



Consolidated Financial Statement



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, 2011 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 Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. 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 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 ₹ 2810.71 crores as at March 31, 2011, total revenue of ₹ 47.78 crores and net cash flows of ₹ 82.29 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, 2010 and in respect of China Gas Holding Limited, the Accounts drawn upto September 30, 2010, 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, 2011, which require adjustment.
5. We did not audit the financial statements of Joint Ventures, whose financial statement reflect total assets of ₹ 29066.21 crores, total liabilities of ₹ 29066.21 crores as at March 31, 2011 and total revenue of ₹ 20911.03 crores, total expenditure of ₹ 18700.32 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 Petronet LNG Ltd. whose audited financial statement reflects total assets of ₹ 7457.67 crores, total liabilities of ₹ 7457.67 crores as at March 31, 2011 and total revenue of ₹ 13251.21 crores, total expenditure of ₹ 12344.80 crores for the year ended on 31st March, 2011.
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. Based on our examination as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 Group as at 31st March, 2011;
 - (b) in the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year on that date; and
 - (c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For M.L.Puri & Co.
Chartered Accountants
Firm No:002312 N

Navin Bansal
Partner
Membership No. 91922
Place : New Delhi
Dated: May 23, 2011

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

Anil Gupta
Partner
Membership No. 072767
Place : New Delhi
Dated: May 23, 2011



Consolidated Balance Sheet as on 31st March, 2011

(₹ in crores)

	Schedule No.	As at	
		31 st March, 2011	31 st March, 2010
SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	1,268.48	1,268.48
Reserve and Surplus	2	19,945.39	16,541.47
		21,213.87	17,809.95
Loan Funds			
Secured Loans	3	6,263.97	4,999.36
Unsecured Loans		640.13	413.81
		6,904.10	5,413.17
Minority Interest		547.19	230.22
Deferred Tax Liability (Net)		1,715.12	1,465.04
TOTAL		30,380.28	24,918.38
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	26,605.14	25,164.03
Less : Depreciation		10,642.94	9,833.61
Net Block		15,962.20	15,330.42
Capital Work in Progress	5	10,636.79	4,881.84
		26,598.99	20,212.26
Investments	6	1,236.25	1,065.13
Carried Forward		27,835.24	21,277.39

(₹ in crores)

	Schedule No.	As at 31 st March, 2011	As at 31 st March, 2010
Brought Forward		27,835.24	21,277.39
Current Assets, Loans and Advances	7		
Inventories		1,058.61	857.84
Sundry Debtors		2,102.25	1,510.77
Cash and Bank Balances		2,584.35	4,548.63
Other Current Assets		12.86	14.53
Loans and Advances		6,558.69	7,682.75
		<u>12,316.76</u>	<u>14,614.52</u>
Less : Current Liabilities and Provisions	8		
Current Liabilities		5,541.36	5,920.06
Provisions		4,230.36	5,053.47
		<u>9,771.72</u>	<u>10,973.53</u>
Net Current Assets		2,545.04	3,640.99
Miscellaneous Expenditure (To the extent not written off or adjusted)			
Preliminary Expenditure		-	-
TOTAL		30,380.28	24,918.38
Contingent Liabilities not provided for (Refer Schedule 14)			

N. K. Nagpal
SecretaryP. K. Jain
Director (Finance)R. D. Goyal
Director (Projects)B. C. Tripathi
Chairman & Managing
DirectorAs per our separate Report of even date
For M/s M L Puri & Co.
Chartered Accountants
Firm No: 002312NFor M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015NNavin Bansal
(Partner)
Membership .No. 91922Anil Gupta
(Partner)
Membership .No. 072767Place : New Delhi
Dated : May 23 , 2011



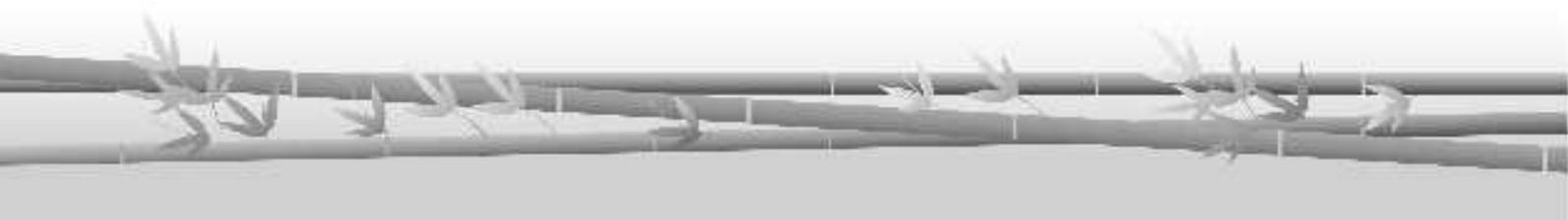
Consolidated Profit & Loss Account for the Year ended 31st March, 2011

(₹ in crores)

	Schedule No.	Year Ended 31 st March, 2011		Year Ended 31 st March, 2010	
INCOME					
Sales		33,818.29		26,128.94	
Less : Excise Duty		558.69	33,259.60	451.72	25,677.22
LPG Transmission Charges/RLNG Shipper Charges			1,840.66		1,345.66
Income from Telecom			6.39		12.42
Increase (decrease) in Inventories					
Closing Stock		392.78		259.73	
Less : Opening Stock		259.73	133.05	239.78	19.95
Other Income	9		557.43		579.66
	TOTAL		35,797.13		27,634.91
EXPENDITURE					
Purchases			22,099.67		14,779.83
Gas Pool			428.94		968.18
Manufacturing, Transmission, Administration					
Selling & Distribution and other Expenses	10	6,368.61		5,914.53	
Depreciation	4	887.98		823.43	
		7,256.59		6,737.96	
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress	11	(154.49)	7,102.10	(79.05)	6,658.91
Preliminary Expenditure written off			-		-
	TOTAL		29,630.71		22,406.92
Profit before Interest and Finance Charges			6,166.42		5,227.99
Interest and Finance Charges	12	495.03		398.74	
Less Interest and Finance Charges transferred to Capital Work-in-Progress		(117.17)	377.86	(13.40)	385.34
Profit for the year	Carried Forward		5,788.56		4,842.65

(₹ in crores)

	Schedule No.	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
Brought Forward		5,788.56	4,842.65
Less : Prior Period Adjustments (Net)	13	(10.39)	19.06
Profit for the year before Tax		5,798.95	4,823.59
Provision for Taxation - Current {Includes Wealth Tax ₹ 2.00 (Previous Year: ₹ 1.00)}		1,568.27	1,458.57
- Deferred		249.83	72.73
		1,818.10	1,531.30
Profit after Tax		3,980.85	3,292.29
Add: Share of Profit/(Loss) in Associates for the year		40.12	35.54
Group Profit after Tax		4,020.97	3,327.83
Amount available for appropriation		4,020.97	3,327.83
APPROPRIATIONS			
Interim Dividend		253.70	253.70
Proposed Dividend		697.66	697.66
Corporate Dividend Tax		155.32	158.99
Transfer from Bond Redemption Reserve		(30.00)	(30.00)
Transfer to Bond Redemption Reserve		37.81	27.13
General Reserve		380.94	329.46
Balance Carried to Balance Sheet		2,525.54	1,890.89
TOTAL		4,020.97	3,327.83
Details of Earning Per Share			
A. Group Profit after tax		4,020.97	3,327.83
B. Weighted Average No. of Equity Shares		1,268,477,400	1,268,477,400
C. Nominal Value per Equity Share (₹)		10/-	10/-
D. Basic and Diluted Earning Per Share (₹)		31.70	26.23
Notes on Accounts	14		
Schedules 1 to 14 and Accounting policies form part of Accounts			

N. K. Nagpal
SecretaryP. K. Jain
Director (Finance)R. D. Goyal
Director (Projects)B. C. Tripathi
Chairman & Managing
DirectorFor M/s M L Puri & Co.
Chartered Accountants
Firm No: 002312NNavin Bansal
(Partner)
Membership .No. 91922As per our separate Report of even date
For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015NAnil Gupta
(Partner)
Membership .No. 072767Place : New Delhi
Dated : May 23 , 2011



Schedule 1 - Share Capital

(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
AUTHORISED 200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of ₹ 10/- each	2,000.00 =====	2,000.00 =====
ISSUED, SUBSCRIBED AND PAID-UP 126,84,77,400 (Previous Year: 126,84,77,400) Equity Shares of ₹ 10/- each fully paid up	1,268.48	1,268.48
TOTAL	1,268.48	1,268.48

Schedule 2 - Reserves and Surplus

(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
Capital Reserve		
As per Last Account	319.78	98.49
Add: During the year	566.32	221.41
Less: Transferred to Profit & Loss Account	(0.11)	(0.12)
	885.99	319.78
Share Premium Account	14.70	14.70
Investment Allowance (Utilised) Reserve		
As per Last Account	19.11	19.11
Less: Transferred to General Reserve	(1.24)	-
	17.87	19.11
Bonds Redemption Reserves		
As per Last Account	189.90	192.77
Add: Transferred from Profit & Loss Account	37.81	27.13
Less: Transfer to Profit & Loss Account	(30.00)	(30.00)
	197.71	189.90
General Reserve		
As per Last Account	2,289.84	1,979.76
Add: Transferred from Profit & Loss Account	380.94	329.46
Add: Transferred from Investment Allowance (Utilised) Reserve	1.24	-
Add: Adjustment due Joint Venture Regrouping (Refer Note No - 17 of Notes on accounts)	(73.70)	(19.38)
	2,598.32	2,289.84
Foreign Currency Translation Reserve	0.87	(0.65)
Profit and Loss Account		
As per Last Account	13,708.79	11,822.12
Add: Profit During the Year	2,525.54	1,890.89
Less: Adjustment due Dividend Received from Associate	(4.40)	(4.22)
	16,229.93	13,708.79
TOTAL	19,945.39	16,541.47

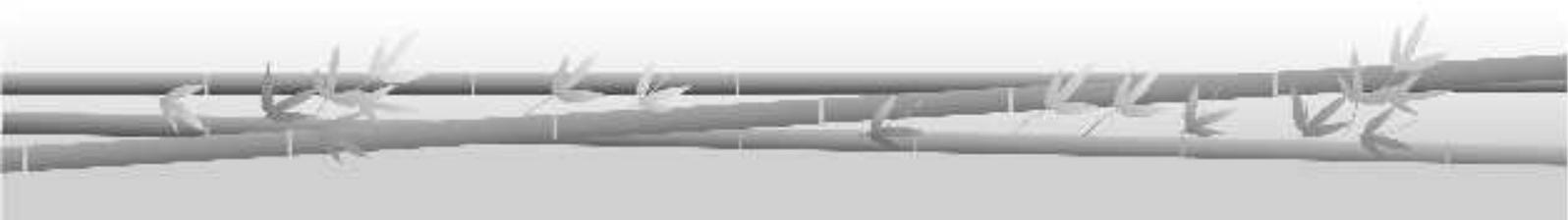
Schedule 3 - Loan Funds

(₹ in crores)		
	As at 31 st March, 2011	As at 31 st March, 2010
SECURED LOANS		
Bonds Series - I	500.00	500.00
<p>(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 villege 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 Vadodra plant both present and future and whether installed or not and lying or in store)</p>		
Bonds Series - II	360.00	480.00
<p>(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 villege 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, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)</p>		
Bonds 2010 Series - I	500.00	-
<p>(8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at villege 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 Vijaipur Dadri Pipeline Projects both present and future and whether installed or not and lying or in store)</p>		
Oil Industry Development Board	1,307.41	466.00
<p>(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)</p>		
Term Loan		
From Banks	2,336.31	1,797.73
From Others	1,260.25	1,755.63
Carried Forward	6,263.97	4,999.36



(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
Brought Forward	6,263.97	4,999.36
UNSECURED LOANS		
From Banks :		
- State Bank of India, London	-	-
- Other Banks (repayable within one year)	608.48	361.39
	608.48	361.39
From others		
- Oil Industry Development Board (including ₹ NIL (Previous Year ₹ 34.38) due for payment within one year)	-	34.53
- Sales Tax Deferred	5.37	5.47
Deposit From Customers (Deposits from commercial customers of natural gas refundable on termination of the gas sales agreements)	26.28	12.42
	640.13	413.81
TOTAL	6,904.10	5,413.17



Schedule 4 - Fixed Assets

(₹ in crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2011	As at 01.04.2010	For the Year	Adjustments during the year	As at 31.03.2011	As on 31.03.2011	As on 31.03.2010
Tangible Assets										
Freehold	83.60	25.77	0.08	109.29	-	-	-	-	109.29	83.60
Leasehold	219.59	6.08	4.99	220.68	14.69	7.42	(0.05)	22.16	198.52	204.90
Building : Office/Others	528.53	36.42	(1.59)	566.54	141.93	15.81	0.31	157.43	409.11	386.60
: Residential	270.68	21.67	-	292.35	62.27	6.51	0.01	68.77	223.58	208.41
Roads and Fences	1.37	-	-	1.37	0.25	0.02	-	0.27	1.10	1.12
Electrical Installations	0.99	0.07	-	1.06	0.27	0.04	-	0.31	0.75	0.72
Bunk Houses	1.80	0.37	0.02	2.15	1.61	0.10	0.02	1.69	0.46	0.19
Plant and Machinery	23,343.76	1,240.89	4.40	24,580.25	9,313.02	812.98	63.49	10,062.51	14,517.74	14,030.74
Railway Lines & Sidings	5.48	-	0.01	5.47	5.01	0.16	0.01	5.16	0.31	0.47
Communication Systems	5.73	0.72	0.04	6.41	3.21	0.42	-	3.63	2.78	2.52
Electrical Equipments	146.72	49.45	1.87	194.30	69.15	13.42	1.14	81.43	112.87	77.57
Furniture, Fixtures and other Equipments	303.66	51.68	15.48	339.86	174.89	25.65	13.26	187.28	152.58	128.77
Office Equipments	4.96	1.34	0.48	5.82	1.52	0.76	0.20	2.08	3.74	3.44
Vehicles	0.68	0.03	-	0.71	0.28	0.06	0.03	0.31	0.40	0.40
Transport Equipments	2.46	0.04	-	2.50	1.91	0.11	-	2.02	0.48	0.55
Intangible Assets										
Right of Use *	190.52	22.79	-	213.31	-	-	-	-	213.31	190.52
Softwares / Licences	51.85	9.73	0.16	61.42	43.23	4.43	0.23	47.43	13.99	8.62
E&P Assets										
Producing Property	-	-	-	-	-	-	-	-	-	-
Support Equipment & Facility	1.65	-	-	1.65	0.37	0.09	-	0.46	1.19	1.28
Total	25,164.03	1,467.05	25.94	26,605.14	9,833.61	887.98	78.65	10,642.94	15,962.20	15,330.42
Share in Joint Venture Assets included above	4,126.36	339.35	4.95	4,460.76	727.04	237.69	94.70	870.03	3,590.73	3,399.32
Previous Year	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

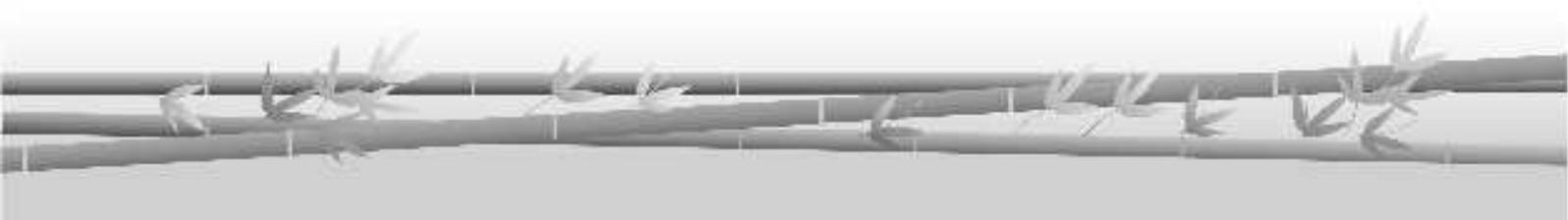
* Right of use for laying pipelines is a perpetual right of use of Land but does not bestow upon the company, the ownership of Land and hence, treated as intangible assets. However, no amortisation is provided on the same, being perpetual in nature.



Schedule 5 - Capital Work-in-Progress

(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
Linepipe Construction and related facilities including Cathodic Protection and Dispatch Terminals	3,230.09	724.97
Less : Provision for abandonment of Work in Progress	(11.44)	-
	-----	-----
	3,218.65	724.97
Compressor Stations	20.97	2.62
Telecom/Telesupervisory System	6.08	1.76
LPG Pipeline Project	5.02	1.07
LPG Projects	0.70	0.55
Petrochemicals	994.04	580.01
Telecom Projects	-	0.01
Others	221.18	79.38
Engineering/project construction	3,489.24	1,781.34
Exploratory & Development Well in Progress	430.93	373.51
Construction of CNG Station	163.72	84.35
Preoperative expenditure, pending allocation in respect of Jointly controlled Entity	6.60	-
Buildings	7.64	1.48
Less : Provision for abandonment of Work in Progress	(0.34)	(0.34)
	-----	-----
	7.30	1.14
Linepipes, Capital Items in Stock/Transit	2,021.21	1,192.86
Less : Provision for losses/obsolescence	(0.27)	(0.01)
	-----	-----
	2,020.94	1,192.85
Advance for Capital Expenditure (Unsecured - Considered Good)	51.42	58.28
(Unsecured - Considered Doubtful)	1.77	1.80
	-----	-----
	53.19	60.08
Less : Provision for Doubtful Advances	(1.77)	(1.80)
	-----	-----
	51.42	58.28
TOTAL	10,636.79	4,881.84



Schedule 6 - Investments

(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
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	90.08	68.37
Less: Dividend Received	(7.79)	(5.76)
	218.61	198.93
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	64.40	48.69
	148.02	132.31
b) In Govt of India Bond		
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 ₹ 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 ₹ 15/- per share)	0.86	0.86
205601068 (Previous Year : 51400267) Equity Shares of ₹ 10/-each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares of ₹ 10/-each during 1999-2000 at a price of ₹ 162.34 per Share,1,71,33,422 bonus shares of ₹ 10/- each received during 2006-07. During the year 2010-11, 5,14,00,267 Equity shares of ₹ 10/- each were splitted into Equity shares of ₹ 5/- each and bonus issue of 1:1 equity shares of ₹ 5/- each after split received during 2010-11)	556.29	556.29
* Aggregate market value of the above mentioned quoted securities is ₹ 6,470.52 Cr (previous year ₹ 6,182.99 Cr) (includes cost where market price not available)		
Carried Forward	933.37	897.98



(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
Brought Forward	933.37	897.98
Unquoted - At Cost		
In Associate Companies		
2,07,60,000 (Previous Year : 2,07,60,000) Equity Shares of ₹ 10/- each fully paid-up in Gujrat State Energy Generation Ltd.	20.76	20.76
Add: Share of Profit	21.72	21.06
Less: Dividend received	(2.28)	(1.66)
	40.20	40.16
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	11.31	8.87
Less: Dividend received	(10.92)	(9.17)
	8.48	7.79
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	(1.50)	(1.10)
	0.11	0.51
2. Non Trade Investments - Others		
Unquoted - At cost		
(a) 8347 Equity Shares of USD 1/- each fully paid up in South East Asia Gas Pipeline Ltd registered in Hongkong	42.90	-
(b) i) 30 Shares (Previous year 30) of ₹ 50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara	-	-
ii) 50 Shares (Previous year 50) of ₹ 50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	-	-
iii) 400 Shares (Previous year 400) of ₹ 10 each fully paid up in Sanand Members Association, Ahmedabad.	-	-
iv) 35 Shares (Previous year 35) of ₹ 50/-each fully paid up in Green Fields(B) Cooperative Housing Society Ltd, Mumbai	-	-
	-	-
3 INVESTMENTS (Current Investments-Non-Trade)		
Quoted		
Mutual Fund Scheme / Other Investment	211.19	118.69
TOTAL	1,236.25	1,065.13

Schedule 7 - Current Assets, Loans and Advances

(₹ in crores)

	As at 31 st March, 2011		As at 31 st March, 2010	
A. CURRENT ASSETS				
INVENTORIES				
(As Certified by the Management)				
Raw Material (LNG)		17.89		17.22
Raw Material in Transit		11.18		8.38
CNG and Natural Gas in Pipeline	0.26		0.12	
Stores and Spares including Construction Surplus*	514.09		422.95	
Less : Provision for Losses/Obsolescence	24.72		32.60	
		489.63		390.47
Stock of Gas**/Polymers/LPG and Other Products (including ₹ 3.26 Cr (PY: ₹ 2.94 Cr) Stock in process)		539.91		441.77
* includes ₹ 44.62 (previous year ₹ 21.03) in transit				
** after adjustment of calorific value.				
		1,058.61		857.84
SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months				
- Unsecured, Considered Good	247.24		103.26	
- Secured, Considered Good	0.01		-	
- Unsecured, Considered Doubtful	153.11	400.36	153.20	256.46
Other Debts				
- Secured, Considered Good	4.81		2.70	
- Unsecured, Considered Good	1,850.19		1,404.69	
- Unsecured, Considered Doubtful	-		-	
		1,855.00		1,407.39
		2,255.36		1,663.85
Less : Provision for Doubtful debts		(153.11)		(153.08)
		2,102.25		1,510.77
CASH AND BANK BALANCES				
Cash in hand	1.05		0.76	
Cheques/Stamps in hand	0.46	1.51	0.48	1.24
BANK BALANCES WITH SCHEDULED BANKS				
On Current Account: (includes Corporate Liquid Term Deposit ₹ 189.80 (Prevoius Year: ₹ 90.25))	292.34		132.19	
On Fixed Deposit Account	176.64		160.76	
On Short Term Deposit	1,363.09		1,685.23	
On Short Term Deposit -Gas Pool Money (includes interest accrued but not due ₹ 18.23 (Prevoius Year ₹ 39.48))	706.47		2,498.40	
On Short Term Deposit -JV Consortium (includes interest accrued but not due ₹ 0.70 (Prevoius Year ₹ 0.89))	43.75	2,582.29	59.93	4,536.51
BANK BALANCES WITH OTHER BANKS				
On current accounts		0.55		10.88
		2,584.35		4,548.63
OTHER CURRENT ASSETS				
Interest accrued but not due on Deposits / Bonds, etc.	6.34		9.65	
Interest accrued on Fixed Deposits	6.52	12.86	4.88	14.53
Carried Forward		5,758.07		6,931.77



(₹ in crores)

	As at 31 st March, 2011		As at 31 st March, 2010	
Brought Forward		5,758.07		6,931.77
B. LOANS AND ADVANCES				
Loans to Employees				
- Secured, Considered Good	156.72		159.86	
- Unsecured, Considered Good (including dues from Directors ₹ 0.10 (Previous Year : ₹ 0.16) (Maximum amount due at any time during the year : ₹ 0.25) (Previous Year : ₹ 0.22)	32.08		18.67	
Others (Unsecured, Considered Good)	1.42	190.22	4.01	182.54
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good (includes ₹ 1323.66 (Previous Year ₹ 1260.30) paid / adjusted against Income tax demand under protest)	2,745.68		2,901.57	
Others - Unsecured, Considered Doubtful	15.64 4.85		0.05 1.13	
Less : Provision for Doubtful Advances	2,766.17 (4.85)	2,761.32	2,902.75 (1.13)	2,901.62
Advance Tax / TDS		3,360.70		4,418.42
Claims Recoverable				
- Unsecured, Considered Good	71.52		70.74	
- Unsecured, Considered Doubtful	4.22		3.83	
Less : Provision for doubtful claims	75.74 (4.22)	71.52	74.57 (3.83)	70.74
Deposits with Customs, Port Trust and Others				
- Unsecured, Considered Good	151.73		92.13	
- Unsecured, Considered Doubtful	0.45		0.45	
Less : Provision for doubtful deposits	152.18 (0.45)	151.73	92.58 (0.45)	92.13
Trade and security Deposits				
- Unsecured, Considered Good		23.20		17.30
TOTAL		12,316.76		14,614.52

Schedule 8 - Current Liabilities and Provisions

(₹ in crores)

	As at 31 st March, 2011	As at 31 st March, 2010
A. CURRENT LIABILITIES		
Sundry Creditors (includes ₹ 43.74 (Previous Year : ₹ 59.93) payable to JV consortium)	3,103.92	2,405.56
Deposits/Retention Money from Contractors and Others	433.29	275.58
Abandonment Cost (E&P)	1.13	1.25
Other Liabilities	1,154.20	571.78
Due to Promoter Companies	0.23	0.23
Gas Pool Money	722.60	2,571.66
Imbalance & Overrun Charges	23.96	12.59
Unclaimed Dividend (Amount due for credit to Investor Education & Protection Fund is ₹ NIL (Previous Year : NIL))	2.82	2.76
Interest accrued but not due (includes on loan ₹ 32.01 (Previous Year : ₹ 18.92))	40.91	30.63
Trade and Security Deposits	58.30	48.02
	5,541.36	5,920.06
B. PROVISIONS		
Provision for taxation/FBT/Wealth Tax	2,952.31	4,071.97
Provision for Proposed Dividend	697.66	697.66
Provision for Corporate Dividend Tax	113.18	115.87
Provision for Probable Obligations	155.48	-
Provision for Gratuity	0.53	0.55
Provision for Leave Encashment and Post Retirement Medical Benefits	311.20	167.42
	4,230.36	5,053.47
TOTAL	9,771.72	10,973.53

211

Schedule 9 - Other Income

(₹ in crores)

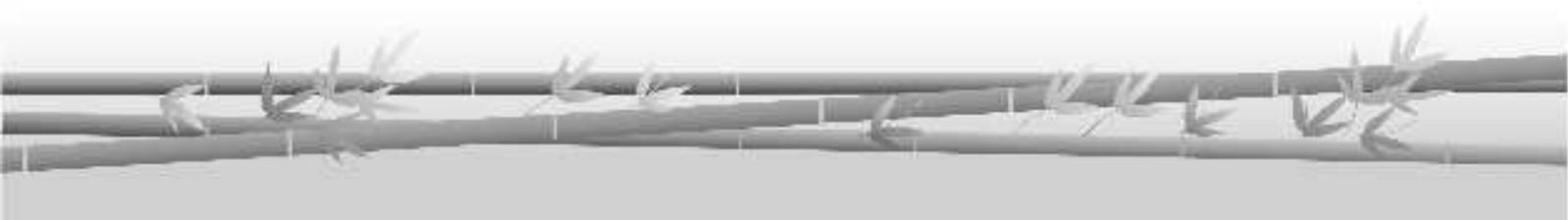
	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
Dividend from long term (trade) investment	319.02	235.59
Interest on :		
- Bonds/Debentures (Long term trade investment)	0.67	0.67
- Deposits with Banks	109.32	110.38
- Others	25.31	111.00
	135.30	222.05
Tax deducted at source : ₹ 8.87 (Previous Year: ₹ 18.92)		
Surplus on Disposal of Investments	-	0.06
Miscellaneous Income including Liabilities written back (Tax deducted at source : ₹ 0.20 (Previous Year: ₹ 0.37))	113.24	127.80
Less : Transferred to Incidental Expenditure during construction (Schedule 11)	(10.13)	(5.84)
TOTAL	557.43	579.66



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

(₹ in crores)

	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
Raw Material consumed	2,182.29	2,199.34
Employees Remuneration and Benefits		
Salaries, Wages and Allowances	634.57	546.33
Contribution to Provident and Other Funds	62.61	39.32
Welfare Expenses	118.90	81.40
Secondment charges	1.86	1.83
	817.94	668.88
Power, Fuel and Water Charges	966.12	792.22
Gas Fuel Charges	817.75	769.72
Stores and Spares consumed	252.14	263.32
Rent	28.83	23.30
Rates and Taxes (includes UP entry tax on gas)	63.24	59.68
Licence Fees - Telecom	0.36	0.89
Bandwidth Consumption	0.24	0.39
Repairs and Maintenance		
Plant and Machinery	339.69	214.02
Buildings	20.59	16.05
Others	26.11	25.66
	386.39	255.73
Insurance	21.52	14.83
Communication Expenses	9.44	8.58
Printing and Stationery	3.57	2.72
Travelling Expenses	51.93	44.09
Books and Periodicals	0.60	0.62
Advertisement and Publicity	23.42	15.68
Carried Forward	5,625.78	5,119.99



	(₹ in crores)	
	Year Ended 31 st March, 2011	Year Ended 31 st March, 2010
Brought Forward	5,625.78	5,119.99
Payment to Auditors		
Audit Fees	0.65	0.63
Management Services	0.10	0.02
Out of Pocket Expenses	0.18	0.12
	<u>0.93</u>	<u>0.77</u>
Entertainment Expenses	0.31	0.23
Recruitment and Training Expenses	12.10	10.40
Vehicle Hire and Running Expenses	27.68	20.02
Equipment Hire charges	1.74	1.26
CNG Transportation	2.02	1.64
CNG Dispensing Charges	2.26	1.70
Operating Expenses at CNG Stations	12.84	8.42
Lease Charges	0.77	0.88
Survey Expenses	83.76	128.40
Consultancy Charges	20.26	25.38
Legal and Professional charges	7.36	8.11
Data Processing Expenses	3.70	2.27
Donation	0.04	0.14
Research and Development Expenses	0.13	16.17
Directors fees	0.05	0.03
Loss on sale / written off of assets(net)	(14.83)	7.65
Bad Debts/Claims/Advances/Inventories written off	1.26	0.99
Dry Well Expenses written off	52.39	209.34
Provision for Probable Obligation / Contingency	108.08	-
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital items	9.56	25.90
Excise Duty on Stock (Net)	(1.40)	4.75
Expenses on Enabling Facilities	2.95	0.17
Selling & Distribution Expenses	23.85	18.17
Discount on Sales	121.79	106.08
Commission on Sales	15.94	15.16
Dealers' Commission	3.75	2.39
Security Expenses	62.94	54.70
Oil & Gas Producing Expenses (Operators)	3.54	6.67
Royalty on Crude Oil	4.13	3.88
Corporate Social Responsibility Expenses	59.92	20.88
Other Miscellaneous Expenses	115.12	104.31
Exchange Fluctuation	(2.11)	(6.75)
Less: Transfer to Capital Work in Progress		
Employees Remuneration and Benefits	-	4.57
Operating and Other Expenses	-	1.00
TOTAL	6,368.61	5,914.53



Schedule 11 - Incidental Expenditure during Construction

(₹ in crores)

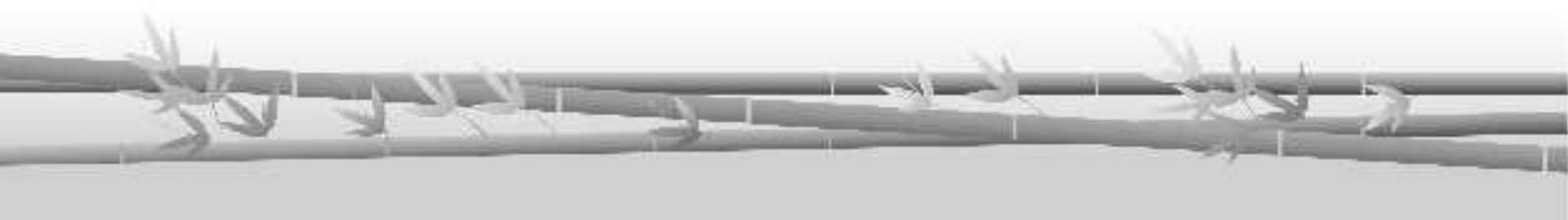
	Year Ended 31 st March, 2011		Year Ended 31 st March, 2010	
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	51.09		24.05	
Contribution to Provident and Other Funds	1.75		1.43	
Welfare Expenses	5.20	58.04	2.27	27.75
Power, Fuel and Water Charges		0.89		0.08
Stores & Spares Consumed		0.07		0.05
Rent		3.43		2.26
Repairs and Maintenance				
Plant and Machinery	-		0.01	
Buildings	0.07		0.02	
Others	0.31	0.38	0.26	0.29
Insurance		4.33		0.03
Communication Expenses		0.76		0.44
Travelling Expenses		6.18		3.71
Recruitment and Training Expenses		0.78		1.12
Interest and Finance Charges		117.17		13.40
Vehicle Hire and Running Expenses		2.86		1.53
Consultancy Charges		3.21		10.65
Other Expenses		63.57		27.71
Depreciation		9.99		3.43
		271.66		92.45
Less :				
- Interest Income	9.17		5.01	
- Misc. Income	0.96	10.13	0.83	5.84
Net Expenditure		261.53		86.61
Less :Transferred to Capital Work-in-progress				
- Mfg., Transmission, Admn., Selling & Distribution and Other Expenses	154.49		79.05	
- Interest & finance Charges	117.17		13.40	
- Other Income	(10.13)	261.53	(5.84)	86.61
Balance Carried over to Balance Sheet		-		-

Schedule 12 - Interest and Finance Charges

(₹ in crores)				
	Year Ended 31 st March, 2011		Year Ended 31 st March, 2010	
Interest				
On term loans	385.63		320.12	
Other Loans	3.63	389.26	0.02	320.14
	-----		-----	
Bonds		71.59		65.47
Others		2.15		10.20
Bank Charges		3.03		2.83
Commitment and other Finance Charges		29.00		0.10
		-----		-----
TOTAL		495.03		398.74

Schedule 13 - Prior Period Adjustments

(₹ in crores)				
	Year Ended 31 st March, 2011		Year Ended 31 st March, 2010	
Purchase of Gas		0.03		0.23
Raw Material		-		-
Salaries, Wages and Allowances		-		0.42
Power, Fuel and Water Charges		(0.01)		0.22
Stores and Spares consumed		-		-
Rent		0.11		0.05
Depreciation(Net)		(63.68)		5.83
Repairs and Maintenance		27.18		(0.05)
Consultancy Charges		14.59		0.10
Other Expenses		11.84		20.07
		-----		-----
TOTAL		(9.94)		26.87
Less :				
- Sales	(0.36)		0.42	
- Interest Income	-		0.69	
- Miscellaneous Income	0.81	0.45	6.70	7.81
		-----		-----
TOTAL (NET)		(10.39)		19.06





Schedule 14 - Consolidated Notes on Accounts for the Year Ended 31.03.2011

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, 2011) except for overseas Associates. In respect of Fayum Gas, Shell Compressed Gas and Nat Gas, the accounts drawn up as at December 31, 2010 have been used, and in respect of China Gas Holding Limited, the accounts drawn up to September 30, 2010 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 31.03.2011
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	25.00%
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	17.00%
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	6.24%
Natural Gas Company "Nat Gas"	Egypt	Associate	15.00%
China Gas Holding Limited	Bermuda	Associate	4.79%



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:

Particulars	Name of Joint Venture / Subsidiary	Accounting Policies		(₹ in crore)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	Proportion of GAIL's share (Gross Amount)
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.	15.18
	Tripura Natural Gas Co Ltd	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost	0.21
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.	0.25
Depreciation				
Software / Licences	Petronet LNG Limited / Aavantika Gas Limited / Mahanagar Gas Limited / Bhagyanagar Gas Limited / Maharashtra Natural Gas Limited / RGPPL.	Software / Licences are amortized in 5 years on straight line method	Software/Licences 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 years. RGPPL – 3 years or Period of Legal right, whichever is higher.	0.44
All Assets	Brahmaputra Cracker & polymers Ltd.	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis	9.95
	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.	0.22
Employee Benefits	Bhagyanagar Gas Limited / Aavantika Gas Limited / RGPPL.	Implemented Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable
Contingent Liabilities	Green Gas Limited / Bhagyanagar Gas Limited	Contingent liabilities exceeding ₹ 5 Lakhs in each case are disclosed by way of notes to accounts.	Contingent liabilities exceeding ₹ 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, Bhagyanagar Gas Limited.	Contingent liabilities exceeding ₹ 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 / Bhagyanagar Gas Limited	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5 Lakhs.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 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, Bhagyanagar Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 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:
- Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 4540.71 Crores (Previous Year: ₹ 4848.04 Crores).
 - Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited statement of accounts of Joint Ventures. ₹ 1418.04 Crores (Previous Year: ₹ 1569.98 Crores).
4. Contingent Liabilities:-
- Claims against the Company not acknowledged as debts: ₹ 4930.40 Crores (Previous Year: ₹ 4757.88 Crores), which mainly include:-
 - Legal cases for claim of ₹ 2731.63 Crores (Previous Year: ₹ 2325.78 Crores) by vendors on account of Liquidated damages/Price Reduction Schedule and Natural Gas price differential, etc. and by customers for Natural gas transmission charges etc.
 - Income tax assessments up to the Assessment Year 2008-09 have been completed and a demand of ₹ 1017.25 Crores relating to the Assessment Years 1996-97 and 2000-01 to 2008-09 (Previous Year: ₹ 1262.06 Crores related to Assessment years 1996-97 to 2007-08) has been raised by making disallowances/additions. The company has already made the payment of ₹ 1323.66 Crores (Previous Year: ₹ 1260.30 Crores) which is under dispute. 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 Assessment orders /appeal orders for the Assessment Years 2000-01 to 2004-05, 2006-07 and 2007-08 with Income Tax Appellate Tribunal (ITAT) and for Assessment Year 1996-97, 2005-06 and 2008-09 with Commissioner of Income Tax (Appeal). Based upon company's appeal with ITAT, income tax assessments for the AY 1997-98 to 1999-2000 have been remanded back by ITAT to the assessing officer for reassessment.
 - ₹ 760.15 Crores (Previous Year: ₹ 596.50 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc.
 - Claims of ONGCL for ₹ 289.57 Crores (Previous Year: ₹ 335.25 Crores) on account of interest for delayed payment and MGO, etc. Out of these, MGO claims of ₹ 25.34 Crores (Previous Year: ₹ 47.81 Crores) are recoverable on back-to-back basis.
 - Bank Guarantee & Letters of Credit : ₹ 997.37 Crores (Previous Year: ₹ 1665.58 Crores) including bank guarantees issued on behalf of subsidiaries ₹ 45.88 Crores (Previous Year: ₹ 45.88 Crores)
 - The Company has issued corporate guarantees for ₹ 254.34 Crores (Previous Year: ₹ 254.34 Crores) on behalf of Brahmaputra Cracker & Polymer Limited (BCPL) and for ₹ 118 Crores (Previous Year: NIL) on behalf of GAIL Gas Limited, subsidiaries of the company, in favour of

Oil Industry Development Board (OIDB) for raising loan from OIDB.

- Share in Contingent Liabilities of Joint Ventures based on their audited/unaudited statement of accounts: ₹ 437.19 Crores (Previous Year: ₹ 229.89 Crores).
- Sales Tax demand of ₹ 3449.18 Crores (Previous Year: ₹ 3449.18 Crores) and interest thereon ₹ 1513.04 Crores. (Previous Year: ₹ 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 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.
- Freehold land acquired for city gate station at Lucknow and Kanpur, Jhansi Maintenance Base, Sectionalising Valves in Jamnagar –Loni Pipeline and Mumbai valuing ₹ 4.94 Crores (Previous Year: ₹ 6.17 Crores) are valued / capitalized on provisional basis.
 - Title deeds for freehold land valuing ₹ 6.38 Crores (Previous Year: ₹ 7.61 Crores) and leasehold land valuing ₹ 10.24 Crores (Previous Year: ₹ 22.53 Crores) are pending execution.
 - Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ₹ 1.17 Crores (Previous Year: ₹ 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.
 - Net Block for "Building" includes an amount of ₹ 1.21 Crores (Previous year: ₹ 1.25 Crores) earmarked for disposal but in use.
- The balance retention from PMT JV consortium amounting to ₹ 43.75 Crores (Previous Year: ₹ 59.93 Crores) includes interest amounting to ₹ 2.64 Crores (Previous Year: ₹ 2.55 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 ₹ 722.60 Crores (Previous Year: ₹ 2571.66 Crores) includes interest amounting to ₹ 29.10 Crores (Previous Year: ₹ 225.00 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.
- (c) Petroleum and Natural Gas Regulatory Board (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. As the guidelines regarding modalities of maintaining and operation of escrow account are effective from 1.4.2011, the sum of ₹23.95 Crores (Previous Year: 12.59 Crores) recovered up to 31.03.2011 on this account has been recognized as liability in the financial statements.
8. Advances recoverable in Cash or in kind or value to be received includes an amount of ₹ 3.02 Crores (Previous Year: ₹ 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. A net amount of ₹ 3.30 Crores (Previous Year: ₹ 0.86 Crores) has been debited to Profit & Loss account due to exchange rate variation.
10. The required disclosure under the Revised Accounting Standard 15 is based on standalone of GAIL (India) Ltd as given below:

(i) Provident Fund

Company has paid contribution of ₹32.90 crores (Previous Year: ₹28.69 Crores) to Provident Fund Trust at predetermined fixed percentage of eligible employee's salary and charged to Profit and Loss Account. Further, the obligation of the company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. There being change in Accounting Policy during the year, the company has made a provision of ₹13.13 Crores as per actuarial valuation to meet any shortfall in the future period, to be compensated by the company to the Provident Fund Trust.

(ii) Other Benefit Plans

Brief description.

A) Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to ₹ 10 Lakhs (Previous Year: ₹ 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 Traveling Allowance. Employees are gifted a gold coin weighing 25 grams.

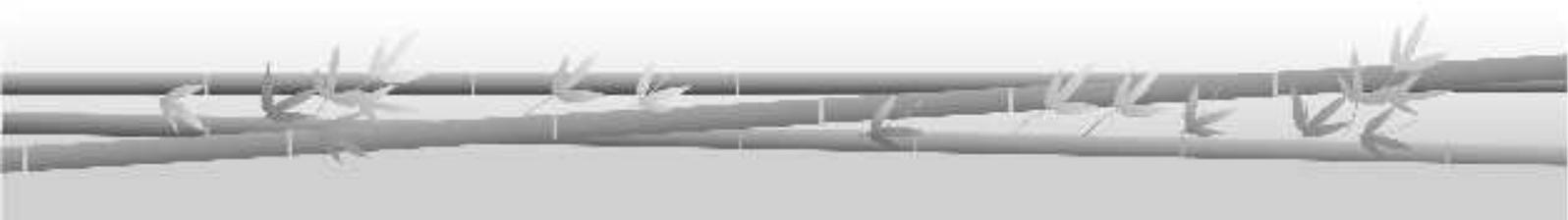
E) Half Pay Leave (HPL)

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 weighing 5 gms on completion of 15 years, 10 gms each on completion of 20 years and 25 years, 20 gms each on completion of 30 years and 35 years of service.

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



(₹ in Crores)

	Gratuity Funded		PRMS*		EL*		Terminal Benefits*		HPL*		LSA*	
	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10
A. Expenses recognized in the P&L Account												
Current Service Cost	19.51	7.83	-	-	32.64	5.09	-	-	10.88	0.79	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	8.22	7.42	2.58	2.21	6.98	4.13	0.25	0.08	3.00	2.38	0.63	0.57
Expected Return on Plan Assets	(8.96)	(8.22)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain) / Loss recognized in the year	(18.61)	(10.55)	6.07	1.35	43.47	41.91	0.26	1.85	37.59	0.86	0.57	0.30
Expenses recognized in P&L Account for FY 2010-11	0.16	(3.52)	8.65	3.56	83.09	51.13	0.51	1.93	51.47	4.03	1.20	0.87
B. The amount recognized in the Balance Sheet												
Present value of Obligation as at 31.03.2011	102.50	98.03	38.60	30.87	158.83	88.50	3.45	2.96	86.51	35.52	8.30	7.81
Fair value of Plan Assets as at 31.03.2011	103.89	102.83	-	-	-	-	-	-	-	-	-	-
Difference	1.39	4.80	(38.60)	(30.87)	(158.83)	(88.50)	(3.45)	(2.96)	(86.51)	(35.52)	(8.30)	(7.81)
Net Asset / (Liability) recognized in the Balance Sheet	1.39	4.80	(38.60)	(30.87)	(158.83)	(88.50)	(3.45)	(2.96)	(86.51)	(35.52)	(8.30)	(7.81)
C. Changes in the Present Value of the Defined Benefit Obligations:												
Present value of Obligations as at 01.04.2010	98.03	101.45	30.87	27.84	88.50	72.86	2.96	1.10	35.52	32.01	7.81	7.30
Interest Cost	8.22	7.42	2.58	2.21	6.98	4.13	0.25	0.08	3.00	2.38	0.63	0.57
Current Service Cost	19.52	7.83	-	-	32.64	5.09	-	-	10.88	0.79	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(2.63)	(4.93)	(0.92)	(0.53)	(12.76)	(35.49)	(0.02)	(0.07)	(0.47)	(0.52)	(0.71)	(0.36)
Net Actuarial Gain / (Loss) on Obligation	(20.64)	(13.74)	6.07	1.35	43.47	41.91	0.26	1.85	37.59	0.86	0.57	0.30
Present Value of the Defined Benefit Obligation as at 31.03.2011	102.50	98.03	38.60	30.87	158.83	88.50	3.45	2.96	86.51	35.52	8.30	7.81
D. Changes in the Fair Value of Plan Assets												
Fair Value of Plan Assets as at 01.04.2010	99.53	102.70	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	8.96	8.22	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	0.05	0.02	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(2.62)	(4.93)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain / (Loss)	(2.03)	(3.18)	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2011	103.89	102.83	-	-	-	-	-	-	-	-	-	-
Principal actuarial assumption at the Balance Sheet Date												
Discount rate	8.50%	7.5%	8.5%	7.5%	8.5%	7.5%	8.5%	7.5%	8.5%	7.5%	8.5%	7.5%
Expected return on plan assets	9.00%	8%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	10%	5%	-	-	10%	5%	-	-	10%	5%
Annual increase in salary	12.00%	5%	-	-	12%	5%	-	-	12%	5%	-	-
Mortality table referred												
	LIC (1994-96) DULY MODIFIED											
	AGE		WITHDRAWAL RATE % (2010-11)				WITHDRAWAL RATE % (2009-10)					
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS		3%				3%					
	UPTO 44 YEARS		2%				2%					
	ABOVE 44 YEARS		1%				1%					

* Non-Funded

NOTE: The actuarial valuation takes into account the estimates of future salary increases, inflation, seniority, promotion and other relevant factors



11. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ 2111.24 Crores (Previous Year: ₹ 1326.73 Crores). Corresponding adjustment on account of CST amounting to ₹ 6.98 Crores (Previous Year: ₹ 9.95 Crores) has been made.
12. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (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) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations.
- (d) PNGRB has issued PNGRB (Determination of Petroleum & Petroleum Products Pipelines transportation Tariff) Regulations 2010 effective from 20.12.2010 where LPG pipeline tariff is benchmarked against railway freight. In one of the pipelines, where the proposed tariff based on railway freight has been filed with PNGRB is lower than the present tariff, the company has made a provision of ₹ 6.33 Crores by reversing Income on account of LPG transmission charges.
- (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.
13. In respect of Subsidiary and Joint Ventures, the following additional notes to accounts are disclosed.

I. GAIL Gas Ltd.

- a) The incidental expenditure during construction amounting ₹ 15.07 Crores (Previous Year: ₹ 7.35 Crores) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.
- b) The Interest and Finance Charges amounting to ₹ 2.87 Crores (Previous Year: NIL) have been allocated to Completed projects & Capital Work in Progress pertaining to Cities of Dewas, Kota, Meerut & Sonapat in the ratio of direct allocated cost of assets.
- c) With regard to Cenvat Credit of ₹ 0.21 Crores 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 assets.

- d) The rent lease deed of ₹ 13.50 Crore 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 29/08/2008 and 10/03/2009. 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.

II. Bramhaputra Cracker and Polymer Ltd.

- a) Freehold Land of ₹ 0.26 Crores and Leasehold Land of ₹ 80.40 Crores has been acquired up to 31.03.2011 as per awards under relevant Land Acquisition Act. The valuation of land has been done provisionally on the basis of declaration received from the Government of Assam. The title deed to the land is yet to be registered in the name of the Company.
- b) Income tax provision to the tune of ₹ 1.19 Crores (Previous Year: 1.63 Crores) has been recognized in the book of accounts during the year. The provision for Income Tax is on account of interest earned on STDRs kept by investing surplus funds.
- c) BCPL has been granted the exemptions on account of WCT, Entry Tax and VAT from Government of Assam (GOA). Giving effect to the notifications, total WCT of ₹ 23.98 Crores till 31st March 2011 stands recoverable from GOA. The claim of ₹ 9.77 Crores (₹ 1.15 Crores for 2008-09, ₹ 8.62 Crores for 2009-10) has been lodged with the sales Tax Authority of Assam for refund to BCPL. Claim of WCT of ₹ 14.21 Crores for 2010-11 is being lodged. Further necessary clarification / modification to notification no FTX58/2008/71 Dated 20.10.2009 with a retrospective effect has been sought from GOA for availing the exemption from the payment of entry tax for including all capital goods under AVAT Act, 2003.
- d) In accordance with the approval of the Board of Directors in the 24th Board Meeting held on 16th July, 2010, the Company has allotted 6,12,85,700 equity shares of ₹ 10/- each for cash as fully paid-up aggregating ₹ 61,28,57,000/-. In the agreed proportion of 70:10:10:10 in accordance with JV Agreement dated 18.10.2006 to the below mentioned applicants in the following manner: -

Name of allottees	No. of Equity Shares of ₹ 10/- each.
GAIL (India) Limited	4,28,99,990
Numaligarh Refinery Limited	61,28,570
Oil India Limited	61,28,570
Govt. of Assam	61,28,570
Total	6,12,85,700

- e) The Capital Subsidy of ₹ 796.73 Crores (Previous Year: ₹ 316.31 Crores) has been received from the Government of India during the year by way of contribution towards the total capital outlay. 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. As no repayments are ordinarily expected, the same is recognized in the financial statement as Capital Reserve. As per directives from MOCF, interest earned from parking of fund from the capital subsidy after netting of tax thereon is to be reduced from the Capital Subsidy sought from GOI. As such interest income of ₹ 12.10 Crores (interest of ₹ 4.01 Crores for 2010-11 and ₹ 8.08 Crores for the period from 2007-08 to 2009-10) has been treated in consonance with Capital Subsidy. An amount of ₹ 5.02 Crores of capital subsidy remains unutilized as on 31.03.2011.
- f) As the interest income from parking of capital subsidy will be a capital receipt & hence not taxable in the hands of BCPL. So revised return for refund of income tax of ₹ 2.77 crores and ₹ 1.85 crores for the financial year 2008-09 and 2009-10 respectively has been filed with Tax Authority. In view of contingencies, a policy to account for the interest income by way of refund on receipt basis is being adopted as a disclosure. As the Assessing Officer is yet to pass the final Assessment Order, necessary adjustment in the books has not been carried out.
- g) During the year an amount of ₹ 283.00 Crores was drawn from OADB as loan as per the agreement entered into with the lenders.
- h) The expenditure ₹ 3.84 Crores on leveling, clearing and grading of the land has been added to the cost of the particular buildings or other structures which stand on each particular land.
- i) An amount of ₹ 3.01 crores upto 31.03.2011 has been recognized as deferred revenue expenditure towards Incorporation expenses, CSR activities, Advertisement for development of public relation etc of the Company to be amortized equally over period of five years from the year the plant is ready for commercial production.
- j) The company has been incorporated and no commercial activity has been started from the date of incorporation 08.01.2007 to 31.03.2011. Accordingly, no profit and loss account has been prepared. However, the necessary information as per Part-II of schedule VI to Companies Act, 1956 has been disclosed to the extent applicable in the statement of "Incidental Expenditure during Construction" forming part of financial statements.

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 claimed deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its Tax Returns. However, provision for income tax has been made without considering the aforesaid deductions.
- c) In terms of para 10 of Accounting Standard 16 "Borrowing Costs" ₹ 21.73 Crores (Previous Year: NIL) has been reduced from the Interest and Financial Charges (Capital Work in Progress) being income on temporary surplus invested out of borrowings related to Capital Expenditures.
- d) In respect of external commercial borrowing of USD 150.00 million from International Finance Corporation, Washington D.C., USA outstanding as on 31st March, 2011, the Company has entered into derivative contracts to hedge the loan including interest. This has the effect of freezing the rupee equivalent of this liability as reflected under the Secured Loans. Thus there is no impact in the Profit & Loss account, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the Profit & Loss account.

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 ₹ 12.44 Cr (Previous year: ₹ 11.36 Cr). Lease obligations under non-cancelable periods are as follows:



	2010-11	2009-10
i) Amounts payable in next 1 year	₹ 22.62 Cr.	₹ 12.07 Cr.
ii) Amounts payable in next 2 years to 5 years	NIL	₹ 11.21 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, 2011 are as follows :-

Minimum lease payment	2010-11	2009-10
i) Payable not later than 1 year	₹ 0.38 Cr.	₹ 0.39 Cr.
ii) Payable later than 1 year, but not later than 5 years	₹ 0.28 Cr.	₹ 0.29 Cr.
iii) Payable later than 5 years	₹ 0.01 Cr.	NIL
TOTAL	Rs. 0.67 Cr.	Rs. 0.68 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 ₹ 1.51 Cr (Previous year: ₹ 1.73 Cr).
- b) Company has taken certain vehicles under operating lease agreements. Lease payments recognized in the Profit and Loss account under "LCV Transportation" for the year is ₹ 2.68 Cr (Previous year: ₹ 2.81 Cr) and under "Travelling and Conveyance" for the year is ₹ 1.26 Cr (Previous Year: ₹ 1.23 Cr).
- c) Company has entered into agreements for taking on leave and license basis certain residential/office premises/godowns. All the agreements contain a provision for its renewal. Lease payments recognized in the Profit and Loss Account under rent for the year is ₹ 6.46 Cr (Previous year: ₹ 5.66 Cr).
- d) The future minimum lease payments of non-cancellable operating leases are as under: -

	2010-11	2009-10
Not later than one year	₹ 0.42 Cr.	₹ 1.28 Cr.
Later than one year, but not later than five years	NIL	₹ 0.42 Cr.
Later than five years	NIL	NIL
TOTAL	₹ 0.42 Cr.	₹ 1.70 Cr.

- e) 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.

VII. Bhagyanagar Gas Limited

- a) The Company has availed Term Loans and non-fund based limits from consortium of bankers, secured by way of a first paripasu charge on all movable assets, finished goods, work in progress, raw materials and book debts. During the year, interest on term loan amounting to ₹ 6.48 Crores has been apportioned to Capital work-in progress.

VIII. Central U.P. Gas Limited

- a) The Company has been sanctioned term loan facility of ₹ 65.00 Crores against the charge on immovable and movable assets, both present and future, of the Company by commercial banks, though the Company has not availed or utilized the facility.

IX. Ratnagiri Gas and Power Private Limited (RGPLL)

- a) The Central Electricity Regulatory Commission (CERC) has issued the tariff orders for the control period 2009-14 on August 18, 2010. As a consequence sales of ₹ 62.66 crores pertaining to previous year has been recognized based on the orders issued by CERC.
- b) The Central Electricity Regulatory Commission (CERC) has issued tariff order for F.Y. 2007-08 & F.Y. 2008-09 in June 2009. The company aggrieved over many of the issues petitioned by the Company and not considered by CERC in the tariff orders, filed an appeal with Appellate Tribunal for Electricity (ATE). ATE has issued the orders and allowed the Appeal partly in respect of the Target Availability and the Operation & Maintenance expenditure and remanded the matter to the CERC to re-determine the norms in respect of these factors. CERC is yet to issue the order based on ATE orders.
- c) Change in the accounting policy as regards adoption of rates of depreciation from those prescribed by Schedule XIV to the Companies Act, 1956 to rates of depreciation as per the provisions of CERC Tariff Regulations, 2009 since 2009-10 has the effect of increase in profit of the Company by way of decrease in change of depreciation during the year by ₹337.23 crores including Rs 187.32 crores for the preceding year.
14. 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 ₹ 7067.71 Cr. (Previous Year : ₹ 6233.87 Cr.) and total liabilities of ₹ 7067.71 Cr. (Previous Year : ₹ 6233.87 Cr.) and

Total Income of ₹ 4149.03 (Previous Year : ₹ 3262.34 Cr.) and total expenditure of ₹ 3591.79 Cr. (Previous Year : ₹ 2951.83 Cr.).

15. Unaudited financial statements of an associate – 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 ₹ 22.37 Crores (Previous Year: ₹ 20.20 Crores).
16. 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 ₹ 46.90 Crores {previous year ₹ (116.57) Cr.} is included in the 'Advance Recoverable in cash or in kind or for value to be received'.
17. 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 ₹ (73.70) Crores [Previous Year ₹ (19.38) Crores].
18. 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.
19. 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:-

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

20. 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.
21. 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, 2011. The item-wise details of deferred tax liability as on 31.03.2011 are as under:

	(₹ in crores)	
	2010-11	2009-10
Deferred Tax Liability		
a). Depreciation	2305.24	1641.04
b). Others	12.18	12.47
Less :- Deferred Tax Assets		
a). Provision for Gratuity & Retirement Benefits	119.72	122.59
b). Benefit u/s 35AD of the Income Tax Act, 1961	379.66	NIL
c). Provision for Doubtful Debts / Claims / Advances	100.19	64.59
d). Preliminary Expenses & others	2.74	1.29
Deferred Tax Liability (net)	1715.12	1465.04

- ii) Income Tax Provisions for the current year includes ₹ 4.18 Crores related to Assessment Year 2008-09 & 2009-10 as per orders passed under Income Tax Act, 1961.

22. Jointly Controlled Assets

- (i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 25 Blocks (PY 24 Blocks) as on 31.03.2011 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 shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.



The participating interest in the twenty five NELP Block in India as on 31st March, 2011 is as under:-

SI No.	Name of Block	Participating Interest	SI No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%	12	CY-DWN-2004/2	10%
2	CB-ONN-2000/1	50%	13	CY-DWN-2004/3	10%
3	AA-ONN-2002/1	80%	14	CY-DWN-2004/4	10%
			15	CY-PR-DWN-2004/1	10%
4	AA-ONN-2003/1	35%	16	CY-PR-DWN-2004/2	10%
5	CB-ONN-2003/2	20%	17	KG-DWN-2004/1	10%
6	AN-DWN-2003/2	15%	18	KG-DWN-2004/2	10%
			19	KG-DWN-2004/3	10%
7	RJ-ONN-2004/1	22.225%	20	KG-DWN-2004/5	10%
8	KG-ONN-2004/2	40%	21	KG-DWN-2004/6	10%
9	MB-OSN-2004/1	20%	22	CY-ONN-2005/1	40%
10	MB-OSN-2004/2	20%	23	AN-DWN-2009/13	10%
11	CY-DWN-2004/1	10%	24	AN-DWN-2009/18	10%
			25	CB-ONN-2000/1-RING FENCED CONTRACT	50%

(ii) Further the company has one Coal Bed Methane (CBM) Block (Previous Year: 3 Blocks) as on 31.03.2011 awarded under CBM-III bidding round of the Government of India in which the company is a non-operator. The details are as under :

SI No.	Name of the Block	Participating Interest
1	TR-CBM-2005/III	35%

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

SI No.	Name of the Block	Participating Interest
1	A-1, Myanmar*	8.5%
2	A-3, Myanmar*	8.5%
3	CY-OS/2	25%

*In addition, the company has 8.5% participating interest in offshore Midstream pipeline project in Myanmar for the purpose of transportation of gas from the delivery point in offshore, Myanmar to landfall point in Myanmar.

(iv) The Company's share in the Assets, Liabilities, Income and 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 and are given below : (Final adjustments are effected during the year in which audited accounts are received)

(₹ in Crores)

Particulars	2010-11	2009-10
Income	42.54	32.54
Expenses	140.25	382.96
Fixed Assets (Gross block)	5.47	4.93
Producing Property	-	-
Other Assets	577.52	432.60
Current Liabilities	151.28	109.17

The above includes ₹ Nil, ₹ 17.39 Crores, ₹ 0.24 crores, ₹ 6.15 Crores and ₹ 47.65 Crores, towards total value of Income, Expenses, Fixed Assets(Gross Block), Other Assets and Current Liabilities respectively pertaining to 11 E&P Blocks relinquished till 31st March, 2011(including 7 Blocks relinquished in the earlier years). The company is non operator in these E&P Blocks.

(v) List of the E&P and CBM Blocks relinquished till 31.03.2011 is given below :

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	GS-DWN-2000/2	15%	24.01.2007
2	MB-DWN-2000/2	15%	24.01.2007
3	KK-DWN-2000/2	15%	15.08.2004
4	MN-OSN-97/3	15%	08.11.2007
5	NEC-OSN-97/1	50%	11.09.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	Block 56, Oman	25%	10.06.2010
9	RM-CBM-2005/III	35%	11.05.2010
10	MR-CBM-2005/III	40%	11.05.2010
11	CY-ONN-2002/1	50%	28.03.2011

(vi) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ₹ 837.46 Crores (Previous Year: ₹ 921.06 Crores).

(vii) Quantitative information:

(a) Details of Company's Share of Production of Oil during the year ended 31.03.2011:

Particulars	Opening stock		Production (Treated & processed crude)		Sales *		Closing Stock	
	Qty (MT)	Value ₹ Crores	Qty (MT)	Value ₹ Crores	Qty (MT)	Value ₹ Crores	Qty (MT)	Value ₹ Crores
Crude Oil								
Year ended 31/03/11	372.12	0.28	15673.84	-	15530.85	41.41	515.11	0.34
Year ended 31/03/10	617.60	0.25	14380.00	-	14625.48	33.20	372.12	0.28

* includes test production sales for ₹ 0.78 Crores (Previous Year: ₹ 0.95 Crores)

b) Net Quantities of Company's interest in proved reserves and proved developed reserves :

	Proved Reserves		Proved Developed Reserves	
	2010-11	2009-10	2010-11	2009-10
Oil : in 000'MT				
Beginning of the year	710	726	710	726
Additions	-	-	-	-
Deletion	604	-	604	-
Production	16	16	16	16
Closing Balance	90	710	90	710
Gas : in Million M3				
Beginning of the year	6220	-	-	-
Additions	-	6,220	-	-
Deletion	-	-	-	-
Production	-	-	-	-
Closing Balance	6220	6,220	-	-

Note: Company's interest in Oil Reserves is in Indian blocks and in Gas Reserves is in Myanmar

- c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ₹ 369.81 Crores at the end of year (previous year: ₹ 352.69 crores)
23. In terms of Production sharing contract (PSC), Myanmar Oil and Gas Enterprise (MOGE) exercised its right to demand 15% undivided interest in A-1 and A-3 E&P blocks and off shore midstream project and entered into an agreement with the other consortium partners during the year for acquiring the 15% undivided interest. This has resulted in reduction of the participating interest of the company in these two blocks from 10% to 8.5%. MOGE has paid ₹ 50.97 Crores towards its share of past Petroleum Cost which has been adjusted against proportionate capital work in progress to the extent of ₹ 32.57 Crores and credited the balance of ₹ 18.40 Crores under the head "profit/loss on sale / write off of assets/rights (net)" in the Profit & Loss Account.
24. In Compliance of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent Assets", as against NIL opening balance of "Provision for probable obligation", there is an addition of ₹155.48 crores during the year, NIL utilization /reversal and closing balance is ₹ 155.48 crores. Additions include ₹ 47.40 Crores (Previous Year NIL) capitalized in schedule 4. Expected timing of outflows is not ascertainable at this stage being legal cases under litigation.

25. 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 company 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 and construction of Gas cracker complex is in progress. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ₹ 258.33 Crores as on 31st March, 2011 (Previous Year: ₹ 253.11 Crores).

26. Previous year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

27. 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	P. K. Jain Director (Finance)	R. D. Goyal Director (Projects)	B. C. Tripathi Chairman & Managing Director
----------------------------------	---	--	---

As per our separate report of even date

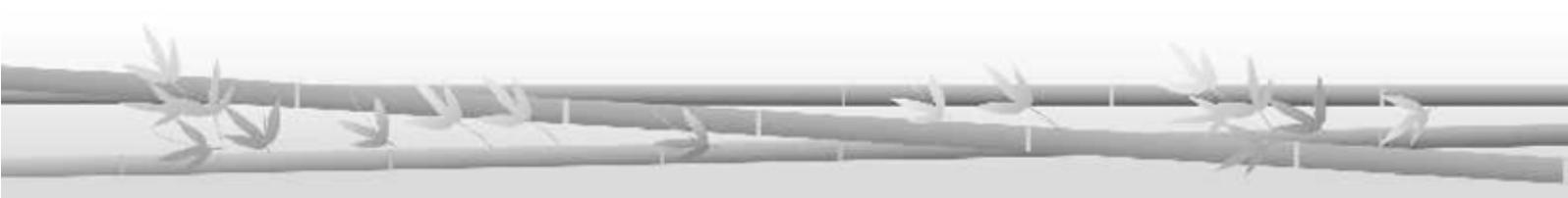
For M/s M L Puri & Co.
Chartered Accountants
Firm No: 002312N

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

Navin Bansal
(Partner)
Membership No. 91922

Anil Gupta
(Partner)
Membership No. 072767

Place : New Delhi
Dated : May 23, 2011





Information about Business Segment for Financial Year 2010-11

(Annexure - A)
(₹ in Crores)

SL No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING**	PETRO CHEMI CALS	LPG & LIQUID HYDROCARBONS	CITY GAS	UN-ALLO CABLE	TOTAL	ELIMI NATION	CONSOLI DATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	REVENUE										
	External Sales *	3,543.84	474.52	22,815.71	2,939.38	2,786.02	1,035.11	1,512.07	35,106.65	-	35,106.65
	Intersegment sales	245.73	-	3,589.91	21.06	-	-	-	3,856.70	3,856.70	-
	Total revenue	3,789.57	474.52	26,405.62	2,960.44	2,786.02	1,035.11	1,512.07	38,963.35	3,856.70	35,106.65
2.	RESULTS										
	Segment Result (Profit before Interest & Tax)	2,561.25	307.59	908.25	1,184.41	485.77	263.87	-	5,711.14	-	5,711.14
	Unallocated expenses	-	-	-	-	-	-	(51.47)	(51.47)	-	(51.47)
	Operating Profit	2,561.25	307.59	908.25	1,184.41	485.77	263.87	51.47	5,762.61	-	5,762.61
	Interest Expenses	-	-	-	-	-	-	377.86	377.86	-	377.86
	Interest/ Dividend Income	-	-	-	-	-	-	454.32	454.32	-	454.32
	Provision for Taxation	-	-	-	-	-	-	1,818.10	1,818.10	-	1,818.10
	Profit/(Loss) from Ordinary Activities	2,561.25	307.59	908.25	1,184.41	485.77	263.87	(1,690.17)	4,020.97	-	4,020.97
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	2,561.25	307.59	908.25	1,184.41	485.77	263.87	(1,690.17)	4,020.97	-	4,020.97
3	OTHER INFORMATION										
	Segment Assets	12,609.96	916.93	511.26	2,286.12	1,100.40	1,081.75	2,793.91	21,300.33	188.01	21,112.32
	Unallocated Assets	-	-	-	-	-	-	19,039.68	19,039.68	-	19,039.68
	Total Assets	12,609.96	916.93	511.26	2,286.12	1,100.40	1,081.75	21,833.59	40,340.01	188.01	40,152.00
	Segment Liabilities	2,807.26	61.93	151.68	612.06	457.91	392.52	68.78	4,552.14	83.90	4,468.24
	Unallocated Liabilities	-	-	-	-	-	-	5,303.48	5,303.48	-	5,303.48
	Total Liabilities	2,807.26	61.93	151.68	612.06	457.91	392.52	5,372.26	9,855.62	83.90	9,771.72
	Cost to acquire fixed assets	912.64	54.72	0.55	184.88	17.34	279.27	17.65	1,467.05	-	1,467.05
	Depreciation#	338.35	51.04	23.09	172.26	89.62	54.49	159.13	887.98	-	887.98
	Non Cash expenses other than Depreciation#	(0.58)	0.24	(0.55)	3.00	(2.42)	1.15	(4.85)	(4.01)	-	(4.01)

* 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, Aavantika, 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 Segment for Financial Year 2009-10

(Annexure - A)
(₹ in Crores)

SL No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING**	PETRO CHEMICALS	LPG & LIQUID HYDROCARBONS	CITY GAS	UN-ALLO CABLE	TOTAL	ELIMINATION	CONSOLIDATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
1	REVENUE										
	External Sales *	2,925.49	447.19	15,955.17	2,904.01	2,832.95	715.41	1,255.08	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	715.41	1,255.08	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	208.58	-	5,110.78	-	5,110.78
	Unallocated expenses	-	-	-	-	-	-	323.95	323.95	-	323.95
	Operating Profit	2,239.41	278.16	448.10	1,327.75	608.78	208.58	(323.95)	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	208.58	(1,782.95)	3,327.83	-	3,327.83
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	Net Profit/(Loss)	2,239.41	278.16	448.10	1,327.75	608.78	208.58	(1,782.95)	3,327.83	-	3,327.83
3	OTHER INFORMATION										
	Segment Assets	11,380.97	917.46	513.08	2,247.55	1,172.72	785.63	2,901.72	19,919.13	5.35	19,913.78
	Unallocated Assets	-	-	-	-	-	-	15,978.13	15,978.13	-	15,978.13
	Total Assets	11,380.97	917.46	513.08	2,247.55	1,172.72	785.63	18,879.85	35,897.26	5.35	35,891.91
	Segment Liabilities	1,701.71	52.39	112.58	306.99	86.20	278.27	73.46	2,611.60	55.44	2,556.16
	Unallocated Liabilities	-	-	-	-	-	-	8,417.37	8,417.37	-	8,417.37
	Total Liabilities	1,701.71	52.39	112.58	306.99	86.20	278.27	8,490.83	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	43.69	208.81	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, Aavantika, TNGL; 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

(Annexure - B)

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) Maharastra 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 Geneartion Ltd.
- 14) National Gas Company " Nat Gas"
- 15) Fayum Gas Company
- 16) China Gas Holdings Limited

B) Key Management Personnel (KMP)

Whole time Directors:

- 1) Shri B. C.Tripathi, Chairman & Managing Director
- 2) Shri R. K. Goel (upto 28.02.2011)
- 3) Shri P. K. Jain (w.e.f. 01.03.2011)
- 4) Shri R. D. Goyal
- 5) Shri S. L. Raina
- 6) Shri Prabhat Singh
- 7) Shri S. Venkatraman (w.e.f. 25.09.2010)
- 8) Shri P. K. Gupta
- 9) Shri S. D. Dhiman
- 10) Shri S. C. Hatwal
- 11) Shri S. P. Selvan
- 12) Shri Shyama Sunder
- 13) Shri K. V. Vishwanathan
- 14) Shri Rajesh Vedvyas
- 15) Shri S. V. Prasad
- 16) Shri V. C. Chittoda
- 17) Shri C. A. Rashid
- 18) Shri C. D. Joshi
- 19) Shri Pradeep Madan

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)
- 2) CB - ONN - 2000/1 (Non-operator with participating interest: 50%)
- 3) CB-ONN-2000/1-RFC (Non-operator with participating interest: 50%)
- 4) A-1, Myanmar (Non-operator with participating interest: 8.5%)
- 5) A-3, Myanmar (Non-operator with participating interest: 8.5%)
- 6) Offshore Midstream, Myanmar (Non-operator with participating interest: 8.5%)
- 7) CY-OS/2 (Non-operator with participating interest: 25%)
- 8) AA-ONN-2002/1 (Non-operator with participating interest: 80%)
- 9) CY-ONN-2002/1 (Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
- 10) AA-ONN-2003/2 (Non-operator with participating interest: 35%)
- 11) CB-ONN-2003/2 (Non-operator with participating interest: 20%)
- 12) AN-DWN-2003/2 (Non-operator with participating interest: 15%)
- 13) Block 56, Oman (Non-operator with participating interest: 25% GAIL has relinquished from the Block)
- 14) RJ-ONN-2004/1 (Joint operator along with GSPCL and having participating interest of 22.225%)
- 15) KG-ONN-2004/2 (Non-operator with participating interest: 40%)
- 16) MB-OSN-2004/1 (Non-operator with participating interest: 20%)
- 17) MB-OSN-2004/2 (Non-operator with participating interest: 20%)
- 18) RM-CBM-2005/III (Non-operator with participating interest: 35% GAIL has relinquished from the Block)
- 19) TR-CBM-2005/III (Non-operator with participating interest: 35%)
- 20) MR-CBM-2005/III (Non-operator with participating interest: 40% GAIL has relinquished from the Block)
- 21) AD-7, Myanmar (Non-operator with participating interest: 10% GAIL has relinquished from the Block)
- 22) CY-ONN-2005/1 (Operator and having participating interest of 40%)

(Annexure - B)**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:**

		(₹ in Crores)	
		2010-11	2009-10
1)	Sales	1529.06	843.53
2)	Amount receivable as at Balance Sheet Date for (1) above	75.86	44.83
3)	Purchases	7290.04	6282.47
4)	Amount payable as at Balance Sheet Date for (3) above	431.50	284.85
5)	Reimbursement for other expenditure received/receivable	7.83	9.94
6)	Amount receivable as at Balance Sheet Date for (5) above	4.20	2.56
7)	Dividend Income	59.49	55.94
8)	Other Income	1.88	-

B) I. Details relating to parties referred to in item no. I (B) above :

		(₹ in Crores)	
		2010-11	2009-10
1)	Remuneration	5.46	5.79
2)	Interest bearing outstanding loans receivable	0.65	0.37
3)	Interest accrued on loans given	0.55	0.42
4)	Self Lease	0.32	0.17

* 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.

II. Relatives of KMP

		(₹ in Crores)	
		2010-11	2009-10
1)	Remuneration	0.44	0.28
2)	Interest bearing outstanding loans receivable	-	0.01
3)	Interest accrued on loans given	-	-
4)	Self Lease	0.03	-

C) Details relating to parties referred to in item no. I (C) above:

		(₹ in Crores)	
		2010-11	2009-10
1)	Minimum work program commitment	204.85	266.57
2)	Survey and other expenses	49.31	128.08
3)	Other assets	490.15	387.54
4)	Amount outstanding on Balance Sheet date	118.14	91.98
5)	Amount written Off- Dry well expenditure	52.20	198.23
6)	Sale of Crude Oil	40.63	32.25



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	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Loan Funds								
i. Secured Loans	-	-	67.98	-	379.45	287.47	24.70	-
ii. Unsecured Loans	5.37	5.47	26.28	12.42	22.57	25.01	-	-
2 Reserves and Surplus	425.17	346.81	211.74	170.53	241.27	185.61	1.07	1.04
3 Current Liabilities	104.89	79.23	49.42	29.19	129.36	93.11	8.50	3.33
4 Provisions	29.66	27.03	141.05	116.59	22.32	19.47	0.15	0.20
5 Fixed Assets								
i. Gross Block	463.35	402.60	386.17	246.46	444.25	443.70	7.48	5.28
ii. Depreciation	160.83	137.06	125.33	102.31	106.43	83.34	1.21	0.92
Net Block	302.52	265.54	260.84	144.15	337.82	360.36	6.27	4.36
iii. CWIP	158.83	112.73	77.01	44.10	275.35	164.79	33.74	4.77
6 Investments	56.22	47.54	9.36	3.82	145.61	67.33	-	-
7 Current Assets								
i. Inventories	6.91	6.80	8.05	6.28	31.00	27.78	0.09	0.01
ii. Sundry Debtors	60.25	48.93	16.31	7.54	105.90	62.94	0.27	0.20
iii. Cash and Bank balances	16.64	19.31	3.90	27.28	19.25	42.56	1.72	4.74
iv. Loans and Advances	38.15	30.56	159.16	130.02	16.70	19.05	3.49	0.33
v. Other current assets	-	-	2.72	2.47	0.59	0.39	0.01	0.05
8 Income								
i. Sales (Net of Excise Duty)	523.08	388.76	392.14	242.58	1,649.66	1,331.14	10.26	8.11
ii. Other Income	10.67	7.55	1.64	4.45	6.74	5.74	0.14	0.26
9 Expenses								
i. Purchases	257.90	172.56	221.76	111.45	1,475.15	1,208.10	8.54	6.46
ii. Manufacturing, Transmission, Administration, Selling & Distribution and other Expenses	111.41	100.64	82.93	62.13	43.80	30.85	1.80	1.36
iii. Interest and Finance Charges	0.46	0.63	3.56	0.67	24.14	22.99	0.02	0.01
10 Contingent Liabilities	38.21	33.40	25.04	16.07	272.85	166.78	8.86	6.25
11 Capital Commitments	67.20	80.34	81.63	109.10	276.24	245.25	26.36	17.24

(Annexure - C)
(₹ in Crores)

OPAL		Green Gas Limited		Central UP Gas Ltd.		MNGL		Aavantika		RGPPL		TNGCL	
2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
-	-	3.23	6.08	-	-	5.63	-	4.03	-	3,046.54	3,209.81	-	-
585.91	336.09	-	-	-	-	-	-	-	0.29	-	-	-	0.15
(3.85)	(0.12)	7.67	4.04	6.16	3.04	(1.38)	(1.18)	(0.65)	(0.85)	(47.95)	(196.69)	3.00	2.69
132.74	97.83	4.98	2.52	2.91	1.44	2.58	3.53	1.44	0.66	99.49	118.19	1.39	0.85
1.90	2.54	0.61	-	0.90	1.24	0.04	0.01	-	-	20.17	0.05	0.11	0.23
44.04	49.19	15.36	14.99	21.28	11.77	15.65	5.98	4.97	2.41	2,846.06	2,842.01	4.23	3.20
3.96	0.11	2.52	1.56	3.12	1.76	1.39	0.47	0.42	0.21	479.46	392.89	1.54	1.20
40.08	49.08	12.84	13.43	18.16	10.01	14.26	5.51	4.55	2.20	2,366.60	2,449.12	2.69	2.00
897.06	560.51	9.72	3.29	3.44	5.58	11.84	14.06	7.02	4.39	1,075.38	985.91	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	0.01	0.01	0.01	0.01	0.01	-	0.03	-	152.75	185.77	0.21	0.16
-	-	1.30	0.62	0.55	0.24	0.41	0.69	0.23	0.11	90.35	147.72	0.79	0.42
-	-	2.92	5.40	3.28	2.44	0.74	1.45	2.25	2.67	158.98	109.83	1.19	1.60
0.35	0.20	0.81	0.73	0.47	1.07	1.42	1.96	0.49	0.44	24.19	5.53	0.18	0.08
-	-	0.02	0.04	0.06	0.05	0.01	-	0.08	0.02	5.25	2.73	0.05	0.06
-	-	18.96	13.65	16.33	8.98	7.09	2.14	4.50	1.23	1,479.25	1,231.56	5.43	5.01
-	-	0.21	0.08	0.26	0.32	0.04	0.23	0.60	0.28	21.88	10.18	0.14	0.09
-	-	9.25	7.23	8.09	3.91	3.24	0.70	-	-	-	-	3.28	2.35
3.84	0.11	3.89	3.54	3.85	2.93	3.43	1.95	4.79	1.28	1,083.46	969.26	1.13	1.22
-	-	0.54	0.63	0.03	0.03	0.03	0.01	0.04	0.14	326.71	290.53	-	-
85.00	0.14	1.70	1.87	3.34	3.77	2.18	1.55	-	0.04	-	-	0.02	0.01
936.36	1,019.13	3.68	3.07	2.17	1.59	9.17	6.53	3.02	6.93	11.71	80.80	0.51	-



Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2011

(₹ in crores)

	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit Before Tax and Extraordinary Items	5839.07	4859.13
2 ADD :		
Depreciation	824.30	829.26
Deferred Revenue / Other Expenses written off	1.26	0.99
Capital Reserve	(0.11)	(0.12)
Exchange Rate Variation	(2.11)	(6.75)
Interest Expenditure	377.86	385.34
Dividend Income on Investments	(319.02)	(235.59)
Interest Income	(135.30)	(222.05)
Provision for Employees Benefits	143.78	25.17
Provision for Gratuity	(0.02)	0.17
Provision for Payrevision	(51.62)	(47.88)
Provision for Doubtful Debts	0.03	24.58
Other Provisions	9.56	0.73
Provision / Write off of Assets / CWIP	52.39	209.34
Provision for Probable obligation / Contingency	108.08	0.00
Profit / Loss on Sale of Assets (Net)	(14.83)	7.65
	994.25	970.84
3 Operating Profit Before Working Capital Changes (1 + 2)	6833.32	5829.97
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(529.28)	7.82
Inventories	(199.37)	(137.93)
Trade and Other Payables	133.63	1593.34
	(595.02)	1463.23
5 Cash Generated from Operations (3+4)	6238.30	7293.20
6 Direct Taxes Paid	(1629.96)	(1656.81)
NET CASH FROM OPERATING ACTIVITIES (5+6)	4608.34	5636.39
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(7245.82)	(5958.11)
Sale of Fixed Assets	3.24	19.19
Investment in Other Companies	(171.12)	(39.48)
Interest Received	136.97	248.03
Dividend Received	319.02	235.59
	(6957.71)	(5494.78)
NET CASH FROM INVESTING ACTIVITIES	(6957.71)	(5494.78)
BALANCE CARRIED FORWARD	(2349.37)	141.61

Consolidated Cash Flow Statement for the Financial Year Ended 31st March, 2011

(₹ in crores)		
	2010-11	2009-10
BALANCE BROUGHT FORWARD	(2349.37)	141.61
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term / short term Borrowings	2140.94	1777.20
Repayment of Long term / short term Borrowings	(650.01)	(188.24)
Capital Subsidy	566.32	221.41
Interest Paid	(484.75)	(418.65)
Dividend & Dividend Tax Paid	(1109.31)	(742.23)
NET CASH FROM FINANCING ACTIVITIES	463.19	649.49
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1886.18)	791.10
OPENING ADJUSTMENT FOR JV / ASSOCIATES	(78.10)	(23.60)
CASH AND CASH EQUIVALENTS AS AT 01.04.2010 (OPENING BALANCE)	4548.63	3781.13
CASH AND CASH EQUIVALENTS AS AT 31.03.2011 (CLOSING BALANCE)	2584.35	4548.63
NOTES		
1 Cash & Cash Equivalents include :		
Cash & Bank Balances		
As per Balance Sheet	2584.35	4548.63
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	2584.35	4548.63

N. K. Nagpal
Secretary

P. K. Jain
Director (Finance)

R. D. Goyal
Director (Projects)

B. C. Tripathi
Chairman & Managing
Director

For M/s M L Puri & Co.
Chartered Accountants
Firm No: 002312N

Navin Bansal
(Partner)
Membership .No. 91922

As per our separate Report of even date
For M/s Rasool Singhal & Co.
Chartered Accountants
Firm No: 500015N

Anil Gupta
(Partner)
Membership .No. 072767

Place : New Delhi
Dated : May 23 , 2011

