

Subsidiary Companies



Brahmaputra Cracker & Polymer Ltd.



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



GAIL Gas Limited



GAIL Global (Singapore) Pte Ltd.

Directors' Report

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 31st March 2011.

Directors

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

Kirpa Ram Vij

Shadey Lal Raina

Premesh Kumar Jain (appointed on 7th March, 2011)

Arrangements to enable directors to acquire shares and debentures

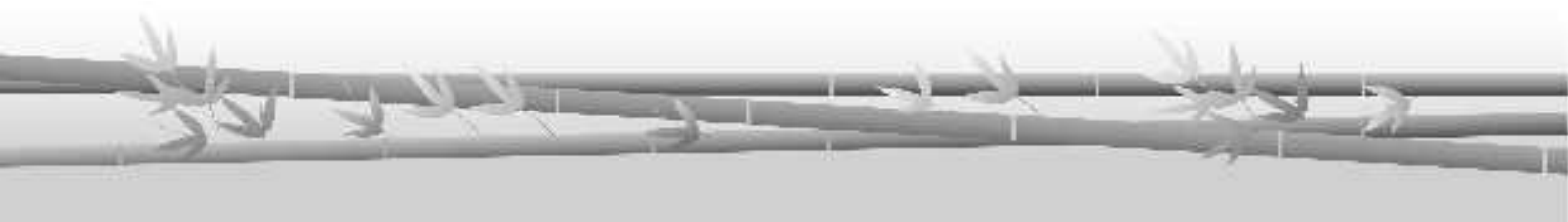
Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

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

Directors' contractual benefits

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





Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

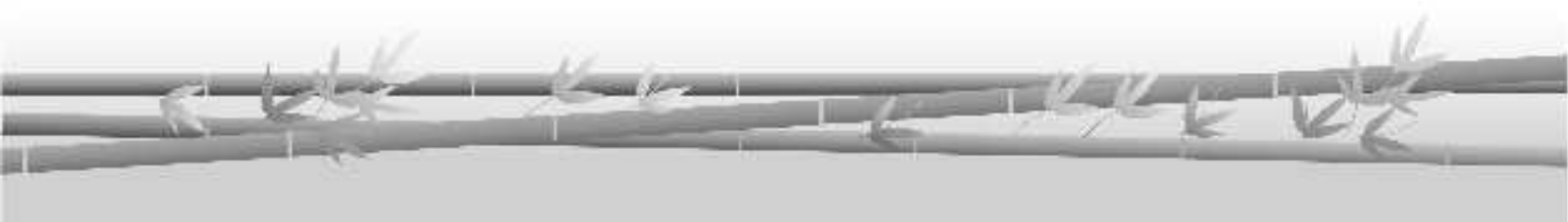
Independent auditor

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

On behalf of the Board of Directors

Premesh Kumar Jain
Director

Shadey Lal Raina
Director



In the opinion of the directors,

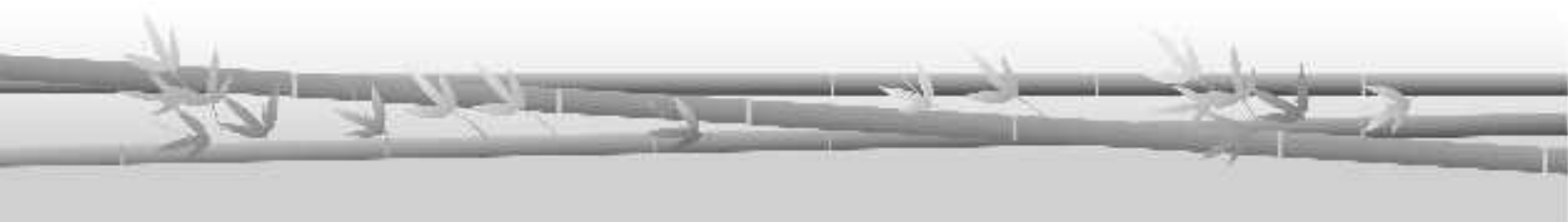
- (a) the financial statements as set out on pages 122 to 129 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Premesh Kumar Jain
Director

Shadey Lal Raina
Director

Place : Singapore
Date : May 18, 2011





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

We have audited the accompanying financial statements of Gail Global (Singapore) Pte. Ltd., set out on pages 122 to 129, which comprise the balance sheet as at 31st March, 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

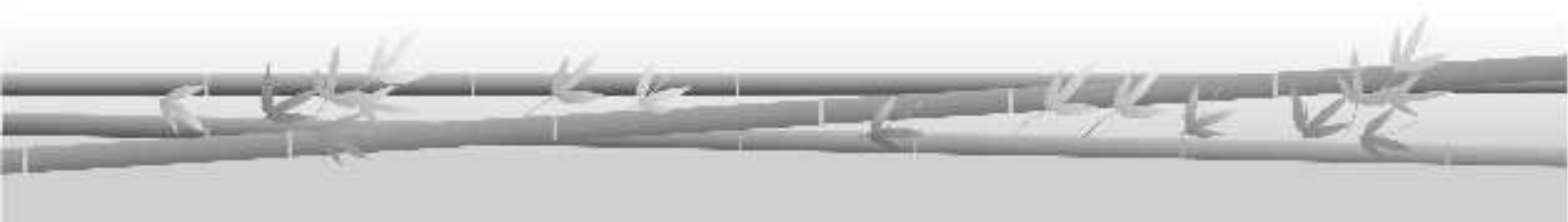
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

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



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

Opinion

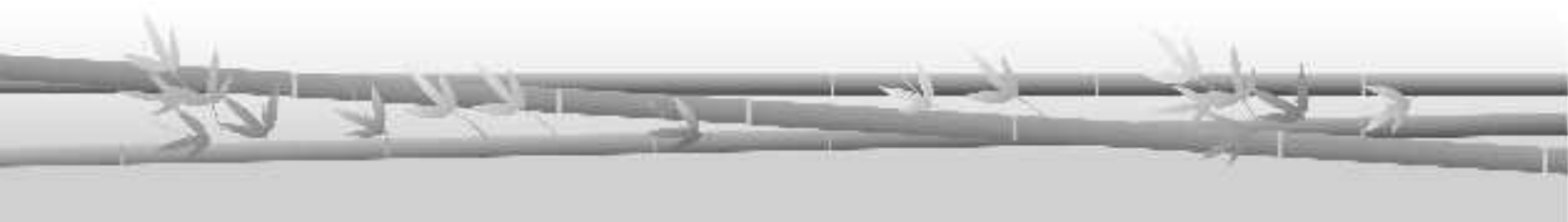
In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011, and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants**

Place : Singapore
Date : May 18, 2011





Balance Sheet as at 31st March, 2011

	Note	2011 USD	2011 ₹ in Crores	2010 USD	2010 ₹ in Crores
ASSETS					
Current assets					
Cash banks		120,837	0.53	2,383,227	10.88
Other receivables	4	2,511,000	11.11	-	-
Other current assets	5	-	-	356	-
		2,631,837	11.64	2,383,583	10.88
Non-current assets					
Financial assets, available-for-sale	6	14,178,800	62.71	15,498,270	70.78
Total assets		16,810,637	74.35	17,881,853	81.66
LIABILITIES					
Current liabilities					
Other payables	7	199,880	0.90	331,163	1.51
Borrowings	8	12,860,432	58.17	14,655,781	66.93
Total liabilities		13,060,312	59.07	14,986,944	68.44
NET ASSETS		3,750,325	15.28	2,894,909	13.22
EQUITY					
Share capital	9	2,100,000	9.64	2,100,000	9.64
Other reserves	10	(4,887,166)	(24.84)	(3,567,696)	(17.03)
Retained earnings		6,537,491	30.48	4,362,605	20.61
Total equity		3,750,325	15.28	2,894,909	13.22

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income for the financial year ended 31st March, 2011

	Note	2011 USD	2011 ₹ In Crores	2010 USD	2010 ₹ In Crores
Revenue	11	2,511,000	11.41	2,227,200	10.83
Other losses – net	12	(111,741)	(0.51)	(17,736)	(0.09)
Expenses					
- Professional fees		(11,054)	(0.05)	(7,803)	(0.04)
- Safe custody charges		(14,716)	(0.07)	(15,303)	(0.07)
- Finance expense	13	(192,657)	(0.88)	(334,862)	(1.57)
- Other		(5,946)	(0.03)	(4,684)	(0.02)
Total expenses		(224,373)	(1.03)	(362,652)	(1.70)
Profit before income tax		2,174,886	9.87	1,846,812	9.04
Income tax expense	14	-	-	-	-
Profit after tax		2,174,886	9.87	1,846,812	9.04
Other comprehensive income					
- Currency translation differences		(1,319,470)	(7.81)	362,473	0.72
Total comprehensive income		855,416	2.06	2,209,285	9.76

The accompanying notes form an integral part of these financial statements

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Statement of Changes in Equity for the financial year ended 31st March, 2011

	Share capital USD	₹ in Crores	Other reserves USD	₹ in Crores	Retained earnings USD	₹ in Crores	Total equity USD	₹ in Crores
2011								
Beginning of financial year	2,100,000	9.64	(3,567,696)	(17.03)	4,362,605	20.61	2,894,909	13.22
Total comprehensive income	-	-	(1,319,470)	(7.81)	2,174,886	9.87	855,416	2.06
End of financial year	2,100,000	9.64	(4,887,166)	(24.84)	6,537,491	30.48	3,750,325	15.28
2010								
Beginning of financial year	2,100,000	9.64	(3,930,169)	(17.75)	2,515,793	11.57	685,624	3.46
Total comprehensive income	-	-	362,473	0.72	1,846,812	9.04	2,209,285	9.76
End of financial year	2,100,000	9.64	(3,567,696)	(17.03)	4,362,605	20.61	2,894,909	13.22

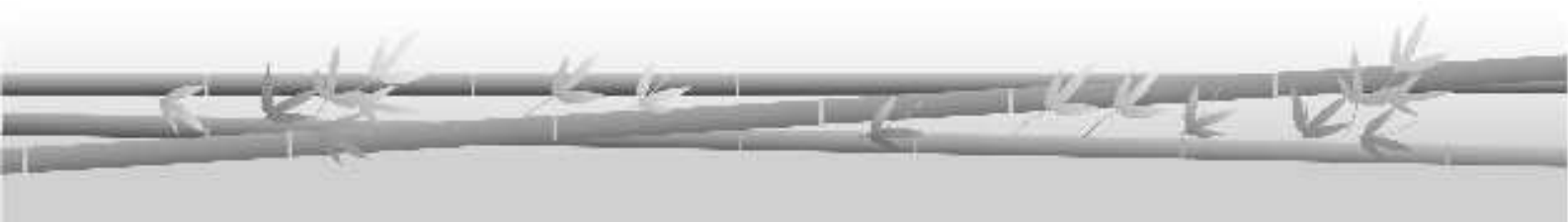
The accompanying notes form an integral part of these financial statements



Statement of Cash Flows for the financial year ended 31st March, 2011

Note	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Cash flows from operating activities				
Net profit	2,174,886	9.87	1,846,812	9.04
Adjustment for:				
- Interest expense	13 192,657	0.88	334,862	1.57
	2,367,543	10.75	2,181,674	10.61
Change in working capital				
- Other receivables	(2,511,000)	(11.11)	-	-
- Other payables	(131,283)	(0.59)	(263,489)	(1.36)
- Other current assets	356		(56)	
Net cash (used in)/provided by operating activities	(274,384)	(0.95)	1,918,129	9.25
Cash flows from financing activities				
Repayments of borrowings	(1,795,349)	(8.12)	(844,641)	(4.35)
Interest paid	(192,657)	(0.88)	(334,862)	(1.57)
Net cash used in financing activities	(1,988,006)	(9.00)	(1,179,503)	(5.92)
Net (decrease)/increase in cash and cash equivalents	(2,262,390)	(10.35)	738,626	2.57
Cash at bank equivalents at beginning of financial year	2,383,227	10.88	1,644,601	8.31
Cash and cash equivalents at end of financial year	120,837	0.53	2,383,227	10.88

The accompanying notes form an integral part of these financial statements



Notes to the Financial Statements for the financial year ended 31st March, 2011

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

These financial statements were authorised for issue in accordance with a resolution of the directors on 18th May, 2011.

1 General information

The Company is incorporated and domiciled in Singapore. The address of its registered office is 5 Shenton Way, #16-00, UIC Building, Singapore 068808.

The principal activity of the Company is the business of investment holding company.

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

2 Significant accounting policies

(a) Basis of preparation

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

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2010

On 1st April, 2010, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

(b) Loans and receivables

Bank balances
Other receivables

Bank balances and other receivables are initially recognised at their fair values plus transaction costs and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amounts of these assets are reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet date, which are presented as non-current assets.

(c) Financial assets, available-for-sale

Financial assets, available-for-sale are initially recognised at their fair values plus transaction costs and are subsequently carried at their fair values. Changes in fair values are recognised in other comprehensive income and accumulated under the fair value reserve within equity.

These financial assets are recognised on the date which the Company commits to purchase the asset. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

If there is evidence of impairment, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. Impairment losses on available-for-sale equity securities are not reversed through the profit or loss.

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(d) Other payables

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

(e) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(f) Income taxes

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

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

Current and deferred income tax is measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, and are recognised as income or expenses



in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

(g) Revenue recognition

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

Dividend income

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

(h) Currency translation

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

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

(i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(j) Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

(k) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

3 Critical accounting estimates, assumptions and judgements

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

Impairment of financial assets, available-for-sale

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

4 Other receivables

Other receivables represent dividends receivable from investment made in National Gas.

5 Other current assets

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Prepayments	-	-	356	-

6 Financial assets, available-for-sale

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Beginning of financial year	15,498,270	70.78	15,135,797	70.04
Currency translation (loss)/gain (Note 10(b)(ii))	(1,319,470)	(7.81)	362,473	0.72
End of financial year	14,178,800	62.71	15,498,270	70.78

Financial assets, available-for-sale are analysed as follows:

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Non-listed securities - Equity securities, Egypt	14,178,800	62.71	15,498,270	70.78

Financial assets, available for sale with carrying amount of USD 14,178,800 (2010: USD 15,498,270) is mortgaged to loan from ultimate holding corporation. The unquoted equity security was measured at cost less impairment losses as the investment does not have a quoted market share in an active market and other methods of determining fair value do not result in a reasonable estimate.

7 Other payables

	2011 USD	₹ in Crores	2010 USD	₹ in Crores
Amount due to holding corporation	173,377	0.78	304,404	1.39
Accrued operating expenses	26,503	0.12	26,759	0.12
	199,880	0.90	331,163	1.51

The non-trade amount due to holding corporation pertains to accrued interest for loan from holding corporation.

8 Borrowings

	2011 USD	₹ in Crores	2010 USD	₹ in Crores
Loan from holding corporation – current	12,860,432	58.17	14,655,781	66.93

Security granted

The loan is secured by the financial assets, available-for-sale of the 15% paid up capital in National Gas Company S.A.E Egypt (NATGAS) with carrying values of USD14,178,800 (2010:USD15,498,270) as at 31st March 2011 (Note 6) and bears interest at the rate of 6-months LIBOR as per Telerate page plus one hundred basis point (bps) on the principal amount.

9 Share capital

The Company's share capital comprises fully-paid 2,100,000 (2010: 2,100,000) ordinary shares with no par value, amounting to a total of USD2,100,000 (2010: USD2,100,000).

10 Other reserves

	2011 USD	₹ In Crores	2011 USD	₹ In Crores
(a) Composition				
Fair value reserve	(5,439,834)	(23.53)	(5,439,834)	(23.53)
Currency translation reserve	552,668	(1.31)	1,872,138	6.50
	(4,887,166)	(24.84)	(3,567,696)	(17.03)
(b) Movement				
(i) Fair value reserves				
Beginning and balance at end of financial year	(5,439,834)	(23.53)	(5,439,834)	(23.53)
(ii) Currency translation reserves				
Beginning of financial year	1,872,138	6.50	1,509,665	5.78
Financial assets, available for sale				
- Currency translation (loss)/gain	(1,319,470)	(7.81)	362,473	0.72
End of financial year	552,668	(1.31)	1,872,138	6.50

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11 Revenue

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

12 Other losses – net

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Net currency translation losses	(111,741)	(0.51)	(17,736)	(0.09)



13 Finance expense

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Interest expense – loan from ultimate holding corporation	192,657	0.88	334,862	1.57

14 Income tax expense

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

The tax expense on profit differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Profit before income tax	2,174,886	9.87	1,846,812	9.04
Tax calculated at a tax rate of 17%	369,731	1.68	313,958	1.39
Effects of:				
- Income not subject to income tax	(369,731)	(1.68)	(313,958)	(1.39)
Tax charge	-	-	-	-

15 Related party transactions

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

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Interest expense for loan from holding corporation	192,657	0.88	334,862	1.57

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

16 Financial risk management

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

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

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

(a) Market risk

(i) Currency risk

The Company's business is exposed to the Egyptian Pound ("EGP") as dividends receivable are denominated in EGP.

The Company's currency exposure to EGP is as follows:

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Other receivables representing currency exposure	2,511,000	11.11	-	-

As at 31st March 2011, if the EGP had strengthened/weakened by 3% against the USD with all other variables including tax rate being held constant, the Company's net profit for the financial year would have been USD75,330 higher/lower as a result of currency translation gains/losses on the remaining EGP-denominated financial instruments.

(ii) Interest rate risk

The Company is exposed to interest rate risk on its borrowings.

The Company's borrowings at variable rates are denominated mainly in USD. At 31st March, 2011, if the USD interest rates had increased/decreased by 1% (2010: 1%) with all other variables including tax rate being held constant, the impact to net profit is not deemed to be significant as assessed by management.

(iii) Price risk

The Company is exposed to equity securities price risk from financial assets, available-for-sale. To manage its price risk, the Company diversifies its portfolio.

If prices for equity securities had change by 5% (2010: 5%) with all other variables including tax rate being held constant, the Company's equity would have been USD708,940 (2010: \$774,914) higher/lower respectively.

(b) Liquidity risk

The Company manages its liquidity risk by maintaining sufficient cash and bank balances to enable them to meet its normal operational requirements and having an adequate amount of committed credit facilities.

All the financial liabilities of the Company are current.

(c) Capital risk

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, or obtain new borrowings.

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

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Net debt	12,939,475	57.23	12,603,717	57.56
Total equity	3,750,325	15.28	2,894,909	13.22
Total capital	16,689,800	72.51	15,498,626	70.78
Gearing ratio	78%	78%	81%	81%

The Company is not subject to any external capital requirement.

(d) Fair value measurements

The following table presents the assets measured at fair value and classified by level of fair value measurement hierarchy as follows:

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

As at 31 st March, 2011	Level 3 \$	₹ In Crores	Total \$	₹ In Crores
Financial assets, available-for-sale	14,178,800	62.71	14,178,800	62.71
As at 31 st March, 2010	Level 2 \$	₹ In Crore	Total \$	₹ In Crore
Financial assets, available-for-sale	15,498,270	70.78	15,498,270	70.78

The fair value of financial instrument that are not traded in an active market is determined by using value-in-use method. The Company uses inputs other than quoted prices that are observable for the asset. This instrument is included in Level 3.

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

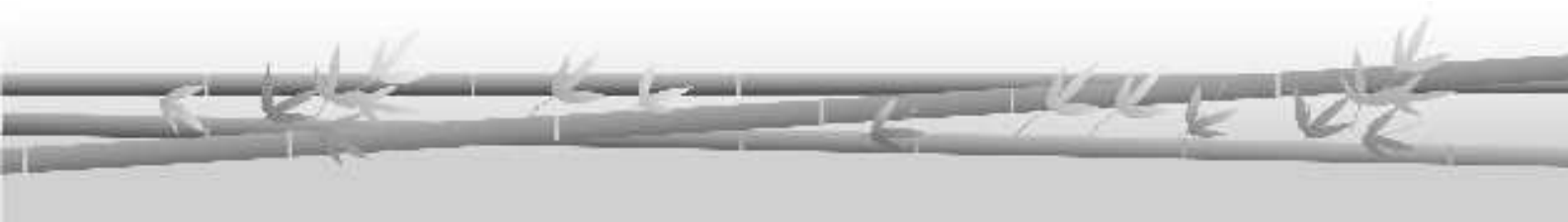
17 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1st April 2010 or later periods and which the Company has not early adopted. The Company has assessed that the adoption of these new accounting standards, amendments and interpretations to existing standards will not have a material impact on the financial statements.



(For Management Purposes only) Detailed Income Statement for the Financial year ended 31st March, 2011

	2011 USD	₹ In Crores	2010 USD	₹ In Crores
Revenue	2,511,000	11.41	2,227,200	10.83
Other losses - net	(111,741)	(0.51)	(17,736)	(0.09)
Less: Administrative expenses				
Professional fees	(11,054)	(0.05)	(7,803)	(0.04)
Nominee fee expense	(1,585)	(0.01)	(2,015)	(0.01)
Safe custody charges	(14,716)	(0.07)	(15,303)	(0.07)
Subscription fee	(321)	-	-	-
Bank charges	(2,988)	(0.01)	(2,333)	(0.01)
Printing and stationery	(754)	-	(132)	-
Postage and courier	(92)	-	-	-
Registered office	(206)	-	(204)	-
	(31,716)	(0.14)	(27,790)	(0.13)
Less: Finance expense				
Loan interest expense to ultimate holding corporation	(192,657)	(0.88)	(334,862)	(1.57)
Total expenses	(224,373)	(1.03)	(362,652)	(1.70)
Profit before income tax	2,174,886	9.87	1,846,812	9.04





Brahmaputra Cracker and Polymer Limited



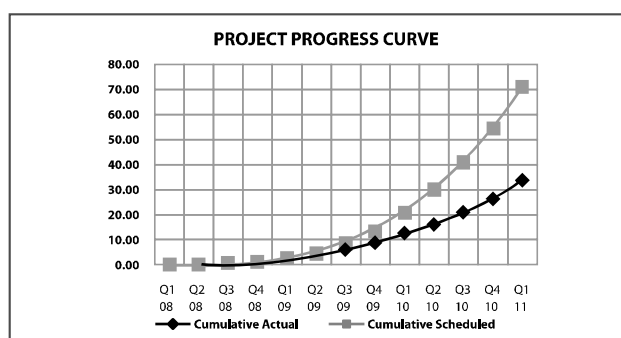
Directors' Report

Dear Shareholders,

Your Directors take pleasure in presenting the Fourth Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31st March, 2011.

PROJECT PROGRESS

Your company has graduated to the 4th year of project execution with an overall project progress of 35.05%. Project progress has improved in the recent past, though there would be some delays in implementation schedules as per the initial projections, the major reasons being delay in award of process technology licensors, prolonged and heavy monsoons, poor response of bidders, labour problems, frequent bandhs and non-availability of adequate accessible borrow earth. The implementation plan is being reworked and slippages are being arrested to prevent further delay in its completion. As per revised schedule, which is under consideration of Government of India for approval, mechanical completion is anticipated by July 2013 as against the original schedule of January, 2012 and the project is expected to go into commercial production by December, 2013. Site development works including boundary wall, construction of roads, drainage and piling jobs are almost complete.



Equipment and vessels have started arriving at the project site and erection of the equipment is in process. Most of the critical orders have been awarded and the placing of remaining orders and contracts is being expedited.

The milestones achieved during the year under review are:

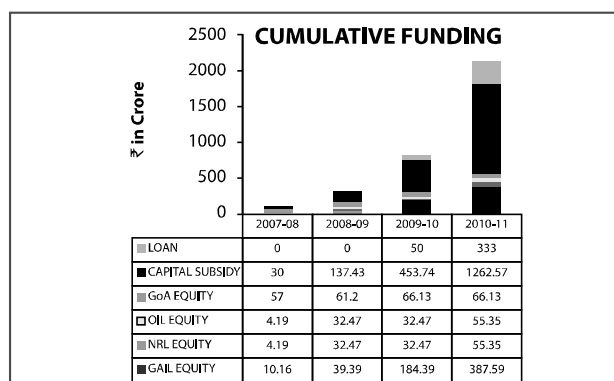
- Signing of an agreement with Numaligarh Refinery Limited for naphtha supply on 8th April, 2010.
- Completion of the bachelor hostel, guest house accommodation and CISF Barracks and Armory at the township
- Award of all critical MRs and tenders. Out of a total of 640 MRs, 437 have been ordered and out of a total of 99 tenders, 74 have been awarded.
- Signing of draft marketing agreement with GAIL on 29th July, 2010 for the sale of polymer.

- Completion of second phase recruitment of experienced employees and initiation of process for third phase recruitment of GETs/ETs through campus placement. Completion of piling work and heater foundations at site.

FINANCIAL PROGRESS

Your Project is gaining momentum with firm financial commitments being increased to over ₹ 6,986.37 crores, which has exceeded the approved project cost of ₹ 5,460.61 crores. To avoid further time and cost overrun, the Ministry of Chemicals and Fertilizers has accorded approval for an additional financial commitment of ₹ 2,500 crores over and above the approved project cost. Out of the total financial commitment, an amount of ₹ 214.62 crores is in respect of import of technical knowhow, of which an amount of ₹ 70.78 crores remained unexecuted at the end of the financial year.

All the long lead/critical items have been awarded. The total expenditure incurred during the year is ₹ 1,421.86 crores out of a cumulative expenditure of ₹ 2,175.88 crores. During the year under review the paid up capital of your company has been increased from ₹ 315.46 crores to ₹ 564.42 crores and capital subsidy to the tune of ₹ 808.83 crores has been received from the Department of Chemical and Fertilizers,



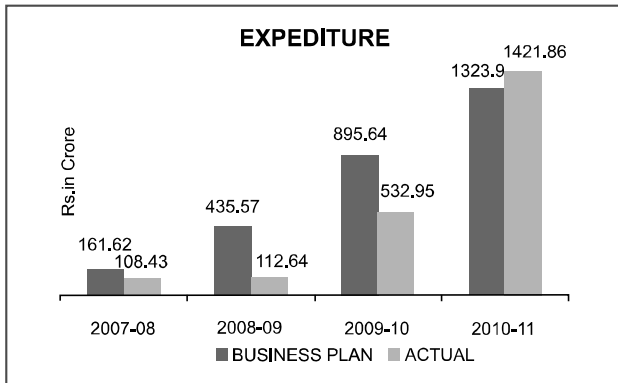
Government of India including interest income (net of taxes) from parking of surplus capital subsidy of ₹ 12.09 crores, which has been added to capital subsidy for the period from 2007-08 to 2010-11. A total amount of ₹ 1,262.57 crores has been received as capital subsidy from the Government of India, till the end of the year under review. Out of this, the unutilized capital subsidy is ₹ 13.52 which includes ₹ 5.02 crores as bank balance and ₹ 8.50 crores, as STDs. Secured loans to the tune of ₹ 283.00 crores were also drawn during the year from OIIB and the total Secured Loans as on 31.03.2011 is ₹ 333.00 crores.

Project Cost:

The approved project cost of ₹ 5460.61 crores was estimated in August 2005 on fixed cost basis. Since then due to several factors there is an increase in project cost owing to cost and time overrun, the major contributing factors being technology/design changes, increase in

utility/power requirements & construction costs, change in site conditions, infrastructural facility, statutory taxes and duties and exchange rates etc. The proposal for approval of the revised project cost of ₹ 9,285.04 crores has been submitted to the Government of India, which is under process for approval.

Business Plan 2010-11:



The Business Plan for the year was ₹ 1,323.90 crores (revised), against which the actual expenditure was ₹ 1421.86 crores. The major expenditure heads of the capex include Plant & Machinery (₹ 940.11 crores), Engineering Cost (₹ 157.71 crores), site related facilities (₹ 239.74 crores.), infrastructure cost to OIL & ONGC (₹ 36.75 crores).

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

Energy Conservation & Technology Absorption:

Being in the project execution stage, there are as yet no cases for disclosure with regard to conservation of energy and technology absorption in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Foreign Exchange Earning and Outgo:

Your Company does not have any foreign exchange earnings as it is in the construction phase of the project. However, total foreign exchange expenditure on account of import of technical knowhow, indigenous contracts and supplies to the tune of ₹ 189.66 crores has been incurred during the year under review.

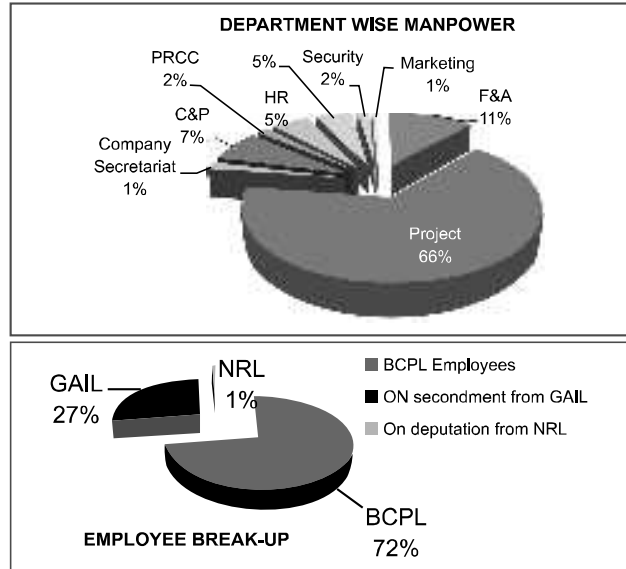
PARTICULARS OF EMPLOYEES

None of the employees are drawing the remuneration specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2011.

HUMAN RESOURCE

The main focus of the HR Department is to have a lean but effective organisation. Towards this end your company is carefully selecting employees from diverse backgrounds, talents and experience, retaining

and developing them to achieve stiff targets in time. Currently, the company has 124 employees on its rolls including 36 personnel on secondment/deputation from your promoter companies. Free of gender



bias, your company has 19 female employees on its rolls. The process for third phase recruitment of both experienced executives through open advertisement and GETs/ETs through campus selection has been started. Priority is also being given to engage local labour for skilled/semi-skilled/unskilled works through contractors working at site.

CHANGES IN THE BOARD OF DIRECTORS

During the year under review, the following changes occurred in the Board of Directors:-

- (i) Shri S Venkatraman, Director (BD), GAIL was nominated by GAIL as a Director of the company w.e.f. 11.10.2010 in place of Shri R D Goyal.
- (ii) Shri J. K.Singh Teotia resigned from the post of Managing Director of the company and on acceptance of his resignation by the Ministry of Chemical & Fertilizers, Government of India, he was released from his services in the company w.e.f. 15.02.2011(A.N.).
- (iii) Shri P K Jain, Director (Finance), GAIL was nominated by GAIL as a Director on the Board of the company w.e.f. 07.03.2011 in place of Shri R K Goel, who has superannuated from GAIL as Director (Finance).

CORPORATE SOCIAL RESPONSIBILITY

Your company is conscious of its social obligations as a responsible corporate entity. Our aim is to enhance the quality of life of people living in and around the plant establishment area through social welfare programmes. In order to address the concerns of the environment around the project site several works under the aegis of CSR is being undertaken by the company in consultation with the District Administration, Dibrugarh and specific activities based on local needs, have been identified. The Company's social welfare activities mainly focused on four major



cornerstones - Health Care, Education, Infrastructure Development & Environment – the intention being to supplement the efforts of the State Government in this regard. An internal committee examines and recommends the schemes for implementation.

During the year under review the following CSR initiatives have been taken:

- Installation of a 100 KVA power transformer in Borpathar, Kakoti village (PAP village) to facilitate continuous power supply in the village.
- Construction of 1.85 Km approach road from Dainijan Village (PAP Village) to NH-37.
- Gap analysis of 34 Government schools situated around five KMs radius of the BCPL project site to assess the intervention required in these schools.

Registration at the workers' facilitation centre

INDUSTRIAL RELATIONS

The project is moving smoothly with the cooperation of all stakeholders including active support from GoA, Land & Labour Department (C). The deployment of contract labour is substantial at this moment and industrial tranquility is being maintained at site. All channels of communication are open with the contractors and their workers.

Industrial relations at site is normal and conducive with the proactive involvement of the BCPL & EIL officials and all efforts are being made to keep manpower involved in project execution happy and satisfied.

A grievance handling mechanism has been set up wherein Advisor-Coordination and Officer On special Duties along with the Nodal Officer are in regular touch with the contractors' representative and with the contractor's workers for resolution of any grievance and assistance.

RIGHT TO INFORMATION ACT, 2005

The Company adheres to Government instructions issued in pursuance of Right to Information Act, 2005, and has designated a Public Information Officer and Appellate Authority under the Act.

STATUTORY AUDITORS' REPORT

M/s Sanjoy K. Das & Co., Chartered Accountants, Guwahati were appointed by the Comptroller and Auditor General of India as Statutory Auditors of your company for the year under review and their report is annexed hereto.

COMMENTS OF COMPTROLLER & AUDITOR GENERAL (C&AG) OF INDIA

The Comptroller & Auditor General of India has undertaken supplementary audit on the accounts of the Company for the year ended 31st March, 2011 under Section 619(4) of the Companies Act, 1956. The comments of the C&AG on the Annual Accounts of the Company for the year under review are also annexed hereto.

MANAGEMENT DISCUSSION ANALYSIS

A Management Discussion Analysis as stipulated in the DPE Guidelines on Corporate Governance for CPSEs forms part of the Annual Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' Report and a certificate from a Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in the DPE Guidelines on Corporate Governance for CPSEs is included in the Annual Report.

RESPONSIBILITY STATEMENT OF THE BOARD OF DIRECTORS

As required by Section 217(2AA) of the Companies Act, 1956 your Directors affirm that to the best of their knowledge and explanation:

- (i) In preparing the annual accounts, the applicable accounting standards have been followed and there is no material departure from the Accounting Standards.
- (ii) The Accounting Policies adopted have been consistently applied and, wherever necessary, made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The annual accounts have been prepared on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors wish to acknowledge the dedication and commitment with which the employees at all levels have been working to set up this project and to make your company an effective organization.

We take this opportunity to express our sincere appreciation of the unstinted assistance and support from the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests. We would like to place on record our gratitude to our promoters, GAIL, OIL, NRL and Govt. of Assam for their continued support and guidance and likewise to our lenders, Oil Industry Development Board, Punjab National Bank, Allahabad Bank, Bank of Baroda, Bank of India, Corporation Bank, State Bank of Travancore and Jammu & Kashmir Bank.

Your Directors are also thankful to the entire team of EIL, the bankers, consultants, suppliers and the various intermediaries for their continued cooperation in expediting the project development process.

Last but not the least the Directors express their gratitude to the Statutory Auditors and the officials of Comptroller & Auditor General of India for their valuable advice and co-operation during the audit of accounts for the year under review

For and on behalf of the Board

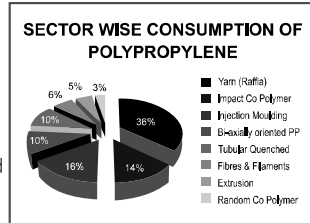
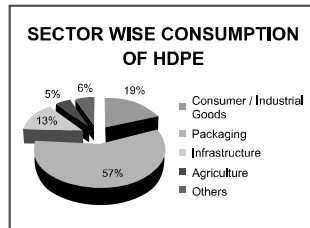
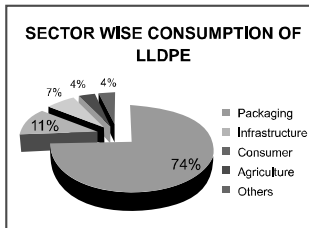
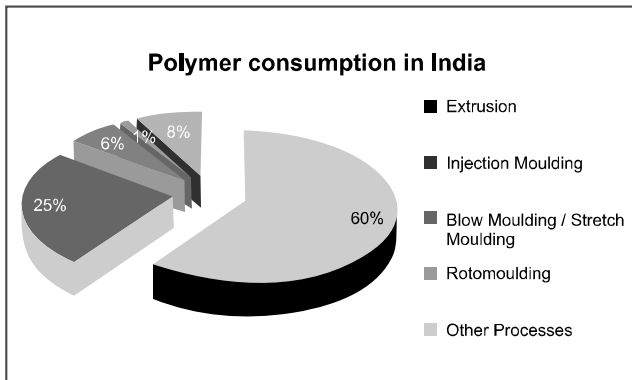
Place : New Delhi
Dated : July 04, 2011

Sd/-
(B.C.Tripathi)
CHAIRMAN

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

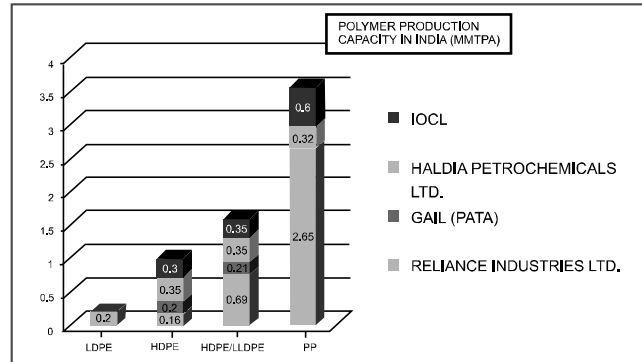
The petrochemical industry in India has been one of the fastest growing industries in the country. Polymers account for about 70% of petrochemicals and hence are an important constituent of the industry. The polymers Polypropylene, LLDPE and HDPE, the primary products of the company are essentially used in the manufacture of plastic products.



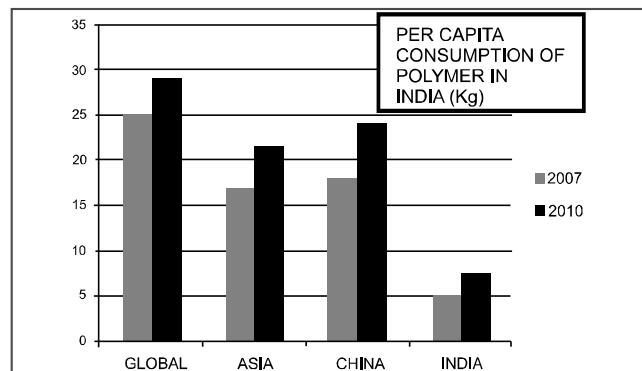
Polypropylene is a lightweight polymer with increasing demand in India for manufacture of injection moulding, ropes, twines etc. Linear low density polyethylene (LLDPE) is a widely used polymer, mostly in the packaging industry. HDPE, the second most used polymer in India, finds use in the manufacture of raffia, blow moulding, injection moulding and paper industry. The sector wise consumption in 2009-10 is diagrammatically represented here.

Naphtha and natural gas fractions (C2/C3) are the two main sources of feedstock for the petrochemical industry. India has three naphtha-based and three gas-based cracker units with a combined capacity of 2.9 million MT per annum. Feedstock cost is considered the single largest component in the cost of production of petrochemicals. Polymers account for the largest share by far of petrochemical production and in 2009-10 this share was 58 per cent. During April-November 2010-11 production of major petrochemicals increased by 8.17 per cent.

This industry is a highly concentrated one and has become more so with the amalgamation of IPCL with RIL which jointly accounts for over 50% of the country's total petrochemical capacity. However, the downstream petrochemical sector is highly fragmented in nature.



In India the industry is cyclical and across the globe, it is dominated by volatile feedstock prices and sulky demand. India has one of the lowest per capita consumption of petrochemical products in the world.



Constraints such as lack of adequate infrastructure, inadequate common effluent treatment facilities, inadequate water, poor quality power supply, poor road transport, congested ports affect the growth of the industry.

STRENGTHS AND WEAKNESSES

Your company's main strength lies in the strong support both from the Government of India as well as the Government of Assam. It is a prestigious project with promoters of considerable repute and with Engineers India Limited (EIL) as its consultants. The wide and varied experience of EIL has been a major support in the erection and construction activities.

The promoters by virtue of their experience in the hydrocarbons sector have been nurturing this project which is still in its infancy. GAIL (India) Limited, 70% stakeholder, has provided on secondment, the requisite manpower with considerable expertise in construction, commissioning, operation and maintenance of petrochemical and gas processing units. Another major plus for the project is its marketing tie-up with GAIL, which has been in the field of petrochemicals for over two decades.

Considering that natural gas fractions C2/C3 are not freely tradable, your company has opted for a dual feed technology which will reduce its dependence on a single feedstock. Further, the technology provides an option for replacing Naphtha with Natural Gas as feedstock without resorting to changes.



An inherent weakness of the project is its reliance on capital & feedstock subsidies and limited period exemption from central excise duty and income tax. The possibility of cessation of government support in the future would remain a concern.

Though the project envisages the accrual of socio economic benefits to the northeastern region, it is logistically disadvantaged by its location and lack of adequate infrastructure in and around the project site. Due to these very reasons, your company has been facing difficulties in attracting and retaining suitable experienced executives. Prolonged and heavy rains and climatic conditions caused major disruption in construction activities. However with improvement of facilities at site and introduction of other benefits, things are beginning to look up.

OPPORTUNITIES AND THREATS

The Indian polymer market is over 5MMTPA and growth is largely driven by internal consumption. A major market is the agro-based and rural populace which is relatively recession proof. Thrust areas are modern farming through plasticulture, packaging of processed food and consumer non-durables, better quality plastic for consumer durables. The finished products, mostly used in packaging are essential and the increasing demand for polymers in the agricultural sector, increasing penetration of synthetic bags in food grain packaging, changing lifestyle and rise in demand for FMCG products and cosmetics, change in food habits, increasing replacement of metal parts by PP in automotive and appliances, are expected to further stimulate growth in the polymer industry.

The northeastern region has the lowest per capita consumption of polymers and plastics in India. Your company does not have any major competitor in the northeast and will be able to cater to the growing demand. Downstream industries are expected to emerge. The region also has large availability of labour at relatively cheap wages.

Rising environmental concerns over the use of plastic is perceived as a threat. However, developments in the field of biodegradable and photodegradable plastic, improvement in quality of products with reduced negative impact on environment negate this threat perception to a great extent.

Cost competitiveness has also to be ensured to withstand the threat from cheaper imports under the open market regime.

RISKS AND CONCERNS

A major concern has been delay in scheduled project implementation and resultant cost escalation. Sustained efforts are being made to ensure that there is no further delay. Project progress has improved in the recent past and the present physical progress is 37.7%.

Though feedstock availability concerns are mitigated due to firm arrangements ensured by the Government of India for 15 years of plant operation, the long term availability, particularly of Natural Gas is to be ensured. Cost of feedstock is the biggest component in the cost of production of petrochemicals and future feedstock pricing is an area of concern as prices would be reviewed every five years from the date of production. There has already been a substantial increase in prices of feedstock since the time of approval of the project. Further, the possibility of cessation of government support in the form of subsidies and central excise duty/income tax exemptions in the future would remain a concern.

As the company is in its construction phase it is not yet exposed to operational risks. However, efforts have already been initiated to have a risk

management system in place to identify and mitigate construction phase, financial, operational and other risks. The company's legal compliances are subject to review by the Board of Directors.

OUTLOOK

In India, demand for commodity polymers grew by 19% in 2009-10 over the previous fiscal. This trend continued in the first half of 2010-11 with polyolefin and PVC demand growing by about 10% as compared with the corresponding previous. The domestic per capita consumption as well as the absolute consumption of commodity polymers is expected to grow because of various economic and demographic factors. The country is about to witness significant capacity additions, but continuing deficit in PE and PVC and growing market is expected to somewhat address supply concerns. However, producer margins may remain subdued over the medium term in line with global trends.

The company expects to commission its plant and go into commercial production in December, 2013.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to ensuring a comprehensive internal control system across its operations to ensure that all assets are adequately safeguarded and protected against loss from unauthorized use or disposition. The company is following the systems and policies of its holding company till its own policies are defined and in place. In all cases involving financial implication, various limits and authorities are specified.

The Company's progress is being monitored and reviewed at various levels by GAIL, the State and Central Government authorities and also monitored at the highest level. Internal audit is being carried out by the Internal Audit Department of GAIL, its holding company.

HUMAN RESOURCES

Being keenly aware that its greatest asset is its human resource, your company is committed towards ensuring that its potential is harnessed to the fullest for the growth of the organization. Effective human resource management is top priority of the company. During the year under review, the Company started to increase its own human capital base and adequate care is being taken in recruitment resulting in major representation of the locals. Most of the skilled / semi-skilled / unskilled workers engaged in the construction work are from the northeast. The present human strength of the company is 113, out of which 20 are on secondment from GAIL, 1 on deputation from NRL and 92 are the company's regular employees.

ENVIRONMENTAL PROTECTION AND CONSERVATION

The Company is conscious of the environmental concerns over a petrochemical plant and is committed to acting with responsibility in this regard. Pollution control and other environment protection norms are being complied with. The project includes an effluent treatment plant for proper effluent discharge within the limit prescribed by the authorities.

CORPORATE SOCIAL RESPONSIBILITY

Despite being in its construction phase, the company has initiated CSR activities to contribute to the society in the areas of health care, education, infrastructure development & environment.



Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

The Company believes that strong and sound Corporate Governance is an important instrument for the protection of stakeholder interests and that good corporate governance practices would enable it to face the challenges of growth effectively and successfully. The company is committed to ensuring good governance practices, ethical and responsible conduct of business and maintaining transparency so as to enhance stakeholder value. The Board of Directors in the exercise of its fiduciary responsibilities is conscious of the need to act with integrity and accountability in order to earn and retain the confidence and trust of all the stakeholders including the shareholders, the employees and the government. It shall be the constant endeavour of the management to inculcate a culture of ethical and honest conduct in this budding organization from the very beginning.

2. BOARD OF DIRECTORS

As on the date of this report, the Board of Directors of your company consists of ten Directors, seven Directors including the Chairman who have been nominated by the promoters, acting as part-time official Directors, two Government Nominees (representing MoC&F and MoP&NG), and one whole time Director i.e. Director (Finance). The position of Managing Director is presently vacant following the resignation of former Managing Director, Shri J K Singh Teotia. The position of a Nominee Director from Government of Assam, one of the promoters is also vacant w.e.f. 13.05.2011 following the resignation of Shri Ravi Capoor, former Principal Secretary to GoA, Department of Industries and Commerce and nomination in his place is awaited. The Nominee Directors are appointed in accordance with the JV agreement and Articles of Association of the Company. The appointment of two Independent Directors has been initiated and is under consideration of the Department of Public Enterprises.

The composition of the Board of Directors, along with Directorships and committee positions held since the beginning of the year under review is as below :

Name of the Director	Designation	No. of Directorships/ chairmanship in other companies#		No. of Committee* Memberships /Chairmanship in other companies#	
		Chairman	Director	Chairman	Member
FUNCTIONAL DIRECTORS					
1 Shri J K Singh Teotia (upto 15.02.2011)	Managing Director	-	-	-	-
2 Shri Rakesh Kumar	Director (Finance)	-	-	-	-
PROMOTER DIRECTORS					
3 Shri B.C.Tripathi, Chairman & Managing Director, GAIL (India) Ltd.	Chairman	3	1	-	-
4 Shri S L Raina, Director (HR), GAIL (India) Ltd.	Director	1	3	-	1
5 Shri R D Goyal (upto 10.10.2010) Director (Projects), GAIL (India) Ltd.	Director	1	4	-	-
Shri S Venkatraman (w.e.f.11.10.2010) Director (BD), GAIL (India) Ltd.	Director	2	5	-	-
6 Shri R K Goel (upto 06.03.2011) Director (Finance), GAIL (India) Ltd.	Director	4	3	-	-
Shri P K Jain (w.e.f. 07.03.2011) Director (Finance), GAIL (India) Ltd.	Director	-	5	-	1
7 Shri R. K. Dutta, Advisor, Government of Assam	Director	-	2	-	-
8 Shri Ravi Capoor, Principal Secretary to Government of Assam, Industries & Commerce Department	Director	1	8	-	-
9 Shri T.K. Ananth Kumar, Director (Finance), Oil India Limited	Director	-	1	-	1
10 Dr B K Das (upto 31.03.2011) Managing Director, Numaligarh Refinery Ltd.	Director	-	-	-	-
Shri Dipak Chakravarty (w.e.f 01.04.2011) Managing Director, Numaligarh Refinery Ltd.	Director	-	2	-	-
GOVERNMENT DIRECTORS					
11 Ms Neel Kamal Darbari Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals	Director	-	-	-	-
12 Shri Manu Srivastava, Director Ministry of Petroleum & Natural Gas	Director	-	1	-	-

(*) Committee positions refer only to Audit Committee and Shareholders' Grievance Committee.

(#) Other company means public companies only.



2.1 Details of Board Meetings held during the year 2010-11.

Eight meetings of the Board of Directors were held during the year.

No. of the Board Meeting	Date	Board Strength	No. of Present Directors
23 th	27.04.2010	12	8
24 th	16.07.2010	12	8
25 th	29.09.2010	12	8
26 th	30.11.2010	12	8
27 th	14.12.2010	12	9
28 th	24.01.2011	12	11
29 th	03.02.2011	12	10
30 th	09.03.2011	11	9

2.2 Attendance of the Directors at Board Meetings held during the year 2010-11 and in the last Annual General Meeting (AGM) :

Name of the Director	No. of Board Meetings attended	Attendance in the last AGM held
Shri B.C.Tripathi, Chairman	8	Yes
Shri J.K.Singh Teotia (upto 15.02.2011)	7	Yes
Shri Rakesh Kumar	8	Yes
Shri R. K. Goel (upto 07.03.2011)	6	No
Shri S.L. Raina	8	Yes
Shri R.D. Goyal (upto 11.10.2010)	1	No
Shri S Venkatraman (w.e.f. 11.10.2010)	5	NA
Shri P K Jain (w.e.f. 07.03.2011)	1	NA
Shri R. K. Dutta	6	Yes
Shri Ravi Kapoor (w.e.f. 19.04.2010)	3	No
Dr. B. K. Das (upto 31.03.2011)	3	No
Shri T.K. Ananth Kumar	5	No
Ms. Neel Kamal Darbari	6	Yes
Shri Manu Srivastava	4	No

2.3 Profile of Directors being appointed / reappointed

Shri Manu Srivastava, Director retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri Manu Srivastava, Director (GP), Ministry of Petroleum & Natural Gas, has been a Director on the Board of BCPL since 18.05.2007. Shri Srivastava is a senior IAS officer belonging to the 1991 Batch of MP Cadre. He did his B. Tech in Electrical Engineering and M. Tech. in Communication Technology from IIT, Delhi.

Shri B. C. Tripathi, Chairman retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri Tripathi was appointed as an Ex-officio Chairman of Brahmputra Cracker and Polymer Limited (BCPL) w.e.f. 01.08.2009. He has taken over as Chairman and Managing Director of GAIL (India) Limited, before which he worked as Director (Marketing) GAIL. Shri Tripathi is a Mechanical Engineer with over 27 years' experience in the Gas Sector. He has rich experience in the entire major operational and core areas namely, project management, pipeline construction, gas transmission, operations and maintenance and marketing. He has a keen interest in CSR, sports and culture.

Shri R K Dutta, Director retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri R K Dutta, Advisor (cabinet rank) to the Government of Assam on the Assam Gas Cracker Project (BCPL) has been one of the first Directors on the Board of Directors of BCPL w.e.f. 08.01.2007. Shri Dutta holds a Bachelor's degree in History from St Stephen's College, New Delhi and a post graduate diploma in Marketing from the Faculty of Management Studies, Delhi University. With over 43 years of rich experience in the Petroleum Industry, he has headed Indian Oil Corporation (AOD) from 1989 to 1994 and was its first Executive Director. Besides, he has also served as first Managing Director of Numaligarh Refinery Limited and Chairman & Managing Director of Oil India Limited.

Shri S. Venkatraman Director (Business Development), GAIL was appointed as an Additional Director w.e.f. 11.10.2010. Shri Venkatraman is a B.Sc. (Physics) from University of Madras in 1973. He holds a Diploma in Instrumentation from Madras Institute of Technology and also a Diploma in Management from All India Management Association, New Delhi. Shri Venkatraman is in charge of GAIL's Business Development, Project Development, Petrochemical operations, Exploration & Production and global ventures of the Company. Having joined GAIL in December 1990 he has rich experience in varied areas including Business Development, Projects and Marketing of various products including natural gas, petrochemicals, liquid hydrocarbons and telecom bandwidth. He was part of the core team that worked on the development and implementation of GAIL's first gas based petrochemical complex right from its conceptualisation to commissioning.

Shri P K Jain, Director (Finance), GAIL who was appointed as an Additional Director w.e.f. 07.03.2011, is a Chartered Accountant and an MBA in Finance from the University of HULL, United Kingdom. He has over 33 years' experience in Finance and Accounts and worked as Executive Director (Internal Audit) before joining as Director (Finance). Shri P K Jain has wide exposure and expertise in the area of financial and treasury management and was involved in restructuring of loan portfolio, raising funds at competitive rates through various sources including bonds (domestic/International), ECB, ECA, Term Loans to have the optimal cost of capital. He also has rich experience in the areas of project evaluation, financial appraisal of projects and headed the finance team during execution of major projects of GAIL like pipelines, petrochemicals, E&P, Pricing, Tariff Determination, Risk Management and Internal audit.

Shri Dipak Chakravarty was appointed as an Additional Director w.e.f. 01.04.2011. Shri Chakravarty, Managing Director Numaligarh Refinery Ltd., is a graduate in Chemical Engineering from Assam Engineering College, Guwahati and is an MS in Chemical Engineering from North Western University, Evanston, USA. Prior to his appointment as Managing Director of NRL w.e.f. 01.04.2011, Shri Chakravarty was holding the position of Director (Technical) of the Company since 04.08.2006. He has wide experience in refinery management including projects, planning, production, process and operations.

Since the last Annual General Meeting Shri J K Singh Teotia, Shri R D Goyal, Shri R K Goel, Dr B K Das and Shri Ravi Kapoor ceased to be Directors w.e.f. 15.02.11, 11.10.2010, 07.03.2011, 01.04.2011 and 13.05.2011 respectively.

3. AUDIT COMMITTEE

The Audit Committee presently comprises of four members namely, Shri P K Jain, Chairman, Shri R K Dutta, Shri Dipak Chakravarty and Shri T.K. Ananth Kumar. Four meetings of the Committee were held during the year under review on the following dates:

27.04.2010	14.12.2010
25.08.2010	25.03.2011

Details of meetings attended by the members during 2010-11 are given below:

Name of Directors	No of meetings attended
Shri P K Jain, Chairman (w.e.f. 07.03.2011)	1
Shri R.K. Goel, Chairman (upto 06.03.2011)	3
Shri R.K. Dutta	3
Dr. B.K. Das (upto 31.03.2011)	2
Shri T.K. Ananth Kumar	1

The terms of reference for the Audit Committee have been framed in line with the DPE Guidelines. Reconstitution of the Audit Committee to meet the requirement of the DPE Guidelines on Corporate Governance will be taken up after the appointment of Independent Directors which is under consideration of DPE.

4. OTHER COMMITTEES

The Board has constituted an HR Committee which will act as the Remuneration Committee on appointment of the independent directors, which is under process.

An empowered Committee of the Board on Contracts and Procurements is also in place for expeditious clearance of approvals for the project.

5. REMUNERATION TO WHOLE TIME DIRECTORS

The details of remuneration paid to the Whole-time Directors of the Company during the financial year 2010-11 are as below:

Name	Date of Appointment	Salary & Allowances (₹)	Contribution to PF, Gratuity and Other Funds (₹)	Other Benefits and Perquisites (₹)	Performance Linked Incentives (₹)	Total (₹)
Sh. J.K. Singh Teotia (Managing Director)	09.12.2009	17,22,915	1,30,384	2,54,654	—	21,07,953
Sh. Rakesh Kumar, Director (Finance)	04.01.2010	17,87,856	1,30,024	3,72,475	—	22,93,355

6. GENERAL MEETINGS

The details of the last three Annual General Meetings are as follows:

No. of the AGM	Date	Time	Venue	Any Special Resolution Passed
1 st	03/07/2008	11:30 AM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None
2 nd	09/09/2009	04:30 PM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None
3 rd	17/07/2010	10:30 AM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	Yes (Authorization for further issue of shares pursuant to Section 81)

4TH ANNUAL GENERAL MEETING

Date : 29th July, 2011
Time : 04.00 p.m.
Venue : Registered Office, Hotel Brahmaputra Ashok
M G Road, Guwahati 781001

7. DISCLOSURES

- The related party transactions are disclosed in the notes to account forming part of the annual report.
- Apart from the provisions of the DPE Guidelines on corporate governance regarding composition of the Board, including induction of Independent Directors which is under process, there were no instances of non-compliance on any matter relating to any guidelines issued by the Government, during the last three years.

- Presently, the company does not have a Whistle Blower Policy.

8. AUDIT QUALIFICATIONS

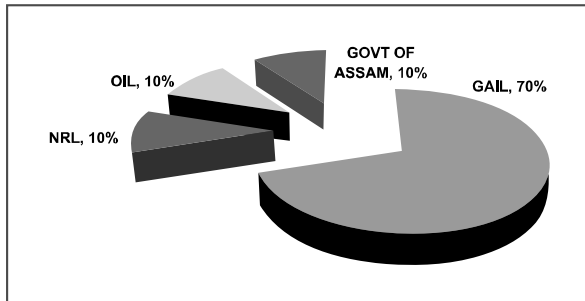
For the 4th successive year there is no audit qualification in the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March 2011.

9. MEANS OF COMMUNICATION

The company periodically disseminates information through press releases and its Annual Reports.



10. SHAREHOLDING PATTERN



11. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for the Board Members and Sr. Management personnel of the Company. All the members of the Board and Senior Management Personnel have affirmed the compliance of the respective Code of Conduct for the financial year ended on March 31, 2011.

DECLARATION

As required by clause 3.4.2 of the DPE Guidelines on Corporate Governance, it is hereby declared that the members of the Board of Directors as well as senior management personnel of the company to whom the Code of Conduct is applicable have affirmed compliance with the code.

Sd/-
(P N Prasad)
Chief Operating Officer
Brahmaputra Cracker and Polymer Ltd.

The Members of
Brahmaputra Cracker & Polymer Limited
Regd. Office: Hotel Brahmaputra Ashok
M. G. Road, Guwahati – 781001

We have examined the compliance of conditions of corporate Governance by **Brahmaputra Cracker & Polymer** (a Non-Listed PSU) for the year ended **31st March 2011**, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (the Guidelines) issued by Department of Public Enterprises, 2010 (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.

The Compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines. However following discrepancies were noticed in compliance of the Guidelines:

Clause 3.1 : The Company did not has the required number of Independent Directors on its Board.

Clause 3.1.3 : The number of nominee directors appointed by Government/other CPSEs have exceeded the maximum permissible limit of Two.

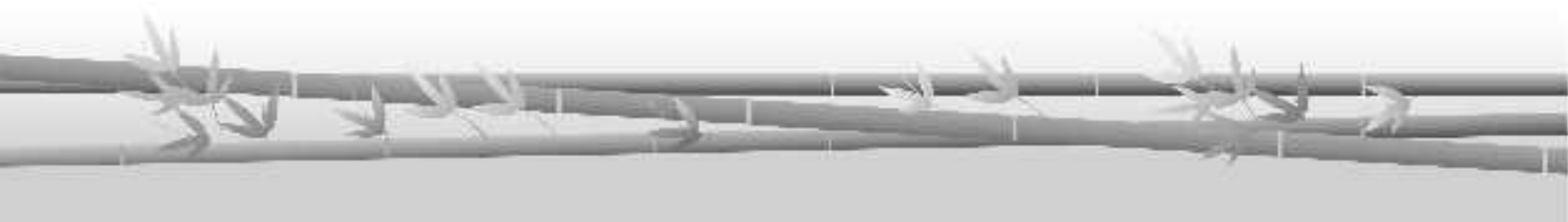
Clause 3.6 : The Company could not finalize an integrated policy of Risk Management.

4.1.1 : The Audit Committee did not constitute of two thirds of its members as Independent Directors.

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

Place: Guwahati
Date: June 20, 2011

For Narayan Sharma & Associates
Company Secretaries
Sd/-
(NARAYAN SHARMA)
Proprietor
C. P. No. 3844
Membership No. FSC 5117





Auditors' Report to the Shareholders of Brahmaputra Cracker and Polymer Limited

We have audited the attached Balance Sheet of Brahmaputra Cracker and Polymer Limited as at 31st March, 2011, and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

3. The Balance Sheet and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, the Balance Sheet, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
5. As per the Companies Act, 1956 the provision of clause (g) of Sub-Section (1) of Section 274 is not applicable to the Company.
6. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
 - b. in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

**FOR SANJOY K.DAS & CO
CHARTERED ACCOUNTANTS**

**Sd/-
SANJOY KUMAR DAS
(Membership No 050691)
PROPRIETOR
F.R.N. 312143E**

Date: May 19, 2011

Annexure to the Auditor's Report (Referred to in Paragraph 3 of our Report of Even Date)

The Annexure referred to in the auditor's report to the shareholders of BCPL for the year ended March 31, 2011. We report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. It has been represented to us that a physical verification of fixed assets has been carried out by the management at reasonable intervals during the year and such verification has not revealed any discrepancies.
3. No substantial part of Fixed Assets has been disposed during the year.
4. According to the information and explanations given to us, the Company has no inventory of store and spares but of construction materials. The Construction Materials were physically verified by the Management.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of construction materials followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
6. According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stock of construction materials as compared to the books and records.
7. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
8. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
9. In our opinion & as per the Information & Explanations given to us, the Company has not made transactions in respect of any party during the financial year under audit that needs to be entered in the register in pursuance of section 301 of the Companies Act, 1956.
10. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from public. (Under section 58A & 58AA).
11. In our opinion, the company's internal audit system is commensurate with its size and nature of its activities.
12. The maintenance of cost records prescribed cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the company as the company is in construction phase of the project.
13. (a) According to the records of the company, the company is regular in depositing undisputed statutory dues including provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other statutory dues with the appropriate authorities.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Sales tax, Service tax, Custom duty, Excise duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
14. As the Company is yet to start its operation, the question of accumulated losses does not arise.
15. Based on our Audit and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to any financial institution or bank. The Company has no debenture holders.
16. The Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
17. The Provision of any special statute are not applicable to the Company.
18. The Company has not invested any amount in share of securities during the year.
19. The Company has not given any guarantee for loan taken by others from Banks or Financial Institution.
20. The Company has obtained term loan amounting to ₹ 28300 Lakhs for funding the activities of its project from Oil Industry Development Board, Ministry of Petroleum & Natural Gas, Govt. of India, during the year out of which ₹ 19350 Lakhs has been utilized till 31st March, 2011.
21. The Company has not used any funds raised on short term basis for long terms investment and vice versa.
22. The Company has not made any preferential allotment of shares during the year.
23. The Company is not having any debentures.
24. The Company has not raised any money by public issues.
25. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**FOR SANJOY K.DAS & CO
CHARTERED ACCOUNTANTS**

Sd/-
SANJOY KUMAR DAS
(Membership No 050691)
PROPRIETOR
F.R.N. 312143E

Date : May 19, 2011



Brahmaputra Cracker and Polymer Limited Balance Sheet as at 31st March, 2011

Schedule No.	AS AT 31 st MARCH, 2011		AS AT 31 st MARCH, 2010	
	Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
SOURCES OF FUNDS				
SHAREHOLDERS' FUND				
-Share Capital	1	3,246,572,600	2,633,715,600	
-Advance against Equity	2	2,397,698,721	520,955,721	
-Capital Subsidy	3	12,625,633,494	4,537,369,000	7,692,040,321
LOAN FUNDS				
-Secured Loans	4	3,330,000,000	500,000,000	
-Unsecured Loans		-	-	
-Total Loan Funds		3,330,000,000	-	500,000,000
TOTAL SOURCES OF FUNDS		21,599,904,815		8,192,040,321
APPLICATION OF FUNDS				
FIXED ASSETS				
-Gross Block	5	1,505,831,033	918,909,376	
-Less: Depreciation		149,782,286	50,324,528	
-Net Block		1,356,048,747		868,584,848
-Capital Work in Progress	6	19,404,726,786		6,043,227,631
-IEDC	7	986,175,489		433,878,976
CURRENT ASSETS, LOANS AND ADVANCES				
-Cash & Bank Balances	8	2,246,189,209	1,482,732,286	
-Other Current Assets	9	4,848,107	4,571,850	
-Loans and Advances	10	514,451,792	199,298,983	
		2,765,489,108	1,686,603,119	
LESS: CURRENT LIABILITIES				
-Current Liabilities	11	2,913,597,997	849,548,402	
-Provisions		29,037,032	(177,145,921)	820,777,224
Miscellaneous Expenditure		12	30,099,714	30,099,714
TOTAL APPLICATION OF FUNDS			21,599,904,815	8,192,040,321
Notes to Accounts	13			
Accounting Policies	14			
Schedules '1' to '14' form Integral part of Accounts.				

(S Venkatraman)
Director

(Rakesh Kumar)
Director (Finance)

(Ruli Das Sen)
Company Secretary
As per our separate Report of Even Date
For SANJOY K. DAS & CO.
Chartered Accountants

Place : Guwahati
Date : May 19, 2011

Sd/-
(Sanjoy K. Das)
Proprietor
Membership No 050691
F.R.N. 312143E

Schedule 1 - Share Capital

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
A AUTHORISED 1200000000 Equity Shares of ₹.10/- each	12,000,000,000	12,000,000,000
TOTAL	12,000,000,000	12,000,000,000
B Issued, Subscribed and Paid Up 324657260 (previous year 263371560) Equity shares of ₹10/- each fully paid-up	3,246,572,600	2,633,715,600
TOTAL	3,246,572,600	2,633,715,600

Schedule 2 - Advance Against Share Capital

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
A In form of consideration in cash from NRL, OIL & GAIL	2,060,805,721	122,777,020
B In the form of consideration of Land/Other adjustable amounts from Govt. of Assam	336,893,000	398,178,701
TOTAL	2,397,698,721	520,955,721

Schedule 3 - Capital Reserve

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
A Capital Subsidy from Govt. of India (The above amount includes Interest earned (net of taxes) of ₹120964494/- out of parking of surplus capital subsidy)	12,625,633,494	4,537,369,000
TOTAL	12,625,633,494	4,537,369,000



Schedule 4 - Secured Loans

Bankers	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
Allahabad Bank	47,000,000	47,000,000
Andhra Bank	57,000,000	57,000,000
Bank of Baroda	74,000,000	74,000,000
Bank of India	74,000,000	74,000,000
Corporation Bank	37,000,000	37,000,000
Jammu & Kashmir Bank	37,000,000	37,000,000
PNB	143,000,000	143,000,000
State Bank Of Travancore	31,000,000	31,000,000
OIDB	2,830,000,000	-
Total	3,330,000,000	500,000,000

Note: The term loans obtained from Banks are to be secured by mortgaging the Company's Project Land with the lenders, but the charge has not been created till 31.03.2011.

Regarding the loan obtained from OIDB the same has been secured by corporate guarantee given by GAIL, OIL and NRL.

Schedule 5 - Fixed Assets

(Amount ₹)

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sales/adj during the year	Gross Block as at 31.03.2011	A/D as at 01.04.2010	Dep. for the year 2010-11	Sales/adj during the year	Total A/D as at 31.03.2011	Net Block as at 01.04.2010	Net Block as at 31.03.2011
Tangible Assets(A)										
Land	804,042,013	-	-	804,042,013	39,820,245	25,461,330	-	65,281,575	764,221,768	738,760,438
Land: Free Hold	-	2,568,747	-	2,568,747	-	-	-	-	-	2,568,747
Building - Other than factory building	85,333,664	200,441,380	-	285,775,045	3,488,231	10,138,341	-	13,626,572	81,845,434	272,149,123
F & F and Other Equip	18,666,121	24,843,329	-	43,509,450	3,642,904	7,650,809	-	11,293,713	15,023,217	32,215,737
Electrical	2,748,332	284,462,831	-	287,211,163	414,540	51,751,391	-	52,165,931	2,333,792	235,044,479
EDP	5,531,144	7,003,428	-	12,534,572	2,347,402	3,443,668	-	5,791,070	3,183,742	6,743,602
Transport Equipments/ Vehicles	1,232,869	-	-	1,232,869	319,190	236,552	-	555,741	913,679	677,128
Total of (A)	917,554,143	519,319,715	-	1,436,873,856	50,032,512	98,682,090	-	148,714,602	867,521,632	1,288,159,254
Intangible Assets (B)										
Software/Licenses	1,355,233	1,098,535	-	2,453,768	292,017	687,895	-	979,912	1,063,216	1,473,856
Right of Use (Perpetual)	-	65,625,684	-	65,625,684	-	-	-	-	-	65,625,684
Right of Use (Limited useful life)	-	877,725	-	877,725	-	87,773	-	87,773	-	789,953
Total of (B)	1,355,233	67,601,944	-	68,957,177	292,017	775,667	-	1,067,684	1,063,216	67,889,493
Current Year Total (A)+(B)	918,909,376	586,921,659	-	1,505,831,033	50,324,529	99,457,757	-	149,782,286	868,584,848	1,356,048,747
Previous Year Total(09-10)	769,058,547	149,880,212	29,383	918,909,376	18,155,151	32,178,346	8,968	50,324,528	750,903,397	868,584,848

Schedule 6 - Capital Work-in-Progress

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
A CWIP: Enabling assets	843,008,355	475,503,321
B CWIP: Intangible Assets pending amortization (Import of Technical Knowhow)	1,438,403,278	1,424,588,321
C CWIP - Capital Jobs	7,645,610,215	2,677,202,308
D CWIP: Construction Stock		
i) Material at Site-Inland Supplies	2,219,657,459	88,212,772
ii) Material at Site-Foreign Supplies	1,652,245	-
iii) Material in transit-Inland Supplies	191,771,429	65,532,347
iv) Material in transit- Foreign Supplies	2,110,658,365	-
v) Material Advances to Contractors	314,440,309	-
vi) Material Pending Inspection	671,870,699	-
E PMC Fees for projects related activities	2,417,646,629	947,920,383
F CWIP: Advances for Capital Jobs	1,801,970,953	481,055,133
G Charges paid for opening of Foreign Letter of Credit	4,601,130	508,202
H Interest on Mob Advance	(30,664,699)	(19,818,869)
I Entry tax recoverable from Govt of Assam	(1,339,054)	(1,339,054)
J WCT recoverable from Govt of Assam	(224,560,527)	(96,137,233)
Total	19,404,726,786	6,043,227,631



Schedule 7 - Incidental Expenses during Construction

Sl No.	Description	Amount (₹) 2010-11	Amount (₹) 2009-10
1	Advertisement & Publicity	1,846,606	-
2	CISF Expenses & Security	23,379,126	6,807,319
3	Communication Expenses	4,351,103	1,786,313
4	Depreciation & Amortisation	99,457,761	32,178,346
6	Insurance	43,138,315	31,293,660
7	Other Infrastructure Expenses	4,659,307	936,300
8	Others (Miscellaneous Expenses)	25,628,584	14,211,492
9	Payment to Auditors	82,443	82,725
10	Power, Fuel and Water Charges	5,325,277	-
11	Printing and Stationery	3,377,461	2,027,009
12	Professional and Consultancy Charges	21,470,339	106,346,986
13	Rates & Taxes	13,148,957	19,540,911
14	Recruitment & Training Expenses	6,240,899	8,920,231
15	Rent	14,207,513	12,538,334
16	Repairs- Buildings	-	124,472
17	Repairs- Others	346,110	-
18	Salary, Wages & Staff Costs/Manpower Cost	131,308,352	64,856,328
19	Survey and Investigation	4,234,210	4,275,455
20	Traveling Expenses	13,095,467	5,380,633
21	Vehicle Hiring & Running Expenses	23,930,822	13,567,318
22	Bank Charges	4,133	17,601
23	Incidental Expenses 07-08 Pending Adjustment	90,962,819	88,475,532
24	Incidental Expenses 08-09 Pending Adjustment	127,977,782	75,533,697
25	Incidental Expenses 09-10 Pending Adjustment	292,755,901	-
26	Coin Adjustment	1	3
27	Interest and Other Finance Charges	176,531,261	6,629,836
GROSS		1,127,460,549	495,530,501
1	Less:Interest from Banks	63,160,918	47,889,063
2	Less:Misc Inome	5,796,119	4,465,852
3	Less:IEDC Capitalised	72,328,021	9,296,608
NET		986,175,489	433,878,976

Schedule 8 - Current Assets, Loans and Advances

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
CASH AND BANK BALANCES		
Bank balance with Scheduled Banks	345,986,082	17,732,286
Short Term Deposits	1,900,203,127	1,465,000,000
TOTAL	2,246,189,209	1,482,732,286

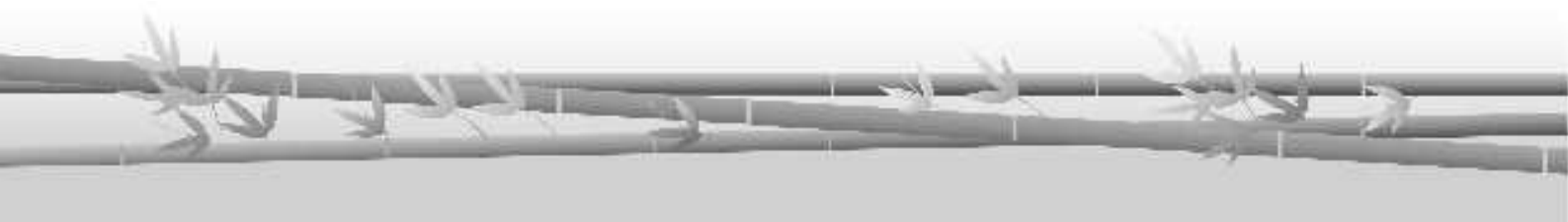
Schedule 9 - Other Current Assets

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
Interest Accrued on Bank Term Deposits	3,454,508	4,545,076
Interest Accrued on Mobilisation Adv.	1,393,599	26,774
TOTAL	4,848,107	4,571,850

Schedule 10 - Loans and Advances-Considered Good

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
Unsecured considered Good		
Deposit with Authorities	281,500,866	115,846,104
Staff Advance	2,252,522	13,000
Other Advances	230,698,404	83,439,878
TOTAL	514,451,792	199,298,983

Note: Advances given to suppliers and contractors for capital jobs are regrouped and shown under the head CWIP-Advance for capital jobs under Sch-6. The previous year figures are also suitably regrouped.





Schedule 11 - Current Liabilities & Provisions

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
A Current Liabilities		
Sundry Creditors for Assets	2,199,333,176	571,081,372
Sundry Creditors for Expenses	98,354,417	189,338,352
Deposit Retention Money	615,910,404	89,128,678
TOTAL	2,913,597,997	849,548,402
B Provisions		
Provision for Income Tax (Inclusive of previous year figures of ₹ 16277493/-)	28,227,310	16,277,493
Provision for Gratuity	344,296	-
Provision for Leave Salary	465,426	-
TOTAL	29,037,032	16,277,493

Schedule 12 - Miscellaneous Expenditure (To the extent not W/O or Adjusted)

	AS AT 31 st MARCH, 2011 Amount (₹)	AS AT 31 st MARCH, 2010 Amount (₹)
Deferred Revenue Expenditure		
CSR Expenses	2,752,292	-
Advertisement - Public Relation Expenses	7,230,012	5,497,242
Inaugural Expenses	43,010	-
Preliminary Expenses		
ROC Registration Fees	20,005,600	20,005,600
Professional Fees For Formation of Company	35,000	35,000
Other Expenses	33,800	33,800
TOTAL	30,099,714	25,571,642

Schedule 13 - Notes to Accounts

- 1) The estimated amounts of contracts valuing ₹ 47,93,69,00,000.00 (Previous Year ₹ 27,90,69,20,638.00) are remaining to be executed on Capital Accounts and not provided for.
- 2) Contingent Liabilities: The company has issued Foreign Letter of Credits amounting to ₹ 247,63,62,875.00 (Previous Year ₹ 26,59,74,699.60) during the year.
- 3) Free hold land of ₹ 25,68,747.00 and Leasehold land of ₹ 80,40,42,013.00 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 of the land is yet to be registered in the name of the Company.
- 4) Income tax provision to the tune of ₹ 1,19,49,817.00 (Previous Year ₹ 1,62,77,493.00) has been recognized in the book of accounts during the year. The provision for Income Tax is on account of interest earned on STDs kept by investing surplus funds.
- 5) During the year company has provided for gratuity liability of ₹ 3,44,296.00 for regular employees. The assumptions methodology used in actuarial valuations are consistent with the requirements of Accounting Standard AS-15.
- 6) The Company has provided the liability for leave encashment benefit for regular employees in the books of accounts on the basis of actuarial valuation for existing employees at the closing date. Company records its future value for unveiled leave liability amount on the basis of actuarial valuation and charged to the accounts. Such liability for Leave encashment amounting to ₹ 4,65,426.00 (Previous year Nil) has been provided in the Accounts during the year.
- 7) No deferred tax liability has been recognized since the project is in the construction stage.
- 8) BCPL has been granted the exemption on account of WCT, Entry Tax and VAT from Govt. of Assam. Giving effect to the notifications, total WCT of ₹ 23,98,24,950.00 till 31.03.2011 stands recoverable from GOA. The claim of ₹ 9,77,18,669.00 (₹ 1,14,60,672.00 for 2008-09, ₹ 8,62,57,997.00 for 2009-10) has been lodged with the Sales Tax Authority of Assam for refund to BCPL. Claim of WCT of ₹ 14,21,06,281.00 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.

- 9) The expenses of ₹ 6,61,23,114.00 incurred on employees deputed on secondment basis from GAIL (India) Limited and NRL have been accounted under IEDC head on the basis of debit advices raised from the respective companies. The expenses of ₹ 2,17,383.00 incurred on employees deputed from GOA has been directly paid by company.
- 10) To the extent information available with the company, amount of ₹ 2,76,171.00 (Previous Year Nil) was due to Micro, Small and Medium Enterprises).
- 11) Balances grouped under Loans and Advances, Deposits and Sundry Creditors are subject to confirmation.
- 12) During the year the company has paid an amount of ₹ 1,38,14,957.00 (net of exchange fluctuations) (Previous Year ₹ 1,42,45,88,321.00) on account of import of Technical Knowhow. Gain on foreign currency fluctuation of ₹ 50,63,332.00 has been credited to CWIP-Intangible Assets (license fees) during 2010-11.
- 13) In accordance with the approval of the Board of Directors in the 24th Board Meeting held on 16th July, 2010, the Company has allotted 61,285,700 equity shares of ₹ 10.00 each for cash as fully paid-up aggregating ₹ 61,28,57,000.00. 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 ₹ 10each.
GAIL (India) Limited	42899990
Numaligarh Refinery Limited	6128570
Oil India Limited	6128570
Govt. of Assam	6128570
Total	61285700

- 14) During the year, two equity calls amounting to ₹ 317,08,00,000 have been issued to the promoters in the line with approved business plan against in the following manner:-



Source	Equity calls raised on 06.05.2010	Equity calls raised on 15.02.2011	Amount received against equity call of 2010-11	Balance amount to be received
GAIL	160,30,00,000	81,73,00,000	160,30,00,000	81,73,00,000
OIL	22,88,00,000	11,70,00,000	22,88,00,000	11,70,00,000
NRL	22,88,00,000	11,70,00,000	22,88,00,000	11,70,00,000
GOA	0	5,89,00,000	0	5,89,00,000
TOTAL	206,06,00,000	111,02,00,000	206,06,00,000	111,02,00,000

- 15) The Capital Subsidy of ₹ 7,96,73,00,000.00 (Previous Year ₹ 3,16,31,00,000.00) 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 repayment 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 ₹12,09,64,494.00 (interest of ₹ 4,01,25,616.00 for 2010-11 and ₹ 8,08,38,878.00 for the period from 2007-08 to 2009-10) has been treated in consonance with Capital Subsidy. An amount of ₹ 5,02,42,054.00 of capital subsidy remains unutilized as on 31.03.2011.
- 16) 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 ₹ 2,77,12,793.00 and ₹ 1,85,09,419.00 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.
- 17) During the year an amount of ₹ 2,83,00,00,000.00 was drawn from OADB as loan as per the agreement entered into with the lenders.
- 18) The Company has received show cause notices from Sales tax authority on 07.01.2011 for levy of tax and penalty under Assam Entry Tax ACT 2008 towards nonpayment of entry tax on electrical cables and optical fibre cable amounting to ₹ 1,15,06,097.00, which attracts penal action U/S 90 of Assam Value Added ACT 2003. The amount has been deposited under protest as this is contrary to the Exemption notification granted to BCPL. Necessary amendment to the exemption notification is being sought with retrospective effects as well as waiver of penalty. Penalty amount cannot be quantified at this stage.
- 19) Company has received intimation from Punjab National Bank that 4 No of STDs of ₹ 50,00,00,000.00 (Denomination of ₹ 12,50,00,000.00 each) has been made inadvertently in current account, for which necessary reconciliation has been made as on 31.03.2011.
- 20) The expenditure ₹ 3,83,51,547.00 on leveling, clearing and grading of the land has been added to the cost of the particular buildings or other structures which stand on the particular land.

- 21) The company has acquired the "Right of Use" (ROU) for the purpose of laying and maintenance of the underground pipeline for receiving and supplying of Gas is shown under Intangible Assets. Perpetual Right of Use of ₹ 6,56,25,684.00 acquired by the company, but does not bestow upon the company the ownership of land and thus no amortization has been provided on the same. However cost of Right of use for ₹ 8,77,725.00 having useful life of 10 years is being amortized over the life of ROU. This is in the line of policy followed by GAIL.
- 22) An amount of ₹ 3,00,99,714.00 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.
- 23) The fees for the statutory auditors for the financial year 2010-11 has been fixed at ₹ 75,000.00 plus out of pocket expenses. (Previous Year ₹ 75,000.00 plus out of pocket expenses.)
- 24) STDs amounting to ₹ 72,00,00,000.00 is kept as lien with PNB as on 31.03.2011 has been vacated with effect from 20.04.2011.
- 25) Term deposit amounting to ₹ 2,03,127.00 have been kept as security deposit (Refundable) for permission for laying pipelines with Public Works Department.
- 26) (a) Value of import calculated on CIF basis by company during financial year in respect of capital goods is ₹ 2,11,23,10,610.00 (previous year nil).
(b) Expenditure in foreign currency includes the followings:-
- | | | |
|---|--------------------------------------|---------------------|
| - | Fess for Licensors (Net of TDS) | ₹ 1,38,14,958.00 |
| - | Others (Net of tax where applicable) | ₹ 1,88,28,29,191.00 |
- 27) During the year Gain on foreign currency fluctuation of ₹ 75,37,163 and ₹ 3,78,98,585 has been credited to CWIP - Capital Jobs and CWIP-Construction Stock (Material in Transit-Foreign) respectively. Loss on foreign currency fluctuation of ₹ 1,39,35,246 has been debited to CWIP - Construction Stock (Material in Transit-Foreign) during 2010-11.
- 28) Insurance claim of ₹ 1,98,517.00 has been recognized in the books. Insurance claims are being recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain.
- 29) During the year Assets of ₹ 58,69,21,656.00 (Previous year ₹14,98,80,212.00) has been capitalized in books.
- 30) During the year position of material in transit & inspection are as follows :-
- | | | |
|-----|--------------------------------|--------------------|
| (a) | Material in Transit – inland | ₹ 19,17,71,429.00 |
| (b) | Material in Transit – imported | ₹ 211,06,58,365.00 |
| (c) | Material under inspection | ₹ 67,18,70,699.00 |
- 31) "Cash and Bank" balance as on 31.03.2011 includes "Cheque in Transit" of ₹ 4,99,00,000.00 on account of capital subsidy released by Govt. of India for 2010-11, which is received by BCPL on 02.04.2011.

- 32) 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.
- 33) Information as per Accounting Standard 18 as prescribed under Accounting Standard Rules, 2006 on Related Party Disclosures is given below:

1. Name of related parties and description of relationship :

Sl. Name of the Related Party

a) Holding Company :

1 GAIL (India) Ltd.

b) Joint Owners :

- 1 Numaligarh Refinery Limited
- 2 Oil India Limited
- 3 Government of Assam

c) Fellow Subsidiary Company :

- 1 GAIL Global (Singapore) Pte Ltd
- 2 GAIL Gas Ltd

d) Associate Company :

- 1 Mahanagar Gas Limited
- 2 Indraprastha Gas Limited
- 3 Petronet LNG Limited
- 4 Bhagyanagar Gas Limited
- 5 Tripura Natural Gas Corporation Limited
- 6 Central UP Gas Limited
- 7 Green Gas Limited
- 8 Maharashtra Natural Gas Limited
- 9 Ratnagiri Gas & Power Pvt. Ltd
- 10 Avantika Gas Limited
- 11 Shell Compressed Natural Gas
- 12 Gujarat State Electricity Generation Ltd
- 13 National Gas Company "Nat Gas"
- 14 Fayum Gas Company
- 15 China gas Holding Ltd
- 16 GAIL China Gas Global Energy Holding Ltd.

e) Key Management Personnel

- | | |
|-------------------------|-------------------|
| 1 Sh. J.K. Singh Teotia | Managing Director |
| 2 Sh. Rakesh Kumar | Finance Director |
| 3 Sh. P.N. Prasad | COO |

2. Details of Transactions :

Details	2010-11	2009-10
a) Holding Company :		
Expenditure incurred on Salary of employees on Deputation	645,77,983.00	6,39,73,132.00
Amount Paid towards purchase of assets	Nil	8,83,580.00
Equity Share Contribution	4289,99,900.00	1,84,32,50,430.00
Amount paid towards rental charges	42,09,653.00	54,04,292.00
Amount Outstanding in Current Liabilities & Provisions during the year	162,09,689.00	50,43,956.00
b) Joint Owners :		
Amount paid for infrastructure development for gas supply	432,09,000.00	8,11,89,162.00
Amount outstanding for infrastructure development for gas supply	23,94,89,034.00	4,32,09,000.00
Expenditure incurred on Salary of employees on Deputation	23,62,514.00	1,47,374.00
Equity Share Contribution	18,38,57,100.00	78,99,64,470.00
c) Key Management Personnel		
Remuneration to Directors	41,37,900.00	9,45,565.00
Amount Outstanding(Payable)	36210.00	198,851.00

- 34) During the year, the Company has recognized ₹ 60,28,127.00 in respect of "Employee Benefits" as Contribution to Provident Fund.
- 35) The Company is under construction stage and hence Accounting Standards-17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006 is not applicable.
- 36) Previous year figures have been regrouped and rearranged wherever considered necessary to facilitate comparison with Current Year figures.

(S Venkatraman) Director	(Rakesh Kumar) Director (Finance)	(Ruli Das Sen) Company Secretary
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As per our separate Report of Even Date
For SANJOY K. DAS & CO.
Chartered Accountants

Sd/-
(Sanjoy K. Das)
Proprietor
Membership No. 050691
FRN No. 312143E

Place : Guwhati
Date : May 19, 2011



Schedule 14 - Significant Accounting Policies

1. Basis for preparation of Financial Statements

a) Accounting Convention

The financial statements are prepared under the historical cost convention, ongoing concern concept, in accordance with the Generally Accepted Accounting Principles, the Provisions of the Companies Act, 1956 and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements. Examples of such estimates include estimated useful life of fixed assets and estimated useful life of leased assets. Actual results could differ from these estimates.

2. Fixed Assets, Capital Work-in-Progress & Depreciation/Amortization

a) Fixed Assets:

Fixed Assets are valued at historical cost on consistent basis inclusive of incidental expenses related thereto. In the case of commissioned assets, where final payments to the contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of the Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, will be capitalized with the cost of that fixed asset and will be depreciated fully over the remaining useful life of that asset.

Asset acquired out of Government Grants are capitalized, by way of corresponding credit to Capital Reserves.

b) Intangible Assets:

Assets like software, licenses and right of use of land including crop compensation in course of acquiring such ROU which are expected to provide future enduring benefits will be capitalized as Intangible Assets.

Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) 26- Intangible Assets.

c) Capital Work-in-Progress:

The Capital Work-in-progress includes PMC Fees /advance for capital goods/materials in Transit /value of materials/equipment etc received at site for use in the projects.

d) Expenditure incurred during construction period

All revenue expenditure incurred during the construction period, which are, directly or indirectly attributable to acquisition/construction of specific fixed assets, will be capitalised at the time of commissioning of such assets.

e) Depreciation / Amortization

Depreciation on fixed assets, other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act'1956 on Written Down Value (WDV) on pro-rata basis (Monthly pro-rata for bought out assets).

- i. Assets costing upto ₹5,000 are depreciated fully in the year of capitalization.
- ii. Bunk Houses are depreciated on assumption of five years life.
- iii. Cost of the leasehold land not exceeding 99 years is amortized over the lease period.
- iv. Capital expenditure on the assets, the ownership of which are not with the company, and referred to as enabling facilities are shown separately under the heading "Capital Expenditure-Enabling Facilities". These assets will be amortized over useful life of the assets from the date from which they are put into use.
- v. Intangible assets will be amortized equally over period of five years from the date of recognition.
- vi. Depreciation due to price adjustments on account of foreign exchange rate variations or otherwise in the original cost of fixed assets will be charged with the prospective effect.
- vii. Indirect expenses incurred during the construction period which are not related to the construction activity nor are incidental thereto, will be treated as deferred revenue expenditure and written off to revenue within a period of five years after the commencement of production.

3. Borrowing Costs

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of the cost of such assets. The same will be capitalized up to the date when the asset is ready for use, after netting off any income earned on temporary investment of such funds.

4. Foreign Currency Transaction

- a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.
- b) All exchange differences are dealt as per Accounting Standard 11 and schedule VI requirements of the Companies Act'1956.
- c) Monetary items (such as Cash, Receivables, Loans, Payables etc) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling rate for Payables and TT buying rate for Receivables) prevailing at year end.

- d) Non monetary items (such as Investments, Fixed Assets etc) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- e) Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for.

5. Inventories

- a) Raw materials and Finished products are valued at cost or net realizable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.
- b) Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- c) Stores and spare and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- d) Surplus/Obsolete Stores and Spares are valued at lower of cost or net realizable value whichever is lower.
- e) Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realizable value.
- f) All issues of Project Materials to Contractors for use in Capital Jobs are valued at weighted average cost.

6. Capital Grants

Non refundable Government Grants in the nature of promoters' contribution are credited to capital reserve and are treated as part of shareholders' funds.

7. Segmental Reporting

The Company has only one segment; hence there are no reportable segments under Accounting Standards 17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006.

8. Employees Benefits

- a) All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b) Employees Benefits under Defined Contribution Plan in respect of Provident Fund is recognized based on the undiscounted obligation of the company towards contribution to the fund. The same is paid to the provident fund account with the Regional Commissioners of PF.
- c) Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard -15 - Employee Benefits (revised 2005) issued by ICAI.

9. Preliminary Expenses

The qualifying preliminary expenditure incurred in connection with the setting up of the business and the new industrial unit are amortized equally over period of five years after plant is ready for commercial production.

10. Provisions, Contingent Liabilities and Capital Commitments

- a) Provisions are recognized when there is present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- b) Liabilities for expenses are recognized only when such liabilities exceed ₹ 0.10 Lakhs.
- c) Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5.00 Lakhs in each case are disclosed by way of notes to accounts.
- d) Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5.00 Lakhs.

11. Taxes on Income

- a) Provision for Tax during the construction period is made on interest earned on investments during the construction period, which, is treated for tax purposes as "Income from other Sources". Such provision has been debited under the head IEDC-Interest on STDRs.
- b) On commissioning, the company will be eligible for tax incentives under section 80IE of the Income Tax Act, 1961, and will be liable to MAT only under section 115JB of the said Act.

12. Impairment of Assets

If the carrying amount of the fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of the estimated future cash flows.

13. General

- a) Prepaid expenses and prior period expenses/income upto ₹ 1.00 lakh in each case will be charged to relevant heads of account of the current year.
- b) Liquidated damages, if any, will be accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled after capitalization of the assets are charged to revenue, if below ₹ 50.00 lakhs in each case otherwise adjusted in the cost of the relevant assets.
- c) Insurance claims will be accounted for on the basis of claims admitted by the insurers.
- d) Custom duty and other claims (including interest on delayed payments) will be accounted for on acceptance in principle.

(S Venkatraman)
Director

(Rakesh Kumar)
Director (Finance)

(Ruli Das Sen)
Company
Secretary

As per our separate Report of Even Date
For SANJOY K. DAS & CO.
Chartered Accountants

Sd/-
(Sanjoy K. Das)
Proprietor

Place : Guwahati
Date : May 19, 2011

Membership No. 050691
F.R.N. 312143E



Cash Flow Statement for the Period Ended 31-03-2011

	(₹) in Lakhs 2010-11	(₹) in Lakhs 2009-10
A CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASES OF FIXED ASSETS	(5,869.22)	(116.54)
CAPITAL WORK-IN-PROGRESS	(133,614.99)	(45,359.79)
INCIDENTAL EXPENSES DURING CONSTRUCTION	(5,032.40)	(2,763.42)
DEFERRED REVENUE EXPENDITURE	(45.28)	-
CURRENT ASSETS LOANS AND ADVANCES	(3,154.29)	(4,243.68)
INTEREST RECEIVED	631.61	523.55
CURRENT LIABILITIES & PROVISIONS	20,640.50	3,283.65
NET CASH FROM INVESTING ACTIVITIES	(126,444.07)	(48,676.23)
B CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE SHARE CAPITAL	-	-
PROCEEDS FROM LOANS	28,300.00	5,000.00
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM NRL , OIL , GAIL (INDIA) LTD & GOVT OF ASSAM	24,896.00	14,500.00
PROCEEDS FROM CAPITAL SUBSIDY FROM GOVT OF INDIA	80,882.64	31,631.00
NET CASH FROM FINANCING ACTIVITIES	134,078.64	51,131.00
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B)	7,634.57	2,454.77
OPENING CASH AND CASH EQUIVALENTS	14,827.32	12,372.55
CLOSING CASH AND CASH EQUIVALENTS	22,461.89	14,827.32
Notes :	2010-11	2009-10
Cash and cash equivalent include		
Bank Balances as per Balance Sheet	3,459.86	177.32
STDs as per Balance Sheet	19,002.03	14,650.00
Total cash and cash equivalents	22,461.89	14,827.32

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(S Venkatraman)
Director

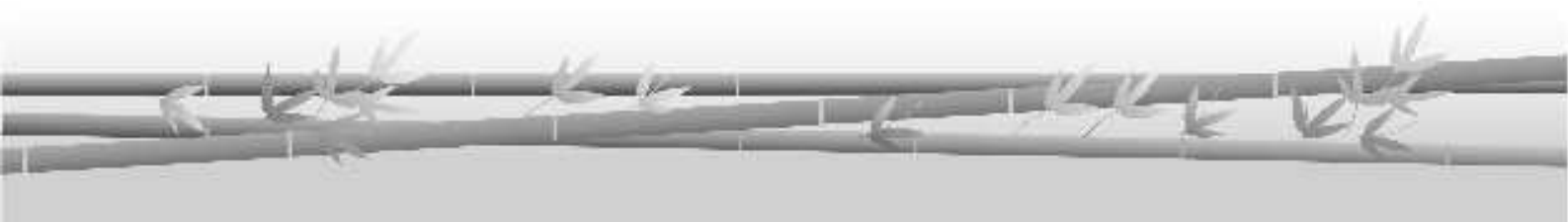
(Rakesh Kumar)
Director (Finance)

(Ruli Das Sen)
Company Secretary

As per our separate Report of Even Date
For SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date : May 19, 2011

Sd/-
(Sanjoy K. Das)
Proprietor
Membership No 050691
F.R.N. 312143E



Balance Sheet Abstract and Company's General Business Profile for the Year Ended 31-03-2011

I Registration Details			
Registration No	008290	State Coode	02
Balance Sheet Date	31.03.2011		
II Capital raised during the year (₹ in Lakhs)			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	24,896.00
III Position of Mobilisation and Deployment of Funds : (Rs.in Lakhs)			
Total Liabilities	215,999.05	Total Assets	215,999.05
Sources of Funds			
Paid up capital	32,465.73	Reserve & Surplus	126,256.33
Advance against share capital	23,976.99	Unsecured Loan	Nil
Secured Loans	33,300.00		
Defferred Tax Liability	Nil		
Application of Funds			
Net Fixed Assets	217,469.51	Investment/Advance for investment	
Net Current Assets	(1,771.46)	Misc. Expenditure	301.00
Accumulated Losses	Nil		
IV Performance of the Company (₹ In Lakhs)			
Turnover	Nil	Total Expenditure	Nil
Profit/Loss before Tax	Nil	Profit/Loss after Tax	Nil
Earning Per share (In Rs.)	Nil	Dividend	Nil
V Generic names of the Principal Products/Services of Company (As per monetary terms)			
Item Code No. (ITC Code)	Nil		
Product Description	Business not yet started		

(S Venkatraman)
Director

(Rakesh Kumar)
Director (Finance)

(Ruli Das Sen)
Company Secretary

As per our separate Report of Even Date
For SANJOY K. DAS & CO.
Chartered Accountants

Place: Guwahati
Date : May 19, 2011

Sd/-
(Sanjoy K. Das)
Proprietor
Membership No 050691
F.R.N. 312143E



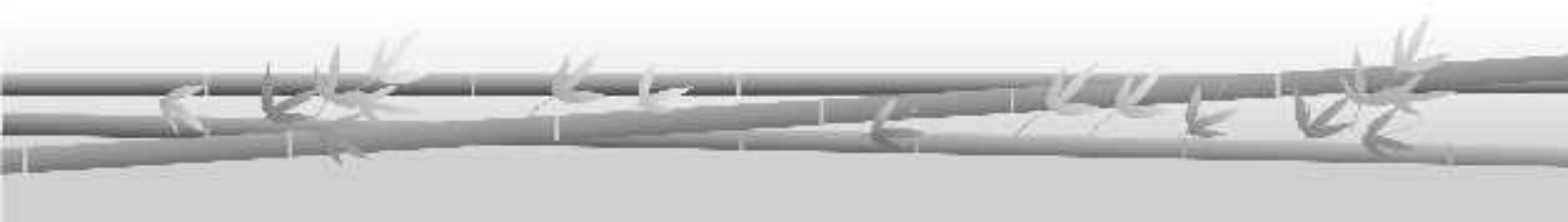
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BRAHMAPUTRA CRACKER & POLYMER LIMITED, GUWAHATI FOR THE YEAR ENDED 31ST MARCH, 2011.

The preparation of financial statement of Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31st March, 2011 in accordance with the financial reporting Framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on Independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19-05-2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31st March, 2011. This Supplementary audit has been carried out independently and is limited primarily to inquiries of The Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

**Sd/-
(Nandana Munshi)
Principal Director of Commercial Audit
& Ex-office Member, Audit Board-I, Kolkata**





GAIL Gas Limited



Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 11th Annual Report of your Company along with Audited Financial Statements for the Financial Year 2010-11.

PERFORMANCE OVERVIEW

During the year 2010-11, the important financial and physical highlights are as under:-

FINANCIAL

(₹ in lakhs)

Particulars	2010-11	2009-10
Turnover (Net of ED)	2893.11	278.92
Other Income	63.64	19.82
Cost of Sales (excluding Depreciation and including extraordinary items)	3082.57	687.48
Gross Margin	(125.82)	(388.74)
Depreciation	81.65	17.88
Profit/ (Loss) Before Tax	(207.47)	(406.62)
Provision for Tax	318.34	15.26
Balance carried forward to Balance Sheet	110.87	(391.36)

PHYSICAL

Particulars	2010-11	2009-10
Sale of Compressed Natural Gas (CNG) (Kg)	2775000	3000
Sale of Piped Natural Gas (PNG) (MMBTU)	398000	59000

CONVERGED ACCOUNTING STANDARDS (IFRS) IMPLEMENTATION

In accordance with the notifications issued by the Ministry of Corporate Affairs, Government of India, Accounts are to be prepared on the basis of converged Accounting Standards i.e. Indian Accounting Standards converged with International Financial Reporting Standards (IFRS) as and when dates will be notified. Accordingly, your Company is taking necessary steps for the implementation of Accounting Standards which are converged with IFRS. Basic IFRS training has also been imparted to concerned senior officials of your Company. Your Company is ready to implement the Converged Accounting Standards (Ind AS) as and when it would be notified by Central Government.

CORPORATE STRATEGY & BUSINESS INITIATIVES

Your Company, GAIL Gas Limited was incorporated with an objective of focused implementation of City Gas Distribution (CGD) projects in the Country. In first round of bidding process of Petroleum and Natural Gas Regulatory Board (PNGRB), your Company has been authorized to implement CGD projects in four cities, namely, Sonapat, Kota, Dewas and Meerut. Your Company has already laid 168 Km steel pipeline and 229 Km MDPE pipeline in these cities. Your Company is operating 1 CNG stations each at Dewas and Sonapat. The CNG stations at Kota and Meerut are under commissioning. Your Company is supplying natural gas to 27

industrial units in Kota, Dewas, Sonapat and Meerut. Your Company has also commenced gas supplies to domestic customers progressively. Your Company has taken up investment for setting up the infrastructure along the national highways for building Green corridors. To encourage the conversion of vehicles on CNG and make CNG refueling available at highways, your Company has commissioned 2 CNG stations and 4 stations are scheduled to be commissioned in 2011-12.

To expand the business canvas, your Company has also participated in the 3rd round of PNGRB bidding process for cities of Ludhiana, Jalandhar, Asansol –Durgapur and Kutch(East). The results are awaited for these cities. Your Company has also geared-up for participation in more cities in the forthcoming rounds of the PNGRB bidding process.

In line with the corporate objective, your Company has signed Joint Venture Agreement with Vadodara Mahanagar Sewa Sadan (VMSS) for formation of JVC to carry forward the ongoing CNG business in city of Vadodara and augment the infrastructure to implement CGD project in the city.

Your Company has also been assigned the Joint Venture Agreement signed by GAIL (India) Limited and Kerala State Industrial Development Corporation (KSIDC).

The marketing activities of your Company are progressing well. About 80 Industrial Customers, 25 Commercial and 13,000 domestic consumers have been tied-up. In the current year, your Company intends to more than triple the gas supplies to various consumer segments in the operational areas.

As a part of its strategy, your Company is actively pursuing opportunities in the CGD space to capture larger share of the growing market. To achieve the business objectives your Company is participating in upcoming PNGRB bidding rounds for other city gas projects. Further, the Board of GAIL (India) Limited, in order to consolidate the city gas distribution business, has approved the transfer of existing and ongoing expansion of local distribution assets in Agra and Firozabad to your Company and transfer of CNG distribution project in Vadodara to proposed JVC of your Company with Vadodara Mahanagar Sewa Sadan, subject to consent of shareholders through postal ballot. Your Company, as a strategic initiative, is evaluating the alliance options for incorporation of JVCs in other States and expansion of the project activities in more and more cities. Your Company's execution capabilities present an exceptional combination to create value for its employees and shareholders. To realize the ambition, your Company has identified the growth areas and is focusing on expansion of CNG and PNG network to ramp up the supplies to end consumers.

Your Company is committed to building on gas distribution network providing safe and reliable operations and establishing itself in delivering excellence in the areas of operation. Your Company is developing a culture of sustained high performance, delivering continuous improvement to the customers, employees and shareholders. Fundamental to our strategy is implementing productivity improvement whilst complying with regulatory obligations and achieving the standards of service benchmarked to the best in the World.

Your Company intends to provide seamless services and continual

supplies to its customers. Your Company's focus is to provide safe and secure gas supplies to the people and the businesses within the distribution network. Your Company has taken initiatives for GIS mapping of the pipeline assets and SCADA implementation to achieve the automation and real time data availability and maximize the operational efficiencies and minimize the interruptions, if any, in gas supply. The GIS and SCADA shall be made operational in 2011-12.

FUTURE OUTLOOK

Your Company operates in the energy sector which is a very vital component of the economy. Energy powers every other productive activity in the economy, whether it be agriculture, infrastructure, manufacturing or services sector. The demand for energy is growing at a rate that is much higher than the growth rate of the economy. The principal business of your Company is distribution of natural gas in the form of PNG & CNG which in itself is a cleaner fuel and helps users reduce the pollution levels as compared to coal or other liquid fuels.

Natural gas has emerged as the most important energy source for the future. Given the increased availability of natural gas, relatively cleaner environmental properties and its diversified applications across all sectors, natural gas is going to play an increasingly important role in meeting demand for energy in the country. Over the past few years, Indian natural gas market has moved through some very dynamic changes. The production of gas in KG basin has increased the domestic supplies. This increasing domestic production and expanding pipeline infrastructure will unlock more gas demand in the country. This is expected to significantly increase the use of gas in traditional uses like power, fertilizer and petrochemicals.

Petroleum and Natural Gas Regulatory Board is targeting CGD bidding for more than 200 cities in phased manner. The authorization process for the target cities/ towns will bring major expansion with gas gushing through a network of pipes into towns and cities. Progressively, on the back of a formidable pipeline network and players with giant-sized ambition, cities and towns will use more and more of this fuel. This would also provide huge opportunities to the stakeholders in the City Gas Distribution to reap the benefits in the growth process.

Demand for natural gas is expected to grow. It will be critical for your Company to expand its network and CNG station infrastructure in order to meet the growth in demand. Opportunities for expansion to new geographical areas will continue to be assessed. Growth in new areas will be through the bidding process set out by the PNGRB.

Your Company will endeavour to grow value by identifying and accessing high value market segments. Your Company will continue to invest in human resources and in systems and processes which strengthen the integrity and safety of your Company's assets. This will be the bedrock for the sustenance and growth of your Company's business.

Sourcing additional sources of long term gas is critical for the growth of the business. RLNG as well as indigenous sources of gas are being explored for this purpose. Your Company endeavours to grow its retail markets to take full advantage of the growth in industrialization and urbanization in its areas.

Your Company has successfully developed a Long term Business Plan and is well on its road to establish pan-India presence. The Business Plan envisaged the number of cities for implementation of CGD projects by

your Company in phased manner. The authorization of the cities shall be taken from PNGRB through bidding process. It is estimated that with its intrinsic strength of CGD projects execution and pedigree of GAIL's expertise in project implementation & financial strength, your Company would garner a majority market share to become the dominant player in this business. The projects shall be implemented by your Company on its own or through Joint Venture Companies with Strategic Partners.

DIVIDEND

It is not proposed to declare dividend for the current year.

DEPOSITS

During the period, your Company has not accepted deposits from the public under Section 58A of the Companies Act, 1956.

IT INITIATIVES

Your Company has taken several new IT initiatives to harness the power of Information Technology in running the business. Your Company has successfully implemented the latest SAP ECC6 ERP solution for conducting business transactions online which has enhanced information management and reporting facilities. Implementation of Bill Watch System (BWS) has brought transparency in processing of bills. SCADA (Supervisory Control and Data Acquisition) system spanning 4 cities is also under implementation which will enable centralized monitoring of the pipeline infrastructure and other assets.

Your Company has also initiated the process for implementation of SAP IS-Utilities solution for managing large number of Domestic, Industrial and Commercial customers across cities to streamline the business operations of Projects and Maintenances activities. The implementation of IS Utility will ensure unmatched customer service experience for the retail customers and bring the efficiencies to the business operations.

Your Company is keeping pace with the latest advancements in Information Technology.

HEALTH SAFETY AND ENVIRONMENT

Safety is an essential element in the organizational working. A safe working environment for employees enhances the performance at the work place. There is effective involvement and open communication of all safety matters at all levels in your Company. Similar focus on safety issues are given at site locations as well. Safety aspect is taken into consideration during design, construction and commissioning of the installation. In order to ensure safety at work place, various actions have been taken as follows:

- Preparation of O&M procedures for CNG station;
- Display of Safety Instructions at CNG Station for customer as well as for operators;
- Risk Analysis of CNG Stations;
- Preparation of Emergency Response & Disaster Management Plan (ERDMP) so as to meet any emergency situation;
- Deployment of qualified & experienced contract manpower for O&M;



- Fire and Safety Trainings programmes for regular & contract employees from time to time.

All operations are done with the standard safety norms in order to avoid accidents. Your Company believes that safety is the responsibility of each individual and each one's contribution in this part can make an organization accident free and safe place to work at. The preventive measures for safety ensure a safe and healthy working environment.

To give top most thrust on HSE issues, your Company has approved Corporate HSE Policy & HSE management system is being implemented to further strengthen the safety in each and every activity of CGD Project implementation. Your Company has also constituted a HSE sub-committee of Board of Directors to review the implementation of HSE Policy and its roadmap.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is growing and fully committed to the fulfillment of its social responsibility. Your Company, as a responsible corporate citizen, will be taking all necessary action for initiating various Social Welfare Schemes, in accordance with DPE guidelines on Corporate Social Responsibility for Central Public Sector Enterprises particularly in or around its installations.

HUMAN CAPITAL

Manpower strength of your Company which was 62 as on 31st of March, 2010, has increased to 65 as on 31st March, 2011. As your Company is growing, accordingly manpower strength will also be augmented. Your Company focuses on employee development on a continuous basis. With the aim of encouraging a competitive spirit and winning attitude to take on future challenges, keen attention is given to training programmes and workshops.

OFFICIAL LANGUAGE

Your Company has been making efforts for the promotion, propagation and successful implementation of the Official Language policy.

With a view to create greater awareness and consciousness among employees, 'Hindi Diwas' was observed on 14th September, 2010 and 'Hindi Fortnight' was organized from 14th September, 2010 to 28th September, 2010 in association with GAIL (India) Limited. We are also encouraging employees to work more in Official language on a continuous basis.

VIGILANCE

Your Company lays thrust on predictive and preventive rather than punitive vigilance. During the year, Vigilance Awareness Week was observed. Various awareness programmes were conducted in your Company for the benefit of employees, and Vendors/Customers through the association with and support of the promoter, GAIL (India) Limited.

RIGHT TO INFORMATION

In order to promote transparency and accountability, appropriate action is taken to reply to queries from any source whenever received, on time. In compliance to the provisions of the Right to Information Act, 2005, Central Public Information Officer (CPIO) and ACPIOs have been appointed and utmost care is being taken for timely compliance and dissemination of information.

REPRESENTATION OF SC/ST EMPLOYEES

As on 31.3.2011, the manpower strength of GAIL Gas Ltd. is 65, out of which 07 belong to Scheduled Caste and 04 to Scheduled Tribe, representing 10.76% and 6.15% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with DPE Guideline on Corporate Governance, necessary disclosure in a separate statement on Management Discussion and Analysis as **Annexure-A** and Report on Corporate Governance along with Annexures as **Annexure-B** are enclosed as a part of Directors' Report.

LAURELS AND SPONSORSHIPS

During the financial year, your Company sponsored a number of events like FICCI- Special Track on Fuel Retailing with special focus on Pricing, Technology & Emerging Business Models organized on the sidelines of PETROTECH 2010, CNG Eco Drive from Mumbai to Pune via Panvel, NGV India 2010 as Platinum Sponsor organized by M/s Bangkok Exhibition Services.

The "NGV India 2010 CNG Eco Drive", a first-of-its-kind intercity awareness drive to popularize CNG as a clean fuel for vehicles in India, was held on November 13, 2010 from Mumbai to Pune via the GAIL Gas station at Panvel. It was flagged-off by the Hon'ble Minister for Petroleum and Natural Gas, Shri. Murli Deora from Bandra-Kurla Complex in Mumbai. A host of dignitaries were also present on the occasion. The drive comprised a fleet of 40 CNG vehicles. The vehicles halted for refueling at the GAIL Gas CNG station at Panvel before proceeding to Pune via the Mumbai-Pune Expressway.

The Natural Gas for Vehicles (NGV) India 2010 Conference and Exhibition was organized from 24th-26th of November 2010 at Bombay Exhibition Centre in Mumbai. Hon'ble Minister of State for Petroleum and Natural Gas, Shri Jitin Prasada inaugurated the conference. More than 200 companies representing over 25 countries participated in the exhibition and more than 5,000 industry delegates attended the conference.

NGV India 2010 had the theme "Meeting the Demand of India's Surging NGV Growth" and NGV India 2010 provided an international platform for the Indian natural gas and allied vehicle industry to explore the latest developments, and exchange ideas on the emerging technologies and processes. The event also gave all delegates and industry specialists a stage to discuss issues facing the development of CNG/ NGV today, as well as environment challenges to steer new guidelines towards eco-sustainability.

During NGV India 2010, your Company had put up an exhibition stall showcasing the model CNG station. CNG retrofitted motor bike for promoting the usage of CNG was also exhibited to give boost to CNG in two-wheeler. The stall was adjudged the 'Best Exhibition Stall' and a trophy for appreciation was presented to CEO, GAIL Gas for the same during the closing ceremony. It was highly appreciated by dignitaries, visitors and manufacturers of two wheelers.

CHANGES IN DIRECTORS

Shri Prabhat Singh was appointed as an Additional Director w.e.f. 11th October, 2010 and Shri Manu Srivastava was appointed as an Additional Director w.e.f. 20th September, 2010. Shri Manu Srivastava,

Shri R.D.Goyal and Dr.U.K.Sen, ceased to be Directors w.e.f 19.05.2011, 11.10.2010, and 28.04.2011 respectively.

The Board placed on record its deep appreciation for the valuable services rendered by Shri R.D.Goyal, Shri Manu Srivastava and Dr. U.K.Sen during their association with your Company.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As energy conservation is one of the objectives of your Company, so this aspect is taken care of in every activity that your Company undertakes while implementing the project from design to execution of the project.

Your Company always adopts new technologies wherever required. At the moment, the design and execution activities are being undertaken and new technology/ procedure/ standards etc. are being followed.

The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in a separate statement attached hereto (Form 'A' & 'B') and forms part hereof as **Annexure-C**.

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

None of the employees are drawing the remuneration specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2011.

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

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

- i) in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review;

- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

AUDITORS

The Statutory Auditor of your Company is appointed by Comptroller & Auditor General of India (CAG). M/s A K G & Associates, Chartered Accountants, New Delhi are appointed as Statutory Auditors of your Company for the year 2010-11.

The review of Annual Account of your Company for the year ended 31st March, 2011 by CAG forms part of this report as an addendum. Notes on accounts referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

ACKNOWLEDGMENT

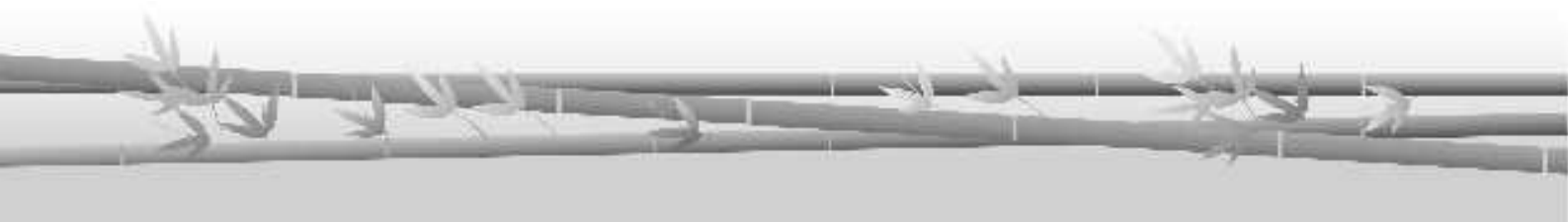
The Board of Directors wish to place on record its sincere appreciation for the valuable services and dedicated efforts of the employees of your Company. The Board also wishes to thank the Government of India in particular the Ministry of Petroleum and Natural Gas and various state governments, regulatory and statutory authorities in particular PNGRB for their guidance and support from time to time. The Board acknowledges its deep and sincere thanks for the co-operation and assistance received from GAIL (India) Limited, Bankers, Financial Institutions, Customers and Suppliers.

For and on behalf of the Board

Sd/-

**Place: New Delhi
Delhi : July 22, 2011**

**B.C. Tripathi
Chairman**





Management Discussion and Analysis

INDUSTRY STRUCTURE & DEVELOPMENTS

India's economy grew at 8.6% last year, next only to China and this is certainly a remarkable achievement as it comes in the backdrop of a challenging period of global recession. With the world economy coming out of recession, the Indian economy has successfully re-positioned itself on a faster growth trajectory which prompts us to believe that the country will be able to achieve its objective of reaching a sustained 9% growth rate.

India is gaining strategic importance globally owing to the impressive economic growth pattern and market attractiveness. India is the world's fifth-biggest energy consumer and continues to grow rapidly. It is the third-biggest global coal producer, but has limited oil supplies. Oil accounts for about 31 percent of India's total energy mix. India's 5.80 bn bbl of proven oil reserves represents just 0.5 percent of world total. In terms of gas, India currently accounts for 0.4 % of global reserves and just over 1 percent of production.

Presently India's per capita energy consumption stands at 400 Kg of oil equivalent against world's average energy consumption of 1700 Kg of oil equivalent. However, strong economic growth and progressive motorization are likely to expand the energy demand in India. The inadequate energy addition on the supply-side has widened the demand-supply gap over the years. This triggers a major concern to India's energy security. Hence it is imperative to launch progressive energy reforms and carry out major energy supply augmentation.

It is also expected that fossil fuels will continue to be the mainstay of India's supply basket in the short to medium term scenario. However, there is an increasing public awareness for clean and green fuels. Today, emerging challenge is to reduce and manage adverse environmental impact from conventional fossil fuels. The emerging need is to control the pollution with up-gradation of the refineries to produce the cleaner fuels, emphasis on energy conservation and diversification of energy sources like-Natural Gas, CBM and Gas Hydrates.

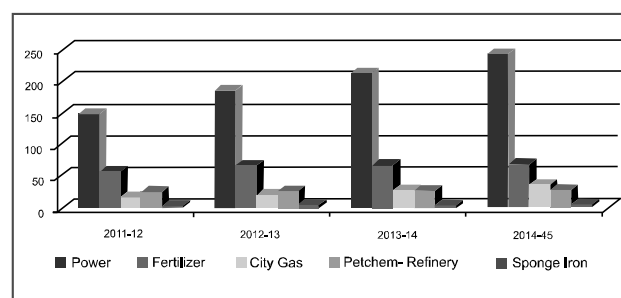
The twentieth century was called the century of Petroleum fuels. The twenty-first century belongs to Natural Gas. Natural Gas is the most preferred fuel globally and our gas demand is increasing day by day. Natural Gas provides a bridge to the development of new technology of cleaner fuels like Hydrogen.

The natural gas markets in India are developing rapidly. Over the past decade the volumes have gone up significantly with commencement of NELP gas production, followed by introduction of term LNG and finally with the supplies from RIL's KG D6 gas fields. The scenario for supply of natural gas in India has changed significantly with the advent of volumes from Reliance Industries operated D6 fields in the Krishna Godavari basin offshore Indian east coast. In terms of overall gas supply in the country, total gas supply increased to 154 MMSCMD in the year 2010-11 from 147 MMSCMD in the year 2009-10.

The share of Natural gas in India's energy mix is around 10% against a world average of around 24%, providing a large scope for increased utilization of natural gas in India. Natural gas demand in the country is expected to grow at a rate of 4.7% per annum to reach about 600

MMSCMD by 2030 offering huge opportunities in the development of the natural gas industry in India. While the large consumers of natural gas in the country continued to be the power and fertilizer units, the demand from City Gas Distribution (CGD) customers viz. smaller industrial units, natural gas vehicles, households and commercial establishments, continued to grow.

The following table highlights the demand of natural gas for different segments in the country.



	2011-12	2012-13	2013-14	2014-15
Power	149	186	213	243
Fertilizer	57	68	68	68
City Gas	18	22	29	37
Petchem-Refinery	25	26	27	29
Sponge Iron	4	4	4	4
Total	253	306	341	381

Source: Mercados Study on Common Pool Price Mechanism for Natural Gas

Natural Gas distribution in Indian cities through pipeline network is relatively a new concept. However, it has gain popularity among users wherever City Gas Projects are implemented. There is a dramatic effect not only on convenience to consumers but also it has brought about a significant positive impact on Environment. City Gas Distribution is expected to grow in a major way. The main contributing factors towards this are the evolving supportive regulatory framework and inherent economic benefits of using natural gas.

GAIL had initiated the CNG system in India by setting up 3 pilot projects one each at Delhi, Mumbai and Vadodara in 1992 for establishing CNG as commercially, technically and environmentally viable fuel for the transport sector in compliance of the Hon'ble Supreme Court directives. The decision for use of CNG for entire public transport in Delhi was a significant step in controlling the air pollution in Delhi which ultimately made Delhi as an example to the world. Buoyant with the initial success in establishing CNG as a future fuel for transport sector in India, GAIL moved further in spreading the benefit of CNG and PNG to the users in various other cities and in the process formed 8 Joint Venture Companies with OMCs and other entities to implement CGD projects.

Alternative fuels and renewable sources of energy at an affordable cost is

the need of hour to prevent the environment from pollution. Indian natural gas retail segment is opening up with establishment of Petroleum & Natural Gas Regulatory Board. The setting up of a regulatory board has resulted in competitive opportunities for development of gas distribution system in larger number of cities in phased manner. The availability of Gas Pipeline infrastructure across the country will bring opportunity for more cities on the map of CGD projects. Regulatory board had already identified over 200 cities contiguous to the existing and upcoming pipeline infrastructure. PNGRB has already taken-up the four rounds of the bidding process for award of authorization to implement the CGD projects. In coming future, PNGRB expectedly be taking up this aggressively and is likely to announce the further bidding process soon.

➤ **OPPORTUNITIES, THREATS, RISKS, CONCERNS & MITIGATION**

The transmission and distribution segment of the natural gas sector remains relatively under developed, but this is likely to change in the immediate future. Major trunk pipelines have been authorized in the southern region and development of these pipelines is opening the doors to the southern market. Identifying the prospects of the gas demand in the southern states and the R-LNG terminal being constructed, your Company has identified the major cities /towns / industrial parks for implementation of CGD projects. The PNGRB has also given due recognition of the development and has notified the District of Ernakulam in state of Kerala for the fourth round of the bidding process.

The above developments open material opportunities for your Company while also posing certain challenges. The flow of additional volumes of gas by way of RLNG and by way of indigenous gas mainly from the East Coast of the country, offer several options for gas sourcing in the future, which will lead to fulfilling the significant demand. Growth of urbanization in Indian towns has also been rapid and continues unabated. These factors create opportunities for growing the market for natural gas for industrial applications, household usage and for use as CNG in vehicles.

The challenges that your Company expects to face relate mainly to ensuring safe operations in line with your Company's objectives, competition in certain market segments, retention of critical talent and resourcing and the growth of its pipeline network. Your Company has strong processes in place to address these challenges.

• **POTENTIAL OF CITY GAS NETWORKS IN INDIA**

Natural Gas usage in Indian cities has been limited primarily due to the scarcity of supply. However this scenario is undergoing change with several LNG projects/ transnational pipelines under implementation, which together with new domestic gas finds are expected to shore up the supply in the next few years. The flow of additional volumes of gas by way of RLNG and by way of indigenous gas mainly from the East Coast of the country, offer several options for gas sourcing in the future, which will lead to fulfilling the significant demand.

Meanwhile the market for city gas distribution is also set to grow at an accelerated pace. The CNG demand got a boost with the Supreme Court directive on pollution reduction in 12 major cities in India. The domestic segment is also expected to grow with the government's intentions to remove the subsidy on LPG cylinders in a phased manner in 3-5 years making piped gas even more economical.

The growth of industrialization continues to be robust in areas where GAIL Gas is operating. Growth of urbanization in NCR towns of Meerut and

Sonepat has also been rapid. These factors create opportunities for growing the market for natural gas for industrial applications, household usage and for use as CNG in vehicles.

• **RISK FACTORS**

The feasibility of a city gas project is highly sensitive to the demand your Company is able to capture, and is thus exposed to demand risk. The project is also exposed to price risk due to the probable mismatch in the movement of input gas price and selling price. The project could also be exposed to the residual risk created by the difference in terms and conditions of contracts with the suppliers and the buyers.

• **CONCERNS & MITIGATION**

Your Company will take the following steps to reduce risk factors involved in City Gas Distribution:

GAS PRICE

Despite different pricing mechanism, natural gas in Asia will continue to be linked to oil prices. As per McKinsey Report 'Gas in 2020: A perspective' CGD has a switching price of \$7-9/MMBtu. As such, it is essential that the delivered gas must be priced in such a manner so as to secure a minimum level of profitability for the promoters; while providing adequate incentive to induce targeted customers to shift to Natural Gas.

DEMAND BUILD-UP

For a city gas distribution project the industrial segment provides the "base load" demand, which can be captured in a shorter time frame. In contrast, build-up of demand in the commercial, transport and residential segments provides better margins but has a higher gestation period. The project roll out must therefore be planned to capture an optimal mix of demand from these segments.

SUPPLY

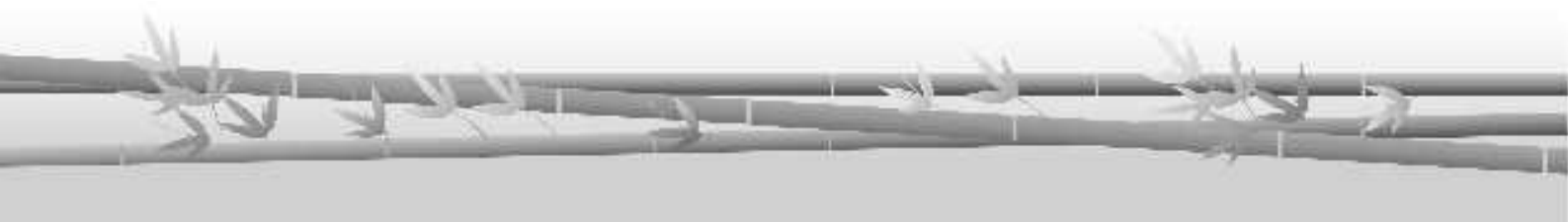
Input gas price and its terms and conditions are critical for the viability of the city gas distribution project. Existence of Natural gas networks passing by or in proximity of the supply sources from the city limit enhances the project feasibility by reducing the capital and input gas costs.

➤ **FUTURE OUTLOOK**

Your Company endeavours to grow its retail markets to take full advantage of the growth in industrialization and urbanization in its areas. The management is focused in ensuring that the adequate systems, processes, resources and infrastructure are available and are scalable to enable the growth of your Company.

Your company has prepared a comprehensive Business Plan for 15 yrs. with assistance of Ernst & Young. Business Plan envisaged the number of cities for implementation of CGD projects by GAIL. Gas in phased manner. The authorization of the cities shall be taken from PNGRB through bidding process. It is estimated that with its intrinsic strength of CGD projects execution and pedigree of GAIL's expertise in project implementation & financial strength, your Company would garner a majority market share in CGD business. The projects shall be implemented by your company on its own or through Joint Venture Companies with Strategic Partners.

Your Company has already submitted the bids for the selected four Geographical Areas namely, Ludhiana, Jalandhar, Kutch (East) and Asansol- Durgapur in the 3rd round of the bidding process. Your





Company is all prepared to actively participate in the bidding process of PNGRB for authorization to implement the CGD projects in the country and is aiming to have a larger pie to ensure and retain market leadership in the segment.

Your Company has achieved sales revenue of ₹ 30 Crores in the FY 2010-11 and has targeted to triple the sales revenue in the current Fiscal. Further the alliances are being developed for formation of JV Company in Vadoara with VMSS and in Kerala with KSIDC. The JVC formation in Vadodara will fuel the full grown development of CGD project in the City with synergy of the strengths of both organizations and capture the market potential ahead of the competition. The alliance with KSIDC will mark the footprints of your Company in the Southern States.

➤ INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate Internal control procedures commensurate with its size and nature of business. During the financial year 2010-11, Internal Audit Department of GAIL (India) Limited carried out internal audits and the internal audit reports prepared by them were placed before the Audit Committee.

➤ FINANCIAL PERFORMANCE

During the period your Company has achieved gross turnover of ₹ 2986.70 Lakhs as against ₹ 279.05 lakhs during the corresponding period ending 31.03.2010. The Profit after Tax (PAT) for the year ending 31.03.2011 is ₹ 110.87 lakhs as against Net Loss after Tax ₹ 391.36 lakhs for the corresponding period ending 31.03.2010. During the year general administrative & over head expenses amounting to ₹ 1507.22 Lakhs (PY ₹ 735.20 lakhs) and Interest on Term Loan ₹ 308.28 lakhs (PY ₹ Nil) have been transferred to CWIP as IEDC to be capitalized.

During the year the expenses incurred amounting to ₹ 75.03 lakhs (PY ₹ 81.61 Lakhs) on preparation of DFR, Application fees, Financial appraisal etc in respect of Bhavnagar, Jamnagar & Kutch (West) are charged to Profit & Loss Account as "Expenses written off on Unsuccessful cities" since your Company did not participate in the bidding process of these cities.

The summary of the financial position of the Company as at 31st March, 2011 & 31st March, 2010 is given below:

Sources of Funds	₹ In Lakhs	
	31.03.11	31.03.10
Share Capital (Including share application money pending allotment)	13595.00	5770.00
Term Loan from OIDB/Union Bank of India	8941.00	0.00
Total Sources of Funds	22536.00	5770.00
Application of Funds :		
a. Net Fixed Asset	5636.14	663.39
b. Capital Work in Progress:	16914.78	5059.91
c. Current Assets, Loans & Advances		
d. Less: Current Liabilities		
Net Working Capital	(629.01)	(359.92)
e. Deferred Tax Assets	333.60	15.26
f. Accumulated Loss	280.49	391.36
Total Application of Funds	22536.00	5770.00

➤ PHYSICAL PERFORMANCE

Your Company has achieved an impressive growth in developing PNG and CNG infrastructure. The Sale of Compressed Natural Gas (CNG) in the year 2010-11 has reached 2775000 Kg and Sale of Piped Natural Gas (PNG) has reached 398000 MMBTU.

➤ SHARE CAPITAL

Share Capital of your Company comprises of Paid up Equity Capital ₹ 117.17 crores

➤ HUMAN RESOURCES DEVELOPMENT

Your Company believes that a continuous thrust on learning by the employees has been its unique proposition which has always yielded results and is the source of sustainable competitive advantage. Towards, this end your Company has been quite proactive in the area of Human Resource Development through various in-house and external training programmes. Industrial relations scenario remained harmonious and cordial for whole of the year. Company continues to focus on employee oriented initiatives with a view to tap potential of employees while synergizing individual development and organizational growth.

➤ CORPORATE SOCIAL RESPONSIBILITY

Your Company is growing and fully committed to the fulfillment of its social responsibility. Your Company, as a responsible corporate citizen, will be taking all necessary action for initiating various Social Welfare Schemes, in accordance with DPE guidelines on Corporate Social Responsibility for Central Public Sector Enterprises particularly in or around its installations.

➤ ENVIRONMENTAL PROTECTION AND CONSERVATION

Environment protection and its preservation is today a matter of concern for all citizens including corporate. The environment as it exists today signifies that human activities are correlated with nature and human beings cannot remain aloof to the damage being caused to the environment. As environment conservation is one of the major priorities of the Company, it is taken care of in every activity that your Company undertakes while implementing the project from design to execution of the project.

CNG as automotive fuel, for instance, provides eco-friendly alternative to the growing air pollution due of vehicular emissions. Exhaust emissions from CNG vehicles are much lower than from petrol/diesel vehicles. CNG also emits significantly lower amounts of greenhouse gases and toxins. Also, natural gas is not toxic or corrosive and will not contaminate ground water. And being the cleanest burning alternative transportation fuel it can, of course, aid in cutting harmful Green House Gas (GHG) emissions from a rising number of automobiles. Thus it can not only significantly bolster our Energy Security but also reduce the regional pollution generated by transport sector.

➤ CAUTIONARY STATEMENT

Statements in the Directors' Report and Management and Discussion & Analysis, describing the Company's Objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results, performances or achievements may vary materially from those expressed or implied, depending on economic conditions, Government policies and other incidental factors.

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company adheres to good corporate practices and emphasizes on commitment to values and ethical business conduct. It believes in adopting the best practices laid down in different statutes and goes beyond adherence of statutory framework to bring transparency, accountability and equity in all facets of its operations. Your Company's philosophy of Corporate Governance is to ensure transparency in all its operations and enhancing stakeholder value within the framework of laws and regulations.

2. BOARD OF DIRECTORS

i. Composition of the Board

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically. As per its Articles of Association, the number of Directors shall not be less than four and more than twelve.

As on 31st March, 2011, there were 7 (Seven) Directors on the Board comprising of 5 (Five) Promoter-Nominee Directors including the Chairman, 1 (One) Part-time Directors (Government Nominee) and 1 (One) Part-time non-official (Independent) Directors nominated by Promoter-GAIL (India) Limited. Composition and attendance record of the Company's Board of Directors are as follows :

Name and Designation of the Director	No. of Board Meetings attended	Attendance at last Annual General Meeting	Directorships held in other Public Companies	Membership/ Chairmanship in Committees of the Board of the other Companies
I. Promoter – Nominee Directors				
Sh. B. C. Tripathi, Chairman	7	Yes	4	Nil
Sh. R. D. Goyal (upto 11.10.2010)	3	Yes	-	-
Shri Prabhat Singh (w.e.f 11.10.2010)	3	No	1	1
Sh. P.K.Jain	7	Yes	2	1
Sh. J.Wason	7	Yes	1	2
Dr. Ashutosh Karnatak	4	Yes	Nil	Nil
II. Part-time Directors (Government Nominee)				
Sh. Manu Srivastava (till 19.05.2011)	3	No	2	Nil
III. Part-time non-official (Independent) Directors				
Dr. U.K. Sen (upto 28.04.2011)	5	Yes	1	1

Note :

- During the year 2010-11, 7 (Seven) Board Meetings were held.
- 2nd Annual General Meeting was held on 09.09.2010.
- Directors inter-se are not related to each other.
- None of the Director(s) on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders/Investors Grievance Committee and based on latest disclosures received from Director(s).

ii. Details of Board meetings

During the financial year 2010-11, 7 (Seven) meetings of the Board were held, the details of which are as below:

S. No.	Meeting No.	Date of Board Meeting
1.	14 th	10.05.2010
2.	15 th	28.02.2010
3.	16 th	15.07.2010
4.	17 th	06.08.2010
5.	18 th	29.10.2010
6.	19 th	30.12.2010
7.	20 th	29.03.2011

3. AUDIT COMMITTEE

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

The Audit Committee of the Company comprises of three Directors, Shri P.K. Jain as Chairman, Shri J. Wason and Dr. Ashutosh Karnatak as the **Members**.

Besides the above, the Chief Executive Officer (GAIL Gas Limited), Chief Financial Officer (GAIL Gas Limited) and Sr. Manager (Internal Audit) of Promoter-GAIL (India) Limited are the permanent invitees to the meetings of Audit Committee. Senior functional executives are also invited, as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year 2010-11, 4 (Four) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

S.No.	Meeting No.	Date of Meeting
1.	3 rd	08.05.2010
2.	4 th	10.08.2010
3.	5 th	29.10.2010
4.	6 th	29.03.2010

4. REMUNERATION COMMITTEE

There is no Remuneration Committee at present.

The Part-time Director(s) which includes Promoter-Nominee and Government Nominee, do not receive any remuneration from the Company. Further, the part-time non-official Director (Independent) was paid a sitting fee of ₹ 5,000/- for attending each meeting of the Board of Directors and Committee(s) thereof.

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



(₹ in 000)

S. No.	Name of the Independent Director(s)	Amount
1.	Dr. U.K. Sen	45

5. OTHER SUB-COMMITTEES

Apart from statutory sub-committee viz. Audit Committee, there are other Board level Committees. The details of these sub-Committees of the Board are enumerated below:

S. No.	Name of Committee (s)	Constitution	Power(s)
1.	Empowered Managing Committee	1 Sh. Prabhat Singh - Chairman 2 Sh. J. Wason 3 Sh. P.K. Jain 4 Sh. S.K.Singh 5 Sh. M.Ravindran 6 Sh. A.K.Sahni	Award of Works, Purchase, Consulting Services and Contract Services and accord approvals within its delegated powers for the procurement / execution of projects
2.	HSE Committee	1 Shri M.Ravindran 2 Dr. Ashutosh Karnatak	To review implementation of HSE Policy and its roadmap.

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

6. GENERAL BODY MEETINGS

Location and time, where last three AGMs were held

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

Year	2008-09	2009-10
AGM	1 st	2 nd
Date & Time	07.09.2009 5.00 p.m.	09.09.2010 4.00 p.m.
Venue	6 th floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	6 th floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066
Special Resolution passed	None	Issue of further shares in terms of Section 81 of the Companies Act, 1956

7. MEANS OF COMMUNICATION

Annual Report is available on the web-site in a user-friendly manner viz. www.gailgas.com and is circulated to the members and others entitled thereto.

8. DISCLOSURES

- Annual Financial statements 2010-11 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.
- The CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee.
- Presently, the Company does not have Whistle Blower Policy.
- Your Company has adopted a Code of Conduct for Board members and senior management personnel and has hosted the same on its website www.gailgas.com and all the members of the Board and Senior Management Personnel have affirmed the compliance of the Code of Conduct.
- The Company has complied with applicable rules and the requirement of regulatory authorities and no penalties or strictures were imposed on the Company on any matter related to any guidelines issued by Government during last three years. All statutory filings were within stipulated time with various authorities.
- No item of expenditure has been debited in the books of accounts, which are not for the purposes of the business and no expense which are personal in nature and incurred for the Board of Directors and Top Management.
- The administrative and office expenses are 57% of total expenses in 2010-11 as against 65% in 2009-10.

9. AUDIT QUALIFICATIONS

The Company has ensured to remain in the regime of unqualified statement.

10. TRAINING OF BOARD MEMBERS

Though, no specific training programmes were arranged for Board members, detailed presentations are made by senior executives / professionals/ consultants on business related issues at the Board / Committee meetings.

To,
The Members,
GAIL Gas Limited,
A-1, Sector-2,
Noida-201301

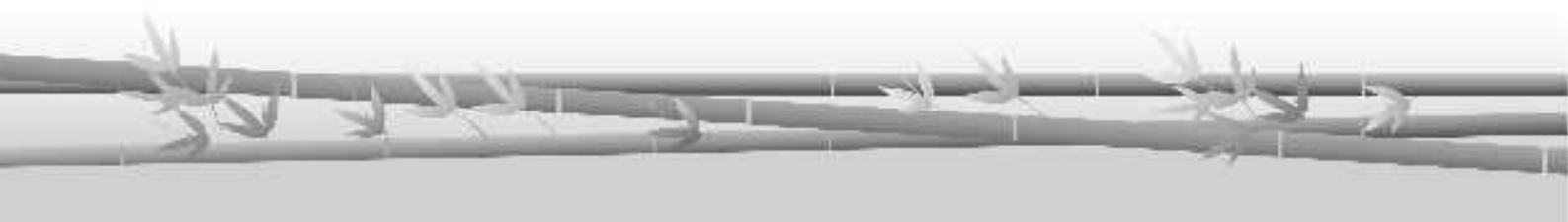
Certificate on Compliance of Guidelines on Corporate Governance

1. We have examined the compliance of Guidelines on Corporate Governance by GAIL Gas Ltd for the year ended 31st March, 2011 as stipulated in O.M. No. 18(8)/2005-GM dated 22.06.2007 and modified by O.M. of the same number dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, GOI.
2. The Compliance of Guidelines on Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us by the management, we certify that, except the Composition of the Board of Directors with regard to Functional and Independent Directors & Audit Committee with regard to Independent Directors, risk management implementation, Remuneration Committee, the Company has complied with the Guidelines on Corporate Governance as stipulated in the OM mentioned above.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Smita Rastogi & Co.
Company Secretaries

(Smita Rastogi)
Proprietor
C.P. No. 5485

Place : New Delhi
Date : July 06, 2011





ANNEXURE - C

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

(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. CONSERVATION OF ENERGY:-

As energy conservation is one of the objectives of the company, so aspect of energy conservation is taken care of in every activity that GAIL Gas Limited undertakes while implementing the project from design to execution of the project.(Annexed as Form A).

B. TECHNOLOGY ABSORPTION:-

GAIL Gas always adopts the new technology wherever required. At the moment the design and execution activities are being undertaken and new technology/ procedure/ standards etc. are being followed.(Annexed as Form B)

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:-

Foreign Exchange Earning and Outgo	Current Year (₹ In lacs)	Previous Year (₹ In lacs)
Total Foreign Exchange earned		
a. Tender fee	0.00	4.12
Total Foreign Exchange outgo		
a. CIF Value of Imports Capital goods	341.50	13.72
b. Others (TA & Exhibition)	1.57	13.98
	343.07	27.70

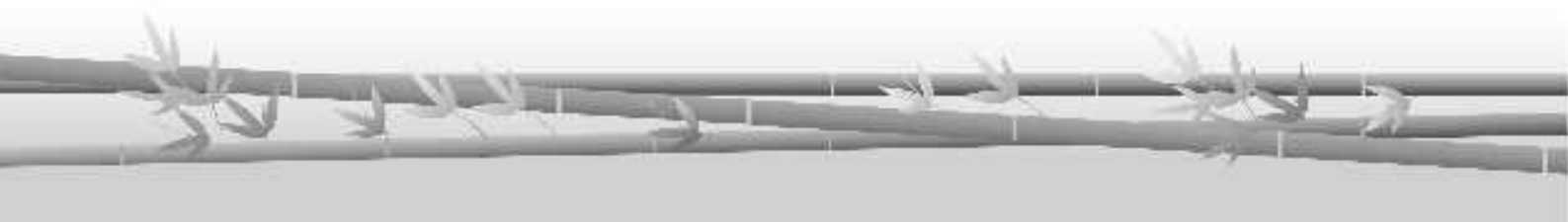
FORM A

Form for disclosure of particulars with respect to Conservation of Energy

Power and Fuel Consumption	Current Year
1. Electricity	
a) Purchase	
Unit	1.89 lacs units
Total Amount (₹)	13.73 lacs
Rate / Unit (₹)	₹ 7.26/unit
b) Own Generation	NIL
(i) Through Diesel Generator	
Unit	
Unit per Ltr of Diesel Oil	
Cost / Unit (₹)	
(ii) Through Steam	NIL
Units	
Units per Ltr and Fuel Oil / Gas	
Cost / Units	
2. Coal (specify quantity and where used)	NIL
Quantity (tonnes)	
Total Cost	
Average Rate	
3. Furnace Oil	NIL
Quantity (K. Ltrs)	
Total Amount	
Average Rate	
4. Others / Internal Generation (please give details)	NIL
Quantity	
Total Cost	
Rate / Unit	

FORM B**Form for disclosure of particulars with respect to absorption**

S.No.	Particulars	Current Year
1	Research and Development (R&D)	
	A Specific areas in which R&D carried out by the Company	(a) Continuity with development of: <ul style="list-style-type: none"> - Gas composition & gas quality - Safety of the cylinder - Development of spares such as O-rings etc. - Indigenous development of imported spares - Supervisory Control and Data Acquisition (SCADA) System - Geographical Information System (GIS)
	B Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> - Improvement in the existing business processes and working standards of a City Gas Distribution Project. - Safe and effective operation of Gas Supply Network - Forex savings - Easy availability of spares
	C Future plan of action	<ul style="list-style-type: none"> - Continuing Vendor Development (Regulators, Meters, PE pipes etc) - Further development of GIS, SCADA, ERP system - Automatic meter Reading (AMR) technology - Development of spares such as O-rings etc. - Indigenous development of imported spares
	D Expenditure on R&D	- No Direct Expenditure
	(a) Capital	
	(b) Recurring	
	(C) Total	
	(d) Total R&D expenditure as a percentage of total turnover	
2	Technology absorption, adaptation and innovation	
	A Efforts, in brief, made towards technology adaptation and innovation	- Further development of Standards, Specifications and Operating Procedures with policies adapted for local implementation
	B Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	- Safe operation of Gas Supply Network
	C In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :	- NIL
	(a) Technology Import	
	(b) Year of Import	
	(C) Has technology been fully absorbed?	
	(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	





Auditor's Report

To

The Members of GAIL Gas Limited,

We have audited the attached Balance sheet of **GAIL GAS LIMITED** as on 31st March, 2011 and also the profit & Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit:

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) Order (Amendment), 2004 issued by the Department of Company Affairs in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order in so far as they are applicable to the company.
- 3) Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of the books;
 - c) The company's Balance sheet and the Profit & Loss A/c dealt with by this report are in agreement with the books of account;

- d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with accounting standard referred to sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
- e) On the basis of the written representation received from the directors as on 31st March, 2011 and taken on record by the Board of Directors. We report that none of the Director of the company is disqualified as on 31st March, 2011 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011; and
- ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
- iii) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date

For A.K.G. & ASSOCIATES
Chartered Accountants

CA. HARVINDER SINGH
Partner
(M. No. 087889)
(FRN. 002688N)

Place: Delhi
Date: May 19, 2011

Annexure to the Auditors' Report

THE ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF **GAIL GAS LIMITED** FOR THE YEAR ENDED ON 31ST MARCH, 2011, WE REPORT THAT:

The matters contained in paragraph 4 of the Companies (Auditor's Report) Order, 2003, are as follows:

- I.) (a) The Company has maintained records showing quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, there is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Fixed Assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.
- (c) There was no disposal of fixed assets during the year.
- II.) (a) According to the information and explanations given to us, the inventory of stores and spares were physically verified by the management, except those lying with contractors at the end of the year.
- (b) According to information and explanations given to us in our opinion, the procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) According to the information and explanations given to us, no discrepancy has been noticed on physical verification of stock of capital goods in hand, Stores and spares as compared to the Book Records. We have been explained that the stock of gas at the end of the year has been arrived at on the basis of pipe line volume, pressure and temperature available in the pipe line by standard formula.
- III.) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
- IV.) In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sales of goods. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the internal controls system of the company.
- V.) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us the transactions, made in pursuance of contracts or arrangements entered in the register under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI.) Company has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order does not require any comment or explanation from the auditors.
- VII.) The Company has taken the support of in house Internal Audit system of its holding Company, GAIL (India) Ltd., which in our opinion is reasonable and commensurate with the size of the Company and the nature of its business.
- VIII.) Company commenced its commercial activity from 15th Dec, 2009 on a small scale. As per the information and explanations given by the Company, the provisions of Section 209(1) (d) of the Companies Act, 1956 relating to Cost Audit Record is not applicable.
- IX.) (a) According to the records, the Company is generally regular in depositing undisputed statutory dues including Investor



Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. As regards the deposit of dues of Provident Fund, Employees State Insurance and other dues relating to staff, since all the employees working in the company are on the payroll of GAIL (India) Ltd., the same is taken care of by the Holding Company and the debit notes raised on the company are accounted in Company's Books under appropriate head of Accounts.

- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
- (c) As certified by the Management on which we have relied upon, there are no dues of Excise Duty, Customs Duty, Entry Tax, Sales Tax and Other Taxes which have not been deposited on account of Disputes.
- X.) There are accumulated losses of ₹ 280.49 lakhs at the end of current financial year. The Company has incurred cash loss of ₹ 125.82 lakhs in the current year and ₹ 268.10 lakhs in the previous year.
- XI.) In our opinion and according to information and explanation given to us, the Company has not raised any fund through loan or issue of securities and as such there is no default in repayment of dues to financial institutions, banks or security holders.
- XII.) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII.) The Company is not a chit fund, nidhi, mutual benefit fund, society. Accordingly the provisions of clause 4(XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV.) According to the information and explanations given to us, the company has not dealt in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(X IV) of the

Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- XV.) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- XVI.) According to the information and explanation given to us, the Company has raised term loan of ₹ 89.41 crores during the year and the same has been used for purpose for which the loans were obtained.
- XVII.) According to the information and explanation given to us, the Company has not raised any short term loan during the year.
- XVIII.) During the year the company has not made any preferential allotment of shares to parties or Companies covered in register maintained under section 301 of the Companies, Act, 1956. However during the year private placement of 8,58,70,000 equity shares was made to Gail (India) Ltd, the Holding Company.
- XIX.) The Company has not issued any debenture during the year.
- XX.) The Company did not raise money by public issue during the year.
- XXI.) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For A.K.G. & ASSOCIATES
Chartered Accountants**

**CA HARVINDER SINGH
Partner
(M. No. 087889)
(FRN. 002688N)**

**Place: Delhi
Date: May 19, 2011**

Balance Sheet as at 31st March, 2011

(Amt Rounded in ₹ 000)

	Schedule No.	As at 31 st March, 2011	As at 31 st March, 2010
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Capital	1A	1,171,700	313,000
Shares application money pending allotment	1B	187,800	264,000
Reserves and Surplus		<u>0</u>	<u>0</u>
		1,359,500	577,000
LOAN FUNDS			
Secured Loans	2	894,100	0
Unsecured Loans		<u>0</u>	<u>0</u>
		894,100	0
TOTAL		2,253,600	577,000
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	573,636	68,196
Less : Accumulated Depreciation		10,022	1,857
Net Block		563,614	66,339
Capital Work-in-progress	4	1,691,478	505,991
		<u>2,255,092</u>	572,330
Deferred Tax Assets		33,360	1,526
CURRENT ASSETS, LOANS AND ADVANCES			
A.Current Assets	5		
Inventories		47,198	27
Sundry Debtors		27,794	6,135
Cash and Bank balances		169,580	6,924
Other Current Assets		3,361	2,491
Loans and advances		110,301	57,223
		358,234	72,800
LESS : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	6	421,135	108,792
Provisions		0	0
		<u>421,135</u>	<u>108,792</u>
NET CURRENT ASSETS		(62,901)	(35,992)
PROFIT AND LOSS ACCOUNT		28,049	39,136
TOTAL		2,253,600	577,000

Contingent Liabilities not provided for (Refer Schedule-10)

Schedules 1 to 10, Balance Sheet abstract and Company's General Business Profile, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

Preeti Agarwal
Company SecretaryA.K. Sahni
CFOM. Ravindran
CEOP.K. Jain
DirectorPrabhat Singh
Director

In terms of our report of even date

For, A.K.G. & Associates
Chartered Accountants
Firm No. 002688NPlace: Noida
Date: May 19, 2011(C A Harvinder Singh)
Partner
M No.87889



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

(Amt Rounded in ₹ 000)

	Schedule No.	As at 31 st March, 2011	As at 31 st March, 2010
INCOME			
Gross Sales		298,670	27,905
Less: Excise Duty		9,359	13
Net Sales		289,311	27,892
Other Income	7	6,364	1,982
Total		295,675	29,874
EXPENDITURE			
Gas Consumption		231,187	22,699
Manufacturing, Transmission, Administration, Selling & Distribution and other Expenses	8	226,805	107,505
Depreciation		8,165	933
		234,970	108,438
* Less: Expenditure during construction period transferred to capital work in progress	9	150,722	84,248
		84,248	73,520
Total		315,435	57,617
Profit before Interest and Finance Charges		(19,760)	(27,743)
Interest and Finance Charges		31,815	
Less: Interest and Finance Charges transferred to Capital Work in Progress		30,828	987
Profit for the year		(20,747)	(27,743)
Less: Prior period Adjustments (net) :			
Preliminary (Incorporation) Expenses		0	12,609
Depreciation		0	310
Profit before tax		(20,747)	(40,662)
Provision for Tax-Current			
- Deferred Tax		(31,834)	(1,526)
- FBT		0	(1,526)
Profit after tax		11,087	(39,136)
Balance Carried to Balance Sheet		11,087	(39,136)
TOTAL		11,087	(39,136)
Details of Earning per Share			
A. Profit after Tax		11,087	(39,136)
B. Weighted Average No. of Equity Shares		61,585	8,678
C. Nominal Value per Equity Share (₹)		10	10
D. Basic and Diluted Earning per Share (₹)		0.18	(4.51)

Preeti Agarwal
Company Secretary

A.K. Sahni
CFO

M. Ravindran
CEO

P.K. Jain
Director

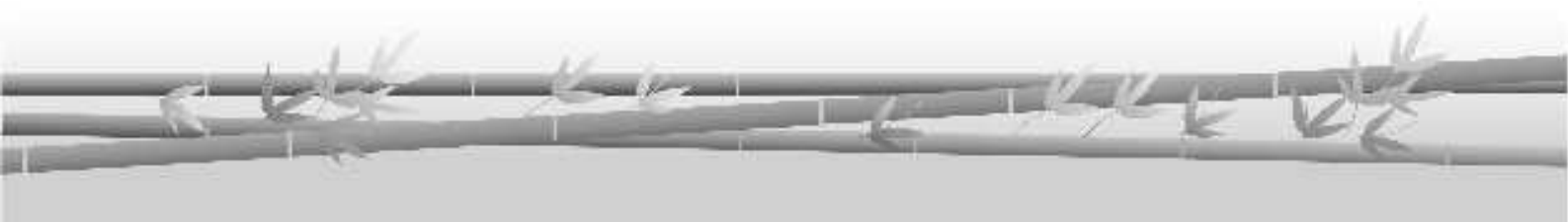
Prabhat Singh
Director

In terms of our report of even date

For, A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place: Noida
Date: May 19, 2011

(C A Harvinder Singh)
Partner
M No.87889



Schedule 1A - Capital

(Amt Rounded in ₹ 000)

	As at 31 st March, 2011	As at 31 st March, 2010
AUTHORISED CAPITAL		
20,00,00,000 equity shares of ₹ 10/- each	2,000,000	2,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
* 5,51,95,132 equity shares of ₹ 10/- each (PY 50,000 shares) fully paid up issued in Cash	551,951	500
6,19,74,868 equity shares of ₹ 10/- each (PY 3,12,50,000) fully paid otherwise than in cash	619,749	312,500
TOTAL	1,171,700	313,000

Schedule 1B - Share Application Money Pending Allotment

(Amt Rounded in ₹ 000)

	As at 31 st March, 2011	As at 31 st March, 2010
In the form of Consideration other than cash pending allotment	187,800	264,000
A/C GAIL (India) Ltd		
TOTAL	187,800	264,000

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Schedule 2 - Secured Loans

(Amt Rounded in ₹ 000)

	As at 31 st March, 2011	As at 31 st March, 2010
Sec Loan from Union Bank of India (Secured against Fixed Assets)	150,000	0
Sec Loan from Oil Industry Development Board (Secured against Corporate Guarantee Given by GAIL (India) Limited))	744,100	0
TOTAL	894,100	0



Schedule 3 - Fixed Assets

(Amt Rounded in ₹ 000)

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 01.04.2010	Additions/ Adjustments during the year	Sales/ Adjustments during the year	As at 31.03.2011	Upto 31.03.2010	For the year	Adjustment during the year	As at 31.03.2011	As at 31.03.2010	As at 31.03.2011
ASSETS										
Tangible Assets (A)										
Freehold Land	0	79,684		79,684	0			0	0	79,684
Leasehold Land	0	38,286		38,286	0	223		223	0	38,063
Plant & Machinery	57,680	342,610		400,290	643	6,056	(75)	6,624	57,037	393,666
Furniture & Fixtures	6,282	440		6,722	634	466		1,100	5,648	5,622
Office Equipments	3,066	2,367		5,433	389	698		1,087	2,677	4,346
Electrical Equipments	390	(390)		0	63		(63)	0	327	0
Other Misc Assets	19	(19)		0	14		(14)	0	5	0
TOTAL (A)	67,437	462,978	0	530,415	1,743	7,443	(152)	9,034	65,694	521,381
Intangible Assets (B)										
Intangible Assets - Computer Software	759	42,462		43,221	114	1,712	(838)	988	645	42,233
TOTAL (B)	759	42,462	0	43,221	114	1,712	(838)	988	645	42,233
TOTAL	68,196	505,440	0	573,636	1,857	9,155	(990)	10,022	66,339	563,614

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Schedule 4 - Capital Work-in-Progress

(Amt Rounded in ₹ 000)

	Bal As at 31 st March, 2010	Accretion during the year	Capitalised during the year	As at 31 st March, 2011
Linepipe Construction & Related Facilities	268,234	1,061,097	374,093	955,238
CWIP Items-Material in Transit	50,980	15,862		66,842
Capital Sock	186,777	482,621		669,398
TOTAL	505,991	1,559,580	374,093	1,691,478

Schedule 5 - Current Assets, Loans and Advances

(Amt Rounded in ₹ 000)

	As at 31 st March, 2011	As at 31 st March, 2010
A. CURRENT ASSETS (at cost as certified by the Management)		
1. Inventories	47,198	27
2. Sundry Debtors Debts outstanding for a period less than six months - unsecured, considered good.	27,794	6,135
3. Cash & Bank balance		
a) Bank balance including Short term deposits	169,160	6,860
b) Interest Accrued but not due on FDR	41	61
c) Cheques in hand	0	0
d) Cash Balance	379	3
	169,580	6,924
4. Other Current Assets(Prepaid Insurance etc)	3,361	2,491
	247,933	15,577
B. LOANS & ADVANCES (Unsecured considered good unless stated otherwise by the Management)		
a) Advances recoverable in cash or in kind or for value to be received :		
(i) Security Deposit receivable considered good	29,938	6,818
(ii) Considered doubtful	0	0
	29,938	6,818
Less : Provision for bad & doubtful debts	0	0
	29,938	6,818
b) Advance for Purchase of Land	27,339	18,966
c) Advance Tax/FBT/TDS	582	140
d) Claims Recoverable (incl :CENVAT Receivable/Service Tax Input Credit)	52,210	31,299
e) Other Advances	232	0
	110,301	57,223
TOTAL	358,234	72,800



Schedule 6 - Current Liabilities & Provisions

(Amt Rounded in ₹ 000)

	As at 31 st March, 2011	As at 31 st March, 2010
A) CURRENT LIABILITIES		
Audit Fees Payable	106	84
Service Tax Payable	0	0
Int. on Service Tax Payable		0
TDS and WCT Payable	11,330	1,695
Sundry Creditors	283,656	69,402
	295,092	71,181
Deposits,retention money from contractors and others	126,043	37,611
TOTAL (A)	421,135	108,792
B) PROVISION	0	0
TOTAL (B)	0	0
GRAND TOTAL (A + B)	421,135	108,792

Schedule 7 - Other Income

(Amt Rounded in ₹ 000)

Particulars	As at 31 st March, 2011	As at 31 st March, 2010
APPLICATION FEES - RECRUITMENT	1,645	698
Gain/(Loss) on Foreign Exchange Variation	(8)	115
Interest Income on Bank Deposits	75	106
Misc Income-Recovery of Rent-Officers	7	489
Misc-Income-Recovery of Rent-Staff		4
Tender Fees	499	570
EMD Forfeited	116	0
Liquidated Damages	141	0
MGO Receipt	2,759	0
Profit/(Loss) on Sale of Fixed Asset	960	0
Miscellaneous Receipts Eg PBG, Chq Dishonour etc	170	0
	6,364	1,982

Schedule 8 - Manufacturing, Transmission, Administration, Selling & Distribution and Other Expenses

(Amt Rounded in ₹ 000)

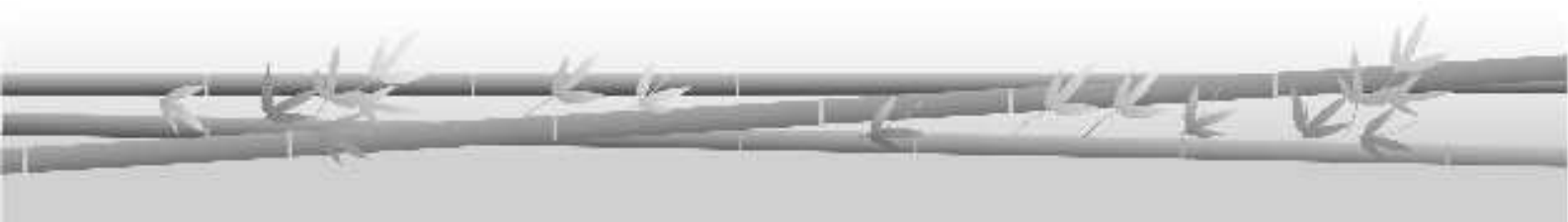
	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
GENERAL ADMINISTRATION		
Employees Remuneration & Benefits	111,319	58,921
Salary & Wages	104,103	
Company's Cont to PF etc	1,757	
Welfare Expenses	5,459	
Power, Fuel and Water Charges	5,760	399
Electricity Charges	3,930	
Fuel Charges	1,830	
Rent-Office & Others	24,389	11,236
Repairs and Maintenance	3,151	619
Insurance Charges	1,089	362
Advt & Publicity	8,657	8,256
Payment to Auditors		
Audit Fees (incl other Certification)	118	94
Tax Audit Fee	15	
Out of Pocket Expenses	171	32
Books-News Paper & Periodical	551	466
Bank Charges	72	1,106
Communication Exp (incl Telephone)	824	797
Dealer Commission	1,936	0
Consultancy Chg-Other Professional Fees	12,143	2,413
Data Processing Exp	199	0
Depreciation	8,165	545
Director's Remuneration	45	25
Entertainment Expenses	520	298
Expenses Written Off on Unsuccessful Cities	7,503	8,161
Other Expenses	120	0
General Expenses	4	11
Handling Charges	9	0
Travelling Expenses	8,850	8,742
Training Expenses	1,337	144
LCV hiring Charges	664	0
Legal Fees	247	620
Misc Office Expenses	1,197	651
Meeting Expenses		13
Postage & Telegrams	179	89
Printing & Stationery Exp(including Photocopy Charges)	1,792	1,324
Rates & Taxes	0	93
Recruitment Expenses	493	654
Manpower hiring Charges		272
Security Expenses	1,569	278
Survey & Investigation	22,894	0
Wet Leasing Charges	2,665	4
Vehicle Hire Charges	6,323	1,882
	<u>234,970</u>	<u>108,507</u>
Less: Non operating receipts :		
i) Interest on Investment		1,002
ii) Others	0	1,002
	<u>0</u>	<u>1,002</u>
Net expenditure	234,970	107,505



Schedule 9 - Expenditure during Construction period transferred to Capital Work-in-Progress

(Amt Rounded in ₹ 000)

Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
IEDC- Advertisement Exp.	1,369	6,064
IEDC- Audit Fee		32
IEDC- Bank Charges	0	1,050
IEDC- Books & Preiodicals		447
IEDC- Communication Expenses	678	672
IEDC Company's Cont. to Provident Fund	101	2,627
IEDC - Consultancy Charges	10,596	94
IEDC - Depreciation		546
IEDC Electricity Charges		224
IEDC-Entertainment Exp	3	257
IEDC-Legal Expenses		619
IEDC- Insurance	232	346
IEDC- Misc Exp	1,842	485
IEDC - Misc Income	0	-1,003
IEDC - Power, Water, Fuel Charges	3,301	0
IEDC- Printing & Stationery Expenses	1,194	774
IEDC- Rates & Taxes		92
IEDC- Rent & Warehouse Exp.	18,875	7,474
IEDC- REPAIR & MAINT.	23	562
IEDC-Salary & Allowances	79,367	43,987
IEDC - Survey Expenses	22,894	0
IEDC - Traveling & Conv. Exp.	5,887	6,703
IEDC - Vehicle Hire Charges	4,360	1,468
GRAND TOTAL	150,722	73,520



Schedule -10 Contingent Liabilities as on 31.03.2011

(Amt Rounded in ₹ 000)

SI No	Particulars	For the year ended 31 st March, 2011	For the year ended 31 st March, 2010
1	Bank Guarantee issued towards Performance bond for Dewas, Kota, Meerut & Sonapat & Mathura, Counter Guarantee given by GAIL(India) Ltd	458,800	458,800
2	BG issued to PNGRB towards Bid Bond for Asansol-Durgapur, Ludhiana, Jaladhar & Kutch East	100,000	0
3	BG Issued to PWD Kota towards permission charges for laying pipeline	4,500	0
4	BG Issued to NHAI Meerut towards permission charges for laying pipeline	4,532	0
5	BG Issued to HSIIDC, Sonapat towards permission charges for laying pipeline	2,400	2,000
6	BG Issued to HSRDC, Sonapat towards permission charges for laying pipeline	500	0
TOTAL		570,732	460,800



Cash Flow Statement for the Accounting Period Ended 31.03.2011

(Amt Rounded in ₹ 000)

Particulars	FY 2010-11	FY 2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES		
1. NET PROFIT AFTER TAX AND EXTRAORDINARY ITEMS	11,087	(38,955)
2. ADD:(Non Cash items)		
DEPRECIATION	8,165	1,789
OTHER PROVISIONS	(31,834)	(1,526)
INTEREST INCOME RECEIVED	(75)	(106)
INTEREST PAID	31,815	0
EXCHANGE RATE VARIATION	8	(115)
PROFIT ON SALE OF ASSET	(960)	0
EXTRAORDINARY ITEMS- PRIOR PERIOD ITEMS	0	0
PROVISION/WRITE OFF OF ASSETS/CWIP	7,119	42
3. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (1+2)	18,206	(38,913)
4. CHANGES IN WORKING CAPITAL (EXCLUDING CASH & BANK BALANCES)		
TRADE AND OTHER RECEIVABLES	(21,657)	(60,803)
INVENTORIES	(47,171)	(27)
TRADE AND OTHER PAYABLES	312,343	64,571
5. CASH GENERATED FROM OPERATIONS (3+4)	261,721	(35,173)
6. DIRECT TAX PAID	722	140
NET CASH FLOW FROM OPERATING ACTIVITIES (5+6)	262,443	(35,033)
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(505,440)	(65,364)
CAPITAL WORK-IN-PROGRESS	(1,185,487)	(390,811)
INTEREST RECEIVED	(75)	41
CURRENT ASSETS LOANS AND ADVANCES	(54,530)	0
CURRENT LIABILITIES & PROVISIONS		
PROFIT ON SALE OF ASSET	960	
NET CASH FROM INVESTING ACTIVITIES.	(1,744,572)	(456,134)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	858,700	312,500
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM GAIL(INDIA) LTD	(76,200)	184,500
SECURED LOANS FROM OADB	150,000	
SECURED LOANS FROM UBI	744,100	
INTEREST PAID	(31,815)	
NET CASH FROM FINANCING ACTIVITIES	1,644,785	497,000
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	162,656	5,832
CASH & CASH EQUIVALENTS- (OPENING BALANCE)	6,924	1,092
CASH & CASH EQUIVALENTS- (CLOSING BALANCE)	169,580	6,924

Preeti Agarwal
Company Secretary

A.K. Sahni
CFO

M. Ravindran
CEO

P.K. Jain
Director

Prabhat Singh
Director

In terms of our report of even date

For, A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place: Noida
Date: May 19, 2011

(C A Harvinder Singh)
Partner
M No.87889

Accounting Policies

1) Accounting Conventions:

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

2) Use of Estimates

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

3) Fixed Assets:

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

4) Intangible Assets

Intangible assets like software and licenses which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

5) Capital Work-in-Progress

The Capital Work-in-Progress includes advance for capital goods/material in Transit/ value of stores lying in the hands of contractor for use in the projects/value of material/equipment etc. received at site for use in the projects.

6) Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the assets is ready for use after netting off any income earned on temporary investment of such funds. Further, the funds generally borrowed and used for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalization, in terms of AS 16, is determined on the basis of judgement of the Company.

7) Expenses Incurred During Construction Period

All revenue expenditures incurred during the construction period which are directly or indirectly attributable to acquisition/ construction of fixed assets, will be capitalized at the time of commissioning of such assets.

8) Depreciation/Amortisation

- 1) Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the companies Act, 1956, on straight line

method (SLM) on pro rata basis (monthly pro-rata for bought out assets).

- a) Assets costing upto ₹ 5,000/- are depreciated fully in the year of capitalization
- b) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
- c) Software/Licences are amortised in 5 years on straight line method.

- 2) Capital assets installed at the consumer premises on the land whose ownership is not with the company, has been depreciated on SLM basic in accordance with the rates as specified in schedule XIV of the Company's Act, 1956.

9) Foreign Currency Translation

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

10) Inventories

- a) Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- b) Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- c) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- d) Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- e) Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

- 11) Machinery spares, which can be used only in connection with an item of fixed assets and their use is expected to be irregular, are capitalized with the cost of that fixed assets and are depreciated fully over the remaining useful life of that asset.



12) PROFIT & LOSS ACCOUNT:

- a. Sale proceeds will be accounted for based on the consumer price inclusive of statutory Levies and charges upto the place where ownership of goods is transferred.
- b. Pre-Project expenditure relating to Projects which are considered unviable/closed will be charged off to Revenue in the year of declaration /closure.

13) Employee Benefits

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

14) Taxes on Income

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

15) Contingent Liabilities and Capital Commitments

- a) Contingent liabilities are disclosed in each case above ₹ 5 lakhs.
- b) Estimated amount of contracts remaining to be executed on capital account are disclosed in each case above ₹ 5 lakhs.

16) Impairment

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

GENERAL

- 17) Prepaid expenses and prior period expenses/income upto ₹ 1,00,000/- in each case are charged to relevant heads of account of the current year.
- 18) Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled, after capitalization of assets are charged to revenue, if below ₹ 50 lakhs in each case, otherwise adjusted in the cost of relevant assets.
- 19) Insurance claims are accounted for on the basis of claims admitted by the insurers.
- 20) a. Custom duty and other claims (including interest on delayed payments) are accounted for on acceptance in principle.
b. Liability in respect of MGO of Natural Gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

Preeti Agarwal
Company Secretary

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In terms of our report of even date

For, A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place: Noida
Date: May 19, 2011

(C A Harvinder Singh)
Partner
M No.87889

Notes on Accounts

1. This is the second year of commencement of commercial operation of the Company. Since both operation and project activities are being undertaken simultaneously, the employees working in the various disciplines has been identified as working for project & for Operation activities. Therefore the Employee Cost & Travelling expenses have been directly identified for the Project & Operation activities on actual basis and accounted for accordingly. All administrative and other expenses have been allocated to IEDC and charged to Profit and Loss Account in the ratio of manpower identified for Project & Operation activities during the year.
2. During the year GAIL(India) Ltd has released an amount of Rs.7825.00 lakhs towards equity comprising of ₹ 5514.51 lakhs (PY NIL) through bank transfer and remaining amount of ₹ 2310.49 lakhs (PY ₹ 4970.00 lakhs) by way of payment made on behalf of GAIL GAS Limited.
3. An amount of ₹1878.00 lakhs (PY ₹ 2640.00 lakhs) has been allocated as per direction of GAIL (India) Ltd out of amount spent by GAIL (India) Ltd on behalf of the Company to Share Application Money Pending Allotment of Equity Share.
4. The estimated amount of contracts over ₹ 5.00 lakhs amounting ₹ 11290.90 lakhs (PY ₹ 11904.44 lakhs) are remaining to be executed on Capital Accounts and not provided for.
5. To the extent information available with the Company, amount due to Medium & Small Scale Industry is Nil (PY Nil).
6. The reconciliation of accounts with parties is carried out as an ongoing process. Request for confirmation of balances have also been sent.
7. The employees working for GAIL Gas Ltd., are on the rolls of GAIL (India) Limited. Employee benefits have been accounted in the books on the basis of Debit Advices received from GAIL (India) Ltd.
8. Information required as per Schedule VI of the Companies Act, 1956

I Quantitative Information:

(Value ₹ in Lakhs)

Particulars	Opening Stock		Purchases		Internal Consumption		Sales		Closing Stock	
	Qty	VL	Qty	VL	Qty	VL	Qty	VL	Qty	VL
CNG										
(CNG Qty in '000 KG)										
Year ended 31.03.2011	1	0.21			131	27.60	2775	843.02	2	0.54
Year ended 31.03.2010	0	0	-	-	-	-	3	0.92	1	0.21
NATURAL GAS										
NG in '000 MMBTU										
Year ended 31.03.2011	0	0.06	518	2276.28	125	533.58	398	2143.67	0	0.89
NG in '000 MMBTU										
Year ended 31.03.2010	0	0	57	227.26	0	1.10	59	278	0	0.06

Note: Difference in reconciliation of opening stock, purchase, sales and closing stock to the magnitude of 5260.32 MMBTU (PY 3482.62 MMBTU) at the close of financial year 2010-11 is on account of measurement tolerance since the gas flow meter installed at the City Gas Station (CGS) is of higher capacity and the gas flow at initial stage of the project is much lower than the range specified by the OEM for measurement accuracy.

(₹ in Lakhs)

	2010-11	2009-10
II. CIF Value of Import		
Capital Goods	341.50	13.72
III. a. Expenditure in Foreign Currency		
Others	1.57	13.98
b. Earnings in Foreign Currency -		
Others (Tender Fee)	0.00	4.12



IV. Licensed Capacity, Installed Capacity and Actual Production

Particulars	Current Year 2010-11				Previous Year 2009-10			
	Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
Natural Gas (MMSCMD)	4.02	1.115	0.064482		0.1814	0.1814	0.0147	0
Pipeline Network (inch-KM)	1637	1138			1637	114.14	-	-
CNG ('000'KG)	-	14658	-	2935.48	0	0	0	4.35

V. Value of Raw Material, Stores/Spares and Components consumed during the year

	Current Year 2010-11			Previous Year 2009-10		
	Qty	₹ in Lakhs	%	Qty	₹ in Lakhs	%
i) Raw Material Consumed Gas (1000'KG)	2935.48	601.62	95.73	4.35	0.89	81.15
ii) Fuel Consumption- Natural Gas (1000 KG)	130.89	27.60	4.27	1.01	0.21	18.85
ii) Store & Spare Component		2.96	-	-	0	-
Total		632.18			1.10	

9. Employees Benefits in terms of AS-15 (Revised) have been considered by GAIL (India) Ltd as all the employees are posted at GAIL Gas are on the rolls of GAIL (India) Ltd.
10. Provident Fund Contributions have been regularly deposited by GAIL (India) with the Trust maintained by GAIL (India) Ltd.
11. In compliance of Accounting Standard 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Company has created net deferred tax assets in respect of timing difference as on 31st March, 2011 amounting to ₹ 318.34 lakhs (Previous year ₹ 15.26 lakhs). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX

(₹ in lakhs)

Particulars	Balance Carried as at 31.03.2010	Arising/ (Decreasing) during the year and recognized in profit & Loss	Balance Carried as 31.03.2011
Deferred Tax Liabilities	0	0	0
Deferred Tax Assets on account of Depreciation	15.26	136.37	151.63
Deferred Tax Assets on account of Accumulated Losses	0	181.96	181.96
Net Deferred Tax Assets	15.26	318.34	333.60

12. The incidental expenditure during construction amounting ₹ 1507.22 lakhs (PY 735.20 lakhs) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.
13. During the year, the Company has taken Term loan from OIDB (₹ 74.41 Cr) and from Union Bank of India (₹ 15.00 Cr) to finance the project activities in the cities of Dewas, Kota, Meerut & Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to ₹ 367.11 lakhs was incurred, after setting off of the Interest earned on the temporary investment of idle fund an amount of ₹ 308.28 lakhs was capitalized during the period.
14. With regard to Cenvat Credit of ₹ 20.52 lakhs taken prior to registration as Input Service Distributor during 2008-09, according to para 31(b) of the guidance note on accounting treatment for Cenvat issued by ICAI, the excess Cenvat credit, if any, arrived on assessment which relates to fixed asset shall be added back to the cost of relevant fixed assets and depreciation thereon shall be claimed over the residual life of fixed asset.

15. During the year, the Company has two segments i.e. Natural Gas and CNG. Segment reporting in terms with AS 17 are as under:

A. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2010-11

(₹ in Lakhs)

S.No	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE				
	External Sales/Other Income	2143.67	749.44	63.64	2956.75
	TOTAL REVENUE	2143.67	749.44	63.64	2956.75
2	RESULTS				
	Segment Result /Profit Before Interest & Taxes	449.10	(20.39)	(626.30)	(197.59)
	Operating Profit	449.10	(20.39)	(626.30)	(197.59)
	Interest Expenses			9.87	9.87
	Provision for Tax			(318.34)	(318.34)
	NET PROFIT /(Loss)	449.10	(20.39)	(317.83)	110.88
3	OTHER INFORMATION				
	Segment Assets	9754.84	6044.79	10667.23	26466.86
	Total assets	9754.84	6044.79	10667.23	26466.86
	Segment Liabilities	1188.74	1263.40	10700.21	13152.35
	Total Liabilities	1188.74	1263.40	10700.21	13152.35

B. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2009-10

(₹ in Lakhs)

S.No	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE				
	SALES	278.00	0.92	0.00	278.92
	TOTAL REVENUE	278.00	0.92	0.00	278.92
2	RESULTS				
	Profit Before Tax	46.50	-3.92	12.29	54.87
	Unallocated Expenses (Net)			317.03	317.03
	Operating Profit	46.50	-3.92	-304.74	-262.16
	Prior Period Items			129.20	129.20
	NET PROFIT /(Loss)	46.50	-3.92	-175.54	-391.36
3	OTHER INFORMATION				
	Segment Assets	4026.06	1669.83		5695.89
	Unallocated Assets			804.48	804.48
	Total assets	4026.06	1669.83	804.48	6500.37
	Segment Liabilities	50.93	553.55	90.37	694.85
	Unallocated Liabilities			393.06	393.06

Note 1 Sales net of Excise Duty

Note 2 There is no Geographical Segment.

16. Related Party Disclosure :

- A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd, Holding Company.
- B. Related Party disclosure as per Accounting Standard 18.
 - a. Relation and name of the related parties are:
 - i. Holding Company: GAIL (India) Ltd.
 - ii. Fellow Subsidiary Company:
 - a. GAIL Global (Singapore) Pte Ltd.
 - b. Brahmaputra Cracker & Polymer Ltd
 - iii. Associate Company:
 - a. Mahanagar Gas Limited
 - b. Indraprastha Gas Limited
 - c. Petronet LNG Limited



- d. Bhagyanagar Gas Limited
- e. Tripura Natural Gas Corporation Ltd.
- f. Central UP Gas Ltd.
- g. Green Gas Ltd.
- h. Maharashtra Natural Gas Ltd.
- i. Ratnagiri Gas & Power Pvt Ltd.
- j. Avantika Gas Ltd.
- k. Shell Compressed Natural Gas
- l. Gujarat State Electricity Generation Ltd
- m. National Gas Company "Nat Gas"
- n. Fayum Gas Company
- o. China Gas Holding Ltd.
- p. GAIL China Gas Global Energy Holding Ltd.
- q. ONGC Petro Additions Ltd (OPAL)

iv. Key Management Personnel: Mr M. Ravindran, C E O

b. Related Party Transactions:

(₹ in lakhs)

SI No.	Particulars	Holding Company	Fellow Subsidiary	Associates	Key Management Personnel
1	Purchase	2531.90 (227.26)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
2	Sales	593.29 (0.00)	0.00 (0.00)	39.86 (0.00)	0.00 (0.00)
3	Remuneration	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	30.81 (25.52)
4	Reimb. of remuneration to staff	1117.18 (595.37)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
5	Income	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6	Outstanding Bal. Payable	182.38 (0.63)	0.00 (0.00)	0.00 (16.05)*	0.00 (0.00)
7	Counter Guarantee given to bank & OADB on behalf of the Co.	16388.00 (4588.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
8	Advance Against Equity	1878.00 (2640.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
9	Others	0.00 (0.00)	0.00 (0.00)	0.00** (26.82)	0.00 (0.00)

Figures shown in brackets pertains to previous year.

* The amount pertains to related party mentioned at SI No.iii(h) as mentioned above.

** The amount pertains to related party mentioned at SI No.iii(d) as mentioned above.

There is no transaction occurred with Fellow Subsidiary.

17. Contingent Liability: The Company is contingently liable in respect of lease agreement of office premises at HHEC Building, A-2, Sector-2, Noida (U.P) and all the consequential liability of the same shall be known at the time of registration of the rent lease deed & shall be provided for accordingly.
18. In case of bought out assets, the depreciation for full month has been charged for the assets bought out/installed or put to use from 1st to 15th of the month and no depreciation has been charged for the month if it is between 16th to 31st of the month as per the accounting conventions of the Company.
19. During the Current year, the Company has implemented SAP w.e.f 01.03.2011 The services utilized during the period of implementation, amounting to ₹ 15.95 lakhs were capitalized as a part SAP costs.

20. As all the employees posted at GAIL GAS Ltd are on the rolls of GAIL (India) Ltd., the accounting of the transactions relating to staff is being routed through GAIL (India) Limited & corresponding entries are passed in the company based on debit note received from GAIL (India) Limited.
21. The rent lease deed of ₹ 1349.71 Lakhs pertaining to rental of office premises of the company at Noida (U.P.) taken from HHECIL at A-2, Sector-2, Noida has not yet been registered under the agreement executed on 29/08/08 and 10/03/09. Thus provision for 50% share in stamp duty and registration charges of lease deed shall be accounted for in the year the lease rent deed is executed by the Lessor.
22. One of the project activities of the company is construction of CNG stations. Borrowing cost is capitalised on construction of CNG stations even in cases where the period of construction is less than one year.
23. The details of amount paid to auditor during the year vis-à-vis previous year is as under:

(₹ in lakhs)

Particulars	2010-11	2009-10
a. As auditor		
1. Statutory Audit Fees	1.18**	0.94*
2. Tax Audit Fees	0.15	0.00
b. As advisor		
1. Taxation Matters	0.00	0.00
2. Company Law Matters	0.00	0.00
3. Management Services	0.00	0.00
c. Any other Matter	0.00	0.00
TOTAL	1.33	0.94

* Includes Service Tax @ 10.30%

** Excluding Service Tax

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

Preeti Agarwal
Company Secretary

A.K. Sahni
CFO

M. Ravindran
CEO

P.K. Jain
Director

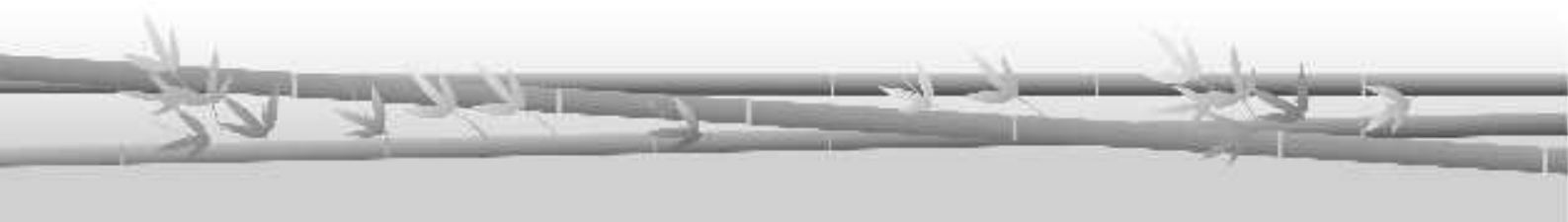
Prabhat Singh
Director

In terms of our report of even date

For, A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place: Noida
Date: May 19, 2011

(C A Harvinder Singh)
Partner
M No.87889





Statement Pursuant to Part-IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I REGISTRATION DETAILS

Registration No.

U	4	0	2	0	0	D	L	2	0	0	8	G	O	I	1	7	8	6	1	4
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State Code

5	5
---	---

Balance Sheet Date

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

Date Month Year

II CAPITAL RAISED DURING THE YEAR (AMOUNT ROUNDED IN ₹ THOUSANDS)

<p>Public Issue</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Rights Issue</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	N	I	L	<p>Bonus Issue</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Private Placement</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>8</td><td>5</td><td>8</td><td>7</td><td>0</td><td>0</td></tr></table>	N	I	L	8	5	8	7	0	0
N	I	L														
N	I	L														
N	I	L														
8	5	8	7	0	0											

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ROUNDED IN ₹ THOUSANDS)

<p>Total Liabilities</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>7</td><td>4</td><td>7</td><td>3</td><td>5</td></tr></table>	2	6	7	4	7	3	5	<p>Total Assets</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>7</td><td>4</td><td>7</td><td>3</td><td>5</td></tr></table>	2	6	7	4	7	3	5
2	6	7	4	7	3	5									
2	6	7	4	7	3	5									

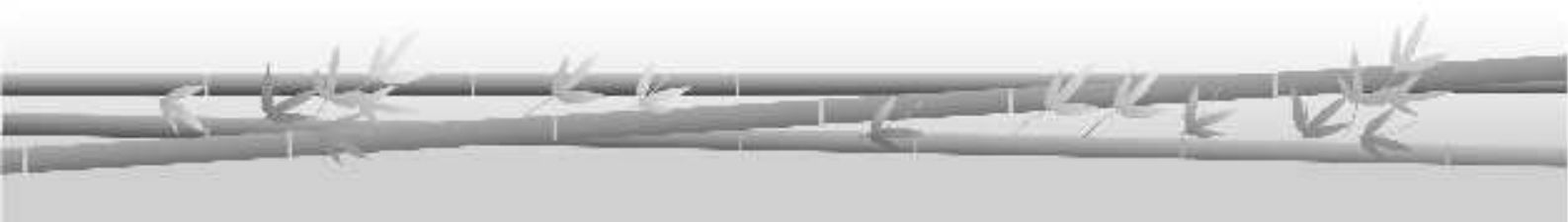
SOURCES OF FUNDS

<p>Paid-up Capital</p> <p>** <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>5</td><td>9</td><td>5</td><td>0</td><td>0</td></tr></table></p> <p>Secured Loans</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td></td><td>8</td><td>9</td><td>4</td><td>1</td><td>0</td><td>0</td></tr></table>	1	3	5	9	5	0	0		8	9	4	1	0	0	<p>Reserves and Surplus</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Unsecured Loans</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td></td><td></td><td></td></tr></table>	N	I	L			
1	3	5	9	5	0	0															
	8	9	4	1	0	0															
N	I	L																			

APPLICATION OF FUNDS

<p>Net Fixed Assets</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>2</td><td>2</td><td>5</td><td>5</td><td>0</td><td>9</td><td>2</td></tr></table> <p>Net Current Assets</p> <p>- <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>5</td><td>4</td><td>1</td></tr></table></p> <p>Accumulated Losses</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>2</td><td>8</td><td>0</td><td>4</td><td>9</td></tr></table>	2	2	5	5	0	9	2	2	9	5	4	1	2	8	0	4	9	<p>Investments</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> <p>Misc. Expenditure</p> <table border="1" style="margin-left: 40px; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	N	I	L
2	2	5	5	0	9	2																		
2	9	5	4	1																				
2	8	0	4	9																				
N	I	L																						
N	I	L																						

** Includes Share application money pending allotment for Rs. 187800 thousands (PY Rs. 264000 thousands)



IV PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (including other income)

			2	9	5	6	7	5
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+ - Profit / (Loss) before tax

	-		2	0	7	4	7
--	---	--	---	---	---	---	---

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share (Rs.)

+ -

	+			0	.	1	8
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Total Expenditure

			3	1	6	4	2	2
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+ - Profit / (Loss) after tax

	+		1	1	0	8	7
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Dividend Rate (%)

0	.	0	0
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V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS) -

Item Code No. (ITC Code)

2	7	1	1	1	1	0	0
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Item Code No. (ITC Code)

2	7	1	1	2	1	0	0
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Item Code No. (ITC Code)

		N	A				
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Product Description

N	A	T	U	R	A	L	G	A	S
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Product Description

C	N	G			
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Product Description

		N	A			
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Preeti Agarwal
Company Secretary

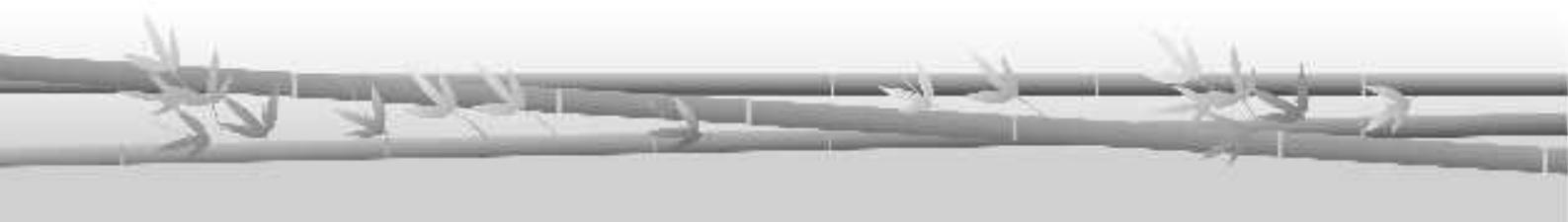
A.K. Sahni
CFO

M. Ravindran
CEO

P.K. Jain
Director

Prabhat Singh
Director

Place: Noida
Date: May 19, 2011





Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of GAIL Gas Limited for the year Ended 31st March, 2011.

The preparation of financial statements of GAIL Gas Limited for the year ended 31st March, 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 19th May, 2011.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of GAIL Gas Limited for the year ended 31st March, 2011 and as such have no comments to make under section 619 (4) of the Companies Act, 1956.

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

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

Place : New Delhi

