



GUJARAT STATE PETRONET LIMITED

6th ANNUAL REPORT

2003-2004

Board of Directors

Shri C K Koshy, IAS
 Shri Balwant Singh, IAS
 Shri Sanjiv Misra, IAS
 Shri P K Pujari, IAS
 Shri H. K. Dash, IAS
 Shri Atanu Chakraborty, IAS
 Shri D J Pandian, IAS

Chairman

MD

Dr. Manjula Subramaniam, IAS
 (up to 9th September, 2004)

Company Secretary

Shri Sandeep Dave

Bankers

Allahabad Bank
 Bank of Baroda
 Bank of India
 Central Bank of India
 Corporation Bank
 Dena Bank
 HDFC Bank Ltd.
 IDBI Bank Ltd.
 Karur Vysya Bank
 Oriental Bank of Commerce
 South Indian Bank Ltd.
 State Bank of India
 State Bank of Bikaner & Jaipur
 State Bank of Travancore
 UCO Bank
 Union Bank of India
 Vijaya Bank

Statutory Auditors

G C Patel & Co., Chartered Accountants
 Gandhinagar.

Internal Auditors

Ernst & Young
 Delhi

Corporate & Registered Office

GSPC Bhavan, B/h Udyog Bhavan,
 Sector-11, Gandhinagar – 382 011.

Directors Report

The Members

Gujarat State Petronet Limited

The Directors are pleased to present their report on performance of GSPL together with the Audited Statement of Accounts for the financial year ended 31st March 2004.

Financial Highlights

Particulars	(Rs. in lacs)	
	2003-04	2002-03
Revenue from operations	14016.41	9071.15
Other Income	192.40	51.53
Total Income	14208.81	9122.68
Less: Expenditure	12532.80	7974.32
PBT	1676.01	1148.36

Further, revenue from operations has increased by 54.52% as compared to previous year.

CAPITAL

During the year the Authorised Share Capital of the Company was increased by Rs. 139 Crore from Rs. 211 Crore to Rs. 350 crore and Paid up Share capital increased by Rs.25 crore making total paid up capital of Rs.210 crore.

DIVIDEND

In view of fund requirements for the ongoing and future projects, your Directors are not recommending any dividend for the Financial Year ending on 31st March, 2004.

GAS GRID PROJECT

The Company plans to create a Pipeline Network of approx. 681 Kms. in Phase – I of the Gas Grid Project.



Out of this approximately 360 Kms. of pipeline has been currently operationalized and gas is flowing from Hazira to various industries in Surat, Bharuch, Baroda, Ahmedabad and Kalol.

The Petronet LNG Ltd. has commissioned first LNG Terminal at Dahej. Further, LNG terminal of SHELL at Hazira would be commissioned shortly which will help in bridging the demand & supply gap. The Company has signed GTA for more gas volume and would transport around 13.29 MMSCMD of gas to major customers in the near future.

The installation of centralized SCADA system is in full swing, shortly we would be able to monitor & control our gas grid from Gandhinagar based master control room.

Projects commissioned:

The Company has successfully commissioned 143 Kms Baroda – Ahmedabad – Kalol Pipeline project in a record time involving 2490 survey nos. covering 75 villages. This Pipeline section has made it possible to transport gas to the city of Ahmedabad and Kalol. Industries in Ahmedabad & Kalol will be immensely benefited by this Project. The Company has also started supply of gas to AEC and IFFCO.

The Company has commissioned GACL – Petronet Pipeline Project in a record time of 5 months. This crucial Pipeline Section would make available R-LNG from the LNG Terminal of Petronet LNG Ltd. With the successful commissioning of this line, the reverse flow in the grid has started and currently 3 sources of gas are being commingled in the grid.

We have already commissioned 360 kms of Pipeline network. Details of the commissioned pipeline sections are given below:

Sr. no	Pipeline Section	App rox. Kms	Date of commissi oning
1.	Hazira-Mora	14	23/11/00
2.	Amboli-Dahej	45	03/11/01
3.	Mora-Utran	25	20/06/02
4.	Bhadbhut-Paguthan	26	21/08/02
5.	Cairn-Mora	6	02/11/02
6	GNFC Spur Line	5	27/11/02
7	Videocon Spur Line	1	27/12/02
8	Mora Kribhco Spur Line	3	18/01/03
9	Paguthan Baroda	83.5	20/06/03
10	GACL-	8.5	18/4/04

	Petronet		
11	Baroda-Abad-Kalol	143	18/5/04
Total		360	

Projects on hand:

Total project cost for commissioned and ongoing projects is estimated to be Rs.1074 crores.

The Company is currently focusing on development of following pipeline sections,

- Mora - Sajod
- Kalol – Santej Spur Line
- Ambapur – Gandhinagar Spur Line

Future Projects:

Your Directors are pleased to inform that the Company has taken initiative for developing pipeline infrastructure in the State of Gujarat and has aggressively started work for developing following pipeline sections on priority basis,

Descripti on	Leng th in kms	Status
Anklav – Dhuvaran	30	<ul style="list-style-type: none"> • Acquisition of ROU completed • Pre-qualification of engineering consultant is in progress. • Pre Qualification process for EPC contractor is under process.
Anand-Rajkot (Morbi -	250	<ul style="list-style-type: none"> • Detail engineering survey

Surendra Nagar)		<ul style="list-style-type: none"> completed. BEP & RFP is under progress.
Mora – Talasari	145	<ul style="list-style-type: none"> Revalidation of route completed. Technical evaluation of EPC contractor completed.
Kalol-Mehsana	60	<ul style="list-style-type: none"> Detail engineering survey is in progress. Crossing permission has been applied. Process for acquiring ROU in progress.
Suvali-ESSAR	8	<ul style="list-style-type: none"> Detail engineering survey completed. BEP is in progress.
Kalol-Himatnagar	60	<ul style="list-style-type: none"> Detail engineering Survey started. Process for acquiring ROU initiated Applied for crossing permission.
Anand-Pipavav	250	<ul style="list-style-type: none"> Detail engineering survey completed Process for acquiring ROU initiated
	743	

Operation & Maintenance activities

The Company has transported 2391.52 MMSCM (Previous year : 1193 MMSCM) of gas during the Financial Year under review.

To safeguard Pipeline assets and optimize efficiency of the pipeline system, the Company is giving utmost importance to efficient operations and preventive maintenance. The Company has implemented all functional manuals, Disaster Management Plan and Safety Manuals to ensure Zero Accident, Zero Shutdown and efficient customer service.

Gas Transmission Agreements

The Company has signed following Gas Transmission Agreements (GTAs),

Customer	Quantity MMSCMD
ESSAR Steel (Hazira & LNG)	3.64
ESSAR Power – LNG	1.30
GSEG	0.78
GSEC	0.50
GSPC (Kribhco)	0.30
GGCL (Kribhco)	0.35
GACL	0.50
GPEC	2.95
GNFC	0.10
Videocon	0.05
GIPCL	0.15
GGCL	1.27
GSFC	0.40
AEC	0.50
Arvind Mill	0.15
IFFCO	0.45
Adani (Baroda)	0.10

The Company has signed GTA for transportation of total 13.49 MMSCMD

HEALTH, SAFETY AND ENVIRONMENT

The Company attaches great importance to Health, Safety and Environmental aspects.

The environment and safety features have been integrated into design, construction & commissioning to have utmost safety for the facilities, local community and the environment.

The Company is expanding and managing its business operations in Safe and Environmentally sustainable manner. The Company has therefore set up a separate wing called HSE (Health, Safety and Environment) to further these objectives in GSPL.

HSE Policy has been communicated to all employees and they are actively involved in implementation of HSE manual. O&M employees have undergone First-aid training in Kribhco / Gujarat Safety Council and Disaster Management. Qualified personnel from reputed institution have been appointed exclusively in Health, Safety & Environment department.

The Company is ensuring effectiveness of HSE Management systems through regular audit and review.

Your Directors are committed to make GSPL a responsible corporate citizen by following Quality Systems and implementing HSE policy.

FIXED DEPOSITS

The Company recognizes that service to depositors is of prime importance and continues to focus on this area.

The Company had an aggregate amount of Rs. 625.85 lac as Fixed Deposits from public as on 31st March, 2004, of the said deposits, there are 387 depositors aggregating to Rs.60.67 lac who have not claimed their deposits on maturity. The Company has sent reminders to such depositors to complete formalities for repayment of deposits. Subsequently, 212 depositors aggregating to Rs.35.71 lac have been repaid. Further, the Company has discontinued renewal/acceptance of deposits from September, 2002.

DIRECTORS

During the year Dr. Manjula Subramaniam, IAS resigned from the Directorship of the Company. Your Directors wish to place on record appreciation of the services rendered by her as a Director of the Company.

Shri Balwant Singh, IAS and Shri H. K. Dash, IAS were appointed as Additional Directors of the Company. Shri Balwant Singh, IAS and Shri H. K. Dash, IAS shall hold office up to the date of next Annual General Meeting. It is proposed to appoint Shri Balwant Singh, IAS and Shri H. K. Dash, IAS as regular Directors at the ensuing Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri P K Pujari, IAS shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

STATUTORY AUDITORS

Your Company being a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, C&AG has appointed M/s G C Patel &

Co, Chartered Accountants, Gandhinagar as Statutory Auditors of the Company for the Financial Year 2003-2004.

AUDIT COMMITTEE

Audit Committee of the Company consisting of following Directors at its meeting held on 30th September, 2004 has reviewed the Annual Accounts for the financial year ended on 31st March, 2004.

1. Shri Balwant Singh, IAS
2. Shri P K Pujari, IAS
3. Shri H K Dash, IAS

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that,

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) accounting policies are selected and applied consistently and judgments and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for that period
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities is taken

- (iv) the annual accounts are prepared on a going concern basis

PARTICULARS OF EMPLOYEES

During the period under review, none of the employees were drawing remuneration, which require disclosure under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

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

Conservation of Energy

In the period under review, there is no consumption of energy requiring disclosure.

Technology Absorption

The Company has not imported any technology. However, the Company has engaged consultants/advisors of international repute to make available latest technology for Project implementation.

Foreign Exchange Earnings & Outgo

Foreign Exchange earnings - Rs.NIL
Foreign Exchange Outgo - Rs.1.76 crore

ACKNOWLEDGEMENTS

The Directors convey their sincere appreciation of the valuable services rendered by employees at all levels, without whose valuable contributions the excellent performance of GSPL would not have been possible.


The Directors take this opportunity to convey appreciation for confidence,

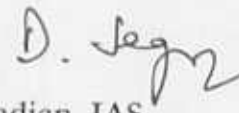
support and co-operation of the valued customers and look forward to this mutually supportive relationship in future.

The Directors place on record their

thanks to the Government of Gujarat, Gujarat Infrastructure Development Board, Lenders, Shareholder, Bondholders and Fixed Deposit holders for their valuable support to the Company.

For and on behalf of Board of Directors


P K Pujari, IAS
Director


D J Pandian, IAS
Managing Director


Date : 13/10/2004
Place: Gandhinagar

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AUDITORS' REPORT

To
The Members of Gujarat State Petronet Limited
Gandhinagar

We have audited the attached Balance Sheet of Gujarat State Petronet Limited as at 31st March, 2004 and the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. We have audited the attached Balance Sheet of Gujarat State Petronet Limited as at 31st March, 2004 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph above:
 - a. We have obtained all information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of accounts, as required by law have been kept by the Company so far as it appears from our examination of the books;
 - c. The balance Sheet and profit & Loss Account dealt with by the report are in agreement with the Books of Accounts.

