



**Independent Auditor's Report  
To the Members of Gail Gas Limited**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Gail Gas Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matters in Notes to Financial Statements:-

Note no : 33(f) regarding operation of 14 CNG stations without completing licensing and other legal formalities.

Note no : 41 regarding non- incurring of expenses for Corporate Social Responsibility (CSR) activity.

Note no : 49 regarding abnormal loss of Rs 7.07 Crores.

Note no : 51- in respect of stating of investment in joint venture entity which includes the additional contribution made as a part of investment.

Our opinion is not modified in respect of these matters.

### **Other Matters**

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 17<sup>th</sup> May 2016 (Revised report dated 1<sup>st</sup> July, 2016) and 22<sup>nd</sup> May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.



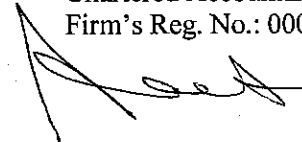
## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note no 28 to the standalone Ind AS financial statements;
    - ii. the Company did not have any long-term contracts including derivative contracts for which may lead to any material foreseeable losses.
    - iii. there has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company; and
    - iv the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note no 30 to the standalone Ind AS financial statements.



3. As required by Section 143(5) of the Companies Act,2013, please refer Annexure-C enclosed.

**For H S AHUJA & CO**  
Chartered Accountants  
Firm's Reg. No.: 000099N

  
( CA S.S.Kalra )  
Partner  
Mem.Number: 082305



Place : New Delhi  
Dated: 30.05.2017

## Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) In respect of fixed assets:-

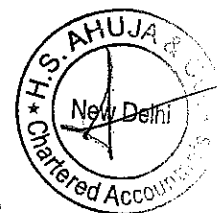
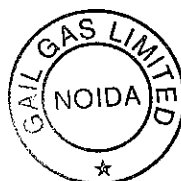
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets other than fixed assets related to the underground natural gas distribution which as per the Management cannot be physically verified, by the committee constituted by the company during the year. In accordance with this programme, certain fixed assets were not verified during the year which were not material, however no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the cases as disclosed in Note no 33(d) & 33(e) to the standalone Ind AS financial statements.

(ii) In respect of its inventory:

The Inventories of the Company comprise inventory of stores and spare parts and inventory of natural gas. On the basis of information and explanation provided by the management, the Company has a regular programme of physical verification of inventories of store and spare except for the inventories lying with contractors and project consultants. No material discrepancies were noticed on verification between the physical stocks and the book records.

As explained to us, having regard to the nature of the inventory of natural gas, management has followed policy for estimation of natural gas quantities which is based on volume of pipelines and the volume cascades containing the natural gas considering standard temperature and pressure whereas opening stock of gas has been arrived at on the basis of book balances since as per the management it is not possible as gas is flowing continuously in pipelines.

- (iii) According to the information and explanation given to us, the Company has not granted any loan to a party covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made. According to the information and explanation given to us, the Company has not given any guarantee and not granted any loan and security during the year in respect of which the provisions of section 185 and 186 are to be complied with, hence not commented upon.



- (v) The Company has not accepted any deposits from the public during the year covered under directive issued by the Reserve bank of India and under section 73 to 76 or any other relevant provision of Companies Act, 2013 and rules framed thereunder.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Companies Act,2013 for the products sold by the Company. The company has maintained proper cost records which are yet to be audited.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there were no dues of provident fund or income-tax or sales tax or value added tax or duty of customs or service tax or cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of excise have not been deposited by the Company on account of disputes:

(Rs in Crores)

| Name of the statute      | Nature of dues        | Amount (in Rs) | Period to which the amount relates | Forum where dispute is pending |
|--------------------------|-----------------------|----------------|------------------------------------|--------------------------------|
| Central Excise Act, 1944 | Excise duty & penalty | 1.74 #         | 2010-11                            | CESTAT, New Delhi              |

# a stay order has been obtained against the amount disputed and not been deposited.

- (viii) The Company has got outstanding dues to Oil Industry Development Board (OIDB) and Term Loans from banks and there is no default to any of these institutions during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.

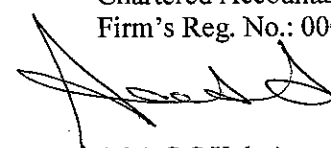


- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For H S AHUJA & CO**

Chartered Accountants

Firm's Reg. No.: 000090

  
( CA S.S.Kalra )  
Partner

Mem.Number: 082305



Place : New Delhi  
Dated: 30.05.2017

## **Annexure - B to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Gail Gas Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


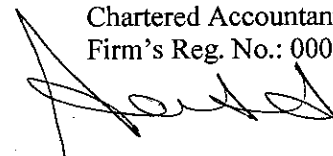
## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For H S AHUJA & CO**  
Chartered Accountants  
Firm's Reg. No.: 000099



( CA S.S.Kalra )  
Partner

Mem.Number: 082305

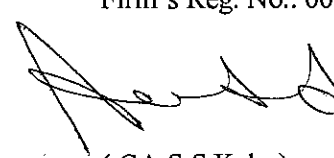
Place : New Delhi  
Dated: 30.05.2017

**Annexure - C to the Independent Auditors' Report**

**DIRECTIONS UNDER SECTION 143(5) OF COMPANIES ACT,2013**

| <b>S No.</b> | <b>Directions</b>   | <b>Auditor's Remark</b>  |
|--------------|---|--|
| 1            | Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available. | On the basis of information and explanation given to us and on the basis of our examination of the records of company, title deeds in respect of immoveable properties are held in the name of Company except for the cases as disclosed in Note no 33 (d) & 33(e) along with the area of these lands wherever available.  |
| 2            | Whether there are any case of waiver/write off of debts/interest etc., if yes , the reasons therefor and the amount involved.   | There are no case of waiver/write off of debts/interest etc. during the year under audit. Hence no comments are made on requirement of Direction No 2.   |
| 3            | Whether proper records are maintained for inventories lying with third parties & assets received as gift / grants (s) from Govt. or other authorities.  | No proper record has been shown to us in respect of materials lying with the third parties/contractors and also informed to us that the Company does not carry out physical verification of the materials (free issue material) lying with the third parties . Such materials are reconciled after completion of the contract and any shortage is recovered from the final bill.<br><br>No assets are received as gift/grants (s) from Govt. or other authorities. |

**For H S AHUJA & CO**  
Chartered Accountants  
Firm's Reg. No.: 000099N

  
( CA S.S.Kalra )  
Partner



Mem.Number: 082305

Place : New Delhi  
Dated: 30.05.2017

**Gail Gas Limited**  
**Balance Sheet as at 31 March 2017**

(Rs In Crores)

| Particulars                                 | Note | As per Ind AS          | As per Ind AS          | As per Ind AS          |
|---|------|------------------------|------------------------|------------------------|
|   |      | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
| <b>ASSETS</b>                               |      |                        |                        |                        |
| <b>Non Current Assets</b>                   |      |                        |                        |                        |
| Property, Plant and Equipment               | 3    | 519.48                 | 361.84                 | 321.78                 |
| Capital Work-In-Progress                    | 3    | 319.15                 | 265.48                 | 149.08                 |
| Intangible Assets                           | 4    | 14.37                  | 1.66                   | 3.26                   |
| <b>Financial Assets</b>                     |      |                        |                        |                        |
| i. Investments                              | 5    | 105.44                 | 92.46                  | 72.96                  |
| ii. Loans                                   | 6    | 2.69                   | 2.69                   | 2.82                   |
| <b>Total Non-Current assets (A)</b>         |      | <b>961.13</b>          | <b>724.13</b>          | <b>549.00</b>          |
| <b>Current Assets</b>                       |      |                        |                        |                        |
| Inventories                                 | 7    | 8.77                   | 7.89                   | 6.25                   |
| <b>Financial Assets</b>                     |      |                        |                        |                        |
| i. Trade receivables                        | 8    | 111.59                 | 61.97                  | 58.03                  |
| ii. Cash and cash equivalents               | 9    | 2.76                   | 1.35                   | 0.62                   |
| iii. Loans                                  | 6    | 6.21                   | 2.72                   | 2.52                   |
| Other Current Non Financial Assets          | 10   | 189.10                 | 195.13                 | 104.93                 |
| <b>Total current assets (B)</b>             |      | <b>318.43</b>          | <b>269.06</b>          | <b>172.35</b>          |
| <b>Total Assets (A+B)</b>                   |      | <b>1,279.56</b>        | <b>993.19</b>          | <b>722.25</b>          |
| <b>EQUITY AND LIABILITIES</b>               |      |                        |                        |                        |
| <b>EQUITY</b>                               |      |                        |                        |                        |
| Equity Share Capital                        | 11   | 627.00                 | 402.00                 | 300.00                 |
| Other Equity                                | 12   | 154.65                 | 133.30                 | 59.51                  |
| <b>Total equity (C.)</b>                    |      | <b>781.65</b>          | <b>535.30</b>          | <b>359.51</b>          |
| <b>LIABILITIES</b>                          |      |                        |                        |                        |
| <b>Non Current Liabilities</b>              |      |                        |                        |                        |
| <b>Financial Liabilities</b>                |      |                        |                        |                        |
| Borrowings                                  | 13   | 169.22                 | 122.88                 | 131.11                 |
| Deferred Tax Liabilities (net)              | 14   | 23.45                  | 10.30                  | 2.61                   |
| <b>Total Non-Current liabilities (D)</b>    |      | <b>192.67</b>          | <b>133.18</b>          | <b>133.72</b>          |
| <b>Current Liabilities</b>                  |      |                        |                        |                        |
| <b>Financial Liabilities</b>                |      |                        |                        |                        |
| i. Borrowings                               | 15   | 9.48                   | 111.95                 | 33.67                  |
| ii. Trade Payables                          | 16   | 111.29                 | 72.20                  | 59.23                  |
| iii. Other Financial Liabilities            | 17   | 106.93                 | 98.83                  | 107.15                 |
| Provisions                                  | 18   | 71.45                  | 37.05                  | 23.16                  |
| Other Current Non Financial Liabilities     | 19   | 6.09                   | 4.58                   | 5.81                   |
| <b>Total current liabilities (E)</b>        |      | <b>305.24</b>          | <b>324.71</b>          | <b>229.02</b>          |
| <b>Total Equity and Liabilities (C+D+E)</b> |      | <b>1,279.56</b>        | <b>993.19</b>          | <b>722.25</b>          |


Refer accompanying notes to the financial statements

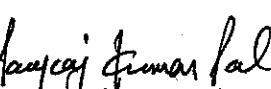
The accompanying Notes form an integral part of the standalone financial statements.


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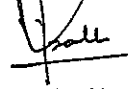
For & on behalf of the Board of Directors of GAIL GAS LTD.

  
 Deepak Asija  
 Company Secretary  
 PAN-ADRPA0983E

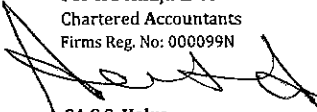
  
 Jyoti Dua  
 CFO  
 PAN-ACJPD6268J

  
 Rakesh Kumar Pal  
 CEO  
 PAN-AATPP6657M

  
 Subir Purkayastha  
 Director  
 DIN-06850526

  
 B C Tripathi  
 Chairman  
 DIN-01657366

As per our report of even date attached  
 For H S Ahuja & Co  
 Chartered Accountants  
 Firms Reg. No: 000099N

  
 CA S.S. Kalra  
 Partner  
 Membership No: 082305

Place: New Delhi  
 Dated: 30.05.2017




**GAIL GAS LIMITED**  
**Statement of Profit & Loss for the Year ended 31st March 2017**


| Particulars  | Note No. | (Rs In Crores)  |                 |
|--|----------|-----------------|-----------------|
|  |          | As per Ind AS   | As per Ind AS   |
|  |          | YEAR ENDED      | YEAR ENDED      |
|  |          | 31st March 2017 | 31st March 2016 |
| <b>I. Revenue from Operations (Gross)</b>  | 20       | 2,816.47        | 1,566.29        |
| <b>II. Other Income</b>  | 21       | 2.43            | 1.30            |
| <b>III Total Income (I+II)</b>   |          | <b>2,818.90</b> | <b>1,567.59</b> |
| <b>IV Expenses</b>   |          |                 |                 |
| Gas Consumed   | 22       | 2,597.29        | 1,398.50        |
| Excise Duty  |          | 18.48           | 14.41           |
| Employee Benefit Expenses  | 23       | 22.62           | -               |
| Finance Cost   | 24       | 17.45           | 18.87           |
| Depreciation and Amortization Expenses   | 25       | 15.66           | 13.78           |
| Other Expenses   | 26       | 47.97           | 62.28           |
| <b>Total Expenses</b>  |          | <b>2,719.47</b> | <b>1,507.84</b> |
| <b>V. Profit before Tax from continuing operations (III - IV)</b>                                    |          | <b>99.43</b>    | <b>59.75</b>    |
| <b>VI. Tax Expenses</b>  | 27       | 34.41           | 19.96           |
| - Current Year   |          | 21.57           | 11.60           |
| - Deferred Tax   |          | 12.84           | 8.36            |
| <b>VII. Profit (After Tax) for the Period from continuing operations (V-VI)</b>                      |          | <b>65.02</b>    | <b>39.79</b>    |
| <b>Other comprehensive income</b>  |          |                 |                 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:               |          |                 |                 |
| <b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>     |          |                 |                 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:           |          |                 |                 |
| Re-measurement gains/ (losses) on defined benefit plans  |          |                 |                 |
| Revaluation of land and buildings  |          |                 |                 |
| <b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b> |          |                 |                 |
| <b>Other comprehensive income for the year, net of tax</b>   |          |                 |                 |
| <b>Total Income</b>  |          | <b>65.02</b>    | <b>39.79</b>    |
| <b>Details of Earning Per Share</b>  |          |                 |                 |
| A. Profit After Tax  |          | 65.02           | 39.79           |
| B. Weighted Average Number of Equity Shares  |          | 53.18           | 33.20           |
| C. Nominal Value Per Equity Share (Rs.)  |          | 10.00           | 10.00           |
| D. Basic & Diluted Earning Per Share In (Rs.)  |          | 1.22            | 1.20            |

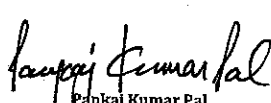
The accompanying Notes form an integral part of the standalone financial statements.


1 to 56


For & on behalf of the Board of Directors of GAIL GAS LTD.

  
 Deepak Asha  
 Company Secretary  
 PAN-ADRPAC983E

  
 Jyoti Dua  
 CFO  
 PAN-ACJPD6268J

  
 Pankaj Kumar Pal  
 CEO  
 PAN-AATPP6657M

  
 Subir Purkayastha  
 Director  
 DIN-06850526

  
 B C Tripathi  
 Chairman  
 DIN-01657366

As per our report of even date attached  
 For H S Ahuja & Co  
 Chartered Accountants  
 Firms Reg. No: 00099N

Place: New Delhi  
 Dated: 30.05.2017

  
 CA S.S. Kalra  
 Partner  
 Membership No: 082305



**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017**

(Rs in Crore)

|   | 2016-17         | 2015-16         |
|---|-----------------|-----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                       |                 |                 |
| 1 Net Profit After Tax  | 65.02           | 39.79           |
| 2 <b>ADD:</b>   |                 |                 |
| Depreciation & Amortization Expenses                                | 15.66           | 13.78           |
| Profit on sale of Assets  | 0.00            | (0.04)          |
| Interest Expenditure  | 17.45           | 18.87           |
| Interest Income   | (0.93)          | (0.22)          |
|   | 32.18           | 32.39           |
| 3 Operating Profit Before Working Capital Changes (1 + 2)           | 97.21           | 72.18           |
| 4 Changes in Working Capital (Excluding Cash & Bank Balances)       |                 |                 |
| Trade and Other Receivables   | (24.58)         | (91.03)         |
| Inventories   | (0.88)          | (1.64)          |
| Trade and Other Payables  | 101.00          | 37.63           |
|   | 75.54           | (55.03)         |
| 5 Cash Generated from Operations (3+4)                              | 172.74          | 17.15           |
| 6 Direct Taxes Paid   | (22.50)         | (3.31)          |
| <b>NET CASH FROM OPERATING ACTIVITIES (5+6)</b>                     | <b>150.24</b>   | <b>13.84</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                       |                 |                 |
| Purchase of Fixed Assets  | (239.69)        | (168.47)        |
| Investment in Other Companies                                       | (12.97)         | (19.50)         |
| Interest Received   | 0.93            | 0.22            |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                           | <b>(251.73)</b> | <b>(187.76)</b> |
| <b>BALANCE CARRIED FORWARD</b>                                      | <b>(101.49)</b> | <b>(173.92)</b> |
| <b>C. BALANCE BROUGHT FORWARD</b>                                   | <b>(101.49)</b> | <b>(173.92)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                 |                 |
| Share Application Money Received                                    | 0.00            | 34.00           |
| Proceeds from Equity  | 191.00          | 102.00          |
| Proceeds from Long Term Borrowings                                  | 87.35           | 38.70           |
| Repayment of Long Term Borrowings                                   | (45.85)         | (59.47)         |
| Cash Credit Facilities from HDFC Bank                               | (102.47)        | 78.28           |
| Interest Paid   | (17.45)         | (18.87)         |
| Dividend & Dividend Tax Paid  | (9.68)          | 0.00            |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                           | <b>102.89</b>   | <b>174.65</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>            | <b>1.41</b>     | <b>0.73</b>     |
| <b>CASH AND CASH EQUIVALENTS AS AT 01.04.2016 (OPENING BALANCE)</b> | <b>1.35</b>     | <b>0.62</b>     |
| <b>CASH AND CASH EQUIVALENTS AS AT 31.03.2017 (CLOSING BALANCE)</b> | <b>2.76</b>     | <b>1.35</b>     |


**NOTES :**

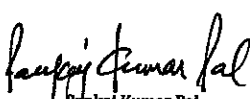
1 Cash & Cash Equivalents include :  
Cash & Bank Balances As per Balance Sheet  
Unrealised ( Gain)/ loss on foreign Exchange  
**Total Cash & Cash Equivalents**

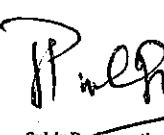
|             |             |
|-------------|-------------|
| 2.76        | 1.35        |
| 0.00        | 0.00        |
| <u>2.76</u> | <u>1.35</u> |

For & on behalf of the Board of Directors of GAIL GAS LTD.

  
Deepak Asija  
Company Secretary  
PAN-ADRPA0983E

  
Jyoti Dua  
CFO  
PAN-ACJPD6268J

  
Pankaj Kumar Pal  
CEO  
PAN-AATPP6657M

  
Subir Parikayastha  
Director  
DIN-06850526

  
B C Tripathi  
Chairman  
DIN-01657366

As per our report of even date attached  
For H S Ahuja & Co  
Chartered Accountants  
Firms Reg. No: 000099N

Place: New Delhi  
Dated: 30.05.2017

CA S.S. Kalra  
Partner  
Membership No: 082305





**1. Corporate information**

GAIL Gas Limited is a company domiciled in India with registered office in New Delhi.

GAIL Gas Limited is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. GAIL Gas has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonapat (Haryana), Meerut (Uttar Pradesh), Taj Trapezium Zone (Uttar Pradesh), Mandigovindgar (Punjab) and Bengaluru (Karnataka). In addition, GAIL Gas is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Karnataka, Rajasthan and Vadodara (Gujarat), Haridwar (Uttarakhand), North Goa (Goa) through its Joint Ventures.

The financial statements of the company for the year ended 31st March 2017 were authorized for issue by Board of directors on 30.05.2017

**2. Basis of preparation and significant Accounting Policy**

**a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first, the Company has prepared in accordance with IndAS. (refer Note 29 for detailed information)

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

The financial statements are presented in Indian Rupees ('INR') and the values are rounded to the nearest crore, except otherwise indicated.

**b) Summary of significant accounting policies**

**(i) Property, plant and equipment**

**(a) Tangible Assets**

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation.. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on tangible fixed assets is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).

Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.

The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

**(b) Capital Work in Progress**

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

**(ii) Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives (principally comprise those 'right of use' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed



annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**(iii) Impairment of assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipments and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

**(iv) Inventories**

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria are capitalized as property, plant and equipment.

Net realizable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Raw materials and finished products are valued at cost or net realizable value, whichever is lower.

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

Stock of gas in pipeline is valued at cost (FIFO) or net realizable value whichever is lower.

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

Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.

Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

**(v) Foreign currency transactions**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

At each balance sheet date, foreign currency monetary items (such as Cash, Receivables, Loans, Payables, etc.) are reported using the closing exchange rate (BC selling rate for payable and TT buying rate for receivable).

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as gain or loss in the period in which they arise.

Non-monetary items (such as Investments, Fixed Assets, etc.) which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**(vi) Revenue and Other Income**

Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the deliver of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

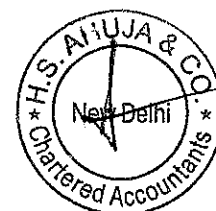
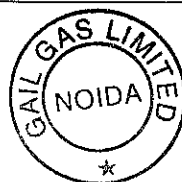
Income in respect of MGO of Natural Gas and Interest on delayed realization from customers is not provided on accrual basis. Receipts during the year on account of MGO and Interest on delayed realization from customers are accounted on receipt basis.

**(vii) Employee benefits**

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee render the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

**(viii) Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale, after netting off any income earned on temporary investment of such funds. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over





twelve months) to get ready for its intended use or sale.

All other borrowing costs are recognized as expense in the period in which they are incurred.

**(ix) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on straight line basis unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**(x) Taxes**

**(a) Current Income Tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**(b) Deferred Tax**

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

**(xi) Provisions, Contingent liabilities, Contingent assets and Commitments**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities exceeding Rs.5 Lakhs in each case are disclosed by way of notes to accounts.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**(xii) Government grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**(xiii) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

**An asset as current when it is:**

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

**A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd)

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(xiv) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial assets**

**Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit and loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through statement of profit and loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

**Derecognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Investment in subsidiaries, joint ventures and associates**

The company has accounted for its investment in joint ventures at cost.

**Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

**(b) Financial liabilities**

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through statement of profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**Initial recognition and measurement**

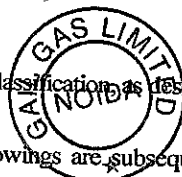
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR



method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**(xv) Others**

Liquidated damages, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.

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

Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance in principle.

**(xvi) Earnings per share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

**(xvii) Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

**(a) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the stand alone financial statements:

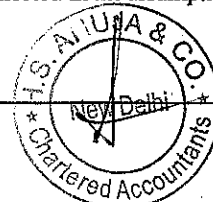
**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**(b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**Impairment of financial assets**



The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(xvii) Standards Issued but not yet Effective**

**Ind - AS 115 "Revenue from Contract with Customers"**

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

**Amendments to Ind AS 7 "Statement of cash flows"**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



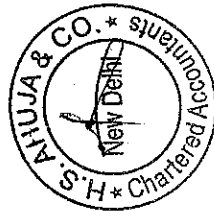
NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 3 - Property, plant and equipment**

Components of Property, plant and equipment (including assets held under finance leases) are as follows:

| Cost/Valuation  | Freehold Land | Leasehold Land | Plant and machinery | Buildings    | Furniture and fixtures | Office Equipment including Electrical Equipments | Capital Work-in-Progress | Total          |
|---|---------------|----------------|---------------------|--------------|------------------------|--|--------------------------|----------------|
| <b>I. Cost or deemed cost (gross carrying amount)</b> |               |                |                     |              |                        |  |                          |                |
| Balance at 1 April 2015                               | 12.79         | 3.80           | 284.99              | 18.23        | 0.60                   | 1.03   | 152.18                   | 321.44         |
| Additions   | -             | 7.15           | 33.59               | 7.52         | 0.03                   | 1.01   | 113.30                   | 49.31          |
| Acquisitions of a subsidiary                          | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Disposals/Capitalisation                              | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Exchange differences                                  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Other   | -             | -              | 2.04                | -            | -                      | -  | -                        | 2.04           |
| <b>At 31 March 2016</b>                               | <b>12.79</b>  | <b>10.95</b>   | <b>320.62</b>       | <b>25.75</b> | <b>0.63</b>            | <b>2.04</b>                                      | <b>265.48</b>            | <b>372.785</b> |
| Additions   | -             | 156.96         | 9.74                | 0.15         | -                      | 5.95   | 53.66                    | 172.80         |
| Acquisitions of a subsidiary                          | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Disposals/Capitalisation                              | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Revaluation recognised in OCI                         | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Exchange differences                                  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Other   | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| <b>At 31 March 2017</b>                               | <b>12.79</b>  | <b>10.95</b>   | <b>477.58</b>       | <b>35.50</b> | <b>0.79</b>            | <b>7.99</b>                                      | <b>319.15</b>            | <b>545.59</b>  |
| <b>Depreciation and Impairment</b>                    |               |                |                     |              |                        |  |                          |                |
| Depreciation expense                                  | -             | 0.11           | 10.59               | 0.74         | 0.08                   | 0.53   | -                        | 12.05          |
| Impairment  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Disposal  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Exchange differences                                  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Other   | -             | -              | (0.80)              | (0.01)       | -                      | -  | -                        | (0.81)         |
| <b>At 31 March 2016</b>                               | <b>-</b>      | <b>0.11</b>    | <b>9.79</b>         | <b>0.73</b>  | <b>0.08</b>            | <b>0.53</b>                                      | <b>-</b>                 | <b>11.24</b>   |
| Depreciation expense                                  | -             | 0.12           | 12.86               | 1.02         | 0.07                   | 0.69   | -                        | 14.77          |
| Impairment losses                                     | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Disposal  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Exchange differences                                  | -             | -              | -                   | -            | -                      | -  | -                        | -              |
| Other   | -             | 0.23           | 22.65               | 1.75         | 0.15                   | 1.22   | -                        | 26.01          |
| <b>At 31 March 2017</b>                               | <b>-</b>      | <b>0.23</b>    | <b>22.65</b>        | <b>1.75</b>  | <b>0.15</b>            | <b>1.22</b>                                      | <b>-</b>                 | <b>26.01</b>   |

| Net Book value                   | Freehold Land | Leasehold Land | Plant and machinery | Buildings | Furniture and fixtures | Office Equipment including Electrical Equipments | Capital Work-in-Progress | Total  |
|----------------------------------|---------------|----------------|---------------------|-----------|------------------------|--|--------------------------|--------|
| At 1 April 2015 (As per Ind AS)  | 12.79         | 3.80           | 285.32              | 18.23     | 0.60                   | 1.03   | 149.08                   | 321.78 |
| At 31 March 2016 (As per Ind AS) | 12.79         | 10.94          | 314.11              | 25.02     | 0.56                   | 0.51   | 265.48                   | 361.84 |
| At 31 March 2017 (As per Ind AS) | 12.79         | 10.73          | 454.89              | 33.67     | 0.63                   | 6.77   | 319.15                   | 519.48 |



**Note 4 - Intangible Assets**

| Cost  | (Rs In Crores) |                            |              |
|---|----------------|----------------------------|--------------|
|   | Right of use   | Computer software/licenses | Total        |
| <b>1. Cost or deemed cost (gross carrying amount)</b> |                |                            |              |
| <b>Balance at 1 April 2015</b>                        | <b>0.35</b>    | <b>1.43</b>                | <b>1.78</b>  |
| Additions   | -              | 3.18                       | 3.18         |
| Capitalised internal development costs                | -              | -                          | -            |
| Acquisitions through business combinations            | -              | -                          | -            |
| Transfer to held for sale                             | -              | -                          | -            |
| Disposals   | -              | -                          | -            |
| Exchange adjustments                                  | -              | -                          | -            |
| Others  | -              | -                          | -            |
| <b>At 31 March 2016</b>                               | <b>0.35</b>    | <b>4.61</b>                | <b>4.96</b>  |
| Additions   | -              | 13.60                      | 13.60        |
| Capitalised internal development costs                | -              | -                          | -            |
| Acquisitions through business combinations            | -              | -                          | -            |
| Transfer to held for sale                             | -              | -                          | -            |
| Disposals   | -              | -                          | -            |
| Exchange adjustments                                  | -              | -                          | -            |
| Others  | -              | -                          | -            |
| <b>At 31 March 2017</b>                               | <b>0.35</b>    | <b>18.22</b>               | <b>18.56</b> |

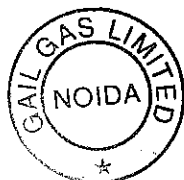
| Accumulated amortization and impairment | (Rs In Crores) |                            |             |
|---|----------------|----------------------------|-------------|
|   | Right of use   | Computer software/licenses | Total       |
| Amortization expense                    | 0.00           | 1.69                       | 1.69        |
| Impairment losses                       | -              | -                          | -           |
| Reversals of impairment losses          | -              | -                          | -           |
| Transfer to held for sale               | -              | -                          | -           |
| Disposals                               | -              | -                          | -           |
| Exchange adjustments                    | -              | -                          | -           |
| Others                                  | -              | 1.62                       | 1.62        |
| <b>At 31 March 2016</b>                 | <b>0.00</b>    | <b>3.31</b>                | <b>3.31</b> |
| Amortization expense                    | -              | 0.89                       | 0.89        |
| Impairment losses                       | -              | -                          | -           |
| Reversals of impairment losses          | -              | -                          | -           |
| Transfer to held for sale               | -              | -                          | -           |
| Disposals                               | -              | -                          | -           |
| Exchange adjustments                    | -              | -                          | -           |
| Others                                  | -              | -                          | -           |
| <b>At 31 March 2017</b>                 | <b>0.00</b>    | <b>4.20</b>                | <b>4.20</b> |

| EPR by Company                 |             |             |             |
|--------------------------------|-------------|-------------|-------------|
| Particulars                    | 2015-16     | 2016-17     | 2017-18     |
| Amortization expense           | 0.00        | 1.69        | 0.89        |
| Impairment losses              | -           | -           | -           |
| Reversals of impairment losses | -           | -           | -           |
| Transfer to held for sale      | -           | -           | -           |
| Disposals                      | -           | -           | -           |
| Exchange adjustments           | -           | -           | -           |
| Others                         | -           | 1.62        | -           |
| <b>Total</b>                   | <b>0.00</b> | <b>3.31</b> | <b>0.89</b> |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)  
**Note 5 - Investments**

| Investments   | Nature of investment | Basis of valuation | (Rs In Crores)     |                    |                   |
|---|----------------------|--------------------|--------------------|--------------------|-------------------|
|   |                      |                    | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|   |                      |                    | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Non-Current Investments</b>  |                      |                    |                    |                    |                   |
| <b>In Joint Venture Companies:</b>  |                      |                    |                    |                    |                   |
| 1 - Andhra Pradesh Gas Distribution Corporation Limited<br>150,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously 150,00,000 Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 100,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares        | Cost               | 15.00              | 15.00              | 10.00             |
| 2 - Kerala GAIL GAS Ltd<br>119,28,000 Equity shares of Rs 10 each fully paid up<br>(Previously 119,28,000 Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 119,28,000 Equity shares of Rs 10 each fully paid up)                                 | Equity shares        | Cost               | 11.93              | 11.93              | 11.93             |
| 3 - RSGL<br>170,25,000 Equity shares of Rs 10 each fully paid up<br>(Previously 100,25,000 Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 25000 Equity shares of Rs 10 each fully paid up)   | Equity shares        | Cost               | 17.03              | 10.03              | 0.03              |
| 4 - Vadodara Gas Limited<br>4,10,08,940 Equity shares of Rs 10 each fully paid up<br>(Previously 4,10,08,940 Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 4,10,08,940 Equity shares of Rs 10 each fully paid up)                             | Equity shares        | Cost               | 41.01              | 41.01              | 41.01             |
| 5 - Haridwar Gas Private Limited<br>75,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously Nil Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 Nil Equity shares of Rs 10 each fully paid up)                                       | Equity shares        | Cost               | 7.50               | -                  | -                 |
| 6 - GOA Natural Gas Private Ltd<br>25,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously Nil Equity shares of Rs 10 each fully paid up)<br>(As at 01.04.2015 Nil Equity shares of Rs 10 each fully paid up)  | Equity shares        | Cost               | 2.50               | -                  | -                 |
| 7 - Advances for Investments (Pending Allotment)<br>- RSGL  |                      | Cost               | 2.97               | 7.00               | 10.00             |
| 8 - APGDC   |                      |                    |                    |                    |                   |
| <b>Total</b>  |                      | Cost               | 7.50               | 7.50               | -                 |
| <b>Current</b>  |                      |                    | 105.44             | 92.46              | 72.96             |
| <b>Non-current</b>  |                      |                    |                    |                    |                   |
|   |                      |                    | 105.44             | 92.46              | 72.96             |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)  
**Note 6 - Loans**

| Particulars  | (Rs In Crores)     |                    |                   |
|--|--------------------|--------------------|-------------------|
|  | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Loans and Other Receivables</b>                           |                    |                    |                   |
| <b>Other recoverables from related parties:</b>              |                    |                    |                   |
| -Receivables from joint ventures (Unsecured considered good) | 6.21               | 2.72               | 2.52              |
| <b>Other loans and receivables:</b>                          |                    |                    |                   |
| - Security deposits:   |                    |                    |                   |
| - Unsecured, Considered Good                                 | 2.69               | 2.69               | 2.82              |
| - Unsecured, Considered Doubtful                             | 3.54               | 3.54               | 3.54              |
| Less : Provision for Doubtful Deposits                       | (3.54)             | (3.54)             | (3.54)            |
| <b>Total Loans and receivables</b>                           | <b>8.90</b>        | <b>5.41</b>        | <b>5.34</b>       |
| Current  | 6.21               | 2.72               | 2.52              |
| Non-current  | 2.69               | 2.69               | 2.82              |

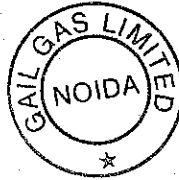




NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 7 - Inventories**

| Particulars               | (Rs In Crores)     |                    |                   |
|---------------------------|--------------------|--------------------|-------------------|
|                           | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|                           | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Raw materials:</b>     | -                  | -                  | -                 |
| <b>Work in progress:</b>  |                    |                    |                   |
| Stock in Trade            | 0.76               | 0.32               | 0.43              |
| <b>Finished goods:</b>    |                    |                    |                   |
| Compressed Natural Gas    | 0.11               | 0.05               | 0.05              |
| <b>Stores and spares:</b> |                    |                    |                   |
| Stores and spares         | 7.08               | 7.20               | 5.53              |
| Material In Transit       | 0.82               | 0.32               | 0.24              |
| <b>Total</b>              | <b>8.77</b>        | <b>7.89</b>        | <b>6.25</b>       |

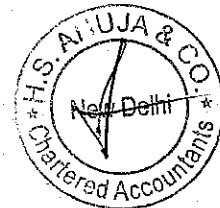


NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)  
**Note 8 - Trade Receivables**

| Particulars                              | (Rs In Crores)     |                    |                   |
|--|--------------------|--------------------|-------------------|
|  | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| Trade receivables                        |                    |                    |                   |
| Receivables from related parties         | 111.59             | 61.97              | 58.03             |
| <b>Total Trade and other receivables</b> |                    |                    |                   |
| Current                                  | 111.59             | 61.97              | 58.03             |
| Non current                              | 111.59             | 61.97              | 58.03             |

Break-up for security details and more than 6 months overdue:

| Particulars  | (Rs In Crores)          |                         |                        |
|--|-------------------------|-------------------------|------------------------|
|  | 31-Mar-17<br>INR Crores | 31-Mar-16<br>INR Crores | 1-Apr-15<br>INR Crores |
| <b>Debts Outstanding for a period exceeding six months :</b> |                         |                         |                        |
| Secured (Considered good)                                    |                         |                         |                        |
| Unsecured (Considered good)                                  |                         | -                       | -                      |
| Unsecured (Considered doubtful):                             | 3.61                    | 3.91                    | 3.20                   |
| <b>Less: Allowance for bad and doubtful debts</b>            |                         |                         |                        |
|  | 3.61                    | 3.91                    | 3.20                   |
| <b>Others Debts</b>  |                         |                         |                        |
| Secured (Considered good)                                    |                         |                         |                        |
| Unsecured (Considered good)                                  |                         |                         |                        |
| Unsecured (Considered doubtful):                             | 107.98                  | 58.06                   | 54.83                  |
|  | 1.25                    | 1.08                    | 1.08                   |
|  | 109.23                  | 59.14                   | 55.91                  |
| <b>Less: Allowance for bad and doubtful debts</b>            |                         |                         |                        |
| <b>Total</b>   | 1.25                    | 1.08                    | 1.08                   |
| <b>Total Trade and other receivables</b>                     | 107.98                  | 58.06                   | 54.83                  |
|  | 111.59                  | 61.97                   | 58.03                  |



**Note 9 - Cash and Cash equivalents**

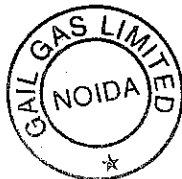
(Rs In Crores)

| Particulars                           | As per Ind AS | As per Ind AS | As per Ind AS |
|---------------------------------------|---------------|---------------|---------------|
|                                       | As at         | As at         | As at         |
|                                       | 31-Mar-17     | 31-Mar-16     | 1-Apr-15      |
| <b>Balances with banks:</b>           |               |               |               |
| - Current accounts                    | 0.80          | 0.50          | 0.29          |
| <b>Cash on hand</b>                   | 1.68          | 0.85          | 0.33          |
| <b>Other Deposits</b>                 |               |               |               |
| Term Deposit with State Bank Of India | 0.28          | -             | -             |
| <b>Total</b>                          | <b>2.76</b>   | <b>1.35</b>   | <b>0.62</b>   |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)  
**Note 10 - Other Non Financial Assets**

| Particulars                                   | (Rs In Crores)     |                    |                   |
|---|--------------------|--------------------|-------------------|
|   | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| Advance tax                                   | 36.72              | 14.22              | 10.91             |
| Less : Provision for tax                      |                    | -                  |                   |
| Claims recoverables:                          |                    |                    |                   |
| - Unsecured considered good                   | 148.19             | 175.56             | 91.21             |
| - Unsecured considered doubtful               | -                  | -                  | -                 |
| Less : Provision for doubtful claims          | -                  | -                  | -                 |
| Other advances recoverable in cash or in kind | 3.54               | 4.80               | 2.49              |
| Prepaid expenses                              | 0.65               | 0.55               | 0.32              |
| <b>Total</b>                                  | <b>189.10</b>      | <b>195.13</b>      | <b>104.93</b>     |
| Current                                       | 189.10             | 195.13             | 104.93            |
| Non current                                   |                    |                    |                   |



**Note 11 - Equity share capital**

| Particulars   | (Rs In Crores)     |                    |                   |
|---|--------------------|--------------------|-------------------|
|   | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Share capital</b>  |                    |                    |                   |
| <b>Authorised</b>   |                    |                    |                   |
| 100,00,00,000 Equity Shares of Rs. 10 each<br>(Previous year 70,00,00,000 Equity shares of Rs. 10 each)<br>(As at 01.04.2015 30,00,00,000 of Rs10 Each) | 1,000.00           | 700.00             | 300.00            |
|   | 1,000.00           | 700.00             | 300.00            |
| <b>Issued, subscribed and fully paid up</b>   |                    |                    |                   |
| 62,70,00,000 Equity shares of Rs. 10 each<br>(Previous year 40,20,00,000 Equity shares of Rs. 10 each)<br>(As at 01.04.2015 30,00,00,000 of Rs10 Each)  | 627.00             | 402.00             | 300.00            |
|   | 627.00             | 402.00             | 300.00            |
| Par Value Per Share (In Rs)   | 10.00              | 10.00              | 10.00             |

**Note 12 - Other equity**

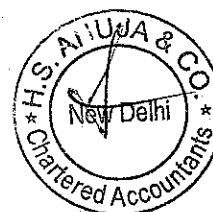
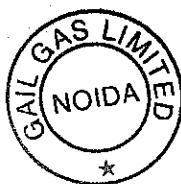
| Particulars   | (Rs In Crores)     |                    |                   |
|---|--------------------|--------------------|-------------------|
|   | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Other equity:</b>  |                    |                    |                   |
| <b>Share Application Money pending Allotment</b>                              |                    |                    |                   |
| i) In form of Consideration in Cash pending Allotment<br>A/C GAIL (India) Ltd | -                  | 34.00              | -                 |
| <b>Retained earnings</b>  |                    |                    | 59.51             |
| Opening balance   | 99.30              | 59.51              |                   |
| Add: Current Year Profit  | 65.02              | 39.79              |                   |
| Less: Appropriation   |                    |                    |                   |
| Dividend Paid   | (8.04)             | -                  |                   |
| Dividend Distribution tax Paid  | (1.64)             | -                  |                   |
| <b>Total</b>  | <b>154.65</b>      | <b>133.30</b>      | <b>59.51</b>      |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 13 - Borrowings**

| Particulars  | (Rs In Crores)     |                    |                   |
|--|--------------------|--------------------|-------------------|
|  | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Non current borrowings</b>  |                    |                    |                   |
| Secured Term loans:  |                    |                    |                   |
| <b>- Union Bank of India</b>   |                    |                    | 78.62             |
| Secured Against all assets of Dewas, Kota Meerut and Sonapat agianst total sanctioned amount of Rs.142 Crore, Loan drawn up to 31.03.2016 is Rs.142 Crore against Rs.127 Crore drawn up to 01.04.2015.<br>Loan has been Swaped with HDFC (ROI as at 01.04.2015 :10.75%)  |                    |                    |                   |
| <b>- HDFC Bank Ltd</b>   | 51.11              | 71.56              | -                 |
| Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all assets of Dewas, Kota, Meerut and Sonapat. (ROI 8.15 % as on 31.03.2017, ROI as on 31.3.2016: 9.30%)  |                    |                    |                   |
| Secured Term loans   |                    |                    |                   |
| <b>- Oil Industry Development Board</b>  | 118.11             | 51.32              | 41.59             |
| Secured against all Assets of TTZ Project. Sanction and drawn up to 31.03.2015 & 31.03.2016 Rs58 Crore. During 2015-16 Company availed Rs.24.23Cr for Dewas, Sonapat &meerut and same was secured against all assets of the cities.<br>Weighted Average ROI as on 31.03.2016 : 8.44% .<br>During 2016-17 The company has availed Rs 63 Crore on 31.01.2017 & Rs 24.35 Crore on 04.02.2017. Loan is secured against all assets of Bangalore CGD project. Loan is repayble in Eight years after monatorium period of two years .Weighted Average ROI as on 31.03.2017 : 7.53%. |                    |                    |                   |
| Secured Term loans   |                    |                    |                   |
| <b>- Oil Industry Development Board</b>  |                    |                    | 10.90             |
| Against Corporate Gurantee given By GAIL , for loan of Rs.118 Crore pertaining to Cities of Dewas Kota Meerut and Sonapat<br>Weighted Average ROI as at 01.04.2015: 8.81%  |                    |                    |                   |
| <b>Total Non Current Borrowings</b>  | <b>169.22</b>      | <b>122.88</b>      | <b>131.11</b>     |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 14 - Deferred Tax Liabilities**

(Rs In Crores)

| Particulars                                | As per Ind AS | As per Ind AS | As per Ind AS |
|--|---------------|---------------|---------------|
|  | As at         | As at         | As at         |
|  | 31-Mar-17     | 31-Mar-16     | 1-Apr-15      |
| Deferred tax liabilities                   | 38.42         | 25.60         | 17.79         |
| Less: Corporate Mat Receivable             | (14.97)       | (15.30)       | (15.18)       |
| <b>Deferred tax assets/liabilities-net</b> | <b>23.45</b>  | <b>10.30</b>  | <b>2.61</b>   |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 15 - Current Liability Borrowings**

| Particulars                         | (Rs In Crores) |               |               |
|-------------------------------------|----------------|---------------|---------------|
|                                     | As per Ind AS  | As per Ind AS | As per Ind AS |
|                                     | As at          | As at         | As at         |
|                                     | 31-Mar-17      | 31-Mar-16     | 1-Apr-15      |
| <b>Current borrowings</b>           |                |               |               |
| Cash Credit Facility with HDFC Bank | 9.48           | 71.95         | 33.67         |
| <b>Unsecured</b>                    |                |               |               |
| STL from HDFC Bank                  | -              | 25.00         | -             |
| STL from ICICI Bank                 | -              | 15.00         | -             |
| <b>Total current borrowings</b>     | <b>9.48</b>    | <b>111.95</b> | <b>33.67</b>  |





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 16 - Trade Payables**

| Particulars                         | (Rs In Crores) |              |               |
|-------------------------------------|----------------|--------------|---------------|
|                                     | As per Ind AS  | As per IGAAP | As per Ind AS |
|                                     | As at          | As at        | As at         |
|                                     | 31-Mar-17      | 31-Mar-16    | 1-Apr-15      |
| Trade payables (to related parties) | 100.57         | 58.16        | 44.16         |
| Trade Payable-Others                | 10.72          | 14.04        | 15.07         |
|                                     |                |              |               |
| <b>Total</b>                        | <b>111.29</b>  | <b>72.20</b> | <b>59.23</b>  |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 17 - Other financial liabilities**

| Particulars  | (Rs In Crores)     |                    |                   |
|--|--------------------|--------------------|-------------------|
|  | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Current maturity of long term Borrowings</b>  |                    |                    |                   |
| <b>Secured Term loans:</b>   |                    |                    |                   |
| - <b>Union Bank of India</b>   |                    |                    | 17.47             |
| Secured against all Assets of four authorised cities of Dewas, Kota Meerut and Sonapat. Against total sanctioned amount of Rs 142 Crore, Drawn Rs142 Cr up to 31.03.2016 (as at 01.04.2015 Rs 127 Crore. Loan has been swaped with HDFC w.e.f 27.01.2016 |                    |                    |                   |
| <b>Secured Term loans:</b>   |                    |                    |                   |
| - <b>HDFC Bank Ltd</b>   | 20.44              | 20.44              | -                 |
| Secured against all assets of four authorised cities of Dewas, Kota Meerut and Sonapat. ROI as on 31.03.2017 8.15%, ROI as on 31.03.2016 :9.30%  |                    |                    |                   |
| <b>Secured Term loans</b>  |                    |                    |                   |
| - <b>Oil Industry Development Board</b>  | 14.50              | 14.50              | 11.41             |
| Secured against all Assets of TTZ Project. Sanction and drawn up to 31.03.2015 & 31.03.2016 Rs58 Crore. During 2015-16 Company availed Rs.24.23Cr from OIIB for Dewas, Sonapat & Meerut and same was secured against all assets of the cities.           |                    |                    |                   |
| <b>Secured Term loans</b>  |                    |                    |                   |
| - <b>Oil Industry Development Board</b>  |                    | 10.90              | 29.50             |
| Against Corporate Gurantee given by GAIL (India) Ltd for Loan of Rs.118 Crore. Pertaining to cities of Dewas, Kota, Meerut and Sonapat.  |                    |                    |                   |
| Company drawn loan for Rs.24.23 Crore on 06.01.2016, secured against all assets of Dewas, Sonapat, Meerut . ROI 7.97%  | 6.06               |                    |                   |
| <b>Other financial liabilities at amortised cost:</b>  |                    |                    |                   |
| Deposits/Retention Money from Customers/contractors/others   | 61.58              | 49.90              | 47.79             |
| <b>Other payables</b>  |                    |                    |                   |
| Interest accrued but not paid  | -                  | -                  | 0.20              |
| Audit fee payable  | -                  | 0.02               | 0.03              |
| Other Liabilities  | 4.35               | 3.07               | 0.75              |
| <b>Total other financial liabilities at amortised cost</b>   | <b>106.93</b>      | <b>98.83</b>       | <b>107.15</b>     |
| <b>Current Liabilities</b>   |                    |                    |                   |
| <b>Non current Liabilities</b>   | <b>106.93</b>      | <b>98.83</b>       | <b>107.15</b>     |
| <b>Total</b>   | <b>106.93</b>      | <b>98.83</b>       | <b>107.15</b>     |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)  
**Note 18 - Provisions**

| Particulars                      | (Rs In Crores)     |                    |                   |
|----------------------------------|--------------------|--------------------|-------------------|
|                                  | As per Ind AS      | As per Ind AS      | As per Ind AS     |
|                                  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Provisions</b>                |                    |                    |                   |
| Provisional Liabilities          |                    |                    |                   |
| Provision for Tax                | 30.08              | 24.64              | 13.39             |
| Provision for Pay revision & PRP | 33.67              | 12.41              | 9.77              |
|                                  | 7.70               | -                  | -                 |
| <b>Total</b>                     |                    |                    |                   |
| Current                          | 71.45              | 37.05              | 23.16             |
| Non-current                      | 71.45              | 37.05              | 23.16             |
| <b>Total</b>                     | 71.45              | 37.05              | 23.16             |



**Note 19 - Other Current Non Financial Liabilities**

| Particulars                      | (Rs In Crores)     |                    |                   |
|----------------------------------|--------------------|--------------------|-------------------|
|                                  | As per Ind AS      | As per IGAAP       | As per Ind AS     |
|                                  | As at<br>31-Mar-17 | As at<br>31-Mar-16 | As at<br>1-Apr-15 |
| <b>Statutory payables</b>        |                    |                    |                   |
| Service Tax Payable              | 0.19               | 0.05               | 0.04              |
| TDS, VAT, Excise and WCT payable | 5.90               | 4.63               | 5.77              |
| <b>Total</b>                     | <b>6.09</b>        | <b>4.68</b>        | <b>5.81</b>       |
| <b>Current</b>                   | <b>6.09</b>        | <b>4.68</b>        | <b>5.81</b>       |
| <b>Non current</b>               | <b>0.00</b>        | <b>0.00</b>        | <b>0.00</b>       |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 20 Revenue from Operations**

| Particulars                             | (Rs In Crores)  |                 |
|---|-----------------|-----------------|
|   | As per Ind AS   | As per Ind AS   |
|   | As at           | As at           |
|   | 31-Mar-17       | 31-Mar-16       |
| Sale of products/Gas                    | 2,749.82        | 1,493.31        |
| Gas Transmission charges                | 63.78           | 68.32           |
| <b>Other operating Revenues:</b>        |                 |                 |
| Application Fees Domestic Connections   | 0.46            | 0.07            |
| Interest Income from Customers & Others | 0.63            | 1.20            |
| Misc-Income Extra Pipe Line             | 0.14            | 0.25            |
| Misc-Income Other Sales Service         | 0.01            | 0.06            |
| MGO Receipts                            | 1.63            | 3.08            |
|   | <b>2,816.47</b> | <b>1,566.29</b> |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 21 Other Income**

(Rs In Crores)

| Particulars                         | As per Ind AS | As per Ind AS |
|-------------------------------------|---------------|---------------|
|                                     | As at         | As at         |
|                                     | 31-Mar-17     | 31-Mar-16     |
| Interest income                     | 0.93          | 0.22          |
| Liquidated damages                  | -             | -             |
| Miscellaneous Receipts              | 1.46          | 1.03          |
| Profit/Loss on Sale of Fixed Assets | -             | 0.04          |
| Tender fees                         | 0.03          | 0.02          |
|                                     | <b>2.43</b>   | <b>1.30</b>   |

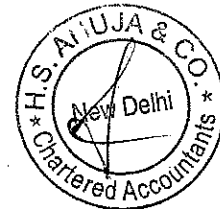


NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 22 Gas Consumed**

(Rs In Crores)

| Particulars  | As per Ind AS |             |
|--|---------------|-------------|
|  | As at         | As at       |
|  | 31-Mar-17     | 31-Mar-16   |
| <b>Opening Stock</b>                                   | <b>0.37</b>   | <b>0.48</b> |
| Add:Purchases  | 2607.74       | 1405.33     |
| less: Gas Consumed                                     | 2597.29       | 1398.50     |
| Less: Gas Consumed as Fuel including Abnormal Gas Loss | 9.95          | 6.94        |
| <b>Closing Stock</b>                                   | <b>0.87</b>   | <b>0.37</b> |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 23 Employee benefit expenses**

| Particulars                                  | (Rs In Crores) |               |
|--|----------------|---------------|
|  | As per Ind AS  | As per Ind AS |
|  | As at          | As at         |
|  | 31-Mar-17      | 31-Mar-16     |
| Salary Wages & Allowances                    | 28.25          | -             |
| Contribution to Provident Fund               | 2.48           |               |
| Welfare Expenses                             | 8.94           |               |
| Less: Employees Benefits Transferred to IEDC | (17.05)        |               |
|  | <b>22.62</b>   | -             |





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 24 Finance Cost**

| Particulars                                   | (Rs In Crores)     |                    |
|---|--------------------|--------------------|
|   | As per Ind AS      | As per Ind AS      |
|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 |
| Interest on Term Loan From Banks              | 7.31               | 9.90               |
| Interest on Cash Credit Facilities            | 7.00               | 6.04               |
| Interest on OIBD Loan (Secured)               | 5.55               | 7.18               |
| IEDC TFD to CWIP - Interest & Finance Charges | (2.41)             | (4.24)             |
|   | <b>17.45</b>       | <b>18.87</b>       |

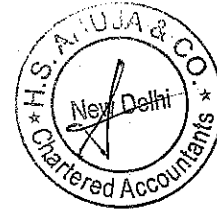


NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 25 Depreciation & Amortisation Expenses**

(Rs In Crores)

| Particulars                          | As per Ind AS | As per Ind AS |
|--------------------------------------|---------------|---------------|
|                                      | As at         | As at         |
|                                      | 31-Mar-17     | 31-Mar-16     |
| Depreciation & Amortisation Expenses | 15.66         | 13.78         |
|                                      |               |               |
|                                      | <b>15.66</b>  | <b>13.78</b>  |

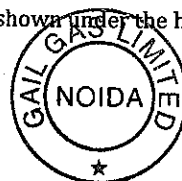


**Note : 26 Other Expenses**

| Particulars  | (Rs In Crores)     |                    |
|--|--------------------|--------------------|
|  | As per Ind AS      | As per Ind AS      |
|  | As at<br>31-Mar-17 | As at<br>31-Mar-16 |
| <b>Power &amp; Fuel Charges</b>  |                    |                    |
| Electricity Charges  | 0.83               | 0.64               |
| Fuel Charges   | 2.88               | 2.85               |
| Rent-Office & Others   | 6.21               | 5.84               |
| Repairs and Maintenance-P&M  | 14.46              | 9.69               |
| Repairs and Maintenance-Buildings                                      | 0.10               | 0.45               |
| Insurance Charges  | 0.30               | 0.31               |
| Rates & Taxes  | 0.33               | 0.76               |
| Payment to Auditors  |                    |                    |
| Audit Fees (incl other Certification)                                  | 0.05               | 0.04               |
| Out of Pocket Expenses   | 0.02               | 0.01               |
| <b>Management Service Cost (Note 1)</b>                                |                    |                    |
| Salaries, Wages and Allowances   | -                  | 33.31              |
| Contribution to Provident and Other Funds                              | -                  | 2.02               |
| Welfare Expenses   | -                  | 3.23               |
| Less : Management Service Cost transferred to Capital Work-in-Progress |                    | (15.75)            |
| <b>Other Misc Expenses</b>   |                    |                    |
| Stores & Spares Consumed   | 3.51               | 1.26               |
| Loss/Gain (+/-) of Foreign Currency Transaction                        | (0.04)             | 0.06               |
| Water Charges  | 0.01               | 0.01               |
| Communication Exp  | 0.26               | 0.15               |
| Printing & Stationery  | 0.38               | 0.26               |
| Travelling Exp   | 2.31               | 2.68               |
| Books & Periodicals  | 0.01               | 0.00               |
| Advt & Publicity   | 1.08               | 0.72               |
| Training Exp   | 0.14               | 0.17               |
| Vehicle Hire & Running Exp   | 1.57               | 1.49               |
| Consultancy & Legal Charges  | 2.47               | 2.06               |
| Data Processing Exp  | 2.06               | 0.92               |
| Selling & Distribution Exp   | 0.16               | 0.14               |
| Dealer Commission  | 3.18               | 2.64               |
| Security Exp   | 1.95               | 1.58               |
| Other Misc Exp   | 1.34               | 1.02               |
| Provision Against Doubtful Claims                                      | 0.16               | -                  |
| Other Exp-Abnormal Loss  | 7.07               | 4.09               |
| Expenses on Cities Written off   | -                  | 5.98               |
| Other Exp - Interest/Penalty Charges-Statutory                         | 0.10               | 0.03               |
| <b>Less: Expenditure transferred to CWIP</b>                           |                    |                    |
| IEDC- Security Expenses  | (0.61)             | (0.55)             |
| IEDC- Rent & Warehouse Exp.  | (3.03)             | (3.47)             |
| IEDC - TRAVELLING & CONV. EXP  | (0.95)             | (1.68)             |
| IEDC - Vehicle Hire Charges  | (0.34)             | (0.54)             |
| IEDC- Others   | -                  | (0.14)             |
|  | <b>47.97</b>       | <b>62.28</b>       |

**Note:**

During the previous year all the employees posted at GAILGAS were on the roll of GAIL(India) Ltd, hence the expenditure reimbursed to GAIL was shown under Management service cost (Other expenses). However during the year such expenditure has been shown under the head of "Employee Benefit Expenses".



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 27 Tax Expenses**

| Particulars  | (Rs In Crores) |               |
|--------------|----------------|---------------|
|              | As per Ind AS  | As per Ind AS |
|              | As at          | As at         |
|              | 31-Mar-17      | 31-Mar-16     |
| Current tax  | 21.57          | 11.60         |
| Deferred Tax | 12.84          | 8.36          |
|              |                | -             |
|              | <b>34.41</b>   | <b>19.96</b>  |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 28 Contingent Liabilities**

| Particulars   | (Rs In Crores)     |                    |
|---|--------------------|--------------------|
|   | As at<br>31-Mar-17 | As at<br>31-Mar-16 |
| BG Issued   | 6716.31            | 5,225.42           |
| Court Cases   | 23.59              | 23.06              |
| Arbitration Cases   | 21.10              | 18.66              |
| Statutory   |                    |                    |
| Demand received from Commissioner, Central Excise, Dewas in connection with wrong filling of ER-1 for the month of Sept 2010. | 1.74               | 1.74               |
| Share in Contingent Liability of Joint Venture  | 31.01              | 6.03               |
|   | <b>6,793.75</b>    | <b>5,274.91</b>    |



**Note 29**

**GAIL Gas Limited**

**First-time adoption of Ind AS**

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

**Optional exemptions availed and mandatory exceptions**

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

**A. Optional exemptions availed**

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress and intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

**B. Mandatory exceptions**

**1. Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

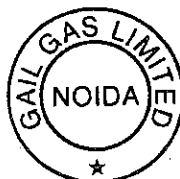
As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

**2. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**GAIL Gas Limited**

First time adoption - Ind AS 101

**Reconciliation of Equity**

(Amounts In Crores)

| Particulars  | Notes to first time adoption | Thursday, March 31, 2016 | Wednesday, April 01, 2015 |
|--|------------------------------|--------------------------|---------------------------|
| <b>Equity as per Previous GAAP (Indian GAAP)</b>                         |                              | 525.91                   | 360.62                    |
| <b>Add:</b>  |                              |                          |                           |
| Reversal of Proposed dividend and tax on proposed dividend               | a                            | 9.68                     | -                         |
| Reversal of depreciation on right to use                                 | c                            | 0.00                     | -                         |
| Reversal of prior period items   | d                            | 1.62                     | -                         |
| Deferred Tax Asset on Ind AS adjustments                                 |                              | -                        | 0.59                      |
| <b>Less:</b>   |                              |                          |                           |
| Depreciation on stores and spares classified as PPE in retained earnings | b                            | (0.04)                   | (0.08)                    |
| Prior period adjustments restated  | d                            | -                        | (1.62)                    |
| Deferred Tax Liability on Ind AS adjustments                             | e                            | (0.55)                   | -                         |
| Survey Expenditure Considered  |                              | (0.20)                   | -                         |
| <b>Total adjustments</b>   |                              | <b>10.51</b>             | <b>(1.11)</b>             |
| <b>Ind AS adjustments as at transition date</b>                          |                              | <b>(1.11)</b>            | <b>-</b>                  |
| <b>Equity as per Ind AS</b>  |                              | <b>535.30</b>            | <b>359.51</b>             |

**Reconciliation of Total comprehensive income**

(Amounts in Crores)

| Particulars  | Notes to first time adoption | 31 March 2016 |
|--|------------------------------|---------------|
| <b>Net Profit after tax as per previous GAAP (Indian GAAP)</b>           |                              | 38.96         |
| <b>Add:</b>  |                              |               |
| Reversal of depreciation on right to use                                 | c                            | 0.00          |
| Reversal of prior period items   | d                            | 1.62          |
| <b>Less:</b>   |                              |               |
| Depreciation on stores and spares classified as PPE in retained earnings | b                            | (0.04)        |
| Deferred Tax Liability on Ind AS adjustments                             | e                            | (0.55)        |
| Survey Expenditure Considered  |                              | (0.20)        |
| <b>Total adjustments</b>   |                              | <b>0.84</b>   |
| <b>Profit after taxes as per Ind AS</b>                                  |                              | <b>39.79</b>  |
| <b>Other comprehensive income (net of taxes)</b>                         |                              | <b>-</b>      |
| <b>Total comprehensive income under Ind AS</b>                           |                              | <b>39.79</b>  |

**Notes to first time adoptions**

**Notes:**

a) Under previous GAAP, proposed dividend is recognised as a liability in the period to which it relates. Under Ind AS, dividend is adjusted directly in Equity in the period in which it is declared/approved irrespective of the period to which it relates. Accordingly, an amount of Rs. 9.68 crores towards dividend (including dividend distribution tax) recognized as liability in financial year 2015-16 as per Previous GAAP has been reversed and the same is adjusted in Equity in the year 2016-17 as declared, approved and paid.

b) Under previous GAAP, machinery spares are usually charged to the profit and loss statement as and when consumed. Under Ind AS, spare parts are, retrospectively, recognized in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Depreciation of an asset begins when it is available for use. Spare parts are generally available for use from the date of its purchase. Accordingly, following amount of spares are capitalized, with depreciation calculated retrospectively from the date of its purchase.

|  | 31-Mar-15 | 31-Mar-16 |
|--|-----------|-----------|
| Spares recognized in accordance with Ind AS 16     | 0.41      | -         |
| Retrospective calculation of depreciation on above | 0.08      | 0.04      |

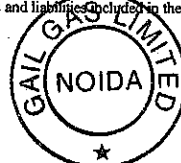
c) Under previous GAAP, the useful life of an intangible asset may not be indefinite. Under Ind AS, useful life of an intangible asset may be finite or indefinite. Ind AS 38 does not allow amortization of an intangible asset with indefinite life. Accordingly, depreciation on intangible asset - 'right to use' of Rs. 0.00 crore has been reversed in financial year 2015-16 as the useful life of the said asset is indefinite.

d) Under previous GAAP, prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived. Under Ind AS, material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. Accordingly, prior period adjustments of Rs. 1.62 crores made in financial year 2015-16 has been reversed; and impact of the same is taken in the opening balance sheet, i.e., April 1, 2015.

e) Previous GAAP required recognition of deferred tax using the income statement approach; however, Ind-AS requires the Company to recognise deferred tax using the balance sheet approach. The effect on account of application of Ind-AS has been duly accounted.

f) Under previous GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, the Statement of Profit and Loss under previous GAAP has been reconciled with profit and loss statement and total other comprehensive income as per Ind - AS.

g) In the preparation of these Ind-AS Financial Statements, the Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statements, some line items are described differently under Ind-AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.



**Note 30: Disclosure on Specified Bank Notes (SBNs)**

During the year, the company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308 ('E) Dated March 31 st 2017 on the details of Spefied Bank Notes (SBN) held and transacted transacted during the period from November 8th, 2016 to December 30 2016. The denomination wise SBNs and other notes as per the notification is given below: (In Rs)

| DENOMINATION OF NOTES                 | SBNs *    | OTHER DENOMINATION NOTES | TOTAL     |
|---------------------------------------|-----------|--------------------------|-----------|
| CLOSING CASH IN HAND AS ON 08.11.2016 | 4881000   | 2406482                  | 7287482   |
| (+) PERMITTED RECEIPTS                | 101872450 | 129071123                | 230943573 |
| (-) PERMITTED PAYMENTS                |           |                          | 0         |
| (-) AMOUNT DEPOSITED IN BANK          | 106753450 | 116574801                | 223328251 |
| CLOSING CASH IN HAND AS ON 30.12.2016 | 0         | 14902804                 | 14902804  |

\* For the purposes of this clause, the term "Spesified bank Notes " shall have the same meaning provided in the Notification of Government of India, in the ministry of Finance , Department of Economic Affiars number 5.O.3407('E) dated 08th November 2016.





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

31. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost & travelling expenses have been directly identified to the project activities and operation activities respectively on actual basis and accounted for accordingly. Expenses related to rent, vehicle hire charges, security charges and other expenses have been allocated to Incidental Expenditure during the construction and charged to Statement of Profit & Loss in the ratio of manpower identified for project activities and operation activities respectively during the year.
32. The Incidental Expenditure during Construction amounting to Rs.21.98 Crores (Previous Year Rs. 22.13 Crores) have been allocated to completed Project & Capital work in progress in the ratio of direct and indirect allocated cost of assets.
33. (a) CWIP includes asset under construction which are under different stage of completion, capitalization will be made after scrutiny of all cases. An amount of Rs.0.68 Crores (Previous Year Rs.1.67 Crores) held under CWIP related to expenditure incurred for bidding conducted by PNGRB.
- (b) During the year company has charged to revenue expenses for Rs.0.40 Crores incurred on account of survey and investigation expenses for the unsuccessful geographical area related to Sholapur and Bhopal. Since, these geographical areas had been awarded to different entities other than GAIL Gas Ltd, hence the operations in those geographical areas wouldn't be done by GAIL Gas Ltd.
- (c) The capital expenditure incurred to the tune of Rs.4.05 Crores for one CNG Station at Mathura has been shown under Capital Work in Progress (CWIP). The permission from NHAI for laying of pipelines along the National Highway -2 has already been received and the construction is under-going and will be capitalized in due course.
- (d) All the lands appearing in the books are procured from various government agencies. Total Land value as on 31.03.2017 is of Rs.23.88 Crores out of which Rs.12.79 Crores is Freehold Land and Rs.11.09 Crores is Leasehold Land. Out of Rs.12.79 Crores of Freehold land, the execution of sale deed of the freehold land (3004.42 sq.mtr) of Rs.1.90 Crores is pending. Mutation of Freehold Lands is in process.
- (e) Building of Rs.40.10 Crores includes the building of Rs.14.08 Crores which is constructed on the land provided by GAIL (India) Ltd. The terms and conditions on which land has been provided to GAIL Gas Ltd are yet to be finalized.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Building of Rs.4.14 Crores is constructed on the land (693 sq. mtr) provided by the BMTC at free of cost for the CNG Station installed at Bengaluru Municipal Transport Corporation (BMTC) bus depot. The documentation of which is pending for execution.

Building of Rs.3.26 Crores is constructed on the land provided by the dealer, warehouse and developers.

Building of Rs.2.24 Crores is constructed on the land (2080 sq. mtr) taken on lease for the period of 05 years ending 05 Oct 2019 from MPAKVN Ltd.

(f) 14 CNG Stations have commenced their operation without completing the licensing requirement and other legal formalities.

34. a) The total authorized capital of the Company is Rs. 1000 Crores (Previous Year Rs.700 Crores) against which Rs.627 Crores (Previous Year Rs.402 Crores) has been issued as on balance sheet date.

b) The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board.

35. Capital Commitment Disclosure

a) The estimated amount of contracts over Rs. 5 Lac amounting to Rs.258.14 Crores (Previous Year Rs.313.54 Crores) are remaining to be executed on capital accounts and not provided for.

b) The Company has no uncalled liability on shares and other investments partly paid.

c) Provisional liability of Rs.30.08 Crores (Previous Year Rs.24.64 Crores) has been made in the books of accounts as at 31.3.2017 which will be settled as per actual bills.

36. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):

| Particulars   | (Rs.)   |         |
|---|---------|---------|
|   | 2016-17 | 2015-16 |
| i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;  | Nil     | Nil.    |
| ii) The amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year; | Nil     | Nil     |
| iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the      | Nil     | Nil     |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

|  |     |     |
|--|-----|-----|
| interest specified under this Act;   |     |     |
| iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and  | Nil | Nil |
| v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | Nil | Nil |

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

37. Information required as per Schedule III of the Companies Act, 2013

(Rs in Crores)

I. CIF Value of Import

|                     | 2016-17 | 2015-16 |
|---------------------|---------|---------|
| CIF Value of Import | Nil     | Nil     |

II. Expenditure in Foreign Currency

(Rs. in Crores)

|                    | 2016-17 | 2015-16 |
|--------------------|---------|---------|
| Others- Travelling | 0.03    | 0.12    |

III.

|   | 2016-17 | 2015-16 |
|---|---------|---------|
| Total Value of imported Raw Material, spare parts and components consumed % of total    | 9.10%   | 65.39%  |
| Total Value of Indigenous raw materials, spare parts and Components consumed % of total | 90.90%  | 34.61%  |
| TOTAL % AGE   | 100%    | 100%    |

38. Details of purchases are as under

| Particulars               | Rs in Crores. |
|---------------------------|---------------|
| Goods Purchased           |               |
| a. Compressed Natural Gas | 0.00          |
|                           | (0.00)        |
| b. Natural Gas            | 2607.74       |
|                           | (1405.33)     |

(The figure in the brackets pertains to previous year).



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

39. During the year 2016-17, authorization for City Gas Distribution Network in the geographical area of North Goa district has been granted to the consortium of GAIL Gas Limited and Bharat Petroleum Corporation Limited (BPCL) by Petroleum and Natural Gas Regulatory Board. The consortium company namely Goa Natural Gas Limited has been registered with ROC on dated 13<sup>th</sup> Jan 2017. As per MOU entered into with BPCL all costs related to submission of joint bids such as Cost of developing PFR and/or DFR, Application money, Bid Bond, Bid Document, Maps etc, shall be shared equally by parties. The Performance Bank Guarantee to the tune of Rs.1504 Crores has been submitted by GAIL Gas Ltd which is backed by Corporate Guarantee of Rs. 752 Crores each by BPCL and GAIL (India) Ltd.

40. Claim recoverable to the tune of Rs.112.67 Crores (Previous Year Rs. 169.83 Crores) represent excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas in the state of Haryana and Gujarat. The recovery of balance refund is being pursued and considered good.

41. Corporate Social Responsibility

- a) Gross amount required to be spent by the company during the year was Rs.0.63 Crores (Previous Year Rs.0.47 Crores)
- b) Amount spent during the year on:

|   | In-Cash | Yet to be paid<br>in-cash | Total |
|---|---------|---------------------------|-------|
| i). Construction/acquisition of any asset | Nil     | Nil                       | Nil   |
| ii). On purposes other than (i) above     | Nil     | Nil                       | Nil   |

(c) In accordance with generally accepted accounting principles of accounting no provision for the above amount has been made since no CSR activity was identified during the year & no liability has been incurred which needs to be recognized in the financial statements.

(d) The draft CSR Policy of GAIL Gas Ltd. has been approved by the duly constituted CSR Committee of the Board and the recommendations of the CSR Committee are required to be approved by the GAIL Gas Board in its forthcoming meeting. However, as per the provision of the Companies Act, 2013, on approval of the CSR Policy by the Board of GAIL Gas Ltd., a non-lapsable CSR expenditure to the tune of Rs.1.52 Crores and need to be spent upto the financial year 2016-17. The same would be spent in the next financial year 2017-18.



42. The details of amount paid to Auditor during the year vis-à-vis previous year is as under:

| (Rs. in Crores.)             |             |             |
|------------------------------|-------------|-------------|
| Particulars                  | 2016-17     | 2015-16     |
| a. Statutory Audit fee:      | 0.04        | 0.04        |
| b. Others Services           | 0           | 0           |
| c. Reimbursement of Expenses | 0.01        | 0.01        |
| <b>TOTAL</b>                 | <b>0.05</b> | <b>0.05</b> |

43. Salary and allowances payment of employees posted at GAIL Gas Ltd are being paid from GAIL Gas Ltd. However the provisions in respect of employee's benefits and disclosure requirements in terms of Ind AS 19 has not been provided in accounts as same have been complied by Holding Company M/s GAIL (India) Ltd.
44. The Company has taken Term loan from OIDB and HDFC to finance the project activities in the TTZ, Bengaluru, Dewas, Kota, Meerut and Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of Ind AS16 "Borrowing Costs", the total finance cost pertaining to term loans amounting to Rs.13.00 Crores (Previous Year Rs. 17.07 Crores ) was incurred, out of which an amount of Rs.2.41 Crores (Previous Year Rs. 4.24 Crores) was capitalized during the period.
45. The company operates in a single segment of Natural Gas business and therefore the disclosure requirements as per Ind AS 108 "Operating Segment" are not required to be disclosed. However Entity-wide disclosures are as below:-

**Information about products and services:**

The Company is in a single line of business of "Sale of Natural Gas".

**Geographic Information:**

The company operates presently in the business of Natural Gas, including city gas distribution in India. Accordingly, revenue from customers and all assets are located in India only.

**Information about major customers:**

Nine customers during the year ended 31st March 2017 and Six customers during the year ended 31st March 2016 contributed to more than 10% of the revenue individually. Revenue from these customers was Rs.2019.90 Crores and



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Rs.619.83 Crores during the year ended 31st March, 2017 and 31st March, 2016 respectively.

**46. Related Party Disclosures**

A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd, (Holding Company) either singly or jointly.

B. **Related Party disclosure as per Ind AS 24.**

a. Relation and name of the related parties are:

i. **Holding Company**

GAIL (India) Ltd.

ii. **Indian Joint Venture Companies**

Andhra Pradesh Gas Distribution Corporation Ltd.  
Kerala GAIL Gas Limited.  
Vadodara Gas Limited.  
Rajasthan State Gas Limited.  
Haridwar Natural Gas Pvt. Ltd.  
GOA Natural Gas Pvt. Ltd.

iii. **Key Management Personnel:**

**Chairman & Non-Executive Director**

Mr. B. C Tripathi

**Non-Executive Director**

Mr. Ashutosh Karnatak  
Mr. Subir Purkayastha  
Mrs. Anuradha Sharma Chagti  
Mr. R C Gupta  
Mr. A K Jana  
Mrs. Vandana Chanana

**Chief Executive Officer: - Mr. Pankaj Kumar Pal**

**Chief Financial Officer: - Mrs. Jyoti Dua**

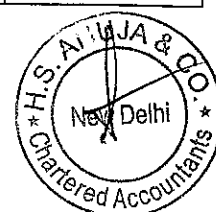
**Company Secretary: - Mr. Deepak Asija (w.e.f. 13<sup>th</sup> April 2016)**



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

(B) Related Party Transactions

| (Rs. in Crores) |  |                      |                  |                          |
|-----------------|--|----------------------|------------------|--------------------------|
| Sl No           | Particulars  | Holding Co.          | Joint Venture    | Key Management Personnel |
| 1               | Purchase of Goods  | 2607.74<br>(1405.33) | 0<br>(0)         | 0<br>(0)                 |
| 2.              | Interest on Delayed Payment  | 0.00<br>(0.08)       | 0<br>(0)         | 0<br>(0)                 |
| 3.              | Sales of Goods   | 0<br>(0)             | 0<br>(0)         | 0<br>(0)                 |
| 4.              | Reimbursement of Remuneration to Key Management personnel- Salary & Allowances   | 0<br>(0)             | 0<br>(0)         | 1.00<br>(1.06)           |
| 5               | Reimbursement of remuneration to staff   | 0<br>(41.27)         | 8.63<br>(5.98)   | 0<br>(0)                 |
| 6               | Rent   | 3.00<br>(3.00)       | 0<br>(0)         | 0<br>(0)                 |
| 7.              | Outstanding Balance Payable  | 101.73<br>(62.12)    | 0<br>(0)         | 0<br>(0)                 |
| 8               | Outstanding Balance Receivable   | 0<br>(0)             | 6.21<br>(2.72)   | 0<br>(0)                 |
| 9               | Provision for Bad Debt   | 0<br>(0)             | 0.16<br>(0)      | 0<br>(0)                 |
| 10              | Bad Debt written off   | 0<br>(0)             | 0<br>(0)         | 0<br>(0)                 |
| 11              | Corporate Guarantee given to OADB for term loan availed as at Balance Sheet date   | 118.00<br>(118.00)   | 0<br>(0)         | 0<br>(0)                 |
| 12.             | Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date (including Rs.752 Crores given during the year 2016-17) | 5951.99<br>(5199.99) | 0<br>(0)         | 0<br>(0)                 |
| 13              | Investment in JVAPGDC as at Balance Sheet date   | 0<br>(0)             | 22.50<br>(22.50) | 0<br>(0)                 |
| 14              | Investment in JV KGGL as at Balance Sheet date   | 0<br>(0)             | 11.93<br>(11.93) | 0<br>(0)                 |
| 15              | Investment in JV VGL as at Balance Sheet date  | 0<br>(0)             | 41.01<br>(41.01) | 0<br>(0)                 |
| 16              | Investment in JV RSPCL as at Balance Sheet date  | 0<br>(0)             | 20.00<br>(17.03) | 0<br>(0)                 |
| 17              | Investment in JV HNGPL as at Balance Sheet date  | 0<br>(0)             | 7.50<br>(0)      | 0<br>(0)                 |
| 18              | Investment in JV GNGPL as at Balance Sheet date  | 0<br>(0)             | 2.50<br>(0)      | 0<br>(0)                 |
| 19              | Share allotment to Holding   | 225                  | 0                | 0                        |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

|          |       |     |     |
|----------|-------|-----|-----|
| Company. | (102) | (0) | (0) |
|----------|-------|-----|-----|

(Figure shown in brackets pertains to previous year).

GAIL Gas Ltd. has formed six Joint Venture Companies by executing Joint Venture Agreement / share holder agreement with various State Governments & Corporates. In all these companies it was agreed that Equity Shareholding of both the promoters will be in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the shareholder agreement executed amongst them.

There is no provision towards payment of Management fees to the operator accordingly no management fee has been paid, therefore, no provision has been made in the books of accounts for same.

No provision has been made for the leasehold charges in respect of land provided by the Holding Company M/s GAIL (India) Ltd used for setting up CNG Station at Dibyapur, Vijaipur, Kovvur, Kota and Bengaluru as the terms and conditions are yet to be finalised.

**47. Earning per Share**

| Particulars                           | 2016-17      | 2015-16      |
|---------------------------------------|--------------|--------------|
| Profit after Tax (Rs. in Crores)      | 65.02        | 39.79        |
| Weighted Average No. of Equity Shares | 53,18,41,096 | 33,20,00,000 |
| Nominal Value per Share (in Rs.)      | 10.00        | 10.00        |
| Earning per Share Basic (in Rs.)      | 1.22         | 1.20         |
| Earning per Share Diluted (in Rs.)    | 1.22         | 1.20         |

**48. In compliance of Ind AS 12 on "Income Taxes" issued by the Institute of Chartered Accountants of India, the Company has created tax liability as per details given below:-**

**a) Income tax related to items charged or credited directly to profit or loss during the year:**

| Statement of profit or loss                                   | 31-Mar-17    | 31-Mar-16    |
|---|--------------|--------------|
| <b>Current income tax:</b>                                    |              |              |
| Current income tax charge                                     | 21.57        | 11.60        |
| <b>Deferred tax:</b>  |              |              |
| Relating to origination and reversal of temporary differences | 12.84        | 8.36         |
| <b>Tax expense</b>  | <b>34.41</b> | <b>19.96</b> |





**b) Reconciliation of effective tax rate**

|   | 31-Mar-17             | 31-Mar-16             |
|---|-----------------------|-----------------------|
| Profit before income taxes                                  | 99.43                 | 59.75                 |
| Effective tax rate  | 21.69%                | 19.41%                |
| Computed effective tax expenses                             | 21.57                 | 11.60                 |
| Effect of Ind AS adjustment                                 | 0.00                  | (0.04)                |
| Movement in deferred tax liability                          | 12.84                 | 8.40                  |
| <b>Income tax charged to Statement of Profit &amp; Loss</b> | <b>34.41 (34.61%)</b> | <b>19.96 (33.41%)</b> |

**c) Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

|  | 31-Mar-17      | 31-Mar-16     |
|--|----------------|---------------|
| Property, Plant and Equipment                                  | (12.90)        | (8.36)        |
| Provisions   | 0.06           | 0.00          |
| <b>Deferred tax (assets)/ liabilities</b>                      | <b>(12.84)</b> | <b>(8.36)</b> |
| Offsetting of deferred tax assets and deferred tax liabilities | 0.00           | 0.00          |
| <b>Net Deferred tax (assets)/ liabilities</b>                  | <b>(12.84)</b> | <b>(8.36)</b> |

49. During the year total gas loss is Rs.7.64 Crores (Previous Year Rs.4.44 Crores), which is within the permissible limit considering the Company as a whole, however abnormal loss is Rs.7.07 Crores (Previous Year Rs.4.08 Crores). Site wise breakup is as below:

| Site      | (Rs.in Crores) |         |
|-----------|----------------|---------|
|           | 2016-2017      | 2015-16 |
| Meerut    | 2.49           | 1.09    |
| Sonepat   | 2.69           | 2.75    |
| Kota      | 0.05           | 0.24    |
| Dewas     | 1.41           | 0.00    |
| Bengaluru | 0.43           | 0.00    |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

50. These are the Company's first financial statements prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 First-time Adoption of Indian Accounting Standard, with 1<sup>st</sup> April 2015 as the transition date and IGAAP as previous GAPP. An explanation of how the transition to Ind-AS has affected the Company's Balance Sheet, Statement of Profit and Loss is provided in Note No 29.
51. The company has an equity investment in a joint venture company M/s Andhra Pradesh Distribution Corporation (APGDC) and M/s Rajasthan State Gas Limited (RSGL) of Rs.22.50 Crores and Rs.20 .00 Crores respectively which includes the additional funds contributed of Rs.7.50 Crores in APGDC and Rs.2.97 Crores in RSGL respectively. The additional funds have been contributed as per the joint venture agreement which has been shown as a part of investment.

**52. Notes on Financial Risk Management**

**Financial risk management**

The Company's financial risk management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk which the entity is exposed to and how the company manages the risk.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

**(i). Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

**(a) Interest rate risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed interest instruments.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

*Sensitivity analysis:*

The table below summarizes the impact of a potential increase or decrease on the Company's profit before tax, as applied to the variable element of interest rates on loans and borrowings. The increase/decrease is based on management estimates of potential interest rate movements.

(Rs.in Crores)

| Reporting period | Increase/decrease in interest rate basis points | Impact on profit before taxes |
|------------------|---|-------------------------------|
| 31.03.2017       | +100  | (0.81)                        |
|                  | -100  | 0.81                          |
| 31.03.2016       | +100  | (2.04)                        |
|                  | -100  | 2.04                          |

The sensitivity analysis is limited only to variable rate loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year.

**(b) Foreign exchange risk:**

The Company does not have significant exposure in currency other than INR.

**(ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. The contractual maturities of the Company's financial liabilities are presented below:



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

(Rs.in Crores)

| As at<br>31.03.2017                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than 5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|-------------------------|--------|
| Interest-bearing loans and borrowings | 9.48         | 17.02                    | 38.81          | 167.37       | 36.98                   | 269.66 |
| Trade and other payables              | -            | 111.29                   | -              | -            | -                       | 111.29 |
| Other financial liabilities           | 43.64        | 4.63                     | 17.90          | -            | -                       | 65.93  |

| As at<br>31.03.2016                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than<br>5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|----------------------------|--------|
| Interest-bearing loans and borrowings | 111.95       | 17.57                    | 45.31          | 140.00       | -                          | 314.83 |
| Trade and other payables              | -            | 72.20                    | -              | -            | -                          | 72.20  |
| Other financial liabilities           | 35.21        | 3.10                     | 14.68          | -            | -                          | 52.99  |

| As at<br>01.04.2015                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than 5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|-------------------------|--------|
| Interest-bearing loans and borrowings | 33.67        | 18.73                    | 56.19          | 158.31       | -                       | 266.91 |
| Trade and other payables              | -            | 59.23                    | -              | -            | -                       | 59.23  |
| Other financial liabilities           | 35.75        | 0.98                     | 12.04          | -            | -                       | 48.77  |



**(iii) Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment.

The summary of the Company's product wise credit policy is tabulated below:

| Product                        | Credit period |
|--------------------------------|---------------|
| Piped Natural Gas (Domestic)   | 21 days       |
| Piped Natural Gas (Industrial) | 03/ 07 days   |
| Piped Natural Gas (commercial) | 07 days       |
| Compressed Natural Gas (CNG)   | Cash sales    |

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed by either through cash sales or within credit period of 3-21 days.

The aging analysis of trade receivables as of the reporting date is as follows:  
(Rs.in Crores)

| Trade receivables | Total  | Past due but not impaired |            |            |               | Total |
|-------------------|--------|---------------------------|------------|------------|---------------|-------|
|                   |        | Less than 30 days         | 30-60 days | 60-90 days | Above 90 days |       |
| 31.03.2017        | 112.84 | 3.32                      | 0.55       | 0.49       | 4.85          | 9.21  |
| 31.03.2016        | 63.05  | 4.66                      | 0.66       | 0.28       | 4.32          | 9.92  |
| 01.04.2015        | 59.11  | 8.72                      | 1.26       | 0.30       | 4.32          | 14.60 |

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

| Provisions   | (Rs.in Crores)              |                             |
|--|-----------------------------|-----------------------------|
|  | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2016 |
| Start of the year  | 1.08                        | 1.08                        |
| Provision for Doubtful Debt                              | 0.17                        | -                           |
| Receivables written off during the year as uncollectible | -                           | -                           |
| Unused amounts reversed                                  | -                           | -                           |
| End of year  | 1.25                        | 1.08                        |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

*Cash deposits:*

The cash deposits are held with public sector bank and private sector bank. There is no impairment on these cash deposits as on the reporting date and comparative period.

**Capital Management**

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder value.

The Company's management performs regular assessment of the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

The Company's net debt to capital employed ratio was as follows:

| Particulars                       | (Rs.in Crores) |               |               |
|-----------------------------------|----------------|---------------|---------------|
|                                   | 31.03.2017     | 31.03.2016    | 01.04.2015    |
| Total Liabilities                 | 497.91         | 457.89        | 362.74        |
| Less: Cash and cash equivalents   | (2.76)         | (1.35)        | (0.62)        |
| <b>Net debt (A)</b>               | <b>495.15</b>  | <b>456.54</b> | <b>362.12</b> |
| <b>Total equity (B)</b>           | <b>781.65</b>  | <b>535.30</b> | <b>359.51</b> |
| <b>Capital and net debt (A+B)</b> | <b>1276.80</b> | <b>991.84</b> | <b>721.63</b> |
| Gearing ratio                     | 38.78%         | 46.03%        | 50.18%        |

**Fair value measurements**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

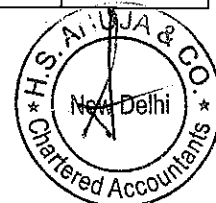
(Rs.in Crores)

As at 31.03.2017:

| Financial assets                      | Carrying amount | Fair value |          |          |
|---------------------------------------|-----------------|------------|----------|----------|
|                                       |                 | Level -1   | Level-2  | Level-3  |
| <b>At Amortised cost:</b>             |                 |            |          |          |
| Loans and receivables                 | 8.90            | -          | -        | -        |
| Trade receivables                     | 111.59          | -          | -        | -        |
| Cash and cash equivalents             | 2.76            | -          | -        | -        |
| At Fair value through profit and loss | -               | -          | -        | -        |
| At Fair value through OCI             | -               | -          | -        | -        |
| <b>Total financial assets</b>         | <b>123.25</b>   | <b>-</b>   | <b>-</b> | <b>-</b> |
| <b>Financial Liabilities</b>          |                 |            |          |          |
| <b>At amortised cost</b>              |                 |            |          |          |
| Borrowings                            | 178.70          | -          | -        | -        |
| Trade payables                        | 111.29          | -          | -        | -        |
| Other financial liabilities           | 106.93          | -          | -        | -        |
| At Fair value through profit and loss | -               | -          | -        | -        |
| <b>Total financial liabilities</b>    | <b>396.92</b>   | <b>-</b>   | <b>-</b> | <b>-</b> |

As at 31.03.2016:

| Financial assets                      | Carrying amount | Fair value |          |          |
|---------------------------------------|-----------------|------------|----------|----------|
|                                       |                 | Level -1   | Level-2  | Level-3  |
| <b>At Amortised cost:</b>             |                 |            |          |          |
| Loans and receivables                 | 5.41            | -          | -        | -        |
| Trade receivables                     | 61.97           | -          | -        | -        |
| Cash and cash equivalents             | 1.35            | -          | -        | -        |
| At Fair value through profit and loss | -               | -          | -        | -        |
| At Fair value through OCI             | -               | -          | -        | -        |
| <b>Total financial assets</b>         | <b>68.73</b>    | <b>-</b>   | <b>-</b> | <b>-</b> |
| <b>Financial Liabilities</b>          |                 |            |          |          |
| <b>At amortised cost</b>              |                 |            |          |          |
| Borrowings                            | 234.83          | -          | -        | -        |
| Trade payables                        | 72.20           | -          | -        | -        |
| Other financial liabilities           | 98.83           | -          | -        | -        |



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

|                                       |               |   |   |   |
|---------------------------------------|---------------|---|---|---|
|                                       |               |   |   |   |
| At Fair value through profit and loss | -             | - | - | - |
|                                       |               |   |   |   |
| <b>Total financial liabilities</b>    | <b>405.86</b> | - | - | - |

As at 01.04.2015:

| Financial assets                      | Carrying amount | Fair value |         |         |
|---------------------------------------|-----------------|------------|---------|---------|
|                                       |                 | Level-1    | Level-2 | Level-3 |
| <b>At amortised cost:</b>             |                 |            |         |         |
| Loans and receivables                 | 5.34            | -          | -       | -       |
| Trade receivables                     | 58.03           | -          | -       | -       |
| Cash and cash equivalents             | 0.62            | -          | -       | -       |
|                                       |                 |            |         |         |
| At Fair value through profit and loss | -               | -          | -       | -       |
| At Fair value through OCI             | -               | -          | -       | -       |
| <b>Total financial assets</b>         | <b>63.99</b>    | -          | -       | -       |
|                                       |                 |            |         |         |
| <b>Financial Liabilities</b>          |                 |            |         |         |
| <b>At amortised cost</b>              |                 |            |         |         |
| Borrowings                            | 164.78          | -          | -       | -       |
| Trade payables                        | 59.23           | -          | -       | -       |
| Other financial liabilities           | 107.15          | -          | -       | -       |
|                                       |                 |            |         |         |
| At Fair value through profit and loss | -               | -          | -       | -       |
|                                       |                 |            |         |         |
| <b>Total financial liabilities</b>    | <b>331.16</b>   | -          | -       | -       |

Cash and short-term receivables, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of non-current financial assets (such as security deposits) and long-term fixed-rate and variable-rate borrowings are considered to be same as their carrying values, as the impact of fair valuation is not material.

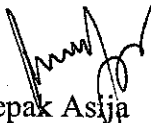
53. As per the requirement of Ind AS 16, the cut-off limit of each item of Stores & Spares is considered to Rs.5 Lakhs for the purpose capitalization under Property, Plant & Equipment.
54. Revenue from operation which is shown net of Excise duty in previous years, grossed up with Excise duty. Consequently, Excise duty is reclassified to Total Expenses




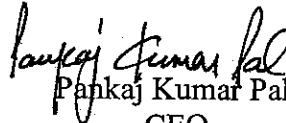



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

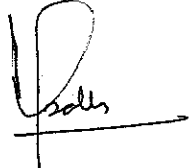
55. Balance confirmation has been sought from certain vendors / contractors / authorities for balances grouped under loan and advances, deposits and sundry creditors. However reconciliation of accounts with parties is carried out as ongoing process.
56. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

  
Deepak Asija  
CS  
PAN-ADRPA0983E

  
Jyoti Dua  
CFO  
PAN-ACJPD6268J

  
Pankaj Kumar Pal  
CEO  
PAN-AATPP6657M

  
Subir Purkayastha  
Director  
DIN06850526

  
B.C. Tripathi  
Chairman  
DIN-01657366

As per our separate report of even date  
For M/s H.S.AHUJA & CO.  
Chartered Accountants  
Firm Reg. No. 000099N

  
(CA S S Kalra)  
Membership No. 082305

Place: New Delhi  
Date: 30.05.2017





**Independent Auditors' Report**  
**To the Members of GAIL Gas Limited**

**Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of GAIL Gas Limited ("the Holding Company") and its jointly controlled entities (collectively referred to as "the Company"), comprising the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of his report referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements and on the other financial information of the jointly controlled entities, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Company, as at 31 March 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### **Emphasis of Matter**

We draw attention to the following matters in Notes to Consolidated Ind AS Financial Statements:-

Note no : 34 (f) regarding operation of 14 CNG stations without completing licensing and other legal formalities.

Note no : 42 regarding non- incurring of expenses for Corporate Social Responsibility (CSR) activity.

Note no : 50 regarding abnormal loss of Rs 7.07 Crores.

Note no : 52 in respect of stating of investment in joint venture entity which includes the additional contribution made as a part of investment.

Our opinion is not modified in respect of these matters.

### **Other Matters**

(a) The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 17<sup>th</sup> May 2016 (Revised report dated 1<sup>st</sup> July, 2016) and 22<sup>nd</sup> May 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.



(b) We did not audit the financial statements / financial information of following jointly controlled entities, whose financial statements / financial information reflect the detail given below:

(i) Rs in Crores

| S.NO | Name of the Company                  | Assets | Total Revenue | Net Cash Flow |
|------|--------------------------------------|--------|---------------|---------------|
| 01   | Haridwar Natural Gas Private Limited | 18.68  | 0.13          | 2.46          |

These financial statements have been audited by other auditor whose report has been furnished to us by the management.

(ii) Rs in Crores

| S.NO | Name of the Company                                 | Assets | Total Revenue | Net Cash Flow |
|------|---|--------|---------------|---------------|
| 01   | Andhra Pradesh Gas Distribution Corporation Limited | 43.51  | 1.12          | (0.21)        |
| 02   | Rajasthan State Gas Limited                         | 34.63  | 3.74          | (3.74)        |
| 03   | Vadodra Gas Limited                                 | 314.17 | 125.80        | 5.50          |
| 04   | Kerala Gail Gas Limited                             | 26.21  | 1.89          | (0.25)        |

These financial statements/financial information are unaudited and have been furnished to us by the management.

The financial statements/financial information of Goa Natural Gas Private Limited has not been incorporated. As per information provided by the management that first financial year shall end on 31<sup>st</sup> March,2018 in accordance with provisions of section 2(41) of the Companies Act,2013.

Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amount and disclosures included in respect of aforesaid jointly controlled entities and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid jointly controlled entities, is based solely on the report of the other auditor and such unaudited financial statements/financial information.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements / financial information certified by the management.

#### Report on Other Legal and Regulatory Requirements

1. Companies (Auditor's Report) Order,2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on Consolidated Ind AS financial Statements as referred in proviso to para2 of the Order.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.



(c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

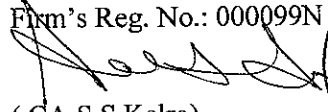
(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its jointly controlled companies incorporated in India, none of the directors of the Holding Company and its jointly controlled companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its joint controlled entities/joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditor on separate financial statements as also the other financial information of the jointly controlled entities, as noted in the 'Other Matter' paragraph:

- i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Company. Refer Note 28 to the consolidated Ind AS financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which may lead to any material foreseeable losses.
- iii. there has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 30 to the consolidated Ind AS financial statements.

**For H S AHUJA & CO**  
Chartered Accountants  
Firm's Reg. No.: 000099N

  
( CA S.S.Kalra )  
Partner

Membership Number: 082305



Place : New Delhi

Dated: 30<sup>th</sup> May, 2017

## **Annexure - A to the Independent Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017. We have audited the internal financial controls over financial reporting of GAIL Gas Limited (hereinafter referred to as "Holding Company") and its jointly controlled companies which are incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of his report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far it relates to 1(One) jointly controlled entity which is incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. The information of 4 joint venture companies is not available as these are under audit. And as per the information provided by the management the accounts of GOA Natural Gas Private Limited are yet to be closed on 31<sup>st</sup> March, 2018 as per provisions of section 2(41) of the Companies Act, 2013 as the Company was incorporated on 31<sup>st</sup> January, 2017. Hence these are not covered in the report.

**For H S AHUJA & CO**  
Chartered Accountants  
Firm's Reg. No.: 000099N

( CA S.S.Kalra )  
Partner

Membership Number: 082305



Place : New Delhi  
Dated: 30<sup>th</sup> May, 2017

Gail Gas Limited

Consolidated Balance Sheet as at 31 March 2017

(Rs In Crores)

| Particulars                                 | Note | As per Ind AS          | As per Ind AS          | As per Ind AS          |
|---|------|------------------------|------------------------|------------------------|
|   |      | As at<br>31 March 2017 | As at<br>31 March 2016 | As at<br>01 April 2015 |
| <b>ASSETS</b>                               |      |                        |                        |                        |
| <b>Non Current Assets</b>                   |      |                        |                        |                        |
| Property, Plant and Equipment               | 3    | 519.48                 | 361.84                 | 321.77                 |
| Capital work-in-progress                    | 3    | 319.15                 | 265.48                 | 149.08                 |
| Other Intangible assets                     | 4    | 14.37                  | 1.66                   | 3.26                   |
| <b>Financial Assets</b>                     |      |                        |                        |                        |
| i. Investments                              | 5    | 102.90                 | 91.22                  | 72.58                  |
| ii. Loans                                   | 6    | 2.69                   | 2.69                   | 2.82                   |
| <b>Total non-current assets (A)</b>         |      | <b>950.59</b>          | <b>722.89</b>          | <b>549.51</b>          |
| <b>Current Assets</b>                       |      |                        |                        |                        |
| Inventories                                 | 7    | 0.77                   | 7.89                   | 6.25                   |
| <b>Financial Assets</b>                     |      |                        |                        |                        |
| i. Trade receivables                        | 8    | 111.59                 | 61.97                  | 58.03                  |
| ii. Cash and cash equivalents               | 9    | 2.76                   | 1.35                   | 0.62                   |
| iii. Loans                                  | 6    | 6.21                   | 2.72                   | 2.52                   |
| Other Current Non Financial Assets          | 10   | 189.10                 | 195.13                 | 104.93                 |
| <b>Total current assets (B)</b>             |      | <b>318.43</b>          | <b>269.06</b>          | <b>172.35</b>          |
| <b>Total Assets (A+B)</b>                   |      | <b>1,277.02</b>        | <b>991.95</b>          | <b>721.86</b>          |
| <b>EQUITY AND LIABILITIES</b>               |      |                        |                        |                        |
| <b>EQUITY</b>                               |      |                        |                        |                        |
| Equity Share Capital                        | 11   | 627.00                 | 402.00                 | 400.00                 |
| Other Equity                                | 12   | 152.11                 | 132.06                 | 59.12                  |
| <b>Total equity (C)</b>                     |      | <b>779.11</b>          | <b>534.06</b>          | <b>359.12</b>          |
| <b>LIABILITIES</b>                          |      |                        |                        |                        |
| <b>Non Current Liabilities</b>              |      |                        |                        |                        |
| <b>Financial Liabilities</b>                |      |                        |                        |                        |
| i. Borrowings                               | 13   | 169.22                 | 122.88                 | 131.14                 |
| Deferred Tax Liabilities (net)              | 14   | 23.45                  | 10.00                  | 2.61                   |
| <b>Total non-current liabilities (D)</b>    |      | <b>192.67</b>          | <b>133.18</b>          | <b>133.72</b>          |
| <b>Current Liabilities</b>                  |      |                        |                        |                        |
| <b>Financial Liabilities</b>                |      |                        |                        |                        |
| i. Borrowings                               | 15   | 9.48                   | 111.95                 | 33.60                  |
| ii. Trade Payables                          | 16   | 111.29                 | 72.20                  | 59.20                  |
| iii. Other Financial Liabilities            | 17   | 106.93                 | 98.83                  | 107.19                 |
| Provisions                                  | 18   | 71.45                  | 37.05                  | 23.10                  |
| Other Current Liabilities                   | 19   | 6.09                   | 4.68                   | 5.80                   |
| <b>Total current liabilities (E)</b>        |      | <b>305.24</b>          | <b>324.71</b>          | <b>229.00</b>          |
| <b>Total Equity and Liabilities (C+D+E)</b> |      | <b>1,277.02</b>        | <b>991.95</b>          | <b>721.86</b>          |

Refer accompanying notes to the financial statements

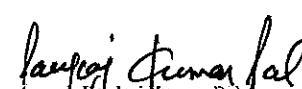
The accompanying Notes form an integral part of the Consolidated financial statements.

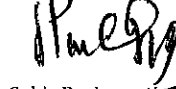
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For & on behalf of the Board of Directors of GAIL GAS LTD.

  
Deepak Asija  
Company Secretary  
PAN-ADRPA0983E

  
Jyoti Dua  
CFO  
PAN-ACJPD6268J

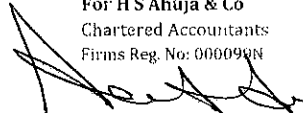
  
Ankaj Kumar Pal  
CEO  
PAN-AATPP6657M

  
Subir Purkayastha  
Director  
DIN-06850526

  
B C Tripathi  
Chairman  
DIN-01657366

As per our report of even date attached

For: H S Ahuja & Co  
Chartered Accountants  
Firms Reg. No: 000090N



CA S.S. Kalra  
Partner  
Membership No: 082805



Place: New Delhi  
Dated: 30th May 2017



**GAIL GAS LIMITED**  
**Consolidated Statement of Profit & Loss for the Year ended 31st March 2017**

(Rs in Crores)

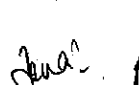
| Particulars   | As per Ind AS                 |                               |                 |
|---|-------------------------------|-------------------------------|-----------------|
|   | As per Ind AS                 | As per Ind AS                 |                 |
|   | YEAR ENDED<br>31st March 2017 | YEAR ENDED<br>31st March 2016 |                 |
| <b>I. Revenue from Operations (Gross)</b>   | 20                            | 2,816.47                      | 1,566.29        |
| <b>II. Other Income</b>   | 21                            | 2.43                          | 1.30            |
| <b>III Total Income (I+II)</b>  |                               | <b>2,818.90</b>               | <b>1,567.59</b> |
| <b>IV Expenses</b>  |                               |                               |                 |
| Gas Consummed   | 22                            | 2,597.29                      | 1,398.50        |
| Excise duty   |                               | 18.48                         | 14.41           |
| Employee benefit expenses   | 23                            | 22.62                         |                 |
| Finance Cost  | 24                            | 17.45                         | 18.87           |
| Depreciation and amortization expenses  | 25                            | 15.66                         | 13.78           |
| Other expenses  | 26                            | 47.97                         | 62.28           |
| <b>Total Expenses</b>   |                               | <b>2,719.47</b>               | <b>1,507.84</b> |
| <b>V. Profit/(Loss) before share of profit/(loss) of a joint venture, and tax from continuing operations (III - IV)</b> |                               | <b>99.43</b>                  | <b>59.75</b>    |
| <b>VI. Share of profit/(loss) of a joint venture</b>  |                               | (1.29)                        | (0.86)          |
| <b>VII. Profit/(Loss) before tax from continuing operations (V - VI)</b>  |                               | <b>98.14</b>                  | <b>58.90</b>    |
| <b>VIII. Tax Expenses</b>   | 27                            | 34.41                         | 19.96           |
| - Current Year  |                               | 21.57                         | 11.60           |
| - Earlier Years   |                               |                               |                 |
| Deferred Tax  |                               | 12.84                         | 8.36            |
| <b>IX. Profit (After Tax) for the Period from continuing operations (IX-X)</b>  |                               | <b>63.73</b>                  | <b>38.94</b>    |
| <b>Other comprehensive income</b>   |                               |                               |                 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods:                                  |                               |                               |                 |
| <b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>                        |                               |                               |                 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods:                              |                               |                               |                 |
| Re-measurement gains/ (losses) on defined benefit plans   |                               |                               |                 |
| Revaluation of land and buildings   |                               |                               |                 |
| <b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>                    |                               |                               |                 |
| <b>Other comprehensive income for the year, net of tax</b>  |                               |                               |                 |
| <b>Total Income</b>   |                               | <b>63.73</b>                  | <b>38.94</b>    |
| <b>Details of Earning Per Share</b>   |                               |                               |                 |
| A. Profits After Tax  |                               | 63.73                         | 38.94           |
| B. Weighted Average Number of Equity Share  |                               | 53.18                         | 33.20           |
| C. Nominal Value Per Equity Share (Rs.)   |                               | 10.00                         | 10.00           |
| D. Basic & Diluted Earning Per share in (Rs.)   |                               | 1.20                          | 1.17            |

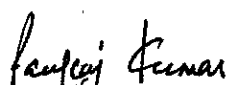
The accompanying Notes from an integral part of the Consolidated financial statements.


1 to 57


For & on behalf of the Board of Directors of GAIL GAS LTD.

  
 Deepak Ashu  
 Company Secretary  
 PAN-ADRPA0983E

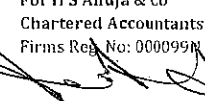
  
 Jyoti Dua  
 CFO  
 PAN-ACJPD6268J

  
 Pankaj Kumar Pal  
 CEO  
 PAN-AATPP6657M

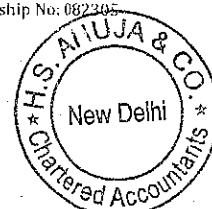
  
 Subir Purohit  
 Director  
 DIN-06850526

  
 B C Tripathi  
 Chairman  
 DIN-01657366

As per our report of even date attached  
 For H S Ahuja & Co  
 Chartered Accountants  
 Firms Reg. No: 000099N

  
 CA S.S. Kalra  
 Partner  
 Membership No: 082305

Place: New Delhi  
 Dated: 30th May 2017



|   | 2016-17         | 2015-16         |
|---|-----------------|-----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                       |                 |                 |
| 1 Net Profit After Tax  | 63.73           | 38.94           |
| 2 ADD:  |                 |                 |
| Depreciation & Amortization Expenses                                | 15.66           | 13.78           |
| Profit on sale of Assets  | 0.00            | (0.04)          |
| Exchange Rate Variation on Loan to Subsidiary                       | 0.00            | 0.00            |
| Interest Expenditure  | 17.45           | 18.87           |
| Interest Income   | (0.93)          | (0.22)          |
|   | 32.18           | 32.39           |
| 3 Operating Profit Before Working Capital Changes (1 + 2)           | 95.92           | 71.33           |
| 4 Changes in Working Capital (Excluding Cash & Bank Balances)       |                 |                 |
| Trade and Other Receivables   | (24.58)         | (91.03)         |
| Inventories   | (0.89)          | (1.64)          |
| Trade and Other Payables  | 101.00          | 37.63           |
|   | 75.55           | (55.05)         |
| 5 Cash Generated from Operations (3+4)                              | 171.46          | 16.28           |
| 6 Direct Taxes Paid   | (22.50)         | (3.31)          |
| <b>NET CASH FROM OPERATING ACTIVITIES (5+6)</b>                     | <b>148.96</b>   | <b>12.97</b>    |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                       |                 |                 |
| Purchase of Fixed Assets  | (239.69)        | (168.47)        |
| Sale of Fixed Assets  | 0.00            | 0.00            |
| Sale of Investments   | 0.00            | 0.00            |
| Investment in Other Companies                                       | (11.68)         | (18.64)         |
| Loans & Advances  | 0.00            | 0.00            |
| Interest Received   | 0.93            | 0.22            |
| Profit On sales of Fixed Assets                                     | 0.00            | 0.00            |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                           | <b>(250.44)</b> | <b>(186.89)</b> |
| <b>BALANCE CARRIED FORWARD</b>                                      | <b>(101.48)</b> | <b>(173.92)</b> |
| <b>C. BALANCE BROUGHT FORWARD</b>                                   | <b>(101.48)</b> | <b>(173.92)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                 |                 |
| Share Application Money Received                                    | 0.00            | 34.00           |
| Proceeds from Equity  | 191.00          | 102.00          |
| Proceeds from Long Term Borrowings                                  | 87.35           | 38.70           |
| Repayment of Long Term Borrowings                                   | (45.71)         | (59.47)         |
| Proceeds from Short Term Borrowings                                 | 0.00            | 0.00            |
| Cash Credit Facilities from HDFC Bank                               | (102.47)        | 78.28           |
| Interest Paid   | (17.59)         | (18.67)         |
| Dividend & Dividend Tax Paid  | (9.68)          | 0.00            |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                           | <b>102.69</b>   | <b>174.65</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>            | <b>1.41</b>     | <b>0.73</b>     |
| <b>CASH AND CASH EQUIVALENTS AS AT 01.04.2016 (OPENING BALANCE)</b> | <b>1.35</b>     | <b>0.62</b>     |
| <b>CASH AND CASH EQUIVALENTS AS AT 31.03.2017 (CLOSING BALANCE)</b> | <b>2.76</b>     | <b>1.35</b>     |

**NOTES:**

1 Cash & Cash Equivalents include:

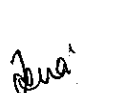
Cash & Bank Balances As per Balance Sheet  
Unrealised (Gain)/ loss on foreign Exchange  
Total Cash & Cash Equivalents


2.76  
0.00  
2.76

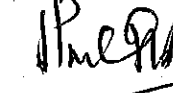
1.35  
0.00  
1.35

For & on behalf of the Board of Directors of GAIL GAS LTD.

  
Deepak Asija  
Company Secretary  
PAN-ADRPA0983E

  
Joti Dua  
CFO  
PAN-ACJPD6268J

  
Pankaj Kumar Pal  
CEO  
PAN-AATPP6657M

  
Subir Punjwastha  
Director  
DIN-06850526

  
B C Tripathi  
Chairman  
DIN-01657366

As per our report of even date attached  
For H S Ahuja & Co  
Chartered Accountants  
Edms Reg. No: 000089N

CA S.S. Kalra  
Partner  
Membership No: 082385

Place: New Delhi  
Dated: 30th May 2017



**GAIL GAS LIMITED**

**Statement of changes in Equity for the period ended 31st March 2017**

[Amounts in crores of Indian Rupees]

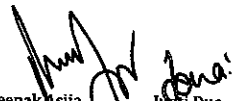
**A Equity Share Capital**

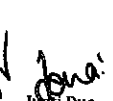
| Balance as at April 1, 2015 | Changes in equity share capital during the Financial Year 2015-16 | Balance as at March 31, 2016 | Changes in equity share capital during the Financial Year 2016-17 | Balance as at March 31, 2017 |
|-----------------------------|---|------------------------------|---|------------------------------|
| 300.00                      | 102.00  | 402.00                       | 225.00  | 627.00                       |

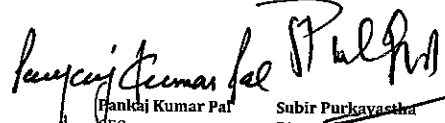
**B Other Equity**


|  | Share application money pending | Reserves and surplus |                            | Total         |
|--|---------------------------------|----------------------|----------------------------|---------------|
|  |                                 | Retained earnings    | Other comprehensive income |               |
| <b>Balance as at April 1, 2015</b>               | -                               | 59.12                | -                          | 59.12         |
| Profit for the year                              | -                               | 38.94                | -                          | 38.94         |
| Share application money received during the year | 34.00                           | -                    | -                          | 34.00         |
| <b>Balance as at March 31, 2016</b>              | <b>34.00</b>                    | <b>98.06</b>         | <b>-</b>                   | <b>132.06</b> |
| Profit for the year                              | -                               | 63.73                | -                          | 63.73         |
| Share issued during the year                     | (34.00)                         | -                    | -                          | (34.00)       |
| Less: Dividend paid                              | -                               | (8.04)               | -                          | (8.04)        |
| Less: DDT thereon                                | -                               | (1.64)               | -                          | (1.64)        |
| <b>Balance as at March 31, 2017</b>              | <b>-</b>                        | <b>152.11</b>        | <b>-</b>                   | <b>152.11</b> |

For & on behalf of the Board of Directors of GAIL GAS LTD.

  
 Deepak Asija  
 Company Secretary  
 PAN-ADRPA0983E

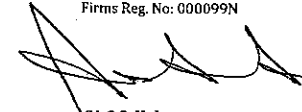
  
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 Director  
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As per our report of even date attached  
 For H S Ahuja & Co  
 Chartered Accountants  
 Firms Reg. No: 000099N

  
 CA S.S. Kalra  
 Partner  
 Membership No: 082305

Place: New Delhi  
 Dated: 30th May 2017



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 1. Corporate information

GAIL Gas Limited is a company domiciled in India with registered office in New Delhi.

GAIL Gas Limited is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. GAIL Gas has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonapat (Haryana), Meerut (Uttar Pradesh), Taj Trapezium Zone (Uttar Pradesh), Mandigovindgar (Punjab) and Bengaluru (Karnataka). In addition, GAIL Gas is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Karnataka, Rajasthan and Vadodara (Gujarat), Haridwar (Uttarakhand), North Goa (Goa) through its Joint Ventures.

The financial statements of the company for the year ended 31st March 2017 were authorized for issue by Board of directors on 30<sup>th</sup> May 2017.

### 2. Basis of preparation and significant Accounting Policy

#### a) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first, the Company has prepared in accordance with IndAS. (refer Note 29 for detailed information)

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

The financial statements are presented in Indian Rupees ('INR') and the values are rounded to the nearest crore, except otherwise indicated.

#### b) Summary of significant accounting policies

##### (i) Property, plant and equipment

###### (a) Tangible Assets

Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized.

When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly.

Property, plant and equipments are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

Depreciation on tangible fixed assets is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).

Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.

The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

###### (b) Capital Work in Progress

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

###### (ii) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets with indefinite useful lives (principally comprise those 'right of use' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

finite is made on a prospective basis.

### (iii) Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipments and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

### (iv) Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria are capitalized as property, plant and equipment.

Net realizable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Raw materials and finished products are valued at cost or net realizable value, whichever is lower.

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

Stock of gas in pipeline is valued at cost (FIFO) or net realizable value whichever is lower.

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

Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.

Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

### (v) Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

At each balance sheet date, foreign currency monetary items (such as Cash, Receivables, Loans, Payables, etc.) are reported using the closing exchange rate (BC selling rate for payable and TT buying rate for receivable).

Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as gain or loss in the period in which they arise.

Non-monetary items (such as Investments, Fixed Assets, etc.) which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### (vi) Revenue and Other Income

Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the deliver of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

Income in respect of MGO of Natural Gas and Interest on delayed realization from customers is not provided on accrual basis. Receipts during the year on account of MGO and Interest on delayed realization are accounted on receipt basis.

### (vii) Employee benefits

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee render the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

### (viii) Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale, after netting off any income earned on temporary investment of such funds. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

All other borrowing costs are recognized as expense in the period in which they are incurred.

### (ix) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the statement of profit and loss on straight line basis unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### (x) Taxes

#### (a) Current Income Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### (b) Deferred Tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

### (xi) Provisions, Contingent liabilities, Contingent assets and Commitments

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities exceeding Rs.5 Lakhs in each case are disclosed by way of notes to accounts.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

### (xii) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### (xiii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

#### An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

#### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### (xiv) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

##### Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit and loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

##### Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through Statement of profit and loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through Statement of profit and loss.

##### Derecognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

##### Investment in subsidiaries, joint ventures and associates

The company has accounted for its investment in joint ventures at cost.

##### Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

#### (b) Financial liabilities

##### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through statement of profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **(xv) Others**

Liquidated damages, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.

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

Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance in principle.

### **(xvi) Earnings per share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

### **(xvii) Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

#### **(a) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

#### **(b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### **(xvii) Standards Issued but not yet Effective**

Ind - AS 115 "Revenue from Contract with Customers





## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

### Amendments to Ind AS 7 "Statement of cash flows"

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

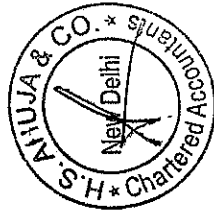


NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3 - Property, plant and equipment

Components of Property, plant and equipment (including assets held under finance leases) are as follows:

| Cost/ Valuation                                       | (Unit : Crores INR) |                |                     |           |                        |  |                           |        |               |                |                     |           |                        |  |                           |        |
|---|---------------------|----------------|---------------------|-----------|------------------------|--|---------------------------|--------|---------------|----------------|---------------------|-----------|------------------------|--|---------------------------|--------|
|   | Freehold Land       | Leasehold Land | Plant and machinery | Buildings | Furniture and fixtures | Office Equipment including Electrical Equipments | Capital Work- In-Progress | Total  | Freehold Land | Leasehold Land | Plant and machinery | Buildings | Furniture and fixtures | Office Equipment including Electrical Equipments | Capital Work- In-Progress | Total  |
| <b>I. Cost or deemed cost (gross carrying amount)</b> |                     |                |                     |           |                        |  |                           |        |               |                |                     |           |                        |  |                           |        |
| Balance at 1 April 2015                               | 12.79               | 3.80           | 284.99              | 18.23     | 0.60                   | 1.03   | 152.18                    | 321.44 | 12.79         | 3.80           | 284.99              | 18.23     | 0.60                   | 1.03   | 152.18                    | 321.44 |
| Additions   | -                   | 7.15           | 33.59               | 7.52      | 0.03                   | 1.01   | 113.30                    | 49.31  | -             | 7.15           | 33.59               | 7.52      | 0.03                   | 1.01   | 113.30                    | 49.31  |
| Acquisitions of a subsidiary                          | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Disposals/Capitalisation                              | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Exchange differences                                  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Other   | -                   | -              | 2.04                | -         | -                      | -  | -                         | 2.04   | -             | -              | 2.04                | -         | -                      | -  | -                         | 2.04   |
| At 31 March 2016                                      | 12.79               | 10.95          | 320.62              | 25.75     | 0.63                   | 2.04   | 265.48                    | 372.78 | 12.79         | 10.95          | 320.62              | 25.75     | 0.63                   | 2.04   | 265.48                    | 372.78 |
| Additions   | -                   | -              | 156.96              | 9.74      | 0.15                   | 5.95   | 53.66                     | 172.80 | -             | -              | 156.96              | 9.74      | 0.15                   | 5.95   | 53.66                     | 172.80 |
| Acquisitions of a subsidiary                          | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Disposals/Capitalisation                              | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Revaluation recognised in OCI                         | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Exchange differences                                  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Other   | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| At 31 March 2017                                      | 12.79               | 10.95          | 477.58              | 35.50     | 0.79                   | 7.99   | 319.15                    | 545.59 | 12.79         | 10.95          | 477.58              | 35.50     | 0.79                   | 7.99   | 319.15                    | 545.59 |
| <b>Depreciation and impairment</b>                    |                     |                |                     |           |                        |  |                           |        |               |                |                     |           |                        |  |                           |        |
| Depreciation expense                                  | -                   | 0.11           | 10.59               | 0.74      | 0.08                   | 0.53   | -                         | 12.05  | -             | 0.11           | 10.59               | 0.74      | 0.08                   | 0.53   | -                         | 12.05  |
| Impairment  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Disposal  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Exchange differences                                  | -                   | -              | (0.80)              | (0.01)    | -                      | -  | -                         | (0.81) | -             | -              | (0.80)              | (0.01)    | -                      | -  | -                         | (0.81) |
| Other   | -                   | 0.11           | 9.79                | 0.73      | 0.08                   | 0.53   | -                         | 11.24  | -             | 0.11           | 9.79                | 0.73      | 0.08                   | 0.53   | -                         | 11.24  |
| At 31 March 2016                                      | -                   | 0.12           | 12.86               | 1.02      | 0.07                   | 0.69   | -                         | 14.77  | -             | 0.12           | 12.86               | 1.02      | 0.07                   | 0.69   | -                         | 14.77  |
| Depreciation expense                                  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Impairment losses                                     | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Disposal  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Exchange differences                                  | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| Other   | -                   | 0.23           | 22.65               | 1.75      | 0.15                   | 1.22   | -                         | 26.01  | -             | 0.23           | 22.65               | 1.75      | 0.15                   | 1.22   | -                         | 26.01  |
| At 31 March 2017                                      | -                   | -              | -                   | -         | -                      | -  | -                         | -      | -             | -              | -                   | -         | -                      | -  | -                         | -      |
| <b>Net Book value</b>                                 |                     |                |                     |           |                        |  |                           |        |               |                |                     |           |                        |  |                           |        |
| At 31 March 2015 (As per Ind AS)                      | 12.79               | 3.80           | 285.32              | 18.23     | 0.60                   | 1.03   | 149.03                    | 321.77 | 12.79         | 3.80           | 285.32              | 18.23     | 0.60                   | 1.03   | 149.03                    | 321.77 |
| At 31 March 2016 (As per Ind AS)                      | 12.79               | 10.84          | 311.11              | 25.02     | 0.56                   | 1.51   | 265.48                    | 361.84 | 12.79         | 10.84          | 311.11              | 25.02     | 0.56                   | 1.51   | 265.48                    | 361.84 |
| At 31 March 2017 (As per Ind AS)                      | 12.79               | 10.73          | 454.89              | 33.67     | 0.63                   | 6.77   | 319.15                    | 519.48 | 12.79         | 10.73          | 454.89              | 33.67     | 0.63                   | 6.77   | 319.15                    | 519.48 |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**4 - Intangible Assets**

(Unit : Crores INR)

| Cost  | Right of use | Computer software/Licenses | Total        |
|---|--------------|----------------------------|--------------|
| <b>1. Cost or deemed cost (gross carrying amount)</b> |              |                            |              |
| Balance at 1 April 2015                               | 0.35         | 1.43                       | 1.78         |
| Additions   | -            | 3.18                       | 3.18         |
| Capitalised internal development costs                | -            | -                          | -            |
| Acquisitions through business combinations            | -            | -                          | -            |
| Transfer to held for sale                             | -            | -                          | -            |
| Disposals   | -            | -                          | -            |
| Exchange adjustments                                  | -            | -                          | -            |
| Others  | -            | -                          | -            |
| <b>At 31 March 2016</b>                               | <b>0.35</b>  | <b>4.61</b>                | <b>4.96</b>  |
| Additions   | -            | 13.60                      | 13.60        |
| Capitalised internal development costs                | -            | -                          | -            |
| Acquisitions through business combinations            | -            | -                          | -            |
| Transfer to held for sale                             | -            | -                          | -            |
| Disposals   | -            | -                          | -            |
| Exchange adjustments                                  | -            | -                          | -            |
| Others  | -            | -                          | -            |
| <b>At 31 March 2017</b>                               | <b>0.35</b>  | <b>18.22</b>               | <b>18.56</b> |

(Unit : Crores INR)

| Accumulated amortization and impairment | Right of use        | Computer software/Licenses        | Total        |
|---|---------------------|-----------------------------------|--------------|
| Amortization expense                    | 0.00                | 1.69                              | 1.69         |
| Impairment losses                       | -                   | -                                 | -            |
| Reversals of Impairment losses          | -                   | -                                 | -            |
| Transfer to held for sale               | -                   | -                                 | -            |
| Disposals                               | -                   | -                                 | -            |
| Exchange adjustments                    | -                   | -                                 | -            |
| Others                                  | -                   | 1.62                              | 1.62         |
| <b>At 31 March 2016</b>                 | <b>0.00</b>         | <b>3.31</b>                       | <b>3.31</b>  |
| Amortization expense                    | -                   | 0.89                              | 0.89         |
| Impairment losses                       | -                   | -                                 | -            |
| Reversals of Impairment losses          | -                   | -                                 | -            |
| Transfer to held for sale               | -                   | -                                 | -            |
| Disposals                               | -                   | -                                 | -            |
| Exchange adjustments                    | -                   | -                                 | -            |
| Others                                  | -                   | -                                 | -            |
| <b>At 31 March 2017</b>                 | <b>0.00</b>         | <b>4.20</b>                       | <b>4.20</b>  |
| <b>Net book value</b>                   | <b>Right of use</b> | <b>Computer software/Licenses</b> | <b>Total</b> |
| At 31 March 2015 (As per Ind AS)        | 0.35                | 2.91                              | 3.26         |
| At 31 March 2016 (As per Ind AS)        | 0.35                | 1.31                              | 1.66         |
| At 31 March 2017 (As per Ind AS)        | 0.35                | 14.02                             | 14.37        |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
5 - Investments

| Investments  | Nature of investment | Basis of valuation | (Rs. In Crores)         |                         |                         |
|--|----------------------|--------------------|-------------------------|-------------------------|-------------------------|
|  |                      |                    | As per Ind AS           | As per Ind AS           | As per Ind AS           |
|  |                      |                    | As at                   | As at                   | As at                   |
|  |                      |                    | 31-Mar-17<br>INR Crores | 31-Mar-16<br>INR Crores | 01-Apr-15<br>INR Crores |
| <b>In Joint Venture Companies:</b>   |                      |                    |                         |                         |                         |
| 1 - Andhra Pradesh Gas Distribution Corporation Limited<br>150,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously 150,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares        | Cost               | 13.58                   | 14.23                   | 9.52                    |
| 2 - Kerala GAIL GAS Ltd<br>119,28,000 Equity shares of Rs 10 each fully paid up<br>(Previously 119,28,000 Equity shares of Rs 10 each fully paid up)                                 | Equity shares        | Cost               | 13.09                   | 12.58                   | 12.08                   |
| 3 - RSGL<br>17,025,000 Equity shares of Rs 10 each fully paid up<br>(Previously 10,025,000 Equity shares of Rs 10 each fully paid up)  | Equity shares        | Cost               | 13.37                   | 7.63                    |                         |
| 4 - Vadodara Gas Limited<br>4,10,08,940 Equity shares of Rs 10 each fully paid up<br>(Previously 25,000 Equity shares of Rs 10 each fully paid up)                                   | Equity shares        | Cost               | 42.74                   | 42.28                   |                         |
| 5 - Haridwar Gas Private Limited<br>75,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously Nil Equity shares of Rs 10 each fully paid up)                                | Equity shares        | Cost               | 7.15                    |                         |                         |
| 6 - GOA Natural Gas Private Ltd<br>25,00,000 Equity shares of Rs 10 each fully paid up<br>(Previously Nil Equity shares of Rs 10 each fully paid up)                                 | Equity shares        | Cost               | 2.50                    |                         |                         |
| <b>Advances for Investments (Pending Allotment)</b>  |                      |                    |                         |                         |                         |
| - RSGL   |                      | Cost               | 2.97                    | 7.00                    | 10.00                   |
| - APGDC  |                      | Cost               | 7.50                    | 7.50                    |                         |
| - VGL  |                      | Cost               |                         |                         | 40.98                   |
| <b>Total (a)</b>   |                      |                    | <b>102.90</b>           | <b>91.22</b>            | <b>72.58</b>            |
| <b>Total</b>   |                      |                    | <b>102.90</b>           | <b>91.22</b>            | <b>72.58</b>            |

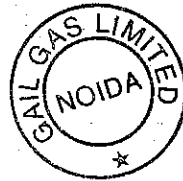


NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

6 - Loans

(Rs. In Crores)

| Particulars  | As per Ind AS | As per Ind AS | As per Ind AS |
|--|---------------|---------------|---------------|
|  | As at         | As at         | As at         |
|  | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|  | INR Crores    | INR Crores    | INR Crores    |
| <b>Loans and Other Receivables</b>                           |               |               |               |
| <b>Other Receivables from Related Parties</b>                |               |               |               |
| -Receivables from joint ventures (Unsecured considered good) | 6.21          | 2.72          | 2.52          |
| <b>Other loans and receivables:</b>                          |               |               |               |
| - Security deposits:   |               |               |               |
| - Unsecured, Considered Good                                 | 2.69          | 2.69          | 2.82          |
| - Unsecured, Considered Doubtful                             | 3.54          | 3.54          | 3.54          |
| Less : Provision for Doubtful Deposits                       | (3.54)        | (3.54)        | (3.54)        |
| <b>Total Loans and receivables</b>                           | <b>8.90</b>   | <b>5.41</b>   | <b>5.34</b>   |
| <b>Current</b>   | <b>6.21</b>   | <b>2.72</b>   | <b>2.52</b>   |
| <b>Non-current</b>   | <b>2.69</b>   | <b>2.69</b>   | <b>2.82</b>   |

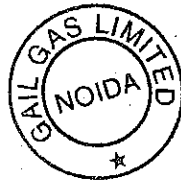


NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

7 - Inventories

(Rs. In Crores)

| Particulars               | As per Ind AS | As per Ind AS | As per Ind AS |
|---------------------------|---------------|---------------|---------------|
|                           | As at         | As at         | As at         |
|                           | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|                           | INR Crores    | INR Crores    | INR Crores    |
| <b>Raw materials:</b>     |               |               |               |
| <b>Work in progress:</b>  |               |               |               |
| Stock in Trade            | 0.76          | 0.32          | 0.43          |
| <b>Finished goods:</b>    |               |               |               |
| Compressed Natural Gas    | 0.11          | 0.05          | 0.05          |
| <b>Stores and spares:</b> |               |               |               |
| Stores and spares         | 7.08          | 7.20          | 5.53          |
| Material in Transit       | 0.82          | 0.32          | 0.24          |
| <b>Total</b>              | <b>8.77</b>   | <b>7.89</b>   | <b>6.25</b>   |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

8-- Trade receivables

| Particulars                              | As per Ind AS | As per Ind AS | As per Ind AS |
|--|---------------|---------------|---------------|
|  | As at         | As at         | As at         |
|  | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|  | INR Crores    | INR Crores    | INR Crores    |
| Trade receivables                        | 111.59        | 61.97         | 58.03         |
| <b>Total Trade and other receivables</b> | <b>111.59</b> | <b>61.97</b>  | <b>58.03</b>  |
| Current                                  | 111.59        | 61.97         | 58.03         |
| Non current                              | -             | -             | -             |

Break-up for security details and more than 6 months overdue:

| Particulars  | 31-Mar-17     | 31-Mar-16    | 01-Apr-15    |
|--|---------------|--------------|--------------|
|  | INR Crores    | INR Crores   | INR Crores   |
| <b>Outstanding for a period exceeding six months from the date they are due for payment:</b> |               |              |              |
| Secured (Considered good)  | -             | -            | -            |
| Unsecured (Considered good)  | 3.61          | 3.91         | 3.20         |
| Unsecured (Considered doubtful):   | -             | -            | -            |
|  | 3.61          | 3.91         | 3.20         |
| Less: Allowance for bad and doubtful debts   | -             | -            | -            |
|  | 3.61          | 3.91         | 3.20         |
| <b>Others Receivables</b>  |               |              |              |
| Secured (Considered good)  | -             | -            | -            |
| Unsecured (Considered good)  | 107.98        | 58.06        | 54.83        |
| Unsecured (Considered doubtful):   | 1.25          | 1.08         | 1.08         |
|  | 109.23        | 59.14        | 55.91        |
| Less: Allowance for bad and doubtful debts   | 1.25          | 1.08         | 1.08         |
|  | 107.98        | 58.06        | 54.83        |
| <b>Total Trade and other receivables</b>   | <b>111.59</b> | <b>61.97</b> | <b>58.03</b> |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

9 - Cash and Cash equivalents

| Particulars                           | (Rs. In Crores) |               |               |
|---------------------------------------|-----------------|---------------|---------------|
|                                       | As per Ind AS   | As per Ind AS | As per Ind AS |
|                                       | INR Crores      | INR Crores    | INR Crores    |
| <b>Balances with banks:</b>           |                 |               |               |
| - Current accounts                    | 0.80            | 0.50          | 0.29          |
| <b>Cash on hand</b>                   | 1.68            | 0.85          | 0.33          |
| <b>Other Deposits</b>                 |                 |               |               |
| Term Deposit with State Bank of India | 0.28            | -             | -             |
| <b>Total</b>                          | <b>2.76</b>     | <b>1.35</b>   | <b>0.62</b>   |



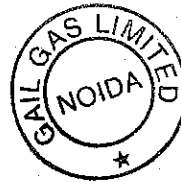


**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**10 - Other Current non financial assets**

(Rs. In Crores)

| Particulars                                   | As per Ind AS | As per Ind AS | As per Ind AS |
|---|---------------|---------------|---------------|
|   | As at         | As at         | As at         |
|   | 31-Mar-17     | 31-Mar-16     | 01-Apr-15     |
|   | INR Crores    | INR Crores    | INR Crores    |
| Advance tax                                   | 36.72         | 14.22         | 10.91         |
| Claims recoverables:                          |               |               |               |
| - Unsecured considered good                   | 148.19        | 175.56        | 91.21         |
| Other advances recoverable in cash or in kind | 3.54          | 4.80          | 2.49          |
| Prepaid expenses                              | 0.65          | 0.55          | 0.32          |
| <b>Total</b>                                  | <b>189.10</b> | <b>195.13</b> | <b>104.93</b> |
| Current                                       | 189.10        | 195.13        | 104.93        |
| Non current                                   |               |               |               |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

11 - Equity share capital

| Particulars  | (Rs In Crores) |               |               |
|--|----------------|---------------|---------------|
|  | As per Ind AS  | As per Ind AS | As per Ind AS |
|  | As at          | As at         | As at         |
|  | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|  | INR Crores     | INR Crores    | INR Crores    |
| <b>Share capital</b>                                       |                |               |               |
| <b>Authorised</b>  |                |               |               |
| 10,000,000,000 Equity Shares of Rs. 10 each                | 1,000.00       | 700.00        | 300.00        |
| (Previous year 700,00,00,000 Equity shares of Rs. 10 each) |                |               |               |
| (As at 01.04.2015 30,00,00,000 of Rs 10 each)              | 1,000.00       | 700.00        | 300.00        |
| <b>Issued, subscribed and fully paid up</b>                |                |               |               |
| 627,000,000 Equity shares of Rs. 10 each                   | 627.00         | 402.00        | 300.00        |
| (Previous year 402,000,000 Equity shares of Rs. 10 each)   |                |               |               |
| (As at 01.04.2015 30,00,00,000 of Rs 10 each)              | 627.00         | 402.00        | 300.00        |
| Par Value Per Share (In Rs.)                               | 10.00          | 10.00         | 10.00         |

12 - Other equity

| Particulars   | (Rs In Crores) |               |               |
|---|----------------|---------------|---------------|
|   | As per Ind AS  | As per Ind AS | As per Ind AS |
|   | As at          | As at         | As at         |
|   | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|   | INR Crores     | INR Crores    | INR Crores    |
| <b>Other equity:</b>                                    |                |               |               |
| <b>Share Application Money pending Allotment</b>        |                |               |               |
| i) In form of Consideration in Cash pending Allotment   |                |               |               |
| A/C GAIL (India) Ltd                                    | -              | 34.00         | -             |
| <b>Retained earnings</b>                                |                |               |               |
| Opening balance   |                |               | 59.51         |
| Add: Current Year Profit                                | 98.06          | 59.12         |               |
| Less: Appropriation                                     | 63.73          | 38.94         |               |
| Proposed Dividend                                       | (8.04)         | -             |               |
| Dividend Distribution tax                               | (1.64)         | -             |               |
| Add: Impact of accounting IV at equity method from PCM. | -              | -             | (0.39)        |
| <b>Total</b>  | <b>152.11</b>  | <b>132.06</b> | <b>59.12</b>  |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

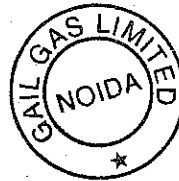
13 - Borrowings

| Particulars  | (Rs In Crores)          |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As per Ind AS           | As per Ind AS           | As per Ind AS           |
|  | As at                   | As at                   | As at                   |
|  | 31-Mar-17<br>INR Crores | 31-Mar-16<br>INR Crores | 01-Apr-15<br>INR Crores |
| <b>Non current borrowings</b>  |                         |                         |                         |
| Secured Term loans:  |                         |                         |                         |
| - <b>Union Bank of India</b>   |                         |                         | 78.62                   |
| Secured Against all assets of Dewas, Kota Meerut and Sonapat agianst total sanctioned amount of Rs.142 Crore, Loan drawn up to 31.03.2016 is Rs.142 Crore against Rs.127 Crore drawn up to 01.04.2015.<br>Loan has been Swaped with HDFC (ROI as at 01.04.2015 :10.75%)  |                         |                         |                         |
| - <b>HDFC Bank Ltd</b>   | 51.11                   | 71.56                   | -                       |
| Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all assets of Dewas, Kota, Meerut and Sonapat. (ROI 8.15 % as on 31.03.2017, ROI as on 31.3.2016: 9.30%)  |                         |                         |                         |
| Secured Term loans   |                         |                         |                         |
| - <b>Oil Industry Development Board</b>  | 118.11                  | 51.32                   | 41.59                   |
| Secured against all Assets of TTZ Project. Sanction and drawn up to 31.03.2015 & 31.03.2016 Rs58 Crore. During 2015-16 Company availed Rs.24.23Cr for Dewas, Sonapat &meerut and same was secured against all assets of the cities.<br>Weighted Average ROI as on 31.03.2016 : 8.44% .<br>During 2016-17 The company has availed Rs 63 Crore on 31.01.2017 & Rs 24.35 Crore on 04.02.2017. Loan is secured against all assets of Bangalore CGD project. Loan is repayble in Eight years after monatorium period of two years .Weighted Average ROI as on 31.03.2017 : 7.53%. |                         |                         |                         |
| Secured Term loans   |                         |                         |                         |
| - <b>Oil Industry Development Board</b>  |                         |                         | 10.90                   |
| Against Corporate Gurantee given By GAIL for loan of Rs.118 Crore partaining to Cities of Dewas Kota Meerut and Sonapat<br>Weighted Average ROI as at 01.04.2015: 8.81%  |                         |                         |                         |
| <b>Total Non Current Borrowings</b>  | <b>169.22</b>           | <b>122.88</b>           | <b>131.11</b>           |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**14 - Deferred Tax Liabilities**

| Particulars                                | (Rs In Crores) |               |               |
|--|----------------|---------------|---------------|
|  | As per Ind AS  | As per Ind AS | As per Ind AS |
|  | As at          | As at         | As at         |
|  | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|  | INR Crores     | INR Crores    | INR Crores    |
| Deferred tax liabilities                   | 38.42          | 25.60         | 17.79         |
| Less: Corporate Mat Receivable             | (14.97)        | (15.30)       | (15.18)       |
| <b>Deferred tax assets/liabilities-net</b> | <b>23.45</b>   | <b>10.30</b>  | <b>2.61</b>   |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

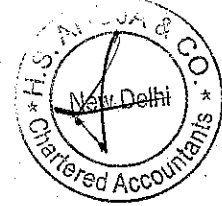
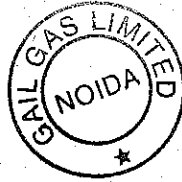
15 - Current Liabilities Borrowings

| Particulars                         | (Rs In Crores) |               |               |
|-------------------------------------|----------------|---------------|---------------|
|                                     | As per Ind AS  | As per Ind AS | As per Ind AS |
|                                     | As at          | As at         | As at         |
|                                     | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|                                     | INR Crores     | INR Crores    | INR Crores    |
| <b>Current borrowings</b>           |                |               |               |
| Cash Credit Facility with HDFC Bank | 9.48           | 71.95         | 33.67         |
| <b>Unsecured</b>                    |                |               |               |
| STL from HDFC Bank                  | -              | 25.00         | -             |
| STL from ICICI Bank                 | -              | 15.00         | -             |
|                                     |                |               |               |
| <b>Total current borrowings</b>     | <b>9.48</b>    | <b>111.95</b> | <b>33.67</b>  |
|                                     |                |               |               |



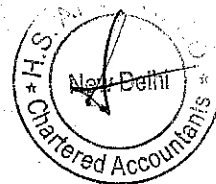
**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**16 - Trade Payables**

| Particulars                       | (Rs In Crores) |               |               |
|-----------------------------------|----------------|---------------|---------------|
|                                   | As per Ind AS  | As per Ind AS | As per Ind AS |
|                                   | As at          | As at         | As at         |
|                                   | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|                                   | INR Crores     | INR Crores    | INR Crores    |
| Trade payables to related parties | 100.57         | 58.16         | 44.16         |
| Trade Payble-Others               | 10.72          | 14.04         | 15.07         |
| <b>Total</b>                      | <b>111.29</b>  | <b>72.20</b>  | <b>59.23</b>  |



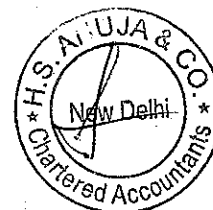
NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)  
17 - Other financial liabilities

| Particulars   | (Rs in Crores)                   |                                  |                                  |
|---|----------------------------------|----------------------------------|----------------------------------|
|   | As per Ind AS                    | As per Ind AS                    | As per Ind AS                    |
|   | As at<br>31-Mar-17<br>INR Crores | As at<br>31-Mar-16<br>INR Crores | As at<br>01-Apr-15<br>INR Crores |
| <b>Current maturity of long term loans:</b>   |                                  |                                  |                                  |
| Secured Term loans:   |                                  |                                  |                                  |
| - Union Bank of India   |                                  |                                  | 17.47                            |
| Secured against all Assets of four authorised cities of Dewas, kota Meerut and Sonapat. Agaisnt total sanctioned amount of Rs 142 Crore, Drawn Rs142 Cr up to 31.03.2016 (as at 01.04.2015 Rs 127 Crore. Loan has been swapped with HDFC wef 27.01.2016 |                                  |                                  |                                  |
| Secured Term loans:   |                                  |                                  |                                  |
| - HDFC Bank Ltd   | 20.44                            | 20.44                            |                                  |
| Secured against all assets of four authorised cities of Dewas, Kota Meerut and Sonapat. ROI as on 31.03.2017 8.15%, ROI as on 31.03.2016 :9.30%   |                                  |                                  |                                  |
| Secured Term loans  |                                  |                                  |                                  |
| - Oil Industry Development Board  | 14.50                            | 14.50                            | 11.41                            |
| Secured against all Assets of TTZ Project. Sanction and drawn up to 31.03.2015 & 31.03.2016 Rs58 Crore. During 2015-16 Company availed Rs.24.23Cr from OIDB for Dewas, Sonapat & Meerut and same was secured against all assets of the cities.          |                                  |                                  |                                  |
| Secured Term loans  |                                  |                                  |                                  |
| - Oil Industry Development Board  |                                  | 10.90                            | 29.50                            |
| Agianst Corporate Gurantee given by GAIL (India) Ltd for Loan of Rs.118 Crore. Pertaining to cities of Dewas, Kota, Meerut and Sonapat.   |                                  |                                  |                                  |
| Company drawn loan for Rs.24.23 Crore on 06.01.2016, secured against all assets of Dewas, Sonapat, Meerut drawn. ROI 7.97%  | 6.06                             |                                  |                                  |
| <b>Other financial liabilities at amortised cost:</b>   |                                  |                                  |                                  |
| Deposits/Retention Money from Customers/contractors/others  | 61.58                            | 49.90                            | 47.79                            |
| <b>Other payables</b>   |                                  |                                  |                                  |
| Interest accrued but not paid   |                                  |                                  | 0.20                             |
| Audit fee payable   |                                  |                                  | 0.03                             |
| Other Liabilities   |                                  | 0.02                             | 0.75                             |
| <b>Total other financial liabilities at amortised cost</b>  | <b>4.35</b>                      | <b>3.07</b>                      | <b>0.75</b>                      |
| <b>Current Liabilities</b>  | <b>106.93</b>                    | <b>98.83</b>                     | <b>107.15</b>                    |
| <b>Non current Liabilities</b>  | <b>106.93</b>                    | <b>98.83</b>                     | <b>107.15</b>                    |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**18 - Provisions**

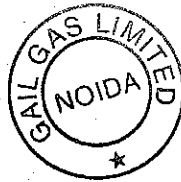
| Particulars                      | (Rs In Crores) |               |               |
|----------------------------------|----------------|---------------|---------------|
|                                  | As per Ind AS  | As per Ind AS | As per Ind AS |
|                                  | As at          | As at         | As at         |
|                                  | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|                                  | INR Crores     | INR Crores    | INR Crores    |
| Provisions                       |                |               |               |
| Provisional Liabilities          |                |               |               |
| Provision for Tax                | 30.08          | 24.64         | 13.39         |
| Provision for pay revision & PRP | 33.67          | 12.41         | 9.77          |
|                                  | 7.70           | -             | -             |
| <b>Total</b>                     | <b>71.45</b>   | <b>37.05</b>  | <b>23.16</b>  |
| Current                          | 71.45          | 37.05         | 23.16         |
| Non current                      |                |               |               |
| <b>Total</b>                     | <b>71.45</b>   | <b>37.05</b>  | <b>23.16</b>  |





**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**19 - Other Current non financial liabilities**

| Particulars                     | (Rs In Crores) |               |               |
|---------------------------------|----------------|---------------|---------------|
|                                 | As per Ind AS  | As per Ind AS | As per Ind AS |
|                                 | As at          | As at         | As at         |
|                                 | 31-Mar-17      | 31-Mar-16     | 01-Apr-15     |
|                                 | INR Crores     | INR Crores    | INR Crores    |
| Service Tax Payble              | 0.19           | 0.05          | 0.04          |
| TDS, VAT, Excise and WCT payble | 5.90           | 4.63          | 5.77          |
| <b>Total</b>                    | <b>6.09</b>    | <b>4.68</b>   | <b>5.81</b>   |
| <b>Current</b>                  | <b>6.09</b>    | <b>4.68</b>   | <b>5.81</b>   |
| <b>Non current</b>              | <b>-</b>       | <b>-</b>      | <b>-</b>      |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**20- Revenue from Operations**

(Rs In Crores)

| Particulars                             | As per Ind AS   | As per Ind AS   |
|---|-----------------|-----------------|
|   | As at           | As at           |
|   | 31-Mar-17       | 31-Mar-16       |
|   | INR             | INR             |
| Sale of products/Gas                    | 2,749.82        | 1,493.31        |
| Gas Transmission charges                | 63.78           | 68.32           |
| <b>Other Operating Revenues:</b>        |                 |                 |
| Application Fees Domestic Connections   | 0.46            | 0.07            |
| Interest Income from Customers & Others | 0.63            | 1.20            |
| Misc- Income Extra Pipe Line            | 0.14            | 0.25            |
| Misc- Income Other Sales Service        | 0.01            | 0.06            |
| MGO Receipts                            | 1.63            | 3.08            |
|   | <b>2,816.47</b> | <b>1,566.29</b> |

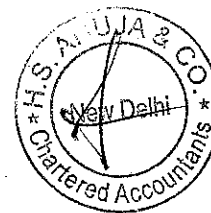


NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

21 Other Income

(Rs In Crores)

| Particulars                         | As per Ind AS |             |
|-------------------------------------|---------------|-------------|
|                                     | As at         |             |
|                                     | 31-Mar-17     | 31-Mar-16   |
|                                     | INR           | INR         |
| Interest income                     | 0.93          | 0.22        |
| Liquidated damages                  | -             | -           |
| Miscellaneous Receipts              | 1.46          | 1.03        |
| Profit/Loss on Sale of Fixed Assets | -             | 0.04        |
| Tender fees                         | 0.03          | 0.02        |
|                                     | <b>2.43</b>   | <b>1.30</b> |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**22 Gas Consumed**

(Rs In Crores)

| Particulars   | As per Ind AS |             |
|---|---------------|-------------|
|   | As at         | As at       |
|   | 31-Mar-17     | 31-Mar-16   |
|   | INR           | INR         |
| <b>Opening Stock</b>                                      | <b>0.37</b>   | <b>0.48</b> |
| Add: Purchases  | 2,607.74      | 1,405.33    |
| Less: Gas Consumed  | 2,597.29      | 1,398.50    |
| Less: Gas Consumed As Fuel including<br>Abnormal Gas Loss | 9.95          | 6.94        |
| <b>Closing Stock</b>                                      | <b>0.87</b>   | <b>0.37</b> |

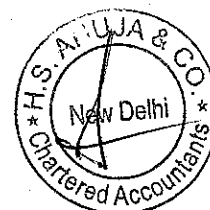


NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

23 Employee benefit expenses

(Rs In Crores)

| Particulars                                  | As per Ind AS | As per Ind AS |
|--|---------------|---------------|
|  | As at         | As at         |
|  | 31-Mar-17     | 31-Mar-16     |
|  | INR           | INR           |
| Salary Wages & Allowances                    | 28.25         | -             |
| Contribution to Provident Fund               | 2.48          | -             |
| Welfare Expenses                             | 8.94          | -             |
| Less: Employees Benefits Transferred to IEDC | (17.05)       | -             |
|  | 22.62         | -             |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**24 Finance Costs**

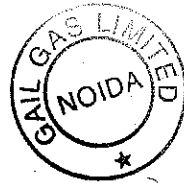
(Rs In Crores)

| Particulars                                   | As per Ind AS | As per Ind AS |
|---|---------------|---------------|
|   | As at         | As at         |
|   | 31-Mar-17     | 31-Mar-16     |
|   | INR           | INR           |
| Interest on Term Loan From Banks              | 7.31          | 9.90          |
| Interest on Cash Credit Facilities            | 7.00          | 6.04          |
| Interest on OIBD Loan (Secured)               | 5.55          | 7.18          |
| IEDC TFD to CWIP - Interest & Finance Charges | (2.41)        | (4.24)        |
|   | <b>17.45</b>  | <b>18.87</b>  |



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**25 Depreciation & Amortisation Expenses**

| Particulars                          | (Rs In Crores)     |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | As per Ind AS      | As per Ind AS      |
|                                      | As at<br>31-Mar-17 | As at<br>31-Mar-16 |
| Depreciation & Amortisation Expenses | 15.66              | 13.78              |
|                                      |                    |                    |
|                                      | <b>15.66</b>       | <b>13.78</b>       |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

26 Other Expenses

| Particulars  | (Rs In Crores) |               |
|--|----------------|---------------|
|  | As per Ind AS  | As per Ind AS |
|  | As at          | As at         |
|  | 31-Mar-17      | 31-Mar-16     |
|  | INR            | INR           |
| <b>Power &amp; Fuel Charges</b>  |                |               |
| Electricity Charges  | 0.83           | 0.64          |
| Fuel Charges   | 2.88           | 2.85          |
| <b>Rent-Office &amp; Others</b>  | 6.21           | 5.84          |
| <b>Repairs and Maintenance-P&amp;M</b>                                       | 14.46          | 9.69          |
| <b>Repairs and Maintenance-Buildings</b>                                     | 0.10           | 0.45          |
| <b>Insurance Charges</b>   | 0.30           | 0.31          |
| <b>Rates &amp; Taxes</b>   | 0.33           | 0.76          |
| <b>Payment to Auditors</b>   |                |               |
| Audit Fees (incl other Certification)  | 0.05           | 0.04          |
| Out of Pocket Expenses   | 0.02           | 0.01          |
| <b>Management Service Cost (Note 1)</b>                                      |                |               |
| Salaries, Wages and Allowances   | -              | 33.31         |
| Contribution to Provident and Other Funds                                    | -              | 2.02          |
| Welfare Expenses   | -              | 3.23          |
| <b>Less: Management Service Cost transferred to Capital Work-in-Progress</b> |                | (15.75)       |
| <b>Other Misc Expenses</b>   |                |               |
| Stores & Spares Consumed   | 3.51           | 1.26          |
| Loss/Gain (+/-) of Foreign Currency Transaction                              | (0.04)         | 0.06          |
| Water Charges  | 0.01           | 0.01          |
| Communication Exp  | 0.26           | 0.15          |
| Printing & Stationery  | 0.38           | 0.26          |
| Travelling Exp   | 2.31           | 2.68          |
| Books & Periodicals  | 0.01           | 0.00          |
| Advt & Publicity   | 1.08           | 0.72          |
| Training Exp   | 0.14           | 0.17          |
| Vehicle Hire & Running Exp   | 1.57           | 1.49          |
| Consultancy & Legal Charges  | 2.47           | 2.06          |
| Data Processing Exp  | 2.06           | 0.92          |
| Selling & Distribution Exp   | 0.16           | 0.14          |
| Dealer Commission  | 3.18           | 2.64          |
| Security Exp   | 1.95           | 1.58          |
| CSR Exp  | -              | -             |
| Other Misc Exp   | 1.34           | 1.02          |
| Provision Against Doubtful Claims  | 0.16           | -             |
| Other Exp-Abnormal Loss  | 7.07           | 4.09          |
| Expenses on Cities Written off   | -              | 5.98          |
| Profit (-)/Loss (+) on sale of assets  | -              | -             |
| Other Exp - Interest/Penalty Charges-Statutory                               | 0.10           | 0.03          |
| <b>Less: Expenditure transferred to CWIP</b>                                 |                |               |
| IEDC - Power, Water, Fuel Charges  | -              | -             |
| IEDC- Security Expenses  | (0.61)         | (0.55)        |
| IEDC- Rent & Warehouse Exp.  | (3.03)         | (3.47)        |
| IEDC - TRAVELLING & CONV. EXP  | (0.95)         | (1.68)        |
| IEDC - Vehicle Hire Charges  | (0.34)         | (0.54)        |
| IEDC- Others   | -              | (0.14)        |
|  | <b>47.97</b>   | <b>62.28</b>  |

Note:

During the previous year all the employees posted at GAILGAS were on the roll of GAIL(India) Ltd, hence the expenditure reimbursed to GAIL was shown under Management service cost (Other expenses). However during the year such expenditure has been shown under the head of "Employee Benefit Expenses".





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

27 Tax Expenses

(Rs In Crores)

| Particulars  | As per Ind AS | As per Ind AS |
|--------------|---------------|---------------|
|              | As at         | As at         |
|              | 31-Mar-17     | 31-Mar-16     |
|              | INR           | INR           |
| Current tax  | 21.57         | 11.60         |
| Deferred Tax | 12.84         | 8.36          |
|              |               |               |
|              | 34.41         | 19.96         |

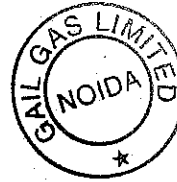


**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**28 Contingent Liabilities**

(Rs in Crores)

| Particulars  | As at           | As at           |
|--|-----------------|-----------------|
|  | 31-Mar-17       | 31-Mar-16       |
| BG Issued  | 6716.31         | 5,225.42        |
| Court Cases  | 23.59           | 23.06           |
| Arbitration Cases  | 21.10           | 18.66           |
| Statutory  |                 |                 |
| Demand received from Commissioner, Central Excise, Dewas in connection with wrong filing of ER-1 for the month of Sept 2010. | 1.74            | 1.74            |
| Share in Contingent Liability of Joint Venture   | 31.01           | 6.03            |
|  | <b>6,793.75</b> | <b>5,274.91</b> |



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 29 First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

##### A. Optional exemptions availed

##### 1. Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

- i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress and intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

##### 2. Business Combination

Ind AS 103 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before 1 April 2014. Use of this exemption means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognises all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognised and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognised in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

The Company has used same exemptions for interest in associates and joint ventures.

##### 3. Interest in Joint Ventures



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**29 First-time adoption of Ind AS**

The Company exercises joint control over the certain entities. Under Indian-GAAP, the Company has proportionately consolidated its interest in the Joint Ventures in the Consolidated Financial Statement. On transition to Ind AS the Company has assessed and determined that these are joint ventures under Ind AS 111 Joint Arrangements. Therefore, it needs to be accounted for using the equity method as against proportionate consolidation. For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the Company had previously proportionately consolidated including any goodwill arising on acquisition.

**B. Mandatory exceptions**

**1. Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

**2. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**  
**29 First-time adoption of Ind AS**

**Reconciliation of Equity**

(Amounts in Crores)

| Particulars  | Notes to first time adoption | 31 March 2016 | 01 April 2015 |
|--|------------------------------|---------------|---------------|
| <b>Equity as per Previous GAAP (Indian GAAP)</b>                                     |                              | 521.35        | 361.36        |
| <b>Add:</b>  |                              |               |               |
| Reversal of Proposed dividend and tax on proposed dividend                           | a                            | 9.68          | -             |
| Reversal of depreciation on right to use   | c                            | 0.00          | -             |
| Reversal of prior period items   | d                            | 1.62          | -             |
| Deferred Tax Asset on Ind AS adjustments   | f                            | -             | 0.59          |
| Impact of accounting JV as per equity method from proportionate consolidation method | e                            | -             | (0.39)        |
| Impact of derecognizing previous GAAP JV's balance - cumulative                      | e                            | 5.30          | (0.74)        |
| <b>Less:</b>   |                              |               |               |
| Depreciation on stores and spares classified as PPE in retained earnings             | b                            | (0.04)        | (0.08)        |
| Prior period adjustments restated  | d                            | -             | (1.62)        |
| Deferred Tax Liability on Ind AS adjustments   | f                            | (0.55)        |               |
| Survey Expenditure Considered  |                              | (0.20)        |               |
| Share of profit/ (loss) of a JV  | e                            | (0.86)        |               |
| <b>Total adjustments</b>   |                              | <b>14.95</b>  | <b>(2.24)</b> |
| <b>Ind AS adjustments as at transition date</b>                                      |                              | <b>(2.24)</b> | <b>-</b>      |
| <b>Equity as per Ind AS</b>  |                              | <b>534.06</b> | <b>359.12</b> |

**Reconciliation of Total comprehensive income**

(Amounts in Crores)

| Particulars  | Notes to first time adoption | 31 March 2016 |
|--|------------------------------|---------------|
| <b>Net Profit after tax as per previous GAAP (Indian GAAP)</b>           |                              | 36.38         |
| <b>Add:</b>  |                              |               |
| Reversal of depreciation on right to use                                 | c                            | 0.00          |
| Reversal of prior period items   | d                            | 1.62          |
| Impact of derecognizing previous GAAP JV's balance                       | e                            | 2.59          |
| <b>Less:</b>   |                              |               |
| Depreciation on stores and spares classified as PPE in retained earnings | b                            | (0.04)        |
| Deferred Tax Liability on Ind AS adjustments                             | f                            | (0.55)        |
| Survey Expenditure Considered  | e                            | (0.20)        |
| Share of profit/ (loss) of a JV  | f                            | (0.86)        |
| <b>Total adjustments</b>   |                              | <b>2.56</b>   |
| <b>Profit after taxes as per Ind AS</b>                                  |                              | <b>38.94</b>  |
| <b>Other comprehensive income (net of taxes)</b>                         |                              | <b>-</b>      |
| <b>Total comprehensive income under Ind AS</b>                           |                              | <b>38.94</b>  |



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 29 First-time adoption of Ind AS

#### Notes to first time adoptions

##### Notes:

a) Under previous GAAP, proposed dividend is recognised as a liability in the period to which it relates. Under Ind AS, dividend is adjusted directly in Equity in the period in which it is declared/approved irrespective of the period to which it relates. Accordingly, an amount of Rs. 9.68 crores towards dividend (including dividend distribution tax) recognized as liability in financial year 2015-16 as per Previous GAAP has been reversed and the same is adjusted in Equity in the year 2016-17 as declared, approved and paid.

b) Under previous GAAP, machinery spares are usually charged to the profit and loss statement as and when consumed. Under Ind AS, spare parts are, retrospectively, recognized in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Depreciation of an asset begins when it is available for use. Spare parts are generally available for use from the date of its purchase. Accordingly, following amount of spares are capitalized, with depreciation calculated retrospectively from the date of its purchase.

|  | 31-Mar-15 | 31-Mar-16 |
|--|-----------|-----------|
| Spares recognized in accordance with Ind AS 16     | 0.41      | -         |
| Retrospective calculation of depreciation on above | 0.08      | 0.04      |

c) Under previous GAAP, the useful life of an intangible asset may not be indefinite. Under Ind AS, useful life of an intangible asset may be finite or indefinite. Ind AS 38 does not allow amortization of an intangible asset with indefinite life. Accordingly, depreciation on intangible asset - 'right to use' of Rs. 0.00 crore has been reversed in financial year 2015-16 as the useful life of the said asset is indefinite.

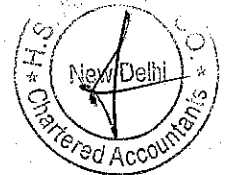
d) Under previous GAAP, prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived. Under Ind AS, material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. Accordingly, prior period adjustments of Rs. 1.62 crores made in financial year 2015-16 has been reversed; and impact of the same is taken in the opening balance sheet, i.e., April 1, 2015.

e) Joint Venture companies was accounted for using the proportionate consolidation method under previous GAAP whereas it needs to be accounted using the equity method under Ind AS. Therefore, as required by Ind AS 101, the Company has on the transition date, recognised investment in JV's by measuring it at the aggregate of the carrying amount of the assets and liabilities that the Company had proportionately consolidated under previous GAAP as of the transition date; and such investment amount has been deemed to be the cost of investment at initial recognition. After initial recognition at the transition date, the Company has accounted for JV's using the equity method in accordance with Ind AS 28.

f) Previous GAAP required recognition of deferred tax using the income statement approach; however, Ind-AS requires the Company to recognise deferred tax using the balance sheet approach. The effect on account of application of Ind-AS has been duly accounted.

g) Under previous GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, the Statement of Profit and Loss under previous GAAP has been reconciled with profit and loss statement and total other comprehensive income as per Ind - AS.

h) In the preparation of these Ind-AS Financial Statements, the Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statements, some line items are described differently under Ind-AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.



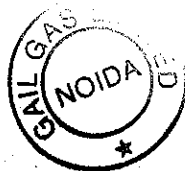
**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)****30: Disclosure on Specified Bank Notes (SBNs)**

During the year, the company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308 ('E) Dated March 31 st 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8th, 2016 to December 30 2016. The denomination wise SBNs and other notes as per the notification is given below:

(Figures in INR)

| DENOMINATION OF NOTES                 | SBNs            | OTHER DENOMINATION NOTES | TOTAL           |
|---------------------------------------|-----------------|--------------------------|-----------------|
| CLOSING CASH IN HAND AS ON 08.11.2016 | 48,81,000.00    | 24,06,482.00             | 72,87,482.00    |
| (+) PERMITTED RECEIPTS                | 10,18,72,450.00 | 12,90,71,123.00          | 23,09,43,573.00 |
| (-) PERMITTED PAYMENTS                |                 |                          |                 |
| (-) AMOUNT DEPOSITED IN BANK          | 10,67,53,450.00 | 11,65,74,801.00          | 22,33,28,251.00 |
| CLOSING CASH IN HAND AS ON 30.12.2016 |                 | 1,49,02,804.00           | 1,49,02,804.00  |

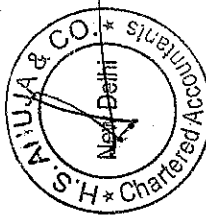
\* For the purposes of this clause, the term "Specified bank Notes " shall have the same meaning provided in the Notification of Government of India, in the ministry of Finance , Department of Economic Affairs number S.O.3407('E) dated 08th November 2016.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

31- Additional Information as Required by Schedule III of Companies Act 2013

| Sr. No. | Name of the Entity (% of Share)   | Proportion of Ownership Interest on 31st March, 2017 | Net Asset (ie. Total Asset minus Total Liabilities) |                    | Share of Profit or Loss             |                    | Share in Other Comprehensive Income |                    | Share in Total Comprehensive Income |                    |
|---------|---|--|---|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
|         |   |  | As % of Consolidated Net Asset                      | Amount (Rs. Crore) | As % of Consolidated Profit or Loss | Amount (Rs. Crore) | As % of Consolidated OCI            | Amount (Rs. Crore) | As % of Total Comprehensive Income  | Amount (Rs. Crore) |
| 1       | Parent<br>GAIL Gas Ltd.<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016                 |  | 100.33%<br>100.23%                                  | 781.65<br>535.30   | 102.02%<br>102.19%                  | 65.02<br>39.79     | 0.00%<br>0.00%                      | -<br>-             | 102.02%<br>102.19%                  | 65.02<br>39.79     |
| 2       | Joint Ventures<br>(Investment as per equity method)   |  |   |                    |                                     |                    |                                     |                    |                                     |                    |
| A)      | Indian  |  |   |                    |                                     |                    |                                     |                    |                                     |                    |
| i)      | Andhra Pradesh Gas Distribution Company<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016 | 50.00%<br>50.00%                                     | 1.74%<br>2.66%                                      | 13.58<br>14.23     | -1.04%<br>-0.74%                    | (0.66)<br>(0.29)   | 0.00%<br>0.00%                      | -<br>-             | -1.04%<br>-0.74%                    | (0.66)<br>(0.29)   |
| ii)     | Vadodra Gujrat Limited<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016                  | 17.07%<br>17.07%                                     | 5.49%<br>7.92%                                      | 42.74<br>42.28     | 0.73%<br>3.34%                      | 0.47<br>1.30       | 0.00%<br>0.00%                      | -<br>-             | 0.73%<br>3.34%                      | 0.47<br>1.30       |
| iii)    | Rajasthan State Gas Limited<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016             | 50.00%<br>50.00%                                     | 1.72%<br>1.43%                                      | 13.37<br>7.63      | -1.98%<br>-6.08%                    | (1.26)<br>(2.37)   | 0.00%<br>0.00%                      | -<br>-             | -1.98%<br>-6.08%                    | (1.26)<br>(2.37)   |
| iv)     | Kerala Gail Gas Limited<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016                 | 50.00%<br>50.00%                                     | 1.68%<br>2.36%                                      | 13.09<br>12.58     | 0.81%<br>1.28%                      | 0.51<br>0.50       | 0.00%<br>0.00%                      | -<br>-             | 0.81%<br>1.28%                      | 0.51<br>0.50       |
| v)      | Haridwar Natural Gas Private Limited<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016    | 50.00%<br>0.00%                                      | 0.92%<br>0.00%                                      | 7.15<br>-          | -0.54%<br>0.00%                     | (0.35)<br>-        | 0.00%<br>0.00%                      | -<br>-             | -0.54%<br>0.00%                     | (0.35)<br>-        |
| vi)     | Goa Natural Gas Private Limited<br>Balance as at March 31, 2017<br>Balance as at March 31, 2016         | 50.00%<br>0.00%                                      | 0.32%<br>0.00%                                      | 2.50<br>-          | 0.00%<br>0.00%                      | -<br>-             | 0.00%<br>0.00%                      | -<br>-             | 0.00%<br>0.00%                      | -<br>-             |





## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

32. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost & travelling expenses have been directly identified to the project activities and operation activities respectively on actual basis and accounted for accordingly. Expenses related to rent, vehicle hire charges, security charges and other expenses have been allocated to Incidental Expenditure during the construction and charged to Statement of Profit & Loss in the ratio of manpower identified for project activities and operation activities respectively during the year.
33. The Incidental Expenditure during Construction amounting to Rs.21.98 Crores (Previous Year Rs. 22.13 Crores) have been allocated to completed Project & Capital work in progress in the ratio of direct and indirect allocated cost of assets.
34. (a) CWIP includes asset under construction which are under different stage of completion, capitalization will be made after scrutiny of all cases. An amount of Rs.0.68 Crores (Previous Year Rs.1.67 Crores) held under CWIP related to expenditure incurred for bidding conducted by PNGRB.
- (b) During the year company has charged to revenue expenses for Rs.0.40 Crores incurred on account of survey and investigation expenses for the unsuccessful geographical area related to Sholapur and Bhopal. Since, these geographical areas had been awarded to different entities other than GAIL Gas Ltd, hence the operations in those geographical areas wouldn't be done by GAIL Gas Ltd.
- (c) The capital expenditure incurred to the tune of Rs.4.05 Crores for one CNG Station at Mathura has been shown under Capital Work in Progress (CWIP). The permission from NHAI for laying of pipelines along the National Highway -2 has already been received and the construction is under-going and will be capitalized in due course.
- (d) All the lands appearing in the books are procured from various government agencies. Total Land value as on 31.03.2017 is of Rs.23.88 Crores out of which Rs.12.79 Crores is Freehold Land and Rs.11.09 Crores is Leasehold Land. Out of Rs.12.79 Crores of Freehold land, the execution of sale deed of the freehold land (3004.42 sq.mtr) of Rs.1.90 Crores is pending. Mutation of Freehold Lands is in process.
- (e) Building of Rs.40.10 Crores includes the building of Rs.14.08 Crores which is constructed on the land provided by GAIL (India) Ltd. The terms and conditions on which land has been provided to GAIL Gas Ltd are yet to be finalized.
- Building of Rs.4.14 Crores is constructed on the land (693 sq. mtr) provided by the BMTC at free of cost for the CNG Station installed at Bengaluru Municipal Transport Corporation (BMTC) bus depot. The documentation of which is pending for execution.
- Building of Rs.3.26 Crores is constructed on the land provided by the dealer, warehouse and developers.



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

Building of Rs.2.24 Crores is constructed on the land (2080 sq. mtr) taken on lease for the period of 05 years ending 05 Oct 2019 from MPAKVN Ltd.

(f) 14 CNG Stations have commenced their operation without completing the licensing requirement and other legal formalities.

35. a) The total authorized capital of the Company is Rs. 1000 Crores (Previous Year Rs.700 Crores) against which Rs.627 Crores (Previous Year Rs.402 Crores) has been issued as on balance sheet date.

b) The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board.

**36. Capital Commitment Disclosure**

a) The estimated amount of contracts over Rs. 5 Lac amounting to Rs.258.14 Crores (Previous Year Rs.313.54 Crores) are remaining to be executed on capital accounts and not provided for.

b) The Company has no uncalled liability on shares and other investments partly paid.

c) Provisional liability of Rs.30.08 Crores (Previous Year Rs.24.64 Crores) has been made in the books of accounts as at 31.3.2017 which will be settled as per actual bills.

**37. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):**

| Particulars  | (Rs.)   |         |
|--|---------|---------|
|  | 2016-17 | 2015-16 |
| i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;   | Nil     | Nil.    |
| ii) The amount of interest paid by the buyer in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;  | Nil     | Nil     |
| iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;  | Nil     | Nil     |
| iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and  | Nil     | Nil     |
| v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23. | Nil     | Nil     |

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

38. Information required as per Schedule III of the Companies Act, 2013

(Rs in Crores)

I. CIF Value of Import

|                     | 2016-17 | 2015-16 |
|---------------------|---------|---------|
| CIF Value of Import | Nil     | Nil     |

II. Expenditure in Foreign Currency

(Rs. in Crores)

|                   | 2016-17 | 2015-16 |
|-------------------|---------|---------|
| Others-Travelling | 0.03    | 0.12    |

III.

|   | 2016-17 | 2015-16 |
|---|---------|---------|
| Total Value of imported Raw Material, spare parts and components consumed % of total    | 9.10%   | 65.39%  |
| Total Value of Indigenous raw materials, spare parts and Components consumed % of total | 90.90%  | 34.61%  |
| TOTAL % AGE   | 100%    | 100%    |

39. Details of purchases are as under

| Particulars               | Rs in Crores |
|---------------------------|--------------|
| Goods Purchased           |              |
| a. Compressed Natural Gas | 0.00         |
|                           | (0.00)       |
| b. Natural Gas            | 2607.74      |
|                           | (1405.33)    |

(The figure in the brackets pertains to previous year).

40. During the year 2016-17, authorization for City Gas Distribution Network in the geographical area of North Goa district has been granted to the consortium of GAIL Gas Limited and Bharat Petroleum Corporation Limited (BPCL) by Petroleum and Natural Gas Regulatory Board. The consortium company namely Goa Natural Gas Limited has been registered with ROC on dated 13<sup>th</sup> Jan 2017. As per MOU entered into with BPCL all costs related to submission of joint bids such as Cost of developing PFR and/or DFR, Application money, Bid Bond, Bid Document, Maps etc, shall be shared equally by parties. The Performance Bank Guarantee to the tune of Rs.1504 Crores has been submitted by GAIL Gas Ltd which is backed by Corporate Guarantee of Rs. 752 Crores each by BPCL and GAIL (India) Ltd.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

41. Claim recoverable to the tune of Rs.112.67 Crores (Previous Year Rs. 169.83 Crores) represent excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas in the state of Haryana and Gujarat. The recovery of balance refund is being pursued and considered good.

42. Corporate Social Responsibility

- a) Gross amount required to be spent by the company during the year was Rs.0.63 Crores (Previous Year Rs.0.47 Crores)  
 b) Amount spent during the year on:

|   | In Cash | Yet to be paid<br>in cash | Total |
|---|---------|---------------------------|-------|
| i). Construction/acquisition of any asset | Nil     | Nil                       | Nil   |
| ii). On purposes other than (i) above     | Nil     | Nil                       | Nil   |

(c) In accordance with generally accepted accounting principles of accounting no provision for the above amount has been made since no CSR activity was identified during the year & no liability has been incurred which needs to be recognized in the financial statements.

(d) The draft CSR Policy of GAIL Gas Ltd. has been approved by the duly constituted CSR Committee of the Board and the recommendations of the CSR Committee are required to be approved by the GAIL Gas Board in its forthcoming meeting. However, as per the provision of the Companies Act, 2013, on approval of the CSR Policy by the Board of GAIL Gas Ltd., a non-lapsable CSR expenditure to the tune of Rs.1.52 Crores and need to be spent upto the financial year 2016-17. The same would be spent in the next financial year 2017-18.

43. The details of amount paid to Auditor during the year vis-à-vis previous year is as under:

| Particulars                  | (Rs. in Crores.) |             |
|------------------------------|------------------|-------------|
|                              | 2016-17          | 2015-16     |
| a. Statutory Audit fee:      | 0.04             | 0.04        |
| b. Others Services           | 0                | 0           |
| c. Reimbursement of Expenses | 0.01             | 0.01        |
| <b>TOTAL</b>                 | <b>0.05</b>      | <b>0.05</b> |

44. Salary and allowances payment of employees posted at GAIL Gas Ltd are being paid from GAIL Gas Ltd. However the provisions in respect of employee's benefits and disclosure requirements in terms of Ind AS 19 has not been provided in accounts as same have been complied by Holding Company M/s GAIL (India) Ltd.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

45. The Company has taken Term loan from OIDB and HDFC to finance the project activities in the TTZ, Bengaluru, Dewas, Kota, Meerut and Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of Ind AS16 "Borrowing Costs", the total finance cost pertaining to term loans amounting to Rs.13.00 Crores (Previous Year Rs. 17.07 Crores ) was incurred, out of which an amount of Rs.2.41 Crores (Previous Year Rs. 4.24 Crores) was capitalized during the period.
46. The company operates in a single segment of Natural Gas business and therefore the disclosure requirements as per Ind AS 108 "Operating Segment" are not required to be disclosed. However Entity-wide disclosures are as below:-

### **Information about products and services:**

The Company is in a single line of business of "Sale of Natural Gas".

### **Geographic Information:**

The company operates presently in the business of Natural Gas, including city gas distribution in India. Accordingly, revenue from customers and all assets are located in India only.

### **Information about major customers:**

Nine customers during the year ended 31st March 2017 and Six customers during the year ended 31st March 2016 contributed to more than 10% of the revenue individually. Revenue from these customers was Rs.2019.90 Crores and Rs.619.83 Crores during the year ended 31st March, 2017 and 31st March, 2016 respectively.

## 47. Related Party Disclosures

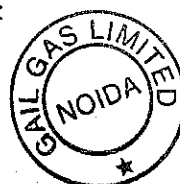
A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd. (Holding Company) either singly or jointly.

### **B. Related Party disclosure as per Ind AS 24.**

a. Relation and name of the related parties are:

#### **i. Holding Company**

GAIL (India) Ltd.



#### **ii. Indian Joint Venture Companies**

Andhra Pradesh Gas Distribution Corporation Ltd.  
Kerala GAIL Gas Limited.  
Vadodara Gas Limited.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Rajasthan State Gas Limited.  
Haridwar Natural Gas Pvt. Ltd.  
GOA Natural Gas Pvt. Ltd.

iii. Key Management Personnel:

**Chairman & Non-Executive Director**

Mr. B. C Tripathi

**Non-Executive Director**

Mr. Ashutosh Karnatak  
Mr. Subir Purkayastha  
Mrs. Anuradha Sharma Chagti  
Mr. R C Gupta  
Mr. A K Jana  
Mrs. Vandana Chanana

**Chief Executive Officer:** - Mr. Pankaj Kumar Pal

**Chief Financial Officer:** - Mrs. Jyoti Dua

**Company Secretary:** - Mr. Deepak Asija (w.e.f. 13<sup>th</sup> April 2016)

(B) Related Party Transactions

(Rs. in Crores)

| Sl. No | Particulars  | Holding Co.          | Joint Venture  | Key Management Personnel |
|--------|--|----------------------|----------------|--------------------------|
| 1      | Purchase of Goods  | 2607.74<br>(1405.33) | 0<br>(0)       | 0<br>(0)                 |
| 2.     | Interest on Delayed Payment  | 0.00<br>(0.08)       | 0<br>(0)       | 0<br>(0)                 |
| 3.     | Sales of Goods   | 0<br>(0)             | 0<br>(0)       | 0<br>(0)                 |
| 4.     | Reimbursement of Remuneration to Key Management personnel- Salary & Allowances | 0<br>(0)             | 0<br>(0)       | 1.00<br>(1.06)           |
| 5      | Reimbursement of remuneration to staff   | 0<br>(41.27)         | 8.63<br>(5.98) | 0<br>(0)                 |
| 6      | Rent   | 3.00<br>(3.00)       | 0<br>(0)       | 0<br>(0)                 |
| 7.     | Outstanding Balance Payable  | 101.73<br>(62.12)    | 0<br>(0)       | 0<br>(0)                 |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

|     |  |                      |                  |          |
|-----|--|----------------------|------------------|----------|
| 8   | Outstanding Balance Receivable   | 0<br>(0)             | 6.21<br>(2.72)   | 0<br>(0) |
| 9   | Provision for Bad Debt   | 0<br>(0)             | 0.16<br>(0)      | 0<br>(0) |
| 10  | Bad Debt written off   | 0<br>(0)             | 0<br>(0)         | 0<br>(0) |
| 11  | Corporate Guarantee given to OADB for term loan availed as at Balance Sheet date   | 118.00<br>(118.00)   | 0<br>(0)         | 0<br>(0) |
| 12. | Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date (including Rs.752 Crores given during the year 2016-17) | 5951.99<br>(5199.99) | 0<br>(0)         | 0<br>(0) |
| 13  | Investment in JVAPGDC as at Balance Sheet date   | 0<br>(0)             | 22.50<br>(22.50) | 0<br>(0) |
| 14  | Investment in JV KGGL as at Balance Sheet date   | 0<br>(0)             | 11.93<br>(11.93) | 0<br>(0) |
| 15  | Investment in JV VGL as at Balance Sheet date  | 0<br>(0)             | 41.01<br>(41.01) | 0<br>(0) |
| 16  | Investment in JV RSPCL as at Balance Sheet date  | 0<br>(0)             | 20.00<br>(17.03) | 0<br>(0) |
| 17  | Investment in JV HNGPL as at Balance Sheet date  | 0<br>(0)             | 7.50<br>(0)      | 0<br>(0) |
| 18  | Investment in JV GNGPL as at Balance Sheet date  | 0<br>(0)             | 2.50<br>(0)      | 0<br>(0) |
| 19  | Share allotment to Holding Company.  | 225<br>(102)         | 0<br>(0)         | 0<br>(0) |

(Figure shown in brackets pertains to previous year).

GAIL Gas Ltd. has formed six Joint Venture Companies by executing Joint Venture Agreement / share holder agreement with various State Governments & Corporates. In all these companies it was agreed that Equity Shareholding of both the promoters will be in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the shareholder agreement executed amongst them.

There is no provision towards payment of Management fees to the operator accordingly no management fee has been paid, therefore, no provision has been made in the books of accounts for same.

No provision has been made for the leasehold charges in respect of land provided by the Holding Company M/s GAIL (India) Ltd used for setting up CNG Station at Dibyapur, Vijaipur, Kovvur, Kota and Bengaluru as the terms and conditions are yet to be finalised.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

48. Earning per Share

| Particulars                           | 2016-17      | 2015-16      |
|---------------------------------------|--------------|--------------|
| Profit after Tax (Rs. in Crores)      | 63.73        | 38.94        |
| Weighted Average No. of Equity Shares | 53,18,41,096 | 33,20,00,000 |
| Nominal Value per Share (in Rs.)      | 10.00        | 10.00        |
| Earning per Share Basic (in Rs.)      | 1.20         | 1.17         |
| Earning per Share Diluted (in Rs.)    | 1.20         | 1.17         |

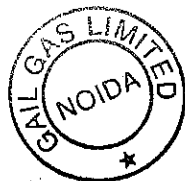
49. In compliance of Ind AS 12 on "Income Taxes" issued by the Institute of Chartered Accountants of India, the Company has created tax liability as per details given below:-

a) Income tax related to items charged or credited directly to profit or loss during the year:

| Statement of profit or loss                                   | 31-Mar-17    | 31-Mar-16    |
|---|--------------|--------------|
| <b>Current income tax:</b>                                    |              |              |
| Current income tax charge                                     | 21.57        | 11.60        |
| <b>Deferred tax:</b>  |              |              |
| Relating to origination and reversal of temporary differences | 12.84        | 8.36         |
| <b>Tax expense</b>  | <b>34.41</b> | <b>19.96</b> |

b) Reconciliation of effective tax rate

|  | 31-Mar-17             | 31-Mar-16             |
|--|-----------------------|-----------------------|
| Profit before share of Profits/Losses of JV and income taxes | 99.43                 | 59.74                 |
| Effective tax rate   | 21.69%                | 19.41%                |
| Computed effective tax expenses                              | 21.57                 | 11.60                 |
| Effect of Ind AS adjustment                                  | 0.00                  | (0.04)                |
| Movement in deferred tax liability                           | 12.84                 | 8.40                  |
| <b>Income tax charged to Statement of Profit &amp; Loss</b>  | <b>34.41 (34.61%)</b> | <b>19.96 (33.41%)</b> |





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

c) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

|  | 31-Mar-17      | 31-Mar-16     |
|--|----------------|---------------|
| Property, Plant and Equipment                                  | (12.90)        | (8.36)        |
| Provisions   | 0.06           | 0.00          |
| <b>Deferred tax (assets)/ liabilities</b>                      | <b>(12.84)</b> | <b>(8.36)</b> |
| Offsetting of deferred tax assets and deferred tax liabilities | 0.00           | 0.00          |
| <b>Net Deferred tax (assets)/ liabilities</b>                  | <b>(12.84)</b> | <b>(8.36)</b> |

50. During the year total gas loss is Rs.7.64 Crores (Previous Year Rs.4.44 Crores), which is within the permissible limit considering the Company as a whole, however abnormal loss is Rs.7.07 Crores (Previous Year Rs.4.08 Crores). Site wise breakup is as below:

| Site      | (Rs.in Crores) |         |
|-----------|----------------|---------|
|           | 2016-2017      | 2015-16 |
| Meerut    | 2.49           | 1.09    |
| Sonepat   | 2.69           | 2.75    |
| Kota      | 0.05           | 0.24    |
| Dewas     | 1.41           | 0.00    |
| Bengaluru | 0.43           | 0.00    |

51. These are the Company's first consolidated financial statements prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the company has followed the guidance prescribed in Ind AS 101 First-time Adoption of Indian Accounting Standard, with 1<sup>st</sup> April 2015 as the transition date and IGAAP as previous GAAP. An explanation of how the transition to Ind-AS has affected the Company's Balance Sheet, Statement of Profit and Loss is provided in Note No 29.

52. The company has an equity investment in a joint venture company M/s Andhra Pradesh Distribution Corporation (APGDC) and M/s Rajasthan State Gas Limited (RSGL) of Rs.22.50 Crores and Rs.20.00 Crores respectively which includes the additional funds contributed of Rs.7.50 Crores in APGDC and Rs.2.97 Crores in RSGL respectively. The additional funds have been contributed as per the joint venture agreement which has been shown as a part of investment.



# NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## 53. Notes on Financial Risk Management

### Financial risk management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk which the entity is exposed to and how the company manages the risk.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

#### (i). Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

#### (a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed interest instruments.

#### *Sensitivity analysis:*

The table below summarizes the impact of a potential increase or decrease on the Company's profit before tax, as applied to the variable element of interest rates on loans and borrowings. The increase/decrease is based on management estimates of potential interest rate movements.

(Rs.in Crores)

| Reporting period | Increase/decrease in interest rate basis points | Impact on profit before taxes |
|------------------|---|-------------------------------|
| 31.03.2017       | +100  | (0.81)                        |
|                  | -100  | 0.81                          |
| 31.03.2016       | +100  | (2.04)                        |
|                  | -100  | 2.04                          |

The sensitivity analysis is limited only to variable rate loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(b) Foreign exchange risk:

The Company does not have significant exposure in currency other than INR.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The contractual maturities of the Company's financial liabilities are presented below:

(Rs.in Crores)

| As at<br>31.03.2017                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than 5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|-------------------------|--------|
| Interest-bearing loans and borrowings | 9.48         | 17.02                    | 38.81          | 167.37       | 36.98                   | 269.66 |
| Trade and other payables              | -            | 111.29                   | -              | -            | -                       | 111.29 |
| Other financial liabilities           | 43.64        | 4.63                     | 17.90          | -            | -                       | 65.93  |

| As at<br>31.03.2016                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than<br>5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|----------------------------|--------|
| Interest-bearing loans and borrowings | 111.95       | 17.57                    | 45.31          | 140.00       | -                          | 314.83 |
| Trade and other payables              | -            | 72.20                    | -              | -            | -                          | 72.20  |
| Other financial liabilities           | 35.21        | 3.10                     | 14.68          | -            | -                          | 52.99  |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

| As at<br>01.04.2015                   | On<br>demand | Less<br>than 3<br>months | 3-12<br>months | 1-5<br>years | More<br>than 5<br>years | Total  |
|---------------------------------------|--------------|--------------------------|----------------|--------------|-------------------------|--------|
| Interest-bearing loans and borrowings | 33.67        | 18.73                    | 56.19          | 158.31       | -                       | 266.91 |
| Trade and other payables              | -            | 59.23                    | -              | -            | -                       | 59.23  |
| Other financial liabilities           | 35.75        | 0.98                     | 12.04          | -            | -                       | 48.77  |

**(iii) Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment.

The summary of the Company's product wise credit policy is tabulated below:

| Product                        | Credit period |
|--------------------------------|---------------|
| Piped Natural Gas (Domestic)   | 21 days       |
| Piped Natural Gas (Industrial) | 03/ 07 days   |
| Piped Natural Gas (commercial) | 07 days       |
| Compressed Natural Gas (CNG)   | Cash sales    |

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed by either through cash sales or within credit period of 3-21 days.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The aging analysis of trade receivables as of the reporting date is as follows:

(Rs.in Crores)

| Trade receivables | Total  | Past due but not impaired |            |            |               | Total |
|-------------------|--------|---------------------------|------------|------------|---------------|-------|
|                   |        | Less than 30 days         | 30-60 days | 60-90 days | Above 90 days |       |
| 31.03.2017        | 112.84 | 3.32                      | 0.55       | 0.49       | 4.85          | 9.21  |
| 31.03.2016        | 63.05  | 4.66                      | 0.66       | 0.28       | 4.32          | 9.92  |
| 01.04.2015        | 59.11  | 8.72                      | 1.26       | 0.30       | 4.32          | 14.60 |

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

(Rs.in Crores)

| Provisions   | 31 <sup>st</sup> March 2017 | 31 <sup>st</sup> March 2016 |
|--|-----------------------------|-----------------------------|
| Start of the year  | 1.08                        | 1.08                        |
| Provision for Doubtful Debts                             | 0.17                        | -                           |
| Receivables written off during the year as uncollectible | -                           | -                           |
| Unused amounts reversed                                  | -                           | -                           |
| End of year  | 1.25                        | 1.08                        |

### Cash deposits:

The cash deposits are held with public sector bank and private sector bank. There is no impairment on these cash deposits as on the reporting date and comparative period.

### Capital Management

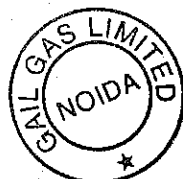
For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise the shareholder value.

The Company's management performs regular assessment of the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

The Company's net debt to capital employed ratio was as follows:

(Rs.in Crores)

| Particulars                     | 31.03.2017 | 31.03.2016 | 01.04.2015 |
|---------------------------------|------------|------------|------------|
| Total Liabilities               | 497.91     | 457.89     | 362.74     |
| Less: Cash and cash equivalents | (2.76)     | (1.35)     | (0.62)     |
| <b>Net debt (A)</b>             | 495.15     | 456.54     | 362.12     |



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

|                                   |               |               |               |
|-----------------------------------|---------------|---------------|---------------|
| <b>Total equity (B)</b>           | 779.11        | 534.06        | 359.12        |
| <b>Capital and net debt (A+B)</b> | 1274.26       | 990.60        | 721.24        |
| <b>Gearing ratio</b>              | <b>38.86%</b> | <b>46.09%</b> | <b>50.21%</b> |

**Fair value measurements**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(Rs. in Crores)

As at 31.03.2017:

| Financial assets                             | Carrying amount | Fair value |         |         |
|--|-----------------|------------|---------|---------|
|  |                 | Level-1    | Level-2 | Level-3 |
| <b>At Amortised cost:</b>                    |                 |            |         |         |
| Loans and receivables                        | 8.90            | -          | -       | -       |
| Trade receivables                            | 111.59          | -          | -       | -       |
| Cash and cash equivalents                    | 2.76            | -          | -       | -       |
| <b>At Fair value through profit and loss</b> | -               | -          | -       | -       |
| <b>At Fair value through OCI</b>             | -               | -          | -       | -       |
| <b>Total financial assets</b>                | <b>123.25</b>   | -          | -       | -       |
| <b>Financial Liabilities</b>                 |                 |            |         |         |
| <b>At amortised cost</b>                     |                 |            |         |         |
| Borrowings                                   | 178.70          | -          | -       | -       |
| Trade payables                               | 111.29          | -          | -       | -       |
| Other financial liabilities                  | 106.93          | -          | -       | -       |
| <b>At Fair value through profit and loss</b> | -               | -          | -       | -       |
| <b>Total financial liabilities</b>           | <b>396.92</b>   | -          | -       | -       |



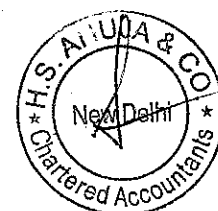
NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

As at 31.03.2016:

| Financial assets                             | Carrying amount | Fair value |         |         |
|--|-----------------|------------|---------|---------|
|  |                 | Level-1    | Level-2 | Level-3 |
| <b>At Amortised cost:</b>                    |                 |            |         |         |
| Loans and receivables                        | 5.41            | -          | -       | -       |
| Trade receivables                            | 61.97           | -          | -       | -       |
| Cash and cash equivalents                    | 1.35            | -          | -       | -       |
|  |                 |            |         |         |
| <b>At Fair value through profit and loss</b> | -               | -          | -       | -       |
| <b>At Fair value through OCI</b>             | -               | -          | -       | -       |
| <b>Total financial assets</b>                | <b>68.73</b>    | -          | -       | -       |
|  |                 |            |         |         |
| <b>Financial Liabilities</b>                 |                 |            |         |         |
| <b>At amortised cost</b>                     |                 |            |         |         |
| Borrowings                                   | 234.83          | -          | -       | -       |
| Trade payables                               | 72.20           | -          | -       | -       |
| Other financial liabilities                  | 98.83           | -          | -       | -       |
|  |                 |            |         |         |
| <b>At Fair value through profit and loss</b> | -               | -          | -       | -       |
|  |                 |            |         |         |
| <b>Total financial liabilities</b>           | <b>405.86</b>   | -          | -       | -       |

As at 01.04.2015:

| Financial assets                             | Carrying amount | Fair value |         |         |
|--|-----------------|------------|---------|---------|
|  |                 | Level-1    | Level-2 | Level-3 |
| <b>At amortised cost:</b>                    |                 |            |         |         |
| Loans and receivables                        | 5.34            | -          | -       | -       |
| Trade receivables                            | 58.03           | -          | -       | -       |
| Cash and cash equivalents                    | 0.62            | -          | -       | -       |
|  |                 |            |         |         |
| <b>At Fair value through profit and loss</b> | -               | -          | -       | -       |
| <b>At Fair value through OCI</b>             | -               | -          | -       | -       |
| <b>Total financial assets</b>                | <b>63.99</b>    | -          | -       | -       |
|  |                 |            |         |         |
| <b>Financial Liabilities</b>                 |                 |            |         |         |
| <b>At amortised cost</b>                     |                 |            |         |         |
| Borrowings                                   | 164.78          | -          | -       | -       |



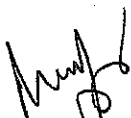
**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**


|  |               |   |   |   |
|--|---------------|---|---|---|
| Trade payables                               | 59.23         | - | - | - |
| Other financial liabilities                  | 107.15        | - | - | - |
|  |               |   |   |   |
| <b>At Fair value through profit and loss</b> | -             | - | - | - |
|  |               |   |   |   |
| <b>Total financial liabilities</b>           | <b>331.16</b> | - | - | - |

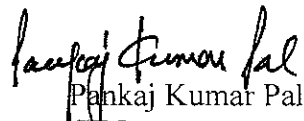
Cash and short-term receivables, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.


The fair values of non-current financial assets (such as security deposits) and long-term fixed-rate and variable-rate borrowings are considered to be same as their carrying values. as the impact of fair valuation is not material.

54. As per the requirement of Ind AS 16, the cut-off limit of each item of Stores & Spares is considered to Rs.5 Lakhs for the purpose capitalization under Property, Plant & Equipment.
55. Revenue from operation which is shown net of Excise duty in previous years, grossed up with Excise duty. Consequently, Excise duty is reclassified to Total Expenses
56. Balance confirmation has been sought from certain vendors / contractors / authorities for balances grouped under loan and advances, deposits and sundry creditors. However reconciliation of accounts with parties is carried out as ongoing process.
57. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

  
Deepak Asija  
CS  
PAN-ADRPA0983E

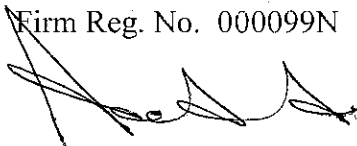
  
Jyoti Dua  
CFO  
PAN-ACJPD6268J

  
Pankaj Kumar Pal  
CEO  
PAN-AATPP6657M

  
Subir Purkayastha  
Director  
DIN06850526

  
B.C. Tripathi  
Chairman  
DIN-01657366

As per our separate report of even date  
For M/s H.S.AHUJA & CO.  
Chartered Accountants  
Firm Reg. No. 000099N



(CA S S Kalra)  
Membership No. 082305

Place: New Delhi  
Date: 30.05.2017

