



Gujarat State Petronet Limited

ANNUAL REPORT  
2007 - 2008



The Energy Lifeline of Gujarat

## Board of Directors

Shri D Rajagopalan, IAS, **Chairman**  
 Shri M M Srivastava, IAS (w.e.f. 11th June, 2008)  
 Shri P K Pujari, IAS  
 Shri Hasmukh Adhia, IAS  
 Shri Tapan Ray, IAS  
 Shri N J Jhaveri  
 Shri U Sundararajan  
 Shri Suresh Mathur  
 Shri N Venkiteswaran  
 Shri D J Pandian, IAS, **Managing Director**

Smt V L Joshi, IAS (upto 30<sup>th</sup> May, 2008)  
 Shri H K Dash, IAS (upto 27<sup>th</sup> June, 2008)  
 Shri Luis Miranda, IAS (upto 25<sup>th</sup> July 2008)

## Company Secretary

Shri Sandeep Dave

## Bankers

Allahabad Bank  
 Axis Bank Limited  
 Bank of Baroda  
 Bank of India  
 Corporation Bank  
 Dena Bank  
 HDFC Bank Limited  
 IDBI Limited  
 Karur Vysya Bank Limited  
 Oriental Bank of Commerce  
 South Indian Bank Limited  
 State Bank of India  
 State Bank of Bikaner & Jaipur  
 State Bank of Saurashtra  
 State Bank of Travancore  
 UCO Bank  
 Union Bank of India  
 Vijaya Bank

## Statutory Auditors

M/s T. N. Shah & Co.,  
 Chartered Accountants  
 Gandhinagar.

## Internal Auditors

KPMG  
 Mumbai

## Corporate & Registered Office

GSPC Bhavan, Sector-11,  
 Gandhinagar – 382 011

## Contents

Notice .....	01
Directors' Report .....	03
Management Discussion and Analysis .....	06
Corporate Governance Report .....	08
CEO & CFO Certification .....	16
Corporate Governance Compliance Certificate .....	17
Auditors' Report .....	23
Balance Sheet .....	26
Profit & Loss Account .....	27
Schedules Forming Part of the Accounts .....	28
Notes Forming Part of the Accounts .....	37
Cash Flow Statement .....	42
Attendance Slip & Proxy Form .....	43

## NOTICE

Notice is hereby given that 10<sup>th</sup> Annual General Meeting of the members of Gujarat State Petronet Limited will be held on Friday the 26<sup>th</sup> September, 2008 at 12.00 noon at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382011 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Annual Accounts for the year ended on 31st March, 2008, Auditors' Report and Directors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri U Sundararajan, Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Suresh Mathur, Director who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Hasmukh Adhia, IAS, Director who retires by rotation and being eligible, offers himself for re-appointment.
6. To fix remuneration of Statutory Auditors of the Company in terms of provisions of section 224 (8)(aa) of the Companies Act, 1956.

### SPECIAL BUSINESS

**To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

7. "RESOLVED THAT Shri M M Srivastava, IAS, who was appointed as an Additional Director of the company pursuant to section 260 of the Companies Act, 1956 read with Article 141(a) and 148 of the Articles of Association of the Company and who holds office till the conclusion of this Annual General Meeting, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Date: 29th August, 2008  
Place: Gandhinagar

By order of the Board of Directors,  
**Sandeep Dave**  
Company Secretary

**Registered Office**  
GSPC Bhavan,  
Sector -11, Gandhinagar - 382 011.

#### Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENTS APPOINTING PROXY TO BE VALID AND EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY MINIMUM 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the meeting.
4. An Explanatory Statements pursuant to Section 173(2) of Companies Act, 1956 is annexed hereto.
5. Members desirous of getting any information related to accounts or operations of the Company are requested to send in their queries so as to reach the company's registered office atleast 7 days in advance before the date of meeting to enable the management to keep the information ready.



GUJARAT STATE PETRONET LIMITED

6. The register of members and share transfer books of the Company shall remain closed from Wednesday, 17th September, 2008 to Friday, 26th September, 2008 (both days inclusive) for the purpose of payment of the dividend. The dividend, if declared at the ensuing Annual General Meeting shall be paid, on or after 26th September, 2008 to those members of the Company whose names appear (a) as beneficial owners as on 17th September, 2008 as per the list to be furnished by the depositories in respect of the shares held in electronic form; and (b) as members in the register of members of the Company as on 17th September, 2008 after giving effect to all valid share transfers in physical form received on or before 17th September, 2008.
7. All transfer deeds, requests for change of address, bank particulars/mandates/ECS mandates, PAN should be lodged with Company's Registrar and Share Transfer Agents, Karvy Computershare Private Limited, Plot No 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081, in case of shares held in physical form on or before 17th September, 2008. The above details in respect of the shares held in electronic form should be sent to the respective depository participants by the shareholders well in time.
8. Members are requested to furnish to the registrar / depository participants, the name and branch of the bank and account number to enable the Company to distribute dividend through Electronic Clearing Services (ECS). In the absence of ECS facility with the shareholder's bank, the bank account details will be printed on the dividend warrants, if available.
9. As stipulated under Clause 49 of the listing agreement with stock exchanges, profile of directors seeking re-appointment / appointment is provided under Section "Board of Directors" of the corporate governance report, which forms an integral part of this Annual Report.

### **Annexure to Notice** **Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956**

#### **Item No. 7**

Shri M M Srivastava, IAS was appointed as an Additional Director of the company by the Board of Directors with effect from 11th June, 2008 in accordance with the provisions of Article 141(a) and 148 of Articles of Association. As per the provisions of Section 260 of the Companies Act, 1956, he holds office till the conclusion of this Annual General Meeting. The Company has received a notice from a member in writing proposing the candidature of Shri M M Srivastava, IAS for appointment as a Director of the Company.

The Board recommends the appointment of Shri M M Srivastava, IAS as a Director of the Company in accordance with the provisions of Article 141(a) of Articles of Association.

No other director except Shri M M Srivastava, IAS is in any way concerned or interested in the said resolution.

The Members are requested to approve the resolution.

Date: 29th August, 2008  
Place: Gandhinagar

By order of the Board of Directors,  
**Sandeep Dave**  
Company Secretary

**Registered Office**  
GSPC Bhavan,  
Sector -11, Gandhinagar - 382 011.

## DIRECTORS' REPORT

### Directors' Report

To,

The Members

**Gujarat State Petronet Limited**

The Directors have pleasure in presenting 10<sup>th</sup> Annual Report and audited accounts of the company for the year ended 31st March, 2008.

### FINANCIAL HIGHLIGHTS

	(Rs. in crore)	
Particulars	2006-07	2007-08
<b>Total Income</b>	<b>335.01</b>	<b>447.28</b>
Manpower Expenses	3.97	7.63
Gas Transmission Charges	7.20	1.45
Connectivity Charges	13.06	11.22
Admin, O&M & other Expenses	25.61	33.12
<b>Total Operating Expenses</b>	<b>49.84</b>	<b>53.42</b>
<b>Gross Margin</b>	<b>285.17</b>	<b>393.86</b>
Interest (after capitalization)	45.65	81.51
Depreciation	102.61	163.22
Prior Period Expenses	0.34	0.02
<b>Profit Before Tax</b>	<b>137.25</b>	<b>149.15</b>
<b>Tax including Deferred Tax</b>	<b>47.88</b>	<b>49.23</b>
<b>Profit After Tax</b>	<b>89.37</b>	<b>99.92</b>

### MAJOR ACHIEVEMENTS

The year was marked by several accomplishments, both in terms of physical and financial performance. Your company has maintained an upward trend in all performance parameters as follows,

- Turnover increased from Rs.335.01 crores to Rs.447.28 crores in previous year, recording increase of 34%.
- EBIDTA increased from Rs.285.17 crores to Rs.393.86 crores in previous year, recording increase of 38%.
- PAT increased from Rs.89.37 crores to Rs.99.92 crores in previous year, recording increase of 12%.
- 100% pipeline grid availability and "accident free" year of operations.
- Finalized Equity and Term Loan tie-up with International Finance Corporation (IFC) for approx. Rs.445 crore.
- Enhanced strategic equity stake in City Gas Distribution Network being developed in the State of Gujarat.

### CAPITAL

During the year, paid up share capital of the Company has increased from Rs.542.80 crore to Rs.562.01 crore on account of allotment of shares on preferential basis to IFC and also to eligible employees under the ESOP Scheme.

### DIVIDEND

Keeping in view the fund requirements for expansion projects,

the Board of Directors of the Company is pleased to recommend dividend @ 5% for the Financial Year 2007-08.

### Gas Transmission Services

The Company has signed firm GTAs for transporting 30.33 MMSCMD (Previous year 32.13 MMSCMD) of gas to various customers and interruptible GTAs for 6.69 MMSMCD.

### GAS GRID PROJECT

The Government of Gujarat has always played a proactive role in the development of energy value chain. Gujarat is the first state to plan and execute a state wide Gas Grid on open access principle.

The pipeline grid has been designed as per the highest international standards with inbuilt flexibility to cater to varying loads.

The pipeline grid map is enclosed herewith as Annexure - IV

#### Projects commissioned:

Since last Directors' Report the Company has successfully commissioned various pipeline projects like Atul Spur, Palej Spur, NTPC Jhanore Pipeline, etc.

The current span of the Grid under operation is approx. 1130 kms and gas is flowing from Hazira / Dahej to various industries and City Gas Distribution Networks located in Surat, Bharuch, Baroda, Anand, Ahmedabad, Gandhinagar, Sabarkantha, Kalol, Mehsana, Morbi, Surendranagar, Rajkot, Navsari, Vapi and Valsad districts.

#### Projects on Hand

Your Directors are pleased to inform that the Company continues to develop pipeline infrastructure in the State of Gujarat. The following pipeline sections are being developed on priority basis,

- Rajkot-Vadinar Pipeline Project (30"x 110 km)
- Bhadbut-Gana Pipeline Project (30"x 109 km)
- Gana-Hadala Pipeline Project (30" x 85 km)
- Petronet LNG Connectivity (24"x .035 km)
- Morbi - Mundra Pipeline Project (18" x 130 km)
- Baroda - Halol Pipeline Project (12" x 37 km)
- Suzlon Spurline (8" x 28 km)
- IPCL Connectivity (12" x 3.5 km)
- ONGC - Olpad (12" x 5 km)
- IOCL Connectivity (12" x 5 km)
- Olpad - GSEC Utran Pipeline Project (12" x 15 km)

Further, the Company also continues to develop several Spur lines to connect Industrial clusters and medium size customers along the pipeline network, which include regions like Vapi, Morbi, Mehsana and Baroda.

#### Future Plans

The Company is working on future expansion plans. The



pipelines, which may be taken up for implementation in future include:

- Darod - Jafrabad Pipeline Project (30" x 205 km)
- Spurline to EOL, Refinery (24" x 8 km)
- Dahej Network Pipeline Project (12" x 45 km)
- Spurline to Vilayat GIDC (12" x 15 km)
- Tarapur - Isharvada (8" x 15 km)
- Mehsana - Palanpur (18" x 75 km)

Further the Company has also initiated activities for expanding the pipeline network beyond the State of Gujarat.

#### **Operation & Maintenance activities**

The Company has transported 6144.92 MMSCM (Previous year: 5246.46 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.

#### **HEALTH, SAFETY AND ENVIRONMENT**

The Company attaches great importance to Health, Safety and Environmental aspects. The Company is expanding and managing its business operations in a safe and environmentally sustainable manner. The environment and safety features have been integrated into design, construction and O&M operations to have utmost safety for the facilities, local community and the environment. Further, Disaster Management plans are reviewed and updated regularly.

The Company is ensuring effectiveness of HSE Management systems through training, regular audits and review mechanism. HSE is everyone's responsibility and each employee is encouraged to act in accordance with HSE policy. All contractors are required to adhere to our HSE policies while executing the Company work.

The Company has obtained ISO 9001:2000 certification for its O&M activities. The Company has also initiated process for ISO-14001 and OHSAS-18001 certification.

#### **FIXED DEPOSITS**

During the year, the company has not accepted any Fixed Deposits from the public.

#### **CORPORATE SOCIAL RESPONSIBILITY**

During the year, the Company focused on CSR initiatives. This mainly involved organizing blood donation camps, promoting use of environmentally friendly fuel, creating awareness for conservation of energy, promotion of educational activities, etc.

#### **DIRECTORS**

Since last Directors' Report, Smt. V L Joshi, IAS, Shri H K Dash, IAS and Shri Luis Miranda ceased to be the Directors of the Company. Your Directors wish to place on record appreciation of the services rendered by them as Directors of the Company.

Shri M M Srivastava, IAS was appointed as Additional Director

to hold office till the ensuing Annual General Meeting. It is proposed to regularize his appointment in the 10<sup>th</sup> Annual General Meeting.

Pursuant to the provisions of section 256 of the Companies Act, 1956 Shri U Sundararajan, Shri Suresh Mathur and Shri Hasmukh Adhia, IAS shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief resume of the Directors retiring by rotation/seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and Membership/Chairmanship of committees of the Board, are given in the Corporate Governance Report forming part of the Directors' Report.

#### **STATUTORY & C&AG AUDIT**

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 T. N. Shah & Co, Chartered Accountants, Gandhinagar as Statutory Auditors of the Company for the Financial Year 2007-08.

C&AG office has given NIL Comment Report for the Financial Year 2007-08. The NIL Comment Report is annexed herewith.

#### **AUDIT COMMITTEE**

Audit Committee of Directors of the Company at its meeting held on 27th June, 2008 approved the Annual Accounts for the financial year ended on 31st March, 2008 and recommended the same for approval of the Board.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 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.
- 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.
- the annual accounts are prepared on a going concern basis.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

This Annual Report contains a separate section (Annexure-I) on the Management Discussion and Analysis, which forms part of the Directors' Report.



## CORPORATE GOVERNANCE

Corporate Governance denotes the framework for companies to conduct their business in an ethical and responsible manner. It is determined primarily by the approach that a company has towards its stakeholders as well as to the environment in which it operates. It stems from the belief and realization that corporate citizenship has a set of responsibilities, which must be fulfilled for a company to progress and succeed over the long term.

A Report on Corporate Governance as required under clause 49 of the listing agreement is incorporated as a part of this Directors' Report (Annexure - II). A compliance certificate by the practicing company secretary is also attached to the Directors' Report.

## GSPL EMPLOYEES STOCK OPTION PLAN ("ESOP")

The company instituted ESOP Scheme in October 2005 to provide an incentive to attract, retain and reward the employees and to enable them to participate in future growth and financial success of the Company. Each such option has conferred a right upon the Employee to apply for one Equity Share of the Company.

Statutory disclosures regarding ESOP scheme are enclosed as Annexure-III to this Directors' Report.

## PARTICULARS OF EMPLOYEES

During the year 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

During 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.0.92 crore

## ACKNOWLEDGEMENTS

The Directors appreciate the continued support received from the valued customers and look forward to this mutually supportive relationship in future.

The Directors place on record their appreciation of the valuable services rendered by employees at all levels, without whose contribution the excellent performance of the Company would not have been possible.

The Directors are extremely grateful for all the support given by the Government of Gujarat at all levels. Their guidance, encouragement and moral support enabled the Company to expand the Pipeline Network in a professional manner.

The Directors place on record their sincere thanks to the Shareholders and Lenders for their valuable support, trust and confidence in the Company.

**For and on behalf of Board of Directors**

Date : 29th August, 2008

Place: Gandhinagar

**D Rajagopalan, IAS**

*Chairman*



## Annexure - I

### Management Discussion and Analysis forming part of the Directors' Report for the year ended on 31<sup>st</sup> March, 2008

#### A. INDUSTRY STRUCTURE AND DEVELOPMENTS

Global energy demand grows despite the substantial increase in oil and natural gas prices that are projected to persist in mid term outlook. Natural gas has emerged as the most preferred fuel due to its inherent environmentally benign nature, greater efficiency and cost effectiveness. The demand for natural gas is growing faster than any fossil fuel.

Global Natural gas consumption is projected to increase from about 100 trillion cubic feet in 2004 to 163 trillion cubic feet in 2030 @ 1.9% per year.

The Asian gas markets are leading the growth in global gas sector, with specific investment focus on countries like India and China. With China's energy demand growing by 15% and India's by 7.8%, these two Asian giants are projected to be the leading gas consumers by the year 2020.

India is fast emerging as the focal point for the future development of the Asian Natural Gas Market. The rapid growth of the Indian Economy has greatly contributed to the development of the Indian Energy Sector as a whole and provided major triggers for the growth of the gas sector as well. Natural gas demand in India is expected to increase from 35 bcm to 142 bcm in 2025 @CAGR of 8.5%.

There is shortage of natural gas in India with demand far outstripping supply. The production of gas from major gas discoveries in KG Basin is likely to commence in second half of 2008, which will help in narrowing the demand supply gap.

Major developments in the natural gas sector in India are summarized below,

- Constitution of Regulatory Board under the PNGRB Act.
- Expansion of capacity of LNG Terminal by Petronet LNG and commencement of work for setting up LNG Terminal in Kochi.
- Expansion of capacity of LNG Terminal by Hazira LNG.
- Procurement of spot cargoes at prevailing global LNG prices along with significant volume expansion has improved the visibility of India as a gas buyer.
- Noticeable increase in development activities for setting up cross country transmission pipelines / City Gas Distribution (CGD) Networks in & across various states in India

Gujarat, with its large industrial base, growing energy needs and proactive government approach, has emerged as a Vibrant Hub for gas industry.

As per CRISIL report, natural gas demand in the State is expected to increase from 54.1 mmscmd in 2005 to 94.5 mmscmd by 2010. This is mainly due to the fact that many industries are switching over to gas for their fuel and feedstock

requirements. The expansion of the gas grid into new markets has resulted in substantial increase in the demand for gas through expansion of capacities of existing projects, setting up of new Industries and development of CGD networks in Gujarat.

Keeping in view the demand potential of natural gas, the Company has built in additional capacity in its pipeline network to cater to the future demand. The Company will be benefited by transmission of additional volumes available on account of increase in supply of natural gas in the state.

#### Regulatory Framework :

Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (the Act), is set up and the Board has started framing rules and regulations under the Act.

#### B. OPPORTUNITIES AND CHALLENGES

Your Company is well poised to take full advantage of the new opportunities arising out of the above developments in the gas industry.

The Company owns and operates the second largest natural gas transmission network in India. The Company is the first and only pure natural gas transmission company in India for transmission of natural gas on an "open access" basis, which means that the Company makes gas transmission capacity available to any shipper on a nondiscriminatory basis. The unique business model of "Pure Transmission Services and Open Access" adopted by the Company are in line with the spirit of new regulatory regime.

The Company has enhanced its equity investment in GSPC Gas Company Ltd and Sabarmati Gas Limited which are developing CGD Network in the State of Gujarat.

#### C. OUTLOOK

There is a huge unsatisfied demand for natural gas and the Company believes that the domestic gas/LNG would flow in to meet the unsatisfied demand. The power and fertilizer sectors will drive the growth in demand in the state as well as in the country. The industrial clusters and the domestic distribution networks would also boost the demand for gas.

The Company recognizes the growing importance of natural gas as an environment friendly fuel to industry as well as to domestic and transport sectors. The Company believes that natural gas will continue to be a favoured fuel and feedstock because of economic and environmental advantages over alternative fuels.



## **D.SEGMENT WISE OR PRODUCT WISE PERFORMANCE**

Being in the service industry, no disclosure is required to be given classifying segment or product wise performance.

## **E. OPERATIONS AND FINANCIAL PERFORMANCE**

The Company has managed to achieve fast track growth in a short period of time with a lean manpower strength on account of its well thought out strategy of developing pipeline projects on EPC (Engineering, Procurement and Construction) Model. EPC Model adopted by the Company envisages development of projects at a lump sum fixed price within a given time frame. Further, Net Worth of the Company has increased from Rs.956.59 crore to Rs.1167.33 crore as compared to previous year. Gross Block of Assets has increased from Rs. 1888.92 crores to Rs.2019.05 crores and consequently there has been an increase in depreciation from Rs. 102.61 crore to Rs.163.22 crore.

The Company had raised Rs. 107.35 crore through preferential allotment to International Finance Corporation during the year and has utilised the entire amount till 31.03.2008 for projects payments. Further there was no deviation in the purpose for which the funds have been raised and the utilization of the funds.

## **F. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS**

The Company has a well-defined risk management framework. The Board of Directors of the Company has adopted a risk management policy, reviewed the Risk Register and put in place a framework for reviewing the major risks. The Company is focusing on development of a "risk culture" that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

The Company has appointed M/s KPMG as Internal Auditors who conduct internal audit for various activities. The reports of Internal Auditors are submitted to the Management and Audit Committee of Directors, which reviews the adequacy of internal control system.

## **G. HUMAN RESOURCES**

During the year, the Company did not experience any strikes or lockouts. The Company employed 126 employees as on 31st March, 2008 (Previous year 117 employees).

Keeping in view the expansion of business, the Board has approved rolling manpower plan for next three years, which is likely to increase manpower strength to 283 employees by 2009.

The company believes that training and development of employees is of vital importance to capitalize on emerging business opportunities. During the year employees were sent for various training programmes and seminars in line with the Annual Training Calendar to enhance employee skills.

The Company has in place an attractive policy of performance linked incentive to encourage and reward employee performance.

The Company has managed to achieve substantial growth with a lean organization structure.

## **FORWARD LOOKING STATEMENTS :**

This Annual Report contains forward-looking statements, which may be identified by words like will, believes, plans, expects, intends, estimates or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the company's strategy for growth and market position are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized. The company's actual results, performance or achievements could differ materially from those projected in any such forward looking statements. The company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



## Annexure - II

### Corporate Governance Report

#### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Gujarat State Petronet Limited (GSPL) is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increase long-term share holders value.

#### 2. BOARD OF DIRECTORS

##### A. Composition of the Board:-

The present Board structure of the Company maintains an optimum mix of Executive, Non Executive and Independent Directors. The composition of the Board is in conformity with the listing requirements. The detailed composition of the Board as on 31<sup>st</sup> March 2008, their category and their directorship in other companies and membership/chairmanship in the committees of the Board are given below:-

Sr No.	Name of the Director(s)	Position/Category	* Number of directorship as on 31/03/2008 including GSPL	** Number of Membership / Chairmanship in Board Committee as on 31/03/2008 including GSPL	
				Membership	Chairmanship
1	Shri D Rajagopalan, IAS	Non Executive Chairman (GSPC <sup>1</sup> Nominee)	10	1	1
2	Smt V L Joshi, IAS (upto 30 <sup>th</sup> May 2008)	Non Executive Director (GSPC <sup>1</sup> Nominee)	14	1	2
3	Shri H K Dash, IAS (upto 27 <sup>th</sup> June 2008)	Non Executive Director (GSPC <sup>1</sup> Nominee)	6	1	1
4	Shri P K Pujari, IAS	Non Executive Director (GSPC <sup>1</sup> Nominee)	4	Nil	Nil
5	Shri Hasmukh Adhia, IAS	Non Executive Director (GSPC <sup>1</sup> Nominee)	4	2	Nil
6	Shri Tapan Ray, IAS	Non Executive Director (GSPC <sup>1</sup> Nominee)	11	2	2
7	Shri N J Jhaveri	Independent Director	15	5	5
8	Shri U.Sundararajan	Independent Director	7	2	3
9	Shri Suresh Mathur	Independent Director	4	1	Nil
10	Shri Luis Miranda (upto 25 <sup>th</sup> July 2008)	Nominee Director (IDF <sup>2</sup> )	8	2	1
11	Shri N Venkiteswaran	Independent Director	5	3	Nil
12	Shri D J Pandian, IAS	Managing Director (GSPC <sup>1</sup> Nominee)	11	1	1

1. Gujarat State Petroleum Corporation Limited

2. India Development Fund

\* excluding directorship held in Private Limited Companies, foreign Companies and section 25 Companies.

\*\* Indicates Membership/Chairmanship in the Audit Committee and Shareholders/Investors Grievance committee (excluding Private Limited Companies, foreign Companies and section 25 Companies).

Further Shri M M Srivastava, IAS has been appointed as Director of the company w.e.f. 11th June, 2008.