Accounting Policies

1. Accounting Convention

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

2. Use of Estimates

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

3. Fixed Assets

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

4. Intangible Assets

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

5. Capital Work in Progress

a. Crop compensation is accounted for under Capital Work-in-Progress on the basis of actual payments/estimated liability, as and when work commences where ROU is acquired.

b. The capital work in progress includes advance for capital goods/ material in Transit/ value of materials / equipment etc. received at site for use in the projects

6. Borrowing Cost

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

7. Expenses Incurred During Construction Period

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

8. Depreciation / Amortisation

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

a. Assets costing upto ₹ 5,000/- are depreciated fully in the year of capitalisation.

b. Bunk Houses are amortised on assumption of five years life.

c. Oil and Gas Pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years.

d. Computers at the residence of the employees are depreciated @ 23.75% per annum on SLM basis. Furniture, Electric Equipments and Mobiles provided for the use of employees are depreciated @ 15% per annum on SLM basis.

e. Cost of the leasehold land not exceeding 99 years is amortised over the lease period.

f. Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

g. Capital expenditure on the assets (enabling facilities), the ownership of which is not with the Company, is charged off to Revenue.

h. Software / Licences are amortised in 5 years on straight line method.

i. No depreciation is being charged on ROU being perpetual in nature.

j. After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

II. Capital assets installed at the consumers premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the rates as specified in Schedule XIV of the Companies Act, 1956.

9. Foreign Currency Translation

a). Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.

b). Monetary items (such as Cash, Receivables, Loans, Payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling Rate for Payables and TT Buying Rate for Receivables) prevailing at year end.

c). Non monetary items (such as Investments, Fixed Assets, etc), denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).

d). Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

10. Investments

Investments are classified into current and long term investments.

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

11. Inventories

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

b. Stock in process is valued at cost or net realisable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.

c. Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.

d. Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, which ever is lower.

e. Surplus / Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

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

13. Grants

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

14. Sale proceeds are accounted for based on the consumer price inclusive of Statutory Levies and charges upto the place where ownership of goods is transferred.

15. Income from Consultancy/Contract Services, if any, is recognized based on Proportionate Completion Method.

16. The interest allocable to operations in respect of assets commissioned during the year is worked out by adopting the average of debt equity ratios at the beginning and closing of that year and applying the average ratio of debt thus worked out to the capitalised cost.

17. Pre-project expenditure relating to Projects which are considered unviable / closed is charged off to Revenue in the year of declaration/closure.

18. Employees Benefits

a. All short term employee benefits are recognized at the undiscounted amount in the accounting period in which they are incurred.

b. The Company's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Profit and Loss Account. Further, the company makes provision as per actuarial valuation towards any shortfall in fund assets to meet statutory rate of interest in the future period, to be compensated by the company to the Provident Fund Trust. .

c. Employee Benefits under Defined Benefit Plans in respect of leave encashment, compensated absence, post retirement medical scheme, long service award and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Actuarial liability in excess of respective plan assets is recognized during the year.

d. Provision for gratuity as per actuarial valuation is funded with a separate trust.

19. Taxes on Income

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

20. R&D Expenditure

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

21. Exploration and Development Costs :-

i) The Company follows Successful Efforts Method for accounting of Oil & Gas exploration and production activities, which includes:-

a. Survey Costs are recognized as revenue expenditure in the year in which these are incurred.

b. Cost of exploratory wells is carried as 'Exploratory wells in progresses'. Such exploratory wells in progress are capitalized in the year in which the Producing Property is created or is written off in the year when determined to be dry / abandoned.

c. All wells appearing as "exploratory wells in progress" which are more than two years old from the date of completion of drilling are charged to Profits and Loss Account except those wells which have proved reserves and the development of the fields in which the wells are located has been planned.

ii) Capitalization of Producing Properties

a. Producing Properties are capitalised when the wells in the area / field are ready to commence commercial production having proved developed oil and gas reserves.

b. Cost of Producing Properties includes cost of successful exploratory wells, development wells, initial depreciation of support equipments & facilities and estimated future abandonment cost.

iii) Depletion of Producing Properties

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

iv) Production cost of Producing Properties

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

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

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

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

23. Impairment

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

GENERAL

24. Prepaid expenses and prior period expenses/income upto ₹ 1,00,000/- in each case are charged to relevant heads of account of the current year.

25. Liquidated Damages / Price Reduction Schedule, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages / Price Reduction Schedule, if settled, after capitalization of assets are charged to revenue if below ₹ 50 lacs in each case, otherwise adjusted in the cost of relevant assets.

26. Insurance claims are accounted for on the basis of claims admitted by the insurers.

27. a Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.

b Liability in respect of MGO of Natural gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

c. Minimum charges relating to transportation of LPG are accounted for on receipt basis.

N. K. Nagpal **Secretary**	**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: 02312 N**	**For M/s Rasool Singhal & Co.** **Chartered Accountants** **Firm No: 500015N**
Navin Bansal **(Partner)** **Membership No. 91922**	**Anil Gupta** **(Partner)** **Membership No. 072767**

Place : New Delhi
Dated : May 23, 2011

Schedule 14 - Notes on Accounts

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for: ₹ 4540.71 Crores (Previous Year: ₹ 4848.04 Crores).

ii) Company's share in estimated amount of contracts remaining to be executed on capital account and not provided for based on audited/unaudited statement of accounts of Joint Ventures. ₹ 1418.04 Crores (Previous Year: ₹ 1569.98 Crores).

2. Contingent Liabilities:-

I. Claims against the Company not acknowledged as debts: ₹ 4930.40 Crores (Previous Year: ₹ 4757.88 Crores), which mainly include:-

(a) Legal cases for claim of ₹ 2731.63 Crores (Previous Year: ₹ 2325.78 Crores) by vendors on account of Liquidated damages/Price Reduction Schedule and Natural Gas price differential etc. and by customers for Natural gas transmission charges etc.

(b) Income tax assessments up to the Assessment Year 2008-09 have been completed and a demand of ₹ 1017.25 Crores relating to the Assessment Years 1996-97 and 2000-01 to 2008-09 (Previous Year: ₹ 1262.06 Crores related to Assessment years 1996-97 to 2007-08) has been raised by making disallowances/ additions . The company has already made the payment of ₹ 1323.66 Crores (Previous Year: ₹ 1260.30 Crores) which is under dispute. Based upon the decision of the appellate authorities and the interpretation of the Income Tax Act, the company has been legally advised that the demand is likely to be deleted or it may be substantially reduced. The company has filed appeals against the Assessment orders /appeal orders for the Assessment Years 2000-01 to 2004-05, 2006-07 and 2007-08 with Income Tax Appellate Tribunal (ITAT) and for Assessment Year 1996-97, 2005-06 and 2008-09 with Commissioner of Income Tax (Appeal). Based upon company's appeal with ITAT, income tax assessments for the AY 1997-98 to 1999-2000 have been remanded back by ITAT to the assessing officer for reassessment.

(c) ₹ 760.15 Crores (Previous Year: ₹ 596.50 Crores) relating to disputed tax demand towards Excise duty, Sales tax, Entry tax, and Service Tax etc.

(d) Claims of ONGCL for ₹ 289.57 Crores (Previous Year: ₹ 335.25 Crores) on account of interest for delayed payment and MGO, etc. Out of these, MGO claims of ₹ 25.34 Crores (Previous Year: ₹ 47.81 Crores) are recoverable on back-to-back basis.

II. Bank Guarantee & Letters of Credit : ₹ 997.37 Crores (Previous Year: ₹ 1665.58 Crores) including bank guarantees issued on behalf of subsidiaries ₹ 45.88 Crores (Previous Year: ₹ 45.88 Crores)

III. The Company has issued corporate guarantees for ₹ 254.34 Crores (Previous Year: ₹ 254.34 Crores) on behalf of Brahamputra Cracker & Polymer Limited (BCPL) and for ₹ 118 Crores (Previous Year: NIL) on behalf of GAIL Gas Limited, subsidiaries of the company, in favour of Oil Industry Development Board (OIDB) for raising loan from OIDB.

IV. Share in Contingent Liabilities of Joint Ventures based on their audited/unaudited statement of accounts: ₹ 437.20 Crores (Previous Year: ₹ 229.89 Crores).

3. 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.

4. (a) Freehold land acquired for city gate station at Lucknow and Kanpur, Jhansi Maintenance Base, Sectionalising Valves in Jamnagar –Loni Pipeline and Mumbai and receiving terminal at Pune valuing Rs 4.94 Crores (Previous Year: Rs 6.17 Crores) are valued / capitalized on provisional basis.

(b) Title deeds for freehold land valuing ₹ 6.38 Crores (Previous Year: ₹ 7.61 Crores) and leasehold land valuing ₹ 10.24 Crores (Previous Year: ₹ 22.53 Crores) are pending execution.

(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 ₹ 1.21 Crores (Previous year: ₹ 1.25 Crores) earmarked for disposal but in use.

5. (a) The balance retention from PMT JV consortium amounting to

₹ 43.75 Crores (Previous Year: ₹ 59.93 Crores) includes interest amounting to ₹ 2.64 Crores (Previous Year: ₹ 2.55 Crores) on Short term deposits for the year. This interest income does not belong to the company hence not accounted as income.

(b) Liability on account of Gas Pool Money amounting to ₹ 722.60 Crores (Previous Year: ₹ 2571.66 Crores) includes interest amounting to ₹ 29.10 Crores (Previous Year: ₹ 225.00 Crores) on short term deposits. This interest does not belong to the company hence not accounted as income.

(c) Petroleum and Natural Gas Regulatory Board (PNGRB) has notified charges for pipeline overrun and imbalances created on account of positive/negative off-takes over the tolerance limit of allocated capacity to be charged from shippers. As the guidelines regarding modalities of maintaining and operation of escrow account are effective from 1.4.2011, the sum of ₹ 23.95 Crores (Previous Year: ₹ 12.59 Crores) recovered up to 31.03.2011 on this account has been recognized as liability in the financial statements.

6. Advances recoverable in Cash or in kind or value to be received includes an amount of ₹ 3.02 Crores (Previous Year: ₹ 3.02 Crores) recoverable on account of Disinvestment by Government of India of its equity in the company by way of GDR/offer for sale.

7. A net amount of ₹ 3.30 Crores (Previous Year: ₹ 0.86 Crores) has been debited to Profit & Loss account due to exchange rate variation.

8. The required disclosure under the Revised Accounting Standard 15 is given as below:

(i) Provident Fund

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

(ii) Other Benefit Plans

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

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

E) Half Pay Leave (HPL)

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

F) Long Service Award (LSA)

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

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

(₹ in Crores)

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

Mortality table referred	**LIC (1994-96) DULY MODIFIED**		
	AGE	**WITHDRAWAL RATE % (2010-11)**	**WITHDRAWAL RATE % (2009-10)**
Withdrawal Rate/Employee turnover rate	UPTO 30 YEARS	3%	3%
	UPTO 44 YEARS	2%	2%
	ABOVE 44 YEARS	1%	1%

* Non-Funded

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

9. MOP&NG had issued scheme of sharing of under recoveries on sensitive petroleum products. During the year, the Company has given discounts amounting to ₹ 2111.24 Crores (Previous Year: ₹ 1326.73 Crores). Corresponding adjustment on account of CST amounting to ₹ 6.98 Crores (Previous Year: ₹ 9.95 Crores) has been made.

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

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

(c) Natural Gas Pipeline Tariff is subject to various Regulations issued by PNGRB from time to time. Impact on profits, if any, is being recognized as and when the pipeline tariff is revised in accordance with these Regulations.

(d) PNGRB has issued PNGRB (Determination of Petroleum & Petroleum Products Pipelines transportation Tariff) Regulations 2010 effective from 20.12.2010 where LPG pipeline tariff is benchmarked against railway freight. In one of the pipelines, where the proposed tariff based on railway freight has been filed with PNGRB is lower than the present tariff, the company has made a provision of ₹ 6.33 Crores by reversing Income on account of LPG transmission charges.

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

11. In compliance of Accounting Standard 17 (AS-17) on "Segment Reporting" as notified under Companies Accounting Standard Rules, 2006, the company has adopted following Business segments as its reportable segments :

(i) Transmission services
 a) Natural Gas
 b) LPG

(ii) Natural Gas Trading

(iii) Petrochemicals

(iv) LPG and other Liquid Hydrocarbons

(v) Other Segments (include GAIL TEL, E&P and City Gas segments)

Note : As GAILTel segment did not satisfy the relevant 10% thresholds as per AS-17 during the current year as well as during previous year, it is not considered as a separate reportable segment in these financial statements and forms part of "Other Segments".

There are no geographical segments.

The disclosures of segment wise information is given as per Annexure-A.

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

13. (a) In compliance of Accounting Standard 22 on "Accounting for taxes on Income" as notified under Companies Accounting Standard Rules,2006, the Company has provided accumulated net deferred tax liability in respect of timing difference as on 31st March, 2011 amounting to ₹ 1633.24 Crores (Previous Year: Rs 1389.56 Crores). Net Deferred tax expense for the year of ₹ 243.68 Crores (Previous Year: ₹ 63.63 Crores) has been charged to Profit & Loss Account. The item- wise details of deferred tax liability are as under:

(₹ in Crores)

		As on 31st March, 2011	As on 31st March, 2010
Deferred tax liability:			
a)	Depreciation	**2219.76**	1563.64
b)	Others	**12.18**	12.47
	Less: Deferred Tax Assets:		
c)	Provision for Retirement Benefits other than Gratuity	**95.93**	55.03
d)	Provision for Doubtful Debts/Claims/ Advances/Contingencies	**99.85**	64.39
e)	Benefit under Section 35AD of the Income Tax Act,1961	**379.66**	-
e)	Others (including liability for pay revision)	**23.26**	67.13
f)	Deferred tax Liability (net)	**1633.24**	1389.56

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

14. In Compliance of Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006, brief description of Joint Ventures of the Company are:

(a) Jointly Controlled Entities

(i) **Mahanagar Gas Limited:** A Joint Venture with British Gas Plc and Government of Maharashtra to supply gas to domestic, commercial, small industrial consumers and CNG for transport sector in Mumbai. The company has equity participation of 49.75% of the paid up capital and has invested ₹ 44.45 Crores for acquiring 4,44,50,000 equity shares of ₹ 10/- each in Joint Venture Company.

(ii) **Indraprastha Gas Limited:** A Joint Venture with BPCL and Government of National Capital Territory (NCT) of Delhi to supply gas to domestic, commercial units and CNG for transport sector in Delhi. The company has equity participation of 22.50% of the paid up capital and has invested Rs. 31.50 Crores for acquiring 3,15,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(iii) **Petronet LNG Limited:** A Joint Venture with BPCL, IOCL and ONGCL for setting up LNG imports facilities. The company has equity participation of 12.50% of the paid up capital and has invested ₹ 98.75 Crores for acquiring 9,37,50,000 equity shares of ₹ 10/- each in Joint Venture Company.

(iv) **Bhagyanagar Gas Limited:** A Joint Venture with HPCL for distribution and marketing of CNG, Auto LPG, Natural Gas and other gaseous fuels in Andhra Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 22.49 Crores (Previous Year: ₹ 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(v) **Tripura Natural Gas Company Limited:** A Joint Venture with Assam Gas Company Limited and Tripura Industrial Development Corporation for transportation and distribution of natural gas through pipelines in Tripura. The company has equity participation of 29% of the paid up capital and has invested ₹ 0.55 Crores for acquiring 55,000 equity shares of ₹ 100/- each in Joint Venture Company. The Company has also paid ₹ 0.28 Crores (Previous Year: ₹ 0.28 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(vi) **Central UP Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Kanpur, Uttar Pradesh. The company has equity participation of 25% (Previous Year:22.5%)of the paid up capital and has invested ₹ 15 Crores for acquiring 1,50,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(vii) **Green Gas Limited:** A Joint Venture with IOCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Agra & Lucknow, Uttar Pradesh. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 0.01 Crores for acquiring 12,500 equity shares of ₹ 10/- each in Joint Venture Company. The Company has also paid ₹ 23.03 Crores (Previous Year: ₹ 23.03 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(viii) **Maharashtra Natural Gas Limited:** A Joint Venture with BPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in Pune, Maharashtra. The company has equity participation of 22.50% of the paid up capital and has invested ₹ 22.50 Crores for acquiring 2,25,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(ix) **Ratnagiri Gas and Power Private Limited:** A Joint Venture with GAIL, NTPC and other Financial Institutions for the revival of the Dabhol Project. The company has equity participation of 32.88% of the paid up capital and has invested ₹ 692.90 Crores for acquiring 69,29,00,000 equity shares of ₹ 10/- each in Joint Venture Company.

(x) **Avantika Gas Ltd.** A Joint Venture with GAIL and HPCL to supply gas to domestic, commercial and small industrial consumers and CNG for transport sector in MP. The company has equity participation of 22.50% of the paid up capital and has invested Rs.0.01 Crores for acquiring 12,500 equity shares of Rs. 10/- each in Joint Venture Company. The Company has also paid Rs. 22.49 Crores (Previous Year: Rs. 22.49 Crores) as advance pending allotment of equity shares in Joint Venture Company.

(xi) **ONGC Petro additions Ltd (OPAL).** A Joint Venture with Oil and Natural Gas Corporation Ltd, GAIL (India) Ltd and Gujarat state Petroleum Corporation Ltd. for setting up Petrochemical Project at Dahej in Gujarat. The company has equity participation of 17% (Previous Year:19%) of the paid up capital. The Company has paid Rs. 299.41 Crores (Previous Year: Rs. 113.83 Crores) as advance pending allotment of equity shares in Joint Venture Company. A sum of Rs.36.46 crores also remain unpaid as on 31.3.2011 against call raised by the Joint Venture Company.

(xii) **GAIL China Gas Global Energy Holdings Ltd.** A Joint Venture with China Gas Holdings Ltd. to pursue gas sector opportunities mainly in China. The company has equity participation of 50% of the paid up capital.

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

(Rs in Crores)

		2010-11	2009-10
A.	Assets		
	Long Term Assets	3366.63	3305.76
	Current Assets	940.50	909.29
B.	Current Liabilities & Provisions	754.61	597.24
C.	Income	4149.18	3262.38
D.	Expenditure	3591.94	2951.87
E.	Contingent Liability (*)	437.20	229.89

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

(b) Jointly Controlled Assets

(i) The Company has participated in joint bidding under the Government of India New Exploration Licensing Policy (NELP) and overseas exploration bidding and has 25 Blocks (PY 24 Blocks) as on 31.03.2011 for which the Company has entered into Production Sharing Contract with respective host Governments along with other partners for Exploration & Production of Oil and Gas. The Company is a non-operator, except in Block RJ-ONN-2004/1 where it is a joint operator and CY-ONN-2005/1 where it is an operator, and shares in Expenses, Income, Assets and Liabilities based upon its percentage in production sharing contract.

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

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

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

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

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

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

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

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

(₹ in Crores)

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

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

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

SL NO	Name of the Block	Participating Interest	Date of Relinquishment
1	GS-DWN-2000/2	15%	24.01.2007
2	MB-DWN-2000/2	15%	24.01.2007
3	KK-DWN-2000/2	15%	15.8.2004
4	MN-OSN-97/3	15%	8.11.2007
5	NEC-OSN-97/1	50%	11.9.2007
6	AD-7, Myanmar	10%	28.2.2008
7	MN-ONN-2000/1	20%	10.11.2008
8	Block 56, Oman	25%	10.6.2010
9	RM-CBM-2005/III	35%	11.5.2010
10	MR-CBM-2005/III	40%	11.5.2010
11	CY-ONN-2002/1	50%	28.3.2011

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

(vii) Quantitative information:

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

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

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

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

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

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

c) In terms of Production Sharing Agreements/Contracts, the balance (company's share) in cost recovery of Blocks (having proved reserves) to be made from future revenue of such Blocks, if any, is ₹ 369.81 Crores at the end of year (previous year: ₹ 352.69 crores).

15. In terms of Production sharing contract (PSC), Myanmar Oil and Gas Enterprise (MOGE) exercised its right to demand 15% undivided interest in A-1 and A-3 E&P blocks and off shore midstream project and entered into an agreement with the other consortium partners during the year for acquiring the 15% undivided interest. This has resulted in reduction of the participating interest of the company in these two blocks from 10% to 8.5%. MOGE has paid ₹ 50.97 Crores towards its share of past Petroleum Cost which has been adjusted against proportionate capital work in progress to the extent of ₹ 32.57 Crores and credited the balance of ₹ 18.40 Crores under the head "profit/loss on sale / write off of assets/rights (net)" in the Profit & Loss Account.

16. An amount of ₹ 81.73 Crores remain unpaid as on 31st March, 2011 against call raised by Brahmaputra Cracker and Polymer Ltd., a subsidiary of the company.

17. In Compliance of Accounting Standard 29 on "Provisions, Contingent liabilities and Contingent Assets", as against NIL opening balance of "Provision for probable obligation", there is an addition of ₹ 155.48 crores during the year, NIL utilization /reversal and closing balance is ₹ 155.48 crores. Additions include ₹ 47.40 Crores (Previous Year NIL) capitalized in schedule 4. Expected timing of outflows is not ascertainable at this stage being legal cases under litigation.

18. In compliance with amended Clause 32 of the Listing Agreement with Stock Exchanges, the required information are given in Annexure – C.

19. In some cases, the Company has received intimation from Micro and Small Enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006". The Company has certified that as a practice, the payment to Suppliers is made within 7-10 days. No payments beyond appointed date were noticed. The amount remaining unpaid as at 31st March 2011 is ₹ 2336.12 Crores (Previous Year: ₹ 1796.80Crores). No payments beyond the appointed date were noticed. No interest was paid or payable under the Act.

20. Following Government of India's approval, the shareholders of the Company in the Annual General Meeting held on 15th September, 1997 approved the transfer of all the assets including Plant and Machinery, accessories and other related assets which are part of Lakwa Project to Assam Gas Cracker Complex at a price to be determined by an independent Agency and on terms and stipulations as the Board may in its discretion deem fit. The Cabinet committee on Economic affairs (CCEA) has approved the setting up of Assam Gas based cracker project at Lepetkata by formation of a company in which GAIL has equity participation of 70%. A company by the name of Brahmaputra Cracker and Polymer Limited has been incorporated during 2006-07 and construction of Gas cracker complex is in progress. The gross block of fixed assets and Capital work in progress value of Lakwa unit is ₹ 258.33 Crores as on 31st March 2011 (Previous Year: ₹ 253.11 Crores).

21. Non-Refundable Deposits ₹ 24.09 Crores (Previous Year: ₹ 15.98 Crores) made with the concerned authorities for railway crossings, forest crossings, removal and laying of electric/telephone poles and lines are accounted for under Capital Work-in-Progress on the basis of work done/confirmation from the concerned department.

22. During the year, the company has made a "provision for diminution of ₹ 0.44 Crores in the carrying cost of its investment in Shell Compressed Natural Gas Company, Egypt based on its decision to sell the investment at lower value to that extent.

23. Request for confirmations of balances were sent and reconciliations with the parties are carried out as an ongoing process.

24. The Profit & Loss Account includes: -

(a) Expenditure on Public Relations and Publicity amounting to ₹ 20.92 Crores (Previous Year: ₹ 13.33 Crores). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.0006:1 (Previous Year: 0.0005:1).

(b) Research and Development Expenses ₹ 0.13 Crores (Previous Year: ₹ 16.17 Crores).

(c) Entertainment Expenses ₹ 0.15 Crores (Previous Year: ₹ 0.11 Crores).

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

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

I. Quantitative Information

(₹ in Crores)

	Opening Stock		Purchase		Sales		Internal Consumption (ii)		Closing Stock	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
Natural Gas including RLNG (MMSCM)										
Year Ended 31.03.2011	**209.46**	**165.33**	**30295.09**	**25002.44**	**28141.71**	**24831.33**	**2237.17**	**3259.25**	**262.66**	**306.76**
Year Ended 31.03.2010	173.92	171.84	29630.56	18399.09	27428.73	17848.04	2291.50	3224.77	209.46	165.33
LPG (M/T)										
Year Ended 31.03.2011	**7747.54**	**11.20**			**1073133.95**	**1651.62**			**5218.47**	**7.93**
Year Ended 31.03.2010	6738.19	9.51	-	-	1100989.91	1767.60	-	-	7747.54	11.20
Pentane (M/T)										
Year Ended 31.03.2011	**382.43**	**0.89**			**34187.90**	**152.04**			**626.54**	**2.86**
Year Ended 31.03.2010	1296.38	2.89	-	-	59677.59	177.29	-	-	382.43	0.89
Propane (M/T)										
Year Ended 31.03.2011	**1868.04**	**3.61**			**154632.67**	**670.27**			**3256.29**	**6.46**
Year Ended 31.03.2010	4069.76	7.44	-	-	180306.17	632.89	-	-	1868.04	3.61
SBP Solvent (M/T)										
Year Ended 31.03.2011	**145.01**	**0.23**			**28792.04**	**146.57**			**79.34**	**0.13**
Year Ended 31.03.2010	121.60	0.23	-	-	33245.02	132.98	-	-	145.01	0.23
Naptha (MT)										
Year Ended 31.03.2011	**1531.19**	**3.56**			**82743.63**	**290.02**			**802.30**	**1.57**
Year Ended 31.03.2010	1520.49	2.64	-	-	68866.83	226.70	-	-	1531.19	3.56
Polymers (M/T)										
Year Ended 31.03.2011	**15112.63**	**54.34**			**420408.81**	**3104.80**	**9.93**		**11068.50**	**40.84**
Year Ended 31.03.2010	7519.89	25.22	-	-	409510.12	3015.02	1.55	-	15112.63	54.34
C2/C3 (M/T)*										
Year Ended 31.03.2011	**3160.24**	**4.54**			**-**	**-**			**1307.75**	**1.95**
Year Ended 31.03.2010	4757.25	6.77	-	-	-	-	-	-	3160.24	4.54
Ethylene (M/T)*										
Year Ended 31.03.2011	**1213.16**	**2.54**							**776.56**	**1.73**
Year Ended 31.03.2010	730.90	1.54	-	-	-	-	-	-	1213.16	2.54
Butene-1 (M/T)*										
Year Ended 31.03.2011	**385.08**	**1.25**							**85.70**	**0.31**
Year Ended 31.03.2010	592.76	1.82	-	-	-	-	-	-	385.08	1.25
CNG (000'KG)										
Year Ended 31.03.2011					**6333.57**	**16.29**				
Year Ended 31.03.2010	-	-	-	-	10150.10	24.12	-	-	-	-
Other Products (M/T)										
Year Ended 31.03.2011	**5608.99**	**9.55**			**42409.87**	**156.43**	**12123.78**		**7197.83**	**18.50**
Year Ended 31.03.2010	5844.10	9.50	-	-	50276.65	160.81	9322.59		5608.99	9.55

Note :(i) Difference in reconciliation of opening stock, purchase, sales and clsoing stock is on account of measurement tolerance
(ii) Natural Gas used for Fuel & Raw Material.
(iii) Closing Stock of Natural Gas includes 0.3 MMSCM and 40.4 MMSCM valuing ₹ 0.44 Crores and ₹ 77.72 Crore of Gas/LNG lying with Shipper and PLL.
(*) Ethylene, Butene 1 and C2/C3 are consumed internally for manufacture of final products at PATA

(₹ in Crores)

		2010-11	2009-10
II.	**CIF Value of Imports**		
	i) Capital Goods	971.67	74.01
	ii) Spare Parts & Components	110.87	85.68
	iii) Raw Material	595.74	90.20
III.	**a) Expenditure in Foreign Currency**		
	i) Interest/Commitment Charges	-	-
	ii) Technical/Consultancy/License Fee/Engineering	50.32	27.92
	iii) Others	2,332.26	1,885.63
	b) Earnings in Foreign Currency		
	i) Sales	-	-
	ii) Others (Including Tender fee)	4.72	5.67
IV.	**Remuneration paid/payable to Directors**		
	Functional Directors including Chairman & Managing Director:		
	Salaries & Allowances	2.09	2.49
	Contribution to Provident and Other Funds	0.09	0.33
	Other Benefits and Perquisites	0.23	0.44
		2.41	3.26
	Independent Directors:		
	Directors Sitting Fee	0.21	0.09

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

V. Licensed Capacity, Installed Capacity and Actual Production*

		CURRENT YEAR 2010-11				PREVIOUS YEAR 2009-10			
		Licensed Capacity	Installed Capacity	Gas Throughput	Production	Licensed Capacity	Installed Capacity	Gas Throughput	Production
I)	Natural Gas including RLNG (MMSCMD)								
	a) HVJ, DVPL, SG & DUPL - DPPL	77.20	77.20	57.32	-	76.50	76.50	54.55	-
	b) Others	74.65	74.65	20.83	-	73.45	73.45	21.59	-
	c) RLNG Shipper	-	-	39.76	-	-	-	30.59	-
ii)	LPG (M /T)	1112376	1112376	-	1068156	1112376	1112376	-	1099554
iii)	Propane (M/T)	201085	201085	-	155152	201085	201085	-	179274
iv)	Ethylene (M/T)	400000	400000		428444	400000	400000		429992
v)	HDPE/LLDPE (M/T)	410000	410000		416396	410000	410000		417147
vi)	Pentane	82454	82454	-	34523	82454	82454	-	58551
vii)	SBP Solvent/Naptha	110743	110743	-	111140	110743	110743	-	102479
viii)	CNG (000'KG)	-	-		6334	-	-		10150
ix)	C2/C3**		400000	-	594372	-	400000	-	580901
x)	Butene-1***	10000	10000	-	8432	10000	10000	-	8615

Notes : *As certfied by the company and relied upon by auditors

** Internally consumed

***Internally consumed

VI. Value of Raw Materials , Stores/Spares and Components consumed during the year.

	CURRENT YEAR 2010-11			PREVIOUS YEAR 2009-10		
	Qty.	₹ in crores	%	Qty.	₹ in crores	%
i) Raw Material Consumed :						
a) Gas (MMSCM)						
- Indigeneous	1,291.06	2,178.78	100.00	1353.68	2199.34	100.00
- Imported	-	-	-	-	-	-
Sub total	**-**	**2,178.78**	**100.00**	**-**	**2199.34**	**100.00**
ii) Stores , Spares Components Consumed						
- Indigeneous	-	129.20	54.20	-	103.62	51.95
- Imported	-	109.18	45.80	-	95.83	48.05
Sub total	-	238.38	100.00	-	199.45	100.00
Total		**2,417.16**			**2398.79**	

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: 02312 N

Navin Bansal
(Partner)
Membership No. 91922

Place : New Delhi

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

Anil Gupta
(Partner)
Membership No. 072767

Information about Business Segments for Financial Year 2010-11

(Annexure - A)
(₹ in Crores)

SL No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING**	PETRO CHEMI CALS	LPG & LIQUID HYDROC ARBONS	OTHER SEGMENT ***	UN-ALLO CABLE	TOTAL	ELIMI NATION	CONSOLI DATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/ Other Income	3,543.83	474.52	22,653.68	2,939.38	2,786.02	61.20	-	32,458.62	-	32,458.63
	Intersegment sales	**245.73**	**-**	**3,013.54**	**21.06**	**-**	**-**	**-**	**3,280.33**	**3,280.33**	**-**
	Total revenue	**3,789.56**	**474.52**	**25,667.23**	**2,960.43**	**2,786.02**	**61.20**	**-**	**35,738.95**	**3,280.33**	**32,458.63**
2	**RESULTS**										
	Segment Result (Profit before Interest &Tax)	2,561.25	307.59	794.94	1,188.25	485.77	(105.60)	-	5,232.21	-	5,232.20
	Unallocated expenses (Net)							317.73	317.73	-	317.73
	Operating Profit	**2,561.25**	**307.59**	**794.94**	**1,188.25**	**485.77**	**(105.60)**	**(317.73)**	**4,914.48**	**-**	**4,914.47**
	Interest Expenses							82.86	82.86	-	82.86
	Interest/ Dividend Income							408.38	408.38	-	408.38
	Provision for Taxation							1,678.86	1,678.86	-	1,678.86
	Profit/(Loss) from Ordinary Activities	2,561.25	307.59	794.94	1,188.25	485.77	(105.60)	(1,671.07)	3,561.13	-	3,561.13
	Extra Ordinary Items	-	-	-	-	-	-	-		-	-
	Net Profit/(Loss)	**2,561.25**	**307.59**	**794.94**	**1,188.25**	**485.77**	**(105.60)**	**(1,671.07)**	**3,561.13**	**-**	**3,561.13**
3	**OTHER INFORMATION**										
	Segment Assets	12,609.96	916.93	-	1,833.54	1,100.40	91.39		16,552.23	-	16,552.22
	Unallocated Assets	-	-	-	-	-	-	15,459.22	15,459.22	-	15,459.22
	Total Assets	**12,609.96**	**916.93**	**-**	**1,833.54**	**1,100.40**	**91.39**	**15,459.22**	**32,011.45**	**-**	**32,011.45**
	Segment Liabilities	2,807.26	61.93	-	183.16	457.91	175.53		3,685.80	-	3,685.79
	Unallocated Liabilities							5,129.07	5,129.07	-	5,129.07
	Total Liabilities	**2,807.26**	**61.93**	**-**	**183.16**	**457.91**	**175.53**	**5,129.07**	**8,814.87**	**-**	**8,814.86**
	Cost to acquire fixed assets	912.64	54.72	-	126.16	17.34	6.68	9.85	1,127.39	-	1,127.39
	Depreciation*	338.35	51.04	-	158.47	89.62	6.04	6.77	650.29	-	650.29
	Non Cash expenses other than Depreciation*	(0.58)	0.24	(0.56)	3.00	(2.42)	(18.39)	13.98	(4.73)	-	(4.73)

Sales net off Excise Duty

* Excluding Prior period adjustments
** Assets & Liability of Gas Trading Business included in Gas Transmission Business
*** Others includes GAILTel, E&P & City Gas

Information about Business Segments for Financial Year 2009-10

(Annexure - A)
(₹ in Crores)

SL No.	SEGMENTS	TRANSMISSION SERVICES **		NATURAL GAS TRADING**	PETRO CHEMI CALS	LPG & LIQUID HYDROC ARBONS	OTHER SEGMENT ***	UN-ALLO CABLE	TOTAL	ELIMI NATION	CONSOLI DATED TOTAL
		NATURAL GAS	LPG								
1	**REVENUE**										
	External Sales/Other Income	2,925.49	447.19	15,821.01	2,904.01	2,832.95	65.76	-	24,996.40	-	24,996.41
	Intersegment sales	242.87	-	2,981.90	8.19	-	-	-	3,232.96	3,232.96	-
	Total revenue	**3,168.35**	**447.19**	**18,802.91**	**2,912.20**	**2,832.95**	**65.76**	**-**	**28,229.36**	**3,232.96**	**24,996.41**
2	**RESULTS**										
	Segment Result (Profit before Interest & Tax)	2,239.41	278.16	373.16	1,327.86	608.78	(349.73)	-	4,477.64	-	4,477.64
	Unallocated expenses (Net)							249.02	249.02	-	249.02
	Operating Profit	2,239.41	278.16	373.16	1,327.86	608.78	(349.73)	(249.02)	4,228.62	-	4,228.62
	Interest Expenses							70.00	70.00	-	70.00
	Interest/ Dividend Income							419.85	419.85	-	419.85
	Provision for Taxation							1,438.63	1,438.63	-	1,438.63
	Profit/(Loss) from Ordinary Activities	2,239.41	278.16	373.16	1,327.86	608.78	(349.73)	(1,337.80)	3,139.84	-	3,139.84
	Extra Ordinary Items								-	-	-
	Net Profit/(Loss)	**2,239.41**	**278.16**	**373.16**	**1,327.86**	**608.78**	**(349.73)**	**(1,337.80)**	**3,139.84**	**-**	**3,139.84**
3	**OTHER INFORMATION**										
	Segment Assets	11,380.97	917.46	-	1,898.66	1,172.72	86.94		15,456.76	-	15,456.76
	Unallocated Assets	-	-	-	-	-	-	14,590.57	14,590.57	-	14,590.57
	Total Assets	**11,380.97**	**917.46**	**-**	**1,898.66**	**1,172.72**	**86.94**	**14,590.57**	**30,047.33**	**-**	**30,047.32**
	Segment Liabilities	1,701.71	52.39	-	120.04	86.20	130.37		2,090.72	-	2,090.71
	Unallocated Liabilities							8,287.67	8,287.67	-	8,287.67
	Total Liabilities	**1,701.71**	**52.39**	**-**	**120.04**	**86.20**	**130.37**	**8,287.67**	**10,378.39**	**-**	**10,378.38**
	Cost to acquire fixed assets	3,353.57	27.92	-	12.99	45.06	0.61	8.19	3,448.34	-	3,448.34
	Depreciation*	240.51	67.45	-	154.90	84.63	6.94	7.39	561.82	-	561.82
	Non Cash expenses other than Depreciation*	2.02	0.51	26.42	(1.76)	(0.04)	-	6.30	33.45	-	33.45

Sales net off Excise Duty

* Excluding Prior period adjustments
** Assets & Liability of Gas Trading Business included in Gas Transmission Business
*** Others includes GAILTel, E&P & City Gas

Related Party Disclosures

(Annexure - B)

I) Relationship

A) Joint Venture Companies/Associates

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

B) Key Management Personnel
Whole time Directors (KMP) :

1) Shri B C Tripathi, Chairman and Managing Director
2) Shri R K Goel (up to 28.02.2011)
3) Shri R D Goyal
4) Shri S L Raina
5) Shri Prabhat Singh
6) Shri S Venkatraman (w.e.f 25.09.2010)
7) Shri P K Jain (wef 01.03.2011)

C) Unincorporated Joint venture for Exploration & Production Activities:

1)	NEC - OSN - 97/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
2)	CB - ONN - 2000/1	(Non-operator with participating interest: 50%)
3)	CB-ONN-2000/1-RFC	(Non-operator with participating interest: 50%)
4)	A-1, Myanmar	(Non-operator with participating interest: 8.5%)
5)	A-3, Myanmar	(Non-operator with participating interest: 8.5%)
6)	Offshore Midstream, Myanmar	(Non-operator with participating interest: 8.5%)
7)	CY-OS/2	(Non-operator with participating interest: 25%)
8)	AA-ONN-2002/1	(Non-operator with participating interest: 80%)
9)	CY-ONN-2002/1	(Non-operator with participating interest: 50%, GAIL has relinquished from the Block)
10)	AA-ONN-2003/2	(Non-operator with participating interest: 35%)
11)	CB-ONN-2003/2	(Non-operator with participating interest: 20%)
12)	AN-DWN-2003/2	(Non-operator with participating interest: 15%)
13)	Block 56, Oman	(Non-operator with participating interest: 25%) GAIL has relinquished from the Block)
14)	RJ-ONN-2004/1	(Joint operator along with GSPCL and having participating interest of 22.225%)
15)	KG-ONN-2004/2	(Non-operator with participating interest: 40%)
16)	MB-OSN-2004/1	(Non-operator with participating interest: 20%)

17) MB-OSN-2004/2 (Non-operator with participating interest: 20%)
18) RM-CBM-2005/III (Non-operator with participating interest: 35%) GAIL has relinquished from the Block)
19) TR-CBM-2005/III (Non-operator with participating interest: 35%)
20) MR-CBM-2005/III (Non-operator with participating interest: 40%) GAIL has relinquished from the Block)
21) AD-7, Myanmar (Non-operator with participating interest: 10%) GAIL has relinquished from the Block)
22) CY-ONN-2005/1 (Operator and having participating interest of 40%)

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

(₹ in Crores)

A)	Details relating to parties referred to in item no. I (A) above:	2010-11	2009-10
1)	Sales	1,529.06	843.53
2)	Amount receivable as at Balance Sheet Date for (1) above	75.86	44.83
3)	Purchases	7,290.04	6,282.47
4)	Amount payable as at Balance Sheet Date for (3) above	431.50	284.85
5)	Reimbursement for other expenditure received/ receivable	7.83	9.94
6)	Amount receivable as at Balance Sheet Date for (5) above	4.20	2.56
7)	Dividend Income	59.49	55.94
8)	Other Income	1.88	-

B)	I. Details relating to parties referred to in item no.- 1 (B) above	Key Management Personnel (KMP)		Relatives of KMP	
		2010-11	2009-10	2010-11	2009-10
1)	Remuneration	2.41	3.26	0.44	0.28
2)	Interest bearing outstanding loans receivable	0.25	0.16	-	0.01
3)	Interest accrued on loans given	0.16	0.14	-	-
4)	Self lease	0.23	0.13	0.03	-

* Remuneration includes Basic, Allowances, reimbursements, contribution to PF and perquisites. In addition, whole time directors are allowed use of staff car 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 :	2010-11	2009-10
1)	Minimum work program commitment	204.85	266.57
2)	Survey and other expenses	49.31	128.08
3)	Other assets	490.15	387.54
4)	Amount outstanding on Balance Sheet date	118.14	91.98
5)	Amount written Off- Dry well expenditure	52.20	198.23
6)	Sale of Crude Oil	40.63	32.25

(Annexure - C)

Disclosure as Required by Clause 32 of the Listing Agreement

(₹ in Crores)

			Current Year		Previous Year	
			Amount as on 31.03.2011	Maximum amount outstanding during the year ended 31.03.2011	Amount as on 31.03.2010	Maximum amount outstanding during the year ended 31.03.2010
1		Loans and advances in the nature of loans :				
	a	To subsidiary Company: GAIL (Global) Singapore PTE Limited	57.69	66.83	66.83	81.03
	b	To Companies in which Directors are interested	Nil	Nil	Nil	Nil
	c	Where there is no repayment schedule or repayment beyond seven years or no interest or interest below Section 372 A of Companies Act	Repayment of Loan to be made till 23 September 2011 Rate of interest on loan is 6 months LIBOR +100 basis points.		Repayment of Loan to be made till 23 September 2010. Rate of interest on loan is 6 months LIBOR +100 basis points.	
2		Investment by the Subsidiary Company in the shares of GAIL (India) Limited and its subsidiaries	Nil	Nil	Nil	Nil

Effective rate of interest on 31.03.2011 : 0.46%+1.00%=1.46%