Corporation Limited
- 6) Central UP Gas Limited
- 7) Green Gas Limited
- 8) Maharashtra Natural Gas Limited
- 9) Avantika Gas Ltd.
- 10) GAIL China Gas Global Energy Holding Ltd.
- 11) ONGC Petro additions Ltd (OPAL)
- 12) Shell Compressed Natural Gas
- 13) Gujrat State Energy Generation Ltd.
- 14) National Gas Company "Nat Gas"
- 15) Fayum Gas Compnay
- 16) China Gas Holding Ltd.

B) Whole time Directors:

- 1) Shri B C Tripathi ,Chairman and Managing Director (w.e.f. 01.08.2009)
- 2) Dr U D Choubey,Chairman and Managing Director (up to 31.07.2009)
- 3) Shri R K Goel
- 4) Shri R D Goyal (w.e.f. 01.07.2009)
- 5) Shri S L Raina (w.e.f. 19.08.2009)
- 6) Shri Prabhat Singh (w.e.f. 24.02.2010)
- 7) Shri A K Purwaha (up to 30.09.2009)
- 8) Shri Santosh Kumar (up to 30.06.2009)

C) Unincorporated Joint venture for Exploration & Production Activities:

- | | |
|-----------------------|---|
| 1) NEC - OSN - 97/1 | (Non-operator with participating interest: 50%,
GAIL has relinquished from the Block on 11th September 2007) |
| 2) CB - ONN - 2000/1 | (Non-operator with participating interest: 50%) |
| 3) A-1, Myanmar | (Non-operator with participating interest: 10%) |
| 4) CY-OS/2 | (Non-operator with participating interest: 25%) |
| 5) AA-ONN-2002/1 | (Non-operator with participating interest: 80%) |
| 6) CY-ONN-2002/1 | (Non-operator with participating interest: 50%) |
| 7) AA-ONN-2003/2 | (Non-operator with participating interest: 35%) |
| 8) CB-ONN-2003/2 | (Non-operator with participating interest: 20%) |
| 9) AN-DWN-2003/2 | (Non-operator with participating interest: 15%) |
| 10) A-3, Myanmar | (Non-operator with participating interest: 10%) |
| 11) Block 56, Oman | (Non-operator with participating interest: 25%) |
| 12) RJ-ONN-2004/1 | (Joint operator along with GSPCL and having participating interest of 22.225%) |
| 13) KG-ONN-2004/2 | (Non-operator with participating interest: 40%) |
| 14) MB-OSN-2004/1 | (Non-operator with participating interest: 20%) |
| 15) MB-OSN-2004/2 | (Non-operator with participating interest: 20%) |
| 16) RM-CBM-2005/III | (Non-operator with participating interest: 35%) |
| 17) TR-CBM-2005/III | (Non-operator with participating interest: 35%) |
| 18) MR-CBM-2005/III | (Non-operator with participating interest: 40%) |
| 19) AD-7, Myanmar | (Non-operator with participating interest: 10%) |
| 20) CY-ONN-2005/1 | (Joint operator along with GSPCL and having participating interest of 40%) |
| 21) CB-ONN-2000/1-RFC | (Non-operator with participating interest: 50%) |

II) The following transactions were carried out with the related parties in the ordinary course of business:

	(Rs in Crores)	
	2009-10	2008-09
A) Details relating to parties referred to in item no. I (A) above:		
1) Sales	843.53	736.47
2) Amount receivable as at Balance Sheet Date for (1) above	44.83	40.10
3) Purchases	6282.47	5,575.00
4) Amount payable as at Balance Sheet Date for (3) above	284.85	370.00
5) Reimbursement for other expenditure received/receivable	9.94	4.80
6) Amount receivable as at Balance Sheet Date for (5) above	2.56	5.33
7) Dividend Income	55.94	51.67
B) Details relating to parties referred to in item no.- 1 (B) above		
1) Remuneration *	3.26	1.09
2) Interest bearing outstanding loans receivable	0.16	0.12
3) Interest accrued on loans given	0.14	0.16
4) Other Receivables	-	0.40
C) Details relating to parties referred to in item no. I (C) above:		
1) Minimum work program commitment	266.57	288.55
2) Survey and other expenses	128.08	123.15
3) Other assets	387.54	390.99
4) Amount outstanding on Balance Sheet date	91.98	76.86
5) Amount written Off- Dry well expenditure	198.23	172.86
6) Sale of Crude Oil	32.25	32.95

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites.

In addition, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.

(Annexure - C)

Disclosure as Required by Clause 32 of the Listing Agreement

(Rs in Crores)

	Current Year		Previous Year	
	Amount as on 31.03.2010	Maximum amount outstanding during the year ended 31.03.2010	Amount as on 31.03.2009	Maximum amount outstanding during the year ended 31.03.2009
1 Loans and advances in the nature of loans:				
a To subsidiary Company: GAIL (Global) Singapore PTE Limited	66.83	81.03	81.03	81.03
b To Companies in which Directors are interested	Nil	Nil	Nil	Nil
c Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	Repayment of Loan to be made till 23 Septemebr 2010. Rate of interest on loan is 6 months LIBOR+100 basis points.		Repayment of Loan would be five years from the date of drawl i.e 24/9/2004. Rate of interest on loan is 6 months LIBOR + 100 basis points	
2 Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

State Code

Balance Sheet Date

Date Month

Year

II. Capital raised during the year (Rs. in Lakhs)

Public Issue

Right Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds: (Rs. in Lakhs)

Total Liabilities

Total Assets

Sources of Funds:

Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets

Investments / Advances for Investments

Net Current Assets

Misc. Expenditure

Accumulated losses

IV. Performance of the Company (Rs. in Lakhs)

<p>Total Revenue (Net of ED)</p> <p>- - 2 5 5 5 8 0 9</p> <p>Profit/Loss before Tax</p> <p>(+) (-)</p> <p>(+) - - - 4 5 7 8 4 7</p> <p>Earning per share in Rs.</p> <p>Rs. P.</p> <p>2 4 7 5</p>	<p>Total Expenditure</p> <p>- - 2 0 9 7 9 6 2</p> <p>Profit/Loss after Tax</p> <p>(+) (-)</p> <p>(+) - - - 3 1 3 9 8 4</p> <p>Dividend (%)</p> <p>7 5</p>
---	--

V. Generic Names of the Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	2 7 1 1 2 1 0 0
Product Description	N A T U R A L G A S
Item Code No. (ITC Code)	2 7 1 1 1 9 0 0
Product Description	L P G
Item Code No. : (ITC Code)	3 9 0 1 2 0
Product Description	P O L Y E T H E L E N E
Item Code No. : (ITC Code)	2 7 1 1 2 0 0
Product Description	P R O P A N E

N.K. Nagpal
Secretary

R.K.Goel
Director (Finance)

R.D. Goyal
Director (Projects)

B.C. Tripathi
Chairman & Managing Director



Statement Pursuant to Section 212(1) (e) of the Companies Act, 1956 Relating to Company's Interest in the Subsidiary Company

Name of the subsidiary Company	GAIL Global Singapore (Pte) Limited	Brahmputra Cracker & Polymer Limited	GAIL Gas Limited
1 The financial year of the subsidiary Company ended on	31.03.2010	31.03.2010	31.03.2010
2 Date from which it became subsidiary Company	14.09.2004	08.01.2007	27.05.2008
3a) Number of Shares held by GAIL (India) Limited alongwith its nominees in the subsidiary at the end of financial year of the subsidiary company	21,00,000 equity shares of USD 1 per share	18,43,60,083 equity shares of Rs. 10 per share	3,13,00,000 equity shares of Rs. 10 per share
3b) Extent of Shareholding	100%	70%	100%
4 The net aggregate amount of Subsidiary Company profit so far it concerns the members of Holding Company :			
a) Not dealt within the Holding Company Accounts:			
i) for the financial year ended 31.03.2010 (Rs in crores)	9.04	Nil	(3.91)
ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	16.34	Nil	Nil
b) Dealt within the Holding Company Accounts:			
i) for the financial year ended 31.03.2010	Nil	Nil	Nil
ii) for previous financial years of the subsidiary company since it became the holding company subsidiary	Nil	Nil	Nil

N.K. Nagpal
Secretary

R.K.Goel
Director (Finance)

R.D. Goyal
Director (Projects)

B.C. Tripathi
Chairman & Managing Director

Place : New Delhi
Dated : May 17, 2010

Schedule of Fixed Assets (Township)

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2009	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2010	As at 1.04.2009	For the Year	Adjustments during the year	As at 31.03.2010	As at 31.03.2010	As at 31.3.2009
LAND : FREEHOLD	2,863.01	-	-	2,863.01	107.53	-	-	107.53	2,755.48	2,755.48
LAND : LEASEHOLD	468.40	-	79.59	388.81	88.06	15.50	-	103.56	285.25	380.34
BUILDING, ROADS ETC.	25,337.95	76.36	3.99	25,410.32	5619.11	501.05	(0.95)	6119.21	19,291.11	19,718.84
DRAINAGE, SEWAGE & WATER SUPPLY SYS.ETC.	1,235.03	12.97	-	1,248.00	733.98	53.06	-	787.04	460.96	501.05
FURNITURE, FIXTURES & OTHER EQP.	1,638.95	111.24	146.69	1,603.50	953.11	87.33	(82.60)	957.84	645.66	685.84
TRANSPORT EQUIPMENTS	23.41	-	-	23.41	2.26	1.09	-	3.35	20.06	21.15
TOTAL	31,566.75	200.57	230.27	31,537.05	7,504.05	658.03	(83.55)	8,078.53	23,458.52	24,062.70

Income and Expenditure Account

Income and Expenditure Account for the Year Ended 31st March, 2010 on Provisions of Township, Education, Medical and Other Facilities

(Rs. in Lacs)

S.NO.	PARTICULARS	YEAR ENDED	YEAR ENDED
		31ST MARCH, 2010	31ST MARCH, 2009
INCOME			
1	RECOVERY OF HOUSE RENT	103.68	90.38
2	RECOVERY OF UTILITIES	130.26	117.33
3	OTHER RECOVERIES	7.66	6.79
4	EXCESS OF EXPENDITURE OVER INCOME	3,504.73	3,132.44
TOTAL		3,746.33	3,346.94
EXPENDITURE			
1	SALARIES,WAGES & PF CONTRIBUTION	578.84	775.72
2	CONSUMABLES, STORES & MEDICINES	34.92	28.20
3	SUBSIDIES FOR SOCIAL & CULTURAL ACTIVITIES	179.66	119.28
4	REPAIRS & MAINTENANCE	775.60	555.23
5	DEPRECIATION	658.03	691.99
6	UTILITIES-POWER,GAS & WATER	532.89	451.94
7	LAND RENT	20.36	20.36
8	WELFARE - SCHOOL	357.47	252.70
9	BUS HIRE CHARGES	203.00	194.45
10	CLUB & RECREATION	9.54	12.18
11	MISC EXPENSES - TAXES,LICENSE FEES,INS ETC.	216.20	96.69
12	HORTICULTURE EXPENSES	179.82	148.20
TOTAL		3,746.33	3,346.94



Addendum to the Directors' Report

Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of GAIL (India) Limited for the Year Ended 31st March 2010

The preparation of financial statements of GAIL (India) Limited for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 May 2010.

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

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

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board – II
New Delhi

Place: New Delhi

Date : 07.07.2010

Subsidiary Companies



**Brahmputra Cracker and
Polymer Ltd.**



GAIL Global (Singapore) Pte. Ltd.



GAIL Gas Limited

**GAIL Global (Singapore)
Pte. Ltd.**





Directors' Report

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31 March 2010.

Directors

The directors in office at the date of this report are as follows:

Kirpa Ram Vj
Raj Kumar Goel
Shadey Lal Raina
(Appointed on 15 September 2009)

Arrangements for directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follow:-

	Holdings in which a director is deemed to have an interest	
	At 1.4.2009	At 31.3.2010
A subsidiary of ultimate holding Corporation No. of Ordinary shares, issued and fully paid		
Raj Kumar Goel	10	10

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain director receives remuneration as a result of his employment with immediate and ultimate holding corporation.



Share options

During the financial year, there were:-

- (i) no options granted by the Company to any person to take up unissued shares in the Company.
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

**Sd/-
Raj Kumar Goel
Director**

**Sd/-
Shadi Lal Raina
Director**

Place : Singapore
Date : May 6, 2010



In the opinion of the Directors,

- (a) the financial statements set out on pages 128 to 137 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

**Sd/-
Raj Kumar Goel
Director**

**Sd/-
Shadi Lal Raina
Director**

Place : Singapore
Date : May 6, 2010



Independent Auditor's Report to the Shareholder of GAIL Global (Singapore) Pte. Ltd.

We have audited the accompanying financial statements of Gail Global (Singapore) Pte. Ltd., set out on pages 128 to 137, which comprise the balance sheet of the Company as at 31 March 2010, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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 Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.



Independent Auditor's Report to the Shareholder of GAIL Global (Singapore) Pte. Ltd. (Cont'd...)

Opinion

In our opinion,

- a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2010 and the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants

Place : Singapore
Date : May 6, 2010

Balance Sheet as at 31st March, 2010

	Note	2010 USD	2010 Rs. in Crore	2009 USD	2009 Rs. in Crore
ASSETS					
Current assets					
Cash at bank	3	2,383,227	10.88	1,644,601	8.31
Other current assets	4	356	-	300	-
		2,383,583	10.88	1,644,901	8.31
Non-current assets					
Financial assets, available-for-sale	5	15,498,270	70.78	15,135,797	76.48
Total assets		17,881,853	81.66	16,780,698	84.79
LIABILITIES					
Current liabilities					
Other payables	6	331,163	1.51	594,652	3.00
Borrowings	7	14,655,781	66.93	15,500,422	78.32
Total liabilities		14,986,944	68.44	16,095,074	81.32
NET ASSETS		2,894,909	13.22	685,624	3.47
EQUITY					
Share capital	8	2,100,000	9.64	2,100,000	9.64
Other reserves	9	(3,567,696)	(17.03)	(3,930,169)	(17.75)
Retained earnings		4,362,605	20.61	2,515,793	11.57
Total equity		2,894,909	13.22	685,624	3.46

The accompanying notes form an integral part of these financial statements

Income Statement for the Financial Year Ended 31st March, 2010

	Note	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Revenue	10	2,227,200	10.83	1,466,025	7.41
Other (losses)/gains - net	11	(17,736)	(0.09)	19,073	0.09
Expenses (net)					
- Professional fees		(7,803)	(0.04)	(10,234)	(0.05)
- Safe custody charges		(15,303)	(0.07)	(16,273)	(0.08)
- Finance expense	12	(334,862)	(1.57)	(599,399)	(2.91)
- Other		(4,684)	(0.02)	(2,364)	(0.01)
Total expenses		(362,652)	(1.70)	(609,197)	(3.41)
Profit before income tax		1,846,812	9.04	856,828	4.27
Income tax expense	13	-	-	-	-
Profit after tax		1,846,812	9.04	856,828	4.27
Other comprehensive income/(losses)					
- Fair value loss		-	-	(1,206,317)	(6.34)
- Currency translation differences		362,473	0.72	(652,191)	(3.42)
Total comprehensive income / (losses)		2,209,285	9.76	(1,001,680)	(5.49)

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity for the Financial Year Ended 31st March, 2010

	Share capital USD	Share capital Rs. in Crores	Other reserves USD	Other reserves Rs. in Crores	Retained earnings USD	Retained earnings Rs. in Crores	Total equity USD	Total equity Rs. in Crores
2010								
Beginning of financial year	2,100,000	9.64	(3,930,169)	(17.75)	2,515,793	11.57	685,624	3.46
Total comprehensive income	-	-	362,473	0.72	1,846,812	9.04	2,209,285	9.76
End of financial year	2,100,000	9.64	(3,567,696)	(17.03)	4,362,605	20.61	2,894,909	13.22
2009								
Beginning of financial year	2,100,000	9.64	(2,071,661)	(7.99)	1,658,965	7.30	1,687,304	8.95
Total comprehensive (losses)/income	-	-	(1,858,508)	(9.76)	856,828	4.27	(1,001,680)	(5.49)
End of financial year	2,100,000	9.64	(3,930,169)	(17.75)	2,515,793	11.57	685,624	3.46

The accompanying notes form an integral part of these financial statements

Cash Flow Statement for the Financial Year Ended 31st March, 2010

	Note	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Cash flows from operating activities					
Net profit		1,846,812	9.04	856,828	4.27
Adjustment for:					
- Interest expense	12	334,862	1.57	599,399	2.91
		2,181,674	10.61	1,456,227	7.18
Change in working capital					
- Other receivables		-	-	1,382,250	6.98
- Other payables		(263,489)	(1.36)	(401,633)	(2.03)
- Other current assets		(56)	0	293	-
Net cash provided by operating activities		1,918,129	9.25	2,437,137	12.13
Cash flows from financing activities					
Repayment of borrowings		(844,641)	(4.35)	(302,842)	(1.26)
Interest paid		(334,862)	(1.57)	(599,399)	(2.91)
Net cash used in financing activities		(1,179,503)	(5.92)	(902,241)	(4.17)
Net increase in cash in bank		738,626	2.57	1,534,896	7.96
Cash at bank at beginning of the financial year		1,644,601	8.31	109,705	0.35
Cash at bank at end of the financial year	3	2,383,227	10.88	1,644,601	8.31

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements for the Financial Year Ended 31st March, 2010

The accompanying notes form an integral part of these financial statements. These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

These financial statements were authorized for issue in accordance with a resolution of the directors on 6 May 2010.

1 Corporate information

Gail Global (Singapore) Pte. Ltd. is a Company incorporated and domiciled in Singapore with its registered office at 5 Shenton Way, #16-00 UIC Building, Singapore 068808.

The principal activities of the Company have been those relating to the business of investment holding company.

The immediate and ultimate holding corporation is GAIL (India) Limited, a company listed on National Stock Exchange of India Limited and incorporated in New Delhi, India.

2 Significant accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company is subject to the uncertainty caused by the world financial crisis. The world economy has experienced significant downward pressure and credit has become very tight. Significant judgment is required to determine the fair value and forecasts of business that may have impact on cashflow, collectibility and realisability of assets. In making these judgments, the Company has relied on their view of the economy. There are no other areas involving a higher degree of judgement or complexity, or area where estimates and assumptions are significant to the financial statements.

Interpretations and amendments to published standards effective in 2009

On 1 April 2009, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that is relevant to the Company:

FRS 1 (Revised) - 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-

owner in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

Amendment to FRS 107 'Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments' (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Company.

Critical accounting estimates and judgements

The critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key resources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of available-for-sale Investments - The Company follows the guidance of FRS 39 in determining whether available-for-sale investments are considered impaired. The company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, the financial health of and the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(b) Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other receivables" and "cash at bank" on the balance sheet.

(ii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Dividend income on financial assets, available-for-sale are recognised separately in profit or loss. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments

and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss on debt securities. The impairment losses recognised as expenses on equity securities are not reversed through profit or loss.

(c) Other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(d) Provisions

Provisions are recognized when the Company has a present obligation (legal or construction) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(e) Income taxes

Current income tax is recognised at the amount expected to be paid or recovered from the tax authorities.

Deferred income tax is recognised for all temporary differences except when the deferred income tax arises from the initial recognition of an asset or liability affects neither accounting nor taxable profit or loss at the time of the transaction.

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

(f) Revenue recognition

Sales comprise the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria for each of the Company's activities are met as follows:

Dividend income

Dividend income is recognised when dividend has been declared and right to receive dividend has been established.

(g) Finance expense

Interest expense and similar charges are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

(h) Currency translation

The financial statements are presented in United States dollar, which is the functional currency of the Company.

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

(j) Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference

between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(k) Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

3 Cash at bank

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Cash in bank	2,383,227	10.88	1,644,601	8.31

4 Other current assets

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Prepayments	356	-	300	-

5 Financial assets, available-for-sale

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Beginning of financial year	15,135,797	70.04	16,994,305	86.24
Fair value loss (Note 9(b)(i))	-	-	(1,206,317)	(6.34)
Currency translation gain/(loss) (Note 9(b)(ii))	362,473	0.72	(652,191)	(3.42)
End of financial year	15,498,270	70.78	15,135,797	76.48
Financial assets, available-for-sale include the following:				
Non-listed securities				
- Equity securities, Egypt	15,498,270	70.78	15,135,797	76.48

Financial assets, available for sale with carrying amount of USD15,498,270 (2009: USD15,135,797) is mortgaged to loan from ultimate holding corporation.

6 Other payables

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Amount due to ultimate holding corporation	304,404	1.39	584,343	2.95
Accrued operating expenses	26,759	0.12	10,309	0.05
	331,163	1.51	594,652	3.00

The amount due to ultimate holding corporation pertains to accrued interest for loan from ultimate holding corporation.

7 Borrowings

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Loan from ultimate holding corporation - current	14,655,781	66.93	15,500,422	78.32

Security granted

The loan is secured by 15% paid up capital in National Gas Company S.A.E Egypt (NATGAS) with investment cost of USD15,498,270 (2009:USD15,135,797) as at 31 March 2010 (Note 5).

8 Share Capital

The Company's share capital comprises fully-paid 2,100,000 (2009: 2,100,000) ordinary shares with no par value, amounting to a total of USD2,100,000 (2009: USD2,100,000).

9 Other reserves

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
(a) Composition				
Fair value reserves	(5,439,834)	(23.53)	(5,439,834)	(23.53)
Currency translation reserves	1,872,138	6.50	1,509,665	5.78
	(3,567,696)	(17.03)	(3,930,169)	(17.75)
(b) Movement				
I. Fair value reserves				
Beginning of financial year	(5,439,834)	(23.53)	(4,233,517)	(17.19)
Fair value loss	-	-	(1,206,317)	(6.34)
End of financial year	(5,439,834)	(23.53)	(5,439,834)	(23.53)
ii. Currency translation reserves				
Beginning of financial year	1,509,665	5.78	2,161,856	9.20
Financial assets, available for sale - Currency translation gain/(loss)	362,473	0.72	(652,191)	(3.42)
End of financial year	1,872,138	6.50	1,509,665	5.78

10 Revenue

Revenue represents dividends received from investment made in National Gas Company.

11 Other (losses)/gains - net

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Net currency translation (losses)/gains	(17,736)	(0.09)	19,073	0.09

12 Finance expense

	2010 USD	2010 Rs. in Crores	2009 USD	2009 Rs. in Crores
Interest expense - loan from ultimate holding corporation	334,862	1.57	599,399	2.91

13 Income tax expense

No income tax expense was provided as there is no taxable income during the financial year.

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:-

	2010	2010	2009	2009
	USD	Rs. in Crores	USD	Rs. in Crores
Profit before income tax	1,846,812	9.04	856,828	4.27
Tax calculated at a tax rate of 17% (2009:17%)	313,958	1.39	145,661	0.73
Effects of:				
- Income not subject to income tax	(313,958)	(1.39)	(145,661)	(0.73)
	-	-	-	-

14 Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence.

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2010	2010	2009	2009
	USD	Rs. in Crores	USD	Rs. in Crores
Interest expense for loan from ultimate holding corporation	334,862	1.57	599,399	2.91

There was no remuneration to directors incurred during the financial year.

15 Financial Risk Management

The Company's activities expose it to market risk (including interest rate risk and price risk) and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by key management.

(a) Market risk

(i) Price risk

The Company is exposed to equity securities price risk for financial assets, available-for-sale held by the Company. The management of the Company manages its price risk by diversifying its portfolio.

As at each of the balance sheet date, if prices for equity securities change by 5% with all other variables including tax rate being held constant, the equity will be increased/decreased by USD774,914 (2009: \$756,789) for the financial year.

(ii) Interest rate risks

The Company is exposed to interest rate risk through the impact of interest rate changes on borrowings.

The Company obtains additional financing through loan from ultimate holding corporation. The Company obtains the most favourable interest rates available without increasing its interest rate exposure.

The Company's borrowings at variable rates are denominated mainly in USD. At 31 March 2010, if the USD interest rates had increased/decreased by 1% (2009: 1%) with all other variables including tax rate being held constant, the profit after tax for the year would have been lower/higher by \$146,558 (2009: \$155,004) as a result of higher/lower interest expense on these borrowings.

(b) Liquidity risk

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company manages its liquidity risk by ensuring the availability of adequate funds to meet its obligation.

All the financial liabilities are in payable within one year.

(c) Capital risk

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company return capital to shareholders, issue new shares, or obtain new borrowings.

Management monitors capital based on a gearing ratio. The Company's strategy is to maintain gearing ratios below 100%. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2010	2010	2009	2009
	USD	Rs. in Crores	USD	Rs. in Crores
Net debt	12,603,717	57.56	14,450,473	73.01
Total equity	2,894,909	13.22	685,624	3.46
Total capital	15,498,626	70.78	15,136,097	76.47
Gearing ratio	81%	81%	95%	95%

The Company is not subject to any external capital requirement.

(d) Fair value measurements

Effective 1 April 2009, the Company adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (ie derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the asset measured at fair value at 31 March 2010:

As at 31 March 2010	Level 2		Total	
	USD	Rs. in Crores	USD	Rs. in Crores
Financial assets, available-for-sale	15,498,270	70.78	15,498,270	70.78

The fair value of financial instrument that are not traded in an active market is determined by using value-in-use method. The Company uses inputs other than quoted prices that are observable for the asset. This instrument is included in Level 2.

The carrying value less impairment provision of cash at bank and other payables approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments. The fair value of current borrowings approximates their carrying amount.

16 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2010 or later periods and which the Company has not early adopted. The Company has assessed that the adoption of these new accounting standards, amendments and interpretations to existing standards will not have a material impact on the financial statements.

	2010	2010	2009	2009
	USD	Rs. in Crores	USD	Rs. in Crores
Revenue	2,227,200	10.83	1,466,025	7.41
Other (losses)/gains - net	(17,736)	(0.09)	19,073	(0.09)
Less: Administrative expenses				
Professional fees	(7,803)	(0.04)	(10,234)	(0.05)
Nominee fee expense	(2,015)	(0.01)	-	-
Safe custody charges	(15,303)	(0.07)	(16,273)	(0.08)
Membership fee	-	-	(205)	-
Bank charges	(2,333)	(0.01)	(2,159)	(0.01)
Printing and stationery	(132)	-	-	-
Registered office	(204)	-	-	-
	(27,790)	(0.13)	(28,871)	(0.14)
Less: Finance expense				
Loan interest expense to ultimate holding corporation	(334,862)	(1.57)	(599,399)	(2.91)
Total expenses	(362,652)	(1.70)	(628,270)	(3.05)
Profit before income tax	1,846,812	9.04	856,828	4.27

**Brahmputra Cracker
and Polymer Ltd.**



Directors' Report of Brahmaputra Cracker and Polymer Limited

Dear Shareholders,

Your directors have pleasure in presenting the 3rd Annual Report together with the audited statement of accounts for the year ended 31st March, 2010.

OPERATIONS: IMPLEMENTATION OF PROJECT

Your company has a mandate for setting up the Assam Gas Cracker Project within a schedule of 60 months. The company is rapidly striding towards this goal and has achieved several key milestones within a span of 36 months.

Financial closure has been achieved by arranging its resources through equity, capital subsidy, loan from OIDB & consortium of scheduled banks.

The Project is being executed aggressively with Engineers India Ltd. being project management consultant. The majority of orders for long lead critical equipments and works contracts has been awarded and is under execution. The agreements have been signed with ONGC, OIL and NRL for supply of requisite feedstock of natural gas and naphtha for the plant. Your company has been granted exemption from Entry Tax in respect of Plant and Machinery required in setting up the project upto commencement of commercial production and VAT for a period of 15 years from the date of commencement of production in respect of finished goods. In addition, the Government of Assam has agreed to refund the WCT on yearly basis.

Project activities are being closely monitored and controlled for its timely execution which is regularly reviewed by GAIL, State & Central Govt. authorities and overall physical progress of project achieved as at the end of the financial year is 12.9%. As of now there is a delay of few months due to late receipt of licensor packages, prolonged monsoon & local labour problems etc. However, efforts are being made to augment the progress to bring back to its original schedule.

During the year under review the Managing Director and the Director (Finance) have been appointed by the Government of India.

The company has signed a Performance MoU with the Ministry of Chemicals & Fertilizers (MoC&F) for the year 2010-11.

The Company has not commenced revenue operations, hence no profit and loss account has been prepared.

1.0 PROJECT PROGRESS

Entire land for the Project has been acquired and possession taken over. Selection of technology licensors for Polypropylene unit, HDPE/LLDPE swing unit and ethylene Cracker has been completed and License agreements with licensors have been signed. Basic Design & Engineering Packages have been received from the Licensors and accordingly, material requisition and ordering of equipments are in progress.

Initial works for the project like site grading, earth filling, construction of roads, drainage, culverts, boundary wall etc are at an advanced stage of completion. Work for barbed wire fencing, topographical & geo technical surveys, pipeline & hydrological route survey, construction power and construction of site office has been completed. About 64 buildings and facilities are under various phases of construction and many of them are on the verge of completion by the twenty two dedicated Contractors currently working at site. Civil & structural works for the main process units namely Ethylene cracker unit, Polyethylene unit (HDPE/LLDPE), Polypropylene unit, C2+ extraction unit, Gas dehydration unit and Gas sweetening unit have commenced. Piling jobs and BCPL & CISF townships are under construction in which Bachelors Hostel, Guest House and CISF barracks have reached near completion. Next phase of construction of township and Bachelors Hostel for BCPL executives & CISF personnel has also been initiated.

Majority of the critical orders & the contracts have been awarded and are under execution. With the award of two major packages namely Captive power plant for Lepetkata & Gas turbine driven compressor for Duliagan station of the total order value of about Rs. 1200 Crores and with the award of critical & long delivery items, the project progress has gained substantial momentum. The shortfall in the project completion is under close review and efforts are being made to make up the same in the current financial year.

Supply orders for line pipes have been executed. Coating work is in an advanced stage of completion and pre construction activities for laying of pipeline through various routes to project site is going on at rapid pace.

1.1 PROJECT FINANCIALS

The Project is gaining momentum with firm financial commitments being increased to over Rs. 3787.29 Cr. Most of the long lead/critical items being project schedule critical have been awarded during the year and the value of the contracts & purchase orders released is Rs. 3147.17 Cr. During the year, total expenditure has been made to the tune of Rs. 532.95 Cr. out of cumulative expenditure of Rs. 754.02 Cr.

During the year under review the paid up Capital of your company has been increased from Rs. 5, 00,700 to Rs. 2,63,37,15,600. Capital subsidy to the tune of Rs 3,16,31,00,000 has been received during the year from the Government of India. The total amount of Capital Subsidy received till 31st March 2010 from Government of India now stands at Rs.4, 53, 73, 69,000. Secured loans to the tune of Rs. 50,00,00,000 were also drawn during the year from a consortium of scheduled banks.

2.0 AUDITORS AND THEIR REPORTS

The Comptroller and Auditor General of India has appointed M/s Sanjoy K. Das & Co., Chartered Accountants, Guwahati as Statutory Auditors of your company for the year 2009-10 and the Statutory Auditors' Report forms a part of the Annual Report. The comments of the Comptroller & Auditor General on the accounts for the year 2009-10 also form part of the Annual Report. You will be pleased to know that there are no adverse comments of the C&AG upon or supplement to the Auditors' Report under Section 619(4) of the companies Act, 1956.

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

3.1 Energy Conservation & Technology Absorption

The Company is presently involved in the construction of the Assam Gas Cracker Project and there are no cases of disclosure of details on conservation of the Energy and Technology absorption in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

3.2 Foreign Exchange Earning and Outgo

The Company does not have any foreign exchange earnings so far as the company is in the construction phase of the project. However, a total foreign exchange expenditure mainly on account of technical knowhow to the tune of Rs.1, 42, 45, 88,321 has been incurred.

4.0 PARTICULARS OF EMPLOYEES

None of the employees are drawing the remuneration specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2010.

5.0 CHANGES IN THE BOARD OF DIRECTORS

After the last Annual General Meeting, the following changes occurred in the Board of Directors-

- (i) Shri A.K.Purwaha, ceased to be Director of the Company consequent upon relinquishment of office of Director, BCPL / Director (BD), GAIL and Shri R.D.Goyal, Director (Projects), GAIL (India) Ltd. was appointed as an Additional Director w.e.f 12.10.2009 on the Board in place of Shri A.K.Purwaha.
- (ii) Shri J.K.Singh Teotia, was appointed by the Govt. of India vide letter No. 45012/29/2007-PC.I(Vol.II) dated 26.11.2009 as Managing Director on the Board of Directors of the company with effect from the date of the assumption of charge of the post i.e. 09.12.2009.
- (iii) Shri Rakesh Kumar, was appointed by the Govt. of India vide letter No. 45012/29/2007-PC.I(Vol.II) dated 10.12.2009 as Director (Finance) on the Board of Directors of the Company with effect from the date of the assumption of charge of the post i.e. 04.01.2010.
- (iv) Shri P.C.Sharma, ex Chief Secretary to the Govt. of Assam ceased to be Director of the Company consequent to his superannuation on 31/03/2010. Shri Ravi Capoor, Commissioner & Secretary to the Government of Assam, Industries and Commerce Department was appointed as an Additional Director w.e.f 19.04.2010 on the Board as a nominee of Government of Assam in place of Shri P.C.Sharma.

6.0 CORPORATE GOVERNANCE

Although your company is in the construction phase of the prestigious Assam Gas Cracker Project, in compliance with the DPE Guidelines on corporate governance necessary disclosures in a separate statement on corporate governance is enclosed as a part of Directors' Report as annexure-I. The Management Discussion and Analysis Report is also enclosed as annexure-II to this report.

7.0 CORPORATE SOCIAL RESPONSIBILITY

In spite of being in the construction phase, your company is conscious of its social responsibilities more specifically to the community living around the project site. In order to address the concerns of the habitat around the project site several works under the aegis of CSR have been undertaken by the company through its major promoter company. Your company has also formulated a special CSR policy in consultation with the district administration, laying down in a formal manner its commitment towards society during the construction phase of the project.

8.0 RIGHT TO INFORMATION ACT, 2005

The Company adheres to Government instructions issued in pursuance of Right to Information Act, 2005, and has designated Public Information Officer and Appellate Authority under the Act.

9.0 HUMAN CAPITAL

Human capital is arguably the most valuable asset held by an organisation and your company is not an exception to this. Your company initially started the project with manpower support from the promoter companies on secondment basis. During the year, your company initiated the process to build-up its own human capital by induction of 77 engineers and executives. Presently, the total manpower of BCPL is 123 including secondees from the promoter organisations. Due preference is being given in recruitment leading to major representation of the locals. Priority is being given to engage local people through contractors working at site. Most of the skilled/semi-skilled/unskilled workers engaged in the construction work are from North East. Recruitment process for another 20 experienced executives and for 22 GET/ET through campus has been completed. Moreover, advertisement has been issued for another lot of experienced executives.

10. RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

Section 217(2AA) of the Companies Act, 1956 requires the Board of Directors of the Company to prepare accounts for each financial year giving a true and fair view of the state of affairs of the company and the profit and loss of the company for that period. The Directors to the best of their knowledge and explanation state that:

- (i) In preparing the annual accounts, the applicable accounting standards have been followed and there is no material departure from the Accounting Standards.
- (ii) The Accounting Policies adopted have been consistently applied and, wherever necessary, made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- (iii) Proper and sufficient care has been taken 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; and
- (iv) The annual accounts have been prepared on a 'going concern' basis.

11 ACKNOWLEDGMENT

Your Directors wish to acknowledge the unstinted support and guidance received from the various Ministries of the Government of India, more particularly from Ministry of Chemicals and Fertilizers, and Ministry of Petroleum & Natural Gas and also from the promoters, viz, GAIL India Ltd., Government of Assam, Oil India Limited and Numaligarh Refinery Limited.

Your Directors also wish to place on record their appreciation of the continued cooperation and assistance received from the entire team of EIL, bankers, consultants, suppliers, lenders and financial institutions and the various intermediaries to expedite the project Development Process.

Last but not the least, your Directors would like to place on record their appreciation of the hard work, dedication, and unstinted efforts put in by the BCPL team deployed in the Company at all levels.

For and on behalf of the Board

Sd/-

(B.C. Tripathi)

Chairman

Dated: 16th July, 2010

Place : Guwahati

Management Discussion and Analysis Report

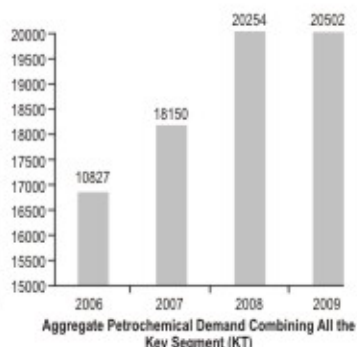
1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The petrochemical industry has been one of the fastest growing industries in the Indian economy; it provides the foundation for manufacturing industries such as pharmaceuticals, construction, agriculture, packaging industry, textiles, automotive, etc. The petrochemical industry in India is oligopolistic with four main players dominating the market, namely Reliance Industries Ltd. (RIL) along with Indian Petrochemical Ltd. (IPCL), GAIL(India)Ltd (GAIL), and Haldia Petrochemicals Ltd. (HPL).

Currently, India has three naphtha- and three gas -based cracker complexes with a combined ethylene annual capacity of over 2.5 MMTA. Besides, there are four aromatic complexes also with a combined Xylenes capacity of 2.9 MMTA. Polymers account for more than 60 percent of total petrochemical production. As shown in the figure below, the industry has been stagnant in terms of capacity addition. Combining the demand for all the key segments in the petrochemical industry, aggregate demand for the entire petrochemical sector in India was around 20 MMTA in 2008.

Company	Location	Capacity (KTA)	Start Up Date
Reliance	Baroda	130	1978
Reliance	Gandhar	300	2000
Reliance	Hazira	750	1996
Reliance	Nagothane	400	1992
Reliance	Mumbai	75	1968
GAIL	Auraiya	400	1999
Haldia Petrochemicals	Haldia	520	2000
Total		2575	

Ethylene Capacity in India

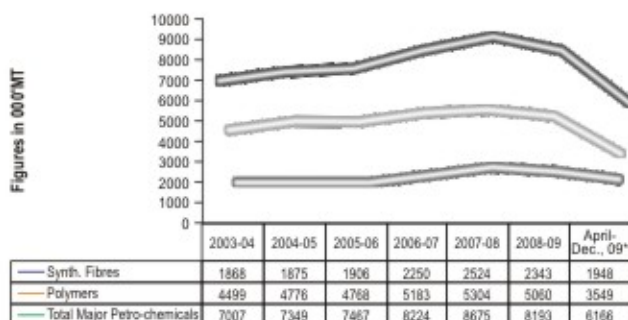


The major driver for the growth of petrochemical industry in India is its (India's) ongoing economic development. With the Government announcing an infrastructure development program of over INR 500 Billion, coupled with growth in key end-use sectors like auto, personal / lifestyle products, and retail (packaging), a boost is expected in the demand for petrochemical products in India. The Government has set in place policies to promote investment in the petrochemical sector, and several key domestic companies have unveiled ambitious expansion plans for the next few years. Two major elements in this support are the decision to allow 100 percent foreign direct investment projects in this sector, and establishment of a series of special economic zones (SEZs) and a number of petroleum, chemicals, and petrochemical investment regions (PCPIRs).

The refining capacity in India is expected to rise from 135 MMTA in 2006-07 to 210-225 MMTA in 2011-12, translating into increased availability of 8-10 MMTA of naphtha. This additional availability of naphtha has already prompted petrochemical majors to announce major downstream expansions in naphtha crackers. The olefin-based capacity is expected to increase from 5 MMTA to 10 MMTA and aromatics based capacity is expected to increase from 3 MMTA to 6 MMTA.

The production of Polymers accounted for about 62% of the total production of major petrochemicals during 2008-09. The actual production of major petrochemicals during the years 2003-04 to 2008-09 and upto December 09 for the year 2009-10 is exhibited below.

Chart II : Production of Selected Major Petrochemicals



2. FINANCIAL STRUCTURE OF THE COMPANY

Project is at a threshold of progressing fast, with firm financial commitments having increased to over Rs. 3847 Crores, value of the contracts & purchase orders released till 30.04.2010 being of Rs. 3147.17 Crores and most of the long lead/critical items being critical to project schedule have been awarded. The financial structure and fund mix of the project is mentioned below:

Project Cost	: Rs. 5460 Crores
Additional IDC	: Rs. 198 Crores
Net Project Cost (To be funded)	: Rs 5262 Crores
Equity	: Rs 1041 Crores
Equity partners	: GAIL(70%), OIL(10%), NRL(10%) & Govt of Assam (10%)
Capital Subsidy	: Rs 2138 Crores
Debt	: Rs 2083 Crores
Debt Equity ratio	: 2 : 1
Recurring Feedstock Subsidy	: Rs. 909 Crores

3. SWOT ANALYSIS

Strength:

- Fully supported prestigious project of Govt. of India
- Reputed background of promoters
- Strong back up of Govt. of Assam
- Marketing tie up with GAIL
- EIL as a consultant having wide and varied experience in erection, construction and commissioning of plant.

Weakness:

- Climatic condition of North East
- Manpower constraint
- Socio-economic condition of the area
- Non availability of adequate infrastructure facilities in and around the project site

Opportunity

- Lowest per capita consumption of plastics in North East states
- Huge demand for the polymer by growth of sunrise industries
- Low consumption of polymer in India in comparison to global consumption
- World trade in plastics

Threats

- Rising prices of the feedstock.
- Threats of polymer import from middle east
- Environmental concern with plastics packaging
- Growing competition from the upcoming plants in country
- Delays in project implementation

4. RISKS AND CONCERNS

Risk taking is intrinsic to business growth. All business organizations face risks either from internal operation or from external environment. The base of any business is healthy appetite for risk. This is why one of the greatest and most important challenges for an organization is to define the optimal risk level for its business to ensure that its activities produce risk adjusted returns.

The risk to which the Company is exposed and the initiatives taken by the Company to mitigate such risks are given below:

- **Hazard risks** are related to natural hazards arising out of nature of product/operation, accidents, fire, earthquake or cyclone etc.
Risk associated with protection of environment, safety of operations and health of people at work is monitored regularly with reference to statutory regulations prescribed by the govt. authorities and company is formulating its own guideline in this regard. Risk arising out of accidents, fire etc is protected through insurance policies and limited through contractual agreements wherever possible.
- **Financial Risks** are concerned with volatility in interest and exchange rate, credit, asset-liability mismatch. The total debt component of Rs 2083 Cr for the project has been tied up with OADB to the extent of Rs 327 Cr which will be fixed based on the rate applicable during the month of draw of the loan and Consortium of eight lenders (lead lender being Punjab National Bank) to the extent of Rs 1756 Cr with a floating rate of interest which is subject to change on yearly basis. To this extent the company is subject to risk of volatility in interest rates. The project cost of Rs 5460.61 Cr also comprises of foreign exchange component of Rs 868.74 Cr Out of which an amount of Rs 129.17 Cr has been paid primarily on account of import of technical know-how. Foreign Exchange outflow for the balance component which will mainly be on account of imports, shall depend upon the finalization of orders in foreign exchange and payment thereof. Since, the company is in the construction phase of the project, the company is presently not subject to the credit risk. Funding of the project activities is taking place as per the requirement and hence, asset-liability mismatch may not have significant bearing except to the extent of foreign exchange component as mentioned above.
- **Operational risks** are associated with systems, processes and people and cover areas such as succession planning, attrition and retention of people, operational failure or interruption, disruption in supply chain, failure of research & development facilities, and faulty application of information technology and non-compliance of regulatory provisions.

As the company is in construction phase of project it is not exposed to all such operational risks. However, the policies and process framework of the company supported by the proactive approach of management mitigate operational risks to great extent. The companies' legal compliances are being reviewed by the Board of Directors.

5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is committed to ensuring a comprehensive internal control structure across its operations to ensure that all assets are adequately safeguarded and protected against loss from unauthorized use or disposition. The company is following processes and policies of its parent company till the establishment of its well defined

written policies. In all cases where monetary decision is involved, various limits and authorities are in place.

The Company's progress is being monitored and reviewed at various levels by GAIL, state and central govt. authorities and also monitored at the highest level.

The Company's internal audit is being done with the assistance of its holding company's internal audit department.

6. HUMAN RESOURCES

The key to the success of the Company lies in its people whose skills, expertise and talent help the Company to achieve and sustain its market position. It is the people's commitment, technical knowhow, innovative ability and performance driven mindset that enables our Company to react swiftly and creatively to the evolving customer and market needs. During the year under review, Company started to increase its own human capital base and adequate care is being taken in recruitment resulting in major representations of the locals. Most of the skilled / semi-skilled / unskilled workers engaged in the construction work are from North-East.

7. ENVIRONMENTAL PROTECTION AND CONSERVATION

Environment protection and its preservation is today a matter of concern for all citizens including corporate. The environment as it exists today is an example of how human activities are correlated with nature and human beings cannot remain aloof after causing damage to the environment. Being a corporate citizen the Company recognizes its responsibility and its commitment towards Corporate Responsibility of Environment Protection and is fully complying with the norms set relating to effluent treatment, water consumption, and solid waste consumption. The Company is setting up its effluent treatment plant for proper effluent discharge within the limit prescribed by the authorities.

8. OUTLOOK

The company's outlook appears to be very bright and will achieve breakeven very soon once the plant is commissioned and production is stabilized. It will generate sufficient revenue for the growth and development of the company vis-à-vis employment opportunities to the local inhabitants.

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

Your company prides itself on being a responsible corporate citizen which is committed to implement the project in the best possible manner while being completely transparent, complying with all rules and regulations and contributing to society at large.

2. BOARD OF DIRECTORS

Your company is managed by a Board of Directors having wide and varied experience in different disciplines of corporate functioning. Presently, the Board of Directors comprises of the following twelve Directors including two whole-time directors, out of which four Directors represent GAIL and two Directors each have been nominated by the Government of India, the Government of Assam, Numaligarh Refinery Limited and Oil India Ltd. respectively.

The composition of the Board as on 31st March, 2010 is as under:

Name of the Director	Business relationship	Category of Directorship	No. of other Directorships	No. of other Committee* Memberships	
				Chairman	Member
Shri B.C.Tripathi	Chairman	Promoter Non Independent Non Executive	4	-	-
Shri R. K. Goel	Director	Promoter Non Independent Non Executive	4	-	1
Shri R.D.Goyal	Director	Promoter Non Independent non Executive	4	-	-
Shri S.L.Raina	Director	Promoter Non Independent non Executive	3	-	1
Shri P.C. Sharma	Director	Promoter Non Independent Non Executive	1	-	-
Shri R. K. Dutta	Director	Promoter Non Independent Non Executive	1	-	-
Ms. Neel Kamal Darbari	Director	Govt. Nominee	NIL	-	-
Shri Manu Srivastava	Director	Govt. Nominee	1	-	-
Shri T.K.Ananth Kumar	Director	Promoter Non Independent Non Executive	1	-	-
Shri B.K. Das	Director	Promoter Non Independent Non Executive	1	-	-
Shri J. K. Singh Teotia	Managing Director	Executive/Whole time	NIL	-	-
Shri Rakesh Kumar	Director (Finance)	Executive/whole time	NIL	-	-

*Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders Grievance Committee.

2.1 Details of Board Meetings, attendance at Board Meetings & previous Annual General Meetings.

2.1.1 Details of Board Meetings held during the year 2009-10

No. of the Board Meeting	Date	Board Strength	No. of Directors Present
13th	11.05.2009	10	6
14th	16.06.2009	10	6
15th	20.07.2009	10	6
16th	09.09.2009	10	8
17th	01.10.2009	10	4
18th	09.11.2009	10	5
19th	29.12.2009	11	9
20th	16.02.2010	12	10
21st	19.03.2010	12	8
22nd	29.03.2010	12	9

2.1.2 Attendance of Directors at Board Meetings during the year 2009-10 and Annual General Meeting (AGM)

Name of the Director	No. of Board Meeting held during the tenure of the Director	No. of Board Meeting attended by the Director	Attendance in the last AGM held
Shri B.C.Tripathi Chairman(w.e.f. 01/08/2009)	7	7	Yes
Dr. U. D. Choubey Chairman (upto 31/07/2009)	3	3	-
Shri R. K. Goel	10	6	Yes
Shri A. K. Purwaha (upto 01/10/2009)	5	3	Yes
Shri M. R. Hingnikar (upto 19/08/2009)	3	1	Yes
Shri P.C. Sharma	10	7	Yes
Ms. Neel Kamal Darbari	10	4	Yes
Shri R. K. Dutta	10	9	Yes
Shri T.K. Ananth Kumar	10	4	No
Shri Manu Srivastava	10	6	No
Dr. B. K. Das	10	2	Yes
Shri R.D. Goyal (w.e.f. 12/10/2009)	5	5	-
Shri S.L. Raina (w.e.f. 19/08/2009)	7	6	Yes
Shri J.K.Singh Teotia (w.e.f. 09/12/2009)	4	4	-
Shri Rakesh Kumar (w.e.f. 04/01/2010)	3	3	-

3. AUDIT COMMITTEE

Pursuant to section 292 (A) of the Companies Act, 1956, an "Audit Committee" has been duly constituted consisting of the four members namely, Shri R.K. Goel, Chairman, Shri R.K. Dutta, Shri T.K. Ananth Kumar and Dr. B.K. Das.

During the year the Company has adopted the terms of reference for the Audit Committee in spite of being voluntary in nature which interalia includes the following areas:

- Reviewing with the management, the annual financial statements before submission to the board for Approval.
- Recommending to the board the fixation of fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
- Discussion with internal auditors and /or auditors any significant findings and follow up thereon.
- To review the follow up action on the audit observations of the C&AG audit.
- Review all related party transactions in the company.

The composition of the Audit Committee and the details of meetings attended by the members are given below:

Name of Directors	Category	Audit Committee meeting held during the FY 2009-10	Audit Committee meeting attended
Shri R.K. Goel, Chairman	Non Independent Non Executive	2	2
Shri R.K. Dutta	Non Independent Non Executive	2	2
Dr. B.K. Das	Non Independent Non Executive	2	Nil
Shri T.K. Ananth Kumar	Non Independent Non Executive	2	1

4 REMUNERATION COMMITTEE

A Remuneration Committee shall be constituted on appointment of independent directors.

4.1 Remuneration to Whole Time Directors: The details of remuneration paid to the Whole-time Directors of the Company for the financial year 2009-10 or the part of the year, are as below:

Names of the Director	Date of Appointment	Salary & Allowances (in Rs.)	Contribution to PF, Gratuity and Other Funds	Other Benefits and Perquisites	Performance Linked Incentives	Total
Sh. J.K.Singh Teotia (Managing Director)	09/12/2009	4,29,904	43,989	--	--	4,73,893
Sh. Rakesh Kumar Director (Finance)	04/01/2010	2,89,481	29,949	--	--	3,19,430

5 SUB-COMITTEE (ECPC) OF BOARD OF DIRECTORS

A Sub-Committee of the Board of Directors for expeditious clearances of approvals for the project comprising of five members namely, Shri R.K.Goel, Chairman, Shri R.D.Goyal, Shri T.K.Ananth Kumar, Shri Manu Srivastava and Shri J.K.Singh Teotia is in place. During the year, Shri R.D.Goyal has been appointed in place of Shri A.K.Purwaha and Shri J.K.Singh Teotia, has been inducted as the fifth member after his appointment as Managing Director of the company. Fourteen meetings of Sub-Committee were held in all till the end of Financial Year 2009-10. Details regarding the attendance of the respective Director(s) are as follows:

Name of Directors	Sub-Committee meeting held during tenure	Sub-Committee meeting attended
Shri A.K.Purwaha, Chairman (upto 30/09/2009)	05	05
Shri R.K.Goel, Chairman (w.e.f. 01/10/2009)	14	09
Shri R.D.Goyal	09	08
Shri T.K. Ananth Kumar	14	11
Shri Manu Srivastava	14	14
Shri J.K.Singh Teotia (w.e.f 09/12/2009)	04	04

6 GENERAL BODY MEETINGS

The location, time and details of special resolutions passed in the last three AGMs are as follows:

No. of the AGM	Date	Time	Venue	Any Special Resolution Passed
1st	03/07/2008	11:30 AM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None
2nd	09/09/2009	04:30 PM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None

7 DISCLOSURES

- (i) There are no significant related party transactions during the year of material nature, with its promoters, the directors or the management or their subsidiaries or relative etc. potentially conflicting with company's interest at large. The related party transactions are disclosed in the notes to account forming part of the annual report.
- (ii) There were no instances of noncompliance on any matter relating to any guidelines issued by the Government, during the last three years.
- (iii) Presently, the company does not have a Whistle Blower Policy.

8 AUDIT QUALIFICATIONS

The company has ensured to remain in the regime of unqualified statement.

Auditors' Report to the Members of Brahmaputra Cracker and Polymer Limited

On the basis of the observations made by the Comptroller & Auditor General of India, this revised audit report has been prepared in lieu of the earlier report dated 30.04.2010, where the fact regarding obtaining of term loan and its utilisation for the intended purpose as required under Companies (Auditor's Report) Order, 2003 was inadvertently omitted in the report which has now been complied with (Sl. No. 20 of Annexure to the Auditors' Report).

We have audited the attached Balance Sheet of BRAHMPUTRA CRACKER AND POLYMER LIMITED, Guwahati - 781001, Assam as at 31st March, 2010 and the Cash flow Statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of Company's management. Our responsibility is to express as opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examinations of those books.

3. The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Cash Flow statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting Policies and Notes on Accounts thereon, give the information as required by the Companies Act 1956 in the manner so required and give a true and fair view :
 - (a) In so far as it related to the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010 and
 - (b) In so far as it related to the Cash Flow statement, of the Company for the year ended on that date.

**For SANJOY K. DAS & CO.
CHARTERED ACCOUNTANTS**

(PROPRIETOR)

Membership No. 050691

Place : Guwahati

Date : 22.05.2010

Annexure Referred to in Paragraph 2 of our Report of Even Date on the Accounts of Brahmaputra Cracker and Polymer Limited, Guwahati-781001, Assam for the Year Ended 31st March, 2010

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. It has been represented to us that a physical verification of fixed assets has been carried out by the Management at reasonable intervals during the year and such verification has not revealed any discrepancies.
3. No substantial part of fixed assets have been disposed during the year.
4. In our opinion, the question of valuation and the physical verification of in respect of finished goods, stores, spares and raw materials is not applicable to the company since the company has no stock of finished goods, stores, spares and raw materials.
5. In our opinion, the question of procedure of physical verification of stocks followed by the Management is not applicable to the Company.
6. In our opinion the requirement of maintaining proper records of inventory, the reconciliation of discrepancies noticed between the physical stocks as verified and book records are not applicable to the Company for the year under audit.
7. The Company has not granted or taken any secured or unsecured loan during the year, from any companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size and nature of business of the company relating to purchase of inventory and fixed assets and for the sale of goods.
9. In our opinion & as per the information & explanations given to us, the company has not made transactions in respect of any party during the financial year under audit that needs to be entered into a Register in pursuance of section 301 of the Companies Act, 1956.
10. In our opinion and according to information and explanations given to us, the company has not accepted any deposit from public (u/s 58A & 58AA).
11. In our opinion, the company has an adequate internal audit system commensurate, with the size and nature of its business.
12. The maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company as the company is in construction phase of the project.
13. a. In our opinion and according to information and explanations produced before us, the company is regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, customs duty, excise duty and any other statutory dues with the appropriate authorities.
b. There are no undisputed statutory dues outstanding as at 31st March, 2010 for the period of more than six months from the date they become payable.
14. As the Company is yet to start its operation the question of accumulated losses does not arise.
15. Company has no dues to any financial institution or bank. There is no debenture holder of the company.
16. Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
17. The provision of any special statute are not applicable to this company.
18. The Company is not invested any amount in share or securities during the year.
19. The Company has not given any guarantee or loans taken by others from Bank or financial institution.
20. Company has obtained term loan for funding the activities of the project amounting to Rs. 5000 lacs from consortium of bankers with Punjab National Bank being the lead bank during the year. The same has been utilized for the purpose for which the loans were obtained.
21. Company has not used any funds raised on short term basis for long term investment and vice versa.
22. Company has not made any preferential allotment of shares during the year.
23. Company is not having any debentures.
24. Company has not raised any money through public issue during the year.
25. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For SANJOY K. DAS & CO.
CHARTERED ACCOUNTANTS

(PROPRIETOR)
Membership No. 050691

Place : Guwahati

Date : 22.05.2010

Auditors' Report to the Members of Brahmaputra Cracker and Polymer Limited

We have audited the attached Balance Sheet of BRAHMAPUTRA CRACKER AND POLYMER LIMITED, Guwahati - 781001, Assam as at 31st March, 2010 and the Cash flow Statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examinations of those books.
3. The Balance Sheet and Cash Flow statement dealt with by this report are in agreement with the books of account.
4. In our opinion the Balance Sheet and Cash Flow statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant Accounting Policies and Notes on Accounts thereon, give the information as required by the Companies Act 1956 in the manner so required and give a true and fair view :
 - (a) In so far as it related to the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2010 and
 - (b) In so far as it related to the Cash Flow statement, of the Company for the year ended on that date.

For SANJOY K. DAS & CO.
CHARTERED ACCOUNTANTS

(PROPRIETOR)

Membership No. 050691

Place : Guwahati

Date : 30.04.2010

Annexure Referred to in Paragraph 2 of our Report of Even Date on the Accounts of Brahmaputra Cracker and Polymer Limited, Guwahati-781001, Assam for the Year Ended 31st March, 2010

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
2. It has been represented to us that a physical verification of fixed assets has been carried out by the Management at reasonable intervals during the year and such verification has not revealed any discrepancies.
3. No substantial part of fixed assets have been disposed during the year.
4. In our opinion, the question of valuation and the physical verification of in respect of finished goods, stores, spares and raw materials is not applicable to the company since the company has no stock of finished goods, stores, spares and raw materials.
5. In our opinion, the question of procedure of physical verification of stocks followed by the Management is not applicable to the Company.
6. In our opinion the requirement of maintaining proper records of inventory, the reconciliation of discrepancies noticed between the physical stocks as verified and book records are not applicable to the Company for the year under audit.
7. The Company has not granted or taken any secured or unsecured loan during the year, from any companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
8. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size and nature of business of the company relating to purchase of inventory and fixed assets and for the sale of goods.
9. In our opinion & as per the information & explanations given to us, the company has not made transactions in respect of any party during the financial year under audit that needs to be entered into a Register in pursuance of section 301 of the Companies Act, 1956.
10. In our opinion and according to information and explanations given to us, the company has not accepted any deposit from public (u/s 58A & 58AA).
11. In our opinion, the company has an adequate internal audit system commensurate, with the size and nature of its business.
12. We have broadly reviewed in the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956, and we are of the opinion that prima-facia the prescribed accounts and records have been maintained. We have not, however, made a detailed examinations of this records.
13. a. In our opinion and according to information and explanations produced before us, the company is regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, customs duty, excise duty and any other statutory dues with the appropriate authorities.
- b. There are no undisputed statutory dues outstanding as at 31st March, 2010 for the period of more than six months from the date they become payable.
14. As the Company is yet to start its operation the question of accumulated losses does not arise.
15. Company has no dues to any financial institution or bank. There is no debenture holder of the company.
16. Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
17. The provision of any special statute are not applicable to this company.
18. The Company is not invested any amount in share or securities during the year.
19. The Company has not given any guarantee or loans taken by others from Bank or financial institution.
20. Company has not obtained any term loan from Financial Institute during the year.
21. Company has not used any funds raised on short term basis for long term investment and vice versa.
22. Company has not made any preferential allotment of shares during the year.
23. Company is not having any debentures.
24. Company has not raised any money through public issue during the year.
25. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For SANJOY K. DAS & CO.
CHARTERED ACCOUNTANTS

(PROPRIETOR)
Membership No. 050691

Place : Guwahati

Date : 30.04.2010

Brahmaputra Cracker and Polymer Ltd. Balance Sheet as at 31st March, 2010

	Schedule No.	AS AT		AS AT	
		31 st MARCH, 2010	31 st MARCH, 2009	31 st MARCH, 2010	31 st MARCH, 2009
		Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
SOURCES OF FUNDS					
SHAREHOLDERS' FUND					
- Share Capital	1	2,633,715,600		500,700	
- Advance against Equity	2	520,955,721		1,654,617,447	
- Capital Subsidy	3	4,537,369,000	7,692,040,321	1,374,269,000	3,029,387,147
LOAN FUNDS					
- Secured Loans	4	500,000,000			
- Unsecured Loans		-		-	
- Total Loan Funds		-	500,000,000	-	-
TOTAL SOURCES OF FUNDS			8,192,040,321		3,029,387,147
APPLICATION OF FUNDS					
FIXED ASSETS					
- Gross Block	5	918,909,377		769,058,547	
- Less: Depreciation		50,324,528		18,155,151	
- Net Block			868,584,849		750,903,396
- Capital Work in Progress	6		5,640,246,722		1,161,257,731
- IEDC	7		401,452,724		164,009,228
CURRENT ASSETS, LOANS AND ADVANCES					
- Cash & Bank Balances	8	1,482,732,286		1,237,255,493	
- Other Current Assets	9	4,571,850		1,799,002	
- Loans and Advances	10	640,203,385		247,489,716	
		2,127,507,521		1,486,544,211	
LESS: CURRENT LIABILITIES					
- Current Liabilities	11	849,548,402		521,182,658	
- Provisions		16,277,493	1,261,681,626	32,219,161	933,142,392
Miscellaneous Expenditure	12		20,074,400	20,074,400	20,074,400
TOTAL APPLICATION OF FUNDS			8,192,040,321		3,029,387,147

Schedule to the Accounts as at 31st March 2010

	AS AT 31 st MARCH, 2010 Amount (Rs.)	AS AT 31 st MARCH, 2009 Amount (Rs.)
SCHEDULE 1		
SHARE CAPITAL		
A. AUTHORISED		
1200000000 Equity Shares of Rs 10/- each	12,000,000,000	12,000,000,000
TOTAL	12,000,000,000	12,000,000,000
B. ISSUED, SUBSCRIBED AND PAID UP		
263371560 (Previous Year 50070) Equity Shares of Rs 10/- each fully paid up	2,633,715,600	500,700
TOTAL	2,633,715,600	500,700
SCHEDULE-2		
ADVANCE AGAINST SHARE CAPITAL		
A. In form of consideration in Cash from N.R.L. and O.I.L.	122,777,020	649,420,000
B. In form of consideration of Land/Other adjustable amounts from Govt. of Assam and GAIL(India) Ltd	398,178,701	1,005,197,447
TOTAL	520,955,721	1,654,617,447
SCHEDULE-3		
CAPITAL RESERVE		
A. Capital Subsidy from Govt. of India	4,537,369,000	1,374,269,000
TOTAL	4,537,369,000	1,374,269,000
SCHEDULE-4		
SECURED LOANS		
Bankers		
A. Allahabad Bank	47,000,000	-
B. Andhra Bank	57,000,000	-
C. Bank of Baroda	74,000,000	-
D. Bank of India	74,000,000	-
E. Corporation Bank	37,000,000	-
F. Jammu & Kashmir Bank	37,000,000	-
G. PNB	143,000,000	-
H. State Bank Of Travancore	31,000,000	-
TOTAL	500,000,000	-

Schedule 5 - Fixed Assets

(Rounded in Rs.)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2010	Upto 01.04.2009	For the year	Adjustments during the year	As at 31.03.2010	As at 01.04.2009	As at 31.03.2010
Land: Leasehold	754,488,840	49,553,173	-	804,042,013	15,928,098	23,892,147	-	39,820,245	738,560,742	764,221,768
Building : Other Than Factory Building	-	85,333,665	-	85,333,665	-	3,488,231	-	3,488,231	-	81,845,434
Furniture, Fixtures & Other Office Equipment	7,797,209	10,896,294	27,383	18,666,121	1,347,658	2,303,439	8,193	3,642,904	6,449,551	15,023,217
Electrical	-	2,748,332	-	2,748,332	-	414,540	-	414,540	-	2,333,792
EDP	4,439,189	1,093,955	2,000	5,531,144	805,409	1,542,769	776	2,347,402	3,633,781	3,183,742
Transport Equipments/ Vehicles	1,232,869	-	-	1,232,869	-	319,190	-	319,190	1,232,869	913,679
TOTAL (A)	767,958,107	149,625,419	29,383	917,554,144	18,081,164	31,960,316	8,968	50,032,512	749,876,943	867,521,632
Intangible Assets (B)										
Software/ Licenses	1,100,440	254,793	-	1,355,233	73,987	218,030	-	292,017	1,026,453	1,063,216
TOTAL (B)	1,100,440	254,793	-	1,355,233	73,987	218,030	-	292,017	1,026,453	1,063,216
TOTAL (A+B)	769,058,547	149,880,212	29,383	918,909,377	18,155,151	32,178,346	8,968	50,324,528	750,903,397	868,584,848
Previous Year	714,581,992	54,476,555	-	769,058,547	247,470	17,907,681	-	18,155,151	714,334,522	750,903,396



Schedule 6

	AS AT 31 st March, 2010 Amount (Rs.)	AS AT 31 st March, 2009 Amount (Rs.)
CAPITAL WORK IN PROGRESS		
A. PMC Fees for project related services	1,900,091,642	791,230,710
B. Capital work in Progress - Enabling Assets	3,839,598,477	370,027,021
C. WCT Receivable	(99,443,397)	-
TOTAL	5,640,246,722	1,161,257,731

SCHEDULE-7

INCIDENTAL EXPENDITURE DURING CONSTRUCTION

Advertisement & Publicity	5,497,242	1,989,608
Communication Expenses	1,786,313	629,982
Depreciation & Amortisation	32,178,346	17,907,681
Payment to Auditors	82,725	50,000
Printing & Stationery	2,027,009	1,240,849
Professional and Consultancy Charges	106,346,986	2,231,535
Rates & Taxes	19,540,911	32,235,081
Recruitment & Training Expenses	8,920,231	471,180
Rent	12,538,334	10,711,524
Repairs- Buildings	124,472	1,497,609
Repairs- Others	-	138,898
Salary,Wages & Staff Costs	-	-
Survey and Investigation Expenses	5,211,755	13,051,652
Travel Expenses	5,380,633	7,043,749
Vehicle Hiring & Running Expenses	13,567,318	5,576,228
Bank Charges	17,601	13,339
Manpower Cost	64,856,328	60,248,508
Incidental Expenses 07-08 Pending Adjustment	88,475,532	88,475,532
Incidental Expenses 08-09 Pending Adjustment	75,533,697	-
C I S F	6,807,319	7,140,987
CSR Expenditure	-	30,000
Miscellaneous Expenses	14,211,492	6,498,782
Coin Adjustment	3	4
GROSS	463,104,247	257,182,728
Less:Interest from Banks	47,889,063	92,789,040
Less:Misc Inome	4,465,852	384,460
Less:EDC Capitalised	9,296,608	-
NET	401,452,724	164,009,228



CURRENT ASSETS, LOANS AND ADVANCES

	AS AT 31 st March, 2010 Amount (Rs.)	AS AT 31 st March, 2009 Amount (Rs.)
SCHEDULE-8		
CASH AND BANK BALANCES		
Bank balance with Scheduled Banks	17,732,286	6,638,465
Short Term Deposits	1,465,000,000	1,230,617,028
TOTAL	1,482,732,286	1,237,255,493
SCHEDULE-9		
OTHER CURRENT ASSETS		
Interest Accrued on Bank Term Deposits	4,545,076	1,799,002
Interest Accrued on Mobilisation Adv.	26,774	-
TOTAL	4,571,850	1,799,002
SCHEDULE-10		
LOANS AND ADVANCES-CONSIDERED GOOD		
Unsecured considered Good		
Deposit with Authorities	115,846,104	246,889,716
Other Advances	524,357,281	600,000
TOTAL	640,203,385	247,489,716
SCHEDULE-11		
CURRENT LIABILITIES & PROVISIONS		
A. Current Liabilities		
Sundry Creditors for Assets	571,081,372	448,648,231
Sundry Creditors for Expenses	189,338,352	67,891,953
Deposit / Retention Money	89,128,678	4,642,474
TOTAL	849,548,402	521,182,658
B. PROVISIONS		
Provision for Income Tax	16,277,493	31,538,747
Provision for FBT	-	680,414
TOTAL	16,277,493	32,219,161
SCHEDULE-12		
MISCELLANEOUS EXPENDITURE		
(To the extent of Not Written Off or Adjusted)		
Preliminary Expenses		
ROC Registration Fees	20,005,600	20,005,600
Professional Fees For Formation of Company	35,000	35,000
Other Expenses	33,800	33,800
TOTAL	20,074,400	20,074,400

Schedule 13

NOTES TO ACCOUNTS AS AT 31-03-2010

- The Estimated amounts of contracts valuing Rs 27,90,69,20,638/- (Previous Year Rs 10,73,53,08,595/-) are remaining to be executed on Capital Accounts and not provided for.
- Contingent Liabilities: The company has issued Foreign Letter of Credits amounting to Rs 26,59,74,699.60/- (Previous Year Nil) during the year.
- The valuation of land is provisionally done on the basis of declaration received from the Government of Assam.
- Income tax provision to the tune of Rs 1,62,77,493/- (Previous Year Rs 3,15,38,747/-) has been kept in the book of accounts. The provision for Income Tax is on account of interest earned on STDRs kept by investing surplus funds.
- During the year, Advance Fringe Benefit Tax of Rs 1,12,000/- has been adjusted against Income Tax.
- No deferred tax liability has been recognized since the project is in the construction stage.
- Notification in respect of tax exemptions on account of WCT, Entry Tax and VAT from Government of Assam has been issued. Giving effect to the said notification, total WCT of Rs 9,71,10,240/- paid till 31st March'2010, stands recoverable from Government of Assam. Further, clarifications /modifications have been sought in the notification and the same are awaited.
- The Leasehold Land of Rs 80,40,42,013/- (Previous Year Rs 75,44,88,840/-) acquired for the project is capitalised on provisional basis based upon the awards under relevant Land Acquisition Act. The title deed to the land is yet to be registered in the name of the Company. During the year, leasehold land of Rs 4,95,53,173 /- received from Government of Assam, was capitalized on provisional basis. The amount has been accounted as advance against equity share capital on provisional basis.
- The employees of the company are on secondment terms and conditions from GAIL (India) Ltd. and Numaligarh Refinery Limited. Expenses have been accounted under IEDC Head on the basis of the debit advices from the respective companies.
- To the extent information available with the company, 'Nil' amount (Previous Year Nil) was due to Micro, Small and Medium Enterprises.
- Balances grouped under Loans and Advances, Deposits and Sundry Creditors are subject to confirmation.
- During the year the company has paid an amount of Rs.1,42,45,88,321/- (Previous Year Nil) on account of import of Technical Knowhow. Further an amount of Rs 13,28,44,017/- (Previous Year Rs. 12,35,32,157/-). has been accounted as expenditure in foreign currency in respect of liability on account of import of technical knowhow and has been accounted as Capital Work in Progress.
- In accordance with the approval of the Board of Directors in the 21st Board Meeting held on 19th March'2010, the Company has allotted 23,69,89,341 equity shares of Rs, 10/- each for cash as fully paid-up aggregating Rs. 236,98,93,410/-. Further 2,63,32,149 equity shares of Rs. 10/- each to Govt. of Assam for consideration other than cash were allotted. The total allotments were made in the agreed proportion of 70:10:10:10 to the promoters in the following manner:

Name of allottees	No. of Equity Shares of Rs. 10/- each
GAIL (India) Limited	18,43,25,043
Numaligarh Refinery Limited	2,63,32,149
Oil India Limited	2,63,32,149
Govt. of Assam	2,63,32,149
Total	26,33,21,490

- During the year, four equity calls amounting to Rs 1,87,90,00,000/- have been issued to GAIL in line with the approved Business Plan against which an amount of Rs 1,45,00,00,000/- has been received against three equity calls and the balance amount of Rs 42,90,00,000/- against fourth equity call is awaited.
- The Capital Subsidy of Rs 3,16,31,00,000/- (Prev. Year Rs 1,37,42,69,000/-) has been received from the Government of India during the year by way of contribution towards the total capital outlay. As no repayments are ordinarily expected, the same is recognized in the financial statements as capital reserve. An amount of Rs 67,95,25,894/- remained unutilized from the grants received during the year. Capital Subsidy is received for the project during construction and as such the same is utilized for making regular payments till the execution of the project.
- During the year an amount of Rs.500,000,000 was drawn as first installment of loan as per the agreement entered into with the lenders. The loan obtained is not for specific asset as such the interest on loan would be apportioned to the assets capitalized in due course.
- An amount of Rs 2,00,74,400/- was incurred during the period 2007-08 towards incorporation expenses of the Company which is deferred revenue expenditure to be amortised equally over period of five years from the year the plant is ready for commercial production.
- During the year, the Company has entered into License Agreement for import of technology for Cracker Unit with M/s Lummus Technology Inc, USA.
- The fees for the statutory auditors for the financial year 2009-10 has been fixed at Rs 75,000/- plus out of pocket expenses. (Previous Year Rs 50,000/- plus out of pocket expenses.)
- The Company has not prepared the Profit and Loss Account since it is in the construction stage of Assam Gas Cracker Project and yet to be ready for commercial production. However the requisite details as required under Statute have been disclosed in the Statement of 'Incidental Expenditure during Construction' forming part of Financial Statements.
- Information as per Accounting Standard 18 as prescribed under Accounting Standard Rules, 2006, on Related Party Disclosures is given below:

1. Name of related parties and description of relationship :

a) Holding Company :

Sl. No. Name of the Related Party

1 GAIL (India) Ltd.

b) Joint Owners :

1 Numaligarh Refinery Limited

2 Oil India Limited

3 Government of Assam

c) Fellow Subsidiary Company :

- 1 GAIL Global (Singapore) Pte Ltd
- 2 GAIL Gas Ltd

d) Associate Company :

- 1 Mahanagar Gas Limited
- 2 Indraprastha Gas Limited
- 3 Petronet LNG Limited
- 4 Bhagyanagar Gas Limited
- 5 Tripura Natural Gas Corporation Limited
- 6 Central UP Gas Limited
- 7 Green Gas Limited
- 8 Maharashtra Natural Gas Limited
- 9 Ratnagiri Gas & Power Pvt. Ltd
- 10 Avantika Gas Limited
- 11 Shell Compressed Natural Gas
- 12 Gujarat State Electricity Generation Ltd
- 13 National Gas Company "Nat Gas"
- 14 Fayum Gas Company
- 15 China gas Holding Ltd
- 16 GAIL China Gas Global Energy Holding Ltd.

c) Key Management Personnel

- | | |
|-------------------------|-------------------|
| 1 Mr. J.K. Singh Teotia | Managing Director |
| 2 Mr. Rakesh Kumar | Finance Director |
| 3 Mr. P.N. Prasad | COO |

2. Details of Transactions

Details	2009-10	2008-09
a) Holding Company		
Expenditure incurred on Salary of employees on Deputation	6,39,73,132.00	6,34,21,399.00
Amount Paid towards purchase of assets	8,83,580.00	Nil
Equity Share Contribution	1,84,32,50,430.00	Nil
Amount paid towards rental charges	54,04,292.00	48,84,568.00
Amount Outstanding in Current Liabilities & Provisions during the year	50,43,956.00	32,71,926.66
b) Joint Owners		
Amount paid for infrastructure development for gas supply	8,11,89,162.00	22,81,57,892.00
Amount outstanding for infrastructure development for gas supply	4,32,09,000.00	8,11,89,162.00
Expenditure incurred on Salary of employees on Deputation	1,47,374.00	Nil
Equity Share Contribution	78,99,64,470.00	Nil
c) Key Management Personnel		
Remuneration to Directors	9,45,565.00	Nil
Amount Outstanding(Payable)	198,851.00	Nil

22. During the year, the Company has recognized Rs 4,49,462/- in respect of "Employee Benefits" as Contribution to Provident Fund.
23. In accordance with the approval of the Board of Directors in the 22nd Board Meeting held on 29th March'2010, the Company allowed on provisional basis, the retention of the family of MD and D(F) at the place of their choice by availing company owned accommodation or lease facility or HRA during their posting in the North East region. Hence as per the said resolution, liability for the lease rent against the Directors has been raised in the books amounting to Rs 2,03,563/-.
24. The Company is under construction stage; hence Accounting Standards 17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006 is not applicable.
25. Previous year figures have been regrouped and rearranged wherever considered necessary to facilitate comparison with Current Year figures.

(J.K. SINGH TEOTIA)
MANAGING DIRECTOR

(RAKESH KUMAR)
DIRECTOR(F)

(MANISH MANOHAR)
COMPANY SECRETARY

As per our Report of even date
FOR SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date: 30.04.2010

Sd/-
Proprietor
Membership No. 050691

Statement of Significant Accounting Policies as at 31st March 2010

SCHEDULE-14

1. Basis for preparation of Financial Statements

a) Accounting Convention

The financial statements are prepared under the historical cost convention, ongoing concern concept, in accordance with the Generally Accepted Accounting Principles, the Provisions of the Companies Act, 1956 and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements. Examples of such estimates include estimated useful life of fixed assets and estimated useful life of leased assets. Actual results could differ from these estimates.

2. Fixed Assets, Capital Work-in-Progress & Depreciation/Amortization

a) Fixed Assets:

Fixed Assets are valued at historical cost on consistent basis inclusive of incidental expenses related thereto. In the case of commissioned assets, where final payments to the contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of the Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, will be capitalized with the cost of that fixed asset and will be depreciated fully over the remaining useful life of that asset.

Asset acquired out of Government Grants are capitalized, by way of corresponding credit to Capital Reserves.

b) Intangible Assets:

Assets like software, licenses and right of use of land including crop compensation in course of acquiring such ROU which are expected to provide future enduring benefits will be capitalized as Intangible Assets.

Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) 26- Intangible Assets.

c) Capital Work-in-Progress:

The Capital Work-in-progress includes PMC Fees /advance for capital goods/materials in Transit /value of materials/equipment etc received at site for use in the projects.

d) Expenditure incurred during construction period

All revenue expenditure incurred during the construction period, which are, directly or indirectly attributable to acquisition/construction of specific fixed assets, will be capitalised at the time of commissioning of such assets.

e) Depreciation / Amortization

Depreciation on fixed assets, other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies act, 1956, on Written Down Value (WDV) on pro-rata basis (Monthly pro-rata for bought out assets).

- i. Assets costing upto Rs 5,000 are depreciated fully in the year of capitalization.
- ii. Bunk Houses are depreciated on assumption of five years life.
- iii. Cost of the leasehold land not exceeding 99 years is amortized over the lease period.
- iv. Capital expenditure on the assets, the ownership of which are not with the company, and referred to as enabling facilities are shown separately under the heading "Capital Expenditure-Enabling Facilities". These assets will be amortized over useful life of the assets from the date from which they are put into use.
- v. Intangible assets will be amortized equally over period of five years from the date of recognition.
- vi. Depreciation due to price adjustments on account of foreign exchange rate variations or otherwise in the original cost of fixed assets will be charged with the prospective effect.
- vii. Indirect expenses incurred during the construction period which are not related to the construction activity nor are incidental thereto, will be treated as deferred revenue expenditure and written off to revenue within a period of five years after the commencement of production.

3. Borrowing Costs

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. The same will be capitalized up to the date when the asset is ready for use, after netting off any income earned on temporary investment of such funds.

4. Foreign Currency Transaction

- a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.
- b) All exchange differences are dealt as per Accounting Standard 11.
- c) Monetary items (such as Cash, Receivables, Loans, Payables etc) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling rate for Payables and TT buying rate for Receivables) prevailing at year end.
- d) Non monetary items (such as Investments, Fixed Assets etc) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- e) Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for.

5. Inventories

- a) Raw materials and Finished products are valued at cost or net realizable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.

- b) Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- c) Stores and spare and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- d) Surplus/Obsolete Stores and Spares are valued at lower of cost or net realizable value whichever is lower.
- e) Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realizable value.

5. Capital Grants

Non refundable Government Grants in the nature of promoters' contribution are credited to capital reserve and are treated as part of shareholders' funds.

6. Segmental Reporting

The Company has only one segment; hence there are no reportable segments under Accounting Standards 17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006.

7. Employees Benefits

- a) All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b) Employees Benefits under Defined Contribution Plan in respect of Provident Fund is recognized based on the undiscounted obligation of the company towards contribution to the fund. The same is paid to the provident fund account with the Regional Commissioners of P.F.
- c) Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard -15 - Employee Benefits (revised 2005) issued by ICAI.

8. Preliminary Expenses

The qualifying preliminary expenditure incurred in connection with the setting up of the business and the new industrial unit are amortized equally over period of five years after plant is ready for commercial production.

9. Provisions, Contingent Liabilities and Capital Commitments

- a) Provisions are recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- b) Liabilities for expenses are recognized only when such liabilities exceed Rs 0.10 Lakhs

- c) Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding Rs 5 Lacs in each case are disclosed by way of notes to accounts.
- d) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs 5 Lacs.

10. Taxes on Income

- a) Provision for Tax during the construction period is made on interest earned on investments during the construction period, which, is treated for tax purposes as "Income from other Sources". Such provision has been debited under the head IEDC-Interest on STDs.
- b) On commissioning, the company will be eligible for tax incentives under section 80IE of the Income Tax Act, 1961, and will be liable to MAT only under section 115JB of the said Act.

11. Impairment of Assets

If the carrying amount of the fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of the estimated future cash flows.

12. General

- a) Prepaid expenses and prior period expenses/income upto Rs1 lac in each case will be charged to relevant heads of account of the current year.
- b) Liquidated damages, if any, will be accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled after capitalisation of the assets are charged to revenue, if below Rs 50 lacs in each case otherwise adjusted in the cost of the relevant assets.
- c) Insurance claims will be accounted for on the basis of claims admitted by the insurers.
- d) Custom duty and other claims (including interest on delayed payments) will be accounted for on acceptance in principle.

(J.K. SINGH TEOTIA)
MANAGING DIRECTOR

(RAKESH KUMAR)
DIRECTOR(F)

(MANISH MANOHAR)
COMPANY SECRETARY

As per our Report of even date
FOR SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date: 30.04.2010

Sd/-
Proprietor
Membership No. 050691



Brahmaputra Carcker and Polymer Ltd. Cash Flow Statement for the Year Ended 31-03-2010

(Rs. In Lacs)

	2009-10	2008-09
A. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASES OF FIXED ASSETS	(116.54)	(125.38)
CAPITAL WORK-IN-PROGRESS	(45,359.79)	(9,000.63)
CHANGES IN WORKING CAPITAL INCIDENTAL EXPENSES DURING CONSTRUCTION	(2,763.42)	(1,504.15)
CURRENT ASSETS LOANS AND ADVANCES	(4,243.68)	(2,482.62)
Interest Received	523.55	927.89
CURRENT LIABILITIES & PROVISIONS	3,283.65	3,011.75
NET CASH FROM INVESTING ACTIVITIES	(48,676.23)	(9,173.14)
B. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE SHARE CAPITAL PROCEEDS FROM LOANS	5,000.00	-
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM NRL, OIL, GAIL(INDIA) LTD & GOVT OF ASSAM	14,500.00	8,578.16
PROCEEDS FROM CAPITAL SUBSIDY FROM GOVT OF INDIA	31,631.00	10,742.69
NET CASH FROM FINANCING ACTIVITIES	51,131.00	19,320.85
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B)	2,454.77	10,147.71
OPENING CASH AND CASH EQUIVALANTS	12,372.55	2,224.84
CLOSING CASH AND CASH EQUIVALANTS	14,827.32	12,372.55

(J.K. SINGH TEOTIA)
MANAGING DIRECTOR

(RAKESH KUMAR)
DIRECTOR(F)

(MANISH MANOHAR)
COMPANY SECRETARY

As per our Report of even date
FOR SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date: 30.04.2010

Sd/-
Proprietor
Membership No. 050691

Balance Sheet Abstract and Company's General Business Profile for the Accounting Period Ended 31.03.2010

I Registration Details			
Registration No	008290	State Coode	02
Balance Sheet Date	31.03.2010		
II Capital raised during the year (Rs.in Lakhs)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	1,450.00
III Position of Mobilisation and Deployment of Funds : (Rs.in Lakhs)			
Total Liabilities	81,920.40	Total Assets	81,920.40
Sources of Funds			
Paid up capital	26,337.16	Reserve & Surplus	45,373.69
Advance against share capital	5,209.56		
Secured Loans	5,000.00	Unsecured Loan	Nil
Deffered Tax Liability	Nil		
Application of Funds			
Net Fixed Assets	56,402.47	Investment/Advance for investment	
Net Current Assets	12,616.82	Misc. Expenditure	200.74
Accumulated Losses	Nil		
IV Performance of the Company (Rs. In Lakhs)			
Turnover	Nil	Total Expenditure	Nil
Profit/Loss before Tax	Nil	Profit/Loss after Tax	Nil
Earning Per share (In Rs.)	Nil	Dividend	Nil
V Generic names of the Principal Products/Services of Company (As per monetary terms)			
Item Code No. (ITC Code)	Nil		
Product Description	Business not yet started		

(J.K. SINGH TEOTIA)
MANAGING DIRECTOR

(RAKESH KUMAR)
DIRECTOR(F)

(MANISH MANOHAR)
COMPANY SECRETARY

As per our Report of even date
FOR SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date: 30.04.2010

Sd/-
Proprietor
Membership No. 050691

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Brahmaputra Cracker and Polymer Limited, Guwahati for the Year Ended 31st March 2010

The preparation of financial statements of Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22-05-2010.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statement of Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31 March 2010. This supplementary audit has been carried out independently and is limited primarily to inquiries of the Statutory Auditors and Company personnel and 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 supplementary 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

Sd/-

(Nandana Munshi)

Principal Director of Commercial Audit & Ex-Officio Member, Audit Board 1, Kolkata

Place: Kolkata

Date : 28th May, 2010

GAIL Gas Limited



Directors' Report

To

The GAIL Gas Shareholders,

On behalf of the Board of Directors of your Company, it gives me immense pleasure to present the 11th Annual Report of your Company for the Financial Year 2009-10 along with Audited Statement of Accounts.

FINANCIAL PERFORMANCE

Your Company has started its commercial operation on 15th December 2009 by selling CNG from its maiden CNG Station at Dewas, followed by supply of Natural Gas to Industrial Customers on 24th December 2009 at Dewas. Another CNG station became operational at Panvel on 29th March 2010. The Loss for the year ended 31st March 2010 is Rs.391.96 lakhs which includes prior period expenses (Incorporation Expenses) of Rs.126.09 lakhs. During the year the expenses incurred amounting to Rs.81.61 Lakhs on preparation of DFR, Application fees, Financial appraisal etc., in respect of Mathura, Kakinada, Rajamundry, Shadol & Yanam are charged to Profit & Loss Account as "Expenses written off on Unsuccessful cities" since your Company was unsuccessful in bidding for Mathura and did not participate in the bidding for other cities.

The financial highlights for the year ended 31st March 2010 are as under:

		(Rs in Lakhs)
Sl. No.	Particulars	31.03.2010
01	Turn over (Net of Excise Duty)	278.92
02	Other Income	19.82
03	Cost of Sales (Excluding Depreciation including Extraordinary items)	672.49
04	Gross Margin	(373.47)
05	Depreciation	17.89
06	Profit/ (Loss) Before Tax	(391.36)
07	Balance Carried forward to Balance Sheet	(391.36)

Note: The Company had not prepared Profit & Loss Account for the previous year 2008-09 as commercial activities were not started.

BUSINESS ACTIVITIES AND FUTURE OUTLOOK

Your Company was incorporated with an objective of focused implementation of City Gas Distribution (CGD) projects in the Country. Accordingly, your company has taken up Distribution and Marketing of CNG as fuel for vehicles and Piped Natural Gas (PNG) for domestic/ commercial/ industrial purposes in the various cities of India. Your Company has also taken up investment for setting up the infrastructure, in the various cities of India which includes, among others, natural gas compressor stations, laying of the pipelines from City Gate Station(s) to the consumption areas and associated facilities, setting up of distribution points / retail outlets for CNG and transport gas through mobile cascades/ lorries.

Petroleum and Natural Gas Regulatory Board (PNGRB) has identified 243 cities contiguous to existing and proposed pipelines for City Gas Distribution in phased manner under "Suo moto scheme". Your Company would take up directly with PNGRB towards the authorization and execution of CGD projects throughout India. The Company intends to become the market leader in the field of CGD Business and the management is committed not to leave any stone unturned to achieve its objective.

In the first round of the bidding process, your Company has been assigned the implementation of CGD projects in four cities, namely, Sonipat, Kota, Dewas and Meerut. The projects activities are being carried out at a rapid pace in all the four cities. In fact we are pleased to inform you that your Company has

successfully started its commercial operations in the city of Dewas. It has connected two industrial consumers and started one full fledged CNG Mother station for catering to the CNG vehicles in the city of Dewas. The marketing activities of your Company are progressing well. Till 31st March 2010, more than 1,00,000 SCMD gas supply has been tied up with Industrial customers. Apart from Dewas, one CNG station has become operational in Panvel.

Your Company has prepared a comprehensive Business Plan for 15 years. The Board of your Company has accorded approval to the Business Plan in its 15th Board Meeting held on 28.05.2010. Business Plan envisaged the number of cities for implementation of CGD projects by your Company in phased manner. The authorization of the cities shall be taken from PNGRB through bidding process. It is estimated that with its intrinsic strength of CGD projects execution and pedigree of GAIL's expertise in project implementation & financial strength, your Company would garner a market share of 40% to become the dominant player in this business.

Till date, city gas projects have been conceptualized in the country in a manner that it has remained confined to the municipal limits of a city. This has virtually ruled out the usage of CNG for a large number of vehicles plying on national highways because of the lack of distribution network and limited availability of the commodity. To overcome this limitation and to reduce pollution levels, mandatory use of CNG through the creation of a network along key highway corridors would be highly beneficial.

DIVIDEND

It is not proposed to declare dividend for the current year.

DEPOSITS

During the period, your Company has not accepted deposits from the public under Section 58A of the Companies Act, 1956.

TRANSPARENCY

Various innovative systems are there in your Company for its functioning in a transparent manner. Some of the highlights are as follows:-

- 1) File Movement System (FMS)
- 2) e- Performance management System
- 3) Employee Self Service (ESS)
- 4) Key Performance Area/Key Performance Indicator (KPA/KPI).

The above ensures the transparent way of working of your Company. Also process has been initiated to implement SAP ERP (Enterprise Resource Planning) System in your Company to inculcate more transparency in business process.

QUALITY MANAGEMENT

Your Company gives utmost stress on the quality in work, product and service to the full satisfaction of the customers. Quality in the procurement of equipment, installation, operation and maintenance are maintained in order to ascertain the uninterrupted and hassle free supply of natural gas to various customers within a city. Your Company is having the high reputation for maintaining better quality for which your Company is proud of. The accident free operations till date itself prove the dedication and commitment of your company towards the Quality Management.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is growing and fully committed to the fulfillment of the social responsibility. Your Company, as a responsible Corporate Citizen, will be taking all necessary action for initiating various Social Welfare Schemes, in accordance with DPE guidelines on Corporate Social Responsibilities for Central Public Sector Enterprises particularly in or around its installations in the current Financial Year.

**MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT**

In compliance with DPE Guideline on Corporate Governance, necessary disclosure in a separate statement on Management Discussion and Analysis Report as Annexure-A and Corporate Governance Report as Annexure-B is enclosed as a part of Directors' Report.

HUMAN CAPITAL

Manpower strength of your Company which was 24 as on 31st of March, 2009 has increased to 62 as on 31st March, 2010. As your Company is growing accordingly manpower strength will also be augmented. Your Company focuses on employee development on a continuous basis. With the aim of encouraging a competitive spirit and winning attitude to take on future challenges keen attention is given to training programs and workshops.

OFFICIAL LANGUAGE

Your company has been making efforts for the promotion, propagation and successful implementation of the Official Language policy.

With a view to create greater awareness and consciousness among employees 'Hindi Diwas' was observed on 14 Sept 2009 and 'Hindi Fortnight' was organized from 14 Sept to 28 Sept 2009 in association with GAIL (India) Limited. We are also encouraging employees to work more in Official language on a continuous basis.

VIGILANCE

Your Company lays thrust on predictive and preventive rather than punitive vigilance. During the year, Vigilance Awareness Week was observed. Various awareness programmes were conducted in your Company for the benefit of employees, and Vendors/Customers through the association with and support of the promoter, GAIL (India) Limited.

RIGHT TO INFORMATION

In order to promote transparency and accountability, appropriate action is taken to reply to queries whenever received on time. We are going to initiate separate mechanism in our Company to further augment the infrastructure to cater to the spirit of the Right to Information Act, 2005.

REPRESENTATION OF SC/ST EMPLOYEES

As on 31.3.2010, the manpower strength of GAIL Gas Ltd. is 62, out of which 05 belong to Scheduled Caste and 04 to Scheduled Tribe, representing 8.06% and 6.45% respectively.

HEALTH, SAFETY AND ENVIRONMENT

Your company as a responsible Corporate citizen and Health, Safety and Environment (HSE), excellence has been extensively promoted as a Corporate culture within the organization. Safety and health of employees are embedded values in the organization. Various trainings on HSE is imparted to the employees of your company.

CHANGES IN DIRECTORS

Shri B.C. Tripathi, the then Director, was appointed as Chairman in place of Dr. U.D. Choubey w.e.f. 1st August, 2009. Dr. U.K.Sen was appointed as an Independent Director w.e.f. 4th August, 2009, Shri R.D.Goyal was appointed as Director w.e.f. 19th August, 2009 and Shri Ashutosh Karnatak was appointed as Director w.e.f. 22nd July, 2010.

Shri M.M.Mandal superannuated w.e.f. 31.05.2010, the Board placed on record its deep appreciation for the valuable services rendered by Shri M.M. Mandal during his association with your Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of conservation of energy, technology absorption and Foreign Exchange Earnings and outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed as Annexure C.

PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

The particulars of employees u/s 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is 'nil'.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 in relation to Directors' Responsibility Statement, it is confirmed that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review;
- the Directors have taken 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;
- the Directors have prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

AUDITORS

The Office of Comptroller & Auditor General of India vide its letter No. CA.V/COY/Central Govt., GAIL GAS (1)/552 dated 09.09.2009 has appointed M/s L C KAILASH AND ASSOCIATES, CHARTERED ACCOUNTANTS, as Statutory Auditors of the Company for the year 2009-10.

ACKNOWLEDGMENT

The Board of Directors wish to place on record their sincere appreciation for the valuable services and dedicated efforts of the employees of the Company, who have ensured the accomplishment of excellent result and achievement of the Company. The Board also wishes to thank the Government of India and various state governments for their valuable guidance and support. The Board acknowledges their deep and sincere thanks for the co-operation and assistance received from GAIL (India) Limited, Bankers, Financial Institutions, Customers and Suppliers.

For and on behalf of the Board

Sd/-
B.C. Tripathi
Chairman

Place: New Delhi
Dated: 16.08.2010

Management Discussion and Analysis

In Compliance with DPE Guidelines on Corporate Governance, the required disclosures are given below:

INDUSTRY STRUCTURE & DEVELOPMENTS

Indian Gas Sector – An Analysis

There is an increasing public awareness for clean and green fuels. Today, emerging challenge is to reduce and manage adverse environmental impact from conventional fossil fuels. The emerging need is to control the pollution with up-gradation of the refineries to produce the cleaner fuels, emphasis on energy conservation and diversification of energy sources like-Natural Gas, CBM and Gas Hydrates.

The twentieth century was called the century of Petroleum fuels. The twenty-first century belongs to Natural Gas. Natural Gas is the fastest growing and most preferred fuel globally and our gas demand is increasing day by day. Natural Gas provides a bridge to the development of new technology of cleaner fuels like Hydrogen.

The natural gas markets in India are developing rapidly. Over the past decade the volumes have gone up significantly with commencement of NELP gas production, followed by introduction of term LNG and finally with the supplies from RIL's KG D6 gas fields. The scenario for supply of natural gas in India has changed significantly with the advent of volumes from Reliance Industries operated D6 fields in the Krishna Godavari basin offshore Indian east coast. In a short span of time the gas supply volumes in the country have tripled.

The Ministry of Petroleum and Natural Gas (MoPNG), Government of India, under the aegis of the EGOM (Empowered Group of Ministers) allocates gas from the D6 fields as per the Gas Utilisation Policy. Under this policy, preferential allotment has been made to units in the core sectors of fertilizer and power and some gas volumes of D 6 gas was allocated to certain city gas distribution companies. Your company has also been allocated 5,000 SCMD D 6 gas from for each Kota, Dewas, Sonapat and Meerut by MoP&NG.

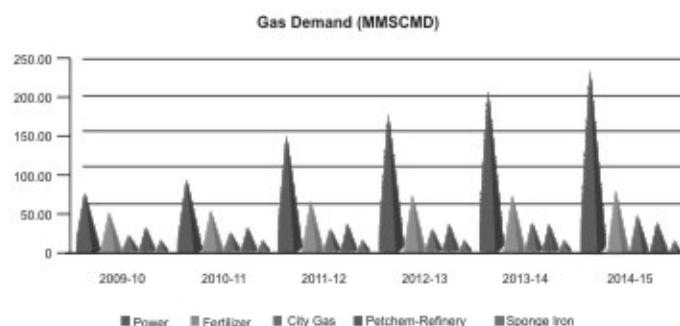
The demand for natural gas remained robust, signifying a clear market preference for natural gas as a safer, cleaner and economical source of energy. From the current share of 10% of the energy basket of the country, it is anticipated grow to about 25 % by 2025. While the large consumers of natural gas in the country continued to be the power and fertilizer units, the demand from City Gas Distribution (CGD) customers viz. smaller industrial units, natural gas vehicles, households and commercial establishments, continued to grow.

The demand for natural gas has been growing and continuing to grow at an unrelenting pace. Availability of additional sources of long term gas at optimal prices will play a major role in determining growth in this segment. The demand comes from a variety of consuming sectors. However power and fertilizer would require the maximum amount of gas in quantitative terms. Even as industrial and city gas demand grows rapidly, we anticipate that about 70-75 percent of the new demand originating from the power and fertilizer sectors.

The following table highlights the demand of natural gas for different segments in the country.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Power	66.42	87.71	149.11	185.52	212.73	243.34
Fertilizer	42.93	49.39	57.48	68.08	68.08	68.08
City Gas	10.70	13.70	17.53	22.44	28.72	36.76
Petchem- Refinery	23.50	24.44	25.42	26.43	27.49	28.59
Sponge Iron	3.60	3.71	3.82	3.93	4.05	4.17
Total	147.15	178.95	253.36	306.4	341.07	380.94

Source: Mercados Report



Natural Gas distribution in Indian cities through pipeline network is relatively a new concept. However, it has gain popularity among users wherever City Gas Projects are implemented. At present, CGD project is operational in 42 cities in the Country. There is a dramatic effect not only on convenience to consumers but also it has brought about a significant positive impact on Environment. City Gas Distribution is expected to grow in a major way. The main contributing factors towards this are the evolving supportive regulatory framework and inherent economic benefits of using natural gas.

When we talk of the CGD business, contribution of GAIL (India) Limited, the Promoter of GAIL Gas Limited cannot be forgotten and ignored as GAIL is the company who had initiated the CNG system in India by setting up 3 pilot projects one each at Delhi, Mumbai and Vadodara in 1992 for the sake of establishing CNG as commercially, technically and environmentally viable fuel for the transport sector in the compliance to the Hon'ble Supreme Court directives. Buoyant with the initial success in establishing CNG as a future fuel for transport sector in India, GAIL moved further in spreading the benefit of CNG and PNG to the users in various other cities and in the process formed 8 Joint Venture Companies with OMCs and other entities to implements CGD projects. All the JVCs are operating the CGD system and are providing successfully the benefit of CNG and PNG to the people of the cities suffering from the deteriorated environment due to pollution caused by vehicle emission.

The CGD system i.e. the supply of CNG to transport sector as well as PNG to domestic, commercial and industrial sectors has proved a boon to the residents of the cities where CGD projects have been implemented. The Metropolitan cities Delhi and Mumbai are the beneficiaries of this CGD system where improvement in the environment is considerable and noticeable. The use of Natural gas in the CGD projects has increased rapidly during the last 10 years in India and reached to approx. 5.5 % of total natural gas being used. The growth plan as envisaged speaks of the utilization of natural gas of approx. 15% in CGD projects by 2020. At present total approx. 10 MMSCMD natural gas is consumed in CGD projects which is likely to rise substantially by 2020.

Alternative fuels and renewable sources of energy at an affordable cost is the need of hour to prevent the environment from pollution. Hon'ble Supreme Court's decision for use of CNG for entire public transport in Delhi was a significant step in controlling the air pollution in Delhi and making Delhi an example to the World.

● **Growth Drivers for CNG Market Development in India**

ECONOMICS – CNG offers considerable cost benefits with respect to petrol and diesel.

● **FAVORABLE GOVERNMENT POLICIES**

NEW EXPLORATION LICENSING POLICY (NELP) rounds introduced with the objective of attracting investments for increasing exploration and consequently production of gas. Availability of Gas is expected to increase substantially by year 2012.

● **GAS UTILIZATION POLICY**

- Accords priority to CGD sector and thus increased gas availability for the sector.
- Most of the anticipated supplies are from private players and include RIL KG basin supplies of 80 MMSCMD by 2012, additional gas supplies due to capacity addition in PLL's regasification terminal for another 5 MMTPA. in addition to supplies from GSPC, ONGC, etc.
- City Gas Distribution projects have been allocated from KG Basin D-6 field production.

- **GOVERNMENT MANDATE**, probably the most widely known example in the NGV industry is the world's largest fleet of public bus system in Delhi running on Compressed Natural Gas (CNG). This has resulted in more than 12,000 CNG buses on Delhi's roads and has been credited with making significant improvements to Delhi's air quality.

● **REGULATORY FRAMEWORK**

PROVISIONS OF THE PNGRB ACT, 2006

Scope of regulation: The regulatory board will regulate downstream activities such as processing, storage (in case of LNG), transportation, distribution, marketing and sale of natural gas. The setting up of a regulatory board will result in increased clarity in the regulation and regulatory mechanisms of mid-stream downstream activities and enable smoother and faster development of the sector.

Authorization of new infrastructure projects: The Board is empowered to authorize laying of new pipelines and city gas distribution networks. The Board may also propose the period of exclusivity to lay, build, operate or expand a city gas distribution network in a transparent manner while fully protecting consumer interest.

Marketing Authorizations: Any entity intending to engage in the marketing of gas will have to obtain prior authorization from the Regulatory Board. The Board will keep in perspective that consumer interests are protected, adequate availability and equitable distribution are ensured.

Marketing services obligations: The Board is empowered to specify the marketing service obligations for entities engaged in the business of city or local natural gas distribution & marketing of gas.

Technical & HSE standards: The Board would, to bring about uniformity across the country and allow uninterrupted flow of natural gas in all regions of the country, specify the minimum technical & HSE standards.

● **REGULATIONS RELATED TO CGD BUSINESS NOTIFIED BY PNGRB**

- PNGRB (Authorizing Entities to Lay, build, operate or expand City or Local Natural Gas Distribution Networks) Regulation, 2008.

- PNGRB (Exclusivity for City or Local natural Gas Distribution Network) Regulations, 2008.
- PNGRB (determination of network Tariff for City or Local Natural Gas Distribution Network and Compression Charges for CNG) Regulation, 2008.
- PNGRB (technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulation, 2008.

OPPORTUNITIES, THREATS, RISKS, CONCERNS & MITIGATION

● **POTENTIAL OF CITY GAS NETWORKS IN INDIA**

Natural Gas usage in Indian cities has been limited primarily due to the scarcity of supply. However this scenario is undergoing change with several LNG projects/ transnational pipelines under implementation, which together with new domestic Gas finds are expected to shore up the supply deficit in the next few years. The flow of additional volumes of gas by way of RLNG and by way of indigenous gas mainly from the East Coast of the country, offer several options for gas sourcing in the future, which will lead to fulfilling the significant demand.

Meanwhile the market for city gas distribution is also set to grow at an accelerated pace. The CNG demand got a boost with the Supreme Court directive on pollution reduction in 12 major cities in India. The domestic segment is also expected to grow with the government's intentions to remove the subsidy on LPG cylinders in a phased manner in 3-5 years making piped gas even more economical.

The growth of industrialization continues to be robust in areas where GAIL Gas is operating. Growth of urbanization in NCR towns of Meerut and Sonapat has also been rapid and continues unabated. These factors create opportunities for growing the market for natural gas for industrial applications, household usage and for use as CNG in vehicles.

● **RISK FACTORS**

The feasibility of a city gas project is highly sensitive to the demand the company is able to capture, and is thus exposed to demand risk. The project is also exposed to price risk due to the probable mismatch in the movement of input gas price and selling price. The project could also be exposed to the residual risk created by the difference in terms and conditions of contracts with the suppliers and the buyers.

● **CONCERNS & MITIGATION**

Your Company will take the following steps to reduce risk factors involved in City Gas Distribution:

GAS PRICE

Despite different pricing mechanism, natural gas in Asia will continue to be linked to oil prices. As per McKinsey report 'Gas in 2020: a perspective' CGD has a switching price of \$7/MMBtu. As such, it is essential that the delivered gas must be priced in such a manner so as to secure a minimum level of profitability for the promoters; while providing adequate incentive to induce targeted customers to shift to Natural Gas.

DEMAND BUILD-UP

For a city gas distribution project the industrial segment provides the "base load" demand, which can be captured in a shorter time frame. In contrast, build-up of demand in the commercial, transport and residential segments provides better margins but has a higher gestation period. The project roll out must therefore be planned to capture an optimal mix of demand from these segments.

SUPPLY

Input gas price and its terms and conditions are critical for the viability of the city gas distribution project. Existence of Natural gas networks passing by or in proximity of the supply sources from the city limit enhances the project feasibility by reducing the capital and input gas costs.

FINANCIAL PERFORMANCE

Your Company has started its commercial operation on 15th December 2009 by selling CNG from its maiden CNG Station at Dewas, followed by supply of Natural Gas to Industrial Customers on 24th December 2009 at Dewas.

Another CNG station became operational at Panvel on 29th March 2010. The Loss for the year ended 31st March 2010 is Rs.391.96 lakhs which includes prior period expenses (Incorporation Expenses) of Rs.126.09 lakhs. During the year the expenses incurred amounting to Rs.81.61 Lakhs on preparation of DFR, Application fees, Financial appraisal etc., in respect of Mathura, Kakinada, Rajamundry, Shadol & Yanam are charged to Profit & Loss Account as "Expenses written off on Unsuccessful cities" since the Company was unsuccessful in bidding for Mathura and did not participate in the bidding for other cities.

The financial highlights for the year ended 31st March 2010 are as under:

		(Rs in lacs)
Sl. No.	Particulars	31.03.2010
01	Turn over (Net of Excise Duty)	278.92
02	Other Income	19.82
03	Cost of Sales (Excluding Depreciation including Extraordinary items)	672.49
04	Gross Margin	(373.47)
05	Depreciation	17.89
06	Profit/ (Loss) Before Tax	(391.36)
07	Balance Carried forward to Balance Sheet	(391.36)

Note: The Company had not prepared Profit & Loss Account for the previous year 2008-09 as commercial activities were not started.

HUMAN RESOURCES

Your Company believes that a continuous thrust on learning by the employees has been its unique preposition which has always yielded results and is the source of sustainable key competitive advantage. Towards, this end your company has been quite proactive in the area of Human Resource Development. Industrial relations scenario remained harmonious and cordial for most part of the year. Company continues to focus on employee oriented initiatives with a view to tap potential of employees while synergising individual development and organizational growth.

ENVIRONMENTAL PROTECTION AND CONSERVATION

Environment protection and its preservation is today a matter of concern for all citizens including corporates. The environment as it exists today is an example that human activities are correlated with nature and human beings must demonstrate responsible attitude towards the environment. As environment conservation is one of the major priorities of the company, so aspect of environment conservation is taken care of in every activity that GAIL Gas Limited undertakes while implementing the project from design to execution of the project.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The company has adopted C & P procedure and DOP of GAIL (India) Ltd. which ensures adequate internal control systems commensurate to its size and business. The in-house Internal Audit Department of GAIL (India) Ltd. carries out audit of financial, technical and other business activities of the company besides reviewing the adequacy of internal control systems.

FUTURE OUTLOOK

GAIL Gas endeavours to grow its retail markets to take full advantage of the growth in industrialization and urbanization in its areas. The management is focused in ensuring that the adequate systems, processes, resources and infrastructure are available and are scalable to enable the growth of the Company.

GAIL gas is all prepared to actively participate in the bidding process of PNGRB for authorization to implement the CGD projects in the country and is aiming to have a larger pie to ensure and retail market leadership in the segment.

It is envisaged that PNGRB to roll out 15 cities each year from 2011-12 to 2019-20 of which 6 will come to GGL each year. Accordingly the cumulative the CAPEX requirement for all the new cities along with existing cities, Vadodara-Ferozabad and CNG corridor would be Rs. 330 Cr. in 2010-11 which would be cumulatively increase to Rs. 8697 Cr. in 2018-19 and in the 15th year i.e. 2023-24 cumulative CAPEX requirement would be Rs. 14816 Cr.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is growing and fully committed to the fulfillment of the social responsibility. Your Company, as a responsible Corporate Citizen, will be taking all necessary action for initiating various Social Welfare Schemes, in accordance with DPE guidelines on Corporate Social Responsibilities for Central Public Sector Enterprises particularly in or around its installations in the current Financial Year.

CAUTIONARY STATEMENT

Statements in the Directors' Report and Management and Discussion & Analysis, describing the Company's Objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results, performances or achievements may vary materially from those expressed or implied, depending on economic conditions, Government policies and other incidental factors.

Corporate Governance Report

In Compliance with DPE Guidelines on Corporate Governance, the required disclosures are given below:

I. COMPANY'S PHILOSOPHY ON GUIDELINES ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance.

The foundation of good Corporate Governance lies upon the principles of transparency, fairness, disclosure and accountability.

Your company believes that effective Corporate Governance is characterized by the practice of each of the above. The Board pursues its Corporate Governance objective by demonstrating sincerity in dealing with management, fairness in dealing with employees, meeting the compliance requirements of the Government, and practice of ethical corporate citizenship in the society.

II. BOARD OF DIRECTORS

a) Composition of Directors

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically. As per its Articles of Association, the number of Directors shall not be less than four and more than twelve. As on 31st March, 2010 there were six Directors on Board comprising of 5 Promoter-Nominee Directors and 1 Independent Non-Executive Director nominated by GAIL (India) Limited. The Chairman and Managing Director of GAIL (India) Limited, the parent Company, is the Chairman of the Company.

b) Resume of Directors proposed to be Appointed/Re-appointed

Shri Ashutosh Karnatak

Dr Ashutosh Karnatak, Executive Director is presently heading the Project Execution Deptt in GAIL. He possesses an excellent academic profile as well as an equally illustrious professional career in the organization.

His major academic achievements include, inter alia, B Tech in Electrical Engineering from HBTI, Kanpur M Tech (Batch Topper) in Energy Studies from IIT, Delhi; MBA (Finance) from IGNOU and PhD (Management) from UPES, Dehradun.

He moved from ONGC to join GAIL during its formative years. His noticeable professional accomplishments are the successful planning, execution and commissioning of several trunk pipeline projects of national importance like Dahej-Vijapur, Dahej-Uran, Dabhol-Panvel pipeline projects and LPG Gandhar gas processing plant, amounting to around Rs 8000 cr. Due to his first-rate teamwork and leadership attributes, he is presently guiding a team of around 260 executives involved in 45 pipeline projects worth more than 30000 cr crisscrossing 16 states, 2 UTs and 106 districts of India. During his tenure in other departments of GAIL, he was in-charge of Operations & Maintenance of compressor stations and pipeline network. He also played a vital role in CNG system development in Mumbai. His in-depth knowledge and vast experience has made him write a book - 'Project Management of Hydrocarbon Pipelines: A Journey'.

His well rounded persona is not limited to only technical expertise. He has authored a motivational book 'I CAN DO: 24x7'. As the gas transmission and city gas distribution looks to be the most promising among all, his human relations and systems approach are certainly helping the organization a great deal.

Mr. J Wason, Director is presently an Executive Director

(Marketing), GAIL (India) Limited, New Delhi. He is a Physics Graduate from the University of Delhi and a Post Graduate from XLRI, Jamshedpur. He joined GAIL in 1987, during the initial years of GAIL's formation and has 23 years of experience in the Oil & Gas sector. He has handled wide range of portfolios including- employee relations, customer relations, marketing strategy of GAIL's products and services. He has also steered GAIL in several collaborations with other entities for expanding GAIL's business in India. He is currently heading the Marketing function of GAIL from Corporate Office, New Delhi and is responsible for marketing of Petrochemicals and Liquid Hydrocarbons, city gas distribution, JVs and MoUs with different state governments.

He is also a Director on the Board of Mahanagar Gas Limited (MGL), which is currently in the business of city gas distribution in Mumbai.

Shri P.K.Jain , Director is presently heading IA Deptt in GAIL. He is a Chartered Accountant and MBA from University of HULL, UK. He has 28 years of rich professional experience to his credit in Finance & Accounts. He has been with GAIL (India) Ltd. for last 24 years and worked in Corporate Finance, Treasury, Petrochemical Plant, Project Execution and Internal Audit Deptt.etc.

c) Board Meetings

During the financial year 2009-10, the Board met 8 times on the following dates:-

S. No.	Date of Meeting
1	22.04.2009
2	01.05.2009
3	04.06.2009
4	22.07.2009
5	07.09.2009
6	05.11.2009
7	05.02.2010
8	17.03.2010

The Particulars of Directors including their attendance at Board Meeting(s) during the Financial Year 2009-10 is detailed below:

Names of Director(s)	Date of Appointment/ Cessation	No. of Board Meetings attended	Attendance at last Annual General Meeting	Directorship in other companies	Chairman-ship/Membership of Committees of Boards of other companies
PROMOTER-NOMINEE DIRECTORS:					
Shri B.C.Tripathi	27.05.2008	8	Yes	4	--
Shri J.Wason	27.05.2008	4	Yes	1	2
Shri M.M.Mandal (ceased to be Director w.e.f 31.05.2010)	27.05.2008	6	Yes	--	--
Shri P.K.Jain	27.05.2008	7	Yes	--	--
Shri R.D.Goyal	19.08.2009	3	Yes	4	--
INDEPENDENT NON-EXECUTIVE DIRECTOR					
Dr. U.K.Sen	04.08.2009	4	Yes	1	1

III. AUDIT COMMITTEE

The terms of reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 which, inter-alia, include overseeing the Company's financial reporting process and the disclosure of its financial information; reviewing with the Management, the half yearly and annual financial statements before submission to the Board for approval; reviewing, with the Management, the performance of statutory and internal auditors, adequacy of internal control systems and all other matters specified under Section 292A of the Companies Act 1956.

The Audit Committee of the Company comprises of three Directors, headed by Dr. U. K. Sen as the Chairman, Shri J.Wason and Shri Ashutosh Karnatak are the other Members. Shri M.M.Mandal, one of the member on the Audit Committee superannuated on 31st May, 2010.

Besides the above, the Chief Executive Officer (GAIL Gas Limited), Chief Financial Officer (GAIL Gas Limited) and Statutory Auditors of the Company are the permanent invitees to the meetings of Audit Committee. Senior functional executives are also invited, as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year 2009-10, 2 (Two) meetings of Audit Committee were held as below:

Sl. No.	Date of Meeting
1	29.05.2009
2	28.01.2010

IV. OTHER EMPOWERED COMMITTEES

Empowered Managing Committee

Empowered Managing Committee comprises of Shri R.D.Goyal, Director Incharge, as Chairman of the committee, Shri J.Wason – Director (GAIL Gas Ltd.), Shri P.K.Jain – Director (GAIL Gas Ltd.), Shri S.K. Singh ED(C&P) – GAIL (India) Ltd., Shri M.Ravindran – CEO (GAIL Gas Ltd.) and Shri Anil Kumar Sahni – CFO (GAIL Gas Ltd.) as members of the committee.

Roles & Responsibilities

Award of Works, Purchase, Consulting Services and Contract Services and accord approvals within its delegated powers for the procurement / execution of projects.

V. REMUNERATION COMMITTEE

Remuneration Committee shall be constituted on appointment of additional Independent Directors.

VI. ANNUAL GENERAL MEETING

No. of the AGM	Date	Time	Venue	Any Special Resolution Passed
1st	07.09.2009	5.00 p.m.	Board Room, 6th floor, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	None
2nd	10.09.2010	11.00 a.m.	Board Room, 6th floor, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	

VII. DISCLOSURES

i. Annual Financial Statements 2009-10 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of "Related party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.

- ii. The CEO/CFO of the Company has certified on the financial statements for the financial year 2009-10.
- iii. Presently, the company does not have whistle Blower Policy.

VIII. AUDIT QUALIFICATIONS

The company has ensured to remain in the regime of unqualified statement.

Annexure to the Directors' Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo as per Section 217 (1) (e) of the Companies Act, 1956 Read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY

As energy conservation is one of the objectives of the company, so aspect of energy conservation is taken care of in every activity that GAIL Gas Limited undertakes while implementing the project from design to execution of the project.

B. TECHNOLOGY ABSORPTION

GAIL Gas always adopts the new technology wherever required. At the moment the design and execution activities are being undertaken and new technology/ procedure/ standards etc. are being followed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

		Rs. In lacs	
		(2009-10)	(2008-09)
1.	Foreign Currency Earnings		
a)	Others (Tender fee)	4.12	Nil
2.	Foreign Currency Expenditure		
a)	Others (TA & Exhibition)	13.98	
b)	CIF Value of Imports Capital goods	13.72	
		27.70	Nil



Auditors' Report

To

The Member of GAIL Gas Limited.

We have audited the attached Balance Sheet of Gail Gas Limited, as at 31st March, 2010 and the Profit and Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- (e) Disclosure, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, is not required pursuant to order of the Central Govt., Deptt. Of Company Affairs, Ministry of Finance vide notification No. GSR 829 (E) dated October 21, 2003.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the Accounting Principles generally accepted in India:
 - (A) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - (B) In case of Profit and Loss Account, of the loss for the year ended on that date; and
 - (C) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date .

For L C Kailash and Associates
Chartered Accountants

Place : Delhi
Dated : 11.05.2010

L C Gupta
Sr. Executive Partner
Membership No.- 5122

Annexure to the Auditor's Report

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

The annexure referred to in the Auditor's Report to the shareholders of GAIL GAS LIMITED for the year ended 31st March, 2010. We report that:

- (I) (a) The Company has maintained records showing quantitative details and situation of fixed assets.
 - (b) According to the information and explanation given to us, there is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Fixed Assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.
 - (c) There was no disposal of fixed assets during the year.
- (II) (a) According to the information and explanations given to us, the inventory of stores and spares were physically verified by the management, except those lying with contractors at the end of the year.
 - (b) According to information and explanations given to us in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) According to the information and explanations given to us, no discrepancy had been noticed on physical verification of stock of capital goods in hand, Stores and spares as compared to the Book Records. We have been explained that the stock of gas at the end of the year has been arrived at on the basis of pipe line volume, pressure and temperature available in the pipe line by standard formula.
- (III) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
 - (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
- (IV) In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sales of goods. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the internal controls system of the company.
- (V) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us the transactions, made in pursuance of contracts or arrangements entered in the register under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (VI) Company has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order does not require any comment or explanation from the auditors.
- (VII) The Company has taken the support of in house Internal Audit system of its holding Company, GAIL (India) Ltd., which in our opinion is reasonable and commensurate with the size of the Company and the nature of its business.
- (VIII) Company commenced its commercial activity from 15th Dec, 2009 on a small scale. As per the information and explanations given by the Company, the provisions of Section 209(1) (d) of the Companies Act, 1956 relating to Cost Audit Record is not applicable as per Notification dated 08th October 2002 issued by Ministry of Finance and Company Affairs (Department of Company Affairs).
- (IX) (a) According to the records, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. As regards the deposit of dues of Provident Fund, Employees State Insurance and other dues relating to staff, since all the employees working in the company are on the payroll of GAIL (India) Ltd., the same is taken care of by the said Holding Company and the debit notes raised on the company are accounted in Companies' Books under appropriate head of Accounts.
 - (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
 - (c) As certified by the Management on which we have relied upon, there are no dues of Excise Duty, Custom Duty, Entry Tax, Sales Tax and other Taxes which have not been deposited on account of disputes.



- (X) This being the first year of commercial operation there is no accumulated losses at the end of previous financial year. The Company has incurred cash loss in the current year amounting to Rs. 268.10 Lacs.
- (XI) In our opinion and according to information and explanation given to us, the Company has not raised any fund through loan or issue of securities and as such not defaulted in repayment of dues to financial institutions, banks or security holders.
- (XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (XIII) The Company is not a chit fund, nidhi, mutual benefit fund, society. Accordingly the provisions of clause 4(XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (XIV) According to the information and explanations given to us, the company has not dealt in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(X IV) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (XV) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (XVI) According to the information and explanation given to us, the Company has not raised any term loan during the year.
- (XVII) According to the information and explanation given to us, the Company has not raised any short term loan during the year.
- (XVIII) During the year the company has not made any preferential allotment of shares to parties or Companies covered in register maintained under section 301 of the Companies, Act, 1956. However during the year private placement of 3,12,50,000 equity shares was made to Gail (India) Ltd, the Holding Company.
- (XIX) The Company has not issued any debenture during the year.
- (XX) The Company did not raise money by public issue during the year.
- (XXI) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For L C Kailash and Associates
Chartered Accountants

Place : Delhi
Dated : 11.05.2010

L C Gupta
Sr. Executive Partner
Membership No.- 5122

Balance Sheet as at 31st March, 2010

(Amt Rounded in Rs'000)

	Schedule No.	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Capital	1A	313000	500
Shares application money pending allotment	1B	264000	79500
Reserves and Surplus		577000	80000
LOAN FUNDS			
Secured Loans		0	0
Unsecured Loans		0	0
TOTAL		577000	80000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	68196	2832
Less : Accumulated Depreciation		1857	68
Net Block		66339	2764
Capital Work-in-progress	3	505991	115180
		572330	117944
Deferred Tax Assets		1526	
CURRENT ASSETS, LOANS AND ADVANCES			
A. Current Assets			
Inventories		27	0
Sundry Debtors		6,135	0
Cash and Bank balances		6,924	1,092
Other Current Assets		2,491	0
Loans and advances		57,223	5,185
		72,800	6,277
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	5	108,792	44,205
Provisions		0	16
		108,792	44,221
NET CURRENT ASSETS		(35,992)	(37,944)
PROFIT AND LOSS ACCOUNT		39,136	0
TOTAL		577,000	80,000

Schedules 1 to 5, Balance Sheet abstract and Company's General Business Profile, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

Preeti Agarwal
Company Secretary

R K Sharma
C F O

M RAVINDRAN
CEO

P K Jain
Director

R D Goyal
Director

173

In terms of our report of even date
For L C Kailash and Associates
Chartered Accountants

Place : Delhi
Dated : 11.05.2010

L C Gupta
Sr. Executive Partner
M No.5122



Profit & Loss Account for the Year Ended 31st March, 2010

		(Amt Rounded in Rs'000)	
	Schedule No		Year Ended 31st March 2010
INCOME			
Gross Sales		27,905	
Less: Excise Duty		<u>13</u>	
Net Sales			27,892
Add: <u>Accretion to Stock</u>			
Closing Stock			27
Less Opening Stock			<u>0</u>
			27,919
Other Income	6		1,982
Total			29,901
EXPENDITURE			
Purchase of Gas			22,726
Manufacturing, Transmission, Administration, Selling & Distribution and other Expenses	7	107,505	
Depreciation		<u>933</u>	
			108,438
* Less: Expenditure during construction period transferred to capital work in progress	8		34,918
Total			57,644
Profit before Interest and Finance Charges			(27,743)
Interest and Finance Charges			
Less: Interest and Finance Charges transferred to Capital Work in Progress			0
Profit for the year			(27,743)
Less: Prior period Adjustments (net) :			
Preliminary (Incorporation) Expenses		<u>12,609</u>	
Depreciation-Electrical Equipment		<u>310</u>	
Profit before tax			(40,662)
Provision for Tax-Current			
-Deffered Tax			
-FBT			0
Profit after tax			(40,662)
Provision for deffered Tax			1,526
Balance Carried to Balance Sheet			(39,136)
TOTAL			(39,136)
Details of Earning per Share			
A. Profit after Tax			(39,136)
B. Weighted Average No. of Equity Shares			8,678
C. Nominal Value per Equity Share (Rs)			10.00
D. Basic and Diluted Earning per Share (Rs)			(4.51)

*Less: Expenditure during construction period transferred to capital work in progress in PY was Rs 44650 thousands.

Preeti Agarwal
Company Secretary

R K Sharma
C F O

M RAVINDRAN
CEO

P K Jain
Director

R D Goyal
Director

In terms of our report of even date
For L C Kailash and Associates
Chartered Accountants

Date : 11.05.2010
Place : Delhi

L C Gupta
Sr. Executive Partner
M. No.5122

Schedule 1A- Capital

	(Amt Rounded in Rs'000)	
	As at 31st March,2010	As at 31st March,2009
AUTHORISED CAPITAL 20,00,00,000 equity shares of Rs. 10/- each	2,000,000	2,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
* 50,000 equity shares of Rs10/- each fully paid up issued in Cash	500	500
3,12,50,000 equity shares of Rs. 10/- each fully paid otherwise than in cash	312,500	0
* Prev.year Subscribers to the Memorandum & Articles of Association		
TOTAL	313,000	500

Schedule - 1B Share Application Money Pending Allotment

	(Amt Rounded in Rs'000)	
	As at 31st March,2010	As at 31st March,2009
In the form of Consideration other than cash pending allotment	264,000	79,500
A/C GAIL (India) Ltd		
TOTAL	264,000	79,500

Schedule 2 - Fixed Assets

(Amt Rounded in Rs'000)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2009	Additions / Adjustments during the year	Sales / Adjustments during the year	As at 31.3.2010	Upto 31.3.2009	For the year	Adjustments during the year	As at 31.3.2010	As at 31.3.2009	As at 31.3.2010
ASSETS										
Tangible Assets (A)										
Plant & Machinery	0	57,680	0	57,680	0	643		643	0	57,037
Furniture & Fixtures	1817	4,465	0	6,282	50	584		634	1,767	5,648
Office Equipments	955	2,111	0	3,066	4	385		389	951	2,677
Electrical Equipments	0	390	0	390	0	63		63	0	327
Other Misc Assets	19	0	0	19	13	1		14	6	5
TOTAL (A)	2791	64646	0	67437	67	1676		1743	2724	65694
Intangible Assets (B)										
Intangible Assets- Computer Software	41	718	0	759	1	113		114	40	645
TOTAL (B)	41	718	0	759	1	113		114	40	645
Total	2,832	65,364	0	68,196	68	1,789		1,857	2,764	66,339

* Includes IEDC depreciation of Rs545.473/-

* Includes prior period depreciation Rs.310.632/-

Schedule 3 - Capital Work-in-Progress

(Amt Rounded in Rs'000)

	Opening Balance	Accretion during the year	Adjustments during the year	Capitalised during the year	As at 31st March 2010
CGD Project	60005	280936	94769	43713	202459
CNG Corridor Project	55110	110506	85875	13966	65775
Material in Transit- Capital Store	65	53658	2743		50980
STORES & SPARES-Capital		423983	237206	0	186777
TOTAL	115180	869083	420593	57679	505991

Schedule 4 - Current Assets, Loans and Advances

		(Amt Rounded in Rs'000)	
		As at 31st March,2010	As at 31st March,2009
A. CURRENT ASSETS			
(at cost as certified by the Management)			
1	Inventories	27	0
2	Sundry Debtors		0
	Debts outstanding for a period less than six months - unsecured, considered good.	6,135	
3	Cash & Bank balance		
a)	Short term deposits with scheduled Banks	3,560	500
b)	Balance with scheduled Banks	3,300	588
c)	Interest Accrued but not due on FDR with SBI	61	4
d)	Cheques in hand	0	
e)	Cash Balance	<u>3</u>	
		6924.00	
4	Other Current Assets	2,491	
		15,577	1,092
B. LOANS & ADVANCES (Unsecured considered good unless stated otherwise by the Management)			
a)	Advances recoverable in cash or in kind or for value to be received		
(i)	Security Deposit receivable considered good	6,818	1,951
(ii)	Considered doubtful	<u>0</u>	0
		6,818	1,951
Less :	Provision for bad & doubtful debts	<u>0</u>	1,951
b)	Advance for Purchase of Land	18966	
c)	Advance Tax/FBT	140	
d)	Claims Recoverable (CENVAT Receivable/Service Tax Input Credit)	31,299	<u>3,234</u>
		57,223	5,185
TOTAL		72,800	6,277

Schedule 5 - Current Liabilities & Provisions

		(Amt Rounded in Rs'000)	
		As at 31st March,2010	As at 31st March,2009
A) CURRENT LIABILITIES			
	Account Payable- GAIL(India) Ltd	55	35
	Account Payable- GAIL- Material Loan Account	0	3,250
	Audit Fees Payable	84	24
	Service Tax Payable		82
	Int. on Service Tax Payable		2
	TDS and WCT Payable	1,695	1,377
	Sundry Creditors	69,347	38,762
		71,181	43,532
	Deposits, retention money from contractors and others	37,611	673
TOTAL (A)		108,792	44,205
B) PROVISION for FBT		0	16
TOTAL (B)		0	16
GRAND TOTAL (A + B)		108,792	44,221

Schedule 6- Other Income

(Amt Rounded in Rs'000)

Particulars	As at 31st March, 2010	As at 31st March, 2009
APPLICATION FEES - RECRUITMENT	698.20	
Gain/Loss on Foreign Exchange Variation	115.15	
Interest Income on Bank Deposits	105.96	
Misc Income-Recovery of Rent-Officers	488.79	
Misc-Income-Recovery of Rent-Staff	3.94	
Tender Fees	570.38	
	1982.42	0.00

(TDS on Bank Deposit Rs.5.974/- (Prev. Year NIL))

Schedule 7 Manufacturing, Transmission, Administration, Selling & Distribution and Other Expenses

(Amt Rounded in Rs'000)

		For the year ended 31st March, 2010	For the year ended 31st March, 2009
GENERAL ADMINISTRATION			
Employees Remuneration & Benefits			
Salary & Wages	53462		15,630
Company's Cont to PF	3812		1,237
Welfare Expenses	1647	58921	2,867
Power, Fuel and Water Charges			
Electricity Charges		399	93
Rent-Office & Others		11236	3,231
Repairs and Maintenance			
Repair & Maint-Others		619	260
Insurance Charges		362	0
Advt & Publicity		8256	4,190
Payment to Auditors			
Audit Fees	94		28
Out of Pocket Expenses	32	126	
Books-News Paper & Periodical		466	4
Bank Charges		1106	2
Communication Exp		513	313
Consultancy Chg-Other Professional Fees		2413	5
Data Processing Exp		0	37
Depreciation		545	68
Director's Remuneration		25	
Entertainment Expenses		298	223
Expenses Written Off on Unsuccessful Citie		8161	
Other Expenses			41
Fringe Benefit Tax		0	267
General Expenses		11	
Travelling Expenses		8742	2,034
Training Expenses		144	
Legal Fees		620	
Misc Office Expenses		651	52
Meeting Expenses		13	41
Photocopy Charges		140	32
Postage & Telegrams		89	10
Printing & Stationery Exp		1184	47
Preliminary Expenses		0	12,609
Rates & Taxes		93	
Recruitment Expenses		654	828
Manpower hiring Charges		272	
Security Expenses		278	
Telephone Charges		284	76
Wet Leasing Charges		4	
Vehicle Hire Charges		1882	580
		108507	44,805
Less : Non operating receipts			
i) Interest on Investment			4
ii) Others		1002	151
		1002	155
Net expenditure		107505	44,650

Schedule - 8 Expenditure during Construction Period Transferred to Capital Work-in-Progress

Particulars	1-Apr-2009 to 31-Mar-2010	
	Debit	Credit
IEDC- Advertisement Exp.	6064.06	—
IEDC- Advertisement Exp-CGD	6064.06	—
IEDC- Audit Fee	32.27	—
IEDC- Auditor- Out of Pocket Expenses	16.65	—
IEDC-Other Expenses- Audit Fees- CGD	15.62	—
IEDC- Bank Charges	1050.39	—
IEDC-Bank Charges	3.63	—
IEDC-Bank Charges-CWIP*CGD	1046.76	—
IEDC- Books & Preiodicals	446.69	—
IEDC-Books- Newspaper Periodicals & Journals	417.27	—
IEDC-Books-News Periodicals	29.42	—
IEDC- Communication Expenses	442.78	—
IEDC-Communication Exp Tel-Resi.	442.78	—
IEDC Company's Cont. to Provident Fund	2627.07	—
IEDC-Co Cont PF-Staff	44.83	—
IEDC-Co. Cont to PF-Officers	2582.24	—
IEDC - Consultancy Charges	94.13	—
IEDC-Consultancy Chg.-Other Professional Fees	84.13	—
IEDC-Consultancy Ch. Prof.Fees CGD Projects	10.00	—
IEDC - Depreciation	545.47	—
IEDC-Depreciation Electrical Equipment	58.20	—
IEDC-Depreciation-Furniture & Fixtures	220.41	—
IEDC-Depreciation- Intangible Assets- Software	74.80	—
IEDC-Depreciation-Office Equipments	191.09	—
IEDC-Depreciation- Other Misc.Assets	0.20	—
IEDC-Depreciation-P&M Tele System	0.77	—
IEDC Electricity Charges	223.95	—
IEDC-Electricity Charges- Office	223.95	—
IEDC-Entertainment Exp	257.39	—
IEDC-Entertain Exp	25.35	—
IEDC-Entertain Exp-F&B-EM	213.53	—
IEDC-Entertain Exp-F&B-OT	18.51	—
IEDC-Legal Expenses	618.82	—
IEDC-Leagal fee Exp	618.82	—
IEDC-Meeting Expenses	13.04	—
IEDC-Other Exp-Meeting Expenses	13.04	—
IEDC- Insurance	346.40	—
IEDC-Insurance-Material at Site	195.83	—
IEDC-Insurance-Others	4.42	—
IEDC-Insurance Transit	146.15	—



IEDC- Misc Exp	283.94	
IEDC-Misc. Office Expenses	197.14	
IEDC-Other Exp-CWIP-CGD	34.97	
IEDC-Other Exp-Misc.Exp	23.98	
IEDC-Oth Exp-Misc.Exp	27.85	
IEDC - Misc Income		1002.49
IEDC-Interest Income on Bank Deposits		13.89
IEDC-Misc. Income (L.D. Deducted)		8.04
IEDC-Misc Income- Recovery of Rent From Employees		224.46
IEDC- Tender Fees		756.10
IEDC- Photocopy Charges	139.63	
IEDC-Photocopy Charges	139.63	
IEDC- Postage and Stamps	48.65	
IEDC-Postage and Telegrams	22.60	
IEDC-Postage and Tel Exp-CNG Corridor	26.05	
IEDC- Printing & Stationery Expenses	633.99	
IEDC-Printing & Stationery Exp	633.99	
IEDC- Rates & Taxes	92.32	
IEDC-FREIGHT - CGD	14.77	
IEDC-Rates & Taxes	77.55	
IEDC- Rent & Warehouse Exp.	7473.79	
IEDC-Office Rent	5910.44	
IEDC-Other Exp-Brokerage-Rent A/c	7.00	
IEDC-Warehouse Charges	1556.35	
IEDC- REPAIR & MAINT.	561.78	
IEDC-Office Maintenance Exp	34.38	
IEDC R&M-Other Maint.Charges	44.43	
IEDC-R & M - Others- Other Maintenance	250.34	
IEDC-RM-Oth-Maint Charges	232.63	
IEDC-Salary & Allowances	44014.66	26.74
IEDC - Welfare Exp.	4201.79	
CWIP- Common IEDC	1885.37	
IEDC-Manpowerhiring Charges	515.73	
IEDC-Salary-CGD	371.71	
IEDC-Salary-Prise-Individual Performance	805.98	
IEDC-Salary-Prise-Unit Performance	2743.47	
IEDC-SAL-Officer-ECO	641.07	
IEDC-Sal-Officer-Prise Corp Performance	1117.23	
IEDC-Sal- Officers-Basic	17824.58	
IEDC-Sal-Officers-CCA		24.69
IEDC-Sal-Officers-Child Ed	213.83	
IEDC-Sal-Officers-DA	1738.04	
IEDC-Sal-Officers-HRA	339.13	
IEDC-Sal-Officers-Leased Accomodation	2269.50	
IEDC-Sal-Officers- Lease Maint.	25.13	
IEDC-Sal-Officers-Leave Encashment	3170.95	
IEDC-Sal-Officers-Other Allowance	86.11	



IEDC-Sal-Officers-Prise	5436.58	
IEDC-Sal-Staff-Basic	261.95	
IEDC-Sal-Staff-CCA	4.21	
IEDC-Sal-Staff-Child Edu	27.50	
IEDC-Sal-Staff-DA	138.51	
IEDC-Sal-Staff-Lease Maint.		2.05
IEDC-Sal-Staff-Lleased Accomodation	32.45	
IEDC-Sal-Staff-Other Allowance	3.38	
IEDC-Sal-Staff-Overtime	7.42	
IEDC-Sal-Staff-Per Incentive	105.00	
IEDC-Sal-Staff-Prise	8.22	
IEDC-Sal-Staff-Prod Allowance	8.96	
IEDC-Staff-ECO	30.86	
IEDC - Security Expenses	187.47	_____
IEDC-Security Expenses	187.47	
IEDC - Telephone Charges	179.78	_____
IEDC-Telephone Charges	179.78	
IEDC - TRAVLLING & CONV. EXP	6702.69	_____
IEDC-Travel- Conv Exp-Emp	909.75	
IEDC-Travel-Conv Reim	85.11	
IEDC-Travel- Conv Reimbursement	159.43	
IEDC-Travel Exp- CNG Corridor	619.74	
IEDC-Travel Exp- CWIP- CGD	1407.41	
IEDC-Travel- Exp on Transfer	1830.88	
IEDC-Travel Inland-Bus	1309.99	
IEDC-Travel- Inland- Recruitment	71.39	
IEDC-Travel-Reimb of Driver Salary	60.00	
IEDC-Travel- Transport Subsidy	248.99	
IEDC-Vehicle Hire Charges	1468.01	_____
IEDC - Hiring Charges of LCV	169.39	
IEDC-Vehicle Hire Charges	1298.62	
Grand Total	74549.17	1029.23
Net Transfer to CWIP	73519.94	



Cash Flow Statement for the Accounting Period Ended 31.03.2010

(Amt Rounded in Rs'000)

Particulars	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
1. NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(38955.26)	
2. ADD:		
DEPRECIATION	1789.01	68
OTHER PROVISIONS	(1526.00)	
INTEREST INCOME	(105.96)	
EXCHANGE RATE VARIATION	(115.14)	
EXTRAORDINARY ITEMS- PRIOR PERIOD ITEMS		
PROVISION/WRITE OFF OF ASSETS/CWIP	41.44	68
3. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (1+2)	(38913.82)	68
4. CHANGES IN WORKING CAPITAL (EXCLUDING CASH & BANK BALANCES)		
TRADE AND OTHER RECEIVABLES	(60,803.00)	
INVENTORIES	(27.00)	
TRADE AND OTHER PAYABLES	64,571.00	3740.00
5. CASH GENERATED FROM OPERATIONS (3+4)	(35173.82)	68
6. DIRECT TAX PAID	139.82	
NET CASH FLOW FROM OPERATING ACTIVITIES (5+6)	(35034.00)	68
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(65,364.00)	(2,832)
CAPITAL WORK-IN-PROGRESS	(390,811.00)	(115,180)
INTEREST RECEIVED	40.68	
CURRENT ASSETS LOANS AND ADVANCES		(5,186)
CURRENT LIABILITIES & PROVISIONS		44,222
NET CASH FROM INVESTING ACTIVITIES.	(456,134)	(78,976)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	312,500.00	500
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM GAIL(INDIA) LTD	184,500.00	79,500
NET CASH FROM FINANCING ACTIVITIES	497,000.00	80,000.00
NET INCREASE IN CASH & CASH EQUIVALENTS	5,832.00	1,092.00
CASH & CASH EQUIVALENTS- (OPENING BALANCE)	1,092.00	0.00
CASH & CASH EQUIVALENTS- (CLOSING BALANCE)	6,924.00	1,092.00

Preeti Agarwal
Company Secretary

R K Sharma
C F O

M RAVINDRAN
CEO

P K Jain
Director

R D Goyal
Director

In terms of our report of even date
For L C Kailash and Associates
Chartered Accountants

Dated: 11.05.2010
Place : Delhi

L C Gupta
Sr. Executive Partner
M No.5122

Accounting Policies

1. Accounting Convention

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under from time to time.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

3. Fixed Assets

Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes & levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

4. Intangible Assets

Intangible assets like software, licenses which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

5. Capital Work in Progress

The capital work in progress includes advance for capital goods/ material in Transit/ value of stores lying in the hands of contractor for use in the projects/value of materials / equipment etc. received at site for use in the projects.

6. Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the asset is ready for use after netting off any income earned on temporary investment of such funds.

7. Expenses Incurred During Construction Period

All revenue expenditure incurred during the year, which is exclusively attributable to acquisition / construction of fixed assets, is capitalized at the time of commissioning of such assets.

8. Depreciation / Amortisation

- I. Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).
 - a. Assets costing upto Rs. 5,000/- are depreciated fully in the year of capitalisation.
 - b. Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
 - c. Software / Licences are amortised in 5 years on straight line method.
- II. Capital assets installed at the consumers premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the rates as specified in Schedule XIV of the Company's Act, 1956.

9. Foreign Currency Translation

- a). Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- b). Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.
- c). Non monetary items (such as Investments, Fixed Assets, etc), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- d). Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

10. Inventories

- a) Raw materials and Finished products are valued at cost or net realisable value, whichever is lower.
 - b) Stock in process is valued at cost or net realisable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
 - c) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
 - d) Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower.
 - e) Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.
11. Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, are capitalised with the cost of that fixed asset and are depreciated fully over the remaining useful life of that asset.

12. Profit & Loss Account

13. Sale proceeds are accounted for based on the consumer price inclusive of Statutory Levies and charges upto the place where ownership of goods is transferred.
14. Pre-project expenditure relating to Projects which are considered unviable / closed is charged off to Revenue in the year of declaration/closure.

15. Employees Benefits

- a. All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b. Employee Benefits under Defined Contribution Plan in respect of provident fund is recognized based on the undiscounted obligation of the company towards contribution to the fund. The same is paid to the provident fund which is administered through a separate trust.
- c. Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absence, post retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Actuarial liability in excess of respective plan assets is recognized during the year.



- d. Provision for gratuity as per actuarial valuation is funded with a separate trust.

16. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset, if any, is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

17. Contingent Liabilities and Capital Commitments

- a. Contingent liabilities are disclosed in each case above Rs. 5 lakhs.
b. Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs 5 lakhs.

18. Impairment

The Carrying amounts of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal / External factors, an Impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

GENERAL

19. Prepaid expenses and prior period expenses/income upto Rs.1,00,000/- in each case are charged to relevant heads of account of the current year.
20. Liquidated Damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled, after capitalization of assets are charged to revenue if below Rs. 50 lacs in each case, otherwise adjusted in the cost of relevant assets.
21. Insurance claims are accounted for on the basis of claims admitted by the insurers.
22. a Custom duty and other claims (including interest on delayed payments) are accounted for on acceptance in principle.
b Liability in respect of MGO of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

Preeti Agarwal
Company Secretary

R.K. Sharma
CFO

M. Ravindran
CEO

PK. Jain
Director

R. D.Goyal
Director

As per our separate report of even date
For L C Kailash and Associates
Chartered Accountants

Place: New Delhi
Dated: 11.05.2010

L C Gupta
Sr. Executive Partner
Membership No.5122

Notes on Accounts

- This is the first year of commencement of commercial operation of the Company from 15.12.2009, as such all administrative and other expenses have been charged to Profit and Loss Account from 15.12.2009 onwards.
- Preliminary (Incorporation) expenses amounting to Rs.126.09 lakhs which was earlier taken in IEDC to be capitalized has been appropriated out of IEDC and charged to Profit and Loss Account as Prior Period Expenses during the year 2009-10 as per the opinion of Expert Advisory Committee of ICAI vide No. TD/EAC/1381/09 dated 29.12.2009 in accordance with AS-5 and also as reported by C&AG of India on the accounts for year ended 31st March 2009.
- An amount of Rs.2640.00 lakhs (PY Rs. 795.00 lakhs) has been allocated as per direction of GAIL (India) Ltd out of amount spent by GAIL (India) Ltd on behalf of the Company to Share Application Money Pending Allotment of Equity Share.
- The estimated amount of contracts over Rs. 5.00 lakhs amounting Rs.11904.44 lakhs (PY Rs.300.65 lakhs) are remaining to be executed on Capital Accounts and not provided for.
- To the extent information available with the Company, amount due to Medium & Small Scale Industry is Nil (PY Nil).
- Balances grouped under Loans and Advances, Deposits, Sundry Debtors and Sundry Creditors are subject to confirmation.
- The persons working for GAIL Gas Ltd are on the rolls of GAIL (India) Limited and placed at GAIL Gas Ltd. Expenses have been accounted in the books on the basis of Debit Advices from GAIL (India) Ltd.
- Information required as per Schedule VI of the Companies Act, 1956

I Quantitative Information:

(Value Rs. in Lakhs)

	Opening Stock		Purchases		Sales		Internal Consumption		Closing Stock	
	QTY	Value	QTY	Value	QTY	Value	QTY	Value	QTY	Value
Natural Gas (in 000'SCM)										
Year ended 31.03.10	0	0	1,436.712	227.26	1,517.75	278.00	6.97	1.10	0.82	0.06
Year Ended 31.03.09	0	0	0	0	0	0	0	0	0	0
CNG (in KG)										
Year ended 31.03.10	-	-	-	-	3,277.73	0.92	-	-	947.36	0.21
Year Ended 31.03.09	0	0	0	0	0	0	0	0	0	0

Note: Difference in reconciliation of opening stock, purchase, sales and closing stock to the magnitude of 88,828 SCM at the close of financial year 2009-10 is on account of measurement tolerance since the gas flow meter installed at the City Gas Station (CGS) is of higher capacity and the gas flow at initial stage of the project is much lower than the range specified by the OEM for measurement accuracy.

(Rs in Lakhs)

	2009-10	2008-09
II. CIF Value of Import		
Capital Goods	13.72	0.00
III. a. Expenditure in Foreign Currency-Others	13.98	0.00
b. Earnings in Foreign Currency-Others (Tender Fee)	4.12	0.00

IV. Licensed Capacity, Installed Capacity and Actual Production

Particulars	Current Year 2009-10				Previous Year 2008-09			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
Natural Gas (MMSCMD)	0.1814	0.1814	0.0147		0	0	0	0
CNG (KG)	-	-	-	4351.15	0	0	0	0

V. Value of Raw Material, Stores/Spares and Components consumed during the year

	Current Year 2009-10			Previous Year 2008-09		
	Qty	Rs. In Lakhs	%	Qty	Rs. In Lakhs	%
i) Raw Material Consumed Gas (1000'SCM)	6.97	1.10	100	-	-	-
ii) Store & Spare Component	-	-	-	-	-	-
Total		1.10				

- Employees Benefits in terms of AS-15 (Revised) have been considered by GAIL (India) Ltd as all the employees are posted at GAIL Gas Ltd. and are on the rolls of GAIL (India) Ltd. Therefore AS-15 (Revised) is not applicable.
- Provident Fund Contributions have been regularly deposited by GAIL (India) with the Trust maintained by GAIL (India) Ltd.

11. In compliance of Accounting Standard 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Company has created net deferred tax assets in respect of timing difference as on 31st March, 2010 amounting to Rs.15.26 lakhs (Previous year Rs. Nil). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX

(Rs in '000)

Particulars	Balance Carried as at 31.03.2009	Arising/ (Decreasing) during the year and recognised in profit & Loss	Balance Carried as 31.03.2010
Deferred Tax Liabilities	0	0	0
Deferred Tax Assets on account of Depreciation		1526.40	1526.40
Net Deferred Tax Assets	0.00	1526.40	1526.40

12. The incidental expenditure during construction amounting Rs. 600.61 lakhs (PY 446.49 lakhs) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.
13. With regard to Cenvat Credit of Rs. 20.52 lakhs taken prior to registration as Input Service Distributor during 2008-09, according to para 31(b) of the guidance note on accounting treatment for Cenvat issued by ICAI, the excess Cenvat credit, if any, arrived on assessment which relates to fixed asset shall be added back to the cost of relevant fixed assets and depreciation thereon shall be claimed over the residual life of fixed asset.
14. During the year, the Company has two segments i.e. Natural Gas and CNG. Segment reporting in terms with AS 17 are as under:

INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2009-10

(Rs in Lakhs)

Sl. No.	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE				
	SALES	278.00	0.92	0.00	278.92
	TOTAL REVENUE	278.00	0.92	0.00	278.92
2	RESULTS				
	Tax	46.50	-3.92	12.29	54.87
	Unallocated Expenses (Net)			317.03	317.03
	Operating Profit	46.50	-3.92	-304.74	-262.16
	Prior Period Items			129.20	129.20
	NET PROFIT /(Loss)	46.50	-3.92	-175.54	-391.36
3	OTHER INFORMATION				
	Segment Assets	4026.06	1669.83		5695.89
	Unallocated Assets			804.48	804.48
	TOTAL ASSETS	4026.06	1669.83	804.48	6500.37
	Segment Liabilities	50.93	553.55	90.37	694.85
	Unallocated Liabilities			393.06	393.06
	There is no Geographical Segment.				

15. Related Party Disclosure:

- A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd, Holding Company.
- B. Related Party disclosure as per Accounting Standard 18.
- a. Relation and name of the related parties are:
- Holding Company: GAIL (India) Ltd.
 - Fellow Subsidiary Company:
 - GAIL Global (Singapore) Pte Ltd.
 - Brahmaputra Cracker & Polymer Ltd
 - Associate Company:
 - Mahanagar Gas Limited
 - Indraprastha Gas Limited
 - Petronet LNG Limited
 - Bhagyanagar Gas Limited
 - Tripura Natural Gas Corporation Ltd.
 - Central UP Gas Ltd.
 - Green Gas Ltd.
 - Maharashtra Natural Gas Ltd.
 - Ratnagiri Gas & Power Pvt Ltd.
 - Avantika Gas Ltd.
 - Shell Compressed Natural Gas
 - Gujarat State Electricity Generation Ltd
 - National Gas Company "Nat Gas"
 - Fayum Gas Company
 - China Gas Holding Ltd.
 - GAIL China Gas Global Energy Holding Ltd.



iv. Key Management Personnel: Mr M. Ravindran, C E O

b. Related Party Transactions:

(Rs. In lakhs)

SI No.	Particulars	Holding Company	Fellow Subsidiary	Associates	Key Management Personnel
1	Purchase	227.26 (32.50)	0.00 (0.00)	0.00 (228.22)	0.00 (0.00)
2	Sales	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
3	Remuneration	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	25.52 (14.93)
4	Reimb. of remuneration to staff	595.37 (185.31)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
5	Income	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6	Outstanding Bal. Payable	0.63 (32.85)	0.00 (0.00)	16.05 (228.22)*	0.00 (0.00)
7	Counter Guarantee given to bank on behalf of the Co.	4588.00 (900.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8	Advance Against Equity	2640.00 (795.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
9	Others	0.00 (0.00)	0.00 (0.00)	26.82** (0.00)	0.00 (0.00)

Figures shown in brackets pertains to previous year.

* The amount pertains to related party mentioned at SI No.iii(h) as mentioned above.

** The amount pertains to related party mentioned at SI No.iii(d) as mentioned above.

There is no transaction occurred with Fellow Subsidiary.

16. Contingent Liability:

- Bank Guarantees for Rs. NIL (PY Rs. 9.00 Crores submitted to PNGRB towards bid bond for participating in the bidding process of five cities namely Dewas, Kota, Meerut, Sonipat & Mathura of which the counter guarantee has been given on our behalf by GAIL (India) Limited).
 - Bank Guarantees for Rs. 45.88 Crores (PY :NIL) submitted to PNGRB towards Performance Bank Guarantee of four cities namely Dewas, Kota, Meerut & Sonipat of which the counter guarantee has been given on our behalf by GAIL (India) Limited.
 - Bank Guarantees for Rs. 10.50 Crores (PY Rs. Nil) submitted to PNGRB towards bid bond for participating in the bidding process of four cities namely Allahabad, Jhansi, Chandigarh & Ghaziabad. The validity of said BG's expired on 24.03.2010. However, the same has not been discharged by PNGRB
 - Bank Guarantees for Rs.20.00 Lakhs (PY: Nil) issued to HSIIDC in connection with permission for laying of Line Pipe.
 - The company is contingently liable in respect of lease agreement of office premises at HHEC Building, A-2, Sector-2, Noida (U.P) and all the consequential liability of the same shall be known at the time of registration of the rent lease deed & shall be provided for accordingly.
- In case of bought out assets, the depreciation for full month has been charged for the assets bought out/installed or put to use from 1st to 15th of the month and no depreciation has been charged for the month if it is between 16th to 31st of the month as per the accounting conventions of the Company.
 - As the company is wholly owned subsidiary of GAIL (India) Limited and is in the formative stages, the accounting software (SAP) installed at GAIL (India) Limited could not be extended in the company due to certain systems reasons. Thus the accounting of the transactions relating to staff is being routed through GAIL (India) Limited and the supporting thereof kept with GAIL (India) Ltd. & corresponding entries are passed in the company based on debit note received from GAIL (India) Limited.
 - Previous Year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.
 - The rent lease deed of Rs. 1349.71 Lakhs pertaining to rental of office premises of the company at Noida (U.P) taken from HHECIL at A-2, Sector-2, Noida has not yet been registered under the agreement executed on 29/08/08 and 10/03/09. Thus provision for 50% share in stamp duty and registration charges of lease deed shall be accounted for in the year the lease rent deed is executed by the Lessor.

Preeti Agarwal
Company Secretary

R.K. Sharma
CFO

M. Ravindran
CEO

P.K. Jain
Director

R. D.Goyal
Director

As per our separate report of even date
For L C Kailash and Associates
Chartered Accountants

Place: New Delhi
Dated: 11.05.2010

L C Gupta
Sr. Executive Partner
Membership No. 5122

Statement Pursuant to Part-IV of Schedule-VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.

U	4	0	2	0	0	D	L	2	0	0	8	G	O	I	1	7	8	6	1	4
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

State Code

5	5
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

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

Date Month Year

II CAPITAL RAISED DURING THE YEAR (AMOUNT ROUNDED IN RS. THOUSANDS)

Public Issue <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Bonus Issue <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L			
N	I	L								
N	I	L								
Rights Issue <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Private Placement <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>3</td><td>1</td><td>3</td><td>0</td><td>0</td><td>0</td></tr></table>	3	1	3	0	0	0
N	I	L								
3	1	3	0	0	0					

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ROUNDED IN RS. THOUSANDS)

Total Liabilities <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>6</td><td>8</td><td>5</td><td>7</td><td>9</td><td>2</td></tr></table>	6	8	5	7	9	2	Total Assets <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>6</td><td>8</td><td>5</td><td>7</td><td>9</td><td>2</td></tr></table>	6	8	5	7	9	2
6	8	5	7	9	2								
6	8	5	7	9	2								
SOURCES OF FUNDS Paid-up Capital ** <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>5</td><td>7</td><td>7</td><td>0</td><td>0</td><td>0</td></tr></table>	5	7	7	0	0	0	Reserves and Surplus <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L			
5	7	7	0	0	0								
N	I	L											
Secured Loans <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Unsecured Loans <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L						
N	I	L											
N	I	L											
APPLICATION OF FUNDS Net Fixed Assets <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>5</td><td>7</td><td>2</td><td>3</td><td>3</td><td>0</td></tr></table>	5	7	2	3	3	0	Investments <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L			
5	7	2	3	3	0								
N	I	L											
Net Current Assets - <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>3</td><td>4</td><td>4</td><td>6</td><td>6</td></tr></table>	3	4	4	6	6	Misc. Expenditure <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L				
3	4	4	6	6									
N	I	L											
Accumulated Losses <table border="1" style="margin-left: 100px; border-collapse: collapse;"><tr><td>3</td><td>9</td><td>1</td><td>3</td><td>6</td></tr></table>	3	9	1	3	6								
3	9	1	3	6									

** Includes Share application money pending allotment for Rs. 264000 thousands



IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (including other income)

			2	9	9	9	0	1
--	--	--	---	---	---	---	---	---

+ - Profit / (Loss) before tax

			4	0	6	6	2
--	--	--	---	---	---	---	---

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share (Rs.)

+ -

	-			4	-	5	1
--	---	--	--	---	---	---	---

Total Expenditure

				7	0	5	9	2
--	--	--	--	---	---	---	---	---

+ - Profit / (Loss) after tax

	-			3	9	1	3	6
--	---	--	--	---	---	---	---	---

Dividend Rate (%)

					0	.	0	0
--	--	--	--	--	---	---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS) -

Item Code No. (ITC Code)

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

Item Code No. (ITC Code)

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

Item Code No. (ITC Code)

	N	A					
--	---	---	--	--	--	--	--

Product Description

N	A	T	U	R	A	L	G	A	S
---	---	---	---	---	---	---	---	---	---

Product Description

C	N	G					
---	---	---	--	--	--	--	--

Product Description

		N	A				
--	--	---	---	--	--	--	--

Preeti Agarwal
Company Secretary

R K Sharma
C F O

M RAVINDRAN
CEO

P K Jain
Director

R D Goyal
Director

Date : 11.05.2010
Place : Delhi



Comment of the Comptroller and Auditor General of India Under Section 619 (4) of the Companies Act, 1956 on the Accounts of GAIL Gas Limited for the Year Ended 31st March, 2010

The preparation of financial statements of GAIL Gas Limited for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under 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 11th May 2010.

I, on behalf of Comptroller and Auditor General of India, have decided not to review the report of Statutory Auditors on the accounts of GAIL Gas Limited for the year ended 31st March 2010 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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

**Sd/-
(R.M. Johri)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board – II,
New Delhi**

Place : New Delhi
Dated : 03.06.2010

Consolidated Financial Statements



Auditor's Report to the Board of Directors of GAIL (India) Limited on Consolidated Financial Statements of GAIL (India) Limited, its Subsidiaries, Joint Ventures and Associates

We have examined the attached Consolidated Balance Sheet of GAIL (INDIA) LTD. ("the Company"), its subsidiaries, joint ventures and associates as at 31st March 2010 and the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of subsidiaries, namely, Gail Global (Singapore) Pte. Ltd., Bramhaputra Cracker & Polymers Ltd. and GAIL Gas Ltd., whose financial statements reflect total assets of Rs.1066.24 crores as at March 31, 2010 and total revenue of Rs.19.06 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the reports of the other auditors.
3. We did not audit the financial statements of associates namely Fayum Gas, Shell Compressed Natural Gas Egypt, Gujarat State Energy Generation, Natural Gas Company "NATGAS" and China Gas Holding Limited. These financial statements have been audited by other auditors, except for Gujarat State Energy Generation and China Gas Holding Ltd. whose financial statements are unaudited. In the case of audited financial statements, the reports or certificate have been furnished to us. Our opinion, in so far as it relates to the amount included in respect of these associates, is based solely on the reports of the other auditors and unaudited financial statements, as the case may be.
4. In respect of Fayum Gas, Shell Compressed Gas and NATGAS, the Accounts drawn up as at December 31, 2009 and in respect of China Gas Holding Limited, the Accounts drawn upto September 30, 2009, have been used in the consolidation. As per information and explanations given to us, no significant transactions or other events occurred between the reporting date of aforesaid entities and 31st March, 2010, which require adjustment.

5. We did not audit the financial statements of Joint Ventures, whose financial statement reflect total assets of Rs. 24103.55 crores, total liabilities of Rs. 24103.55 crores as at March 31, 2010 and total revenue of Rs.16540.50 crores, total expenditure of Rs.15244.23 crores for the year ended on that date. Our opinion, in so far as it relates to the amount included in respect of these joint ventures, is based on the unaudited Financial Statements except for Green Gas Limited & Bhagyanagar Gas Limited, whose accounts have been audited by other auditors.
6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, viz, "Consolidated Financial Statements" Accounting Standard (AS) 23, viz "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, viz "Financial Reporting of Interests in Joint Ventures", as notified under Companies Accounting Standards Rules, 2006.
7. *Subject to our comments in Para 2, 3, 4, 5, 6 above and Note No.2 of Schedule 14-Notes to Accounts to Consolidated Financial Statements of the company and on the basis of the information and explanations given to us and on the consideration of separate audit reports on individual audited financial statements of the Company, its subsidiary, joint ventures and associate companies, we report that in our opinion, the said 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 consolidated state of affairs of the Company as at 31st March 2010;
 - (b) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company for the year on that date; and
 - (c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company for the year ended on that date.

For Mehra Goel & Co.
Chartered Accountants
Firm No:0517 N

R.K. Mehra
Partner
Membership No. 6102
New Delhi
Dated: May 17, 2010

For Rasool Singhal & Co.
Chartered Accountants
Firm No :500015N

Praveen Gupta
Partner
Membership No. 073489
New Delhi
Dated: May 17, 2010

Consolidated Balance Sheet as on 31st March, 2010

(Rs. in Crores)

	SCHEDULE NO.	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	1,268.48	1,268.48
Reserve and Surplus	2	16,541.47	14,132.39
Loan Funds			
Secured Loans	3	4,999.36	3,699.75
Unsecured Loans		413.81	124.46
Minority Interest			
		230.22	166.68
Deferred Tax Liability (Net)			
		1,465.04	1,392.52
TOTAL		24,918.38	20,784.28
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	25,164.03	20,106.04
Less : Depreciation		9,833.61	8,987.41
Net Block		15,330.42	11,118.63
Capital Work in Progress	5	4,881.84	4,187.89
		20,212.26	15,306.52
Investments	6	1,065.13	1,025.65
Carried Forward		21,277.39	16,332.17



(Rs. in Crores)

	SCHEDULE NO.	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Brought Forward		21,277.39	16,332.17
Current Assets, Loans and Advances	7		
Inventories		857.84	724.66
Sundry Debtors		1,510.77	1,601.17
Cash and Bank Balances		4,548.63	3,781.13
Other Current Assets		14.53	59.43
Loans and Advances		7,682.75	6,892.71
		14,614.52	13,059.10
Less : Current Liabilities and Provisions	8		
Current Liabilities		5,920.06	4,463.00
Provisions		5,053.47	4,143.99
		10,973.53	8,606.99
Net Current Assets		3,640.99	4,452.11
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenditure		-	-
TOTAL		24,918.38	20,784.28
Contingent Liabilities not provided for (Refer Schedule 14)			

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing
Director

As per our separate Report of even date
For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Consolidated Profit & Loss Account for the Year ended 31st March, 2010

(Rs. in Crores)

	SCHEDULE NO.	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
INCOME					
Sales		26,128.94		24,639.15	
Less : Excise Duty		451.72	25,677.22	575.94	24,063.21
LPG Transmission Charges/RLNG Shipper Charges			1,345.66		694.30
Income from Telecom			12.42		24.29
Increase (decrease) in Inventories					
Closing Stock		259.73		238.60	
Less : Opening Stock		239.78	19.95	234.77	3.83
Other Income	9		579.66		832.02
TOTAL			27,634.91		25,617.65
EXPENDITURE					
Purchases			14,779.83		14,427.85
Gas Pool			968.18		752.00
Manufacturing, Transmission, Administration Selling & Distribution and other Expenses	10	5,914.53		5,242.76	
Depreciation	4	823.43		718.35	
			6,737.96		5,961.11
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress	11	(79.05)	6,658.91	(49.62)	5,911.49
Preliminary Expenditure written off			-		2.28
TOTAL			22,406.92		21,093.62
Profit before Interest and Finance Charges			5,227.99		4,524.03
Interest and Finance Charges	12	398.74		231.66	
Less Interest and Finance Charges transferred to Capital Work-in-Progress		(13.40)	385.34	(0.45)	231.21
Profit for the year	Carried Forward		4,842.65		4,292.82



(Rs. in Crores)

	SCHEDULE NO.	YEAR ENDED 31 st MARCH, 2010	YEAR ENDED 31 st MARCH, 2009
Brought Forward		4,842.65	4,292.82
Less : Prior Period Adjustments (Net)	13	19.06	11.84
Profit for the year before Tax		4,823.59	4,280.98
Provision for Taxation - Current (Includes Wealth Tax Rs. 1.00 (Previous Year: Rs. 1.00))		1,458.57	1,475.00
- Deferred		72.73	7.70
- FBT		-	8.23
Profit after Tax		3,292.29	2,790.05
Add: Share of Profit/(Loss) in Associates for the year		35.54	36.30
Group Profit after Tax		3,327.83	2,826.35
Amount available for appropriation		3,327.83	2,826.35
APPROPRIATIONS			
Interim Dividend		253.70	507.39
Proposed Dividend		697.66	380.54
Corporate Dividend Tax		158.99	150.90
Transfer from Bond Redemption Reserve		(30.00)	-
Transfer to Bond Redemption Reserve		27.13	32.13
General Reserve		329.46	293.56
Balance Carried to Balance Sheet		1,890.89	1,461.83
TOTAL		3,327.83	2,826.35
Details of Earning Per Share			
A. Group Profit after tax		3,327.83	2,826.35
B. Weighted Average No. of Equity Shares		1,268,477,400	1,268,477,400
C. Nominal Value per Equity Share (Rs.)		10/-	10/-
D. Basic and Diluted Earning Per Share (Rs.)		26.23	22.28
Notes on Accounts	14		
Schedules 1 to 14 and Accounting policies form part of Accounts			

N. K. Nagpal
Secretary

R. K. Goel
Director(Finance)

R. D. Goyal
Director(Projects)

B. C. Tripathi
Chairman & Managing
Director

As per our separate Report of even date
For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17 , 2010

Schedule 1 - Share Capital

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
AUTHORISED		
200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of Rs. 10/- each	<u>2,000.00</u>	<u>2,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
126,84,77,400 (Previous Year: 126,84,77,400) Equity Shares of Rs.10/- each fully paid up	<u>1,268.48</u>	<u>1,268.48</u>
TOTAL	1,268.48	1,268.48

Schedule 2 - Reserves and Surplus

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Capital Reserve		
Grant received from Danish Govt. for construction of Gas Technology Institute at Noida)		
As per Last Account	98.49	23.19
Add- During the year	221.41	75.42
Less : Transferred to Profit & Loss Account	<u>(0.12)</u>	<u>(0.12)</u>
	319.78	98.49
Share Premium Account	14.70	14.70
Investment Allowance (Utilised) Reserve		
As per Last Account	19.11	146.48
Less : Transferred to General Reserve	<u>-</u>	<u>(127.37)</u>
	19.11	19.11
Bonds Redemption Reserves		
As per Last Account	192.77	160.64
Add : Transferred from Profit & Loss Account	27.13	32.13
Less : Transfer to Profit & Loss Account	<u>(30.00)</u>	<u>-</u>
	189.90	192.77
General Reserve		
As per Last Account	1,979.76	1,990.54
Add : Transferred from Profit & Loss Account	329.46	293.56
Add : Transferred from Investment Allowance (Utilised) Reserve	-	127.37
Less: Issue of Bonus Shares	-	(422.83)
Add: Adjustment due Joint Venture Regrouping (Refer Note No - 18 of Notes on accounts)	<u>(19.38)</u>	<u>(8.88)</u>
	2,289.84	1,979.76
Foreign Currency Translation Reserve	(0.65)	5.44
Profit and Loss Account		
As per Last Account	11,822.12	10,364.99
Add: Profit During the Year	1,890.89	1,461.83
Less: Adjustment due Dividend Received from Associate	<u>(4.22)</u>	<u>(4.70)</u>
	13,708.79	11,822.12
TOTAL	16,541.47	14,132.39

Schedule 3 - Loan Funds

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
SECURED LOANS		
Bonds Series - I	500.00	500.00
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandajla, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodra plant both present and future and whether installed or not and lying or in store)		
Bonds Series - II	480.00	600.00
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004).(Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandajla, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)		
Oil Industry Development Board	466.00	-
(Secured by Hypothecation by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa - Jhajjar - Hissar Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)		
Term Loan		
External Commercial Borrowing	-	2.49
From Banks	1,797.73	1,360.53
From Others	1,755.63	1,236.73
Carried Forward	4,999.36	3,699.75



(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Brought Forward	4,999.36	3,699.75
UNSECURED LOANS		
From Banks :		
- State Bank of India, London	-	-
- Other Banks (repayable within one year)	<u>361.39</u>	<u>12.74</u>
	361.39	12.74
From others		
- Oil Industry Development Board (including Rs. 34.38 (Previous Year Rs 65.75) due for payment within one year)	<u>34.53</u>	100.28
- Sales Tax Deferred	<u>5.47</u>	5.47
Deposit From Customers (Deposits from commercial customers of natural gas refundable on termination of the gas sales agreements)	<u>12.42</u>	<u>5.97</u>
	413.81	124.46
TOTAL	5,413.17	3,824.21

Schedule 4 - Fixed Assets

(Rs. in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 1.4.2009	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.3.2010	As at 01.04.2009	For the Year	Adjustments during the year	As at 31.3.2010	As at 31.3.2010	As at 31.3.2009
Tangible Assets										
Freehold	71.60	11.85	(0.15)	83.60	-	-	-	-	83.60	71.60
Leasehold	160.95	58.15	(0.49)	219.59	11.09	3.47	(0.13)	14.69	204.90	149.86
Building : Office/Others	490.97	29.20	(8.36)	528.53	127.49	15.34	0.90	141.93	386.60	363.48
Residential	261.27	9.41	-	270.68	56.85	5.42	-	62.27	208.41	204.42
Roads and Fences	1.30	-	(0.07)	1.37	0.21	0.03	(0.01)	0.25	1.12	1.09
Electrical Installations	0.99	-	-	0.99	0.22	0.05	-	0.27	0.72	0.77
Bunk Houses	1.57	0.23	-	1.80	1.52	0.09	-	1.61	0.19	0.05
Plant and Machinery	18,564.56	4,317.90	(461.30)	23,343.76	8,529.67	756.17	(27.18)	9,313.02	14,030.74	10,034.89
Railway Lines & Sidings	5.48	-	-	5.48	4.75	0.26	-	5.01	0.47	0.73
Communication Systems	4.87	0.94	0.08	5.73	2.64	0.55	(0.02)	3.21	2.52	2.23
Electrical Equipments	143.25	4.19	0.72	146.72	61.52	8.11	0.48	69.15	77.57	81.73
Furniture, Fixtures and other Equipments	289.25	17.92	3.51	303.66	153.13	24.95	3.19	174.89	128.77	136.12
Office Equipments	3.41	1.36	(0.19)	4.96	0.96	0.52	(0.04)	1.52	3.44	2.45
Vehicles	0.66	0.06	0.04	0.68	0.20	0.09	0.01	0.28	0.40	0.46
Transport Equipments	2.52	0.01	0.07	2.46	1.85	0.14	0.08	1.91	0.55	0.67
Intangible Assets										
Right of Use *	53.96	136.56	-	190.52	-	-	-	-	190.52	53.96
Softwares / Licences	47.78	3.78	(0.29)	51.85	35.03	8.15	(0.05)	43.23	8.62	12.75
E&P Assets										
Producing Property	-	-	-	-	-	-	-	-	-	-
Support Equipment & Facility	1.65	-	-	1.65	0.28	0.09	-	0.37	1.28	1.37
Total	20,106.04	4,591.56	(466.43)	25,164.03	8,987.41	823.43	(22.77)	9,833.61	15,330.42	11,118.63
Share in Joint Venture Assets included above	2,502.06	1,143.22	(481.08)	4,126.36	433.75	261.61	(31.68)	727.04	3,399.32	2,068.31
Previous Year	19,364.22	830.85	89.03	20,106.04	8,288.45	718.35	19.39	8,987.41	11,118.63	11,075.77
Share in Joint Venture Assets included above	2,406.36	107.85	12.15	2,502.06	263.88	158.44	(11.43)	433.75	2,068.31	2,142.48

* Right of use for laying pipelines is a perpetual right of use of Land but does not bestow upon the company, the ownership of Land and hence, treated as intangible assets. However, no amortisation is provided on the same, being perpetual in nature.

Schedule 5 - Capital Work-in-Progress

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Linepipe Construction and related facilities including Cathodic Protection	724.97	701.33
Compressor Stations	2.62	0.02
Telecom/Telesupervisory System	1.76	1.68
LPG Pipeline Project	1.07	-
LPG Projects	0.55	2.58
Petrochemicals	580.01	6.62
Telecom Projects	0.01	0.01
Others	79.38	43.03
Engineering/project construction	1,781.34	1,648.28
Exploratory & Development Well in Progress	373.51	343.82
Construction of CNG Station	84.35	48.22
Buildings	1.48	2.39
Less : Provision for abandonment of Work in Progress	(0.34)	(0.33)
Linepipes, Capital Items in Stock/Transit	1,192.86	1,379.80
Less : Provision for losses/obsolescence	(0.01)	(0.08)
Advance for Capital Expenditure		
(Unsecured - Considered Good)	58.28	10.52
(Unsecured - Considered Doubtful)	1.80	1.80
	60.08	12.32
Less : Provision for Doubtful Advances	(1.80)	(1.80)
	58.28	10.52
TOTAL	4,881.84	4,187.89

Schedule 6 - Investments

(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
LONG-TERM INVESTMENTS		
1. Trade Investments		
Quoted * -		
a) In Associate Company		
21,00,00,000 (Previous Year : 21,00,00,000) Equity Shares of HK\$ 0.01/- each fully paid up in China Gas Holding Ltd., registered in China, acquired at a premium of HK\$ 1.148/- per share	51.84	51.84
Add: Goodwill	84.48	84.48
Add: Share of Profit in Associate	68.37	48.45
Less: Dividend Received	(5.76)	<u>(3.93)</u>
3,00,00,000 (Previous Year 3,00,00,000) Equity shares of LE 5/- per share in NAT GAS Equity share has acquired at a premium LE 34.5 per Equity Share	21.21	21.21
Add: Goodwill	62.41	62.41
Add: Share of Profit	48.69	<u>34.99</u>
	132.31	118.61
b) In Govt of India Bond		
6.96 % Oil Companies GOI Special Bonds 2009 (Alloted in lieu of claims pending with Oil Co-ordination Committee Redeem during the year)	-	6.00
7 % Oil Companies GOI Special Bonds 2012 (Alloted in lieu of claims pending with Oil Co-ordination Committee)	9.59	9.59
c) Other		
570,600 (Previous Year : 570,600) Equity Shares of Rs.10/-each fully Paid-up in Gujarat Industries Power Co. Ltd.(includes 1,90,200 Equity Shares acquired during the year 1996-97 at a premium of Rs.15/- per share)	0.86	0.86
5,14,00,267 (Previous Year : 5,14,00,267) Equity Shares of Rs.10/- each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares during 1999-2000 at a price of Rs.162.34 per Share and 1,71,33,422 bonus shares received during the year 2006-07)	556.29	556.29
* Aggregate market value of the above mentioned quoted securities is Rs. 7,586.53 Cr (previous year Rs. 4,905.94 Cr) (includes cost where market price not available)		
Carried Forward	897.98	<u>872.19</u>



(Rs. in Crores)

	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
Brought Forward	897.98	872.19
Unquoted - At Cost		
In Associate Companies		
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of Rs. 10/- each fully paid-up in Gujrat State Energy Generation Ltd.	20.76	20.76
Add: Share of Profit	21.06	20.78
Less: Dividend received	(1.66)	(1.04)
	40.16	40.50
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	4.59	4.59
Add: Goodwill	3.50	3.50
Add: Share of Profit	8.87	6.66
Less: Dividend received	(9.17)	(7.40)
	7.79	7.35
2,20,000 (Previous Year : 2,20,000) Equity Shares of LE 10/- each fully paid up in Shell Compressed Natural Gas Company, Egypt registered in Egypt.	0.33	0.33
Add: Goodwill	1.28	1.28
Add: Share of Profit	(1.10)	(0.53)
	0.51	1.08
2. Non Trade Investments - Others		
Unquoted - At cost		
(a) i) 30 Shares (Previous year 30) of Rs.50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara	-	-
ii) 50 Shares (Previous year 50) of Rs.50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	-	-
iii) 400 Shares (Previous year 400) of Rs.10 each fully paid up in Sanand Members Association,Ahmedabad.	-	-
iv) 35 Shares (Previous year 35) of Rs.50/-each fully paid up in Green Fields(B) Cooperative Housing Society Ltd, Mumbai	-	-
3 INVESTMENTS (Current Investments-Non-Trade)		
Quoted		
Mutual Fund Scheme	118.69	104.53
TOTAL	1,065.13	1,025.65

Schedule 7 - Current Assets, Loans and Advances

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
A. CURRENT ASSETS		
INVENTORIES		
(As Certified by the Management)		
Raw Material (LNG)	17.22	46.17
Raw Material in Transit	8.38	-
CNG and Natural Gas in Pipeline	0.12	0.10
Stores and Spares including Construction Surplus*	422.95	432.49
Less : Provision for Losses/Obsolescence	32.60	32.94
	<u>390.47</u>	399.65
Stock of Gas**/Polymers/LPG and Other Products (including Rs. 2.94 Crores Stock in process)	441.77	278.84
* includes Rs 21.03 (previous year Rs 21.72) in transit	857.84	724.66
** after adjustment of calorific value.		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding six months		
- Unsecured, Considered Good	103.26	152.91
- Secured, Considered Good	-	0.01
- Unsecured, Considered Doubtful	153.20	128.08
Other Debts		
- Secured, Considered Good	2.70	1.88
- Unsecured, Considered Good	1,404.69	1,446.37
- Unsecured, Considered Doubtful	-	0.42
	<u>1,407.39</u>	1,448.67
	1,663.85	1,729.67
Less : Provision for Doubtful debts	(153.08)	(128.50)
	1,510.77	1,601.17
CASH AND BANK BALANCES		
Cash in hand	0.76	0.63
Cheques/Stamps in hand	0.48	0.01
	<u>1.24</u>	0.64
BANK BALANCES WITH SCHEDULED BANKS		
On Current Account (includes Corporate Liquid Term Deposit Rs. 90.25 (Prevoius Year: Rs 82.20))	132.19	184.72
On Fixed Deposit Account	160.76	52.74
On Short Term Deposit	1,685.23	2,059.13
On Short Term Deposit -Gas Pool Money (includes interest accrued but not due Rs.39.48 (Prevoius Year Rs. 28.63)	2,498.40	1,413.66
On Short Term Deposit -JV Consortium (includes interest accrued but not due Re. 0.89 ((Prevoius Year Rs. 3.10)	59.93	57.38
	<u>4,536.51</u>	3,767.63
BANK BALANCES WITH OTHER BANKS		
On current accounts	10.88	12.86
	4548.63	3781.13
OTHER CURRENT ASSETS		
Interest accrued but not due on Deposits / Bonds, etc.	9.65	55.11
Interest accrued on Fixed Deposits	4.88	4.32
	<u>14.53</u>	59.43
Carried Forward	6,931.77	6,166.39

(Rs. in Crores)

	AS AT 31 st MARCH, 2010		AS AT 31 st MARCH, 2009	
Brought Forward	6,931.77		6,166.39	
B. LOANS AND ADVANCES				
Loans to Employees				
- Secured, Considered Good	159.86		142.91	
- Unsecured, Considered Good (including dues from Directors Rs. 0.16 (Previous Year : Rs.0.12) (Maximum amount due at any time during the year : Rs. 0.22) (Previous Year : Rs. 0.20)	18.67		23.30	
Others (Unsecured, Considered Good)	4.01	182.54	1.58	167.79
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good (includes Rs.1260.30 (Previous Year Rs. 1131.74) paid / adjusted against Income tax demand under protest)	2,901.57		2,780.73	
Others Unsecured, Considered Doubtful	0.05 1.13		0.11 1.38	-
	2,902.75		2,782.22	
Less : Provision for Doubtful Advances	(1.13)	2,901.62	(1.38)	2,780.84
Advance Tax / TDS		4,418.42		3,685.65
Claims Recoverable				
- Unsecured, Considered Good	70.74		169.92	
- Unsecured, Considered Doubtful	3.83		2.91	
	74.57		172.83	
Less : Provision for doubtful claims	(3.83)	70.74	(2.91)	169.92
Deposits with Customs, Port Trust and Others				
- Unsecured, Considered Good	92.13		74.47	
- Unsecured, Considered Doubtful	0.45		0.39	
	92.58		74.86	
Less : Provision for doubtful deposits	(0.45)	92.13	(0.39)	74.47
Trade and security Deposits - Unsecured, Considered Good		17.30		14.04
TOTAL	14,614.52		13,059.10	

Schedule 8 - Current Liabilities and Provisions

	(Rs. in Crores)	
	AS AT 31 st MARCH, 2010	AS AT 31 st MARCH, 2009
A. CURRENT LIABILITIES		
Sundry Creditors (includes Rs. 59.93 (Previous Year : Rs. 57.38) payable to JV consortium)	2,405.56	2,126.77
Deposits/Retention Money from Contractors and Others	275.58	214.33
Abandonment Cost (E&P)	1.25	1.25
Other Liabilities	571.78	535.04
Due to Promoter Companies	0.23	0.16
Gas Pool Money	2,571.66	1,512.25
Imbalance & Overrun Charges	12.59	-
Unclaimed Dividend (Amount due for credit to Investor Education & Protection Fund is Rs. NIL (Previous Year : NIL))	2.76	2.96
Interest accrued but not due (includes on loan Rs. 18.92 (Previous Year : Rs. 19.22))	30.63	50.54
Trade and Security Deposits	48.02	19.70
	5,920.06	4,463.00
B. PROVISIONS		
Provision for taxation/FBT/Wealth Tax	4,071.97	3,556.15
Provision for Proposed Dividend	697.66	380.54
Provision for Corporate Dividend Tax	115.87	64.67
Provision for Gratuity	0.55	0.38
Provision for Leave Encashment and Post Retirement Medical Benefits	167.42	142.25
	5,053.47	4,143.99
TOTAL	10,973.53	8,606.99

Schedule 9 - Other Income

	(Rs. in Crores)	
	YEAR ENDED 31 st MARCH, 2010	YEAR ENDED 31 st MARCH, 2009
Dividend from long term (trade) investment	235.59	231.22
Interest on :		
- Bonds/Debentures (Long term trade investment)	0.67	1.13
- Deposits with Banks	110.38	367.55
- Others	111.00	43.06
	222.05	411.74
(Tax deducted at source : Rs. 18.92 (Previous Year: Rs. 80.97))		
Surplus on Disposal of Investments	0.06	0.39
Export Incentives	-	-
Miscellaneous Income including Liabilities written back (Tax deducted at source : Rs. 0.37 (Previous Year: Rs. 0.36))	127.80	198.33
Less : Transferred to Incidental Expenditure during construction (Schedule 11)	(5.84)	(9.66)
TOTAL	579.66	832.02

Schedule 10- Manufacturing, Transmission, Administration, Selling & Distribution and Other Expenses

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010	YEAR ENDED 31 st MARCH, 2009
Raw Material consumed	2,199.34	2,128.31
Employees Remuneration and Benefits		
Salaries, Wages and Allowances	546.33	451.71
Contribution to Provident and Other Funds	26.99	69.63
Welfare Expenses	93.73	89.72
Secondment charges	1.83	1.34
	668.88	612.40
Power, Fuel and Water Charges	792.22	398.08
Gas Fuel Charges	769.72	737.45
Stores and Spares consumed	263.32	204.71
Rent	23.30	19.79
Rates and Taxes (includes UP entry tax on gas)	59.68	58.89
Licence Fees - Telecom	0.89	1.78
Bandwidth Consumption	0.39	0.46
Repairs and Maintenance		
Plant and Machinery	214.02	144.34
Buildings	16.05	15.96
Others	25.66	25.84
	255.73	186.14
Insurance	14.83	25.43
Communication Expenses	8.58	8.42
Printing and Stationery	2.72	2.87
Travelling Expenses	44.09	40.69
Books and Periodicals	0.62	0.57
Advertisement and Publicity	15.68	13.63
Carried Forward	5,119.99	4,439.62



(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Brought Forward		5,119.99		4,439.62
Payment to Auditors				
Audit Fee	0.63		0.48	
Management Services	0.02		0.02	
Out of Pocket Expenses	0.12	0.77	<u>0.09</u>	0.59
Entertainment Expenses		0.23		0.25
Recruitment and Training Expenses		10.40		7.94
Vehicle Hire and Running Expenses		20.02		16.75
Equipment Hire charges		1.26		1.16
CNG Transportation		1.64		1.29
CNG Dispensing Charges		1.70		1.46
Operating Expenses at CNG Stations		8.42		5.21
Lease Charges		0.88		1.09
Survey Expenses		128.40		166.86
Consultancy Charges		25.38		18.56
Legal and Professional charges		8.11		5.83
Data Processing Expenses		2.27		0.90
Donation		0.14		4.42
Research and Development Expenses		16.17		-
Directors fees		0.03		0.27
Loss on sale / written off of assets(net)		7.65		43.69
Bad Debts/Claims/Advances/Inventories written off		0.99		2.80
Dry Well Expenses written off		209.34		199.53
Provision for Doubtful Debts, Advances, Claims and Deposits		25.90		26.50
Excise Duty on Stock (Net)		4.75		(8.76)
Expenses on Enabling Facilities		0.17		0.87
Selling & Distribution Expenses		18.17		9.04
Discount on Sales		106.08		142.97
Commission on Sales		15.16		14.81
Dealers' Commission		2.39		2.02
Security Expenses		54.70		48.62
Oil & Gas Producing Expenses (Operators)		6.67		5.20
Royalty on Crude Oil		3.88		3.60
Corporate Social Responsibility Expenses		20.88		31.13
Other Miscellaneous Expenses		104.31		48.44
Exchange Fluctuation		(6.75)		4.27
Less: Transfer to Capital Work in Progress				
Employees Remuneration and Benefits		4.57		3.13
Operating and Other Expenses		1.00		1.04
TOTAL		5,914.53		5,242.76

Schedule 11 - Expenditure during Construction Period

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	24.05		18.01	
Contribution to Provident and Other Funds	1.43		0.69	
Welfare Expenses	2.27	27.75	1.98	20.68
Power, Fuel and Water Charges		0.08		0.08
Stores & Spares Consumed		0.05		-
Rent		2.26		1.95
Repairs and Maintenance				
Plant and Machinery	0.01		-	
Buildings	0.02		0.19	
Others	0.26	0.29	0.16	0.35
Insurance		0.03		0.02
Communication Expenses		0.44		0.32
Travelling Expenses		3.71		3.31
Recruitment and Training Expenses		1.12		0.16
Interest and Finance Charges		13.40		0.45
Vehicle Hire and Running Expenses		1.53		0.62
Consultancy Charges		10.65		0.28
Other Expenses		27.71		19.94
Depreciation		3.43		1.91
		92.45		50.07
Less :				
- Interest Income	5.01		9.48	
- Misc. Income	0.83	5.84	0.18	9.66
Net Expenditure		86.61		40.41
Less : Transferred to Capital Work-in-progress				
-Mfg., Transmission, Admn., Selling & Distribution and Other Expenses	79.05		49.62	
Interest & finance Charges	13.40		0.45	
Other Income	(5.84)	86.61	(9.66)	40.41
Balance Carried over to Balance Sheet		-		-

Schedule 12 - Interest and Finance Charges

(Rs. in Crores)

	YEAR ENDED 31 st MARCH, 2010		YEAR ENDED 31 st MARCH, 2009	
Interest				
On term loans	307.16		127.83	
Other Loans	0.02	307.18	17.93	145.76
Bonds		65.47		65.60
Others		23.16		17.77
Bank Charges		2.83		2.45
Commitment and other Finance Charges		0.10		0.08
TOTAL		398.74		231.66

Schedule 13 - Prior Period Adjustments

	(Rs. in Crores)	
	YEAR ENDED 31 st MARCH, 2010	YEAR ENDED 31 st MARCH, 2009
Purchase of Gas	0.23	0.01
Raw Material	-	0.40
Salaries, Wages and Allowances	0.42	(0.07)
Power, Fuel and Water Charges	0.22	0.20
Stores and Spares consumed	-	(4.36)
Rent	0.05	-
Depreciation(Net)	5.83	(0.01)
Repairs and Maintenance	(0.05)	0.35
Consultancy Charges	0.10	0.94
Other Expenses	20.07	(0.48)
TOTAL	26.87	(3.02)
Less :		
- Sales	0.42	(9.77)
- Interest Income	0.69	1.08
- Miscellaneous Income	6.70	(6.17)
	7.81	(14.86)
TOTAL(NET)	19.06	11.84

Schedule 14 - Consolidated Notes on Accounts for the Year Ended 31.03.2010

SIGNIFICANT ACCOUNTING POLICIES

I. BASIS OF PREPARATION

The Consolidated Financial Statements (CFS) relate to GAIL (India) Limited (hereinafter referred as the "Company") and its subsidiary, Joint Ventures and Associates. The accounts are prepared on historical cost basis and in accordance with the applicable accounting standards and other applicable relevant statutes.

II. PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards on the following basis:-

- i) The Financial Statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006.
- ii) The Financial Statements of Joint Venture Company have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.
- iii) The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the Notes to Accounts.
- iv) The excess of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill. In case the cost of investment in a subsidiary or Joint Venture is less than the proportionate share in the equity of the investee as on the date of the investment, the difference is treated as Capital reserve.
- v) Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.
- vi) Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.
- vii) Investments in Associates have been accounted for using the equity method in accordance with Accounting Standard AS-23-"Accounting for investment in Associates in Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006. The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.
- viii) The accounts of all Group Companies are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended March 31, 2010) except for overseas Associates. In respect of Fayum Gas, Shell Compressed Gas and Nat Gas, the accounts drawn up as at December 31, 2009 have been used, and in respect of China Gas Holding Limited, the accounts drawn up to September 30, 2009 have been used. No adjustments have been done for the period subsequent to that date, since there are no significant transactions.
- ix) The financial statements of the Subsidiary-GAIL (Global) Singapore Pte Limited are prepared in accordance with Singapore Financial Reporting Standards assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11).
- x) The financial statements of Fayum Gas, Shell Compressed Gas and NatGas have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11). While the financial statements of China Gas Holding Limited has been prepared in accordance with the Hongkong Accounting Standards and relevant Hongkong Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11).

III. Investment other than in Subsidiaries, Joint Ventures and Associates have been accounted for as per Accounting Standard (AS) 13 on "Accounting for Investments" as notified under Companies Accounting Standard Rules, 2006.

IV. OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out under "Significant Accounting Policies" as given in the respective Financial Statements of the Company and its Subsidiary.

Notes to the Accounts

1. The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, joint venture companies and associates as detailed below:

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2010
GAIL Global (Singapore) PTE Ltd	Singapore	Subsidiary	100%
Bramhaputra Cracker & Polymers Ltd	India	Subsidiary	70.00%
GAIL GAS Limited	India	Subsidiary	100%
Mahanagar Gas Limited	India	Joint Venture	49.75%
Indraprastha Gas Limited	India	Joint Venture	22.50%
Petronet LNG Limited	India	Joint Venture	12.50%
Bhagyanagar Gas Limited	India	Joint Venture	22.50%
Central UP Gas Limited	India	Joint Venture	22.50%
Green Gas Limited	India	Joint Venture	22.50%
Maharastra Natural Gas Limited (MNGL)	India	Joint Venture	22.50%
Aavantika Gas Limited	India	Joint Venture	22.50%
Ratnagiri Gas & Power (Private) Ltd (RGPPL)	India	Joint Venture	32.88%
Tripura Natural Gas Co Ltd. (TNGCL)	India	Joint Venture	29.00%
ONGC Petro-additions Limited (OPaL)	India	Joint Venture	19.00%
GAIL China Gas Global Energy Holdings Ltd.	Bermuda	Joint Venture	50.00%
Fayum Gas	Egypt	Associate	19.00%
Shell Compressed Natural Gas Egypt	Egypt	Associate	10.48%
Gujarat State Energy Generation Ltd (GSEG)	India	Associate	7.33%
Natural Gas Company "Nat Gas"	Egypt	Associate	15.00%
China Gas Holding Limited	Bermuda	Associate	6.25%

2. In view of different sets of environment in which the subsidiaries/Joint Ventures are operating, the accounting policies followed by the subsidiaries/ Joint Ventures are different from the accounting policies of the Company in respect of the following. Such different accounting policies have been adopted in respect of the following:

(Rs. in Crores)

Particulars	Name of Joint Venture / Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
Inventories Valuation of Stores and spares	Mahanagar Gas Limited / Indraprastha Gas Limited	Valued at weighted average cost or net realizable value, whichever is lower	Valued at weighted average cost.	13.29
	Tripura Natural Gas Co Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost	0.16
Valuation of Raw Materials	Indraprastha Gas Limited / Green Gas Ltd / Maharashtra Natural Gas Limited	Valued at cost or net realizable value, whichever is lower	Valued at lower of cost on First In First Out (FIFO) basis or Net Realizable Value.	0.12
Depreciation rates Software /Licences	Petronet LNG Limited / Aavantika Gas Limited / Mahanagar Gas Limited / Bhagyanagar Gas Limited / Maharashtra Natural Gas Limited.	Software / Licences are amortized in 5 years on straight line method	Software/Licenses are amortised on Straight Line method as follows: - Petronet LNG Ltd – 3 years Aavantika Gas Ltd – 4 years Mahanagar Gas Ltd – 6 years Bhagyanagar Gas Ltd – 4 years Maharashtra Natural Gas Ltd – 3 year	1.31
All Assets	Brahmaputra Cracker & polymers Ltd.	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis	7.93
	Tripura Natural Gas Co Ltd	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis, except computer (employees) @ 25% p.a on SLM basis.	2.00
Employee Benefits	Brahmaputra Cracker & polymers Ltd / Bhagyanagar Gas Limited / Central UP Gas Limited / Aavantika Gas Limited / RGPPL / TNGCL.	Implemented Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable
Exchange Rate Fluctuation	All Subsidiary & Joint Ventures, except Maharashtra Natural Gas Limited.	Exchange Difference relating to acquisition of fixed assets is accounted in Profit & Loss accounts.	Un-ascertained	Not Quantifiable
Contingent Liabilities	Green Gas Limited	Contingent liabilities exceeding Rs. 5 Lakhs in each case are disclosed by way of notes to accounts.	Contingent liabilities exceeding Rs. 1 Lakh in each case are disclosed by way of notes to accounts.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, Brahmaputra Cracker & polymers Ltd, Aavantika Gas Limited, Green Gas Limited.	Contingent liabilities exceeding Rs. 5 Lakhs in each case are disclosed by way of notes to accounts.	Un-ascertained / Not available.	Not Quantifiable
Capital commitment	Petronet LNG Limited / Green Gas Limited / Aavantika Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 Lakhs.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 1 Lakh.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, Brahmaputra Cracker & polymers Ltd, Petronet LNG Limited, Green Gas Limited, Aavantika Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 Lakhs.	Un-ascertained / Not available.	Not Quantifiable

The effect of above differential accounting policies could not be quantified on profit & loss account.

3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for:
- I. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 4848.04 Crores (Previous Year: Rs.2890.08 Crores).
 - II. Company's share in estimated amount of contracts remaining to be executed and not provided for based on audited / unaudited statement of accounts of Joint Ventures: Rs. 1569.98 Crores (Previous Year: Rs. 340.58 Crores).
4. Contingent Liabilities :-
- I. Claims against the Company not acknowledged as debts: Rs. 4757.88 Crores (Previous Year: Rs 4758.54 Crores), which mainly include: -
 - a) Claims of ONGCL for Rs. 335.25 Crores (Previous Year: Rs 352.74 crores) on account of interest for delayed payment and MGO, etc. Out of these, MGO claims of Rs. 47.81 Crores (Previous Year: Rs 48.69 Crores) are recoverable on back-to-back basis.
 - b) Income tax assessments up to the Assessment Year 2007-08 have been completed and a demand of Rs. 1262.06 crores relating to the Assessment Years 1996-97 to 2007-08 (Previous Year: Rs. 1212.56 crores) is raised by disallowing deductions claimed by the company. The company has already made the payment of Rs. 1260.30 crores (Previous Year: Rs. 1131.74 crores) under protest. Based upon the decision of the appellate authority and the interpretation of the Income Tax Act, the company has been legally advised that the demand is likely to be deleted or it may be substantially reduced. The company has filed appeals against the demand for the Assessment Years 1997-98 to 2004-05 with Income Tax Appellate Tribunal (ITAT) and for Assessment Year 1996-97 and 2005-06 to 2007-08 with Commissioner of Income Tax (Appeal).
 - c) Legal cases for the claim of Rs. 2325.78 crores (Previous Year: Rs. 2507.59 crores) by vendors on account of Liquidated damages / Price Reduction Schedule, Natural Gas price differential, etc. and by customers for Natural gas transmission charges, etc. Further details are not disclosed as same are expected to prejudice the legal proceedings.
 - II. Bank Guarantee and Letters of Credit : Rs. 1665.58 Crores (Previous Year: Rs 1105.82 Crores) including bank guarantees issued on behalf of subsidiaries Rs. 45.88 Crores (Previous Year: 9.00 Crores).
 - III. The Company has issued corporate guarantee for Rs. 254.34 crores (Previous Year: Rs. 254.34 crores) in favour of Oil Industry Development Board (OIDB) on behalf of Brahmaputra Crakcker & Polymer Limited (BCPL), a subsidiary of the company, for raising a loan.
 - IV. Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited statement of accounts: Rs. 229.89 Crores (Previous Year : Rs. 229.05 crores).
5. Sales Tax demand of Rs. 3449.18 crores (Previous Year: Rs 3449.18 crores) and interest thereon Rs 1513.04 crores (Previous Year: Rs 1513.04 crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law for the period 1998-99 to 2000-2001 considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.
- 6.. (a) Freehold land acquired for city gas Lucknow and Kanpur, Jhansi Maintenance Base Sectionalising Valves in Jamnagar – Loni Pipeline and Mumbai valuing Rs 6.17 crores (Previous Year: Rs 1.70 crores) are valued / capitalized on provisional basis.
 - (b) Title deeds for freehold land, valuing Rs 7.61 Crores (Previous Year: Rs 3.19 Crores) and leasehold land valuing Rs 22.53 Crores (Previous Year: Rs 23.23 Crores) are pending execution.
 - (c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing Rs 1.17 crores (Previous Year: Rs 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.
 - (d) Net Block for "Building" includes an amount of Rs. 1.25 Crores (Previous Year: Rs. 1.29 Crores) earmarked for disposal, but in use.
7. (a) The balance retention from PMT JV consortium amounting to Rs 59.93 Crores (Previous Year: Rs 57.38 Crores) includes interest amounting to Rs 2.55 Crores (Previous Year: Rs 3.10 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.

- (b) Liability on account of Gas Pool Money amounting to Rs. 2571.66 Crores (Previous Year: Rs. 1512.25 Crores) includes interest amounting to Rs. 225.00 Crores (Previous Year: 108.13 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.
8. 'Advance recoverable in Cash or in kind or value to be received' includes an amount of Rs. 3.02 Crores (Previous Year: Rs. 3.02 Crores) recoverable on account of Disinvestment by Government of India of its equity in the company by way of GDR/offer for sale.
9. Pending implementation of pay revision w.e.f. 1st January, 2007, provision of Rs. 136.51 Crores (upto Previous Year Rs. 184.39 Crores) has been made on estimated basis.
10. A net amount of Re 0.86 Crores has been debited (Previous Year: credited Rs. 2.22 Crores) to Profit & Loss account due to exchange rate variation.
11. The required disclosure under the Revised Accounting Standard 15 is given as below:

(i) DEFINED CONTRIBUTION PLAN

Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contribution to the fund for the period is recognized as expense and is charged to the Profit & Loss accounts. The obligation of the company is limited to such fixed contribution. However, the trust is required to pay a minimum rate of interest on contributions to the members as specified by Government of India (GOI). The fair value of the assets of the Provident Fund including the returns on the assets thereof, as on the Balance Sheet date is greater than the obligations under the defined contribution plan.

An amount of Rs 28.69 Crores (Previous Year Rs. 20.25 Crores) is recognized as expense for defined contribution plan (Contributory Provident Fund).

(ii) DEFINED BENEFIT PLAN

Brief description.

A) Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to Rs 10 Lakhs (Previous Year : Rs. 10 Lakhs).

B) Post Retirement Medical Benefit (PRMS)

Upon payment of one time prescribed contribution by the superannuated employees/those who resigned from service can avail the facility subject to the completion of minimum of 10 years of service and 50 years of age.

C) Earned Leave Benefit (EL)

Accrual 30 days per year. Encashment while in service 75% of Earned Leave balance subject to maximum of 90 days at a time, twice per calendar year. Encashment on retirement or superannuation maximum 300 days.

D) Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for transfer of traveling allowance. Employees are gifted a gold coin weighing 25 grams.

E) Half Pay Leave (HPL)

Accrual 20 days per year. Encashment while in service NIL. Full encashment on retirement.

F) Long Service Award (LSA)

Employees are eligible for gold coin after every five years depending upon the completion of service, subject to minimum of 15 years of service.

The following table summarizes the components of net benefit expenses recognized in the Profit and Loss Account.

(Rs. in Crores)

	Gratuity		PRMS		EL		Terminal Benefits		HPL		LSA	
	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09	09-10	08-09
A. Expenses recognized in the P&L Account												
Current Service Cost	7.83	6.90	-	1.45	5.09	5.73	-	0.12	0.79	2.33	-	-
Past service cost	-	8.49	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	7.42	3.52	2.21	1.34	4.13	3.08	0.08	0.08	2.38	1.20	0.57	-
Expected Return on Plan Assets	(8.22)	(4.13)	-	-	-	-	-	-	-	-	-	-
Net actuarial Gain / (Loss) recognized in the year	10.55	(33.28)	(1.35)	(6.45)	(41.91)	(27.85)	(1.85)	0.14	(0.86)	(11.54)	(0.30)	(1.93)
Expenses recognized in P&L Account for FY 2009-10	(3.52)	48.06	3.56	9.24	51.13	36.66	1.93	0.06	4.03	15.07	0.87	1.93
Expenses recognized in P&L Account for Transitional Period	-	-	-	-	-	-	-	-	-	-	-	-
B The amount recognized in the Balance Sheet												
Present value of Obligation as at 31.03.2010 (I)	98.03	101.45	30.87	27.84	88.50	72.86	2.96	1.10	35.52	32.01	7.81	7.30
Fair value of Plan Assets as at 31.03.2010 (II)	102.83	54.68	-	-	-	-	-	-	-	-	-	-
Difference (II) - (I)	4.80	(46.77)	(30.87)	(27.84)	(88.50)	(72.86)	(2.96)	(1.10)	(35.52)	(32.01)	(7.81)	(7.30)
Net Asset / (Liability) recognized in the Balance Sheet	4.80	(46.77)	(30.87)	(27.84)	(88.50)	(72.86)	(2.96)	(1.10)	(35.52)	(32.01)	(7.81)	(7.30)
C. Changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2009	101.45	50.42	27.84	19.19	72.86	44.03	1.10	1.13	32.01	17.16	7.30	5.62
Interest Cost	7.42	3.52	2.21	1.34	4.13	3.08	0.08	0.08	2.38	1.20	0.57	-
Current Service Cost	7.83	6.90	-	1.45	5.09	5.73	-	0.12	0.79	2.33	-	-
Past service cost	-	8.49	-	-	-	-	-	-	-	-	-	-
Expected return on plan assets	(8.22)	(4.13)	-	-	-	-	-	-	-	-	-	-
Actual return on plan assets	5.03	4.30	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.93)	(1.33)	(0.53)	(0.59)	(35.49)	(7.83)	(0.07)	(0.09)	(0.52)	(0.22)	(0.36)	(0.25)
Net Actuarial Gain / (Loss) on Obligation	10.55	(33.28)	(1.35)	(6.45)	(41.91)	(27.85)	(1.85)	0.14	(0.86)	(11.54)	(0.30)	(1.93)
Present Value of the Defined Benefit Obligation as at 31.03.2010	98.03	101.45	30.87	27.84	88.50	72.86	2.96	1.10	35.52	32.01	7.81	7.30
D. Changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2009	102.70	51.71	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	8.22	4.14	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	0.02	0.01	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(4.93)	(1.34)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain / (Loss)	(3.18)	0.16	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2010	102.83	54.68	-	-	-	-	-	-	-	-	-	-
Principal actuarial assumption at the Balance Sheet Date												
Discount rate	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%	7.5%	7%
Expected return on plan assets	8%	8%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	5%	5%	-	-	5%	5%	-	-	5%	5%
Annual increase in salary	5%	5%	-	-	5%	5%	-	-	5%	5%	-	-
Mortality table referred	LIC (1994-96) DULY MODIFIED											
	AGE		WITHDRAWAL RATE % (2009-10)				WITHDRAWAL RATE % (2008-09)					
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS		3%				3%					
	UPTO 44 YEARS		2%				2%					
	ABOVE 44 YEARS		1%				1%					

NOTE:

The actuarial valuation takes into account the estimates of future salary increase, inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

12. MOP&NG had issued scheme of sharing the under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to Rs. 1326.73 Crores (Previous Year: Rs. 1781.20 Crores) out of which Rs. Nil (Previous Year: Rs. 86.98 Crores) pertains to short provision for the quarter Jan-March'2009. Corresponding adjustment on account of CST amounting to Rs. 9.95 Crores (Previous Year: Rs. 20.93 Crores) has been made.
13. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG Ltd (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.
- (b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.
- (c) Petroleum and Natural Gas Regulatory Board (PNGRB) have issued PNGRB ("Determination of Natural Gas Pipeline Tariff") Regulations 2008 effective from 20th November 2008. As per these Regulations, the natural gas pipeline tariff being charged by the company for its pipeline networks in operation is subject to revision with retrospective effect in accordance with the Regulations. Impact on profits, if any, is recognized as and when the pipeline tariff is revised in accordance with the Regulations.
- PNGRB vide its order no-TO/02/2010 dated 19th April, 2010, have notified "PROVISIONAL" initial unit natural gas pipeline tariff on estimated basis for HVJ-GREP-DVPL and DVPL/GREP up gradation pipelines to be applicable w.e.f.20.11.2008. In accordance with the order, the company has reversed a sum of Rs. 140.37 Crores from Sales and created liability of that amount. Further, a sum of Rs. 42.07 Crores has been adjusted in segment revenue on account of internal consumption. Impact on profit on final determination of tariff will be adjusted in the year in which it is finally determined.
- (d) PNGRB has notified charges for pipeline overrun and imbalances created on account of positive/negative off-takes over the tolerance limit of allocated capacity to be charged from shippers. The amount recovered is to be kept in an escrow account. In the absence of guidelines of modalities of maintaining the escrow account, the sum of Rs. 12.59 Crores recovered from customers have been recognized as liability in the financial statements.
- (e) Value of Annual Take or Pay Quantity (ATOPQ) of Gas is accounted for on receipt basis and shown as liability till make up Gas is delivered to customer, during the recovery period, in terms of the Gas Sales Agreement with the customers.
14. In respect of Subsidiary and Joint Ventures, the following additional notes to accounts are disclosed.
- I. GAIL Gas Ltd.
- a) This is the first year of commencement of commercial operation of the Company from 15.12.2009, as such all administrative and other expenses have been charged to Profit & Loss Account from 15.12.2009 onwards.
- b) Preliminary (Incorporation) expenses amounting to Rs. 1.26 Crores which was earlier taken in IEDC to be capitalized has been appropriated out of IEDC and charged to Profit and Loss Account as Prior Period Expenses during the year 2009-10 as per the opinion of Expert Advisory Committee of ICAI vide No. TD/EAC/1381/09 dated 29.12.2009 in accordance with Accounting Standard (AS-5) and also as reported by C&AG of India on the accounts for year ended 31st March, 2009.
- II. Bramhaputra Cracker and Polymer Ltd.
- a) The Company has not prepared the Profit and Loss Account since it is in the construction stage of Assam Gas Cracker Project and yet to be ready for commercial production. However the requisite details as required under Statute have been disclosed in the Statement of 'Incidental Expenditure during Construction' forming part of Financial Statements.
- b) The Capital Grant of Rs. 316.31 Crores (Previous Year: Rs. 137.43 Crores) has been received from the Government of India during the year by way of contribution towards the total capital outlay. As no repayments are ordinarily expected, the same is recognized in the financial statements as capital reserve. An amount of Rs. 67.95 Crores (after considering margin money for LC & TDRs issued as Security Deposit to State Government as utilized) remained unutilized from the grants received during the year. Capital Subsidy is received for the project during construction and as such the same is utilized for making regular payments till the execution of the project.
- c) The Leasehold Land of Rs. 80.40 Crores (Previous Year: Rs. 75.45 Crores) acquired for the project is capitalized on provisional basis based upon the awards under relevant Land Acquisition Act. The title deed to the land is yet to be registered in the name of the Company. During the year, leasehold land of Rs. 4.96 Crores received from Government of Assam, was capitalized on provisional basis. The amount has been accounted as advance against equity share capital on provisional basis.
- d) Notification in respect of tax exemptions on account of WCT, Entry tax and VAT from Government of Assam has been issued. Giving effect to the said notification, total WCT of Rs. 9.71 Crores paid till 31st March'2010, stands recoverable from Government of Assam. Further, clarifications / modifications have been sought in the notification and the same are awaited.

- e) During the year, the company has paid an amount of Rs. 142.46 Crores (Previous Year: NIL) on account of import of Technical knowhow. Further, an amount of Rs. 13.28 Crores (Previous Year Rs. 12.35 Crores) has been accounted as expenditure in foreign currency in respect of liability on account of import of technical knowhow and has been accounted as Capital Work in Progress.
- f) Income tax provision to the tune of Rs. 1.62 Crores /- (Previous Year Rs. 3.15 Crores) has been kept in the book of accounts. The provision for Income tax is on account of interest earned on Short term deposits (STDRs) kept by investing surplus funds.
- g) In accordance with the approval of the Board of Directors in the 21st Board Meeting held on 19th March 2010, the Company has allotted 23,69,89,341 equity shares of Rs. 10/- each for cash as fully paid-up aggregating Rs. 236,98,93,410/-. Further 2,63,32,149 equity shares of Rs. 10/- each to Govt. of Assam for consideration other than cash were allotted. The total allotments were made in the agreed proportion of 70:10:10:10 to the promoters in the following manner: -

Name of allottees	No. of Equity Shares of Rs. 10/- each.
GAIL (India) Limited	18,43,25,043
Numaligarh Refinery Limited	2,63,32,149
Oil India Limited	2,63,32,149
Govt. of Assam	2,63,32,149
Total	26,33,21,490

III. Petronet LNG LTD.

- a) Custom Duty on import of Project Material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.
- b) The Company has option to claim deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking and also under section 80IB in respect of its Re-gasification Undertaking. However, provision for income tax has been made without considering the aforesaid deductions.
- c) The Company had filed a writ petition before the Gujarat High Court challenging the legality and correctness of the notice dated April 1, 2006 from the Collector of Stamps, Bharuch stating that pursuant to the amendment to Section 24 of the Bombay Stamp Act, 1958, the Company is required to pay stamp duty @ Rs. 1 per Rs. 1000/- or part thereof of the value mentioned in the Delivery Order, of the goods, imported through ports in Gujarat. The Honorable High Court of Gujarat vide its order dated February 24, 2010 has upheld the plea of the Company and quashed the notices issued by the Stamp Authorities. No appeal has been filed by the Stamp Authorities so far against the above order.

IV. Indraprastha Gas Limited

- a) The Company has installed CNG Stations on land leased from various Government Authorities under leases for periods ranging from one to five years. However, assets constructed / installed on such land are being depreciated generally at rates specified in Schedule XIV to the Companies Act, 1956, as the management does not foresee non-renewal of the above lease arrangements by the Authorities.
- b) Deposits from commercial customers of natural gas, refundable on termination/alteration of the gas sales agreements, are considered as long term funds.
- c) The Company has taken certain equipments and vehicles under operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates Rs. 11.36 Cr (Previous year Rs 7.64 Cr). Lease obligations under non-cancelable periods are as follows:

	2009-10	2008-09
i) Amounts payable in next 1 year	Rs. 12.07 Cr.	Rs. 6.27 Cr.
ii) Amounts payable in next 2 years to 5 years	Rs. 11.21 Cr.	Rs. 10.39 Cr.
iii) Amounts payable in over 5 years	NIL	NIL

V. Maharashtra Natural Gas Ltd.

- a) The Company has taken some office / residential premises and warehouses on operating lease, the future minimum payments in respect of which as on March 31, 2010 are as follows: -

Minimum lease payment	2009-10	2008-09
i) Payable not later than 1 year	Rs. 0.29 Cr.	-
ii) Payable later than 1 year, but not later than 5 years	Rs. 0.22 Cr.	-
iii) Payable later than 5 years	-	-
TOTAL	Rs. 0.51 Cr.	

VI. Mahanagar Gas Ltd.

- a) Company has taken on lease few equipments / machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is three years, renewable for a further period of three years at the discretion of the Company. The Company can exercise purchase option at the end of the contract. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the Profit and Loss account for the year is Rs. 5.75 Cr (Previous year: Rs. 6.01 Cr).
- b) Company has entered into agreements for taking on leave and license basis certain residential/office premises. All the agreements contain a provision for its renewal. Lease payments recognized in the Profit and Loss account under rent for the year is Rs. 5.35 Cr (Previous year: Rs. 4.82 Cr).

c) The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation upto 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an IPO to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Shareholders are in discussion for making disinvestment in line with FIPB, requirements.

15. Audited / Unaudited financial statements of joint venture – Petronet LNG Ltd., Indraprastha Gas Limited, Mahanagar Gas Limited, Bhagyanagar Gas Limited, Central UP Gas Limited, Green Gas Limited, Aavantika Gas Limited, Ratnagiri Gas & Power (Private) Limited, Maharashtra Natural Gas Limited, Tripura Natural Gas Co Limited, ONGC Petro-additions Limited & GAIL China Gas Global Energy Holdings Limited have been included in consolidation. The figures included in the consolidated financial statements relating to these audited / unaudited joint venture companies are as under:

Total assets are Rs. 6233.87 Cr. (Previous Year : Rs. 4431.32 Cr.) and total liabilities of Rs. 6233.87 Cr. (Previous Year : Rs. 4431.32 Cr.) and

Total Income of Rs. 3262.34 (Previous Year :Rs. 1974.52 Cr.) and total expenditure of Rs. 2951.83 Cr. (Previous Year : Rs. 1889.52 Cr.)

16. Unaudited financial statements of associates – Gujarat State Energy Generation (GSEG) and China Gas Holding Limited, have been included in consolidation in absence of the audited financial statements. Total Share of Profit included in the Consolidated Financial Statements is Rs.20.20 Crores (Previous Year: Rs. 23.01 Crores).

17. Due to short participation by the other joint venture partners there is difference between the % of ownership as per Joint Venture Agreement and actual % of Share capital currently held by the Company i.e. GAIL (INDIA) LIMITED. The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence, GAIL (INDIA) LIMITED ownership in the joint ventures are considered only to the extent of % ownership mentioned in Joint Venture agreement.

Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual % amounting to Rs. (116.57) Crores (previous year Rs. (104.03) Cr.) is included in the 'Advance Recoverable in cash or in kind or for value to be received'.

18. In the previous year the Joint Venture/Associates were incorporated in the consolidated financial statement based on the unaudited financial statement, wherever audited financial statements were not available at the time of consolidation. Adjustment due to Joint Venture regrouping and adjustment due to Joint Venture/Associates audited statements of such Joint Venture/Associates on the profit/(loss) is Rs. (19.38) Cr [Previous Year Rs (8.88) Crores].

19. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements. However,

there are some differences in certain accounting policies followed by the company, subsidiary, joint ventures and associates but the impact of the same in the opinion of the management is not material.

20. In compliance of Accounting Standard 17 on "Segment Reporting" as notified under Companies Accounting Standard Rules, 2006, the required information is given as per Annexure – A to this schedule. Business Segments: The business segments have been identified as

Transmission services
Natural Gas
LPG
Natural Gas Trading
Petrochemicals
LPG and other Liquid Hydrocarbons
GAILTEL
City Gas Distribution
Unallocable

21. In compliance of Accounting Standard 18 on "Related party Disclosures" as notified under Companies Accounting Standard Rules, 2006, the name of related parties, nature of relationship and details of transaction entered therewith are given in Annexure – B.

22. i) In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules, 2006, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31st March, 2010. The item-wise details of deferred tax liability as on 31.03.2010 are as under:

	(Rs in crores)	
	2009-10	2008-09
Deferred Tax Liability		
a) Depreciation	1641.04	1538.41
b) Others	12.47	12.76
Less :- Deferred Tax Assets		
a) Provision for Gratuity & Retirement Benefits	122.59	100.67
b) Provision for Doubtful Debts / Claims / Advances	64.59	57.06
c). Preliminary Expenses & others	1.29	0.92
Deferred Tax Liability (net)	1465.04	1392.52

ii) Income Tax Provisions for the current year includes Rs. 20.59 Crores related to Assessment Year 1997-98 & 2007-08 as per order passed under Income Tax Act, 1961.

23. Jointly Controlled Assets

- (i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy and overseas exploration bidding and has 24 Blocks (PY 24 Blocks) as on 31.03.2010 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1 where it is a joint operator and CY-ONN-2005/1 where it is an operator, and would share in Expense/Income/Assets/Liabilities based upon its percentage in production sharing contract. The participating interest in the following twenty three NELP – Blocks in India and one overseas block in Oman as on 31st March, 2010 is as under:

Sl No.	Joint Venture under NELP Blocks	Participating Interest
1	MN-OSN-2000/2	20%
2	CB-ONN-2000/1	50%
3	AA-ONN-2002/1	80%
4	CY-ONN-2002/1	50%
5	AA-ONN-2003/1	35%
6	CB-ONN-2003/2	20%
7	AN-DWN-2003/2	15%
8	Block 56, Oman	25%
9	RJ-ONN-2004/1	22.225%
10	KG-ONN-2004/2	40%
11	MB-OSN-2004/1	20%
12	MB-OSN-2004/2	20%
13	CY-DWN-2004/1	10%
14	CY-DWN-2004/2	10%
15	CY-DWN-2004/3	10%
16	CY-DWN-2004/4	10%
17	CY-PR-DWN-2004/1	10%
18	CY-PR-DWN-2004/2	10%
19	KG-DWN-2004/1	10%
20	KG-DWN-2004/2	10%
21	KG-DWN-2004/3	10%
22	KG-DWN-2004/5	10%
23	KG-DWN-2004/6	10%
24	CY-ONN-2005/1	40%

- (ii) Further GAIL has been awarded 3 Coal Bed Methane (CBM) Blocks under CBM-III bidding round as under where it is a non-operator.

SL No.	Joint Venture under NELP Blocks	Participating Interest
1)	RM-CBM-2005/III	35%
2)	TR-CBM-2005/III	35%
3)	MR-CBM-2005/III	45%

- (iii) In Block CB-ONN-2000/1, the government of India has granted Exploration extension of 425 Sq Km to be governed under a separate ring fenced PSC.

- (iv) In addition to above, the Company has farmed-in as non operator in the following blocks:

Sl No.	Joint Venture under Farmed-in Blocks	Participating Interest
1)	A-1, Myanmar	10%
2)	CY-OS/2	25%
3)	A-3, Myanmar	10%

- (v) The Company's share in the assets and liabilities as at 31st March 2010 and in the Income and the expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon un-audited statement of accounts submitted by the operators are given below and final adjustments shall be effected during the year in which audited accounts are received.

Particulars	(Rs in Crores)	
	2009-10	2008-09
Income	32.54	33.76
Expenses	382.96	380.94
Fixed Assets(Gross Block)	4.93	4.58
Producing Property	-	-
Other Assets	432.60	386.41
Current Liabilities	109.17	125.91

- (vi) Share of Minimum work programme committed under various production sharing contracts in respect of E & P joint ventures is Rs 921.06 Crores (Previous Year: Rs 585.67 Crores)



Quantitative information:

Details of Company's Share on 31.03.2010 for Block no. CB-ONN-2000/1:

Particulars	(Value Rs in Crs)							
	Opening stock		Production (Treated & processed crude)		Sales		Closing Stock	
	Qty (MT)	Value	Qty (MT)	Value	Qty (MT)	Value	Qty (MT)	Value
Crude Oil								
Year ended 31/03/10	617.60	0.25	14380.00	-	14625.48	33.20*	372.12	0.28
Year ended 31/03/09	73.56	0.05	13697.26	-	13153.22	35.42**	617.60	0.25

* The above sale value includes test production sales from PK#1 and Sanand East Field for Rs 0.95 Crores.

** The above sale value includes test production sales from PK#1 and Sanand East Field for Rs 2.71 Crores.

Details of Company's share of Proved Oil Reserves as on 31.03.2010 for Block no. CB-ONN-2000/1:

Particulars	Opening	Addition	Deletion	Production	Closing
	Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)	Qty (MT)
Crude Oil	7,25,818.37			15279.91	710538.46

• As intimated by Gujarat State Petroleum Corporation Ltd (Operator)

24. Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepatkata by formation of a JVC in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07. The gross block of fixed assets and Capital work in progress value of Lakwa unit is Rs. 253.11 Crores as on 31st March 2010 (Previous Year: Rs. 252.58 Crores).

25. Previous year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

26. Jointly controlled Entity:

GAIL (India) Limited share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of jointly controlled Entities as per Annexure - C

N. K. Nagpal
Secretary

R. K. Goel
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Information about Business Segments for Financial Year 2009-10

(Annexure - A)
(Rs in Crores)

SL NO	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS	PETRO CHEMI-	LPG & LIQUID	GAILTEL	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMI-NATION	CONSOLI-DATE
		NATURAL GAS	LPG	TRADING ** Note -1	CALS Note -2	HYDRO-CARBONS		Note -3	Note -4			TOTAL
1	REVENUE											
	External Sales *	2,925.49	447.19	15,955.17	2,904.01	2,832.95	12.42	715.41	1,242.66	27,035.30	-	27,035.30
	Intersegment sales	242.87	-	3,393.57	8.20	-	-	-	-	3,644.64	3,644.64	-
	Total revenue	3,168.36	447.19	19,348.74	2,912.21	2,832.95	12.42	715.41	1,242.66	30,679.94	3,644.64	27,035.30
2	RESULTS											
	Segment Result(Profit before Interest &Tax)	2,239.41	278.16	448.10	1,327.75	608.78	(8.99)	208.58	-	5,101.79	-	5,101.79
	Unallocated expenses	-	-	-	-	-	-	-	314.96	314.96	-	314.96
	Operating Profit	2,239.41	278.16	448.10	1,327.75	608.78	(8.99)	208.58	(314.96)	4,786.83	-	4,786.83
	Interest Expenses	-	-	-	-	-	-	-	385.34	385.34	-	385.34
	Interest/ Dividend Income	-	-	-	-	-	-	-	457.64	457.64	-	457.64
	Provision for Taxation	-	-	-	-	-	-	-	1,531.30	1,531.30	-	1,531.30
	Profit/(Loss) from Ordinary Activities	2,239.41	278.16	448.10	1,327.75	608.78	(8.99)	208.58	(1,773.96)	3,327.83	-	3,327.83
	Extraordinary items	-	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	2,239.41	278.16	448.10	1,327.75	608.78	(8.99)	208.58	(1,773.96)	3,327.83	-	3,327.83
3	OTHER INFORMATION											
	Segment Assets	11,380.97	917.46	513.08	2,247.55	1,172.72	39.48	785.63	2,901.72	19,958.61	5.35	19,953.26
	Unallocated Assets	-	-	-	-	-	-	-	15,938.65	15,938.65	-	15,938.65
	Total Assets	11,380.97	917.46	513.08	2,247.55	1,172.72	39.48	785.63	18,840.37	35,897.26	5.35	35,891.91
	Segment Liabilities	1,701.71	52.39	112.58	306.99	86.20	20.52	278.27	73.46	2,632.12	55.44	2,576.68
	Unallocated Liabilities	-	-	-	-	-	-	-	8,396.85	8,396.85	-	8,396.85
	Total Liabilities	1,701.71	52.39	112.58	306.99	86.20	20.52	278.27	8,470.31	11,028.97	55.44	10,973.53
	Cost to acquire fixed assets	3,353.57	27.92	196.97	76.90	45.06	-	135.44	755.70	4,591.56	-	4,591.56
	Depreciation*	240.51	67.45	20.11	158.23	84.63	6.00	43.69	202.81	823.43	-	823.43
	Non Cash expenses other than Depreciation*	2.02	0.51	26.49	(1.76)	(0.04)	-	1.02	6.30	34.54	-	34.54

* Sales is net of Excise Duty

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes

- 1 Includes Joint Venture: Petronet LNG Limited
- 2 Includes Subsidiary: BCPL; Joint Venture: OPAL.
- 3 Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
- 4 Includes Subsidiary: GAIL (Global) Singapore Limited; Associate Company's share & Joint Venture: RGGPL.

Information about Business Segments for Financial Year 2008-09

(Annexure - A)
(Rs in Crores)

SL NO	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS	PETRO CHEMI-	LPG & LIQUID	GAILTEL	CITY GAS	UN-ALLOCABLE	TOTAL	ELIMI-NATION	CONSOLI-DATE TOTAL
		NATURAL GAS	LPG	TRADING ** Note -1	CALS Note -2	HYDRO-CARBONS		Note -3	Note -4			
1	REVENUE											
	External Sales *	2,216.11	380.33	15,428.13	2,823.93	2,967.66	24.29	578.22	363.13	24,781.80	-	24,781.80
	Intersegment sales	266.33	-	3,236.88	25.85	-	-	-	-	3,529.06	3,529.06	-
	Total revenue	2,482.44	380.33	18,665.01	2,849.78	2,967.66	24.29	578.22	363.13	28,310.86	3,529.06	24,781.80
2	RESULTS											
	Segment Result (Profit before Interest & Tax)	1,598.18	221.13	444.94	1,208.55	859.07	(4.55)	182.93	-	4,510.25	-	4,510.25
	Unallocated expenses	-	-	-	-	-	-	-	604.72	604.72	-	604.72
	Operating Profit	1,598.18	221.13	444.94	1,208.55	859.07	(4.55)	182.93	(604.72)	3,905.53	-	3,905.53
	Interest Expenses	-	-	-	-	-	-	-	231.21	231.21	-	231.21
	Interest/Dividend Income	-	-	-	-	-	-	-	642.96	642.96	-	642.96
	Provision for Taxation	-	-	-	-	-	-	-	1,490.93	1,490.93	-	1,490.93
	Profit/(Loss) from Ordinary Activities	1,598.18	221.13	444.94	1,208.55	859.07	(4.55)	182.93	(1,683.90)	2,826.35	-	2,826.35
	Extraordinary items	-	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	1,598.18	221.13	444.94	1,208.55	859.07	(4.55)	182.93	(1,683.90)	2,826.35	-	2,826.35
3	OTHER INFORMATION											
	Segment Assets	8,270.69	997.53	478.42	2,318.55	1,307.20	49.11	652.67	1,592.61	15,666.78	254.50	15,412.28
	Unallocated Assets	-	-	-	-	-	-	-	13,978.92	13,978.92	-	13,978.92
	Total Assets	8,270.69	997.53	478.42	2,318.55	1,307.20	49.11	652.67	15,571.53	29,645.70	254.50	29,391.20
	Segment Liabilities	1,475.79	44.90	180.14	154.59	91.64	18.94	212.80	79.68	2,258.48	70.96	2,187.52
	Unallocated Liabilities	-	-	-	-	-	-	-	6,419.40	6,419.40	-	6,419.40
	Total Liabilities	1,475.79	44.90	180.14	154.59	91.64	18.94	212.80	6,499.08	8,677.88	70.96	8,606.92
	Cost to acquire fixed assets	643.05	32.23	0.48	28.03	18.28	-	98.58	9.92	830.57	-	830.57
	Depreciation*	236.56	68.49	12.81	155.91	84.77	7.41	36.54	115.75	718.24	-	718.24
	Non Cash expenses other than Depreciation*	29.53	0.13	23.74	0.96	2.91	5.29	2.71	207.24	272.51	-	272.51

* Sales is net of Excise Duty

** Assets & Liability of Gas Trading Business included in Gas Transmission Business

Notes

1 Includes Joint Venture: Petronet LNG Limited

2 Includes Subsidiary: BCPL

3 Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL

4 Includes Subsidiary: GAIL (Global) Singapore Limited; Associate Company's share & Joint Venture: RGGPL

RELATED PARTY DISCLOSURES
I) Relationship
A) Joint Venture Companies / Associates

- 1) Mahanagar Gas Limited
- 2) Indraprastha Gas Limited
- 3) Petronet LNG Limited
- 4) Bhagyanagar Gas Limited
- 5) Tripura Natural Gas Corporation Limited
- 6) Central UP Gas Limited
- 7) Green Gas Limited
- 8) Maharashtra Natural Gas Ltd.
- 9) Aavantika Gas Co Limited
- 10) GAIL China Gas Global Energy Holdings Ltd.
- 11) ONGC Petro-additions Limited
- 12) Shell Compressed Natural Gas
- 13) Gujarat State Energy Generation Ltd.
- 14) National Gas Company * Nat Gas*
- 15) Fayum Gas Company
- 16) China Gas Holdings Limited

B) Whole time Directors:

- 1) Shri B. C. Tripathi, Chairman & Managing Director (w.e.f. 01.08.2009)
- 2) Dr U. D. Choubey, Chairman & Managing Director (Upto 31.07.2009)
- 3) Shri R. K. Goel
- 4) Shri R. D. Goyal (w.e.f. 01.07.2009)
- 5) Shri S. L. Raina (w.e.f. 19.08.2009)
- 6) Shri Prabhat Singh (w.e.f. 24.02.2010)
- 7) Shri A.K. Purwaha (Upto 30.09.2009)
- 8) Shri Santosh Kumar (Upto 30.06.2009)
- 9) Shri P. K. Gupta
- 10) Shri S. D. Dhiman
- 11) Shri S. C. Hatwal
- 12) Shri S. P. Selvan
- 13) Shri Shyama Sunder
- 14) Shri K. V. Vishwanathan
- 15) Shri Amit Das
- 16) Shri Rajesh Vedvyas
- 17) Shri S. V. Prasad

C) Unincorporated Joint venture for Exploration & Production Activities:

- 1) NEC - OSN - 97/1 (Non-operator with participating interest: 50%, GAIL has relinquished from the Block on 11th September 2007)
- 2) CB - ONN - 2000/1 (Non-operator with participating interest: 50%)
- 3) A-1, Myanmar (Non-operator with participating interest: 10%)
- 4) CY-OS/2 (Non-operator with participating interest: 25%)
- 5) AA-ONN-2002/1 (Non-operator with participating interest: 80%)
- 6) CY-ONN-2002/1 (Non-operator with participating interest: 50%)
- 7) AA-ONN-2003/2 (Non-operator with participating interest: 35%)
- 8) CB-ONN-2003/2 (Non-operator with participating interest: 20%)
- 9) AN-DWN-2003/2 (Non-operator with participating interest: 15%)
- 10) A-3, Myanmar (Non-operator with participating interest: 10%)
- 11) Block 56, Oman (Non-operator with participating interest: 25%)

(Annexure - B)

- 12) RJ-ONN-2004/1 (Joint operator along with GSPCL and having participating interest of 22.225%)
- 13) KG-ONN-2004/2 (Non-operator with participating interest: 40%)
- 14) MB-OSN-2004/1 (Non-operator with participating interest: 20%)
- 15) MB-OSN-2004/2 (Non-operator with participating interest: 20%)
- 16) RM-CBM-2005/III (Non-operator with participating interest: 35%)
- 17) TR-CBM-2005/III (Non-operator with participating interest: 35%)
- 18) MR-CBM-2005/III (Non-operator with participating interest: 40%)
- 19) AD-7, Myanmar (Non-operator with participating interest: 10%)
- 20) CY-ONN-2005/1 (Joint operator along with GSPCL and having participating interest of 40%)
- 21) CY-ONN-2000/1-RFC (Non-operator with participating interest: 50%)

II) The following transactions were carried out with the related parties in the ordinary course of business:
A) Details relating to parties referred to in item no. I (A) above:

	(Rs. in Crores)	
	2009-10	2008-09
1) Sales	843.53	736.47
2) Amount receivable as at Balance Sheet Date for (1) above	44.83	40.10
3) Purchases	6282.47	5575.00
4) Amount payable as at Balance Sheet Date for (3) above	284.85	370.00
5) Reimbursement for other expenditure received/receivable	9.94	4.80
6) Amount receivable as at Balance Sheet Date for (5) above	2.56	5.33
7) Dividend Income	55.94	51.67

B) Details relating to parties referred to in item no. I (B) above:

	(Rs. in Crores)	
	2009-10	2008-09
1) Remuneration *	5.79	2.50
2) Interest bearing outstanding loans receivable	0.37	0.40
3) Interest accrued on loans given	0.42	0.42
4) Other Receivables	-	0.96

*Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites.

In addition, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.

C) Details relating to parties referred to in item no. I (C) above:

	(Rs. in Crores)	
	2009-10	2008-09
1) Minimum work program commitment	266.57	288.55
2) Survey and other expenses	128.08	123.15
3) Other assets	387.54	390.99
4) Amount outstanding on Balance Sheet date	91.98	76.86
5) Amount written Off- Dry well expenditure	198.23	172.86
6) Sale of Crude Oil	32.25	32.95

Share of GAIL in Assets, Liabilities, Income, Expenses, Contingent Liabilities and Capital Commitments of Jointly Controlled Entities

S.N.	Description	Mahanagar Gas Limited		Indraprastha Gas Limited		Petronet LNG Limited		Bhagyanagar Gas Limited	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1	Loan Funds								
	i. Secured Loans	-	2.49	-	-	287.47	285.22	-	-
	ii. Unsecured Loans	5.47	5.47	12.42	5.97	25.01	-	-	-
2	Reserves and Surplus	346.81	293.83	170.53	137.58	185.61	154.18	1.04	0.94
3	Current Liabilities	79.23	56.07	29.19	18.87	93.11	92.06	3.33	5.69
4	Provisions	27.03	24.28	116.59	92.35	19.47	88.08	0.20	0.14
5	Fixed Assets								
	i. Gross Block	402.60	363.66	246.46	184.10	443.70	246.88	5.28	5.15
	ii. Depreciation	137.06	113.24	102.31	84.74	83.34	63.28	0.92	0.65
	Net Block	265.54	250.42	144.15	99.36	360.36	183.60	4.36	4.50
	iii. CWIP	112.73	75.58	44.10	17.95	164.79	230.87	4.77	0.93
6	Investments	47.54	43.07	3.82	23.43	67.33	38.03	-	-
7	Current Assets								
	i. Inventories	6.80	6.57	6.28	5.36	27.78	48.20	0.01	-
	ii. Sundry Debtors	48.93	32.26	7.54	7.17	62.94	83.89	0.20	0.15
	iii. Cash and Bank balances	19.31	18.57	27.28	32.89	42.56	82.23	4.74	3.26
	iv. Loans and Advances	30.56	27.37	130.02	102.95	19.05	78.40	0.33	0.24
	v. Other current assets	-	-	2.47	1.87	0.39	2.10	0.05	0.03
8	Income								
	i. Sales (Net of Excise Duty)	388.76	319.47	242.58	191.87	1,331.14	1,053.59	8.11	7.49
	ii. Other Income	7.55	7.13	4.45	5.94	5.74	9.50	0.26	0.20
9	Expenses								
	i. Purchases	172.56	128.58	111.45	92.44	1,208.10	921.95	6.46	5.80
	ii. Manufacturing, Transmission, Administration, Selling & Distribution and other Expenses	100.64	87.62	62.13	45.97	30.85	31.72	1.36	1.07
	iii. Interest and Finance Charges	0.63	0.51	0.67	0.51	22.99	12.65	0.01	-
10	Contingent Liabilities	33.40	24.69	16.07	12.60	166.78	190.13	6.25	0.35
11	Capital Commitments	80.34	59.64	109.10	15.78	245.25	135.58	17.24	0.47

Annexure-C

(Rs. in Crores)

OPaL		Green Gas Limited		Central UP Gas Ltd.		MNGL		Aavantika		RGPPL		TNGCL	
2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
-	-	6.08	6.09	-	-	-	4.05	-	-	3,209.81	2,301.90	-	-
336.09	-	-	-	-	-	-	-	0.29	-	-	12.74	0.15	0.14
(0.12)	-	4.04	2.20	3.04	2.10	(1.18)	(0.89)	(0.85)	(0.36)	(196.69)	(189.93)	2.69	1.65
97.83	-	2.52	2.13	1.44	0.80	3.53	3.21	0.66	0.73	118.19	120.42	0.85	0.88
2.54	-	-	0.64	1.24	1.17	0.01	0.08	-	-	0.05	0.11	0.23	0.04
49.19	-	14.99	4.70	11.77	9.97	5.98	4.72	2.41	2.17	2,842.01	1,601.00	3.20	2.49
0.11	-	1.56	1.06	1.76	1.06	0.47	0.10	0.21	0.08	392.89	166.83	1.20	0.93
49.08	-	13.43	3.64	10.01	8.91	5.51	4.62	2.20	2.09	2,449.12	1,434.17	2.00	1.56
560.51	-	3.29	10.25	5.58	3.10	14.06	9.72	4.39	0.09	985.91	1,273.84	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.01	-	0.01	-	-	-	-	-	185.77	64.18	0.16	0.11
-	-	0.62	0.22	0.24	0.14	0.69	0.07	0.11	-	147.72	41.88	0.42	0.27
-	-	5.40	3.21	2.44	4.23	1.45	0.23	2.67	3.82	109.83	43.19	1.60	1.07
0.20	-	0.73	0.99	1.07	0.97	1.96	1.84	0.44	0.25	5.53	10.75	0.08	0.07
-	-	0.04	0.02	0.05	-	-	-	0.02	0.07	2.73	0.50	0.06	0.03
-	-	13.65	10.76	8.98	7.01	2.14	0.29	1.23	0.15	1,231.56	349.62	5.01	2.80
-	-	0.08	0.03	0.32	0.40	0.23	0.05	0.28	0.39	10.18	7.68	0.09	0.13
-	-	7.23	6.22	3.91	2.79	0.70	0.08	-	-	-	-	2.35	1.23
0.11	-	3.54	2.37	2.93	1.92	1.95	1.21	1.28	0.88	969.26	420.34	1.22	0.96
-	-	0.63	0.65	0.03	0.01	0.01	0.03	0.14	-	290.53	121.01	-	-
0.14	-	1.87	1.10	3.77	0.15	1.55	0.03	0.04	-	-	-	0.01	-
1,019.13	-	3.07	0.26	1.59	3.68	6.53	14.83	6.93	-	80.80	110.35	-	-

Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2010

(Rs. in Crores)

	2009-10	2008-09
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit Before Tax and Extraordinary Items	4859.13	4317.28
2 ADD :		
Depreciation	829.26	718.34
Deferred Revenue / Other Expenses written off	0.99	2.80
Capital Reserve	(0.12)	(0.12)
Exchange Rate Variation	(6.75)	4.27
Interest Expenditure	385.34	231.21
Dividend Income on Investments	(235.59)	(231.22)
Interest Income	(222.05)	(411.74)
Provision for Employees Benefits	25.17	54.48
Provision for Gratuity	0.17	0.24
Provision for Payrevision	(47.88)	79.39
Provision for Doubtful Debts	24.58	23.83
Other Provisions	0.73	2.74
Provision / Write off of Assets / CWIP	209.34	199.53
Profit / Loss on Sale of Assets (Net)	7.65	43.69
	970.84	717.44
3 Operating Profit Before Working Capital Changes (1 + 2)	5829.97	5034.72
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	7.82	(1412.84)
Inventories	(137.93)	(85.70)
Trade and Other Payables	1593.34	905.21
	1463.23	(593.33)
5 Cash Generated from Operations (3+4)	7293.20	4441.39
6 Direct Taxes Paid	(1656.81)	(1591.71)
NET CASH FROM OPERATING ACTIVITIES (5+6)	5636.39	2849.68
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5958.11)	(2936.68)
Sale of Fixed Assets	19.19	23.44
Investment in Other Companies	(39.48)	(3.14)
Interest Received	248.03	330.31
Dividend Received	235.59	231.22
NET CASH FROM INVESTING ACTIVITIES	(5494.78)	(2354.85)
BALANCE CARRIED FORWARD	141.61	494.83



Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2010

	(Rs. in Crores)	
	2009-10	2008-09
BALANCE BROUGHT FORWARD	141.61	494.83
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term / short term Borrowings	1777.20	107.15
Repayment of Long term / short term Borrowings	(188.24)	(69.66)
Capital Subsidy	221.41	75.42
Interest Paid	(418.65)	(221.28)
Dividend & Dividend Tax Paid	(742.23)	(1223.81)
NET CASH FROM FINANCING ACTIVITIES	649.49	(1332.18)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	791.10	(837.35)
OPENING ADJUSTMENT FOR JV / ASSOCIATES	(23.60)	(13.58)
CASH AND CASH EQUIVALENTS AS AT 01.04.2009 (OPENING BALANCE)	3781.13	4632.06
CASH AND CASH EQUIVALENTS AS AT 31.03.2010 (CLOSING BALANCE)	4548.63	3781.13
NOTES :		
1 Cash & Cash Equivalents include :		
Cash & Bank Balances		
As per Balance Sheet	4548.63	3781.13
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	4548.63	3781.13

N. K. Nagpal
Secretary

R. K. Goel
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing Director

As per our separate report of even date

For M/s Mehra Goel & Co.
Chartered Accountants
Firm No: 0517N

For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

R. K. Mehra
(Partner)
Membership No. 6102

Praveen Gupta
(Partner)
Membership No. 073489

Place : New Delhi
Dated : May 17, 2010

Glossary

Gas Industry Specific Terminologies

CBM	Coal Bed Methane
CNG	Compressed Natural Gas
DGH	Director General Hydro-carbon
DVPL	Dahej-Vijaipur Pipeline
E&P	Exploration and Production
ESA	External Safety Audits
GPU	Gas Processing Unit
GTI	GAIL Training Institute
HDPE	High Density Polyethylene
HSE	Health Safety and Environment
HVJ	Hazira Vijaipur Jagdishpur
JLPL	Jamnagar-Loni Pipeline
LLDPE	Linear Low Density Polyethylene
LNG	Liquified Natural Gas
LPG	Liquified petroleum Gas
MMSCMD	Metric Million Standard Cubic Meters Per Day
MMT	Metric Million Tonne
MMTPA	Metric Million Tonne Per Annum
MOP&NG	Ministry of Petroleum and Natural Gas
MOU	Memorandum of Understanding
MTs	Metric Tonnes
MW	Mega-Watt
NELP	New Exploration & Licensing Policy
O&M	Operation and Maintenance
OLHC	Other Liquid Hydro-Carbon
PNG	Piped Natural Gas
SBPS	Special Boiling Point Solvent
TPA	Tonnes Per Annum
VSPL	Vizag-Secundarabad pipeline

General abbreviations

BIS	Business Information System
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
JVCs	Joint Venture Companies
PSU	Public Sector Unit
QC	Quality Circle
SCADA	Supervisor Control and Data Acquisition
TQM	Total Quality Management

Financial terms

BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
EBIDTA	Earnings Before Interest Depreciation Tax and Amortization
ED	Excise Duty
EPS	Earning Per Share
GDP	Gross Domestic Product
NSE	National Stock Exchange
PAT	Profit After Tax
PBIDTA	Profit Before Interest Depreciation Tax and Amortization
PBIT	Profit Before Interest and Tax
PBT	Profit Before Tax
ROCE	Return on Capital-Employed
ROIC	Return on Invested-Capital
RONW	Return on Net-Worth



GAIL (India) Limited

India's No.1 Integrated
Gas Company

Naturally GAIL

80% of India's Natural Gas Users Rely on Us - **Naturally**

Natural Gas Transmission

Natural Gas Processing

Natural Gas Marketing

Petrochemicals

City Gas Distribution

Exploration & Production

www.gailonline.com



GAIL (India) Limited

**Registered Office : 16, Bhikaiji Cama Place,
R.K. Puram, New Delhi - 110066
www.gailonline.com**