



## **CONSOLIDATED FINANCIAL STATEMENT**

# AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF GAIL (INDIA) LIMITED ON CONSOLIDATED FINANCIAL STATEMENTS OF GAIL (INDIA) LIMITED, ITS SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES.

We have examined the attached Consolidated Balance Sheet of GAIL (INDIA) LTD. ("the Company"), its subsidiaries, joint ventures and associates as at 31st March 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on the date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We did not audit the financial statements of subsidiaries, namely, Gail Global (Singapore) Pte. Ltd., Gail Global (USA) Inc., Bramhaputra Cracker & Polymers Ltd. and GAIL Gas Ltd., whose financial statements reflect total assets of ` 5,862.25 crores as at March 31, 2012, total revenue of ` 310.99 crores and net cash flows of ` 78.16 crores for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the reports of the other auditors.
3. We did not audit the financial statements of associates, namely, Fayum Gas, Gujarat State Energy Generation, Natural Gas Company "NATGAS" and China Gas Holding Limited. These financial statements have been audited by other auditors, except for Gujarat State Energy Generation and China Gas Holding Ltd. whose financial statements are unaudited. In the case of audited financial statements, the reports or certificate have been furnished to us. Our opinion, in so far as it relates to the amount included in respect of these associates, is based solely on the reports of the other auditors and unaudited financial statements, as the case may be.
4. In respect of Gail Global (USA) Inc., Fayum Gas and NATGAS, the Accounts drawn up as at December 31, 2011 and in respect of China Gas Holding Limited, the Accounts drawn upto September 30, 2011, have been used in the consolidation. As per information and explanations given to us, no significant transactions or other events occurred between the reporting date of aforesaid entities and 31st March, 2012, which require adjustment.

5. We did not audit the financial statements of Joint Ventures, whose financial statement reflect total assets of ` 37,480.59 crores, total liabilities of ` 37,480.59 crores as at March 31, 2012 and total revenue of ` 32,264.85 crores, total expenditure of ` 28,357.46 crores for the year ended on that date. Our opinion, in so far as it relates to the amount included in respect of these joint ventures, is based on the unaudited Financial Statements except for Petronet LNG Ltd. whose audited financial statement reflects total assets of ` 10,097.84 crores, total liabilities of ` 10,097.84 crores as at March 31, 2012 and total revenue of ` 22,777.82 crores, total expenditure of ` 21,225.28 crores for the year ended on 31st March 2012.
6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, viz, "Consolidated Financial Statements" Accounting Standard (AS) 23, viz "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27, viz "Financial Reporting of Interests in Joint Ventures", as notified under Companies Accounting Standards Rules, 2006.
7. Based on our examination as aforesaid, and on consideration of reports of other auditors on the separate financial statements / consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March 2012;
  - (b) in the case of Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year on that date; and
  - (c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

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

**Navin Bansal**  
Partner  
Membership No. 91922  
New Delhi  
Dated: 30th May' 2012

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

**G. S. Haldia**  
Partner  
Membership No.007012  
New Delhi  
Dated: 30th May' 2012

**ANNUAL REPORT 2011-12**

**GAIL ( INDIA ) LIMITED, NEW DELHI**  
**Consolidated Balance Sheet as at 31st March, 2012**

( ` in Crores)

	Note NO.	AS AT 31 <sup>ST</sup> March, 2012	AS AT 31 <sup>ST</sup> March, 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
a) Share Capital	1	1,268.48	1,268.48
b) Reserves and Surplus	2	23,644.70	19,945.39
		24,913.18	21,213.87
<b>(2) Minority Interest</b>			
		981.99	547.19
<b>(3) Non Current Liabilities</b>			
a) Long Term Borrowings	3	9,340.96	5,823.75
b) Deferred Tax Liability (Net)	52	1,864.99	1,715.12
c) Other Long-term Liabilities	4	356.52	53.65
d) Long-term Provisions	5	346.22	291.99
		11,908.69	7,884.51
<b>(4) Current Liabilities</b>			
a) Short Term Borrowings	6	1,512.31	608.48
b) Trade Payables	7	2,679.96	2,202.71
c) Other Current Liabilities	8	4,614.61	3,756.87
d) Short-term Provisions	9	4,423.35	3,938.37
		13,230.23	10,506.43
	<b>TOTAL</b>	<b>51,034.09</b>	<b>40,152.00</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
a) Fixed Assets			
(i) Tangible Assets	10	19,846.06	15,734.90
(ii) Intangible Assets	10	311.20	227.30
(iii) Capital Work in Progress	11	14,508.10	10,585.37
		34,665.36	26,547.57
b) Non-current Investments	12	1,144.75	1,040.35
c) Long-term loans and advances	13	2,769.41	1,670.28
d) Other non-current assets	14	499.21	122.00
		39,078.73	29,380.20

(` in Crores)

	Note NO.	AS AT 31 <sup>ST</sup> March, 2012	AS AT 31 <sup>ST</sup> March, 2011
<b>(2) Current Assets</b>			
a) Current Investments	15	139.31	195.90
b) Inventories	16	1,725.65	1,058.61
c) Trade receivables	17	2,269.13	1,939.53
d) Cash and cash equivalents	18	1,446.22	2,584.35
e) Short-term loans and advances	19	6,159.65	4,917.98
f) Other current assets	20	215.40	75.43
		<hr/>	<hr/>
		11,955.36	10,771.80
		<hr/>	<hr/>
	<b>TOTAL</b>	<b>51,034.09</b>	<b>40,152.00</b>
		<hr/>	<hr/>

Significant Accounting Policies

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See accompanying notes to the financial statements

For and on behalf of the Board of Directors

**N. K. Nagpal**  
Secretary

**P. K. Jain**  
Director (Finance)

**R. D. Goyal**  
Director (Projects)

**B. C. Tripathi**  
Chairman & Managing Director

As per our separate report of even date

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

**Navin Bansal**  
(Partner)  
Membership No. 91922

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

**G. S. Haldia**  
(Partner)  
Membership No.007012

Place : New Delhi

Dated : May 30, 2012

**ANNUAL REPORT 2011-12**

**GAIL ( INDIA ) LIMITED, NEW DELHI**  
**Consolidated Statement of Profit & Loss for the Year ended 31st March, 2012** ( in Crores)

	Note NO.	Year Ended 31 <sup>ST</sup> March, 2012	Year Ended 31 <sup>ST</sup> March, 2011
I. Revenue from Operations (Gross)	21	44,861.05	35,750.30
Less: Excise Duty		(678.91)	(558.69)
Revenue from Operations (Net)		44,182.14	35,191.61
II. Other Income	22	481.87	472.47
<b>III Total Revenue (I+II)</b>		<b>44,664.01</b>	<b>35,664.08</b>
IV Expenses			
Raw Material consumed		2,797.76	2,182.29
Purchase		29,304.73	22,099.67
Change in Inventory			
Opening Stock		392.78	259.73
Less : Closing Stock		(890.54)	(392.78)
Employee benefits expense	23	655.31	759.90
Finance Cost	24	366.43	377.86
Depreciation	25	1,040.59	877.99
Other Expenses	26	4,641.71	3,710.86
<b>Total Expenses</b>		<b>38,308.77</b>	<b>29,875.52</b>
V. Profit before Prior Period Adjustment and tax ( III-IV )		6,355.24	5,788.56
VI. Prior Period Adjustments (Net)	28	0.40	(10.39)
<b>VII. Profit before Tax</b>		<b>6,354.84</b>	<b>5,798.95</b>
VIII. Tax Expenses			
1. Current Tax			
- Current Year		1,681.35	1,564.07
- Earlier Year		122.33	4.20
2. Deferred Tax		150.33	249.83
<b>Total tax expenses</b>		<b>1,954.01</b>	<b>1,818.10</b>
<b>IX. Profit after Tax</b>		<b>4,400.83</b>	<b>3,980.85</b>
Add : Share of Profit / (Loss) in Associated for the year		42.78	40.12
X. Group Profit after Tax		4,443.61	4,020.97
Details of Earning Per Share			
A. Profit after tax		4,443.61	4,020.97
B. Weighted Average No. of Equity Shares		1,268,477,400	1,268,477,400
C. Nominal Value per Equity Share ( ` )		10/-	10/-
D. Basic and Diluted Earning Per Share ( ` )		35.03	31.70
Significant Accounting Policies	29		
Expenditure during Construction Period	27		
See accompanying notes to the financial statements			
There are no exceptional or extraordinary items in the above period.			

For and on behalf of the Board of Directors

As per our separate Report of even date

**N.K. Nagpal**  
Secretary

**P.K. Jain**  
Director (Finance)

**R. D. Goyal**  
Director (Projects)

**B. C. Tripathi**  
Chairman &  
Managing Director

For **M/S M L Puri & Co**  
Chartered Accountants  
Firm No. 02312 N

For **M/S Rasool Singhal & Co.**  
Chartered Accountants  
Firm No. 500015 N

Place : New Delhi  
Dated : May 30, 2012

**Navin Bansal**  
(Partner)  
Membership No. 91922

**G. S. Haldia**  
(Partner)  
Membership No. 007012

## GAIL ( INDIA ) LIMITED, NEW DELHI NOTES

(` in Crores)

	AS AT 31 <sup>ST</sup> March, 2012	AS AT 31 <sup>ST</sup> March, 2011
<b>Note 1 : Share Capital</b>		
<b>AUTHORISED</b>		
200,00,00,000 (Previous Year 200,00,00,000) Equity Shares of ` 10/- each	2,000.00	2,000.00
ISSUED, SUBSCRIBED AND PAID-UP 126,84,77,400 (Previous Year : 126,84,77,400) Equity Shares of ` 10/- each fully paid up.	1,268.48	1,268.48
<b>TOTAL</b>	<b>1,268.48</b>	<b>1,268.48</b>

**a) Details of Shareholders holding more than 5% shares in the company**

	31 <sup>ST</sup> March, 2012		31 <sup>ST</sup> March, 2011	
	Numbers	% Holding	Numbers	% Holding
Equity shares of ` 10/- each fully Paid Up				
(i) President of India (Promoter)	727,405,675	57.34%	727,405,675	57.34%
(ii) Life Insurance Corporation of India	91,927,049	7.25%	76,168,062	6.00%

- b) The Company has only one class of equity shares having a par value ` 10/- per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their share holding at the shareholders meetings.
- c) 104,90,634 shares are held in the form of Global Depository Receipts
- d) During the year 2008-09, the company had issued 42,28,25,800 Bonus Equity shares of ` 10/- each out of General Reserve.

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012		AS AT 31 <sup>st</sup> March, 2011	
<b>Note 2 : Reserves and Surplus</b>				
<b>Capital Reserve</b>				
As per Last Financial Statements	885.99		319.78	
Add : Transferred from statement of Profit & Loss	617.66		566.32	
Less : Transferred to statement of Profit & Loss	(0.11)	1,503.54	(0.11)	885.99
Share Premium Account		14.70		14.70
<b>Investment Allowance (Utilised) Reserve</b>				
As per Last Financial Statements	17.87		19.11	
Less : Transferred to General Reserve	(17.87)	0.00	(1.24)	17.87
<b>Bonds Redemption Reserve</b>				
As per Last Financial Statements	197.71		189.90	
Add : Transferred from statement of Profit & Loss	30.93		37.81	
Less : Transferred to statement of Profit & Loss	(55.00)		(30.00)	
		173.64		197.71
<b>General Reserve</b>				
As per Last Financial Statements	2,598.32		2,289.84	
Add : Transferred from Investment Allowance(Utilised) Reserve	17.87		1.24	
Add : Transferred from statement of Profit & Loss	392.53		380.94	
Add : Adjustment due Joint Venture Regrouping (Refer Note No - 47 of Other Notes to accounts)	(89.00)		(73.70)	
		2919.72		2598.32
Foreign Currency Translation Reserve		13.88		0.87
<b>Surplus in the Statement of Profit &amp; Loss</b>				
As per Last Financial Statements	16,229.93		13,708.79	
Add : Transferred from statement of Profit & Loss	4,443.61		4,020.97	
Less : Adjustment due Dividend Received from Associate	(3.27)		(4.40)	
Less: -Appropriations				
Interim Dividend	380.54		253.70	
Proposed Final Dividend	723.03		697.66	
Corporate Dividend Tax	179.02		155.32	
Transfer from Bond Redemption Reserve	(55.00)		(30.00)	
Transfer to Bond Redemption Reserve	30.93		37.81	
General Reserve	392.53		380.94	
		19019.22		16229.93
<b>TOTAL</b>		<b>23,644.70</b>		<b>19,945.39</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 3 : Long Term Borrowings</b>		
<b>SECURED</b>		
<b>(a) BONDS</b>		
<b>Bonds Series - I</b>	300.00	400.00
(6.10% Secured Non-convertible redeemable Bonds -Series - I are redeemable in 5 equal installment commencing from the end of the 8th year upto the end of the 12th year from the deemed date of allotment August 22, 2003.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant and Vadodara plant both present and future and whether installed or not and lying or in store)		
<b>Bonds Series - II</b>	120.00	240.00
(5.85% Secured Non-convertible redeemable Bonds -Series - II are redeemable in 5 equal installment commencing from the end of the 6th year upto the end of the 10th year from the deemed date of allotment March 25, 2004.) (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at LPG Vaghodia Plant, Hazira Plant, Grep Vaghodia Plant, Gandhar Plant, DUPL projects and Vadodra plant both present and future and whether installed or not and lying or in store)		
<b>Bonds 2010 Series - I</b>	500.00	500.00
(8.80% Secured Non-convertible redeemable Bonds 2010 -Series - I are redeemable in 4 equal installment commencing from the end of the 7th year upto the end of the 10th year from the deemed date of allotment December 13, 2010 with a call option at the end of the 7th year). (Bonds are secured on pari pasu basis, by charge on freehold non agricultural land at village Tandalja, Vadodra together with the entire building constructed thereon both present & future and whole of plant and machinery , spares, tools and accessories and other movables of the company pertaining to its projects at Vijaipur Dadri Pipeline Projects excluding compressor stations at Vijaipur both present and future and whether installed or not and lying or in store)		
<b>(b) TERM LOANS</b>		
<b>Loan from HDFC Bank</b>	375.00	-
(Secured by way of first pari-passu charge on all the movable fixed assets, including whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present and future, whether now lying loose or in cases or which are now lying or stored in or whether in the course of transit or on high seas, of the Dahej - Vijaypur Phase-II Pipeline project of the Borrower) excluding the plant & Machinery of compressor station at Jhabua and Vijaipur) Repayable in half yearly equal instalments over a period of 12 years starting from 6 months after the completion of 2 years moratorium from the date of last disbursement.		
<b>- Oil Industry Development Board</b>	596.00	833.00
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Chainsa-Jhajar-Hissar Pipeline including spur lines or wherever		



(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)		
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2009 to March 2011 with rate of interest from 6.74% to 8.31% p.a. depending on date of disbursement.		
- <b>Oil Industry Development Board</b>	675.00	-
(Secured by way of first charge on whole pipeline, spur lines, plant & machinery, spares, equipments, tools & accessories and other movables both present & Future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereinafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about the Borrower's project of Dadri- Bawana-Nangal Pipeline including spur lines or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or on high seas or on order or delivery, howsoever or wheresoever in the possession of borrower and either by way of substitution or addition)		
Repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in installment from July 2011 to March 2012 with rate of interest from 8.68% to 8.89% p.a. depending on date of disbursement.		
- From Banks	2,885.67	2,276.97
- From Others	1,560.73	1,568.41

	AS AT 31 <sup>ST</sup> MARCH, 2012	AS AT 31 <sup>ST</sup> MARCH, 2011
<b>UNSECURED</b>		
<b>(a) TERM LOANS</b>		
<b>From Banks :</b>		
- Bank of Tokyo, Mitsubishi UFJ Ltd. (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Dec 2015, Dec 2016 & Dec 2017) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread.	516.30	-
- Bank of Tokyo, Mitsubishi UFJ Ltd. (Bullet repayment at the end of the 5th year from the last date of 'drawl i.e Aug'2016. Loan carries floating rate of interest linked to 6 Months LIBOR. plus spread)	774.45	-
- Mizuho Corporate Bank (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Jan 2016, Jan 2017 & Jan 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	516.30	-
- Sumitomo Mitsui Banking Corporation (1/3 rd repayment at the end of the 4th, 5th & 6th year from the last date of drawl i.e Feb 2016, Feb 2017 & Feb 2018) Loan carries floating rate of interest linked to 6 Months LIBOR plus spread).	516.30	-
<b>(b) Other Loans and Advances</b>		
- Sales Tax Deferred	5.21	5.37
<b>TOTAL</b>	<b>9,340.96</b>	<b>5,823.75</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 4 : Other Long Term Liabilities</b>		
Trade Payable	4.38	7.30
Gas Pool Money (Provisional)	234.01	-
Foreign Currency Monetary Item Translation Difference Account	1.35	-
Others :		
Liability for Abandonment Cost (E&P)	1.13	1.13
Deposits & Others long term liabilities	115.65	45.22
<b>TOTAL</b>	<b>356.52</b>	<b>53.65</b>
<b>Note 5 : Long Term Provisions</b>		
Provision for Employee Benefits (incl. Gratuity)	341.62	291.99
Other Provisions	4.60	-
<b>TOTAL</b>	<b>346.22</b>	<b>291.99</b>
<b>Note 6 : Short Term Borrowings</b>		
Unsecured Loans	1,512.31	608.48
<b>TOTAL</b>	<b>1,512.31</b>	<b>608.48</b>
<b>Note 7 : Trade Payables</b>		
Trade Payables (includes ` 47.06 Crs. (Previous Year : ` 43.74 Crs.) payable to JV consortium)	2,679.96	2,202.71
<b>TOTAL</b>	<b>2,679.96</b>	<b>2,202.71</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 8 : Other Current Liabilities</b>		
(a) Current Maturity of Long Term Debt		
Secured		
Bonds Series - I	100.00	100.00
Bonds Series - II	120.00	120.00
Term Loan from Bank	116.23	59.34
Term Loan from Others	78.63	49.25
Oil Industry Development Board	237.50	117.00
Unsecured		
Deposits from Customers	-	26.28
(b) Interest accrued but not due	45.09	41.56
(c) Unpaid Dividend	2.59	2.71
(d) Others		
Advances / Deposits from Customers	101.15	95.19
Deposits/Retention Money from Contractors and others	786.21	533.84
Trade and Security Deposits	9.90	1.64
Gas Pool Money	818.83	722.60
Imbalance & Overrun Charges	31.67	23.96
Other Liabilities	2,166.81	1,863.50
<b>TOTAL</b>	<b>4,614.61</b>	<b>3,756.87</b>
<b>Note 9 : Short-term Provisions</b>		
Provision for Employee Benefits	23.15	19.74
Others :		
Provision for Taxes	3,157.05	2,952.31
Provision for Proposed Dividend	723.03	697.66
Provision for tax on Proposed Dividend	117.29	113.18
Provision for Probable Obligations	231.29	155.48
Other Provisions	171.54	-
<b>TOTAL</b>	<b>4,423.35</b>	<b>3,938.37</b>

**Note 10 - Fixed Assets (Tangible / Intangibles Assets)**

(` in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2012	As at 01.04.2011	For the Year ##	Adjustments during the year	As at 31.03.2012	As on 31.03.2012	As on 31.03.2011
Tangible Assets										
Freehold	109.29	46.62	0.33	155.58	-	-	-	-	155.58	109.29
Leasehold	220.68	34.76	(2.69)	258.13	22.16	5.73	(0.02)	27.91	230.22	198.52
Building : Office/Others	566.54	74.36	(0.46)	641.36	157.43	18.72	0.01	176.14	465.22	409.11
Residential	292.35	40.15	0.79	331.71	68.77	6.80	0.06	75.51	256.20	223.58
Roads and Fences	1.37	10.04	(0.34)	11.75	0.27	0.30	(0.03)	0.60	11.15	1.10
Electrical Installations	1.06	0.25	(0.10)	1.41	0.31	0.06	(0.01)	0.38	1.03	0.75
Bunk Houses	2.15	0.04	0.03	2.16	1.69	0.14	0.03	1.80	0.36	0.46
Plant and Machinery	24,580.25	4,512.23	124.47	28,968.01	10,062.51	967.91	66.93	10,963.49	18,004.52	14,517.74
Railway Lines & Sidings	5.47	-	-	5.47	5.16	-	(0.01)	5.17	0.30	0.31
Communication Systems	6.41	0.61	0.27	6.75	3.63	0.58	-	4.21	2.54	2.78
Electrical Equipments	194.30	29.28	2.63	220.95	81.43	13.38	2.14	92.67	128.28	112.87
Furniture, Fixtures and		-	-			-	-			
Other Equipments	174.48	34.08	18.21	190.35	85.85	24.12	15.98	93.99	96.36	88.63
Office Equipments	171.20	33.05	1.90	202.35	103.51	5.11	1.91	106.71	95.64	67.69
Vehicles	0.71	0.12	0.07	0.76	0.31	0.07	0.05	0.33	0.43	0.40
Transport Equipments	2.50	0.04	0.04	2.50	2.02	0.10	0.05	2.07	0.43	0.48
E&P Assets										
Proved / Producing Property	-	184.64	(12.19)	196.83	-	6.65	(0.45)	7.10	189.73	-
Support Equipment & Facility	1.65	-	-	1.65	0.46	0.09	-	0.55	1.10	1.19
Non Producing Property	-	98.23	(6.49)	104.72	-	-	-	-	104.72	-
Unproved Leasehold Cost	-	95.91	(6.34)	102.25	-	-	-	-	102.25	-
Intangible Assets										
Right of Use **	213.31	52.98	0.36	265.93	-	-	-	-	265.93	213.31
Softwares / Licences / Others	61.42	37.01	(0.14)	98.57	47.43	5.91	0.04	53.30	45.27	13.99
Total	26,605.14	5,284.40	120.35	31,769.19	10,642.94	1,055.67	86.68	11,611.93	20,157.26	15,962.20
Share in Joint Venture Assets and Subsidiary included	4,460.76	973.21	(28.59)	5,462.56	902.13	264.18	3.39	1,162.92	4,299.64	3,558.63
Previous Year	25,164.03	1,467.05	25.94	26,605.14	9,833.61	887.98	78.65	10,642.94	15,962.20	15,330.42
Share in Joint Venture Assets and Subsidiary included	4,126.36	339.35	4.95	4,460.76	727.04	237.69	62.60	902.13	3,558.63	3,399.32

## Depreciation for the Financial Year includes Impairment Loss of ` 2.12 Crores (i.e., ` 1.67 Cr for Plant & Machinery & ` 0.45 Cr for Electrical Equipments)

\*\* Right of use for laying pipelines is a preputual right of use of Land but does not bestow upon the company, the ownership of Land and hence, treated as intangible assets.

However, no amortisation is provided on the same, being perpetual in nature.

(` in Crores)

		AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 11 : Capital Work-in-Progress</b>			
Linepipe Construction and related facilities including Cathodic Protection & Dispatch / Receiving Terminals	4,797.61		3,230.09
Less : Provision for Linepipe and Related Facilities	(25.11)	4,772.50	(11.44)
Compressor Stations		59.82	20.97
Telecom/Telesupervisory System		17.58	6.08
LPG Pipeline Project		5.22	5.02
LPG Projects		1.90	0.70
Petrochemicals		1,298.49	994.04
Telecom Project		0.26	-
Others		485.80	227.78
Engineering / Project construction		5,162.42	3,489.24
Exploratory & Development Well in Progress	514.76		430.93
Less : Provision for Dry Exploratory Wells	(53.57)	461.19	-
Construction of CNG Station		187.32	163.72
Buildings	33.78		7.64
Less : Provision for abandonment of Building	-	33.78	(0.34)
Linepipes, Capital Items in Stock/Transit	2,022.66		2,021.21
Less : Provision for losses/obsolescence	(0.84)	2,021.82	(0.27)
<b>TOTAL</b>		<b>14,508.10</b>	<b>10,585.37</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 12 (Part I) : Non-current Investments</b>		
<b>1. Trade Investments</b>		
Quoted		
(a) Investments in Equity Instruments :-		
(i) In Associate Company		
21,00,00,000 (Previous Year : 21,00,00,000) Equity Shares of HK\$ 0.01/- each fully paid up in China Gas Holding Ltd., China; acquired at a premium of HK\$ 1.148 / share	51.84	51.84
Add: Goodwill	84.48	84.48
Add: Share of Profit in Associates	123.35	90.08
Less: Dividend Received	(10.44)	(7.79)
	249.23	218.61
3,000,000 (Previous Year 3,000,000) Equity shares of LE 5/- per share in NAT GAS Equity share has acquired at a premium LE 34.5 per Equity Share	21.21	21.21
Add: Goodwill	62.41	62.41
Add: Share of Profit	75.50	64.40
	159.12	148.02
(ii) Others		
570,600 (Previous Year : 570,600) Equity Shares of ` 10/-each fully Paid-up in Gujarat Industries Power Co. Ltd.(includes 1,90,200 Equity Shares acquired during the year 1996-97 at a premium of ` 15/- per share)	0.86	0.86
205601068 (Previous Year : 205601068) Equity Shares of ` 5/-each fully paid up in ONGC Ltd. (Acquired 3,42,66,845 shares of ` 10/-each during 1999-2000 at a price of ` 162.34 per Share,1,71,33,422 bonus shares of ` 10/- each received during 2006-07. During the year 2010-11, 5,14,00,267 Equity shares of ` 10/- each were splitted into Equity shares of ` 5/- each and bonus issue of 1:1 equity shares of ` 5/- each after split received during 2010-11)	556.29	556.29
*Aggregating market value of the above mentioned quoted securities ` 6033.96 Cr (Previous Year : ` 6460.93 Cr)(includes cost where market price not available)		
<b>(b) Investments in Govt. or Trust securities</b>		
(i) In Government of India Bonds		
7 % Oil Companies GOI Special Bonds 2012 (Alloted in lieu of claims pending with Oil Co-ordination Committee)	9.59	9.59
<b>Unquoted</b>		
(i) In Associate Companies		
2,07,60,000 ( Previous Year : 2,07,60,000) Equity Shares of ` 10/- each fully paid-up in Gujrat State Energy Generation Ltd.	20.76	20.76
Add: Share of Profit	20.89	21.72
Less: Dividend received	(2.90)	(2.28)
	38.75	40.20
19,000 (Previous Year : 19,000) Equity shares of LE 100/- each fully paid up in Fayum Gas Company registered in Egypt.	4.59	4.59
Add: Goodwill	3.50	3.50
Add: Share of Profit	10.55	11.31
Less: Dividend received	(10.92)	(10.92)
	7.72	8.48

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>2. Investments (Unquoted - At cost)</b>		
(a) Investments in Equity Instruments :-		
i). 30 Shares (Previous Year : 30)of ` 50 each fully paid up in Darpan Co-operative Housing Society Ltd., Vadodara	-	-
ii). 50 Shares (Previous Year : 50)of ` 50 each fully paid up in Ashoka Apartments Co-operative Housing Society Ltd., Vadodara	-	-
iii). 400 Shares (Previous Year : 400)of ` 10 each fully paid up in Sanan Members Association,Ahmedabad.	-	-
iv). 35 Shares (Previous Year : 35)of ` 50/-each fully paid up in Green Field (B) Co-operative Housing Society Ltd., Mumbai	-	-
v). 8347 Equity shares (Previous Year: 8347 Eq Shares) of USD 1/- each fully paid up in South East Asia Gas Pipeline Ltd. registered in Hongkong.	0.04	0.04
3. Other Investment (Other Non-Current)		
Other Investment / Investment by Group companies	22.52	15.40
<b>TOTAL I</b>	<b>1,044.12</b>	<b>997.49</b>
<b>Note 12 (Part II)- Advances for Investments (Pending Allotment)</b>		
Other Investments / Company: -		
South East Asia Gas Pipeline	100.63	42.86
<b>TOTAL II</b>	<b>100.63</b>	<b>42.86</b>
<b>TOTAL (I + II)</b>	<b>1,144.75</b>	<b>1,040.35</b>
<b>Note 13 : Long term Loans and Advances</b>		
(a) Capital Advances		
(Secured / Unsecured - Considered Good)	873.97	51.42
(Unsecured - Considered Doubtful)	1.55	1.77
	875.52	53.19
Less : Provision for Doubtful Advances	(1.55)	(1.77)
	873.97	51.42
(b) Security Deposits (Unsecured)	172.06	54.74
(c) Other Loans and Advances		
Loans to Employees		
- Secured, Considered Good	230.94	196.64
- Unsecured, Considered Good	68.57	32.10
(including dues from Directors ` 0.44 (Previous Year : ` 0.25)) (Maximum amount due at any time during the year: ` 0.77) ( Previous Year : ` 0.49)		
Advances to Income Tax against pending demand	1,177.33	1,323.66
Others	246.54	11.72
(Unsecured, Considered Good)	1,723.38	1,564.12
<b>TOTAL</b>	<b>2,769.41</b>	<b>1,670.28</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 14 : Other Non Current Assets</b>		
<b>Long Term Trade Receivables</b>		
(Unsecured - Considered Good)	275.24	73.55
(Unsecured - Considered Doubtful)	472.58	150.50
	<u>747.82</u>	<u>224.05</u>
Less : Provision for Doubtful Debts	(472.58)	(150.50)
	<u>275.24</u>	<u>73.55</u>
<b>Others</b>		
Other Non current assets	206.68	46.53
Deposit with various parties	17.29	1.92
	<u>499.21</u>	<u>122.00</u>
<b>TOTAL</b>	<b>499.21</b>	<b>122.00</b>
<b>Note 15 : Current Investments</b>		
<b>Associates Companies *</b>		
2,20,000 (Previous Year : 2,20,000) Equity Shares of LE 10/- each fully paid up in Shell Compressed Natural Gas Company, Egypt; registered in Egypt.		0.33
Add: Goodwill		1.28
Add: Share of Profit / (Loss)		(1.50)
	-	<u>0.11</u>
Other Current Investments / Mutual Fund Scheme	139.31	195.79
	<u>139.31</u>	<u>195.90</u>
<b>TOTAL</b>	<b>139.31</b>	<b>195.90</b>
* During the Financial Year 2011-12, GAIL disposed-off its whole stake in Shell Compressed Natural Gas Egypt (S.A.E.) for ` 1.07 Crores.		
<b>Note 16 : Inventories</b>		
<b>(a) Finished Goods (incl Work-in-Progress)</b>		
Stock of Gas*/Polymers/LPG and Other Products	890.49	539.91
*after adjustment of calorific value		
<b>(b) Raw material, Stores, Spares and others</b>		
(As taken, valued and certified by the Management)		
Raw Material	73.72	17.89
Raw Material in Transit	17.17	11.18
CNG and Natural Gas in Pipeline	0.60	0.26
Stores and Spares (including Construction Surplus) **	770.88	514.09
Less : Provision for Losses/Obsolescence	(27.21)	(24.72)
	<u>743.67</u>	<u>489.37</u>
** includes ` 76.05 (Previous Year : ` 44.62) in transit.		
<b>TOTAL</b>	<b>1,725.65</b>	<b>1,058.61</b>



(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 17 : Trade Receivables</b>		
<b>(i) Trade receivables outstanding for a period exceeding six months</b>		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	48.04	27.20
- Unsecured, Considered Doubtful	26.97	29.77
	75.01	29.77
<b>Other receivables</b>		
- Secured, Considered Good	2.37	2.32
- Unsecured, Considered Good	2,218.72	1,910.01
- Unsecured, Considered Doubtful	15.41	-
	2,236.50	1,912.33
	2,311.51	1,942.10
Less : Provision for Doubtful debts	(42.38)	(2.57)
<b>TOTAL</b>	<b>2,269.13</b>	<b>1,939.53</b>
<b>Note 18 : Cash and cash equivalents</b>		
<b>BALANCES WITH BANKS</b>		
On Current Account ( includes Corporate Liquid Term Deposit ` 189.80 (Previous Year : ` 90.25) )	264.39	292.89
On Fixed Deposit Account	141.39	176.64
On Short Term Deposit	173.10	1,363.09
On Short Term Deposit - Gas Pool Money (includes interest accrued but not due ` 33.77 (Previous Year : ` 18.23)	783.84	706.47
On Short Term Deposit - Imbalance & Overrun (includes interest accrued but not due ` 1.96 (Previous Year : NIL)	32.03	-
On Short Term Deposit - JV Consortium (includes interest accrued but not due ` 0.92 (Previous Year : ` 0.70)	47.06	43.75
	1,441.81	2,582.84
Cheques/Drafts/Stamps in hand	3.01	0.46
Cash in hand	1.40	1.05
	4.41	1.51
<b>TOTAL</b>	<b>1,446.22</b>	<b>2,584.35</b>

(` in Crores)

	AS AT 31 <sup>st</sup> March, 2012	AS AT 31 <sup>st</sup> March, 2011
<b>Note 19 : Short Term Loans and Advances</b>		
Loans / Advances to Employees	33.31	29.57
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good	1,226.44	435.84
- Unsecured, Considered Doubtful	0.97	4.85
	<u>1,227.41</u>	<u>440.69</u>
Less : Provision for Doubtful Advances	(0.97)	(4.85)
	<u>1,226.44</u>	<u>435.84</u>
Advance tax / TDS	3,413.80	3,360.70
Claims Recoverable		
- Unsecured, Considered Good	108.91	75.00
- Unsecured, Considered Doubtful	3.72	4.22
	<u>112.63</u>	<u>79.22</u>
Less : Provision for doubtful claims	(3.72)	(4.22)
	<u>108.91</u>	<u>75.00</u>
Deposits / Balances with Government Authorities and Others		
- Unsecured, Considered Good	1,375.86	1,016.48
- Unsecured, Considered Doubtful	1.01	-
	<u>1,376.87</u>	<u>1,016.48</u>
Less : Provision for doubtful deposits	(1.01)	-
	<u>1,375.86</u>	<u>1,016.48</u>
Trade and Security Deposits		
- Unsecured, Considered Good	1.33	0.39
	<u>1.33</u>	<u>0.39</u>
<b>TOTAL</b>	<b><u>6,159.65</u></b>	<b><u>4,917.98</u></b>
<b>Note 20 : Other Current Assets</b>		
Interest accrued but not due (Including on investments of ` 0.04 (Previous Year : ` 0.04))	11.55	13.16
Others	203.85	62.27
	<u>215.40</u>	<u>75.43</u>
<b>TOTAL</b>	<b><u>215.40</u></b>	<b><u>75.43</u></b>

(` in Crores)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>Note 21 : Revenue from Operations</b>		
a) Sale of Products/ Gas	42,793.42	33,818.29
b) Sale of Services		
LPG Transmission / RLNG Shippers Charges	1,939.32	1,840.66
c) Income from Telecom	3.99	6.39
d) Other Operating Income	124.32	84.96
	<hr/>	<hr/>
	44,861.05	35,750.30
Less : Excise Duty	(678.91)	(558.69)
	<hr/>	<hr/>
<b>TOTAL</b>	<b>44,182.14</b>	<b>35,191.61</b>
<b>Note 22 : Other Income</b>		
Dividend from long term (trade) investment	275.65	319.02
Interest on :		
- Bonds / Debentures (Long term trade investment)	0.67	0.67
- Deposits with Banks	126.47	109.32
- Others	78.45	25.31
	<hr/>	<hr/>
(Tax deducted at source : ` 11.23 ( Previous Year : ` 8.97))	205.59	135.30
Add : Transferred to Expenditure during construction period (Refer Note 27)	(29.89)	(9.17)
	<hr/>	<hr/>
	175.70	126.13
Miscellaneous Income including liabilities written back (Tax deducted at source : ` 0.56 Cr. ( Previous Year : ` 0.20 Cr.))	32.36	28.28
Add : Transferred to Expenditure during construction period (Refer Note 27)	(1.84)	(0.96)
	<hr/>	<hr/>
<b>TOTAL</b>	<b>481.87</b>	<b>472.47</b>
<b>Note 23 : Employee benefits expenses</b>		
Salaries, Wages and Allowances	550.24	634.57
Contribution to Provident and Other Funds	88.11	62.61
Welfare Expenses	123.58	118.90
Secondment charges	1.69	1.86
	<hr/>	<hr/>
<b>TOTAL</b>	<b>763.62</b>	<b>817.94</b>
Less : Employees Benefit Expenses transferred to Capital Work-in-Progress (refer note no. 27)	108.31	58.04
	<hr/>	<hr/>
<b>TOTAL</b>	<b>655.31</b>	<b>759.90</b>



(` in Crores)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>Note 24 : Finance Cost</b>		
Interest on Term & Other Loans	570.57	389.26
Bonds	92.00	71.59
Others	17.88	2.15
Other Borrowing Costs (Commitment and other Finance Charges)	55.27	32.03
Exchange differences regarded as an adjustment to Interest Cost	40.10	-
<b>TOTAL</b>	<b>775.82</b>	<b>495.03</b>
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no. 27)	409.39	117.17
<b>TOTAL</b>	<b>366.43</b>	<b>377.86</b>
<b>Note 25 : Depreciation and Amortization Expenses</b>		
Depreciation and Amortization Expenses	1,053.55	887.98
Impairment Loss	2.12	-
	1,055.67	887.98
Less : Depreciation & Amortization expenses transferred to Capital Work-in-Progress (refer note no. 27)	15.08	9.99
<b>TOTAL</b>	<b>1,040.59</b>	<b>877.99</b>
As required by Accounting Standard (AS) 28, 'Impairment of Assets', an amount of ` 2.12 Cr has been impaired in respect of GAIL Tel Cash Generating Units		

(` in Crores)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
<b>Note-26 : Other Expenses</b>		
Power, Fuel and Water Charges		
Power and Water Charges	1,012.43	966.12
Gas used as Fuel	892.88	817.75
	1,905.31	1,783.87
Gas Pool	589.69	428.94
Stores and Spares consumed	281.56	252.14
Rent	33.11	28.83
Rates and Taxes (includes entry tax on gas)	99.05	63.24
Licence Fees - Telecom	1.03	0.36
Bandwidth Consumption	-	0.24
Repairs and Maintenance		
Plant and Machinery	318.59	339.69
Buildings	21.44	20.59
Others	32.82	26.11
	372.85	386.39
Insurance	35.49	21.52
Communication Expenses	9.65	9.44
Printing and Stationery	4.07	3.57
Travelling Expenses`	96.25	51.93
Books and Periodicals	0.55	0.60
Advertisement and Publicity	25.38	23.42
Payment to Auditors		
Audit Fees	0.65	0.65
Tax Audit fees	0.06	-
Company Law Matters	-	-
Management Services	-	0.10
Out of Pocket Expenses	0.16	0.18
	0.87	0.93
Entertainment Expenses	0.21	0.31
Recruitment and Training Expenses	14.32	12.10
Vehicle Hire and Running Expenses	29.37	27.68
Equipment Hire charges	0.80	1.74
CNG Transportation	1.76	2.02
CNG Dispensing Charges	2.67	2.26
Operating Expenses at CNG Stations	16.86	12.84
Lease Charges	1.77	0.77
Survey Expenses	71.24	83.76
Dry Well Expenses written off	152.31	52.39
Oil & Gas Producing Expenses (Operators)	10.39	3.54
Royalty on Crued Oil	9.38	4.13

(` in Crores)

	Year Ended 31 <sup>st</sup> March, 2012	Year Ended 31 <sup>st</sup> March, 2011
Consultancy Charges	50.53	20.26
Legal and Professional charges	10.77	7.36
Data Processing Expenses	3.48	3.70
Donation	0.03	0.04
Research and Development Expenses	1.19	0.13
Directors fees	0.05	0.05
Loss on sale / written off of assets(net)	7.89	(14.83)
Bad Debts / Claims / Advances / Inventories written off	0.29	1.26
Provision for Doubtful Debts, Advances, Claims, Deposits and obsolescence of Stores and Capital Items	427.33	9.56
Provision for Probable Obligations / Contingencies	37.93	108.08
Excise Duty on Stock (net)	1.33	(1.40)
Expenses on Enabling Facilities	2.73	2.95
Selling & Distribution Expenses	21.98	23.85
Discount on Sales	131.77	121.79
Commission on Sales	16.52	15.94
Dealers' Commission	4.69	3.75
Security Expenses	71.86	62.94
Corporate Social Responsibility Expenses	54.43	59.92
Net Loss on Foreign currency transaction and translation / Exchange Fluctuation	17.38	(2.11)
Other Expenses	179.25	115.12
<b>TOTAL</b>	<b>4,807.37</b>	<b>3,797.32</b>
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no. 27)	165.66	86.46
<b>TOTAL</b>	<b>4,641.71</b>	<b>3,710.86</b>

(` in Crores)

	Year Ended 31 <sup>st</sup> March, 2012		Year Ended 31 <sup>st</sup> March, 2011	
<b>Note 27 : Expenditure during Construction Period</b>				
Employees Remuneration and Benefits				
Salaries, Wages and Allowances	90.01		51.09	
Contribution to Provident and Other Funds	11.30		1.75	
Welfare Expenses	7.00	108.31	5.20	58.04
Power, Fuel and Water Charges		2.28		0.89
Stores & Spares		0.12		0.07
Rent		4.13		3.43
Rates and Taxes		1.51		-
Repairs and Maintenance - Plant and Machinery		0.03		-
Repairs and Maintenance - Building		0.19		0.07
Repairs and Maintenance - Others		0.61		0.31
Insurance		15.69		4.33
Communication Expenses		1.02		0.76
Printing and Stationery		-		-
Travelling Expenses		12.33		6.18
Books and Periodicals		0.01		-
Advertisement and Publicity		0.24		-
Payment to Auditors		0.01		-
Entertainment Expenses		0.40		-
Recruitment and Training Expenses		1.36		0.78
Vehicle Hire and Running Expenses		3.45		2.86
Survey Expenses		-		-
Professional & Consultancy Charges		1.78		3.21
Data Processing Expenses		0.03		-
Donations		-		-
Research & Development Expenses		-		-
Other Expenses		120.47		63.57
Depreciation		15.08		9.99
Interest and Finance Charges		409.39		117.17
		<b>698.44</b>		<b>271.66</b>
Less : - Interest Income	29.89		9.17	
- Misc. Income	1.84		0.96	
- Sales	-	31.73	-	10.13
<b>Net Expenditure</b>		<b>666.71</b>		<b>261.53</b>
Less : Transferred to Capital Work-in-progress				
a) Employees Benefits Expenses	108.31		58.04	
b) Interest & finance Charges	409.39		117.17	
c) Depreciation	15.08		9.99	
d) Other Expenses	165.66		86.46	
e) Other Income	(31.73)	666.71	(10.13)	261.53
<b>Balance Carried over to Balance Sheet</b>		<b>NIL</b>		<b>NIL</b>

(` in Crores)

		Year Ended 31 <sup>st</sup> March, 2012		Year Ended 31 <sup>st</sup> March, 2011
<b>Note 28 : Prior Period Adjustments</b>				
Purchase of Gas		(1.05)		0.03
Raw Material		-		-
Salaries, Wages and Allowances		(1.37)		-
Power, Fuel and Water Charges		0.02		(0.01)
Stores and Spares consumed		(0.26)		-
Rent		0.91		0.11
Depreciation(Net)		0.47		(63.68)
Repairs and Maintenance		(1.74)		27.18
Consultancy Charges		0.01		14.59
Other Expenses		2.68		11.84
	<b>TOTAL</b>	<b>(0.33)</b>		<b>(9.94)</b>
Less :				
- Sales	(5.00)		(0.36)	
- Interest Income	-		-	
- Miscellaneous Income	4.27	(0.73)	0.81	0.45
	<b>TOTAL(NET)</b>	<b>0.40</b>		<b>(10.39)</b>



# CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2012

## 29: SIGNIFICANT ACCOUNTING POLICIES

### I. BASIS OF PREPARATION

The Consolidated Financial Statements (CFS) relate to GAIL (India) Limited (hereinafter referred as the "Company") and its subsidiary, Joint Ventures and Associates. The accounts are prepared on historical cost convention in accordance with the applicable accounting standards and other applicable relevant statutes.

### II. PRINCIPLES OF CONSOLIDATION

The consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards on the following basis:-

- i. The Financial Statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006.
- ii. Investments in Associates have been accounted for using the equity method in accordance with Accounting Standard (AS) 23-"Accounting for investment in Associates in Consolidated Financial Statements" as notified under Companies Accounting Standard Rules, 2006. The excess/deficit of cost of investment over the proportionate share in equity of the Associate as at the date of the acquisition of stake has been identified as Goodwill/Capital reserve and included in the carrying value of the investment in Associate and disclosed separately. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate.
- iii. The Financial Statements of Joint Venture Company have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting

Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.

- iv. The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise disclosed in the other Notes to Accounts.
- v. The excess of the cost to the Company of its investment in Subsidiaries and Joint Ventures over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill. In case the cost of investment in a subsidiary or Joint Venture is less than the proportionate share in the equity of the investee as on the date of the investment, the difference is treated as Capital reserve.
- vi. Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.
- vii. Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.
- viii. The accounts of all Group Companies are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended March 31, 2012) except for overseas Associates. In respect of Gail Global (USA) Inc., Fayum Gas and Nat Gas, the accounts drawn up as at December 31, 2011 have been used, and in respect of China Gas Holding Limited, the accounts drawn up to September 30, 2011 have been used. No adjustments have been done for the period subsequent to that date, since there are no significant transactions, as informed by respective company's management.
- ix. The financial statements of the Subsidiaries - GAIL Global (Singapore) Pte Ltd and Gail Global (USA) Inc are prepared in accordance /

conformity with Singapore Financial Reporting Standards & U.S. generally accepted accounting principles respectively, assuming the companies are going concern and the transactions with these companies are considered as non integral operation as per Accounting Standard - 11 on "Effects of Changes in Foreign Exchange Rates" and accordingly, the Financial Statements have been translated in Indian Rupees for the purpose of Consolidated Financial Statements.

- x. The financial statements of Fayum Gas and NatGas have been prepared in accordance with the Egyptian Accounting Standards and relevant Egyptian Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11). While the financial statements of China Gas Holding Limited has been prepared in accordance with the Hongkong Accounting Standards and relevant Hongkong Laws and regulations and according to the historical cost basis assuming the company is a going concern and converted in Indian Rupees as per Accounting Standard (AS 11).
- iii. Investment other than in Subsidiaries, Joint Ventures and Associates have been accounted for as per Accounting Standard (AS) 13 on "Accounting for Investments" as notified under Companies Accounting Standard Rules, 2006.

### IV. OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out under "Significant Accounting Policies" as given in the respective Financial Statements of the Company and its Subsidiary.

### OTHER NOTES TO ACCOUNTS

30. The financial statements for the year ended 31st March'2011 were prepared as per then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March'2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been

reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

31. The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, joint venture companies and associates as detailed below:

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2012	Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2012
GAIL Global (Singapore) PTE Ltd	Singapore	Subsidiary	100%	Aavantika Gas Limited	India	Joint Venture	22.50%
GAIL Global (USA) Inc.	USA	Subsidiary	100%	Ratnagiri Gas & Power (Private) Ltd (RGPPL)	India	Joint Venture	32.88%
Bramhaputra Cracker & Polymers Ltd.	India	Subsidiary	70.00%	Tripura Natural Gas Co Ltd. (TNGCL)	India	Joint Venture	29.00%
GAIL GAS Limited	India	Subsidiary	100%	ONGC Petro-additions Limited (OPaL)	India	Joint Venture	17.00%
Mahanagar Gas Limited	India	Joint Venture	49.75%	GAIL China Gas Global Energy Holdings Ltd.	Bermuda	Joint Venture	50.00%
Indraprastha Gas Limited	India	Joint Venture	22.50%	Fayum Gas	Egypt	Associate	19.00%
Petronet LNG Limited	India	Joint Venture	12.50%	Gujarat State Energy Generation Ltd (GSEG)	India	Associate	5.96%
Bhagyanagar Gas Limited	India	Joint Venture	22.50%	Natural Gas Company "Nat Gas"	Egypt	Associate	15.00%
Central UP Gas Limited	India	Joint Venture	25.00%	China Gas Holding Limited	Bermuda	Associate	4.79%
Green Gas Limited	India	Joint Venture	22.50%				
Maharastra Natural Gas Limited (MNGL)	India	Joint Venture	22.50%				

32. In view of different sets of environment in which the subsidiaries/Joint Ventures are operating, the accounting policies followed by the subsidiaries/ Joint Ventures are different from the accounting policies of the Company in respect of the following. Such different accounting policies have been adopted in respect of the following:

Particulars	Name of Joint Venture / Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (₹ in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
<b>Inventories</b> Valuation of Stores and spares	Mahanagar Gas Limited / Indraprastha Gas Limited/Central UP Gas Ltd.	Valued at weighted average cost or net realizable value, whichever is lower	Valued at weighted average cost.	16.01
	Tripura Natural Gas Co Ltd.	Valued at weighted average cost or net realizable value, whichever is lower	Valued at cost	0.92
Valuation of Raw Materials	Indraprastha Gas Limited / Green Gas Ltd / Maharashtra Natural Gas Limited / Central UP Gas Ltd.	Valued at cost or net realizable value, whichever is lower	Valued at lower of cost on First In First Out (FIFO) basis or Net Realizable Value.	NIL
<b>Depreciation</b> Software / Licences	Petronet LNG Limited/Aavantika Gas Limited / Mahanagar Gas Limited / Bhagyanagar Gas Limited / Maharashtra Natural Gas Limited /RGPPL	Software / Licences are amortized in 5 years on straight line method	Software/Licenses are amortised on Straight Line method as follows: - Petronet LNG Ltd – 3 years. Aavantika Gas Ltd – 4 years. Mahanagar Gas Ltd – 6 years. Bhagyanagar Gas Ltd – 4 years. Maharastra Natural Gas Ltd – 3 years. RGPPL – 3 years or Period of Legal right, whichever is ealier.	0.74

Particulars	Name of Joint Venture / Subsidiary	Accounting Policies		Proportion of GAIL's share (Gross Amount) (` in Crores)
		GAIL (India) Ltd.	Subsidiary / Joint Venture	
All Assets	Brahmaputra Cracker & polymers Ltd.	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis	8.87
	Tripura Natural Gas Co Ltd	Assets are depreciated on SLM basis	Assets are depreciated on WDV basis, except computer (employees) @ 25% p.a. on SLM basis.	0.54
Employee Benefits	Bhagyanagar Gas Limited / Aavantika Gas Limited	Implemented Revised AS-15	Implementation of AS-15 is un-ascertained	Not Quantifiable
Contingent Liabilities	Green Gas Limited / Bhagyanagar Gas Limited	Contingent liabilities exceeding ` 5 Lakhs in each case are disclosed by way of notes to accounts.	Contingent liabilities exceeding ` 1 Lakh in each case are disclosed by way of notes to accounts.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, Brahmaputra Cracker & polymers Ltd, Aavantika Gas Limited, Green Gas Limited, Bhagyanagar Gas Limited.	Contingent liabilities exceeding ` 5 Lakhs in each case are disclosed by way of notes to accounts.	Un-ascertained / Not available.	Not Quantifiable
Capital commitment	Petronet LNG Limited / Green Gas Limited / Aavantika Gas Ltd./ Bhagyanagar Gas Limited	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ` 5 Lakhs.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ` 1 Lakh.	Not Quantifiable
	All Subsidiary & Joint Ventures, except Gail Gas Ltd, Brahmaputra Cracker & polymers Ltd, Petronet LNG Limited, Green Gas Limited, Aavantika Gas Limited, Bhagyanagar Gas Limited.	Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ` 5 Lakhs.	Un-ascertained / Not available.	Not Quantifiable

The effect of above differential accounting policies could not be quantify on profit & loss account.

### 33. Contingent Liabilities and Commitments (To the extent not provided for):-

#### I. Contingent Liability

- (a) Claims against the Company not acknowledged as debts: ` 6040.02 Crores (Previous Year: ` 4930.40 Crores), which mainly include:-
- Legal cases for claim of ` 3261.11 Crores (Previous Year: ` 2731.63 Crores) by vendor / trade payable on account of Liquidated damages/Price Reduction Schedule and Natural Gas price differential etc. and by customer / trade receivable for Natural gas transmission charges etc.
  - Income tax assessments up to the Assessment Year 2009-10 have been completed and a demand of ` 1345.92 Crores relating to the Assessment Years 1996-97 to 1998-1999 and 2000-01 to 2009-10 (Previous Year: ` 1017.25 Crores related to Assessment years 1996-97 and

2000-01 to 2008-09) has been raised by the Department on account of certain disallowances / additions which has been disputed by the company as Gail has legally been advised that the demand is likely to be deleted or may be reduced substantially by the appellate Authorities. The company has filed the appeal with the appropriate appellate authorities against all the assessment years. However, to avoid coercive action by the Department, ` 1177.33 Crores (Previous Year: ` 1323.66 Crores) has already been paid pending decision by the appellate authorities.

- ` 1154.69 Crores (Previous Year: ` 760.15 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc.
- (i) The Company has issued Corporate Guarantees for ` 806.03 Crores (Previous Year : ` 372.34 Crores) on behalf of subsidiaries of the company for raising

loan. Further Bank Guarantees issued on behalf of subsidiary amounting to ` 45.88 Crores (Previous Year: ` 45.88 Crores).

- Share in Contingent Liabilities of Joint Ventures based on their audited / unaudited statement of accounts : ` 733.14 Crores (Previous Year: ` 437.20 Crores).

#### II Commitments:-

- Estimated amount of contracts remaining to be executed on capital account and not provided for: ` 7115.17 Crores (Previous Year: ` 4540.71 Crores).
- Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited statement of accounts of Joint Ventures. ` 1777.91 Crores (Previous Year: ` 1418.04 Crores).
- Other Commitments:-
  - As at 31st March'2012, the company has commitment of ` 970.70 Crores (Previous

Year : ` 1038.21 Crores) towards further investment and disbursement of loan in the Joint Venture Entities and Associates.

(ii) As at 31st March'2012, the company has commitment of ` 217.33 Crores (Previous Year : ` 505.45 Crores) towards further investment in the Subsidiaries.

(iii) As at 31st March'2012, the company has commitment of ` 321.91 Crores (Previous Year : ` 82.93 Crores) towards further investment in the entities other than Joint Ventures, Associates & Subsidiaries.

(iv) Counter Guarantee issued in favour of Bank etc for issuing Bank Guarantee & Letters of Credit : ` 1242.63 Crores (Previous Year: ` 951.45 Crores).

34. (a) Sales Tax demand of ` 3449.18 Crores (Previous Year: ` 3449.18 Crores) and interest thereon ` 1513.04 Crores. (Previous Year: ` 1513.04 Crores) for Hazira unit in Gujarat State: Sales Tax Authorities, Ahmedabad have treated the transfer of Natural Gas by the company from the state of Gujarat to other states during the period April, 1994 to March, 2001 as inter-state sales under Section 3(a) of the Central Sales Tax Act. The company has been paying sales tax under section 12 of the Gujarat Sales Tax Act against Form 17 since inception (1987) and accordingly the sales tax assessments have been completed. Based on the interpretation of the provisions of the Sales Tax Act and legal advice from the experts, the company had filed writ petition and special leave petition in the Supreme Court of India. In February, 2005 the case was transferred by Hon'ble Supreme Court to Gujarat Sales Tax Tribunal for decision. The Tribunal has given its judgment on 16.05.2005 accepting the contention of the company for interstate transfer of Natural Gas as branch transfer and not the interstate sale and set aside the demand under section 41-B of the Gujarat Sales Tax Act. The Hon'ble Tribunal has given further instruction to the Assessing Authority to re-assess and decide tax liability in accordance with the law considering interstate transfer of natural gas as branch transfer. The Sales Tax Authorities had filed rectification application under section 72 of the Gujarat Sales Tax Act, 1969 in Gujarat Sales Tax Tribunal against its judgment dated 16.05.2005. The Tribunal had

dismissed the rectification application of the sales tax authorities vide its order dated 06.07.2006. The sales tax authorities have now filed petition in Hon'ble high Court Ahmedabad against the order of the tribunal and no hearing has yet taken place. In opinion of the management there is a remote possibility of crystallizing this liability.

(b) The Commissioner, Customs & Central Excise, Kanpur has issued a Show-Cause Notice demanding ` 2808.89 Crores as Central Excise Duty on Natural Gas supplied by GAIL Dibiyaipur Compressor Station treating it as Compressed Natural Gas (CNG). The company is of the view that there is remote possibility of crystallizing of this liability in view of extant legal position and clarification issued by Ministry of Finance vide circular no. F.No. B.1/3/2001-TRU dated 21st May 2001 on the subject which was issued in response to GAIL's request after introduction of excise duty on CNG in the year 2001

35. (a) Freehold land acquired for city gate station at Lucknow and Kanpur, Jhansi Maintenance Base and IMT Manesha, Sectionalizing Valves in Jamnagar – Loni Pipeline and Mumbai, receiving terminal at Pune valuing ` 6.39 Crores (Previous Year: ` 4.94 Crores) are valued / capitalized on provisional basis.

(b) Title deeds for freehold land valuing ` 7.84 Crores (Previous Year: ` 6.38 Crores) and leasehold land valuing ` 20.94 Crores (Previous Year: ` 10.24 Crores) are pending execution.

(c) Title Deeds in respect of ten residential flats at Asiad Village, New Delhi, valuing ` 1.17 Crores (Previous Year: ` 1.17 Crores) are still in the name of ONGCL. Concerned authorities are being pursued for getting the same transferred in the name of the Company.

(d) Net Block for "Building" includes an amount of ` 1.20 Crores (Previous year: ` 1.21 Crores) earmarked for disposal but in use.

36. (a) The company has added Note 1.10 (iv) in the Accounting Policy (GAIL's Standalone) relating to foreign exchange differences stating that "Exchange differences (loss), arising from translation of foreign currency loans relating to fixed assets to the extent regarded as an

adjustment to interest cost are treated as borrowing cost"

Due to this, an amount of ` 40.10 Crore has been debited to borrowing cost.

(b) In view of option allowed by the Ministry of Corporate Affairs vide its notification dated 29th Dec'2011 on Accounting Standard 11, the company (based on standalone) during the year has exercised the option and changed its accounting policy to account for "any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account except in case of long term foreign currency monetary items relating to acquisition of depreciable capital asset (other than regarded as borrowing cost) in which case they are adjusted to the carrying cost of such assets and in other cases, accumulated in "Foreign Currency Monetary item Translation Difference Account" in the financial statements and amortized over the balance period of such long terms asset or liability, by recognition as income or expenses in each of such period".

Due to change in Accounting Policy, Fixed Assets has increased by ` 38.48 Crore with consequent increase in profit for the year by ` 38.48 Crore and also an amount of ` 1.63 Crore credited in Foreign Currency Monetary item Translation Difference Account and amortised by ` 0.28 crore during the year resulting in net decrease in profit by ` 1.35 Crore. The balance in Foreign Currency Monetary item Translation Difference Account as on 31.03.2012 remaining to be amortized is ` 1.35 Crore.

37. (a) The balance retention from PMT JV consortium amounting to ` 47.06 Crores (Previous Year: ` 43.75 Crores) includes interest amounting to ` 0.92 Crores (Previous Year: ` 2.64 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.

(b) Liability on account of Gas Pool Money amounting to ` 818.83 Crores (Previous Year: ` 722.60 Crores) includes interest amounting to ` 37.71 Crores (Previous Year: ` 29.10 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

- (c) Liability on account of Pipeline overrun and Imbalance charges amounting to ` 31.67 Crores (Previous Year: ` 23.95 Crores) includes interest amounting to ` 1.96 Crores (Previous Year: NIL) on short term deposits. This interest does not belong to the company hence not accounted as income.
- (d) MOP&NG has issued clarification on the allocation of additional gas available from ONGCL's nominated blocks vide its letter no. L-12018/23/2010-GP-II dated 31.10.2011 and letter no. L-13013/5/2011-GP dated 17.11.2011. In compliance with this clarification, GAIL has revised the invoices for supply of Natural Gas to some Power Plants in Pondicherry area for the period 1.7.2005 to 15.11.2011 for an additional amount of ` 241.98 Crores by issuing the debit notes. This amount has been shown as recoverable from the respective power companies and correspondingly payable in Gas Pool Account (Provisional) amounting to ` 234.01 crores and VAT payable amounting to ` 7.97 crores. The amount payable in Gas Pool Account will be invested as and when said amount is recovered from the consumers. All the respective consumers have obtained stay orders against the recovery of these dues from Courts and the cases are subjudice.
38. Disclosure as per Accounting Standard – 11 on "The effect of changes in Foreign Exchange Rates" based on standalone of GAIL (India) Ltd as given below:-

- i. The amount of exchange difference (net) debited to the statement of Profit & Loss is ` 12.41 Crores (Previous Year: ` 3.30 Crores).
- ii. The amount of exchange difference (net) debited to the carrying amount of fixed assets is ` 38.48 Crores (Previous Year: Nil).
39. The required disclosure under the Revised Accounting Standard 15 is based on standalone of GAIL (India) Ltd as given below:
- (i) Superannuation Benefit Fund (Defined Contribution Fund)
- Company has paid contribution of ` 51.30 Crores towards contribution to Superannuation Benefit Fund Trust and charged to statement of Profit and Loss.
- (ii) Provident Fund
- Company has paid contribution of ` 29.53 crores (Previous Year: ` 32.90 Crores) to Provident Fund Trust at predetermined fixed percentage of eligible employee's salary and charged to statement of Profit and Loss. Further, the obligation of the company is to make good shortfall, if any, in the fund assets based on the statutory rate of interest in the future period. Based on Actuary Report, a sum of ` 4.32 Crore has been credited to statement of profit and loss and correspondingly liability has been reversed. The balance liability as on 31.03.2012 is ` 8.82 Crore.
- (iii) Other Benefit Plans

**A) Gratuity**

15 days salary for every completed year of service. Vesting period is 5 years and payment is restricted to ` 10 Lakhs.

**B) Post Retirement Medical Benefit (PRMS)**

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

**C) Earned Leave Benefit (EL)**

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

**D) Terminal Benefits (TB)**

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

**E) Half Pay Leave (HPL)**

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

**F) Long Service Award (LSA)**

Employees are eligible for gold coin weighing 5 gms on completion of 15 years, 10 gms each on completion of 20 years and 25 years, 20 gms each on completion of 30 years and 35 years of service.

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

(` in Crores)

	Gratuity Funded		PRMS Non Funded		EL Non Funded		TB Non Funded		HPL Non Funded		LSA Non Funded	
	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11
<b>A. Expenses recognized in the statement of Profit &amp; Loss</b>												
Current Service Cost	22.14	19.51	-	-	25.31	32.64	-	-	12.25	10.88	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Benefit Obligation	8.56	8.22	3.24	2.58	12.87	6.98	0.29	0.25	7.35	3.00	0.65	0.63
Expected Return on Plan Assets	(9.35)	(8.96)	-	-	-	-	-	-	-	-	-	-
Net actuarial (Gain)/ Loss recognized in the year	(19.44)	(18.61)	6.64	6.07	15.55	43.47	1.75	0.26	(15.53)	37.59	2.39	0.57
Expenses recognized in P&L Account for FY 2011-12	1.91	0.16	9.88	8.65	53.73	83.09	2.04	0.51	4.07	51.47	3.04	1.20
<b>B The amount recognized in the Balance Sheet</b>												
Present value of Obligation as at 31.03.2012	110.47	102.50	47.50	38.60	197.62	158.83	5.46	3.45	90.37	86.51	10.12	8.30
Fair value of Plan Assets as at 31.03.2012	109.95	103.89	-	-	-	-	-	-	-	-	-	-
Difference	(0.52)	1.39	(47.50)	(38.60)	(197.62)	(158.83)	(5.46)	(3.45)	(90.37)	(86.51)	(10.12)	(8.30)
Net Asset / (Liability) recognized in the Balance Sheet	(0.52)	1.39	(47.50)	(38.60)	(197.62)	(158.83)	(5.46)	(3.45)	(90.37)	(86.51)	(10.12)	(8.30)

	Gratuity Funded		PRMS Non Funded		EL Non Funded		TB Non Funded		HPL Non Funded		LSA Non Funded	
	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11	11-12	10-11
<b>C. Changes in the Present Value of the Defined Benefit Obligations:</b>												
Present value of Obligations as at 01.04.2011	102.50	98.03	38.60	30.87	158.83	88.50	3.45	2.96	86.51	35.52	8.30	7.81
Interest Cost	8.56	8.22	3.24	2.58	12.86	6.98	0.29	0.25	7.35	3.00	0.65	0.63
Current Service Cost	22.14	19.52	-	-	25.31	32.64	-	-	12.25	10.88	-	-
Past service cost	-	-	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(3.54)	(2.63)	(0.97)	(0.92)	(14.93)	(12.76)	(0.03)	(0.02)	(0.21)	(0.47)	(1.22)	(0.71)
Net Actuarial Gain / (Loss) on Obligation	(19.19)	(20.64)	6.63	6.07	15.55	43.47	1.75	0.26	(15.53)	37.59	2.39	0.57
Present Value of the Defined Benefit Obligation as at 31.03.2012	110.47	102.50	47.50	38.60	197.62	158.83	5.46	3.45	90.37	86.51	10.12	8.30
<b>D. Changes in the Fair Value of Plan Assets</b>												
Fair Value of Plan Assets as at 01.04.2011	103.89	99.53	-	-	-	-	-	-	-	-	-	-
Expected return on Plan Assets	9.35	8.96	-	-	-	-	-	-	-	-	-	-
Contributions by Employer	0.01	0.05	-	-	-	-	-	-	-	-	-	-
Benefit Paid	(3.54)	(2.62)	-	-	-	-	-	-	-	-	-	-
Actuarial Gain / (Loss)	0.24	(2.03)	-	-	-	-	-	-	-	-	-	-
Fair Value of Plan Assets as at 31.03.2012	109.95	103.89	-	-	-	-	-	-	-	-	-	-
<b>Principal actuarial assumption at the Balance Sheet Date</b>												
Discount rate	8.50%	8.50%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Expected return on plan assets	9.00%	9.00%	-	-	-	-	-	-	-	-	-	-
Annual increase in costs	-	-	10%	10%	-	-	10%	10%	-	-	10%	10%
Annual increase in salary	12.00%	12.00%	-	-	12%	12%	-	-	12%	12%	-	-

Mortality table referred	LIC (1994-96) DULY MODIFIED		
	AGE	WITHDRAWAL RATE % (2011-12)	WITHDRAWAL RATE % (2010-11)
Withdrawal Rate/ Employee turnover rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

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

40. Disclosure required by Accounting Standard 16, borrowing cost capitalized during the year are ` 215.14 Crore (Previous Year: ` 35.80 Crore) based on standalone of GAIL (India) Ltd.
41. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ` 3182.62 Crores (Previous Year: ` 2111.24 Crores). Corresponding adjustment on account of CST amounting to ` 17.54 Crores (Previous Year: ` 6.98 Crores) has been made.
42. (a) The Company is raising provisional invoices for sale of R-LNG as the supplier M/s Petronet LNG (PLL) is also raising provisional invoices on the Company since customs duty on import of LNG by PLL has been assessed on provisional basis.
  - (b) With effect from April 1, 2002, Liquefied Petroleum Gas prices has been deregulated and is now based on the import parity prices fixed

by the Oil Companies. However, the pricing mechanism is provisional and is pending finalization. Additional asset/liability or impact on profits, if any, arising due to such change, will be recognized on finalization of pricing mechanism.

- (c) (i) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations. The impact on profit is recognized during the year of tariff submission.
- (ii) PNGRB vide order no-TO/01/2012 dated 12<sup>th</sup> March' 2012 and order no. TO/06/2012 dated 01<sup>st</sup> May, 2012 have notified "PROVISIONAL" initial unit natural gas pipeline tariff for Mumbai Regional Network and Agartala Regional Pipeline respectively, effective from 20.11.2008. In accordance with the orders, the company has derecognized the revenue by an amount of ` 114.68 Crore. Further, the company has also derecognized the revenue by an amount of ` 140.23 Crore on account of lower tariff submitted to PNGRB for approval in respect of other pipelines.
- (iii) PNGRB has issued PNGRB Regulations 2010 (Determination of Petroleum & Petroleum Products Pipelines transportation Tariff) effective from 20.12.2010 where LPG pipeline tariff has been benchmarked against railway freight. PNGRB vide its order no. TO/02/2012 dated 02<sup>nd</sup> April'2012 has notified transportation tariff for Vizag-Secunderabad LPG Pipeline effective from 27.12.2010. In accordance with the order, the company has derecognized the revenue by an amount of ` 14.34 Crore.

Further, the company has also derecognized the revenue by an amount of ₹ 29.60 Crore (Previous Year: ₹ 6.33 Crore) on account of lower tariff submitted to PNGRB for approval in respect of another pipeline.

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

43. In respect of Subsidiary and Joint Ventures, the following additional notes to accounts are disclosed.

**I. GAIL Gas Ltd.**

a) The incidental expenditure during construction amounting ₹ 12.18 Crores (Previous Year: ₹ 15.07 Crores) have been allocated to completed project & Capital work in progress in the ratio of direct allocated cost for assets.

b) During the year, the Company has been disbursed a Term Loan from OIDB ₹ 43.59 Crores (Previous Year: ₹ 74.41 Crores) and from Union Bank of India ₹ 15.00 Crores (Previous Year: ₹ 15.00 Crores) 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 ₹ 9.57 Crores (Previous Year: ₹ 3.18 Crores) was incurred, out of which an amount of ₹ 7.10 Crores (previous Year: ₹ 3.08 Crores) was capitalized during the year.

c) With regard to Cenvat Credit of ₹ 0.21 Crores taken prior to registration as Input Service Distributor during 2008-09, according to para 31(b) of the guidance note on accounting treatment for Cenvat issued by ICAI, the excess Cenvat credit, if any, arrived on assessment which relates to fixed asset shall be added back to the cost of relevant fixed assets and depreciation thereon shall be claimed over the residual life of fixed assets. The service tax audit has been completed up to 31.03.2011 and as directed by the audit an amount of ₹ 0.04 Crores was disallowed out of ₹ 0.21 Crores and the same was accounted for.

Further, the department vide their letter no. 20/STR-1/N-1/Audit/IAR/GGL/89/2012 dated 13.04.2012 has advised to reverse the service tax input credit taken up to 31.03.2011 for ₹ 0.34 Crores in the context that the same is not allowed for the reason that neither PNG is chargeable to any duty of excise nor activity of sale of PNG as such is chargeable to service tax. In view of the contradictory opinion regarding chargeability of service tax on Network Tariff by the service tax department to GAIL (India) Ltd & Bhagyanagar Gas Ltd, the same has been taken as contingent liability.

d) The rent lease deed of ₹ 13.50 Crore pertaining to rental of office premises of the company at Noida (U.P) taken from HHECIL at A-2, Sector-2, Noida has not yet been registered under the agreement executed on 29/08/2008 and 10/03/2009. Thus provision for 50% share in stamp duty and registration charges of lease deed shall be accounted for in the year the lease rent deed is executed by the Lessor.

**II. Bramhaputra Cracker and Polymer Ltd.**

a) Leasehold Land of ₹ 81.84 Crores in respect of which lease deed has been executed for a period of 30 years. As the modus operandi of leasing out land rests on the assumption that all lands belongs to Govt of Assam, freehold land of value ₹ 0.26 Crores in the financial year 2010-11 not treated as leasehold land and has been accounted for as per AS - 19.

b) Income tax provision to the tune of ₹ 1.18 Crores (Previous Year: ₹ 1.19 Crores) 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. No provision has been made on income earned by parking capital subsidy in STDs as the same has not been considered as income of BCPL and the same is being treated as part of the capital subsidy as per directives of the Ministry of Chemicals and Fertilizer, Government of India vide letter no. 45013/1/2005-PC-1 (Part) Dt: 15.02.2012.

c) The cost of land includes ₹ 1.17 Crores (Previous Year: ₹ 1.17 Crores) paid for cost of rehabilitation land on which the company is not having the title deeds as leased hold owner or otherwise. The ownership of rehabilitation land of 52 bighas has been registered in the name of land dispensed beneficiaries. The amount has been capitalized as part of land as the cost of rehabilitation land paid under the land acquisition scheme.

d) 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 ₹ 7.56 Crores (Previous Year: ₹ 6.56 Crores) 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 (limited useful life) for having useful life of 10 years is being amortized over the life of ROU.

e) In view of time and cost overrun, the company has revised the project cost from initially ₹ 5460.61 Crores to ₹ 8920 Crores and schedule of completion from April 2012 to December 2013. Accordingly necessary approval from CCEA has been communicated by the Ministry of Chemicals and Fertilizer, Govt of India vide its letter no F.No. 45012/23/10-PC-1 dated 2nd December 2011.

f) Details of Claim of Work Contract Tax from Govt. of Assam are as under:

Opening Claim as on 01.04.2011 (FY 2008-09, 2009-10 & 2010-11)	₹ 23.98 Crores
Claims lodged for the FY 2011-12	₹ 29.56 Crores
Total Claim Lodged	₹ 53.54 Crores
Less: Received during the year	₹ 20.85 Crores
Receivables as at 31.03.2012	₹ 32.69 Crores

g) As per directives from MOCF gross interest earned from parking of fund from the capital subsidy forms part of Capital Subsidy and as such the interest income from parking of capital subsidy not taxable in the hand of BCPL. Accordingly company has filed return for refund of claim as follows:

Year	Refund Claimed
2008-09	₹ 27.71 Crores
2009-10	₹ 18.51 Crores
2010-11	₹ 10.99 Crores
<b>Total</b>	<b>₹ 57.21 Crores</b>

The refund of ₹ 3.18 Crores for the year 2008-09, was released in the summary assessment accounted under current liabilities as in the scrutiny assessment the demand has been raised for ₹ 3.19 Crores which is under appeal with CIT (Appeal) Shillong. However, the Assessing Officer has directed to make a payment of ₹ 1.89 Crores pending disposal of appeal.

- h) The claim of Entry Tax till 31<sup>st</sup> March 2012 for ₹ 15.84 Crores has been lodged with the Sales Tax Authority of Assam for refund to BCPL. 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.
- i) The company is in construction stage and no commercial activities have been started from the date of incorporation, i.e., 08.01.2007 to 31.03.2012. Keeping in view the requirement of Revised Schedule VI and Companies Act 1956, a "NIL" profit and loss account has been prepared. It is also relevant to note that incidental expenditure during construction pending allocation to Fixed Assets on capitalization has been treated under "Other Non Current Assets".

### III. Petronet LNG LTD.

- a) Custom Duty on import of Project Material / equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.
- b) The Company has claimed deduction under section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its Tax Returns. However, provision for income tax has been made without considering the aforesaid deductions.
- c) In terms of para 10 of Accounting Standard 16 "Borrowing Costs" ₹ 17.98 Crores (Previous Year: ₹ 21.73 Crores) has been reduced from the Interest and Financial Charges (Capital Work in Progress) being income on temporary investment of surplus funds out of borrowings related to Capital Expenditures.
- d) In respect of external commercial borrowing of USD 150.00 million from International Finance Corporation, Washington D.C., USA and USD 100 million from Proparco, France outstanding as on 31<sup>st</sup> March, 2012, the Company has entered into derivative contracts to hedge the loan including interest. This has the effect of freezing the rupee equivalent of this liability as reflected under the Borrowings. Thus there is no impact in the Profit & Loss account, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the statement of Profit & Loss.

### IV. Indraprastha Gas Limited

- a) The Company has installed CNG Stations on land leased from various Government Authorities under leases for periods ranging from one to five years. However, assets constructed / installed on such land are depreciated generally at the rates specified in Schedule XIV to the Companies Act, 1956, as the management does not foresee non-renewal of the above lease arrangements by the Authorities.
- b) Deposits from commercial customers of natural gas, refundable on termination/alteration of the gas sales agreements, are considered as long term funds.

- c) Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9<sup>th</sup> April 2012 has determined the per unit network and Compression Charge for the city gas distribution network of IGL for Delhi based on submission of data by the company in May 2009 and certain assumptions taken by PNGRB in this regard. The tariffs determined by PNGRB are much lower than the rates submitted by the company. The PNGRB in its order has stated that in conformity with their letter dated 23.05.2011, the difference between the Network Tariff and the Compression Charges submitted by the company and that determined by PNGRB would be reflected through appropriate reduction in selling prices from the date of issuance of the order, i.e., 9<sup>th</sup> April 2012.

Further, PNGRB has made the determined tariff applicable with retrospective effect from 01.04.2008. However, in its order PNGRB has not clarified as to the manner of calculating such differential Network Tariff & Compression Charge for CNG for the period from 01.04.2008 till 09.04.2012 and has rather stated that the modalities and time frame for refund of differential Network Tariff and Compression Charge shall be decided subsequently.

The company has taken legal advice and has been advised that such refund lacks legal authority. Besides, IGL has already filed a writ petition on 10.04.2012 against the order of PNGRB dated 09.04.2012 before the Hon'ble Delhi High Court challenging the Constitutional power of PNGRB to fix the Network Tariff and Compression Charge including that the order couldn't have directed refund for transactions that have already taken place. The company has also filed an appeal in the Appellate Tribunal of Electricity at New Delhi against the order of PNGRB on 07.05.2012. The company is of the firm opinion that the order passed by PNGRB is not sustainable in the court of law.

Since the matter is sub-judice as also the differential amount and the period involved for working out implication for the past period is subject to different legal interpretations, the financial implication, if any, for the period up to 31.03.2012 has not been considered in the financial statements at this stage.

- d) The Company has taken certain equipments and vehicles under operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates ₹ 12.90 Crores (Previous year: ₹ 12.46 Crores). Lease obligations under non-cancellable periods are as follows:

	2011-12	2010-11
i) Amounts payable in next 1 year	₹ 16.78 Crores	₹ 22.62 Crores
ii) Amounts payable in next 2 to 5 years	NIL	NIL
iii) Amounts payable over 5 years	NIL	NIL

### V. ONGC Petro additions Ltd.

- a) An amount of ₹ 20.31 Crores (Previous Year: ₹ 20.31 Crores) disclosed as "Advance for Land" pertains to amount paid to Gujarat Industrial Development Corporation (GIDC) for acquiring land on Lease for developing township of the Company. Legal formalities for the lease are in the process of being formalized.
- b) As the company has not commenced any commercial activities and is under project phase, therefore the statement of Profit & Loss has not been prepared. However, incidental expenditure during



construction period have been disclosed under Capital work-in-progress.

#### VI. Mahanagar Gas Ltd.

- Company has taken on lease few equipments / machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is three years, renewable for a further period of three years at the discretion of the Company. The Company can exercise purchase option at the end of the contract. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the statement of Profit and Loss for the year is ` 1.35 Crores (Previous year: ` 1.51 Crores).
- Company has taken certain vehicles under operating lease agreements. Lease payments recognized in the statement of Profit and Loss under "LCV Transportation" for the year is ` 2.76 Crores (Previous year: ` 2.69 Crores) and under "Travelling and Conveyance" for the year is ` 1.32 Crores (Previous Year: ` 1.26 Crores).
- Company has entered into agreements for taking on leave and license basis certain residential/office premises/godowns. All the agreements contain a provision for its renewal. Lease payments recognized in the statement of Profit and Loss under rent for the year is ` 7.60 Crores (Previous year: ` 6.48 Crores).
- The future minimum lease payments of non-cancellable operating leases are as under: -

	2011-12	2010-11
Not later than one year	NIL	` 0.42 Crores
Later than one year, but not later than five years	NIL	NIL
Later than five years	NIL	NIL
TOTAL	NIL	` 0.42 Crores

- The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation upto 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an IPO to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Shareholders are in discussion for making disinvestment in line with FIPB requirements.

#### VII. Bhagyanagar Gas Limited

- During the year, interest on term loan / bridge loan amounting to ` 16.47 Crores has been apportioned to Fixed Assets / Capital work-in progress.

#### VIII. Central U.P. Gas Limited

- The Company has taken certain properties under Operating lease agreements. The total lease rentals recognized as expense during the year under the above lease agreements aggregates ` 0.39 Crores (Previous Year : ` 0.25 crores). Lease obligations under non-cancellable periods are as follows:

	2011-12	2010-11
--	---------	---------

	2011-12	2010-11
Amounts payable in next one year	` 0.15 Crores	` 0.15 Crores
Amounts payable in next two to five years	` 0.40 Crores	` 0.55 Crores
Amounts payable over five years	Nil	Nil

#### IX. Ratnagiri Gas and Power Private Limited (RGPP)

- The Central Electricity Regulatory Commission (CERC) has issued the revision of tariff order dated 04.06.2009 for F.Y. 2007-08 & F.Y. 2008-09 based on ATE Orders on March 20, 2012. As a consequence sales of ` 776.25 Crores (including income tax amounting to ` 155.32 Crores) pertaining to previous years has been recognized based on the orders issued by CERC.
- Audited / Unaudited financial statements of joint venture – Petronet LNG Ltd., Indraprastha Gas Limited, Mahanagar Gas Limited, Bhagyanagar Gas Limited, Central UP Gas Limited, Green Gas Limited, Avantika Gas Limited, Ratnagiri Gas & Power (Private) Limited, Maharashtra Natural Gas Limited, Tripura Natural Gas Co Limited, ONGC Petro-additions Limited & GAIL China Gas Global Energy Holdings Limited have been included in consolidation. The figures included in the consolidated financial statements relating to these audited / unaudited joint venture companies are as under:
 

Total assets are ` 8705.51 Cr. ( Previous Year : ` 8046.69 Cr.) and total liabilities of ` 8705.51 Cr. (Previous Year: ` 8046.69 Cr.) and

Total Income of ` 5890.73 Cr ( Previous Year : ` 4149.18 Cr.) and total expenditure of ` 4900.50 Cr. (Previous Year: ` 3591.94 Cr.)
  - Unaudited financial statements of an associate – Gujarat State Energy Generation (GSEG) and China Gas Holding Limited, have been included in consolidation in absence of the audited financial statements. Total Share of Profit included in the Consolidated Financial Statements is ` 32.44 Crores (Previous Year: ` 22.37 Crores).
  - Due to short participation by the other joint venture partners there is difference between the % of ownership as per Joint Venture Agreement and actual % of Share capital currently held by the Company i.e. GAIL (INDIA) LIMITED. The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence, GAIL (INDIA) LIMITED ownership in the joint ventures are considered only to the extent of % ownership mentioned in Joint Venture agreement.
 

Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual % amounting to ` 195.88 Crores {previous year ` 46.90 Cr.} is included in the 'Advance Recoverable in cash or in kind or for value to be received'.
  - In the previous year the Joint Venture/Associates were incorporated in the consolidated financial statement based on the unaudited financial statement, wherever audited financial statements were not available at the time of consolidation. Adjustment due to Joint Venture regrouping and adjustment due to Joint Venture/Associates audited statements of such Joint Venture/Associates on the statement of profit/(loss) is ` (89.00) Crores [Previous Year ` (73.70) Crores].
  - The consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same

manner as the Company's separate Financial Statements. However, there are some differences in certain accounting policies followed by the company, subsidiary, joint ventures and associates but the impact of the same in the opinion of the management is not material / quantifiable.

49. In compliance of Accounting Standard 17 on "Segment Reporting" as notified under Companies Accounting Standard Rules, 2006, the required information is given as per Annexure – A to this schedule. Business Segments: The business segments have been identified as:-

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

50. In compliance of Accounting Standard 18 on "Related party Disclosures" as notified under Companies Accounting Standard Rules, 2006, the name of related parties, nature of relationship and details of transaction entered therewith are given in **Annexure – B**.

51. In compliance to Accounting Standard 20 on "Earning Per Share", the calculation of Earnings Per Share (Basic and Diluted) is as under:

	Current Year	Previous Year
Net Profit after tax used as numerator – ( ` crores)	4,443.61	4,020.97
Weighted average numbers of equity shares used as denominator	1,26,84,77,400	1,26,84,77,400
Earnings per share (basic and Diluted) – ( ` )	35.03	31.70
Nominal Value per Equity Share – ( ` )	10.00	10.00

52 i) In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules, 2006, the Company has provided Accumulated net deferred tax liability in respect of timing difference as on 31<sup>st</sup> March, 2012. The item-wise details of deferred tax liability as on 31.03.2012 are as under:

	2011-12	2010-11
( ` in crores)		
<b>Deferred Tax Liability</b>		
a). Depreciation	4114.59	2305.25
b). Others	NIL	12.18
<b>Less :- Deferred Tax Assets</b>		
a). Provision for Gratuity & Retirement Benefits	108.55	119.72
b). Benefit u/s 35AD of the Income Tax Act, 1961	1885.62	379.66
c). Provision for Doubtful Debts / Claims / Advances	251.08	100.19
d). Preliminary Expenses & others	4.35	2.74
<b>Deferred Tax Liability (net)</b>	<b>1864.99</b>	<b>1715.12</b>

### 53. Jointly Controlled Assets

(i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 29 Blocks (PY 25 Blocks) as on 31.03.2012 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1 where it is a joint operator and CY-ONN-2005/1 and CY-ONN-2010/11, where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

The participating interest in the twenty nine NELP Blocks in India as on 31<sup>st</sup> March, 2012 is as under:

Sl. No.	Name of Block	Participating Interest	Sl. No.	Name of Block	Participating Interest
1	MN-OSN-2000/2	20%	15	CY-PR-DWN-2004/1	10%
2	CB-ONN-2000/1	50%	16	CY-PR-DWN-2004/2	10%
3	AA-ONN-2002/1	80%	17	KG-DWN-2004/1	10%
4	AA-ONN-2003/1	35%	18	KG-DWN-2004/2	10%
5	CB-ONN-2003/2	20%	19	KG-DWN-2004/3	10%
6	AN-DWN-2003/2	15%	20	KG-DWN-2004/5	10%
7	RJ-ONN-2004/1	22.225%	21	KG-DWN-2004/6	10%
8	KG-ONN-2004/2	40%	22	CY-ONN-2005/1	40%
9	MB-OSN-2004/1*	20%	23	AN-DWN-2009/13	10%
10	MB-OSN-2004/2*	20%	24	AN-DWN-2009/18	10%
11	CY-DWN-2004/1	10%	25	CB-ONN-2000/1-RING FENCED CONTRACT	50%
12	CY-DWN-2004/2	10%	26	CB-ONN-2010/11	25%
13	CY-DWN-2004/3	10%	27	AA-ONN-2010/2	20%
14	CY-DWN-2004/4	10%	28	GK-OSN-2010/1	10%
			29	GK-OSN-2010/2	10%

\* Blocks are under the process of relinquishment

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

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

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

(iii) The Company's share in the Assets, Liabilities, Income and Expenditure for the year in respect of joint operations project blocks has been incorporated in the Company's financial statements based upon unaudited statement of accounts submitted by the operators and are given below : (Final adjustments are effected during the year in which audited accounts are received).

Particulars	2011-12	2010-11
Income	83.13	42.54
Expenses	286.47	140.25
Fixed Assets (Gross block)	5.77	5.47
Producing Property	-	-
Other Assets	867.35	577.52
Current Liabilities	172.20	151.28

The above includes ` 7.31 Crore, ` Nil, ` 0.36 Crores, ` 5.59 crores, and ` 27.41 Crores towards total value of Income, Expenses, Fixed Assets (Gross Block), Other Assets and Current Liabilities respectively pertaining to 12 E&P Blocks (including 11 Blocks relinquished in the earlier years for which ` Nil, ` 17.39 Crore, 0.24 Crore, ` 6.15 Crore, ` 47.65 Crore were Income, Expenses, Fixed assets (Gross Block), Other Assets, Current Liabilities respectively) relinquished till 31<sup>st</sup> March 2012. The company is non operator in these E&P Blocks.

(iv) List of the E&P and CBM Blocks relinquished till 31.03.2012 is given below:

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	GS-DWN-2000/2	15%	24.01.2007
2	MB-DWN-2000/2	15%	24.01.2007
3	KK-DWN-2000/2	15%	15.08.2004
4	MN-OSN-97/3	15%	08.11.2007
5	NEC-OSN-97/1	50%	11.09.2007
6	AD-7, Myanmar	10%	28.02.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	Block 56, Oman	25%	10.06.2010
9	RM-CBM-2005/III	35%	11.05.2010
10	MR-CBM-2005/III	40%	11.05.2010
11	CY-ONN-2002/1	50%	28.03.2011
12	TR-CBM-2005/III	35%	10.10.2011

(v) Share of Minimum work program committed under various production sharing contracts in respect of E&P joint ventures is ` 650.17 Crores (Previous Year: ` 837.46 Crores).

**(vi) Quantitative information:**

a) Details of Company's Share of Production of Oil for Block No. CB-ONN-2000/1 during the year ended 31.03.2012:

Particulars	Opening stock		Production (Treated & processed crude)		Sales*		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Crude Oil	(MT)		(MT)		(MT)	` Crores	(MT)	` Crores
Year ended 31/03/12	515.11	0.34	22673.46	-	22542.37	82.65	646.20	0.64
Year ended 31/03/11	372.12	0.28	15673.84	-	15530.85	41.41	515.11	0.34

\*includes test production sales for ` 1.47 Crores (Previous Year ` 0.78 Crores)

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

	Proved Reserves		Proved Developed Reserves	
	2011-12	2010-11	2011-12	2010-11
Oil : in 000'MT				
Beginning of the year	90	710	90	710
Additions	107.67	-	107.67	-
Deletion	0	604	0	604
Production	22.67	16	22.67	16
Closing Balance	175	90	175	90
Gas : in Million M3				
Beginning of the year	6220	6220	-	-
Additions	-	-	-	-
Deletion	-	-	-	-
Production	-	-	-	-
Closing Balance	6220	6220	-	-

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

c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ` 691.27 Crores at the end of year (previous year: ` 369.81 Crores)

54. In Compliance of Accounting Standard 28, impairment of assets notified under the Companies (Accounting Standard) Rules, 2006, the company has carried out the assessment of impairment of assets. Based on such assessment, GAILTEL assets have been impaired to the extent of ` 2.12 Crore (Previous Year: Nil) and same amount has been recognized as impairment loss in statement of Profit & Loss.

55. In Compliance of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent Assets", the required information is as under:

	( ` in Crore)			
	Opening Balance	Addition during the year	Reversal during the year	Closing Balance
Legal & Arbitration Cases	155.48	84.35	8.55	231.28
Total	155.48	84.35	8.55	231.28

Additions include ` 37.88 Crores (Previous Year: ` 47.40 Crores) capitalized during the year. Expected timing of outflows is not ascertainable at this stage being legal cases under litigation.

56. Foreign currency exposure not hedge by a derivatives instrument or otherwise, based on Standalone of GAIL (India) Ltd.:

(` in Crore)

Particulars	Currencies	Amount	
		31.03.2012	31.03.2011
Borrowings, including interest accrued but not due	USD	2328.47	-
	EURO	-	-
	Others	-	-
Sundry creditors/deposits and retention monies	USD	179.91	372.44
	EURO	12.44	6.61
	Others	17.73	1.70
Sundry Debtors and Bank balances	USD	139.28	-
	EURO	-	-
	Others	-	-
Unexecuted amount of contracts remaining to be executed	USD	1090.09	1600.35
	EURO	8.32	293.32
	Others	35.04	429.90

57. (a) Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15<sup>th</sup> September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. Further, Public Investment Board (PIB) in meeting dated 13<sup>th</sup> July 2011 recommended that the issue of ownership of the Lakwa facility may be decided by the Committee comprising of representative from Department of Expenditure, Planning Commission, MoPNG and the administrative Ministry. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ` 255.68 Crores as on 31<sup>st</sup> March 2012 (Previous Year: ` 258.33 Crores).

(b) In pursuance with the Board Resolution passed in its 287<sup>th</sup> Meeting held on 06<sup>th</sup> April 2011, existing and ongoing expansion of local

distribution assets amounting to ` 44.22 Crore in Agra and Firozabad has been transferred to GAIL Gas Limited, a wholly-owned subsidiary of GAIL, on 16<sup>th</sup> November 2011.

(c) Further the Board in its 287<sup>th</sup> Meeting held on 06<sup>th</sup> April 2011 has approved transfer of CNG stations and its associated pipeline in Vadodara to proposed Joint Venture Company of GAIL Gas Ltd. and Vadodra Municipal Seva Samiti at market value yet to be determined. The transfer has not been effected during the financial year.

58. During the year 2011-12, a newly wholly-owned Subsidiary in the name of GAIL Global (USA) Inc. was incorporated in USA on 26<sup>th</sup> September, 2011 with an investment of ` 179.17 Crores (USD 36 million).

#### 59 Jointly controlled Entity:

The Company's share of the assets, liabilities, contingent liabilities and capital commitments as at 31<sup>st</sup> March 2012 and income and expenses for the year in respect of jointly controlled entities based on audited / unaudited accounts are given below: -

(` in Crore)

Particulars	31.03.2012	31.03.2011
<b>A. Assets</b>		
- Non-current / Long term assets	6,529.47	6,218.88
- Current assets	2,176.04	1,827.81
<b>Total</b>	<b>8,705.51</b>	<b>8,046.69</b>
<b>B. Liabilities</b>		
- Non-Current / Long term liabilities	3,507.17	3,400.84
- Current Liabilities & Provisions	2,415.68	1,609.73
<b>Total</b>	<b>5,922.85</b>	<b>5,010.57</b>
C. Contingent Liabilities	733.14	437.20
D. Capital Commitments	1,777.91	1,418.05
	<b>Current Year</b>	<b>Previous Year</b>
E. Income	5,890.73	4,149.18
F. Expenses	4,900.50	3,591.94

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

**N. K. Nagpal**  
Secretary

**P. K. Jain**  
Director (Finance)

**R. D. Goyal**  
Director (Projects)

**B. C. Tripathi**  
Chairman & Managing Director

#### As per our separate report of even date

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

**Navin Bansal**  
(Partner)  
Membership No. 91922

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

**G. S. Haldia**  
(Partner)  
Membership No.007012

Place : New Delhi  
Dated : May 30, 2012

## INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2011-12

(` in Crores)

SL NO.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING**	PETROCHE MICALS	LPG & LIQUID HYDRO CARBONS	CITY GAS	UN-ALLO CABLE	TOTAL	ELIMI-NATION	CONSOLI-DATED TOTAL
		NATURAL GAS	LPG	Note -1	Note -2		Note -3	Note -4			
<b>1</b>	<b>REVENUE</b>										
	External Sales *	3,564.31	454.21	30,141.39	3,377.53	3,090.24	1,392.16	2,037.98	44,057.82	-	44,057.82
	Intersegment sales	288.10	-	4,332.16	37.87	-	-	-	4,658.13	4,658.13	-
	<b>Total revenue</b>	<b>3,852.41</b>	<b>454.21</b>	<b>34,473.55</b>	<b>3,415.40</b>	<b>3,090.24</b>	<b>1,392.16</b>	<b>2,037.98</b>	<b>48,715.95</b>	<b>4,658.13</b>	<b>44,057.82</b>
<b>2</b>	<b>RESULTS</b>										
	Segment Result(Profit before Interest &Tax)	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	-	6,108.70	-	6,108.70
	Unallocated expenses	-	-	-	-	-	-	(174.11)	(174.11)	-	(174.11)
	Operating Profit	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	174.11	6,282.81	-	6,282.81
	Interest Expenses	-	-	-	-	-	-	366.43	366.43	-	366.43
	Interest/ Dividend Income	-	-	-	-	-	-	481.24	481.24	-	481.24
	Provision for Taxation	-	-	-	-	-	-	1,954.01	1,954.01	-	1,954.01
	Profit/(Loss) from Ordinary Activities	2,153.86	272.01	1,282.68	1,465.80	554.43	379.92	(1,665.09)	4,443.61	-	4,443.61
	Extraordinary items	-	-	-	-	-	-	-	-	-	-
	<b>Net Profit/(Loss)</b>	<b>2,153.86</b>	<b>272.01</b>	<b>1,282.68</b>	<b>1,465.80</b>	<b>554.43</b>	<b>379.92</b>	<b>(1,665.09)</b>	<b>4,443.61</b>	<b>-</b>	<b>4,443.61</b>
<b>3</b>	<b>OTHER INFORMATION</b>										
	Segment Assets	16,776.36	912.60	817.23	3,422.62	1,199.94	1,343.12	3,548.19	28,020.06	153.31	27,866.75
	Unallocated Assets	-	-	-	-	-	-	23,167.34	23,167.34	-	23,167.34
	<b>Total Assets</b>	<b>16,776.36</b>	<b>912.60</b>	<b>817.23</b>	<b>3,422.62</b>	<b>1,199.94</b>	<b>1,343.12</b>	<b>26,715.53</b>	<b>51,187.40</b>	<b>153.31</b>	<b>51,034.09</b>
	Segment Liabilities	3,570.07	118.63	367.36	1,038.61	414.60	366.30	63.03	5,938.60	84.86	5,853.74
	Unallocated Liabilities	-	-	-	-	-	-	5,914.56	5,914.56	-	5,914.56
	<b>Total Liabilities</b>	<b>3,570.07</b>	<b>118.63</b>	<b>367.36</b>	<b>1,038.61</b>	<b>414.60</b>	<b>366.30</b>	<b>5,977.59</b>	<b>11,853.16</b>	<b>84.86</b>	<b>11,768.30</b>
	Cost to acquire fixed assets	3,411.55	13.79	0.43	217.72	120.81	398.71	1,121.39	5,284.40	-	5,284.40
	Depreciation#	463.50	49.04	23.02	178.58	86.97	73.95	180.61	1,055.67	-	1,055.67
	Non Cash expenses other than Depreciation#	363.20	0.05	39.83	(4.61)	0.57	1.59	90.19	490.82	-	490.82

\* Sales is net of Excise Duty

\*\* Assets &amp; Liability of Gas Trading Business included in Gas Transmission Business

### Notes

- Includes Joint Venture: Petronet LNG Limited
- Includes Subsidiary: BCPL; Joint Venture: OPaL
- Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
- Includes Subsidiary: GAIL Global (Singapore) Limited and GAIL Global (USA) Inc.; Associate Company's share & Joint Venture: RGGPL

(Annexure - A)

## INFORMATION ABOUT BUSINESS SEGMENT FOR FINANCIAL YEAR 2010-11

(' in Crores)

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

\* Sales is net of Excise Duty

\*\* Assets &amp; Liability of Gas Trading Business included in Gas Transmission Business

**Notes**

- 1 Includes Joint Venture: Petronet LNG Limited
- 2 Includes Subsidiary: BCPL; Joint Venture: OPaL
- 3 Includes Joint Ventures: IGL, BGL, MGL, CUGL, GGL, MNGL, Avantika, TNGCL; Subsidiary: GAIL Gas; & City Gas business of GAIL
- 4 Includes Subsidiary: GAIL ( Global) Singapore Limited; Associate Company's share & Joint Venture: RGGPL.

## RELATED PARTY DISCLOSURES

### I) Relationship

#### A) Joint Venture Companies / Associates

- 1) Mahanagar Gas Limited
- 2) Indraprastha Gas Limited
- 3) Petronet LNG Limited
- 4) Bhagyanagar Gas Limited
- 5) Tripura Natural Gas Corporation Limited
- 6) Central UP Gas Limited
- 7) Green Gas Limited
- 8) Maharashtra Natural Gas Ltd.
- 9) Aavantika Gas Co Limited
- 10) GAIL China Gas Global Energy Holdings Ltd.
- 11) ONGC Petro-additions Limited (OPaL)
- 12) Shell Compressed Natural Gas (Disposed off during FY 2011-12)
- 13) Gujarat State Energy Geneartion Ltd.
- 14) National Gas Company " Nat Gas"
- 15) Fayum Gas Company
- 16) China Gas Holdings Limited

#### B) Key Management Personnel (KMP)

##### Whole time Directors:

- 1) Shri B. C Tripathi, Chairman & Managing Director
- 2) Shri R. D. Goyal
- 3) Shri S. L. Raina
- 4) Shri Prabhat Singh
- 5) Shri S. Venkatraman
- 6) Shri P. K. Jain
- 7) Shri V. C. Chittoda
- 8) Shri M Ravindaran
- 9) Shri Rajesh Vedvyas
- 10) Shri N K Agarwal
- 11) Shri C. A. Rashid
- 12) Shri M C Deogam
- 13) Shri K. V. Vishwanathan
- 14) Shri K Chattraaj
- 15) Shri P L Ahuja
- 16) Shri C. D. Joshi
- 17) Shri Shyama Sunder
- 18) Shri A K Mittal
- 19) Shri Pradeep Madan

#### C) Unincorporated Joint venture for Exploration & Production Activities:

- |                                |   |
|--------------------------------|---|
| 1) NEC - OSN - 97/1            | (Non-operator with participating interest: 50%, GAIL has relinquished from the Block) |
| 2) A-1, Myanmar                | (Non-operator with participating interest: 8.5%)                                      |
| 3) A-3, Myanmar                | (Non-operator with participating interest: 8.5%)                                      |
| 4) Offshore Midstream, Myanmar | (Non-operator with participating interest: 8.5%)                                      |
| 5) CY-OS/2                     | (Non-operator with participating interest: 25%)                                       |
| 6) RM-CBM-2005/III             | (Non-operator with participating interest: 35%, GAIL has relinquished from the Block) |
| 7) TR-CBM-2005/III             | (Non-operator with participating interest: 35%, GAIL has relinquished from the Block) |
| 8) MR-CBM-2005/III             | (Non-operator with participating interest: 40%, GAIL has relinquished from the Block) |
| 9) AD-7, Myanmar               | (Non-operator with participating interest: 10%, GAIL has relinquished from the Block) |
| 10) Block 56, Oman             | (Non-operator with participating interest: 25%, GAIL has relinquished from the Block) |

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

(` in Crores)

<b>A) Details relating to parties referred to in item no. I (A) above:</b>	<b>2011-12</b>	<b>2010-11</b>
1) Sales	2159.69	1529.06
2) Amount receivable as at Balance Sheet Date for (1) above	84.43	75.86
3) Purchases	11319.88	7290.04
4) Amount payable as at Balance Sheet Date for (3) above	547.59	431.50
5) Reimbursement for other expenditure received/receivable	10.62	7.83
6) Amount receivable as at Balance Sheet Date for (5) above	5.98	4.20
7) Dividend Income	77.50	59.49
8) Other Income	0.45	1.88
9) Provision created against Debtors	28.20	-

(` in Crores)

<b>B) I Details relating to parties referred to in item no. I (B) above:</b>	<b>2011-12</b>	<b>2010-11</b>
1) Remuneration	6.17	5.46
2) Interest bearing outstanding loans receivable	0.99	0.65
3) Interest accrued on loans given	0.62	0.55
4) Self Lease	0.24	0.32

(` in Crores)

<b>II. Relatives of KMP</b>	<b>2011-12</b>	<b>2010-11</b>
1) Remuneration	0.34	0.44
2) Interest bearing outstanding loans receivable	-	-
3) Interest accrued on loans given	-	-
4) Self Lease	0.03	0.03

\* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, Whole time Directors are allowed the use of Staff cars including for private journeys upto a ceiling of 1000 Kms. per month on payment in accordance with the Bureau of Enterprises Circular.

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

(` In Crores)

	<b>2011-12</b>	<b>2010-11</b>
1) Minimum work program commitment	-	-
2) Survey and other expenses	(13.34)	(1.93)
3) Other assets	316.40	101.31
4) Amount outstanding on Balance Sheet date	28.73	50.60
5) Amount written Off- Dry well expenditure	4.28	(0.14)



**GAIL (INDIA) LIMITED, NEW DELHI**

**Consolidated Cash Flow Statement for the Financial Year Ended 31<sup>st</sup> March, 2012**

(` in Crores)

	2011-12	2010-11
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
1 Net Profit Before Tax and Extraordinary Items	6397.62	5839.07
2 ADD :		
Depreciation	1056.14	824.30
Deferred Revenue / Other Expenses written off	0.29	1.26
Capital Reserve	(0.11)	(0.11)
Exchange Rate Variation	17.38	(2.11)
Interest Expenditure	366.43	377.86
Dividend Income on Investments	(275.65)	(319.02)
Interest Income	(205.59)	(135.30)
Provision for Employees Benefits (incl Gratuity)	53.04	143.76
Provision for Payrevision	0.00	(51.62)
Provision for Doubtful Debts	361.89	0.03
Other Provisions	65.44	9.56
Provision / Writte off of Assets / CWIP	152.31	52.39
Provision for Probable obligation / Contingency	37.93	108.08
Profit / Loss on Sale of Assets (Net)	7.89	(14.83)
	<b>1637.39</b>	<b>994.25</b>
<b>3 Operating Profit Before Working Capital Changes (1 + 2)</b>	<b>8035.01</b>	<b>6833.32</b>
<b>4 Changes in Working Capital (Excluding Cash &amp; Bank Balances)</b>		
Trade and Other Receivables	(2456.28)	(529.28)
Inventories	(668.37)	(199.37)
Trade and Other Payables	1707.12	133.63
	<b>(1417.53)</b>	<b>(595.02)</b>
5 Cash Generated from Operations (3+4)	6617.48	6238.30
6 Direct Taxes Paid	(1506.17)	(1629.96)
<b>NET CASH FROM OPERATING ACTIVITIES (5+6)</b>	<b>5111.31</b>	<b>4608.34</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9848.16)	(7245.82)
Sale of Fixed Assets	62.28	3.24
Investment in Other Companies	(47.81)	(171.12)
Interest Received	207.20	136.97
Dividend Received	275.65	319.02
	<b>(9350.84)</b>	<b>(6957.71)</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(9350.84)</b>	<b>(6957.71)</b>
<b>Balance Carried Forward</b>	<b>(4239.53)</b>	<b>(2349.37)</b>

(` in Crores)

	2011-12	2010-11
<b>Balance Brought Forward</b>	<b>(4239.53)</b>	<b>(2349.37)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term / short term Borrowings	5092.65	2140.94
Repayment of Long term / short term Borrowings	(491.12)	(650.01)
Capital Subsidy	617.66	566.32
Interest Paid	(772.29)	(484.75)
Dividend & Dividend Tax Paid	(1253.23)	(1109.31)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>3193.67</b>	<b>463.19</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1045.86)</b>	<b>(1886.18)</b>
<b>OPENING ADJUSTMENT FOR JV / ASSOCIATES</b>	<b>(92.27)</b>	<b>(78.10)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2011 (OPENING BALANCE)</b>	<b>2584.35</b>	<b>4548.63</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2012 (CLOSING BALANCE)</b>	<b>1446.22</b>	<b>2584.35</b>

**NOTES :**

1 Cash & Cash Equivalents include :

Cash & Bank Balances

As per Balance Sheet

Unrealised ( Gain)/ loss on foreign Exchange

Total Cash & Cash Equivalents

1446.22

0.00

1446.22

2584.35

0.00

2584.35

**N. K. Nagpal**  
Secretary

**P. K. Jain**  
Director (Finance)

**R. D. Goyal**  
Director (Projects)

**B. C. Tripathi**  
Chairman & Managing Director

**As per our separate report of even date**

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

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

**Navin Bansal**  
(Partner)  
Membership No. 91922

**G. S. Haldia**  
(Partner)  
Membership No.007012

Place : New Delhi  
Dated : May 30, 2012