# GAIL GAS LIMITED

STANDALONE FINANCIAL STATEMENTS

**FY 2020-21**

J.P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS

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# INDEPENDENT AUDITORS' REPORT

To the Members of GAIL Gas Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of GAIL Gas Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2021, 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 notes to the standalone financial statement including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the 'Emphasis of Matter' section of our report*, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

1. With reference to Note no. 49 of the standalone financial statements, the company is yet to obtain Factory Licenses for 67 CNG Stations operated under Retail Outlets of Oil Marketing Companies and 12 CNG stations being operated under Dealer Owned and Dealer Operated Model.

2. With reference to Note no. 46 of the standalone financial statements, the company has accounted for Provisional liabilities amounting to Rs. 217.02 Crores in the books of accounts as on 31.3.2021 on the basis of work done till 31.03.2021 for which invoices are yet to be received from the parties.

3. With reference to Note no. 40 of the standalone financial statements, useful life of pipelines has been considered as 30 years by the company.

Our opinion is not modified with respect to the above matter.

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**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sl. No | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Provisional liability on estimation basis**<br><br>Provisional liability of Rs. 217.02 Crores outstanding as at March, 2021 made on estimation basis.<br><br>Refer Note No 46 to the standalone financial statement. | **Principal Audit Procedures performed:**<br><br>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination and accounting of provisional liabilities to ensure that they operate effectively.<br>• We examined contracts/LOI/FOA in respect of the contracts.<br>• We held discussion with respective personnel to understand execution of work and evaluated estimation of the provisional liabilities made by the management. |
| 2 | **Litigations**<br><br>The Company operates in an industry, which is heavily regulated, which increases inherent litigation risk. The Company is engaged in a number of legal cases.<br><br>Refer note no. 34 (i) to the standalone financial statements. | **Principal audit procedures performed:**<br><br>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination of provisions to ensure that they operate effectively.<br>• We examined correspondence in respect of the cases.<br>• We read summary of litigation matters provided by the management and its legal counsels with respect to the matters included in the summary. |
| 3 | **Uncertain tax positions**<br>The Company operates in a complex tax environment and is subject to a range of tax risks during the normal course of business. The arrangements for transactions entered into by the Company are complex, judgmental and subject to challenge by the Tax Authorities. Further, the allowability of certain expenses and admission of additional supporting documents by the Company is also a matter of ongoing dispute with the authorities.<br><br>Refer note no. 34 (ii) to (iv) to the | **Principal audit procedures performed:**<br>• We evaluated and tested the design and operating effectiveness of the Company's controls over provisions for uncertain tax positions to ensure that they operate effectively.<br>• In understanding and evaluating management's judgment, we examined correspondence connected with the cases, considered the status of recent and current tax authority enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment.<br>• We reviewed status update provided by the management in respect of estimates of tax exposures and contingencies in order to assess adequacy of the Company's tax provisions. |



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|---|---|---|
| | standalone financial statements. | |
| 4 | **Contingencies: Minimum Work Programme Commitment (MWP)**<br>The Company has a commitment to achieve MWP for 9 GAs awarded by the PNGRB in 9th and 10th CGD bidding round. Keeping in view non-availability of pipeline connectivity from the source in these GAs and prevailing conditions due to COVID-19 pandemic, the company has again requested PNGRB for deferment of period of meeting the MWP targets under Regulation 11 and 12 of the PNGRB regulations, 2008. Penalty for not meeting MWP targets as on 31st March, 2021 works out to Rs. 23.16 Crores. Due to the complexity involved in the execution of the MWP, the management's judgement regarding completion of MWP as per revised plan and measurement of provisions for this matter is inherently uncertain and might change over time as the work on MWP progresses. The PNGRB Board may allow extension based on management representation. Accordingly, it has been considered as a key audit matter.<br><br>Refer note no. 34 (vii) to the standalone financial statements. | **Principal audit procedures performed:**<br>• We perused copies of communication exchanged between PNGRB and the Company during the year. We have compared the said communication with the appropriateness of disclosure in the standalone financial statements.<br>• We performed inquiries with the personnel on the working of penalty and verified the calculation.<br>• We evaluated the disclosure in the standalone financial statements given by the management. |

**Information Other than the Standalone Financial Statements and Auditors Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 judgments 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with

J.P., KAPUR & UBERAI NEW DELHI CHARTERED ACCOUNTANTS reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 sub-section (11) of Section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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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 and the Statement of Profit and Loss (including Other Comprehensive Income), 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 financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The Company being a government company, provisions of Section 164(2) of the Act, in respect of disqualification of Directors are not applicable, in view of notification no. G.S.R. 463(E) dated 05-06-2015.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

(g) Being a Government Company, section 197 of the Act relating to managerial remuneration is not applicable to the Company, in view of notification no. G.S.R. 463(E) dated 05-06-2015.

(h) 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 financial statement - Refer Note 34 to the standalone financial statements;

ii. The Company does not have any derivative contracts. None of the long-term contracts require provision for material foreseeable losses, as required under the applicable law or accounting standards;

iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company. Therefore, the question of delay in transferring of such sums does not arise.

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3. As required by Section 143 (5) of the Act, we have considered the directions issued by the Comptroller & Auditor General of India, the action taken thereon and its impact on the standalone financial statements of the Company in **"Annexure – C"**.

For J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANI3320

Place: New Delhi
Date: 28-05-2021

**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i (a) The Company has generally maintained proper records showing full particulars including quantitative details of property, plant & equipment, however, *instances have been observed where situation of property, plant & equipment has not been stated in the Fixed Assets register.*

(b) As explained to us and based on our examination of records, the Company has a regular programme of physical verification of property, plant & equipment (PPE) other than underground pipelines which as per management cannot be physically verified. The PPE and inventory for capital projects shown under Capital Work in progress lying with contractors has been physically verified by the management and the Project Management Consultant respectively during the year. Discrepancies noticed on verification between physical assets and book records were not material, necessary entries for which has already been accounted for in the standalone financial statements. In our opinion, the frequency of verification of the PPE is reasonable having regard to the size of the Company and the nature of its assets.

(c) As explained to us and based on our examination of records, the title deeds, of immovable properties of land and buildings which are freehold, are held in the name of the company, *except as stated in Note No. 42* of the standalone financial statements. As per explanation provided to us, the Company has entered into Lease agreements for all Leasehold lands disclosed under fixed assets in the standalone financial statements.

ii In respect of inventory:

According to the information and explanations given to us, *except for material in transit* inventory of stores & spares has been physically verified by the management at reasonable intervals including inventory lying with project management consultant which has been confirmed by the latter and no material discrepancies were noticed on such verification.

As explained to us, having regard to the nature of the inventory of natural gas, the procedures followed by the management for estimation of natural gas quantities which is based on volume of pipelines and the volume of cascades containing the natural gas considering the standard temperature and pressures, are reasonable and no material discrepancies were noticed on such computation.

iii. The Company has granted secured loans and advances to two parties covered in the register maintained under section 189 of the Act. The maximum amount involved during the year is Rs. 17.00 Crores and the year-end balance amounts to Rs. 17.00 Crores.

a) As per information and explanation provided to us, the terms and conditions for grant of such loans are not prejudicial to the company's interest.
b) The schedule of repayment of principal and payment of interest has been stipulated, however, no repayment is due during the year.
c) There is no overdue amount as at the year end.

iv. In our opinion & according to the information & explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loan given, investments made and guarantees given. According to the information & explanation given to us, the

Company has not given any security during the year in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are to be complied with, hence, not commented upon.

v. According to the information and explanation given to us, the Company has not accepted any deposit from public during the year and does not have any unclaimed deposits, as at March 31, 2021, therefore, provisions of paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed book of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for maintenance of cost records under section 148 (1) (d) of the Act and we are of the opinion that prima facie, the prescribed cost accounts and records have been maintained. However, we have not carried out detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, sales tax, excise duty, goods & services tax, customs duty, value added tax, cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, customs duty, value added tax, sales tax, excise duty, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable. Further , we have been explained by the management that the compliance as regards to Provident Fund is being dealt with at the Holding Company i.e. GAIL (India) Limited.

(b) According to the information and explanations given to us, there are no material dues of customs duty, sales tax, cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of income tax, excise duty, value added tax, commercial tax and goods & services tax have not been deposited by the Company on account of dispute:

| **Nature of the Statute** | **Nature of Dues** | **Period to which amount relates** | **Rs. in Crores *** | **Forum where dispute is pending** |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | F.Y. 2017-18 | 0.47 | CIT Appeals (New Delhi) |
| Central Excise Act, 1944 | Excise Duty and Penalty | January 2012 – June 2013 | 1.74 | CESTAT, New Delhi |
| The Uttar Pradesh Value Added Tax Act, 2008 | Value Added Tax | F.Y. 2010-11 | 0.17 (0.02) | Superintendent, Range 34, Division VII, Ghaziabad, U.P. |
| The Uttar Pradesh Trade Act, 1948 | Entry Tax | A.Y. 2004-05 & A.Y. 2005-06 | # | Supreme Court of India |

** Figures in bracket represent amount deposited*

*# Entry tax pertains to Taxable amount of Rs. 26.25 Crores, which will be ascertained on reassessment. Refer note no. 34 (iv) to the standalone financial statements.*

viii. According to the explanation and information provided to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. The company has not taken any loan or borrowings from government and debentures holders during the year.

ix. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion & according to the information & explanation provided to us, term loans taken by the company have been applied for the purposes for which they were raised.

x. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the company or no material fraud on the company by its officers or employees has been noticed or reported during the year, nor have we been informed of any such case by the management.

xi. In our opinion and according to the information and explanations given to us, provisions of section 197 read with Schedule V to the Companies Act, 2013 is not applicable to the company, in view of notification no. G.S.R. 463(E) dated 05-06-2015. Hence, reporting under paragraph 3(xi) of the Order is not applicable to the company.

xii. The Company is not a Nidhi company and hence, reporting under paragraph 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with provisions of section 177 and 188 of the Companies Act, 2013, wherever applicable, all transactions with related parties and the details of related party have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the year, the company has made preferential allotment of shares to its Holding Company during the year. As explained to us, the company has complied with the provisions of Section 42 of the Companies Act, 2013. As per explanation provided to us, no private placement of shares or fully or partly convertible debentures has been issued by the Company during the year.

xv. In our opinion and according to the information and explanations given to us, during the year the company has not entered into any non-cash transactions with Directors or persons connected to its directors and hence, reporting under paragraph 3(xv) of the Order is not applicable to the company.

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xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act. 1934.

For J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANI3320

Place: New Delhi
Date: 28-05-2021

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 the GAIL Gas Limited ("the Company") as of 31 March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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 respective 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 internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 internal financial controls system over financial reporting of the Company.

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**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 the standalone 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 the standalone 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 standalone 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 to the best or our information and according to the explanations given to us, 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, 2021, 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 J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANI3320

Place: New Delhi
Date: 28-05-2021

**ANNEXURE 'C' TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Directions under section 143(5) of Companies Act, 2013 issued by the Comptroller & Auditor General of India**

| Sl. No. | Directions/ Sub Directions | Action Taken | Impact on Financial Statement |
|---|---|---|---|
| 1. | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any, may be stated. | Yes, the company has a system in place to process all the accounting transactions on a day to day basis through the IT system. | Nil |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans /interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company). | Based on the verification of records and as per information and explanations provided to us, the company does not have any instance of restructuring of an existing loan or waiver/write off of debts/loans /interest etc. made by the lender due to Company's inability to repay the loan. | Nil |
| 3 | Whether funds (grants/ subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | As per information and explanations given to us, the Company has not received any funds (grants/ subsidy etc.) from Central /State Government or its agencies. | Nil |

For J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANI3320

Place: New Delhi
Date: 28-05-2021

# GAIL GAS LIMITED

## Standalone Balance Sheet as at 31st March 2021

(Rs in Crores)

| Particulars | Note | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| (a) Property, Plant and Equipment | 3A | 1,398.59 | 1,194.27 |
| (b) Right of Use Assets | 3B | 64.36 | 59.14 |
| (c) Capital Work-In-Progress | 3A | 946.74 | 687.47 |
| (d) Intangible Assets | 04 | 5.01 | 7.14 |
| (e) Financial Assets | | | |
| (i) Investments | 05 | 332.54 | 323.36 |
| (ii) Trade receivable | 6A | 0.04 | 0.90 |
| (iii) Loans & Other Receivables | 7A | 22.18 | 1.72 |
| (f) Non Current Tax Assets (Net) | 8 | - | 1.10 |
| (g) Other Non Current Assets (Non Financial) | 9A | 31.41 | 14.70 |
| **Total Non Current Assets (A)** | | **2,800.87** | **2,289.80** |
| **Current Assets** | | | |
| (a) Inventories | 10 | 22.00 | 15.12 |
| (b) Financial Assets | | | |
| (i) Trade Receivable | 6B | 361.67 | 484.65 |
| (ii) Cash and Cash Equivalents | 11 | 183.13 | 1.81 |
| (iii) Loans & Other Receivables | 7B | 28.29 | 23.20 |
| (iv) Other Financial Assets | 12 | 0.09 | - |
| (c) Other Current Assets (Non Financial) | 9B | 34.31 | 45.37 |
| **Total Current Assets (B)** | | **629.49** | **570.15** |
| **TOTAL ASSETS (A+B)** | | **3,430.36** | **[illegible]** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share Capital | 13 | 1,590.70 | 1,275.00 |
| (b) Other Equity | 14 | 510.26 | 432.85 |
| **Total Equity (C)** | | **2,100.96** | **1,707.85** |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15A | 410.32 | 155.84 |
| (ii) Lease Liabilities | | 28.99 | 25.80 |
| (b) Deferred Tax Liabilities (Net) | 16 | 99.42 | 77.34 |
| (c) Other Non Current Liabilities | 17 | 2.91 | 2.89 |
| **Total Non Current Liabilities (D)** | | **541.64** | **261.87** |
| **Current Liabilities** | | | |
| (a) Lease Liabilities | | 17.20 | 13.79 |
| (b) Financial Liabilities | | | |
| (i) Trade Payables | | | |
| - Other than Micro and Small Enterprises | 18 | 294.48 | 270.89 |
| - Micro and Small Enterprises | 18 | 1.60 | 6.68 |
| (ii) Other Financial Liabilities | 15B | 199.83 | 447.91 |
| (c) Other Current Liabilities | 19 | 35.32 | 37.46 |
| (d) Provisions | 20 | 232.98 | 113.50 |
| (e) Current Tax Liabilities (Net) | 21 | 6.35 | - |
| **Total Current Liabilities (E)** | | **787.76** | **890.23** |
| **TOTAL EQUITY AND LIABILITIES (C+D+E)** | | **3,430.36** | **2,859.95** |
| The accompanying Notes form an integral part of the Standalone Financial Statements. | 1 to 72 | | |

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

| Deepak Asija | Pankaj Walia | M.V. Ravi Someswarudu | A K Tiwari | Manoj Jain |
|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman |
| PAN-ADRPA0983E | PAN-AABPW1139M | PAN-AALPS1540A | DIN-07654612 | DIN-07556033 |

**Place: New Delhi**
**Date: 25-05-2021**

GAIL GAS LIMITED NOIDA नोएडा

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

**CA Vinay Jain**
Partner
Membership No: 095187

**Place: New Delhi**
**Date:** 28-05-2021

GAIL GAS LIMITED

Standalone Statement of Profit and Loss for the year ended 31st March 2021

(Rs in Crores)

| | Particulars | Note | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|---|
| I | **INCOME** | | | |
| | **Revenue from operations (Gross)** | 22 | 4,014.60 | 5,143.86 |
| | **Other Income** | 23 | 4.89 | 12.93 |
| | **Total Income** | | **4,019.49** | **5,156.79** |
| II | **EXPENSES** | | | |
| | Purchases of stock-in-trade of natural gas / Gas Consumed | 24 | 3,488.14 | 4,666.12 |
| | Changes in inventories of stock-in-trade of natural gas | 25 | 0.08 | 0.97 |
| | Excise Duty | | 41.07 | 46.11 |
| | Employee Benefit Expenses | 26 | 73.46 | 71.00 |
| | Finance Cost | 27 | 15.83 | 9.33 |
| | Depreciation and Amortization Expenses | 28 | 65.64 | 51.03 |
| | Other Expenses | 29 | 121.53 | 108.72 |
| | **Total Expenses** | | **3,805.75** | **4,953.28** |
| III | **Profit before Tax** | | **213.74** | **203.51** |
| IV | **Tax Expenses** | 30 | **56.04** | **47.26** |
| | - Current tax | | 34.00 | 33.15 |
| | - Deferred tax | | 22.07 | (2.27) |
| | - Provision for MAT credit | | - | 16.51 |
| | - Adjustment of tax relating to previous years | | (0.03) | (0.13) |
| V | **Profit after Tax** | | **157.70** | **156.25** |
| VI | **Other comperhensive income** | | | |
| | Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | - | - |
| | - Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | - | - |
| | 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 | | - | - |
| | - Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | - | - |
| | **Other comprehensive income for the year (net of tax)** | | - | - |
| VII | **Total comprehensive income (Net of Tax) (V+VI+VII)** | | **157.70** | **156.25** |
| VIII | **Earning per share in (Rs. ) (face value of Rs. 10 each)** | | | |
| | Basic (Rs.) | 65 | 1.06 | 1.33 |
| | Diluted (Rs.) | 65 | 1.06 | 1.32 |

The accompanying Notes form an integral part of the Standalone Financial Statements. 1 to 72

There is no discontinuing operation in the above period

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

As per our report of even date attached

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

**Deepak Asija**
Company Secretary
PAN-ADRPA0983E

**Pankaj Walia**
CFO
PAN-AABPW1139M

**M.V. Ravi Someswarudu**
CEO
PAN-AALPS1540A

**A K Tiwari**
Director
DIN-07654612

**Manoj Jain**
Chairman
DIN-07556033

**CA Vinay Jain**
Partner
Membership No: 095187

**Place: New Delhi**
**Date: 25-05-2021**

**Place: New Delhi**
**Date:** 28-05-2021

GAIL GAS LIMITED NOIDA नोएडा गेल गैस लिमिटेड

## GAIL GAS LIMITED

### Standalone Cash Flow Statement for the year ended 31st March 2021

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| 1 **Profit before Tax** | | **213.74** | | **203.51** |
| 2 **Adjustment for :** | | | | |
| Depreciation & Amortization Expenses | 65.64 | | 51.03 | |
| Exchange Rate Variation on foreign currency | - | | 0.01 | |
| Provision for Doubtful Debts | 1.58 | | 3.60 | |
| Provision for probable obligation | (0.68) | | 0.63 | |
| Loss / (Profit) on sale of fixed assets | 0.04 | | 0.01 | |
| Other Misc. Income | (0.40) | | (0.13) | |
| Dividend Income on Investments | - | | (0.25) | |
| Finance Cost | 15.83 | | 9.33 | |
| Interest Income | (2.45) | | (11.64) | |
| | | 79.56 | | 52.59 |
| 3 **Operating Profit Before Working Capital Changes (1 + 2)** | | **293.30** | | **256.10** |
| 4 **Changes in Working Capital (Excluding Cash & Bank Balances)** | | | | |
| Trade and Other Receivables | 110.64 | | (187.02) | |
| Inventories | (6.88) | | (3.72) | |
| Trade and Other Payables | 125.63 | 229.39 | 58.33 | (132.41) |
| 5 **Cash Generated from Operations (3 + 4)** | | **522.70** | | **123.69** |
| 6 **Direct Taxes Paid (Net off Refund)** | | (24.93) | | (28.72) |
| **NET CASH FROM OPERATING ACTIVITIES (5 + 6)** | | **497.77** | | **94.97** |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed Assets (Net) | (509.27) | | (431.46) | |
| Investment in Other Companies (Net) | (8.88) | | (145.70) | |
| Loans & Advances - Related Parties | (17.00) | | - | |
| Dividend received on Investments | - | | 0.25 | |
| Interest Received | 2.45 | | 11.64 | |
| **NET CASH FROM INVESTING ACTIVITIES** | | **(532.70)** | | **(565.27)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Equity | 235.00 | | 228.70 | |
| Proceeds from Long Term Borrowings | 274.42 | | 22.54 | |
| Repayment of Long Term Borrowings | (21.42) | | (20.06) | |
| Net Proceeds / (Repayment) from Short Term Borrowings | (148.91) | | 148.91 | |
| Repayment of Lease Liability | (17.01) | | (8.07) | |
| Interest Paid | (15.83) | | (6.65) | |
| Dividend Tax Paid | (90.00) | | (18.50) | |
| **NET CASH FROM FINANCING ACTIVITIES** | | **216.25** | | **346.87** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **181.32** | | **(123.43)** |
| **CASH AND CASH EQUIVALENTS AS AT 01.04.2020** | | **1.81** | | **125.24** |
| **CASH AND CASH EQUIVALENTS AS AT 31.03.2021** | | **183.13** | | **1.81** |

Note :
1. Statement of Cash Flows has been prepared using Indirect Method as per Ind AS 7 Statement of Cash Flows.
2. Refer Note 11 for Cash and Cash equivalents.
3. Previous year figures have been regrouped whereever necessary to correspond with current year classification/disclosure.

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No. 000593N

| Deepak Asija | Pankaj Walia | M.V. Ravi Someswarudu | A K Tiwari | Manoj Jain | CA Vinay Jain |
|---|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman | Partner |
| PAN-ADRPA0903E | PAN-AABPW1139M | PAN-AALPS1540A | DIN-07654612 | DIN-07556033 | Membership No: 095187 |

Place: New Delhi
Date: 25-05-2021

GAS LIMITED NOIDA नोएडा गैस लिमिटेड

Place: New Delhi
Date: 28-05-2021

## GAIL GAS LIMITED

### Standalone Statement of changes in Equity for the year ended 31st March 2021

**I. Equity Share Capital (Note 13)**

**Equity Share Capital issued, Subscribed & Paid Up Equity Share of Rs.10 Each**

**(Rs in Crores)**

| Particulars | Amount |
|---|---|
| As at 1st April 2020 | 1,275.00 |
| Changes in equity share capital during the year | 315.70 |
| **As at 31st March 2021** | **1,590.70** |

**II. Other Equity (Note 14)**

**(Rs In Crores)**

| Particulars | Deemed Equity | Share Application money Pending allotment | Reserves and surplus | Other comprehensive Income | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April 2020** | **10.92** | **80.70** | **341.23** | - | **432.85** |
| Profit for the year | - | - | 157.70 | - | 157.70 |
| Transfer during the year | 0.41 | (80.70) | - | - | (80.29) |
| Share application money received | - | - | | - | - |
| Interim Dividend | - | - | - | - | - |
| Corporate Dividend Tax | - | - | - | - | - |
| **Balance as at 31st March 2021** | **11.33** | - | **498.93** | - | **510.26** |

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

**Deepak Asija**
Company Secretary
PAN-ADRPA0983E

**Pankaj Walia**
CFO
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Director
DIN-07654612

**Manoj Jain**
Chairman
DIN-07556033

**CA Vinay Jain**
Partner
Membership No: 095187

**Place: New Delhi**
**Date: 25-05-2021**

**Place: New Delhi**
**Date:** 28-05-2021

**1. Corporate Information**

The company is domiciled in India with registered office in New Delhi. It 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. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonepat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshina Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Distrcis & Seraikela-Kharsawan Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Gujarat, Uttrakhand, Goa, Rajasthan and Assam through its Joint Venture companies

The financial statements of the company for the year ended 31st March 2021 were authorized for issue by Board of Directors on 25.05.2021.

**2. Basis of preparation and significant accounting policy**

**i. 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.

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.

Effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (IGAAP) which was the previous GAAP.

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

**ii. 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 realized or intended to sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realized 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.

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

**iii. Operating expenses**

Operating expenses are recognized in statement of profit or loss upon utilization of the service or as incurred.

**iv. Summary of significant Accounting Policies**

**a) Equity, reserves and dividend payment**

Equity shares are classified as equity. Retained earnings include current and prior period retained profits.

The Company recognizes a liability for dividends to equity holders of the Company when the dividend is authorized and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorized when it is approved by the shareholders.

**b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents also include short-term (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

GAIL GAS LIMITED NOIDA नोएडा गेल गैस लिमिटेड

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**c) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**d) Property, Plant and Equipment (PPE)**

(i) 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. Such costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, permission, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets.

(ii) Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.

(iii) Subsequent expenditures, including replacement costs where applicable, incurred for an item Property plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iv) 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.

(v) Stores and Spares having the value of each item of Rs. 5 lakhs and above which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE in the underlying asset.

(vi) Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Related cost and accumulated

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depreciation are eliminated from financial statements. Further, Losses/gains arising in case of retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

(vii) 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.

(viii) 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).

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

**e) Capital Work In Progress**

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

(ii) 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.

(iii) Borrowing cost related to a acquisition/construction of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. The cost of asset not put to use before the year and capital inventory are disclosed under capital work in progress.

**f) Intangible Assets**

(i) 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.

(ii) 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.

(iii) 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.

**g) Capital assets facilities installed at the consumers' premises**

Assets installed at customer premises, including meters and regulators where applicable, are recognized as property plant and equipment if they meet the definition provided under Ind AS 16 subject to materiality as determined by the management and followed consistently and depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

**h) Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment 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.

**i) Inventories**

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

(ii) 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.

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

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

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

(vi) 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.

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

(viii) 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.

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

(x) 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.

**j) Foreign Currency Transactions**

**Functional and Presentation Currency**

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

**Transactions and balances**

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

(ii) 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).

(iii) 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.

(iv) 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.

**k) Revenue and Other Income**

**Revenue from operations**

Revenue is recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled in exchange for those products / services. Revenue is measured based on transaction price which is consideration adjusted for discount and other incentives, if any, as per contract with customers. Revenue also excludes taxes collected from customer in its capacity as agent.

Revenue includes excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

Revenue on sale of natural gas is recognized on transfer of tittle to customers at delivery point. Sales are billed bi-monthly to domestic customers and on fortnightly basis to commercial, bulk customers and industrial customers. Revenue on sale of Compressed Natural Gas (CNG) from is recognized on sale of gas to customers from CNG Stations. Gas transportation income is recognized in the same period in which the related volumes of gas are delivered to the customers.

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.

Entire revenue from provision of extra pipelines at customers premises is accounted for as Income in the year of receipt / incurrence.

**Trade Receivables**

A receivable represents the company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

**Contract Liability**

A contract liability is the obligation to transfer products / services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the company performs obligations under the contract. The same is disclosed as "Advance from customers" under other current liabilities.

**Other Income**

Interest Income is recognized on effective interest rate taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognized when the company's right to receive payment is established.

**l) 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.

**m) 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.

**n) Leases**

Ind AS 116 Leases, mandatory for reporting periods beginning on or after April 1, 2019, is applicable to all contracts existing as on, or entered into, on or after 1 April 2019.

**Company as a lessee**

*Identification of Lease*

At the inception of the contract, each contract is, or contains, a lease is assessed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Each contract is assessed whether:

- The contract involves the use of an identified asset, specified explicitly or implicitly.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

GAIL NOIDA LIMITED

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Recognition of Right of Use Asset (ROU)*

The Company recognises a ROU asset at the lease commencement date (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

ROU assets are subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

*Recognition of Lease Liability*

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term. Lease payments included in the measurement of the lease liabilities comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-Term Leases and Leases of Low-Value Assets*

Short-Term lease recognition exemption are being applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease

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of low-value assets recognition exemption to leases of Rs. 5 lakhs that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense.

**Company as a lessor**

Leases are classified as operating leases when all the risks and rewards of ownership of an asset do not transfer substantially. Rental income from operating lease is recognized as revenue.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables and finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**o) Taxes**

**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 at the balance sheet date.

**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.

**p) 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

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notes to accounts.

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

**q) 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.

**r) 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.

**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 amortized cost**

  A financial asset is subsequently measured at amortized 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.

**De-recognition**
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.

**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.

When the company receives financial guarantee from its Holding Company, initially it measures guarantee fees at the fair value. The company records the initial fair value of fees for financial guarantee received as "Deemed Equity" from Holding Company with a corresponding asset recorded as prepaid guarantee charges. Such deemed equity is presented under the head other equity" in the balance sheet. Prepaid guarantee charges are recognized in statement of profit and loss over the period of financial guarantee received.

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**Subsequent Measurement**

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

- **Financial Liabilities at amortized 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.

**De-recognition**

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 de-recognition 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.

**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.

s) **Earnings Per Share**

Basic earnings per equity share are calculated by dividing the net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is calculated by dividing the adjusted net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

**t) Events occurring after the Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

**u) Exceptional Items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**v) Prior Period Adjustments and Pre-paid Expenses**

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively. Prepaid expenses up to threshold limit in each case, are charged to revenue as and when incurred.

**w) Others**

(i) Liquidated damages/Price Reduction Schedule, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.

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

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

**x) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments, 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 judgments, 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

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**y) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the standalone 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.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

**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 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 judgment 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.

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**Leases - Estimating the incremental Borrowing Rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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## Note 3A : Property, Plant and Equipment and Capital Work in Progress

(Rs in Crores)

| Cost/ Valuation | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess * |
|---|---|---|---|---|---|---|---|
| 1. Cost or deemed cost (Gross Carrying Amount) | | | | | | | |
| Balance as at 1st April 2020 | 28.29 | 1,196.94 | 59.42 | 1.05 | 18.70 | 1,304.40 | 687.47 |
| Additions | | 229.17 | 16.08 | 0.70 | 7.02 | 252.97 | 512.62 |
| Transfer to Capitalisation | - | - | - | - | - | - | (253.35) |
| Disposals | - | (0.70) | - | (0.05) | (0.16) | (0.91) | - |
| Transfer / Adjustment | - | - | - | - | - | - | - |
| Balance as at 31st March 2021 | 28.29 | 1,425.41 | 75.50 | 1.70 | 25.56 | 1,556.46 | 946.74 |

| Depreciation and impairment | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess |
|---|---|---|---|---|---|---|---|
| Balance as at 1st April 2020 | - | 96.89 | 5.64 | 0.39 | 7.21 | 110.13 | |
| Depreciation expense | | 43.12 | 2.11 | 0.10 | 2.69 | 48.02 | - |
| Impairment | - | | | | | - | - |
| Disposal/Other adjustment | - | (0.10) | | (0.03) | (0.15) | (0.28) | - |
| Transfer / Adjustment | - | - | - | - | - | - | - |
| Balance as at 31st March 2021 | - | 139.91 | 7.75 | 0.46 | 9.75 | 157.87 | - |

| Net Book value | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess |
|---|---|---|---|---|---|---|---|
| As at 31st March 2021 | 28.29 | 1,285.50 | 67.75 | 1.24 | 15.81 | 1,398.59 | 946.74 |
| As at 31st March 2020 | 28.29 | 1,100.05 | 53.78 | 0.66 | 11.49 | 1,194.27 | 687.47 |

* Note :

Includes inventory amounting to Rs. 2.70 Crores (Previous Year: Rs. 2.69 Crores) which has been identified as non-moving. Since the same is in good and useable condition and shall be utilized during the course of execution of ongoing projects, therefore, no provision has been considered necessary in the books of account.

## Note 3B : Right of Use Assets

(Rs in Crores)

| Cost/ Valuation | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| **1. Cost or deemed cost (Gross Carrying Amount)** | | | | | |
| **Balance as at 1st April 2020** | **34.35** | **15.97** | **18.78** | **0.12** | **69.22** |
| Reclassification | | | | | - |
| Additions | 10.02 | 6.71 | 6.18 | - | 22.91 |
| Disposal/Other adjustment | - | (1.55) | (1.74) | - | (3.29) |
| Transfer | - | - | - | - | - |
| **As at 31st March 2021** | **44.37** | **21.13** | **23.22** | **0.12** | **88.84** |

| Amortisation and impairment | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April 2020** | **2.18** | **3.01** | **4.85** | **0.04** | **10.08** |
| Amortisation expense | 2.92 | 6.04 | 8.46 | 0.04 | 17.46 |
| Impairment | - | - | - | - | - |
| Disposal/Other adjustment | - | (1.45) | (1.60) | - | (3.05) |
| Transfer | - | - | - | - | - |
| **As at 31st March 2021** | **5.10** | **7.60** | **11.71** | **0.08** | **24.48** |

| Net Book value | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| As at 31st March 2021 | 39.27 | 13.53 | 11.51 | 0.04 | 64.36 |
| As at 31st March 2020 | 32.17 | 12.96 | 13.93 | 0.08 | 59.14 |

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## Note 4 : Intangible Assets

(Rs in Crores)

| Cost/Valuation | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **1. Cost or Deemed Cost (Gross Carrying Amount)** | | | |
| **Balance as at 1st April 2020** | **0.35** | **19.68** | **20.03** |
| Additions | - | 1.05 | 1.05 |
| Disposals | - | - | - |
| **Balance as at 31st March 2021** | **0.35** | **20.73** | **21.08** |

(Rs In Crores)

| Accumulated amortization and impairment | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **Balance as at 1st April 2020** | - | 12.89 | 12.89 |
| Amortization expense | - | 3.18 | 3.18 |
| Disposals | | | - |
| **Balance as at 31st March 2021** | 0.00 | **16.07** | **16.07** |

(Rs In Crores)

| Net Book Value | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **As at 31st March 2021** | **0.35** | **4.66** | **5.01** |
| **As at 31st March 2020** | **0.35** | **6.79** | **7.14** |

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## Note 5 : Investments

(Rs in Crores)

| | Particulars | Nature of investment | Basis of valuation | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|---|---|
| | **Non-Current Investments (Unquoted)**<br>In Joint Venture Companies: | | | | |
| 1 | - Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)<br>383,70,849 Equity shares of Rs 10 each fully paid up<br>(Previous year 383,70,849 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 38.37 | 38.37 |
| 2 | -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)<br>10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up<br>(Previous year '10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up ) | Preference Shares | Cost | 100.00 | 100.00 |
| 3 | Deemed Investment in Andhra Pradesh Gas Distribution Corporation Limited (Ref Note. 52) | | Fair Value | 1.94 | 1.64 |
| 4 | - Kerala GAIL Gas Ltd (KGGL)<br>5,000 Equity shares of Rs 10 each fully paid up<br>(Previous year 5,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 0.01 | 0.01 |
| 5 | - Rajasthan State Gas Limited (RSGL)<br>649,99,996 Equity shares of Rs 10 each fully paid up<br>(Previous year 649,99,996 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 65.00 | 65.00 |
| 6 | - Vadodara Gas Limited(VGL)<br>4,10,08, 943 Equity shares of Rs 10 each fully paid up<br>(Previous year 4,10,08, 943 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 41.01 | 41.01 |
| 7 | -Haridwar Natural Gas Private Limited (HNGPL)<br>222,00,000 Equity shares of Rs 10 each fully paid up)<br>(Previous year 222,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 22.20 | 22.20 |
| 8 | -Goa Natural Gas Private Ltd (GNGPL)<br>263,80,000 Equity shares of Rs 10 each fully paid up<br>(Previous Year 175,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Cost | 26.38 | 17.50 |
| 9 | Deemed Investment in Goa Natural Gas Private Ltd (GNGPL)<br>(Ref Note. 52) | | Fair Value | 2.50 | 2.50 |
| 10 | -Purba Bharati Gas Private Limited<br>260,00,000 Equity shares of Rs 10 each fully paid up<br>(Previous year 260,00,000 Equity shares of Rs 10 each fully paid up ) | Equity shares | Cost | 26.00 | 26.00 |
| | **Advances for Investments (Pending Allotment)** | | | | |
| 11 | -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) | Equity shares | Cost | 9.13 | 9.13 |
| | **Total** | | | **332.54** | **323.36** |

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## Note 6A : Trade Receivables- Non Current

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade Receivables | 4.70 | 5.16 |
| Receivables from Related Parties | 0.04 | 0.04 |
| Less: Provision for Doubtful Debts | 4.70 | 4.30 |
| **Total Trade and Other Receivables** | **0.04** | **0.90** |

## Note 6B : Trade Receivables- Current

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade Receivables | 356.74 | 482.41 |
| Receivables from Related Parties | 6.68 | 3.11 |
| Less: Provision for Doubtful Debts | 0.52 | 0.87 |
| Less: Provision for expected credit loss | 1.23 | - |
| **Total Trade and Other Receivables** | **361.67** | **484.65** |

**Break up of Trade Receivables**

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Non Current** | | |
| Considered good | 0.04 | 0.90 |
| Considered doubtful | 4.70 | 4.30 |
| | **4.74** | **5.20** |
| Less: Provision for Doubtful Debts | 4.70 | 4.30 |
| | **0.04** | **0.90** |
| **Current** | | |
| Considered good | 361.67 | 484.65 |
| Considered doubtful | 1.75 | 0.87 |
| | **363.42** | **485.52** |
| Less: Provision for Doubtful Debts | 0.52 | 0.87 |
| Less: Provision for expected credit loss | 1.23 | - |
| | **361.67** | **484.65** |
| **Total Trade and Other Receivables** | **361.71** | **485.55** |

Note :

Out of the total trade receivables, a sum of Rs.332.40 Crores (Previous Year Rs.436.85 Crores) receivable from Bulk, Industrial & Commercial Customers is secured.

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## Note 7A : Loans & Other Receivables (Non Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Loans:** | | |
| **To Related Parties:** | | |
| Secured, Considered good | | |
| - Loan to Joint Venture Companies (RSGL Rs. 2 Crore ( Previous Year Nil) and HNGPL Rs. 15 Crore ( Previous Year Nil) | 17.00 | - |
| Other Loans & Receivables: | | |
| - Security deposits: | | |
| - Unsecured, Considered Good | 3.68 | 1.52 |
| Recoverables from related parties: | | |
| -Receivables from joint ventures (Unsecured considered good) [On account of Corporate guarantee of JV Company - Ref Note 52 ] | 1.51 | 0.20 |
| **Total** | **22.18** | **1.72** |

## Note 7B : Loans & Other Receivables (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Recoverables from related parties: | | |
| -Receivables from joint ventures (Unsecured considered good) [includes Corporate guarantee of JV Company - Ref Note 52 ] | 28.29 | 23.20 |
| **Total** | **28.29** | **23.20** |

## Note 8 : Non Current Tax Assets (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Advance tax and TDS | - | 102.56 |
| Less: Provision for Tax | - | 101.46 |
| **Total** | **-** | **1.10** |

## Note 9A : Other Non Current Assets (Non Financial)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Other advances recoverable in cash or in kind (Unsecured considered good) | 27.58 | 8.45 |
| Prepaid Expenses [Including Rs.0.36 Cr. (Previous year Rs.2.83 Cr.) in respect of Finanacial Guarantee of Holding Company - Ref Note 52 ] | 3.83 | 6.25 |
| **Total** | **31.41** | **14.70** |

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## Note 9B : Other Current Assets (Non Financial)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Claims recoverables: | 14.69 | 24.14 |
| (Unsecured considered good) | | |
| Other advances recoverable in cash or in kind | | |
| - Unsecured considered good | 2.67 | 8.48 |
| - Unsecured considered doubtful | 0.31 | - |
| Less : Provision for doubtful claims | (0.31) | - |
| Prepaid Expenses | 16.95 | 12.75 |
| [including Rs.2.85 Crore (Previous year Rs.2.91 Cr.) on account Finanacial Guarantee of JV Company - Ref Note 52] | | |
| **Total** | **34.31** | **45.37** |

## Note 10 : Inventories

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Stock in Trade:** | | |
| Gas | 0.28 | 0.35 |
| **Finished Goods:** | | |
| Compressed Natural Gas | 0.25 | 0.25 |
| **Stores and Spares:** | | |
| Stores and Spares | 16.84 | 14.35 |
| Material in Transit | 4.63 | - |
| Material issued on loan | - | 0.17 |
| **Total** | **22.00** | **15.12** |

## Note 11 : Cash and Cash Equivalents

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Balances with banks:** | | |
| - Current accounts | 12.58 | 0.49 |
| - Corporate Liquid Term Deposit - SBI with maturity less than three months. | 67.00 | - |
| - Corporate Liquid Term Deposit - ICICI with maturity less than three months. | 101.00 | - |
| - Other Bank Balance | 0.01 | 0.01 |
| (FD with original maturity more than three months) | | |
| **Cash in hand** | 2.30 | 1.27 |
| **Cheques in hand** | 0.24 | 0.04 |
| **Total** | **183.13** | **1.81** |

## Note 12 : Other Financial Assets (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Interest Accrued but not due | 0.09 | - |
| **Total** | **0.09** | **-** |

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## Note 13 : Equity share capital

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Share capital** | | |
| **Authorised** | | |
| 200,00,00,000 Equity Shares of Rs. 10 each | 2,000.00 | 2,000.00 |
| (Previous Year 200,00,00,000 Equity shares of Rs. 10 each) | | |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid up** | | |
| 145,80,34,132 Equity shares of Rs. 10 each (in cash) | 1,458.03 | 1,142.33 |
| (Previous Year '114,23,34,132 Equity shares of Rs. 10 each) | | |
| 13,26,65,868 Equity Shares of Rs. 10 each (otherwise than in cash). | 132.67 | 132.67 |
| (Previous Year 13,26,65,868 Equity shares of Rs. 10 each) | | |
| **Total** | **1,590.70** | **1,275.00** |

**a) Reconciliation of the Shares outstanding at the beginning and end of the year** (Rs in Crores)

| Description | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No of Share | Amount | No of Share | Amount |
| At the beginning of the year | 1,275,000,000 | 1,275.00 | 1,127,000,000 | 1,127.00 |
| Change in Equity Share during the year | 315,700,000 | 315.70 | 148,000,000 | 148.00 |
| **Outstanding at the end of the period** | **1,590,700,000** | **1,590.70** | **1,275,000,000** | **1,275.00** |

**b) Details of Shareholding more than 5% shares in the company**

| Description | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No of Share | % Holding | No of Share | % Holding |
| Equity share of Rs.10 Each fully Paid Up GAIL(India) Ltd | 1,590,700,000 | 100% | 1,275,000,000 | 100% |

**c)** The company has only one class of equity shares having a par value of Rs.10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholdings at the shareholders meeting.

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## Note 14 : Other equity

(Rs In Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Deemed Equity * (Ref. Note 52) | 11.33 | 10.92 |
| **Share Application Money Pending Allotment** | | |
| i) Consideration received in Cash Pending Allotment of Equity Shares from GAIL (India) Ltd | - | 80.70 |
| **Retained Earnings** | | |
| Opening balance | 341.23 | 293.48 |
| Add:Current Period Profit | 157.70 | 156.25 |
| Less: Appropriation | | |
| -Interim Dividend | - | 90.00 |
| -Corporate Dividend Tax | - | 18.50 |
| **Total** | **510.26** | **432.85** |

* The amount of Rs.11.33 Crore (Previous year Rs.10.92 Crore) denotes the fair value of fees towards financial guarantee received from the Holding Company GAIL (India) Limited without any consideration.

## Note 15A : Borrowings

(Rs In Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Non current borrowings** | | |
| **Secured Term loans:** | | |
| **- Oil Industry Development Board**<br>Secured against all the assets of Sonepat, Meerut, TTZ, Dewas & Bengaluru Projects.<br>Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project.<br>Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project.<br>Availed during 2016-17,2017-18, 2018-19 and 2020-21 of Rs. 87.35 crore, Rs. 35.57 crore, Rs. 36.66 crore and Rs. 204.43 respectively for Bengaluru Project with rate of interest varying from 6.44% per annum to 8.01% per annum.<br>Loan is repayable in eight equal yearly instalments after expiry of moratorium of one year from the date of disbursement, for the amount of loan disbursed till financial year 2015-16.<br>Loan is repayable in eight equal yearly instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17onwards.<br>Loan disbursed in installment from June 2014 to March 2019 with rate of interest varying from 7.00% per annum to 8.81% per annum depending on date of disbursement. | 317.78 | 133.30 |
| **- State Bank of India**<br>"Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the geographical areas of Firozabad, Taj Trapezium Zone, (excluding the fixed assets at Bharatpur); Dakshin Kannada, Ganjam, Nayagarh & Puri, Giridh and Dhanbad, Sundargarh and Jharsuguda, and Dehradun.<br>-'Loan will have a Door to Door tenor of 13 years comprising 4 year drawdown period, one year moratorium period and 8 year repayment period with equated quarterly instalment starting from 31.12.2024 and will carry rate of interest linked to One month MCLR of SBI. | 92.54 | 22.54 |
| **Total** | **410.32** | **155.84** |

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## Note 15B : Other Financial Liabilities (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Current maturity of Borrowings** | | |
| **Secured Long Term loans:** | | |
| **- Oil Industry Development Board** | 19.95 | 21.42 |
| Secured against all the assets of Sonepat, Meerut Dewas, TTZ & Bengaluru project. Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project. These Loan are repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in instalment from June 2014 to Jan 2016 with rate of interest from 7.97% to 8.81% per annum depending on date of disbursement. Availed during FY 2016-17 Rs 63 Crore @ 7% p.a rate of interest and Rs 24.35 Cr @ 7.20% p.a rate of interest for Bangaluru CGD project. These loans are repayable in 8 equal yearly Installments after expiry | | |
| **Secured Short Term loans:** | | |
| - HDFC Bank | - | 75.00 |
| - Bank Overdraft - HDFC Bank | - | 41.05 |
| Secured against first hypothecation charge on current assets of the Company. | | |
| **Unsecured Short Term loans:** | | |
| - ICICI Bank | - | 32.86 |
| Deposits/Retention Money from Customers/contractors/others | 170.10 | 180.90 |
| Interim dividend payable | - | 90.00 |
| Other Liabilities | 9.78 | 6.68 |
| **Total** | **199.83** | **447.91** |

## Note 16 : Deferred Tax Liabilities (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Deferred Tax Liabilities | | 99.42 | | 77.34 |
| Less: Corporate MAT Receivable | 8.97 | | 16.51 | |
| Less : Provision for MAT Credit | 8.97 | - | 16.51 | - |
| **Total** | | **99.42** | | **77.34** |

## Note 17 : Other Non Current Liabilities (Non Financials)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Financial Guarantee Obligation [Ref Note 52 ] | 2.91 | 2.89 |
| **Total** | **2.91** | **2.89** |

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## Note 18 : Trade Payables

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade payables to related parties | 270.35 | 248.97 |
| Trade payable to Micro and Small Enterprises | 1.60 | 6.68 |
| Trade payable other than Micro and Small Enterprises | 24.14 | 21.92 |
| **Total** | **296.09** | **277.57** |

## Note 19 : Other Current Liabilities

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Statutory payables** | | |
| TDS, VAT, Excise, GST and WCT payable | 35.32 | 37.46 |
| **Total** | **35.32** | **37.46** |

## Note 20 : Provisions

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Provisions :** | | |
| Provisional Liabilities | 217.02 | 93.59 |
| Provision for Employee Benefits | 13.29 | 16.55 |
| Provision for Probable Obligations | 2.67 | 3.36 |
| **Total** | **232.98** | **113.50** |

## Note 21 : Current Tax Liabilities (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Provision for Tax | 67.50 | - |
| Less : Advance tax and TDS | 61.15 | - |
| **Total** | **6.35** | **-** |

## Note : 22 Revenue from Operations (Gross)

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Sale of products/Gas | 3,930.84 | 5,053.72 |
| Gas Transmission charges | 72.43 | 83.50 |
| **Other Operating Revenues:** | | |
| Service charges | 9.78 | 3.43 |
| Application Fees Domestic Connections | 0.00 | 0.44 |
| Interest Income from Customers & Others | 1.03 | 1.57 |
| Income from Extra Pipe Line | 0.30 | 1.05 |
| Income from after Sales Service | 0.22 | 0.08 |
| Minimum Guranteed Offtake Receipts | 0.00 | 0.07 |
| **Total** | **4,014.60** | **5,143.86** |

## Note : 23 Other Income

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Interest Income | 2.45 | 11.64 |
| Miscellaneous Receipts [including Rs.0.40 Crore (Previous year Rs.0.13 Crore) on account Finanacial Guarantee of JV Company - Ref Note 52 ] | 2.44 | 1.04 |
| Dividend Income from Investments | - | 0.25 |
| **Total** | **4.89** | **12.93** |

## Note : 24 Purchases of stock-in-trade of natural gas / Gas Consumed

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Natural Gas | 3,488.14 | 4,666.12 |
| **Total** | **3,488.14** | **4,666.12** |

## Note : 25 Changes in inventories of stock-in-trade of natural gas

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Changes in Stock of Natural Gas: | | |
| Closing Stock | 0.53 | 0.61 |
| Opening Stock | 0.61 | 1.58 |
| **(Increase) / Decrease in Stock** | **0.08** | **0.97** |

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## Note : 26 Employee Benefit Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Salary Wages & Allowances | 69.92 | 71.89 |
| Contribution to Provident Fund | 5.22 | 7.09 |
| Welfare Expenses | 19.48 | 22.17 |
| Less: Employees Benefits Transferred to IEDC (Incidental Expenditure During Construction) | 21.16 | 30.15 |
| **Total** | **73.46** | **71.00** |

## Note : 27 Finance Cost

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Interest on Term Loan From SBI | 4.81 | 0.12 |
| Interest on Term Loan From OIDB | 14.44 | 12.74 |
| Interest on Working Capital /Cash Credit Facilities | 0.53 | 2.61 |
| Interest on Lease Liability | 3.57 | 2.55 |
| Interest on Others [including Rs.2.93 Crore (Previous year 2.68 Crore) on account Finanacial Guarantee of Parent Company ] - Ref Note 52] | 3.15 | 3.25 |
| Less: Interest & Finance Charges transferred to IEDC | 10.67 | 11.94 |
| **Total** | **15.83** | **9.33** |

## Note : 28 Depreciation & Amortisation Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Depreciation & Amortisation Expenses | 68.65 | 51.03 |
| Less: Depreciation and Amortization transferred to IEDC | 3.01 | - |
| **Total** | **65.64** | **51.03** |

NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Note : 29 Other Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Power & Fuel Charges** | | |
| -Electricity Charges | 3.27 | 2.01 |
| -Fuel Charges | 5.41 | 6.38 |
| Rent-Office & Others [1] | 9.67 | 7.97 |
| **Repairs and Maintenance** | | |
| -Plant & Machinery | 44.99 | 38.90 |
| -Buildings | 0.16 | 0.19 |
| -Others | 5.77 | 2.79 |
| Insurance Charges | 3.30 | 1.18 |
| Rates & Taxes | 0.30 | 0.65 |
| **Payment to Auditors** | | |
| -Audit Fees | 0.08 | 0.05 |
| -Tax audit Fees | 0.01 | 0.01 |
| -Other Services (for issuing certificates, etc.) | - | 0.02 |
| -Travelling & Out of Pocket Expenses | 0.02 | 0.02 |
| Stores & Spares Consumed | 2.36 | 2.71 |
| Loss/(Gain) of Foreign Currency Transaction | - | 0.01 |
| Water Charges | 0.03 | 0.02 |
| Communication Expenses | 0.18 | 0.23 |
| Printing & Stationery | 0.36 | 0.48 |
| Travelling Expenses | 1.39 | 4.64 |
| Books & Periodicals | 0.01 | 0.01 |
| Provision for Probable Obligation | (0.68) | 0.63 |
| Advertisement & Publicity [2] | 1.23 | 1.10 |
| Training Expenses | 0.48 | 0.56 |
| Vehicle Hire & Running Expenses [3] | 8.12 | 4.18 |
| Consultancy & Legal Charges | 1.53 | 3.13 |
| Data Processing Expenses | 3.76 | 6.63 |
| Selling & Distribution Expenses | 4.27 | 3.30 |
| Dealer Commission | 7.84 | 8.67 |
| Security Expenses | 5.45 | 4.98 |
| CSR Expenses | 1.71 | 1.86 |
| Other Miscellaneous Expenses | 10.79 | 5.22 |
| Loss on sale of Fixed aseet | 0.04 | 0.01 |
| Provision for Doubtful debts / claims | 1.58 | 3.60 |
| Business Development Expenses | - | 0.13 |
| **Less: Expenditure transferred to CWIP** | | |
| IEDC- Rent & Warehouse Expenses | 0.21 | 0.34 |
| IEDC - Travelling Expenses | 0.01 | 1.55 |
| IEDC - Vehicle Hire Charges | 1.53 | 1.34 |
| IEDC - Other Misc Expenses | 0.15 | 0.40 |
| **Total** | **121.53** | **108.72** |

**Note :** 1. Includes an amount of Rs.3.67 Crore ( Previous Year : Rs.4.85 Crore) on account of lease expenses.

2. Includes an amount of Rs.0.01 Crore ( Previous Year : Rs.0.01 Crore) on account of lease expenses.

3. Includes an amount of Rs. Nil ( Previous Year : Rs.2.22 Crore) on account of lease expenses.

## Note : 30 Tax Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Current tax | 34.00 | 33.15 |
| Deferred Tax | 22.07 | (2.27) |
| Provision for MAT credit | - | 16.51 |
| Provision / Adjustment of Tax relating to earlier periods | (0.03) | (0.13) |
| **Total** | **56.04** | **47.26** |

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NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

31. Statement of Compliances: The standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended] and other relevant provision of the Act.

32. The Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Capital of the Company as on 31st March, 2021 is Rs. 2000 Crores (Previous Year: Rs. 2000 Crores) and issued, subscribed and paid-up capital as on 31st March, 2021 is Rs.1590.70 Crores (Previous Year: Rs. 1275 Crores).

33. Capital Commitments:

(i) The estimated amount of contracts over Rs. 5 lacs amounting to Rs. 1517.86 Crores (Previous Year Rs. 720.87 Crores) remain to be executed on capital account.

(ii) The Company has no uncalled liability on shares and other partly paid-up investments.

34. Contingent Liabilities:

Claims against the company not acknowledged as debts:

(i) Legal cases of Rs. 72.25 Crores (Previous Year: Rs.126.15 Crores) by vendors/suppliers/contractors etc.

(ii) Disputed Direct Tax Demand of Rs. 0.47 Crore for Assessment Year 2018-19 (Previous Year: Rs. 8.01 Crores for Assessment Years 2015-16 to 2017-18) on account of disallowance of certain expenses as per assessment order dated 09.03.2021 against which the company has filed an application for rectification u/s 154 of the Income Tax Act, 1961 on 06.04.2021 and has also filed an appeal with CIT (Appeals) on 08.04.2021.

(iii) Disputed Indirect Tax demand under the Excise and VAT Acts of Rs. 1.89 Crores (Previous Year: Rs. 1.89 Crores).

(iv) Re-assessment notice dated 14.3.2011 were issued on the holding company GAIL (India) Ltd by the commercial tax department under the U.P. Trade Tax Act, 1948 in respect of Entry tax on taxable amount of Rs. 26.25 Crore arising out of for the assessment years 2004-05 and 2005-06, to be ascertained on re-assessment. Against these re-assessment notices, a writ petition was filed by the holding company with the Hon'ble Allahabad High Court which was dismissed on 18.4.2011 and against which Special Leave Petition was filed by the holding company in May, 2011 with the Hon'ble Supreme Court of India which is yet to be decided. Business Transfer Agreement dated 31.10.2011 transfers Agra Firozabad City Gas Distribution business to the company from the holding company with effect from 16.11.2011, under which the company has exclusive obligations to deal with any and all court cases that are brought against the company or holding company whether for the period prior to the date of transfer or thereafter.

Demand, if any will be ascertained on reassessment. Hon'ble Supreme Court of India has issued an interim order directing Commercial Tax authorities that final assessment order shall not be passed without leave of Hon'ble Supreme Court of India.

(v) Bank Guarantees of Rs. 7078.90 Crores (Previous Year: Rs.7065.99 Crores) as per following details:

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(a) Bank Guarantees of Rs. 7036.49 Crores (Previous year: Rs. 7036.49 Crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization of various geographical areas (GAs) awarded to the company including for the GA awarded to Goa Natural Gas Pvt. Ltd., a joint venture company.

(b) Rs. 42.41 Crores (Previous year: Rs. 29.50 Crores) in favour of Central and State Authorities and other companies for obtaining permission for various Geographical Areas (GAs) etc.

Out of above, the holding company GAIL (India) Ltd. has provided Corporate Guarantee of Rs. 5199.99 Crores (Previous Year: Rs. 5199.99 Crores) in respect of grant of authorization for Bengaluru Rural and Urban Districts GA, Rs. 133 Crores (Previous Year: Rs. 133 Crores) in respect of grant of authorization for 4 numbers of GAs awarded under 10th PNGRB Bidding round and Rs. 752 Crores (Previous Year: Rs. 752 Crores) for Goa Natural Gas Pvt. Ltd., a joint venture company, in respect of North Goa Districts GA for submission of Performance Bank Guarantee to PNGRB. Further, M/s Bharat Petroleum Corporation Limited (BPCL), the other joint venture partner of Goa Natural Gas Pvt. Ltd. has also provided Corporate Guarantee of Rs. 752 Crores (Previous Year: Rs.752 Crores) in respect of North Goa Districts GA for submission of Performance Bank Guarantee to PNGRB.

(vi) The company has provided Comfort Letter (Corporate Guarantee) in favour of Andhra Bank for Rs.100 Crores and in favour of Bank of Maharashtra for Rs. 50 Crores in connection with sanction of long-term loan of Rs. 200 Crores by Andhra Bank and Rs.100 Crores by Bank of Maharashtra to Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture Company for its Kakinada – Srikakulam Pipeline Project, based on Counter Guarantee of APGDCL and a Guarantee Commission @1% per annum on the outstanding Loan amount on quarterly basis. Comfort Letter in favour of these banks for the balance amount of Rs. 150 Crores has been provided by other Joint Venture Partner of APGDCL. Against the above comfort letters, Andhra Bank has sanctioned a loan of Rs. 200 Crores to APGDCL and balance payable is Rs. 76.98 Crores as on 31st March, 2021(including interest of Rs.11.68 Crores) and Bank of Maharashtra has not sanctioned any loan.

(vii) The company is carrying on construction activities for capital projects in 9 GAs awarded by the PNGRB in 9th and 10th CGD bidding round to meet the Minimum Work Program (MWP) targets as per grant of authorization. Keeping in view non-availability of pipeline connectivity from the gas source in these GAs and prevailing conditions due to COVID-19 pandemic, the company has further requested PNGRB for deferment of period of meeting the MWP targets under Regulation 11 and 12 of the PNGRB regulations, 2008. Therefore, penalty for not meeting of MWP targets aggregating to Rs. 23.16 Crores as on 31st March, 2021 (Previous year: Rs. Nil Crore) has been disclosed as Contingent Liability. Management is hopeful that the PNGRB Board will consider their request and not levy any penalty.

35. During the year, the company has settled disputed income tax demand of Rs. 8.01 Crores for Assessment Years 2015-16 to 2017-18 under the Direct Tax Vivad se Vishwas Act, 2020, (Previous Year: Rs. Nil) resulting in reduction in disputed income tax demand to that extent by way of adjustment against carried forward MAT credit of Rs.7.54 Crores and waiver of interest of Rs. 0.47 Crore.

36. The company has identified employees working in various disciplines under project activities and operation activities. Salary and other expenses of employees identified under project activities has been accounted as incidental expenditure during construction and transferred to Capital work in progress. Rent, Depreciation and other expenses pertaining to on-going capital projects have been accounted as incidental expenditure during construction and transferred to Capital work in

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progress. During the year, a sum of Rs. 26.05 Crores (Previous Year: Rs. 33.79 Crores) has been accounted as Incidental Expenditure during Construction.

37. Capital Work in Progress includes assets under construction which are at different stages of completion. Capitalization is done as and when the asset is ready to be put to use, based on certification by the PMC.

38. During physical verification of inventories, no discrepancies were observed. Further, a sum of Rs. 0.04 Crores (Previous Year: Nil Crores) has been written off on account of shortages/damages observed on physical verification of fixed assets.

39. Free Issue Material amounting to Rs. 38.84 Crores is lying with the contractors as at the year end and has been confirmed by the contractors & the PMC.

40. The company is charging depreciation on pipeline based on its useful life of 30 years specified in Schedule-II of the Companies Act, 2013 on a consistent basis. As per grant of authorization provided to the company for various GAs by the Petroleum and Natural Gas Regulatory Board, company has been allowed exclusivity period of 300 months from the date of grant of authorization, for laying, building and expansion of the City Gas Distribution (CGD) network in the respective Geographical areas. As per PNGRB regulations , at the end of the economic life of the project, issue of allowing further extension of the period of exclusivity or not may be considered by the PNGRB for a block of ten years at a time, depending on the satisfactory compliance of the service obligations and quality of specified service norms and on such terms and conditions , as the PNGRB may deem fit.

41. Physical Possession in respect of 4.44 Acres (17983 Sq. Meters) of Land located at various urban areas of Bengaluru is received from Karnataka Industrial Area Development Board (KIADB) and capitalized under Right of Use assets at Rs. 11.07 Crores. As per terms of the lease agreement, on successful commencement of the projects, the same will be converted as freehold land. No provision towards registration and other cost has been made in the books of account for pending registration.

42. Title Deeds in respect of Freehold Land of Rs. 2.05 Crores (Previous Year: Rs. 2.05 Crores) measuring 3004.42 square meters at Sonepat, Haryana is pending for execution including Rs. 0.15 Crores (Previous Year: Rs. 0.15 Crores) towards registration charges provided on provisional basis]. Mutation of Freehold Land is in process.

43. Buildings of Rs. 75.50 Crores (Previous Year: Rs. 59.42 Crores) includes: -

    (i) Buildings amounting to Rs. 10.81 Crores (Previous Year: Rs. 10.66 Crores) constructed on land provided by the holding company GAIL (India) Ltd. for which terms and conditions are yet to be finalized.

    (ii) Buildings amounting to Rs. 1.66 Crores (Previous Year: Rs. 1.66 Crores) constructed on land measuring 2080 square meters taken on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).

    (iii) Buildings amounting to Rs. 8.32 Crores (Previous Year: Rs. 8.32 Crores) constructed on land measuring 993 square meters provided by the Bengaluru Municipal Transport Corporation (BMTC) free of cost for the CNG Stations installed at BMTC Bus Depots in Bengaluru with the condition of filling of CNG Gas only in the BMTC Buses, documentation of which is pending for execution.

    (iv) Buildings amounting to Rs. 15.77 Crores (Previous Year: Rs. 9.56 Crores) constructed on the land measuring 16,483 square meters (Previous Year: 12,533 square meters) provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG

Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per terms and conditions of the agreement.

(v) Buildings amounting to Rs. 6.38 Crores (Previous Year: Rs. 6.38 Crores) constructed on the land provided by the dealers of CNG stations, warehouse providers and land taken on rent etc.

44. Company has paid a sum of Rs. 11.07 Crores for purchase of 10 numbers of lands measuring 17983 square meters (Previous Year: Rs.11.00 Crores for purchase of 10 numbers of lands measuring 18050 square meters) from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Total amount of Rs. 11.07 Crores (Previous Year: Rs.11.00 Crores) paid to KIADB has been accounted for under Right to Use Assets during the year as per requirement of Ind AS 116, as KIADB shall sell the said lands to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per terms and conditions of the agreement.

Company has executed Lease cum Sale Agreement of lands of Rs. 11.07 Crores for 10 numbers of lands measuring 17983 square meters (Previous Year: Rs. 9.77 Crores for 8 numbers of lands measuring 14,733 square meters) including Stamp Duty and Registration Charges. The Company is also required to pay Lease Charges and Maintenance Charges annually for these lands. Further, Lease cum Sale Agreement of lands of all the 10 lands has been executed as on 31.03.2021.

45. The registration of 5 Last Mile Connectivity Assets purchased from the holding company in Bengaluru City at a book value of Rs. 42.30 Crores excluding stamp duty, is in process. A provision for liability on estimated basis on account of Stamp Duty of Rs. 2.79 Crores (Previous Year: Rs.2.79 Crores) has been made pending registration.

46. Provisional liabilities of Rs. 217.02 Crores (Previous Year Rs. 93.59 Crores) have been created in the books of accounts as on 31.3.2021 on the basis of work done till 31.03.2021 for which invoices are yet to be received from the parties and will be settled on submission of actual invoices.

47. All employees of Gail Gas Limited are on the rolls of the Holding Company i.e. GAIL (India) Limited. Salary and Allowances of employees posted in the Company are being paid by the Company and debited to Salaries. A sum of Rs. 11.91 Crores (Previous Year: Rs. 16.00 Crores) on account of share of Retirement Benefits Expenses of the employees posted in the company has been debited by the Holding Company GAIL (India) Limited which have been accounted for under Employee Benefit Expenses. These employee benefits have been allocated to the company by the holding company in proportion of Annual Basic plus DA of employees posted at Gail Gas Limited. No disclosure as per Ind AS 19 has been made as the same will be complied by the Holding Company for employees posted in the company.

48. Claim recoverable includes an amount of Rs. 9.72 Crores (Previous Year Rs. 16.00 Crores) towards refund of VAT (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 refund of VAT is being pursued with the concerned authorities and is considered good.

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NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

49. In compliance with the Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, company is having/has applied for PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has received Factory Licenses for 13 operational CNG stations and has applied for renewal of Factory license for one operational CNG Station. BMTC, Bengaluru have been requested to obtain factory licenses for 3 CNG stations inside their premises. Also, necessary advice has been given to owners of 67 CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of 12 CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain Factory License in respect of respective CNG Stations.

50. As on 31.3.2021, the company has an equity investment of Rs. 47.50 Crores (Previous Year: Rs. 47.50 Crores) in Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture (JV) company, including advance pending allotment of Rs. 9.13 Crores (Previous Year: Rs. 9.13 Crores) as per joint venture agreement. During the financial year 2019-20, the Company has subscribed to 9% Cumulative Compulsory Convertible Preference Shares (CCCPS) having face value of Rs.10 each at par of APGDCL amounting to Rs. 100 Crores. The Board of Directors of the company had given in principle approval to transfer shares held by the company in APGDCL (including shares held, subscription made against equity call, CCCPS and any further investment in APGDCL till final approval of the Board of GAIL(India) Limited is received) to the holding company GAIL(India) Limited and initiate necessary action in this regard subject to the consent of Govt. of Andhra Pradesh entities (i.e other joint venture partners of the JV company) and GAIL (India) Limited. The consent is yet to be received.

51. A Joint venture company, Kerala GAIL Gas Ltd. (KGGL) is in the process of voluntary winding up and had gone into liquidation w.e.f. 28.12.2020 as official liquidator was appointed by KGGL. The liquidation of KGGL is in process. Unaudited accounts shared by the official liquidator of KGGL for the year ended on 31.03.2021 reflects current assets in the form of deposits with Schedule Commercial Banks, which has been considered by the company.

52. As per provisions of Ind AS 109, the company has made following fair valuation recognition: -

a. In case of Corporate Guarantee of Rs. 5332.99 Crores provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and Urban Districts GA and 4 GAs awarded under 10th PNGRB Bidding round, a sum of Rs. 8.28 Crores (Previous Year: Rs. 8.28 Crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company. Accordingly, a sum of Rs. 2.75 Crores (Previous Year: Rs. 5.60 Crores) has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 2.86 Crores (Previous Year: Rs. 2.68 Crores) as guarantee commission expenses (Note 27).

b. In case of Corporate Guarantee of Rs. 752 Crores provided by the Holding Company GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB for GA awarded to the joint venture company i.e. GNGPL, a sum of Rs. 2.50 Crores (Previous Year: Rs. 2.50 Crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) with corresponding deemed investment in Joint Venture Company Goa Natural Gas Pvt. Limited. (Note-5), based on the intimation and the fair valuation done by the Holding Company. Accordingly, a sum of Rs. 0.22 Crores (Previous Year: Rs. Nil Crores) has been shown as receivable from the Joint Venture Company and a sum of Rs. 0.22 Crores (Previous Year: Rs. Nil Crores) as financial guarantee obligation (Note – 17).

c. In case of Corporate Guarantee provided by the Holding Company GAIL (India) Ltd. for sanction of long-term loan of upto Rs. 1500 Crores (Previous Year: Rs. 1500 Crores) from SBI, a sum of Rs. 0.55 Crores (Previous Year: Rs. 0.14 Crores) has been shown as deemed equity as

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capital contribution from the Holding Company (Note-14). Accordingly, a sum of Rs. 0.46 Crores (Previous Year: Rs. 0.14 Crores) has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 0.07 Crores (Previous Year: Rs. Nil Crores) as guarantee commission expenses (Note-27).

d. In respect of Comfort Letter (Corporate Guarantee) provided by the company to joint venture company i.e. APGDCL for raising loan upto Rs. 300 Crores from Banks, the company has recognized its share of the financial guarantee liability net of guarantee commission receivable from the JV company @1 % per annum on the amount of loan drawn by the Joint Venture company from Andhra Bank. Accordingly, based on fair value of the corporate guarantee commission @2.1% per annum for the year with present value @ 6.99468 % (Previous Year: 8.56366 %) of the future corporate guarantee period, deemed investment in the JV company of Rs. 1.94 Crores (Previous Year: Rs. 1.64 Crores) (Note-5) and Guarantee commission receivable of Rs. 1.29 Crores (Previous Year: Rs. 1.38 Crores) (Note 7A) with corresponding credit of Rs. 2.69 Crores (Previous Year: Rs. 2.89 Crores) to financial guarantee obligation (Note – 17) and Rs. 0.40 Crores (Previous Year: Rs. 0.13 Crores) to deemed corporate financial guarantee miscellaneous income (Note -23) has been provided.

53. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance vide OM No. F.No.5/2/2016-Policy dated 27.05.2016 has issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, applicable from financial year (FY) ended on or after 31st March, 2016. Since, the company has paid the lower/ nil dividend during the FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19, the company has made an application for each of these years for grant of relaxation on dividend payment to Department of Investment and Public Asset Management (DIPAM) through Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, DIPAM, as per the said guidelines for which the reply is awaited. Since for FY 2019-20, the company has paid dividend more than minimum required as per the above guidelines, no application has been made in this regard. Further, as nil dividend for FY 2020-21 is being proposed, the company is in process of making application for the FY 2020-21.

54. In compliance with 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:

(i) Income Tax related to items charged or credited directly to Statement of Profit and Loss during the year:

Rs. in Crores

| Statement of Profit and Loss | 31st March, 2021 | 31st March, 2020 |
|---|---|---|
| **Current Income Tax:** | | |
| Current Income Tax Charge from ordinary activities (Continuing Operations) | 34.00 | 33.15 |
| Provision/Adjustment of Tax relating to earlier periods | (0.03) | (0.13) |
| Current Income Tax Charge from ordinary activities (Discontinued Operations) | - | - |
| Current Income Tax Charge on Gain on disposal of Discontinued Operations. | - | - |

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| | | |
|---|---|---|
| | **33.97** | **33.02** |
| **Deferred Income Tax:** Relating to origination and reversal of temporary differences (Continuing Operations) | 22.07 | 20.00 |
| Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations) | - | (22.27) |
| Relating to origination and reversal of temporary differences (Discontinued Operations) | - | - |
| | **22.07** | **(2.27)** |
| Provision for MAT Credit | - | **16.51** |
| **Income Tax Expense reported in the Statement of Profit and Loss** | **56.04** | **47.26** |

(ii) Reconciliation of Effective Tax Rate (Continuing Operations):

Rs. in Crores

| | 31st March, 2021 | 31st March, 2020 |
|---|---|---|
| Profit Before Income Tax | 213.74 | 203.51 |
| Current Tax Rate | 15.91% | 16.23% |
| Computed Effective Tax Expense | 33.97 | 33.02 |
| Movement in Deferred Tax Liability | 22.07 | (2.27) |
| Provision for MAT Credit | - | 16.51 |
| **Income Tax charged to Statement of Profit and Loss** | **56.04** | **47.26** |
| **Effective Tax Rate** | **26.22%** | **23.22%** |

(iii) Recognized Deferred Tax Assets and Liabilities:

Deferred Tax Assets/ (Liabilities) are attributable to the following:

Rs. in Crores

| **Particulars** | **Balance Sheet** | | **Statement of Profit & Loss** | |
|---|---|---|---|---|
| | **31st March, 2021** | **31st March, 2020** | **31st March, 2021** | **31st March, 2020** |
| Property, Plant and Equipment | (107.63) | (83.36) | (24.27) | 1.46 |
| Provisions | 8.21 | 6.02 | 2.20 | 0.81 |
| **Deferred Tax Assets/ (Liabilities)** | **(99.42)** | **(77.34)** | **(22.07)** | **2.27** |

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| | | | | |
|---|---|---|---|---|
| Offsetting of Deferred Tax Assets/ (Liabilities) | - | - | - | - |
| **Net Deferred Tax Assets /(Liabilities)** | **(99.42)** | **(77.34)** | **(22.07)** | **2.27** |

55. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of Rs. 26.50 Crores (Previous Year: Rs. 21.27 Crores) was incurred by the company during the year, out of which an amount of Rs. 10.67 Crores (Previous Year: Rs. 11.94 Crores) has been allocated towards Capital Work in Progress during the year in respect of pipelines and CNG Stations under construction.

56. In compliance of Ind AS 36 on "Impairment of Assets", company has carried out an assessment of impairment of assets and there are no impaired assets.

57. The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 "Operating Segments" are not applicable. However, entity-wise disclosures are as under:

**Information about products and services:**

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

**Geographical Information:**

All the company operations in the business of Natural Gas, including City Gas Distribution are in India. Accordingly, revenue from customers and all assets are located in India only.

**Information about major customers:**

During the year ended 31st March, 2021 One customer (Previous Year: one) contributed more than 10% of revenue. Revenue from this customer was Rs. 2468.33 Crores during the year ended 31st March, 2021 (Previous Year: Rs. 3427.62 Crores).

58. Disclosure under Ind AS 112 on "Disclosure of Interests in other Entities", is as under :

| Sl. No. | Name of Companies (Indian Entities) | Relation | Proportion of ownership as on | |
|---|---|---|---|---|
| | | | 31.03.2021 | 31.03.2020 |
| 1 | Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL) | Joint Venture | 50% | 50% |
| 2 | Kerala GAIL Gas Limited. (KGGL) | Joint Venture | 50% | 50% |
| 3 | Vadodara Gas Limited. (VGL) | Joint Venture | 17.07% | 17.07% |
| 4 | Rajasthan State Gas Limited. (RSGL) | Joint Venture | 50% | 50% |
| 5 | Haridwar Natural Gas Pvt. Ltd. (HNGPL) | Joint Venture | 50% | 50% |
| 6 | GOA Natural Gas Pvt. Ltd. (GNGPL) | Joint Venture | 50% | 50% |
| 7 | Purba Bharati Gas Pvt. Ltd. (PBGPL) | Joint Venture | 26% | 26% |

The company's share in the assets and liabilities and in the income and expenditure for the year in respect of above joint venture companies based on audited financial statement of Goa Natural Gas

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Pvt. Ltd. and unaudited financial statements of other 6 joint venture companies as furnished by management of these companies is as under:

Rs. in Crores

| Sl. No. | Description | 2020-21 | 2019-20 |
|---|---|---|---|
| A. | **Summary of Balance Sheet** | | |
| 1 | **Assets** | | |
| | Non-Current | 544.85 | 422.50 |
| | Current | 99.18 | 103.92 |
| | Total | 644.03 | 526.42 |
| 2. | **Liabilities & Provisions** | | |
| | Non-Current | 240.73 | 169.48 |
| | Current | 113.71 | 84.84 |
| | **Total** | 354.44 | 254.32 |
| B. | **Summary of Profit and Loss Account** | | |
| 1. | Income | 73.08 | 74.78 |
| 2. | Expenditure | 68.42 | 70.93 |
| C. | **Contingent Liability** | 63.83 | 60.09 |
| D. | **Capital Commitment** | 325.75 | 336.04 |

59. Disclosure under Ind AS 115 on "Revenue from Contract with Customers" is as under:

**Disaggregated Revenue Information**

The disaggregation of the company's revenue from contracts with customers is disclosed at Note - 22.

Sale of Natural Gas is the main activity of City Gas Distribution Business and other operating income is incidental to sale of natural gas. Other Operating Income includes compensation towards minimum contracted quantity for the respective billing period, Interest received from the customers for the delayed payments and application fees collected from customers. Sale of pipes, fittings and other material is incidental revenue on account of sale and distribution of natural gas to customers. Services Charges are the consideration received against operating CNG Station as a dealer of other entity and compression facility provided to other CGD Entities from company owned CNG Stations. Income from after sales services mainly includes services rendered for re-location of meter, temporary disconnection, name change etc. Company sells and distributes natural gas in India.

Sale of natural gas includes excise duty but excludes value added tax (VAT) collected from customers on behalf of the government. All revenues are earned on transfer of goods or services to the customers.

**Contract Balances**

Rs. in Crores

| Description | As on 31st March, 2021 | As on 31st March, 2020 |
|---|---|---|
| Trade Receivables | 361.70 | 485.55 |
| Contract Liabilities | 0.13 | 0.09 |

Trade receivables are interest bearing and are generally on terms of 3 to 30 days credit after billing. Contract liabilities are advances received from customers against supply to be made of gas after the reporting date.

Reconciliation of revenue recognized in the Statement of Profit and Loss with the contracted price

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Rs. in Crores

| Type of goods or Services | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|---|---|
| Revenue as per contracted price | 4015.25 | 5144.43 |
| Less:- Facility Charges on sale of gas | 0.65 | 0.57 |
| Revenue from contract with customers | 4014.60 | 5143.86 |

**Performance Obligation**

The company earns revenue primarily from sale of natural gas. Revenue is recognized on supply of gas to customers based on reading recorded on the meter. There are no return rights attached to the sale, hence, no right of return liability or asset exists. There are no performance obligations remaining to be satisfied as at reporting date for which transaction price has been allocated.

60. In compliance of Ind AS 116 on 'Leases', the disclosures in respect of Leases are as under:

(i) **Nature of the lease transaction**

**Land Leases**

The Company has taken several plots of land on lease for setting up CNG, City Gas Station, CPRS/DPRS station and for site office purpose. The lease term mentioned in the agreements range from 11 months to 99 years. Lease agreements are renewable on mutually agreed terms and do not contain any non-cancellable period.

**Building Leases**

The Company has taken various office/warehouse buildings on lease with monthly and annual payment terms. The lease term mentioned in the agreements range from 11 months to 9 years. Most of the agreements are renewable on mutually agreed terms, some of them are having non - cancellable period whereas few agreements are silent on renewal.

**Other Leases**

The company has also taken various commercial vehicles, CNG Cascade etc. on lease. The lease term mentioned in the agreements range from 6 months to 10 years. Some portion of the lease rentals is based on usage of the equipment. Lease rentals include lease and non-lease component viz. manpower, fuel cost, repair and maintenance etc. and only hiring portion is considered for ROU assets accounting.

(ii) **Amounts recognized in profit and loss**

**Rs. in Crores**

| Description | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---|---|---|
| Amortization expense of right-of-use assets | 17.46 | 9.68 |
| Interest expense (included in finance cost) | 3.57 | 2.55 |
| Expense relating to short-term leases | 3.67 | 7.07 |
| Expense relating to low value assets leases | 0.01 | 0.01 |

(iii) **The total cash outflow for leases**

**Rs. in Crores**

| Description | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---|---|---|

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| | | |
|---|---|---|
| Principal Portion of lease liability | 17.01 | 8.07 |
| Interest portion of lease liability | 3.57 | 2.55 |
| Expense relating to short-term leases | 3.67 | 7.07 |
| Expense relating to low value assets leases | 0.01 | 0.01 |

61. **Disclosure related to Corporate Social Responsibility (CSR) Expenses**:

(i) As per Section 135 of the Companies Act, 2013, the company was required to spend an amount of Rs.3.16 Crores (Rs. 2.98 Crores for FY 2020-21 and Rs.0.18 Crores carried forward Budget of FY 2019-20) during the FY 2020-21. The amount of CSR expenses incurred by the Company during the year was Rs.1.71 Crores (Previous Year: Rs. 1.86 Crores). As per amended CSR rules notified on 22.1.2021, balance unspent amount of allocated projects amounting to Rs. 0.88 Crores for FY 2020-21 and Rs. 0.23 Crores for FY 2019-20 has been transferred in the subsequent year by the company to a new bank account opened for this purpose. Further, an unspent and unallocated amount of Rs.0.57 Crores has also been transferred to PM CARES Fund by the company in the subsequent year.

(ii) Board of Directors in its meeting held on 18.05.2017 had approved CSR Policy along with administrative guidelines of the Company. No CSR activity was identified by the company before the approval of CSR Policy and no provision has been made in the books of accounts in accordance with generally accepted accounting principles.

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

Rs. in Crores

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;<br>Principal<br>Interest | <br>1.60<br>Nil | <br>6.68<br>Nil |
| ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2016, 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 above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2016. | 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 and have been relied upon by the Auditors.

63. **Related Party Disclosures:**

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

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(ii) Related Party Disclosures as per Ind AS 24.

(a) Relation and name of the related parties are as under:

**Holding Company -** GAIL (India) Ltd.

**Indian Joint Venture Companies**
Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)
Kerala GAIL Gas Limited. (KGGL)
Vadodara Gas Limited. (VGL)
Rajasthan State Gas Limited. (RSGL)
Haridwar Natural Gas Pvt. Ltd. (HNGPL)
GOA Natural Gas Pvt. Ltd. (GNGPL)
Purba Bharati Gas Pvt. Ltd. (PBGPL)

**Others (Joint Venture Companies of Holding Company)**
Indraprastha Gas Ltd.
Central UP Gas Ltd.
Green Gas Ltd.

**Key Management Personnel**:

**Chairman & Non-Executive Director:**
Dr. Ashutosh Karnatak (upto 05.05.2020)
Mr. Manoj Jain (from 06.05.2020)

**Non-Executive Directors:**
Mr. A K Tiwari
Mr. Gajendra Singh (upto 30.06.2020)
Mr. E S Ranganathan (from 01.07.2020)
Mr. Mrityunjay Jha (upto 19.12.2020)
Mr. Anand Kumar Jha (from 12.01.2021)
Mr. Rajeev Mathur (upto 31.12.2020)
Mr. K R M Rao (from 06.01.2021)
Dr. S B Mitra (upto 31.08.2020)
Mr. D V Shastry (from 01.09.2020)
Mrs. Jyoti Dua

**Chief Executive Officer:**
Mr. A K Jana (upto 16.06.2020)
Mr. M V Ravi Someshwarudu (from 17.06.2020)

**Chief Financial Officer:** Mr. Pankaj Walia

**Chief Operating Officer:** Mr. Anupam Mukhopadhyay (from 03.08.2020)

**Company Secretary:** Mr. Deepak Asija

(b) **Related Party Transactions**

Rs. in Crores

| Sl No | Particulars | Holding Co. | Joint Venture & | Key Management Personnel |
|---|---|---|---|---|

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| | | | Others* | |
|---|---|---|---|---|
| 1 | Purchase of Goods and Material | 3551.35<br>(4676.75) | -<br>(-) | -<br>(-) |
| 2 | Guarantee Commission received / receivable | -<br>(-) | 0.40<br>(0.12) | -<br>(-) |
| 3 | Sales of Goods (Material and Gas) / Material Issued on Loans | 1.69<br>(-) | 136.05<br>(139.12) | -<br>(-) |
| 4 | Purchase and Sale of Fixed Assets | -<br>(14.73) | -<br>(-) | -<br>(-) |
| 5 | Remuneration to Key Management personnel- Salary & Allowances | -<br>(-) | (-) | 2.12<br>(2.14) |
| 6 | Reimbursement of remuneration to staff received / receivable | -<br>(-) | 17.38<br>(15.35) | -<br>(-) |
| 7 | Reimbursement of Retirement Benefits payable | 11.91<br>(16.00) | -<br>(-) | -<br>(-) |
| 8 | Reimbursement of Training Cost payable / receivable | 0.35<br>(-) | -<br>(-) | -<br>(-) |
| 9 | Reimbursement of BG Charges received / receivable | -<br>(-) | 1.60<br>(1.60) | -<br>(-) |
| 10 | Rent, Electricity, UCS Expenses, TTA and Hook-up charges, etc. paid / payable | 9.05<br>(7.73) | -<br>(-) | -<br>(-) |
| 11 | Advances for Hook Up charges | 15.70<br>(9.91) | -<br>(-) | -<br>(-) |
| 12 | Outstanding balance payable excluding fair valuation done as per Ind AS-109 | 275.59<br>(255.31) | -<br>(0.20) | -<br>(-) |
| 13 | Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109 | 1.69<br>(-) | 28.29<br>(25.36) | -<br>(-) |
| 14 | Corporate Guarantee given to Banks for BG/Loan issued on behalf of the Company as at Balance Sheet date | 7584.99<br>(7584.99) | -<br>(-) | -<br>(-) |
| 15 | Comfort Letter (Corporate Guarantee) issued to Banks for availing loan by Joint Venture Companies | -<br>(-) | 150.00<br>(150.00) | -<br>(-) |
| 16 | Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares | -<br>(-) | 138.37<br>(138.37) | -<br>(-) |
| 17 | Advance to APGDCL against Equity Share pending Allotment of Share | -<br>(-) | 9.13<br>(9.13) | -<br>(-) |
| 18 | Investment in KGGL as at Balance Sheet date (JV) | -<br>(-) | 0.01<br>(0.01) | -<br>(-) |
| 19 | Investment in VGL as at Balance Sheet date (JV) | -<br>(-) | 41.01<br>(41.01) | -<br>(-) |
| 20 | Investment in RSGL as at Balance Sheet date (JV) | -<br>(-) | 65.00<br>(65.00) | -<br>(-) |
| 21 | Investment in HNGPL as at Balance Sheet date (JV) | -<br>(-) | 22.20<br>(22.20) | -<br>(-) |

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|---|---|---|---|---|
| 22 | Investment in GNGPL as at Balance Sheet date (JV) | -<br>(-) | 26.38<br>(17.50) | -<br>(-) |
| 23 | Investment in PBGPL as at Balance Sheet date (JV) | -<br>(-) | 26.00<br>(26.00) | -<br>(-) |
| 24 | Share allotment to Holding Company | 315.70<br>(148) | -<br>(-) | -<br>(-) |
| 25 | Advance received against Equity Share pending Allotment of Share | -<br>(80.70) | -<br>(-) | -<br>(-) |
| 26 | Advances/loans given as at Balance Sheet date | -<br>(-) | 17<br>(-) | -<br>(-) |

*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to Previous Year).

The company has formed seven Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and 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. Further, Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement.

64. Movement of Provision

Rs. in Crores

| **Particulars** | **Provision for Employee retirement benefits** | **Provision for Doubtful claims** | **Provision for Probable Obligation** |
|---|---|---|---|
| As at 1st April, 2020 | 16.00 | - | 3.36 |
| Additional provision recognized during the year | 11.91 | 0.31 | - |
| Amount used during the year | 16.00 | - | - |
| Unused amount reversed during the year | | - | (0.68) |
| As at 31st March 2021 | 11.91 | 0.31 | 2.68 |

65. **Earning per Share:**

| **Particulars** | **2020-21** | **2019-20** |
|---|---|---|
| Profit after Tax (Rs. in Crores) | 157.70 | 156.25 |
| Weighted Average No. of Equity Shares (Basic)<br>Weighted Average No. of Equity Shares (Diluted) | 148,11,93,151<br>148,11,93,151 | 117,43,38,798<br>118,34,67,760 |
| Nominal Value per Share (in Rs.) | 10.00 | 10.00 |
| **Basic Earning per Share (in Rs.)**<br>**Diluted Earning per Share (in Rs.)** | 1.06<br>1.06 | 1.33<br>1.32 |

66. 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. Board of Directors of the company 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 long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

**Sensitivity analysis:**

Term Loans received from the Oil Industry Development Board do not have variable component. Term loan obtained from State Bank of India has a variable element of interest rate and outstanding balance of which as at the year-end is Rs. 92.54 Crores ( Previous Year: Rs. 22.54 Crores). However, as the loan has been obtained for capital projects which are under construction, interest is capitalised as a part of Capital work in progress. Therefore, there is no impact on the Company's profit before tax during the year ended 31.03.2021 and 31.03.2020.

**Foreign Currency Risk:**

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

**b) Commodity Price Risk**

Risk arising on account of fluctuations in price of natural gas is mitigated by ability to pass on the fluctuations in prices to customers over period of time. The company monitors movements in the prices closely on regular basis.

**c) Equity Price Risk**

The Company do not have any investment in quoted equity shares hence not exposed to equity price risk.

**(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 maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate

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sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

Rs.in Crores

| As at 31.03.2021 | On demand | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | - | 19.94 | 173.77 | 236.56 | **430.27** |
| Trade and other payables | | 296.08 | | | | **296.08** |
| Other financial liabilities | 114.34 | 0.68 | 64.86 | - | - | **179.88** |
| Lease Liabilities * | - | 5.39 | 13.90 | 23.20 | 22.69 | **65.18** |

Rs.in Crores

| As at 31.03.2020 | On demand | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | 148.91 | 21.43 | 102.33 | 53.50 | **326.17** |
| Trade and other payables | | 277.57 | | | | **277.57** |
| Other financial liabilities | 105.21 | 90.96 | 81.41 | - | - | **277.58** |
| Lease Liabilities* | - | 4.22 | 12.26 | 22.87 | 15.70 | **55.05** |

*As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

**(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. Credit exposure also exists in relation to guarantees issued by the company.

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 |

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| | |
|---|---|
| Piped Natural Gas (Industrial) | 03-07 days |
| Piped Natural Gas (Commercial) | 07 days |
| Compressed Natural Gas (CNG) | Cash Sales & 4-15 days |
| Bulk Industrial Sales | 4 -30 days |

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed either by cash sales or within credit period of 3-30 days. The aging analysis of trade receivables as of the reporting date is as follows:

Rs.in Crores

| Particulars | Carrying Amount | |
|---|---|---|
| | 31st March 2021 | 31st March 2020 |
| **Neither past due nor impaired** | 349.98 | 473.86 |
| Past due 1-30 Days | 5.86 | 5.99 |
| Past due 31-60 Days | 6.70 | - |
| Past due 61-90 Days | - | 1.63 |
| Greater than 90 days | 5.62 | 7.75 |
| **Total** | **368.16** | **490.72** |
| Less: Expected credit loss (Allowances for bad and doubtful) | 6.45 | 5.17 |
| **Carrying amount of Trade Receivable (Net of Impairment)** | **361.71** | **485.55** |

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

Rs.in Crores

| Provisions | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Start of the year | 5.17 | 1.57 |
| Provision for impairment during the year | 1.28 | 3.60 |
| Receivables written off during the year as uncollectible | - | - |
| Unused amounts reversed | - | - |
| End of year | **6.45** | **5.17** |

**Cash deposits:**

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into Banks linked with Current Account. There is no impairment of 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 holding company. As on 31.03.21 the issued and paid-up capital was Rs. 1590.70 Crores (Previous Year: Rs. 1275 Crores) (Note 13) and other equity was Rs. 510.26 Crores (Previous Year: Rs. 432.85 Crores) (Note 14). The primary objective of the Company's capital management is to ensure that it maintains a strong

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credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company's management assesses regularly 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 adjusted net debt to equity ratio is as follows

Rs.in Crores

| Provisions | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Net Debt | 430.27 | 177.26 |
| Total Equity | 1590.70 | 1275.00 |
| **Net Debt to Equity Ratio** | 0.27 | 0.14 |
| Interest bearing borrowing | 430.27 | 177.26 |
| Less: Cash & Bank Balance | 183.13 | 1.82 |
| **Adjusted Net Debt** | 247.14 | 175.44 |
| **Adjusted net debt to adjusted equity ratio** | 0.16 | 0.14 |

**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

**As at 31.03.2021:**

Rs.in Crores

| Financial assets | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | | Level -1 | Level-2 | Level-3 |
| **Financial Assets at amortised cost:** | | | | |
| Loans and Other Receivables | 50.47 | - | - | - |
| Trade Receivables | 361.71 | - | - | - |
| Cash and Cash Equivalents | 183.13 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **At Fair value through OCI** | - | - | - | - |
| **Total Financial Assets** | **595.31** | - | - | - |
| | | | | |
| **Financial Liabilities at amortized cost** | | | | |
| Borrowings | 430.27 | - | - | - |
| Trade Payables | 296.09 | - | - | - |
| Other Financial Liabilities | 179.88 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **Total Financial Liabilities** | **906.24** | - | - | - |

**As at 31.03.2020:**

Rs.in Crores

| Financial assets | Carrying | Fair value |
|---|---|---|

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| | amount | Level -1 | Level-2 | Level-3 |
|---|---|---|---|---|
| **Financial Assets at amortised cost:** | | | | |
| Loans and Other Receivables | 24.92 | - | - | - |
| Trade Receivables | 485.55 | - | - | - |
| Cash and Cash Equivalents | 1.81 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **At Fair value through OCI** | - | - | | - |
| **Total Financial Assets** | **514.78** | - | - | - |
| | | | | |
| **Financial Liabilities at amortized cost** | | | | |
| Borrowings | 326.17 | - | - | - |
| Trade Payables | 277.57 | - | - | - |
| Other Financial Liabilities | 277.58 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **Total Financial Liabilities** | **881.32** | - | - | - |

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.

67. Details of Loans given, Investment made and guarantee given or security provided covered u/s 186 of the companies Act, 2013 are given under respective heads (refer note 5 and 53).

68. **Impact of Covid-19 Pandemic**

The Company is in a single line of business of Sale of Natural Gas. Subsequent to the outbreak of Coronavirus (COVID-19) followed by countrywide lock down, the Company continued its uninterrupted supply of Natural Gas to its customers based on their requirement. However, the lockdown had an impact in the immediate natural gas demand, mainly from Industrial and CNG customers. The Company has estimated net impact on its revenue by Rs.35.84 Crore (Previous Year Nil) As restrictions are being lifted gradually in many of Company's operating areas, demand has started showing up an increasing trend both in industrial and CNG category.

The Company has considered the possible effects of the pandemic on the carrying amount of current assets and assessed the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on internal and external sources of information and economic forecasts, the Company expects the carrying amount of these assets will be recovered and sufficient liquidity would be available as and when required to fund the business operations.

The Company currently has a comfortable liquidity position and continues to assess its cash flow and liquidity position, in both normal and stressed situation. The Company has not availed moratorium from term loan lenders and continues to service its debt obligations. The Company's financial management is further supported by its strong external credit ratings. The Company has adequate financial reporting and control system and has been operating throughout while adhering to internal financial controls. The Management does not see any risks to the Company's ability to continue as a going concern and meet its liabilities as and when they become due based on the current indicators.

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A definitive assessment of the impact, at this stage, is not possible in view of the highly uncertain economic environment and the situation is still evolving. The Company is continuously monitoring material changes in such information and economic forecast.

69. **Events occurring after the balance sheet date**

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 25.05.2021, there are no material subsequent events to be recognized or reported that are not already discussed.

70. **Confirmation of Assets & Liabilities**

a) Balance confirmation has been sought from Customers/ vendors / contractors / authorities for balances grouped under loan and advances, deposits and trade payables. Substantial replies have been received, wherever replies have been received, reconciliation is under process and impact on the financial statements which in the opinion of the management is not expected to be material.

b) In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

71. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure

72. **Approval of Financial Statements**

The Financial Statements were approved for issue by the board of directors on 25.05.2021.

| | | | | |
|---|---|---|---|---|
| **Deepak Asija** | **Pankaj Walia** | **M V Ravi Someshwarudu** | **A.K.Tiwari** | **Manoj Jain** |
| **Company Secretary** | **CFO** | **CEO** | **Director** | **Chairman** |
| **PAN-ADRPA0983E** | **PAN-AABPW1139M** | **PAN- AALPS1540A** | **DIN 07654612** | **DIN-07556033** |

As per our report of even date attached
For M/s J.P.,Kapur & Uberai
Chartered Accountants
Firm Reg. No. 000593N

**CA Vinay Jain**
**Partner**
Membership No. 095187

Place: New Delhi
Date: 25.05.2021

Place: New Delhi
Date: 28-05-2021

# GAIL GAS LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

**FY 2020-21**

J.P., KAPUR & UBERAI
CHARTERED ACCOUNTANTS

LOWER GROUND FLOOR
C-4/3 SAFDARJUNG
DEVELOPMENT AREA
NEW DELHI - 110016
PHONES: 49562700
(20 lines)
TELEFAX: 26511158
E-MAIL: info@jpku.com

# INDEPENDENT AUDITORS' REPORT

To the Members of GAIL Gas Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of GAIL Gas Limited (the 'Holding Company') and its jointly controlled entities (collectively referred to as "the Company" or "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2021, 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 notes to the Consolidated financial statements, including a summary of the significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the 'Emphasis of Matter' section of our report*, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Company as at 31 March 2021, and its consolidated profit (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

1. With reference to Note no. 49 of the consolidated financial statements, the company is yet to obtain Factory Licenses for 67 CNG Stations operated under Retail Outlets of Oil Marketing Companies and 12 CNG stations being operated under Dealer Owned and Dealer Operated Model.

2. With reference to Note no. 46 of the consolidated financial statements, the company has accounted for Provisional liabilities amounting to Rs. 217.02 Crores in the books of accounts as on 31.3.2021 on the basis of work done till 31.03.2021 for which invoices are yet to be received from the parties.

3. With reference to Note no. 40 of the consolidated financial statements, useful life of pipelines has been considered as 30 years by the company.

Our opinion is not modified with respect to the above matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sl. No | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Provisional liability on estimation basis**<br><br>Provisional liability of Rs. 217.02 Crores outstanding as at March, 2021 made on estimation basis.<br><br>Refer Note No 46 to the consolidated financial statement. | **Principal Audit Procedures performed:**<br><br>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination and accounting of provisional liabilities to ensure that they operate effectively.<br>• We examined contracts/LOI/FOA in respect of the contracts.<br>• We held discussion with respective personnel to understand execution of work and evaluated estimation of the provisional liabilities made by the management. |
| 2 | **Litigations**<br><br>The Company operates in an industry, which is heavily regulated, which increases inherent litigation risk. The Company is engaged in a number of legal cases.<br><br>Refer note no. 34 (i) to the consolidated financial statements. | **Principal audit procedures performed:**<br><br>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination of provisions to ensure that they operate effectively.<br>• We examined correspondence in respect of the cases.<br>• We read summary of litigation matters provided by the management and its legal counsels with respect to the matters included in the summary. |
| 3 | **Uncertain tax positions**<br>The Company operates in a complex tax environment and is subject to a range of tax risks during the normal course of business. The arrangements for transactions entered into by the Company are complex, judgmental and subject to challenge by the Tax Authorities. Further, the allowability of certain expenses and admission of additional supporting documents by the Company is also a matter of ongoing dispute with the authorities. | **Principal audit procedures performed:**<br><br>• We evaluated and tested the design and operating effectiveness of the Company's controls over provisions for uncertain tax positions to ensure that they operate effectively.<br>• In understanding and evaluating management's judgment, we examined correspondence connected with the cases, considered the status of recent and current tax authority enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment.<br>• We reviewed status update provided by the management in respect of estimates of tax |

| | | |
|---|---|---|
| | Refer note no. 34 (ii) to (iv) to the consolidated financial statements. | exposures and contingencies in order to assess adequacy of the Company's tax provisions. |
| 4 | **Contingencies: Minimum Work Programme Commitment (MWP)**<br>The Company has a commitment to achieve MWP for 9 GAs awarded by the PNGRB in 9th and 10th CGD bidding round. Keeping in view non-availability of pipeline connectivity from the source in these GAs and prevailing conditions due to COVID-19 pandemic, the company has again requested PNGRB for deferment of period of meeting the MWP targets under Regulation 11 and 12 of the PNGRB regulations, 2008. Penalty for not meeting MWP targets as on 31st March, 2021 works out to Rs. 23.16 Crores. Due to the complexity involved in the execution of the MWP, the management's judgement regarding completion of MWP as per revised plan and measurement of provisions for this matter is inherently uncertain and might change over time as the work on MWP progresses. The PNGRB Board may allow extension based on management representation. Accordingly, it has been considered as a key audit matter.<br><br>Refer note no. 34 (vii) to the consolidated financial statements. | **Principal audit procedures performed:**<br>• We perused copies of communication exchanged between PNGRB and the Company during the year. We have compared the said communication with the appropriateness of disclosure in the consolidated financial statements.<br>• We performed inquiries with the personnel on the working of penalty and verified the calculation.<br>• We evaluated the disclosure in the consolidated financial statements given by the management. |

**Information Other than the Consolidated Financial Statements and Auditors Report thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

The consolidated financial statements include the Company's share of net profit (including other comprehensive income) of Rs. 4.67 Crores for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of seven jointly controlled entities, whose financial statements have not been audited by us. Out of the above, one entity has been audited by other auditor whose report has been furnished to us by the management & other six entities are taken on the basis of unaudited financial statements certified by the respective managements. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, are based solely on the report of the other auditor and such unaudited financial statements certified by the respective management.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor and such unaudited financial statements provided to us by the company's management.

**Report on Other Legal and Regulatory Requirements**

1. Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act is not applicable on Consolidated Financial Statements as referred in proviso to para 2 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 Consolidated Balance Sheet and 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 dealt with by this report are in agreement with the books of account.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The Holding Company being a government company, provisions of Section 164(2) of the Act, in respect of disqualification of Directors are not applicable, in view of notification no. G.S.R. 463(E) dated 05-06-2015.

(f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the holding company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.

(g) Being a Government Company, section 197 of the Act relating to managerial remuneration is not applicable to the Holding Company, in view of notification no. G.S.R. 463(E) dated 05-06-2015.

(h) 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statement - Refer Note 34 to the consolidated financial statements;

ii. The Company does not have any derivative contracts. None of the long-term contracts require provision for material foreseeable losses, as required under the applicable law or accounting standards;

iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company. Therefore, the question of delay in transferring of such sums does not arise.

For J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANJ6909

Place: New Delhi
Date: 28-05-2021

**ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 the **GAIL Gas Limited** ("the Holding Company") as of 31 March, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Holding Company and its jointly controlled entities 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 respective 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 internal financial controls over financial reporting of the Company 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 the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls system over financial reporting of the Company.

**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 the consolidated 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 the consolidated 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 consolidated 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 to the best or our information and according to the explanations given to us, the Holding Company & its jointly controlled entities, 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, 2021, 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.

**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 audit report of the auditor of such company incorporated in India. The information of other 6 (six) Joint Venture Companies is not available as these has been consolidated based on unaudited financial statements certified by the respective management.

For J. P., Kapur & Uberai
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
UDIN: 21095187AAAANJ6909

Place: New Delhi
Date: 28-05-2021

# GAIL GAS LIMITED

## Consolidated Balance Sheet as at 31st March 2021

(Rs in Crores)

| Particulars | Note | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| (a) Property, Plant and Equipment | 3A | 1,398.59 | 1,194.27 |
| (b) Right of Use Assets | 3B | 64.36 | 59.14 |
| (c) Capital Work-In-Progress | 3A | 946.74 | 687.47 |
| (d) Intangible Assets | 04 | 5.01 | 7.14 |
| (e) Financial Assets | | | |
| (i) Investments | 05 | 328.94 | 316.53 |
| (ii) Trade receivable | 6A | 0.04 | 0.90 |
| (iii) Loans & Other Receivables | 7A | 22.18 | 1.72 |
| (f) Non Current Tax Assets (Net) | 8 | - | 1.10 |
| (g) Other Non Current Assets (Non Financial) | 9A | 31.41 | 14.70 |
| **Total Non Current Assets (A)** | | **2,797.27** | **2,282.97** |
| **Current Assets** | | | |
| (a) Inventories | 10 | 22.00 | 15.12 |
| (b) Financial Assets | | | |
| (i) Trade Receivable | 6B | 361.67 | 484.65 |
| (ii) Cash and Cash Equivalents | 11 | 183.13 | 1.81 |
| (iii) Loans & Other Receivables | 7B | 28.29 | 23.20 |
| (iv) Other Financial Assets | 12 | 0.09 | |
| (c) Other Current Assets (Non Financial) | 9B | 34.31 | 45.37 |
| **Total Current Assets (B)** | | **629.49** | **570.15** |
| **TOTAL ASSETS (A+B)** | | **3,426.76** | **2,853.12** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| (a) Equity Share Capital | 13 | 1,590.70 | 1,275.00 |
| (b) Other Equity | 14 | 506.66 | 426.02 |
| **Total Equity (C)** | | **2,097.36** | **1,701.02** |
| **Non-Current Liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 15A | 410.32 | 155.84 |
| (ii) Lease Liabilities | | 28.99 | 25.80 |
| (b) Deferred Tax Liabilities (Net) | 16 | 99.42 | 77.34 |
| (c) Other Non Current Liabilities | 17 | 2.91 | 2.89 |
| **Total Non Current Liabilities (D)** | | **541.64** | **261.87** |
| **Current Liabilities** | | | |
| (a) Lease Liabilities | | 17.20 | 13.79 |
| (b) Financial Liabilities | | | |
| (i) Trade Payables | | | |
| - Other than Micro and Small Enterprises | 18 | 294.48 | 270.89 |
| - Micro and Small Enterprises | 18 | 1.60 | 6.68 |
| (ii) Other Financial Liabilities | 15B | 199.83 | 447.91 |
| (c) Other Current Liabilities | 19 | 35.32 | 37.46 |
| (d) Provisions | 20 | 232.97 | 113.50 |
| (e) Current Tax Liabilities (Net) | 21 | 6.35 | - |
| **Total Current Liabilities (E)** | | **787.76** | **890.23** |
| **TOTAL EQUITY AND LIABILITIES (C+D+E)** | | **3,426.76** | **2,853.12** |

The accompanying Notes form an integral part of the Consolidated Financial Statements. 1 to 72

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

| | | | | | |
|---|---|---|---|---|---|
| **Deepak Asija** | **Pankaj Walia** | **M.V. Ravi Someswarudu** | **A K Tiwari** | **Manoj Jain** | **CA Vinay Jain** |
| Company Secretary | CFO | CEO | Director | Chairman | Partner |
| PAN-ADRPA0983E | PAN-AABPW1139M | PAN-AALPS1540A | DIN-07654612 | DIN-07556033 | Membership No: 095187 |

GAIL GAS LIMITED NOIDA नोएडा

**Place: New Delhi**
**Date: 25-05-2021**

**Place: New Delhi**
**Date:** 28-05-2021

# GAIL GAS LIMITED

## Consolidated Statement of Profit and Loss for the year ended 31st March 2021

(Rs in Crores)

| | Particulars | Note | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|---|---|
| I | **INCOME** | | | |
| | **Revenue from operations (Gross)** | 22 | 4,014.60 | 5,143.86 |
| | **Other Income** | 23 | 4.89 | 12.93 |
| | **Total Income** | | **4,019.49** | **5,156.79** |
| II | **EXPENSES** | | | |
| | Purchases of stock-in-trade of natural gas / Gas Consumed | 24 | 3,488.14 | 4,666.12 |
| | Changes in inventories of stock-in-trade of natural gas | 25 | 0.08 | 0.97 |
| | Excise Duty | | 41.07 | 46.11 |
| | Employee Benefit Expenses | 26 | 73.46 | 71.00 |
| | Finance Cost | 27 | 15.83 | 9.33 |
| | Depreciation and Amortization Expenses | 28 | 65.64 | 51.03 |
| | Other Expenses | 29 | 121.53 | 108.72 |
| | **Total Expenses** | | **3,805.75** | **4,953.28** |
| III | **Profit before Share of Profit/(Loss) of Joint Ventures and Tax (I - II)** | | **213.74** | **203.51** |
| IV | **Share of Profit/(Loss) of Joint Ventures** | | 4.67 | 0.96 |
| V | **Profit before Tax** | | **218.41** | **204.47** |
| VI | **Tax Expenses** | 30 | **56.04** | **47.26** |
| | - Current tax | | 34.00 | 33.15 |
| | - Deferred tax | | 22.07 | (2.27) |
| | - Provision for MAT credit | | - | 16.51 |
| | - Adjustment of tax relating to previous years | | (0.03) | (0.13) |
| VII | **Profit after Tax** | | **162.37** | **157.21** |
| VIII | **Other comperhensive income** | | | |
| | Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | - | - |
| | - Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | - | - |
| | 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 | | - | - |
| | - Net other comprehensive income not to be reclassified to profit or loss in subsequent periods | | - | - |
| | **Other comprehensive income for the year (net of tax)** | | - | - |
| IX | **Total comprehensive income (Net of Tax) (V+VI+VII)** | | **162.37** | **157.21** |
| X | **Earning per share in (Rs. ) (face value of Rs. 10 each)** | | | |
| | Basic (Rs.) | 65 | 1.10 | 1.34 |
| | Diluted (Rs.) | 65 | 1.10 | 1.33 |

The accompanying Notes form an integral part of the Consolidated Financial Statements. 1 to 72

There is no discontinuing operation in the above period

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

**Deepak Asija**
Company Secretary
PAN-ADRPA0983E

**Pankaj Walia**
CFO
PAN-AABPW1139M

**M.V. Ravi Someswarudu**
CEO
PAN-AALPS1540A

**A K Tiwari**
Director
DIN-07654612

**Manoj Jain**
Chairman
DIN-07556033

**CA Vinay Jain**
Partner
Membership No: 095187

**Place: New Delhi**
**Date. 28-05-2021**

**Place: New Delhi**
**Date.** 28 05 2021

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# GAIL GAS LIMITED

## Consolidated Cash Flow Statement for the year ended 31st March 2021

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | | Year Ended 31st March 2020 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| 1 **Profit before Tax** | | **218.41** | | **204.47** |
| 2 **Adjustment for :** | | | | |
| Depreciation & Amortization Expenses | 65.64 | | 51.03 | |
| Exchange Rate Variation on foreign currency | - | | 0.01 | |
| Provision for Doubtful Debts | 1.58 | | 3.60 | |
| Provision for probable obligation | (0.68) | | 0.63 | |
| Loss / (Profit) on sale of fixed assets | 0.04 | | 0.01 | |
| Other Misc. Income | (0.40) | | (0.13) | |
| Dividend Income on Investments | | | (0.25) | |
| Finance Cost | 15.83 | | 9.33 | |
| Share of ( Profit) / Loss of Joint Venture | (4.67) | | (0.96) | |
| Interest Income | (2.45) | | (11.64) | |
| | | 74.89 | | 51.63 |
| 3 **Operating Profit Before Working Capital Changes (1 + 2)** | | **293.30** | | **256.10** |
| 4 **Changes in Working Capital (Excluding Cash & Bank Balances)** | | | | |
| Trade and Other Receivables | 110.64 | | (187.02) | |
| Inventories | (6.88) | | (3.72) | |
| Trade and Other Payables | 125.63 | 229.39 | 58.33 | (132.41) |
| 5 **Cash Generated from Operations (3 + 4)** | | **522.70** | | **123.69** |
| 6 **Direct Taxes Paid** | | (24.93) | | (28.72) |
| **NET CASH FROM OPERATING ACTIVITIES (5 + 6)** | | **497.77** | | **94.97** |
| **B CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of Fixed Assets (Net) | (509.27) | | (431.46) | |
| Investment in Other Companies (Net) | (8.88) | | (145.70) | |
| Loans & Advances - Related Parties | (17.00) | | - | |
| Dividend received on Investments | - | | 0.25 | |
| Interest Received | 2.45 | | 11.64 | |
| **NET CASH FROM INVESTING ACTIVITIES** | | **(532.70)** | | **(565.27)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from Equity | 235.00 | | 228.70 | |
| Proceeds from Long Term Borrowings | 274.42 | | 22.54 | |
| Repayment of Long Term Borrowings | (21.42) | | (20.06) | |
| Net Proceeds / (Repayment) from Short Term Borrowings | (148.91) | | 148.91 | |
| Repayment of Lease Liability | (17.01) | | (8.07) | |
| Interest Paid | (15.83) | | (6.65) | |
| Dividend Tax Paid | (90.00) | | (18.50) | |
| **NET CASH FROM FINANCING ACTIVITIES** | | **216.25** | | **346.87** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | **181.32** | | **(123.43)** |
| **CASH AND CASH EQUIVALENTS AS AT 01.04.2020** | | **1.81** | | **125.24** |
| **CASH AND CASH EQUIVALENTS AS AT 31.03.2021** | | **183.13** | | **1.81** |

Note :

1. Statement of Cash Flows has been prepared using Indirect Method as per Ind AS 7 Statement of Cash Flows.
2. Refer Note 11 for Cash and Cash equivalents.
3. Previous year figures have been regrouped whereever necessary to correspond with current year classification/disclosure.

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

**Deepak Asija**
Company Secretary
PAN-ADRPA0983E

**Pankaj Walia**
CFO
PAN-AABPW1139M

**M.V. Ravi Someswarudu**
CEO
PAN-AALPS1540A

**A K Tiwari**
Director
DIN-07654612

**Manoj Jain**
Chairman
DIN-07556033

**CA Vinay Jain**
Partner
Membership No: 095187

**Place: New Delhi**
**Date: 25-05-2021**

**Place: New Delhi**
**Date:** 28-05-2021

# GAIL GAS LIMITED

## Consolidated Statement of changes in Equity for the year ended 31st March 2021

I. Equity Share Capital (Note 13)

Equity Share Capital issued, Subscribed & Paid Up Equity Share of Rs.10 Each

(Rs in Crores)

| Particulars | Amount |
|---|---|
| As at 1st April 2020 | 1,275.00 |
| Changes in equity share capital during the year | 315.70 |
| **As at 31st March 2021** | **1,590.70** |

**II. Other Equity (Note 14)**

(Rs In Crores)

| Particulars | Deemed Equity | Share Application money Pending allotment | Reserves and surplus | Other comprehensive Income | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April 2020** | **10.92** | **80.70** | **334.40** | - | **426.02** |
| Profit for the year | - | - | 162.37 | - | 162.37 |
| Adjustment in Retained Earnings | - | - | (1.44) | - | (1.44) |
| Transfer during the year | 0.41 | (80.70) | - | - | (80.29) |
| Share application money received | - | - | | - | - |
| Interim Dividend | - | - | - | - | - |
| Corporate Dividend Tax | - | - | - | - | - |
| **Balance as at 31st March 2021** | **11.33** | - | **495.33** | - | **506.66** |

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

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

**For J.P., KAPUR & UBERAI**
Chartered Accountants
Firm Reg. No: 000593N

| Deepak Asija | Pankaj Walia | M.V. Ravi Someswarudu | A K Tiwari | Manoj Jain | CA Vinay Jain |
|---|---|---|---|---|---|
| Company Secretary | CFO | CEO | Director | Chairman | Partner |
| PAN-ADRPA0983E | PAN-AABPW1139M | PAN-AALPS1540A | DIN-07654612 | DIN-07556033 | Membership No: 095187 |

**Place: New Delhi**
**Date: 25-05-2021**

**Place: New Delhi**
**Date:** 28-05-2021

1. **Corporate Information**

The company is domiciled in India with registered office in New Delhi. It 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. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonepat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshina Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Distrcis & Seraikela-Kharsawan Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Gujarat, Uttrakhand, Goa, Rajasthan and Assam through its Joint Venture companies

The financial statements of the company for the year ended 31st March 2021 were authorized for issue by Board of Directors on 25.05.2021.

2. **Basis of preparation and significant accounting policy**

i. **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.

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.

Effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (IGAAP) which was the previous GAAP.

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

ii. **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 realized or intended to sold or consumed in normal operating cycle

- Held primarily for the purpose of trading
- Expected to be realized 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.

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

**iii. Operating expenses**

Operating expenses are recognized in statement of profit or loss upon utilization of the service or as incurred.

**iv. Summary of significant Accounting Policies**

**a) Equity, reserves and dividend payment**

Equity shares are classified as equity. Retained earnings include current and prior period retained profits.

The Company recognizes a liability for dividends to equity holders of the Company when the dividend is authorized and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorized when it is approved by the shareholders.

**b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents also include short-term (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**c) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**d) Property, Plant and Equipment (PPE)**

(i) 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. Such costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, permission, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets.

(ii) Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.

(iii) Subsequent expenditures, including replacement costs where applicable, incurred for an item Property plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iv) 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.

(v) Stores and Spares having the value of each item of Rs. 5 lakhs and above which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE in the underlying asset.

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

(vii) 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.

(viii) 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).

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

**e) Capital Work in Progress**

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

(ii) 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.

(iii) Borrowing cost related to a acquisition/construction of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. The cost of asset not put to use before the year and capital inventory are disclosed under capital work in progress.

**f) Intangible Assets**

(i) 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.

(ii) 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.

(iii) 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.

**g) Capital assets facilities installed at the consumers' premises**

Assets installed at customer premises, including meters and regulators where applicable, are recognized as property plant and equipment if they meet the definition provided under Ind AS 16 subject to materiality as determined by the management and followed consistently and depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

**h) Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment 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.

**i) Inventories**

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

(ii) 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.

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

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

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

(vi) 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.

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

(viii) 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.

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

(x) 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.

**j) Foreign Currency Transactions**

**Functional and Presentation Currency**

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

**Transactions and balances**

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

(ii) 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).

(iii) 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.

(iv) 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.

**k) Revenue and Other Income**

**Revenue from operations**

Revenue is recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled in exchange for those products / services. Revenue is measured based on transaction price which is consideration adjusted for discount and other incentives, if any, as per contract with customers. Revenue also excludes taxes collected from customer in its capacity as agent.

Revenue includes excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

Revenue on sale of natural gas is recognized on transfer of tittle to customers at delivery point. Sales are billed bi-monthly to domestic customers and on fortnightly basis to commercial, bulk customers and industrial customers. Revenue on sale of Compressed Natural Gas (CNG) from is recognized on sale of gas to customers from CNG Stations. Gas transportation income is recognized in the same period in which the related volumes of gas are delivered to the customers.

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.

Entire revenue from provision of extra pipelines at customers premises is accounted for as Income in the year of receipt / incurrence.

**Trade Receivables**

A receivable represents the company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

**Contract Liability**

A contract liability is the obligation to transfer products / services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the company performs obligations under the contract. The same is disclosed as "Advance from customers" under other current liabilities.

**Other Income**

Interest Income is recognized on effective interest rate taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognized when the company's right to receive payment is established.

**l) 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.

**m) 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.

**n) Leases**

Ind AS 116 Leases, mandatory for reporting periods beginning on or after April 1, 2019, is applicable to all contracts existing as on, or entered into, on or after 1 April 2019.

**Company as a lessee**

*Identification of Lease*

At the inception of the contract, each contract is, or contains, a lease is assessed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Each contract is assessed whether:

- The contract involves the use of an identified asset, specified explicitly or implicitly.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Recognition of Right of Use Asset (ROU)*

The Company recognises a ROU asset at the lease commencement date (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

ROU assets are subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

*Recognition of Lease Liability*

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term. Lease payments included in the measurement of the lease liabilities comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Short-Term Leases and Leases of Low-Value Assets*

Short-Term lease recognition exemption are being applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of Rs. 5 lakhs that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense.

**Company as a lessor**

Leases are classified as operating leases when all the risks and rewards of ownership of an asset do not transfer substantially. Rental income from operating lease is recognized as revenue.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables and finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**o) Taxes**

**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 at the balance sheet date.

**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.

**p) 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.

### q) 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.

### r) 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.

**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 amortized cost**
  A financial asset is subsequently measured at amortized 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.

**De-recognition**
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.

**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.

When the company receives financial guarantee from its Holding Company, initially it measures guarantee fees at the fair value. The company records the initial fair value of fees for financial guarantee received as "Deemed Equity" from Holding Company with a corresponding asset recorded as prepaid guarantee charges. Such deemed equity is presented under the head other equity" in the balance sheet. Prepaid guarantee charges are recognized in statement of profit and loss over the period of financial guarantee received.

**Subsequent Measurement**

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

- **Financial Liabilities at amortized 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.

**De-recognition**

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 de-recognition 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.

**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.

s) **Earnings Per Share**

Basic earnings per equity share are calculated by dividing the net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is calculated by dividing the adjusted net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

**t) Events occurring after the Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

**u) Exceptional Items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**v) Prior Period Adjustments and Pre-paid Expenses**

Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively. Prepaid expenses up to threshold limit in each case, are charged to revenue as and when incurred.

**w) Others**

(i) Liquidated damages/Price Reduction Schedule, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.

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

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

**x) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements requires management to make judgments, 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 judgments, 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

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**y) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, 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.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

**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 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 judgment 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.

**Leases - Estimating the incremental Borrowing Rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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## Note 3A : Property, Plant and Equipment and Capital Work in Progress

(Rs in Crores)

| Cost/ Valuation | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess |
|---|---|---|---|---|---|---|---|
| 1. Cost or deemed cost (Gross Carrying Amount) | | | | | | | |
| Balance as at 1st April 2020 | 28.29 | 1,196.94 | 59.42 | 1.05 | 18.70 | 1,304.40 | 687.47 |
| Additions | | 229.17 | 16.08 | 0.70 | 7.02 | 252.97 | 512.62 |
| Transfer to Capitalisation | - | - | - | - | - | - | (253.35) |
| Disposals | - | (0.70) | - | (0.05) | (0.16) | (0.91) | - |
| Transfer / Adjustment | - | - | - | - | - | - | - |
| Balance as at 31st March 2021 | 28.29 | 1,425.41 | 75.50 | 1.70 | 25.56 | 1,556.46 | 946.74 |

| Depreciation and impairment | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess |
|---|---|---|---|---|---|---|---|
| Balance as at 1st April 2020 | - | 96.89 | 5.64 | 0.39 | 7.21 | 110.13 | |
| Depreciation expense | | 43.12 | 2.11 | 0.10 | 2.69 | 48.02 | - |
| Impairment | - | | | | | - | - |
| Disposal/Other adjustment | - | (0.10) | | (0.03) | (0.15) | (0.28) | - |
| Transfer / Adjustment | - | - | - | - | - | - | - |
| Balance as at 31st March 2021 | - | 139.91 | 7.75 | 0.46 | 9.75 | 157.87 | - |

| Net Book value | Freehold Land | Plant and Machinery | Buildings | Furniture and Fixtures | Office Equipment Including Electrical Equipments | Total | Capital Work-in-Progess |
|---|---|---|---|---|---|---|---|
| As at 31st March 2021 | 28.29 | 1,285.50 | 67.75 | 1.24 | 15.81 | 1,398.59 | 946.74 |
| As at 31st March 2020 | 28.29 | 1,100.05 | 53.78 | 0.66 | 11.49 | 1,194.27 | 687.47 |

* Note :

Includes inventory amounting to Rs. 2.70 Crores (Previous Year: Rs. 2.69 Crores) which has been identified as non-moving. Since the same is in good and useable condition and shall be utilized during the course of execution of ongoing projects, therefore, no provision has been considered necessary in the books of account.

## Note 3B : Right of Use Assets

(Rs in Crores)

| Cost/ Valuation | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| **1. Cost or deemed cost (Gross Carrying Amount)** | | | | | |
| **Balance as at 1st April 2020** | **34.35** | **15.97** | **18.78** | **0.12** | **69.22** |
| Reclassification | | | | | - |
| Additions | 10.02 | 6.71 | 6.18 | - | 22.91 |
| Disposal/Other adjustment | - | (1.55) | (1.74) | - | (3.29) |
| Transfer | - | - | - | - | - |
| **As at 31st March 2021** | **44.37** | **21.13** | **23.22** | **0.12** | **88.84** |

| Amortisation and Impairment | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| **Balance as at 1st April 2020** | **2.18** | **3.01** | **4.85** | **0.04** | **10.08** |
| Amortisation expense | 2.92 | 6.04 | 8.46 | 0.04 | 17.46 |
| Impairment | - | - | - | - | |
| Disposal/Other adjustment | - | (1.45) | (1.60) | - | (3.05) |
| Transfer | - | - | - | - | - |
| **As at 31st March 2021** | **5.10** | **7.60** | **11.71** | **0.08** | **24.48** |

| Net Book value | Leasehold Land | Buildings | Vehicle | Office Equipment | Total |
|---|---|---|---|---|---|
| As at 31st March 2021 | 39.27 | 13.53 | 11.51 | 0.04 | 64.36 |
| As at 31st March 2020 | 32.17 | 12.96 | 13.93 | 0.08 | 59.14 |

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## Note 4 : Intangible Assets

(Rs in Crores)

| Cost/Valuation | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **1. Cost or Deemed Cost (Gross Carrying Amount)** | | | |
| **Balance as at 1st April 2020** | **0.35** | **19.68** | **20.03** |
| Additions | - | 1.05 | 1.05 |
| Disposals | - | - | - |
| **Balance as at 31st March 2021** | **0.35** | **20.73** | **21.08** |

(Rs In Crores)

| Accumulated amortization and impairment | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **Balance as at 1st April 2020** | - | **12.89** | **12.89** |
| Amortization expense | - | 3.18 | 3.18 |
| Disposals | | | - |
| **Balance as at 31st March 2021** | **0.00** | **16.07** | **16.07** |

(Rs In Crores)

| Net Book Value | Right of Use | Computer Software/Licenses | Total |
|---|---|---|---|
| **As at 31st March 2021** | **0.35** | **4.66** | **5.01** |
| **As at 31st March 2020** | **0.35** | **6.79** | **7.14** |

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## Note 5 : Investments

(Rs in Crores)

| | Particulars | Nature of investment | Basis of valuation | As at 31st March 2021 | Consolidation adjustments for the period: Adjustment in Profit & Loss | Consolidation adjustments for the period: Adjustment in Retained Earnings | Consolidation adjustments for the period: Adjustment in Investment | As at 31st March 2020 |
|---|---|---|---|---|---|---|---|---|
| | **Non-Current Investments (Unquoted)**<br>**In Joint Venture Companies:** | | | | | | | |
| 1 | - Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)<br>383,70,849 Equity shares of Rs 10 each fully paid up<br>(Previous year 383,70,849 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 28.87 | (2.72) | - | - | 31.59 |
| 2 | -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)<br>10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up<br>(Previous year '10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up ) | Preference Shares | Cost | 100.00 | - | - | - | 100.00 |
| 3 | Deemed Investment in Andhra Pradesh Gas Distribution Corporation Limited (Ref Note. 52) | | Fair Value | 1.94 | - | - | 0.30 | 1.64 |
| 4 | - Kerala GAIL Gas Ltd (KGGL)<br>5,000 Equity shares of Rs 10 each fully paid up<br>(Previous year 5,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 2.05 | (0.07) | - | - | 2.12 |
| 5 | - Rajasthan State Gas Limited (RSGL)<br>649,99,996 Equity shares of Rs 10 each fully paid up<br>(Previous year 649,99,996 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 68.44 | 5.61 | 0.01 | - | 62.82 |
| 6 | - Vadodara Gas Limited(VGL)<br>4,10,08, 943 Equity shares of Rs 10 each fully paid up<br>(Previous year 4,10,08, 943 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 46.56 | 1.58 | (1.43) | - | 46.41 |
| 7 | -Haridwar Natural Gas Private Limited (HNGPL)<br>222,00,000 Equity shares of Rs 10 each fully paid up)<br>(Previous year 222,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 20.15 | 0.34 | (0.02) | - | 19.83 |
| 8 | -Goa Natural Gas Private Ltd (GNGPL)<br>263,80,000 Equity shares of Rs 10 each fully paid up<br>(Previous Year 175,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 23.49 | (0.44) | - | 8.88 | 15.05 |
| 9 | Deemed Investment in Goa Natural Gas Private Ltd (GNGPL)<br>(Ref Note. 52) | | Fair Value | 2.50 | - | - | - | 2.50 |
| 10 | -Purba Bharati Gas Private Limited<br>260,00,000 Equity shares of Rs 10 each fully paid up<br>(Previous year '260,00,000 Equity shares of Rs 10 each fully paid up) | Equity shares | Equity Method | 25.81 | 0.37 | - | - | 25.44 |
| | **Advances for Investments (Pending Allotment)** | | | | | | | |
| 11 | -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) | Equity shares | Cost | 9.13 | - | - | - | 9.13 |
| | **Total** | | | **328.94** | **4.67** | **-1.44** | **9.18** | **316.53** |

## Note 6A : Trade Receivables- Non Current

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade Receivables | 4.70 | 5.16 |
| Receivables from Related Parties | 0.04 | 0.04 |
| Less: Provision for Doubtful Debts | 4.70 | 4.30 |
| **Total Trade and Other Receivables** | **0.04** | **0.90** |

## Note 6B : Trade Receivables- Current

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade Receivables | 356.74 | 482.41 |
| Receivables from Related Parties | 6.68 | 3.11 |
| Less: Provision for Doubtful Debts | 0.52 | 0.87 |
| Less: Provision for expected credit loss | 1.23 | - |
| **Total Trade and Other Receivables** | **361.67** | **484.65** |

**Break up of Trade Receivables**

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Non Current** | | |
| Considered good | 0.04 | 0.90 |
| Considered doubtful | 4.70 | 4.30 |
| | **4.74** | **5.20** |
| Less: Provision for Doubtful Debts | 4.70 | 4.30 |
| | **0.04** | **0.90** |
| **Current** | | |
| Considered good | 361.67 | 484.65 |
| Considered doubtful | 1.75 | 0.87 |
| | **363.42** | **485.52** |
| Less: Provision for Doubtful Debts | 0.52 | 0.87 |
| Less: Provision for expected credit loss | 1.23 | - |
| | **361.67** | **484.65** |
| **Total Trade and Other Receivables** | **361.71** | **485.55** |

Note :

Out of the total trade receivables, a sum of Rs.332.40 Crores (Previous Year Rs.436.85 Crores) receivable from Bulk, Industrial & Commercial Customers is secured.

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## Note 7A : Loans & Other Receivables (Non Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Loans:** | | |
| **To Related Parties:** | | |
| Secured, Considered good | | |
| - Loan to Joint Venture Companies | 17.00 | - |
| (RSGL Rs. 2 Crore ( Previous Year Nil) and HNGPL Rs. 15 Crore ( Previous Year Nil) | | |
| Other Loans & Receivables: | | |
| - Security deposits: | | |
| - Unsecured, Considered Good | 3.68 | 1.52 |
| Recoverables from related parties: | | |
| -Receivables from joint ventures (Unsecured considered good) | 1.51 | 0.20 |
| [On account of Corporate guarantee of JV Company - Ref Note 52 ] | | |
| **Total** | **22.18** | **1.72** |

## Note 7B : Loans & Other Receivables (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Recoverables from related parties: | | |
| -Receivables from joint ventures (Unsecured considered good) | 28.29 | 23.20 |
| [includes Corporate guarantee of JV Company - Ref Note 52 ] | | |
| **Total** | **28.29** | **23.20** |

## Note 8 : Non Current Tax Assets (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Advance tax and TDS | - | 102.56 |
| Less: Provision for Tax | - | 101.46 |
| **Total** | **-** | **1.10** |

## Note 9A : Other Non Current Assets (Non Financial)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Other advances recoverable in cash or in kind (Unsecured considered good) | 27.58 | 8.45 |
| Prepaid Expenses | 3.83 | 6.25 |
| [Including Rs.0.36 Cr. (Previous year Rs.2.83 Cr.) in respect of Finanacial Guarantee of Holding Company - Ref Note 52 ] | | |
| **Total** | **31.41** | **14.70** |

## Note 9B : Other Current Assets (Non Financial)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Claims recoverables: (Unsecured considered good) | 14.69 | 24.14 |
| Other advances recoverable in cash or in kind | | |
| - Unsecured considered good | 2.67 | 8.48 |
| - Unsecured considered doubtful | 0.31 | - |
| Less : Provision for doubtful claims | (0.31) | - |
| Prepaid Expenses [including Rs.2.85 Crore (Previous year Rs.2.91 Cr.) on account Finanacial Guarantee of JV Company - Ref Note 52] | 16.95 | 12.75 |
| **Total** | **34.31** | **45.37** |

## Note 10 : Inventories

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Stock in Trade:** | | |
| Gas | 0.28 | 0.35 |
| **Finished Goods:** | | |
| Compressed Natural Gas | 0.25 | 0.25 |
| **Stores and Spares:** | | |
| Stores and Spares | 16.84 | 14.35 |
| Material in Transit | 4.63 | - |
| Material issued on loan | - | 0.17 |
| **Total** | **22.00** | **15.12** |

## Note 11 : Cash and Cash Equivalents

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Balances with banks:** | | |
| - Current accounts | 12.58 | 0.49 |
| - Corporate Liquid Term Deposit - SBI with maturity less than three months. | 67.00 | - |
| - Corporate Liquid Term Deposit - ICICI with maturity less than three months. | 101.00 | - |
| - Other Bank Balance (FD with original maturity more than three months) | 0.01 | 0.01 |
| **Cash in hand** | 2.30 | 1.27 |
| **Cheques in hand** | 0.24 | 0.04 |
| **Total** | **183.13** | **1.81** |

## Note 12 : Other Financial Assets (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Interest Accrued but not due | 0.09 | - |
| **Total** | **0.09** | **-** |

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## Note 13 : Equity share capital

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Share capital** | | |
| **Authorised** | | |
| 200,00,00,000 Equity Shares of Rs. 10 each | 2,000.00 | 2,000.00 |
| (Previous Year 200,00,00,000 Equity shares of Rs. 10 each) | | |
| | **2,000.00** | **2,000.00** |
| **Issued, subscribed and fully paid up** | | |
| 145,80,34,132 Equity shares of Rs. 10 each (in cash) | 1,458.03 | 1,142.33 |
| (Previous Year '114,23,34,132 Equity shares of Rs. 10 each) | | |
| 13,26,65,868 Equity Shares of Rs. 10 each (otherwise than in cash). | 132.67 | 132.67 |
| (Previous Year 13,26,65,868 Equity shares of Rs. 10 each) | | |
| **Total** | **1,590.70** | **1,275.00** |

**a) Reconciliation of the Shares outstanding at the beginning and end of the year**

(Rs in Crores)

| Description | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No of Share | Amount | No of Share | Amount |
| At the beginning of the year | 1,275,000,000 | 1,275.00 | 1,127,000,000 | 1,127.00 |
| Change in Equity Share during the year | 315,700,000 | 315.70 | 148,000,000 | 148.00 |
| **Outstanding at the end of the period** | **1,590,700,000** | **1,590.70** | **1,275,000,000** | **1,275.00** |

**b) Details of Shareholding more than 5% shares in the company**

| Description | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|
| | No of Share | % Holding | No of Share | % Holding |
| Equity share of Rs.10 Each fully Paid Up GAIL(India) Ltd | 1,590,700,000 | 100% | 1,275,000,000 | 100% |

**c)** The company has only one class of equity shares having a par value of Rs.10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholdings at the shareholders meeting.

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## Note 14 : Other equity

(Rs In Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Deemed Equity * (Ref. Note 52) | 11.33 | 10.92 |
| **Share Application Money Pending Allotment** | | |
| i) Consideration received in Cash Pending Allotment of Equity Shares from GAIL (India) Ltd | - | 80.70 |
| **Retained Earnings** | | |
| Opening balance | 334.40 | 285.48 |
| Adjustment in Retained Earnings | (1.44) | 0.21 |
| Add:Current Period Profit | 162.37 | 157.21 |
| Less: Appropriation | | |
| -Interim Dividend | - | 90.00 |
| -Corporate Dividend Tax | - | 18.50 |
| **Total** | **506.66** | **426.02** |

* The amount of Rs.11.33 Crore (Previous year Rs.10.92 Crore) denotes the fair value of fees towards financial guarantee received from the Holding Company GAIL (India) Limited without any consideration.

## Note 15A : Borrowings

(Rs In Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Non current borrowings** | | |
| **Secured Term loans:** | | |
| **- Oil Industry Development Board** | 317.78 | 133.30 |
| Secured against all the assets of Sonepat, Meerut, TTZ, Dewas & Bengaluru Projects. Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project. Availed during 2016-17,2017-18, 2018-19 and 2020-21 of Rs. 87.35 crore, Rs. 35.57 crore, Rs. 36.66 crore and Rs. 204.43 respectively for Bengaluru Project with rate of interest varying from 6.44% per annum to 8.01% per annum. Loan is repayable in eight equal yearly instalments after expiry of moratorium of one year from the date of disbursement, for the amount of loan disbursed till financial year 2015-16. Loan is repayable in eight equal yearly instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17onwards. Loan disbursed in installment from June 2014 to March 2019 with rate of interest varying from 7.00% per annum to 8.81% per annum depending on date of disbursement. | | |
| **- State Bank of India** | 92.54 | 22.54 |
| "Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the geographical areas of Firozabad, Taj Trapezium Zone, (excluding the fixed assets at Bharatpur); Dakshin Kannada, Ganjam, Nayagarh & Puri, Giridh and Dhanbad, Sundargarh and Jharsuguda, and Dehradun. -'Loan will have a Door to Door tenor of 13 years comprising 4 year drawdown period, one year moratorium period and 8 year repayment period with equated quarterly instalment starting from 31.12.2024 and will carry rate of interest linked to One month MCLR of SBI. | | |
| **Total** | **410.32** | **155.84** |

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## Note 15B : Other Financial Liabilities (Current)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Current maturity of Borrowings** | | |
| **Secured Long Term loans:** | | |
| **- Oil Industry Development Board** | 19.95 | 21.42 |
| Secured against all the assets of Sonepat, Meerut Dewas, TTZ & Bengaluru project. Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project. These Loan are repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in instalment from June 2014 to Jan 2016 with rate of interest from 7.97% to 8.81% per annum depending on date of disbursement. Availed during FY 2016-17 Rs 63 Crore @ 7% p.a rate of interest and Rs 24.35 Cr @ 7.20% p.a rate of interest for Bangaluru CGD project. These loans are repayable in 8 equal yearly Installments after expiry | | |
| **Secured Short Term loans:** | | |
| - HDFC Bank | - | 75.00 |
| - Bank Overdraft - HDFC Bank | - | 41.05 |
| Secured against first hypothecation charge on current assets of the Company. | | |
| **Unsecured Short Term loans:** | | |
| - ICICI Bank | - | 32.86 |
| Deposits/Retention Money from Customers/contractors/others | 170.10 | 180.90 |
| Interim dividend payable | - | 90.00 |
| Other Liabilities | 9.78 | 6.68 |
| **Total** | **199.83** | **447.91** |

## Note 16 : Deferred Tax Liabilities (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | | As at 31st March 2020 | |
|---|---|---|---|---|
| Deferred Tax Liabilities | | 99.42 | | 77.34 |
| Less: Corporate MAT Receivable | 8.97 | | 16.51 | |
| Less : Provision for MAT Credit | 8.97 | - | 16.51 | - |
| **Total** | | **99.42** | | **77.34** |

## Note 17 : Other Non Current Liabilities (Non Financials)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Financial Guarantee Obligation [Ref Note 52 ] | 2.91 | 2.89 |
| **Total** | **2.91** | **2.89** |

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## Note 18 : Trade Payables

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Trade payables to related parties | 270.35 | 248.97 |
| Trade payable to Micro and Small Enterprises | 1.60 | 6.68 |
| Trade payable other than Micro and Small Enterprises | 24.14 | 21.92 |
| **Total** | **296.09** | **277.57** |

## Note 19 : Other Current Liabilities

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Statutory payables** | | |
| TDS, VAT, Excise, GST and WCT payable | 35.32 | 37.46 |
| **Total** | **35.32** | **37.46** |

## Note 20 : Provisions

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| **Provisions :** | | |
| Provisional Liabilities | 217.02 | 93.59 |
| Provision for Employee Benefits | 13.29 | 16.55 |
| Provision for Probable Obligations | 2.67 | 3.36 |
| **Total** | **232.97** | **113.50** |

## Note 21 : Current Tax Liabilities (Net)

(Rs in Crores)

| Particulars | As at 31st March 2021 | As at 31st March 2020 |
|---|---|---|
| Provision for Tax | 67.50 | - |
| Less : Advance tax and TDS | 61.14 | - |
| **Total** | **6.35** | - |

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## Note : 22 Revenue from Operations (Gross)

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Sale of products/Gas | 3,930.84 | 5,053.72 |
| Gas Transmission charges | 72.43 | 83.50 |
| **Other Operating Revenues:** | | |
| Service charges | 9.78 | 3.43 |
| Application Fees Domestic Connections | 0.00 | 0.44 |
| Interest Income from Customers & Others | 1.03 | 1.57 |
| Income from Extra Pipe Line | 0.30 | 1.05 |
| Income from after Sales Service | 0.22 | 0.08 |
| Minimum Guranteed Offtake Receipts | 0.00 | 0.07 |
| **Total** | **4,014.60** | **5,143.86** |

## Note : 23 Other Income

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Interest Income | 2.45 | 11.64 |
| Miscellaneous Receipts [including Rs.0.36 Crore (Previous year Rs.0.13 Crore) on account Finanacial Guarantee of JV Company - Ref Note 52 ] | 2.44 | 1.04 |
| Dividend Income from Investments | - | 0.25 |
| **Total** | **4.89** | **12.93** |

## Note : 24 Purchases of stock-in-trade of natural gas / Gas Consumed

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Natural Gas | 3,488.14 | 4,666.12 |
| **Total** | **3,488.14** | **4,666.12** |

## Note : 25 Changes in inventories of stock-in-trade of natural gas

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Changes in Stock of Natural Gas: | | |
| Closing Stock | 0.53 | 0.61 |
| Opening Stock | 0.61 | 1.58 |
| **(Increase) / Decrease in Stock** | **0.08** | **0.97** |

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## Note : 26 Employee Benefit Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Salary Wages & Allowances | 69.92 | 71.89 |
| Contribution to Provident Fund | 5.22 | 7.09 |
| Welfare Expenses | 19.48 | 22.17 |
| Less: Employees Benefits Transferred to IEDC (Incidental Expenditure During Construction) | 21.16 | 30.15 |
| **Total** | **73.46** | **71.00** |

## Note : 27 Finance Cost

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Interest on Term Loan From SBI | 4.81 | 0.12 |
| Interest on Term Loan From OIDB | 14.44 | 12.74 |
| Interest on Working Capital /Cash Credit Facilities | 0.53 | 2.61 |
| Interest on Lease Liability | 3.57 | 2.55 |
| Interest on Others [including Rs.2.93 Crore (Previous year 2.68 Crore) on account Finanacial Guarantee of Parent Company ] - Ref Note 52] | 3.15 | 3.25 |
| Less: Interest & Finance Charges transferred to IEDC | 10.67 | 11.94 |
| **Total** | **15.83** | **9.33** |

## Note : 28 Depreciation & Amortisation Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Depreciation & Amortisation Expenses | 68.65 | 51.03 |
| Less: Depreciation and Amortization transferred to IEDC | 3.01 | |
| **Total** | **65.64** | **51.03** |

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NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Note : 29 Other Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| **Power & Fuel Charges** | | |
| -Electricity Charges | 3.27 | 2.01 |
| -Fuel Charges | 5.41 | 6.38 |
| Rent-Office & Others [1] | 9.67 | 7.97 |
| **Repairs and Maintenance** | | |
| -Plant & Machinery | 44.99 | 38.90 |
| -Buildings | 0.16 | 0.19 |
| -Others | 5.77 | 2.79 |
| Insurance Charges | 3.30 | 1.18 |
| Rates & Taxes | 0.30 | 0.65 |
| **Payment to Auditors** | | |
| -Audit Fees | 0.08 | 0.05 |
| -Tax audit Fees | 0.01 | 0.01 |
| -Other Services (for issuing certificates, etc.) | - | 0.02 |
| -Travelling & Out of Pocket Expenses | 0.02 | 0.02 |
| Stores & Spares Consumed | 2.36 | 2.71 |
| Loss/(Gain) of Foreign Currency Transaction | - | 0.01 |
| Water Charges | 0.03 | 0.02 |
| Communication Expenses | 0.18 | 0.23 |
| Printing & Stationery | 0.36 | 0.48 |
| Travelling Expenses | 1.39 | 4.64 |
| Books & Periodicals | 0.01 | 0.01 |
| Provision for Probable Obligation | (0.68) | 0.63 |
| Advertisement & Publicity | 1.23 | 1.18 |
| Training Expenses | 0.48 | 0.56 |
| Vehicle Hire & Running Expenses [2] | 8.12 | 4.18 |
| Consultancy & Legal Charges | 1.53 | 3.13 |
| Data Processing Expenses | 3.76 | 6.63 |
| Selling & Distribution Expenses | 4.27 | 3.30 |
| Dealer Commission | 7.84 | 8.67 |
| Security Expenses | 5.45 | 4.98 |
| CSR Expenses | 1.71 | 1.86 |
| Other Miscellaneous Expenses | 10.79 | 5.22 |
| Loss on sale of Fixed aseet | 0.04 | 0.01 |
| Provision for Doubtful debts / claims | 1.58 | 3.60 |
| Business Development Expenses | - | 0.13 |
| **Less: Expenditure transferred to CWIP** | | |
| IEDC- Rent & Warehouse Expenses | 0.21 | 0.34 |
| IEDC - Travelling Expenses | 0.01 | 1.55 |
| IEDC - Vehicle Hire Charges | 1.53 | 1.34 |
| IEDC - Other Misc Expenses | 0.15 | 0.40 |
| **Total** | **121.53** | **108.72** |

**Note :** 1. Includes an amount of Rs.3.67 Crore ( Previous Year : Rs.4.85 Crore) on account of lease expenses.

2. Includes an amount of Rs.0.01 Crore ( Previous Year : Rs.0.01 Crore) on account of lease expenses.

3. Includes an amount of Rs. Nil ( Previous Year : Rs.2.22 Crore) on account of lease expenses.

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## Note : 30 Tax Expenses

(Rs in Crores)

| Particulars | Year Ended 31st March 2021 | Year Ended 31st March 2020 |
|---|---|---|
| Current tax | 34.00 | 33.15 |
| Deferred Tax | 22.07 | (2.27) |
| Provision for MAT credit | - | 16.51 |
| Provision / Adjustment of Tax relating to earlier periods | (0.03) | (0.13) |
| **Total** | **56.04** | **47.26** |

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31. **Basis of Preparation**
The Consolidated Financial Statements of the Company along with its Joint Ventures have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. The consolidated financial statements comprise the financial statements of the company and its joint ventures as at 31st March, 2021.

A joint ventures is a type of joint arrangement whereby the parties that have a joint control of the arrangement have right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

**Basis of Consolidation**
The Company's investments in its joint ventures are accounted for using equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Consolidation of the financial statements has been made based on the unaudited financial statements of the joint venture companies except Goa Natural Gas Private Limited (GNGPL) which is based on audited financial statements of the company. Further, consolidated financial statements include consolidated financial statements of Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL).

32. The Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Capital of the Company as on 31st March, 2021 is Rs. 2000 Crores (Previous Year: Rs. 2000 Crores) and issued, subscribed and paid-up capital as on 31st March, 2021 is Rs.1590.70 Crores (Previous Year: Rs. 1275 Crores).

33. Capital Commitments:

(i) The estimated amount of contracts over Rs. 5 lacs amounting to Rs. 1517.86 Crores (Previous Year Rs. 720.87 Crores) remain to be executed on capital account.
(ii) The Company has no uncalled liability on shares and other partly paid-up investments.
(iii)Company's Share in estimated amount of contracts remaining to be executed on capital accounts in JV Companies based on audited/unaudited financial statements as on 31..03.2021 is Rs. 325.75 Crores (Previous Year : Rs. 336.04 Crores)

34. Contingent Liabilities:
Claims against the company not acknowledged as debts:

(i) Legal cases of Rs. 72.25 Crores (Previous Year: Rs.126.15 Crores) by vendors/suppliers/contractors etc.

(ii) Disputed Direct Tax Demand of Rs. 0.47 Crore for Assessment Year 2018-19 (Previous Year: Rs. 8.01 Crores for Assessment Years 2015-16 to 2017-18) on account of disallowance of certain expenses as per assessment order dated 09.03.2021 against which the company has filed an application for rectification u/s 154 of the Income Tax Act, 1961 on 06.04.2021 and has also filed an appeal with CIT (Appeals) on 08.04.2021.

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(iii) Disputed Indirect Tax demand under the Excise and VAT Acts of Rs. 1.89 Crores (Previous Year: Rs. 1.89 Crores).

(iv) Re-assessment notice dated 14.3.2011 were issued on the holding company GAIL (India) Ltd by the commercial tax department under the U.P. Trade Tax Act, 1948 in respect of Entry tax on taxable amount of Rs. 26.25 Crore arising out of for the assessment years 2004-05 and 2005-06, to be ascertained on re-assessment. Against these re-assessment notices, a writ petition was filed by the holding company with the Hon'ble Allahabad High Court which was dismissed on 18.4.2011 and against which Special Leave Petition was filed by the holding company in May, 2011 with the Hon'ble Supreme Court of India which is yet to be decided. Business Transfer Agreement dated 31.10.2011 transfers Agra Firozabad City Gas Distribution business to the company from the holding company with effect from 16.11.2011, under which the company has exclusive obligations to deal with any and all court cases that are brought against the company or holding company whether for the period prior to the date of transfer or thereafter.

Demand, if any will be ascertained on reassessment. Hon'ble Supreme Court of India has issued an interim order directing Commercial Tax authorities that final assessment order shall not be passed without leave of Hon'ble Supreme Court of India.

(v) Bank Guarantees of Rs. 7078.90 Crores (Previous Year: Rs.7065.99 Crores) as per following details:

(a) Bank Guarantees of Rs. 7036.49 Crores (Previous year: Rs. 7036.49 Crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization of various geographical areas (GAs) awarded to the company including for the GA awarded to Goa Natural Gas Pvt. Ltd., a joint venture company.

(b) Rs. 42.41 Crores (Previous year: Rs. 29.50 Crores) in favour of Central and State Authorities and other companies for obtaining permission for various Geographical Areas (GAs) etc.

Out of above, the holding company GAIL (India) Ltd. has provided Corporate Guarantee of Rs. 5199.99 Crores (Previous Year: Rs. 5199.99 Crores) in respect of grant of authorization for Bengaluru Rural and Urban Districts GA, Rs. 133 Crores (Previous Year: Rs. 133 Crores) in respect of grant of authorization for 4 numbers of GAs awarded under 10th PNGRB Bidding round and Rs. 752 Crores (Previous Year: Rs. 752 Crores) for Goa Natural Gas Pvt. Ltd., a joint venture company, in respect of North Goa Districts GA for submission of Performance Bank Guarantee to PNGRB. Further, M/s Bharat Petroleum Corporation Limited (BPCL), the other joint venture partner of Goa Natural Gas Pvt. Ltd. has also provided Corporate Guarantee of Rs. 752 Crores (Previous Year: Rs.752 Crores) in respect of North Goa Districts GA for submission of Performance Bank Guarantee to PNGRB.

(vi) The company has provided Comfort Letter (Corporate Guarantee) in favour of Andhra Bank for Rs.100 Crores and in favour of Bank of Maharashtra for Rs. 50 Crores in connection with sanction of long-term loan of Rs. 200 Crores by Andhra Bank and Rs.100 Crores by Bank of Maharashtra to Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture Company for its Kakinada – Srikakulam Pipeline Project, based on Counter Guarantee of APGDCL and a Guarantee Commission @1% per annum on the outstanding Loan amount on quarterly basis. Comfort Letter in favour of these banks for the balance amount of Rs. 150 Crores has been provided by other Joint Venture Partner of APGDCL. Against the above comfort letters, Andhra Bank has sanctioned a loan of Rs. 200 Crores to

APGDCL and balance payable is Rs. 76.98 Crores as on 31st March, 2021(including interest of Rs.11.68 Crores) and Bank of Maharashtra has not sanctioned any loan.

(vii) The company is carrying on construction activities for capital projects in 9 GAs awarded by the PNGRB in 9th and 10th CGD bidding round to meet the Minimum Work Program (MWP) targets as per grant of authorization. Keeping in view non-availability of pipeline connectivity from the gas source in these GAs and prevailing conditions due to COVID-19 pandemic, the company has further requested PNGRB for deferment of period of meeting the MWP targets under Regulation 11 and 12 of the PNGRB regulations, 2008. Therefore, penalty for not meeting of MWP targets aggregating to Rs. 23.16 Crores as on 31st March, 2021 (Previous year: Rs. Nil Crore) has been disclosed as Contingent Liability. Management is hopeful that the PNGRB Board will consider their request and not levy any penalty.

(viii) Share in Contingent Liabilities in JV Companies based on audited / unaudited financial statements as on 31.03.2021 is Rs.63.83 Crores ( previous Year : Rs. Rs.60.09 Crores)

35. During the year, the company has settled disputed income tax demand of Rs. 8.01 Crores for Assessment Years 2015-16 to 2017-18 under the Direct Tax Vivad se Vishwas Act, 2020, (Previous Year: Rs. Nil) resulting in reduction in disputed income tax demand to that extent by way of adjustment against carried forward MAT credit of Rs.7.54 Crores and waiver of interest of Rs. 0.47 Crore.

36. The company has identified employees working in various disciplines under project activities and operation activities. Salary and other expenses of employees identified under project activities has been accounted as incidental expenditure during construction and transferred to Capital work in progress. Rent, Depreciation and other expenses pertaining to on-going capital projects have been accounted as incidental expenditure during construction and transferred to Capital work in progress. During the year, a sum of Rs. 26.05 Crores (Previous Year: Rs. 33.79 Crores) has been accounted as Incidental Expenditure during Construction.

37. Capital Work in Progress includes assets under construction which are at different stages of completion. Capitalization is done as and when the asset is ready to be put to use, based on certification by the PMC.

38. During physical verification of inventories, no discrepancies were observed. Further, a sum of Rs. 0.04 Crores (Previous Year: Nil Crores) has been written off on account of shortages/damages observed on physical verification of fixed assets.

39. Free Issue Material amounting to Rs. 38.84 Crores is lying with the contractors as at the year end and has been confirmed by the contractors & the PMC.

40. The company is charging depreciation on pipeline based on its useful life of 30 years specified in Schedule-II of the Companies Act, 2013 on a consistent basis. As per grant of authorization provided to the company for various GAs by the Petroleum and Natural Gas Regulatory Board, company has been allowed exclusivity period of 300 months from the date of grant of authorization, for laying, building and expansion of the City Gas Distribution (CGD) network in the respective Geographical areas. As per PNGRB regulations , at the end of the economic life of the project, issue of allowing further extension of the period of exclusivity or not may be considered by the PNGRB for a block of ten years at a time, depending on the satisfactory compliance of the service obligations and quality of specified service norms and on such terms and conditions , as the PNGRB may deem fit.

41. Physical Possession in respect of 4.44 Acres (17983 Sq. Meters) of Land located at various urban areas of Bengaluru is received from Karnataka Industrial Area Development Area (KIADB) and capitalized under Right of Use assets at Rs. 11.07 Crores. As per terms of the lease agreement, on successful commencement of the projects, the same will be converted as freehold land. No

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provision towards registration and other cost has been made in the books of account for pending registration.

42. Title Deeds in respect of Freehold Land of Rs. 2.05 Crores (Previous Year: Rs. 2.05 Crores) measuring 3004.42 square meters at Sonepat, Haryana is pending for execution including Rs. 0.15 Crores (Previous Year: Rs. 0.15 Crores) towards registration charges provided on provisional basis]. Mutation of Freehold Land is in process.

43. Buildings of Rs. 75.50 Crores (Previous Year: Rs. 59.42 Crores) includes: -

    (i) Buildings amounting to Rs. 10.81 Crores (Previous Year: Rs. 10.66 Crores) constructed on land provided by the holding company GAIL (India) Ltd. for which terms and conditions are yet to be finalized.

    (ii) Buildings amounting to Rs. 1.66 Crores (Previous Year: Rs. 1.66 Crores) constructed on land measuring 2080 square meters taken on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).

    (iii) Buildings amounting to Rs. 8.32 Crores (Previous Year: Rs. 8.32 Crores) constructed on land measuring 993 square meters provided by the Bengaluru Municipal Transport Corporation (BMTC) free of cost for the CNG Stations installed at BMTC Bus Depots in Bengaluru with the condition of filling of CNG Gas only in the BMTC Buses, documentation of which is pending for execution.

    (iv) Buildings amounting to Rs. 15.77 Crores (Previous Year: Rs. 9.56 Crores) constructed on the land measuring 16,483 square meters (Previous Year: 12,533 square meters) provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per terms and conditions of the agreement.

    (v) Buildings amounting to Rs. 6.38 Crores (Previous Year: Rs. 6.38 Crores) constructed on the land provided by the dealers of CNG stations, warehouse providers and land taken on rent etc.

44. Company has paid a sum of Rs. 11.07 Crores for purchase of 10 numbers of lands measuring 17983 square meters (Previous Year: Rs.11.00 Crores for purchase of 10 numbers of lands measuring 18050 square meters) from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Total amount of Rs. 11.07 Crores (Previous Year: Rs.11.00 Crores) paid to KIADB has been accounted for under Right to Use Assets during the year as per requirement of Ind AS 116, as KIADB shall sell the said lands to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per terms and conditions of the agreement.

    Company has executed Lease cum Sale Agreement of lands of Rs. 11.07 Crores for 10 numbers of lands measuring 17983 square meters (Previous Year: Rs. 9.77 Crores for 8 numbers of lands measuring 14,733 square meters) including Stamp Duty and Registration Charges. The

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Company is also required to pay Lease Charges and Maintenance Charges annually for these lands. Further, Lease cum Sale Agreement of lands of all the 10 lands has been executed as on 31.03.2021.

45. The registration of 5 Last Mile Connectivity Assets purchased from the holding company in Bengaluru City at a book value of Rs. 42.30 Crores excluding stamp duty, is in process. A provision for liability on estimated basis on account of Stamp Duty of Rs. 2.79 Crores (Previous Year: Rs.2.79 Crores) has been made pending registration.

46. Provisional liabilities of Rs. 217.02 Crores (Previous Year Rs. 93.59 Crores) have been created in the books of accounts as on 31.3.2021 on the basis of work done till 31.03.2021 for which invoices are yet to be received from the parties and will be settled on submission of actual invoices.

47. All employees of Gail Gas Limited are on the rolls of the Holding Company i.e. GAIL (India) Limited. Salary and Allowances of employees posted in the Company are being paid by the Company and debited to Salaries. A sum of Rs. 11.91 Crores (Previous Year: Rs. 16.00 Crores) on account of share of Retirement Benefits Expenses of the employees posted in the company has been debited by the Holding Company GAIL (India) Limited which have been accounted for under Employee Benefit Expenses. These employee benefits have been allocated to the company by the holding company in proportion of Annual Basic plus DA of employees posted at Gail Gas Limited. No disclosure as per Ind AS 19 has been made as the same will be complied by the Holding Company for employees posted in the company.

48. Claim recoverable includes an amount of Rs. 9.72 Crores (Previous Year Rs. 16.00 Crores) towards refund of VAT (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 refund of VAT is being pursued with the concerned authorities and is considered good.

49. In compliance with the Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, company is having/has applied for PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has received Factory Licenses for 13 operational CNG stations and has applied for renewal of Factory license for one operational CNG Station. BMTC, Bengaluru have been requested to obtain factory licenses for 3 CNG stations inside their premises. Also, necessary advice has been given to owners of 67 CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of 12 CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain Factory License in respect of respective CNG Stations.

50. As on 31.3.2021, the company has an equity investment of Rs. 47.50 Crores (Previous Year: Rs. 47.50 Crores) in Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture (JV) company, including advance pending allotment of Rs. 9.13 Crores (Previous Year: Rs. 9.13 Crores) as per joint venture agreement. During the financial year 2019-20, the Company has subscribed to 9% Cumulative Compulsory Convertible Preference Shares (CCCPS) having face value of Rs.10 each at par of APGDCL amounting to Rs. 100 Crores. The Board of Directors of the company had given in principle approval to transfer shares held by the company in APGDCL (including shares held, subscription made against equity call, CCCPS and any further investment in APGDCL till final approval of the Board of GAIL(India) Limited is received) to the holding company GAIL(India) Limited and initiate necessary action in this regard subject to the consent of Govt. of Andhra Pradesh entities (i.e other joint venture partners of the JV company) and GAIL (India) Limited. The consent is yet to be received.

51. A Joint venture company, Kerala GAIL Gas Ltd. (KGGL) is in the process of voluntary winding up and had gone into liquidation w.e.f. 28.12.2020 as official liquidator was appointed by KGGL. The liquidation of KGGL is in process. Unaudited accounts shared by the official liquidator of KGGL for the year ended on 31.03.2021 reflects current assets in the form of deposits with Schedule Commercial Banks, which has been considered by the company.

52. As per provisions of Ind AS 109, the company has made following fair valuation recognition: -

a. In case of Corporate Guarantee of Rs. 5332.99 Crores provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and Urban Districts GA and 4 GAs awarded under $10^{th}$ PNGRB Bidding round, a sum of Rs. 8.28 Crores (Previous Year: Rs. 8.28 Crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company. Accordingly, a sum of Rs. 2.75 Crores (Previous Year: Rs. 5.60 Crores) has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 2.86 Crores (Previous Year: Rs. 2.68 Crores) as guarantee commission expenses (Note-27).

b. In case of Corporate Guarantee of Rs. 752 Crores provided by the Holding Company GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB for GA awarded to the joint venture company i.e. GNGPL, a sum of Rs. 2.50 Crores (Previous Year: Rs. 2.50 Crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) with corresponding deemed investment in Joint Venture Company Goa Natural Gas Pvt. Limited. (Note-5), based on the intimation and the fair valuation done by the Holding Company. Accordingly, a sum of Rs. 0.22 Crores (Previous Year: Rs. Nil Crores) has been shown as receivable from the Joint Venture Company and a sum of Rs. 0.22 Crores (Previous Year: Rs. Nil Crores) as financial guarantee obligation (Note – 17).

c. In case of Corporate Guarantee provided by the Holding Company GAIL (India) Ltd. for sanction of long-term loan of upto Rs. 1500 Crores (Previous Year: Rs. 1500 Crores) from SBI, a sum of Rs. 0.55 Crores (Previous Year: Rs. 0.14 Crores) has been shown as deemed equity as capital contribution from the Holding Company (Note-14). Accordingly, a sum of Rs. 0.46 Crores (Previous Year: Rs. 0.14 Crores) has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 0.07 Crores (Previous Year: Rs. Nil Crores) as guarantee commission expenses (Note-27).

d. In respect of Comfort Letter (Corporate Guarantee) provided by the company to joint venture company i.e. APGDCL for raising loan upto Rs. 300 Crores from Banks, the company has recognized its share of the financial guarantee liability net of guarantee commission receivable from the JV company @1 % per annum on the amount of loan drawn by the Joint Venture company from Andhra Bank. Accordingly, based on fair value of the corporate guarantee commission @2.1% per annum for the year with present value @ 6.99468 % (Previous Year: 8.56366 %) of the future corporate guarantee period, deemed investment in the JV company of Rs. 1.94 Crores (Previous Year: Rs. 1.64 Crores) (Note-5) and Guarantee commission receivable of Rs. 1.29 Crores (Previous Year: Rs. 1.38 Crores) (Note 7A) with corresponding credit of Rs. 2.69 Crores (Previous Year: Rs. 2.89 Crores) to financial guarantee obligation (Note – 17) and Rs. 0.40 Crores (Previous Year: Rs. 0.13 Crores) to deemed corporate financial guarantee miscellaneous income (Note -23) has been provided.

53. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance vide OM No. F.No.5/2/2016-Policy dated 27.05.2016 has issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, applicable from financial year (FY) ended on or after 31st

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March, 2016. Since, the company has paid the lower/ nil dividend during the FY 2015-16, FY 2016-17, FY 2017-18 and FY 2018-19, the company has made an application for each of these years for grant of relaxation on dividend payment to Department of Investment and Public Asset Management (DIPAM) through Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, DIPAM, as per the said guidelines for which the reply is awaited. Since for FY 2019-20, the company has paid dividend more than minimum required as per the above guidelines, no application has been made in this regard. Further, as nil dividend for FY 2020-21 is being proposed, the company is in process of making application for the FY 2020-21.

54. In compliance with 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:

(i) Income Tax related to items charged or credited directly to Statement of Profit and Loss during the year:

Rs. in Crores

| Statement of Profit and Loss | 31st March, 2021 | 31st March, 2020 |
|---|---|---|
| **Current Income Tax:** | | |
| Current Income Tax Charge from ordinary activities (Continuing Operations) | 34.00 | 33.15 |
| Provision/Adjustment of Tax relating to earlier periods | (0.03) | (0.13) |
| Current Income Tax Charge from ordinary activities (Discontinued Operations) | - | - |
| Current Income Tax Charge on Gain on disposal of Discontinued Operations. | - | - |
| | **33.97** | **33.02** |
| **Deferred Income Tax:** Relating to origination and reversal of temporary differences (Continuing Operations) | 22.07 | 20.00 |
| Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations) | - | (22.27) |
| Relating to origination and reversal of temporary differences (Discontinued Operations) | - | - |
| | **22.07** | **(2.27)** |
| Provision for MAT Credit | - | **16.51** |
| **Income Tax Expense reported in the Statement of Profit and Loss** | **56.04** | **47.26** |

(ii) Reconciliation of Effective Tax Rate (Continuing Operations):

Rs. in Crores

| | 31st March, 2021 | 31st March, 2020 |
|---|---|---|

| | | |
|---|---|---|
| Profit Before Income Tax | 213.74 | 203.51 |
| Current Tax Rate | 15.91% | 16.23% |
| Computed Effective Tax Expense | 33.97 | 33.02 |
| Movement in Deferred Tax Liability | 22.07 | (2.27) |
| Provision for MAT Credit | - | 16.51 |
| **Income Tax charged to Statement of Profit and Loss** | **56.04** | **47.26** |
| **Effective Tax Rate** | **26.22%** | **23.22%** |

(iii) Recognized Deferred Tax Assets and Liabilities:

Deferred Tax Assets/ (Liabilities) are attributable to the following:

Rs. in Crores

| **Particulars** | **Balance Sheet** | | **Statement of Profit & Loss** | |
|---|---|---|---|---|
| | **31st March, 2021** | **31st March, 2020** | **31st March, 2021** | **31st March, 2020** |
| Property, Plant and Equipment | (107.63) | (83.36) | (24.27) | 1.46 |
| Provisions | 8.21 | 6.02 | 2.20 | 0.81 |
| **Deferred Tax Assets/ (Liabilities)** | **(99.42)** | **(77.34)** | **(22.07)** | **2.27** |
| Offsetting of Deferred Tax Assets/ (Liabilities) | - | - | - | - |
| **Net Deferred Tax Assets /(Liabilities)** | **(99.42)** | **(77.34)** | **(22.07)** | **2.27** |

55. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of Rs. 26.50 Crores (Previous Year: Rs. 21.27 Crores) was incurred by the company during the year, out of which an amount of Rs. 10.67 Crores (Previous Year: Rs. 11.94 Crores) has been allocated towards Capital Work in Progress during the year in respect of pipelines and CNG Stations under construction.

56. In compliance of Ind AS 36 on "Impairment of Assets", company has carried out an assessment of impairment of assets and there are no impaired assets.

57. The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 "Operating Segments" are not applicable. However, entity-wise disclosures are as under:

**Information about products and services:**

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

**Geographical Information:**

All the company operations in the business of Natural Gas, including City Gas Distribution are in India. Accordingly, revenue from customers and all assets are located in India only.

**Information about major customers:**

During the year ended 31st March, 2021 One customer (Previous Year: one) contributed more than 10% of revenue. Revenue from this customer was Rs. 2468.33 Crores during the year ended 31st March, 2021 (Previous Year: Rs. 3427.62 Crores).

58. Disclosure under Ind AS 112 on "Disclosure of Interests in other Entities", is as under :

| Sl. No. | Name of Companies (Indian Entities) | Relation | Proportion of ownership as on | |
|---|---|---|---|---|
| | | | 31.03.2021 | 31.03.2020 |
| 1 | Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL) | Joint Venture | 50% | 50% |
| 2 | Kerala GAIL Gas Limited. (KGGL) | Joint Venture | 50% | 50% |
| 3 | Vadodara Gas Limited. (VGL) | Joint Venture | 17.07% | 17.07% |
| 4 | Rajasthan State Gas Limited. (RSGL) | Joint Venture | 50% | 50% |
| 5 | Haridwar Natural Gas Pvt. Ltd. (HNGPL) | Joint Venture | 50% | 50% |
| 6 | GOA Natural Gas Pvt. Ltd. (GNGPL) | Joint Venture | 50% | 50% |
| 7 | Purba Bharati Gas Pvt. Ltd. (PBGPL) | Joint Venture | 26% | 26% |

The company's share in the assets and liabilities and in the income and expenditure for the year in respect of above joint venture companies based on audited financial statement of Goa Natural Gas Pvt. Ltd. and unaudited financial statements of other 6 joint venture companies as furnished by management of these companies is as under:

Rs. in Crores

| Sl. No. | Description | 2020-21 | 2019-20 |
|---|---|---|---|
| A. | **Summary of Balance Sheet** | | |
| 1 | **Assets** | | |
| | Non-Current | 544.85 | 422.50 |
| | Current | 99.18 | 103.92 |
| | Total | 644.03 | 526.42 |
| 2. | **Liabilities & Provisions** | | |
| | Non-Current | 240.73 | 169.48 |
| | Current | 113.71 | 84.84 |
| | **Total** | 354.44 | 254.32 |
| B. | **Summary of Profit and Loss Account** | | |
| 1. | Income | 73.08 | 74.78 |
| 2. | Expenditure | 68.42 | 70.93 |
| C. | **Contingent Liability** | 63.83 | 60.09 |
| D. | **Capital Commitment** | 325.75 | 336.04 |

59. Disclosure under Ind AS 115 on "Revenue from Contract with Customers" is as under:

**Disaggregated Revenue Information**

The disaggregation of the company's revenue from contracts with customers is disclosed at Note - 22.

Sale of Natural Gas is the main activity of City Gas Distribution Business and other operating income is incidental to sale of natural gas. Other Operating Income includes compensation towards minimum contracted quantity for the respective billing period, interest received from the customers for the delayed payments and application fees collected from customers. Sale of pipes, fittings and other material is incidental revenue on account of sale and distribution of natural gas to customers. Services Charges are the consideration received against operating CNG Station as a dealer of other entity and compression facility provided to other CGD Entities from company owned CNG Stations. Income from after sales services mainly includes services rendered for re-location of meter, temporary disconnection, name change etc. Company sells and distributes natural gas in India.

Sale of natural gas includes excise duty but excludes value added tax (VAT) collected from customers on behalf of the government. All revenues are earned on transfer of goods or services to the customers.

**Contract Balances**

Rs. in Crores

| Description | As on 31st March, 2021 | As on 31st March, 2020 |
|---|---|---|
| Trade Receivables | 361.70 | 485.55 |
| Contract Liabilities | 0.13 | 0.09 |

Trade receivables are interest bearing and are generally on terms of 3 to 30 days credit after billing. Contract liabilities are advances received from customers against supply to be made of gas after the reporting date.

Reconciliation of revenue recognized in the Statement of Profit and Loss with the contracted price

Rs. in Crores

| Type of goods or Services | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|---|---|
| Revenue as per contracted price | 4015.25 | 5144.43 |
| Less:- Facility Charges on sale of gas | 0.65 | 0.57 |
| Revenue from contract with customers | 4014.60 | 5143.86 |

**Performance Obligation**

The company earns revenue primarily from sale of natural gas. Revenue is recognized on supply of gas to customers based on reading recorded on the meter. There are no return rights attached to the sale, hence, no right of return liability or asset exists. There are no performance obligations remaining to be satisfied as at reporting date for which transaction price has been allocated.

60. In compliance of Ind AS 116 on 'Leases', the disclosures in respect of Leases are as under:

**(i) Nature of the lease transaction**

**Land Leases**

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The Company has taken several plots of land on lease for setting up CNG, City Gas Station, CPRS/DPRS station and for site office purpose. The lease term mentioned in the agreements range from 11 months to 99 years. Lease agreements are renewable on mutually agreed terms and do not contain any non-cancellable period.

**Building Leases**

The Company has taken various office/warehouse buildings on lease with monthly and annual payment terms. The lease term mentioned in the agreements range from 11 months to 9 years. Most of the agreements are renewable on mutually agreed terms, some of them are having non - cancellable period whereas few agreements are silent on renewal.

**Other Leases**

The company has also taken various commercial vehicles, CNG Cascade etc. on lease. The lease term mentioned in the agreements range from 6 months to 10 years. Some portion of the lease rentals is based on usage of the equipment. Lease rentals include lease and non-lease component viz. manpower, fuel cost, repair and maintenance etc. and only hiring portion is considered for ROU assets accounting.

**(ii) Amounts recognized in profit and loss**

**Rs. in Crores**

| Description | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---|---|---|
| Amortization expense of right-of-use assets | 17.46 | 9.68 |
| Interest expense (included in finance cost) | 3.57 | 2.55 |
| Expense relating to short-term leases | 3.67 | 7.07 |
| Expense relating to low value assets leases | 0.01 | 0.01 |

**(iii) The total cash outflow for leases**

**Rs. in Crores**

| Description | Year ended 31st March, 2021 | Year ended 31st March, 2020 |
|---|---|---|
| Principal Portion of lease liability | 17.01 | 8.07 |
| Interest portion of lease liability | 3.57 | 2.55 |
| Expense relating to short-term leases | 3.67 | 7.07 |
| Expense relating to low value assets leases | 0.01 | 0.01 |

61. **Disclosure related to Corporate Social Responsibility (CSR) Expenses**:

(i) As per Section 135 of the Companies Act, 2013, the company was required to spend an amount of Rs.3.16 Crores (Rs. 2.98 Crores for FY 2020-21 and Rs.0.18 Crores carried forward Budget of FY 2019-20) during the FY 2020-21. The amount of CSR expenses incurred by the Company during the year was Rs.1.71 Crores (Previous Year: Rs. 1.86 Crores). As per amended CSR rules notified on 22.1.2021, balance unspent amount of allocated projects amounting to Rs. 0.88 Crores for FY 2020-21 and Rs. 0.23 Crores for FY 2019-20 has been transferred in the subsequent year by the company to a new bank account opened for this purpose. Further, an unspent and unallocated amount of Rs.0.57 Crores has also been transferred to PM CARES Fund by the company in the subsequent year.Board of

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Directors in its meeting held on 18.05.2017 had approved CSR Policy along with administrative guidelines of the Company. No CSR activity was identified by the company before the approval of CSR Policy and no provision has been made in the books of accounts in accordance with generally accepted accounting principles.

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

Rs. in Crores

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; | | |
| Principal | 1.60 | 6.68 |
| Interest | Nil | Nil |
| ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2016, 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 above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2016. | 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 and have been relied upon by the Auditors.

63. **Related Party Disclosures:**

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

(ii) Related Party Disclosures as per Ind AS 24.

(a) Relation and name of the related parties are as under:

**Holding Company** - GAIL (India) Ltd.

**Indian Joint Venture Companies**
Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)
Kerala GAIL Gas Limited. (KGGL)
Vadodara Gas Limited. (VGL)
Rajasthan State Gas Limited. (RSGL)
Haridwar Natural Gas Pvt. Ltd. (HNGPL)
GOA Natural Gas Pvt. Ltd. (GNGPL)
Purba Bharati Gas Pvt. Ltd. (PBGPL)

**Others (Joint Venture Companies of Holding Company)**

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Indraprastha Gas Ltd.
Central UP Gas Ltd.
Green Gas Ltd.

**Key Management Personnel**:

**Chairman & Non-Executive Director:**
Dr. Ashutosh Karnatak (upto 05.05.2020)
Mr. Manoj Jain (from 06.05.2020)

**Non-Executive Directors:**
Mr. A K Tiwari
Mr. Gajendra Singh (upto 30.06.2020)
Mr. E S Ranganathan (from 01.07.2020)
Mr. Mrityunjay Jha (upto 19.12.2020)
Mr. Anand Kumar Jha (from 12.01.2021)
Mr. Rajeev Mathur (upto 31.12.2020)
Mr. K R M Rao (from 06.01.2021)
Dr. S B Mitra (upto 31.08.2020)
Mr. D V Shastry (from 01.09.2020)
Mrs. Jyoti Dua

**Chief Executive Officer:**
Mr. A K Jana (upto 16.06.2020)
Mr. M V Ravi Someshwarudu (from 17.06.2020)

**Chief Financial Officer:** Mr. Pankaj Walia

**Chief Operating Officer:** Mr. Anupam Mukhopadhyay (from 03.08.2020)

**Company Secretary:** Mr. Deepak Asija

(b) **Related Party Transactions**

Rs. in Crores

| Sl No | Particulars | Holding Co. | Joint Venture & Others* | Key Management Personnel |
|---|---|---|---|---|
| 1 | Purchase of Goods and Material | 3551.35<br>(4676.75) | -<br>(-) | -<br>(-) |
| 2 | Guarantee Commission received / receivable | -<br>(-) | 0.40<br>(0.12) | -<br>(-) |
| 3 | Sales of Goods (Material and Gas) / Material Issued on Loans | 1.69<br>(-) | 136.05<br>(139.12) | -<br>(-) |
| 4 | Purchase and Sale of Fixed Assets | -<br>(14.73) | -<br>(-) | -<br>(-) |
| 5 | Remuneration to Key Management personnel- Salary & Allowances | -<br>(-) | -<br>(-) | 2.42<br>(2.14) |
| 6 | Reimbursement of remuneration to staff received / receivable | -<br>(-) | 17.38<br>(15.35) | -<br>(-) |

| | | | | |
|---|---|---|---|---|
| 7 | Reimbursement of Retirement Benefits payable | 11.91<br>(16.00) | -<br>(-) | -<br>(-) |
| 8 | Reimbursement of Training Cost payable / receivable | 0.35<br>(-) | -<br>(-) | -<br>(-) |
| 9 | Reimbursement of BG Charges received / receivable | -<br>(-) | 1.60<br>(1.60) | -<br>(-) |
| 10 | Rent, Electricity, UCS Expenses, TTA and Hook-up charges, etc. paid / payable | 9.05<br>(7.73) | -<br>(-) | -<br>(-) |
| 11 | Advances for Hook Up charges | 15.70<br>(9.91) | -<br>(-) | -<br>(-) |
| 12 | Outstanding balance payable excluding fair valuation done as per Ind AS-109 | 275.59<br>(255.31) | -<br>(0.20) | -<br>(-) |
| 13 | Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109 | 1.69<br>(-) | 28.29<br>(25.36) | -<br>(-) |
| 14 | Corporate Guarantee given to Banks for BG/Loan issued on behalf of the Company as at Balance Sheet date | 7584.99<br>(7584.99) | -<br>(-) | -<br>(-) |
| 15 | Comfort Letter (Corporate Guarantee) issued to Banks for availing loan by Joint Venture Companies | -<br>(-) | 150.00<br>(150.00) | -<br>(-) |
| 16 | Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares | -<br>(-) | 138.37<br>(138.37) | -<br>(-) |
| 17 | Advance to APGDCL against Equity Share pending Allotment of Share | -<br>(-) | 9.13<br>(9.13) | -<br>(-) |
| 18 | Investment in KGGL as at Balance Sheet date (JV) | -<br>(-) | 0.01<br>(0.01) | -<br>(-) |
| 19 | Investment in VGL as at Balance Sheet date (JV) | -<br>(-) | 41.01<br>(41.01) | -<br>(-) |
| 20 | Investment in RSGL as at Balance Sheet date (JV) | -<br>(-) | 65.00<br>(65.00) | -<br>(-) |
| 21 | Investment in HNGPL as at Balance Sheet date (JV) | -<br>(-) | 22.20<br>(22.20) | -<br>(-) |
| 22 | Investment in GNGPL as at Balance Sheet date (JV) | -<br>(-) | 26.38<br>(17.50) | -<br>(-) |
| 23 | Investment in PBGPL as at Balance Sheet date (JV) | -<br>(-) | 26.00<br>(26.00) | -<br>(-) |
| 24 | Share allotment to Holding Company | 315.70<br>(148) | -<br>(-) | -<br>(-) |
| 25 | Advance received against Equity Share pending Allotment of Share | -<br>(80.70) | -<br>(-) | -<br>(-) |
| 26 | Advances/loans given as at Balance Sheet date | -<br>(-) | 17<br>(-) | -<br>(-) |

*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to Previous Year).

The company has formed seven Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and 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. Further, Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement.

64. Movement of Provision

Rs. in Crores

| **Particulars** | **Provision for Employee retirement benefits** | **Provision for Doubtful claims** | **Provision for Probable Obligation** |
|---|---|---|---|
| As at 1st April, 2020 | 16.00 | - | 3.36 |
| Additional provision recognized during the year | 11.91 | 0.31 | - |
| Amount used during the year | 16.00 | - | - |
| Unused amount reversed during the year | - | - | (0.68) |
| As at 31st March 2021 | 11.91 | 0.31 | 2.68 |

65. **Earning per Share:**

| **Particulars** | **2020-21** | **2019-20** |
|---|---|---|
| Profit after Tax (Rs. in Crores) | 162.37 | 156.25 |
| Weighted Average No. of Equity Shares (Basic)<br>Weighted Average No. of Equity Shares (Diluted) | 148,11,93,151<br>148,11,93,151 | 117,43,38,798<br>118,34,67,760 |
| Nominal Value per Share (in Rs.) | 10.00 | 10.00 |
| **Basic Earning per Share (in Rs.)**<br>**Diluted Earning per Share (in Rs.)** | 1.10<br>1.10 | 1.34<br>1.33 |

66. 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. Board of Directors of the company 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 long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

**Sensitivity analysis:**

Term Loans received from the Oil Industry Development Board do not have variable component. Term loan obtained from State Bank of India has a variable element of interest rate and outstanding balance of which as at the year-end is Rs. 92.54 Crores ( Previous Year: Rs. 22.54 Crores). However, as the loan has been obtained for capital projects which are under construction, interest is capitalised as a part of Capital work in progress. Therefore, there is no impact on the Company's profit before tax during the year ended 31.03.2021 and 31.03.2020.

**Foreign Currency Risk:**

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

**b) Commodity Price Risk**

Risk arising on account of fluctuations in price of natural gas is mitigated by ability to pass on the fluctuations in prices to customers over period of time. The company monitors movements in the prices closely on regular basis.

**c) Equity Price Risk**

The Company do not have any investment in quoted equity shares hence not exposed to equity price risk.

**(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 maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

Rs.in Crores

| As at 31.03.2021 | On demand | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | - | 19.94 | 173.77 | 236.56 | **430.27** |
| Trade and other payables | | 296.08 | | | | **296.08** |
| Other financial | 114.34 | 0.68 | 64.86 | - | - | **179.88** |

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| | | | | | | |
|---|---|---|---|---|---|---|
| liabilities | | | | | | |
| Lease Liabilities * | - | 5.39 | 13.90 | 23.20 | 22.69 | **65.18** |

Rs.in Crores

| As at 31.03.2020 | On demand | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | 148.91 | 21.43 | 102.33 | 53.50 | **326.17** |
| Trade and other payables | | 277.57 | | | | **277.57** |
| Other financial liabilities | 105.21 | 90.96 | 81.41 | | - | **277.58** |
| Lease Liabilities* | - | 4.22 | 12.26 | 22.87 | 15.70 | **55.05** |

*As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

**(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. Credit exposure also exists in relation to guarantees issued by the company.

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 & 4-15 days |
| Bulk Industrial Sales | 4 -30 days |

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed either by cash sales or within credit period of 3-30 days. The aging analysis of trade receivables as of the reporting date is as follows:

Rs.in Crores

| Particulars | Carrying Amount |
|---|---|

| | 31st March 2021 | 31st March 2020 |
|---|---|---|
| **Neither past due nor impaired** | 349.98 | 473.86 |
| Past due 1-30 Days | 5.86 | 5.99 |
| Past due 31-60 Days | 6.70 | - |
| Past due 61-90 Days | - | 1.63 |
| Greater than 90 days | 5.62 | 7.75 |
| **Total** | **368.16** | **490.72** |
| Less: Expected credit loss (Allowances for bad and doubtful) | 6.45 | 5.17 |
| **Carrying amount of Trade Receivable (Net of Impairment)** | **361.71** | **485.55** |

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

Rs.in Crores

| Provisions | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Start of the year | 5.17 | 1.57 |
| Provision for impairment during the year | 1.28 | 3.60 |
| Receivables written off during the year as uncollectible | - | - |
| Unused amounts reversed | - | - |
| End of year | **6.45** | **5.17** |

**Cash deposits:**

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into Banks linked with Current Account. There is no impairment of 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 holding company. As on 31.03.21 the issued and paid-up capital was Rs. 1590.70 Crores (Previous Year: Rs. 1275 Crores) (Note 13) and other equity was Rs. 506.66 Crores (Previous Year: Rs. 426.02 Crores) (Note 14). 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 maximize the shareholder value.

The Company's management assesses regularly 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 adjusted net debt to equity ratio is as follows

Rs.in Crores

| Provisions | 31st March 2021 | 31st March 2020 |
|---|---|---|
| Net Debt | 430.27 | 177.26 |

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| | | |
|---|---|---|
| Total Equity | 1590.70 | 1275.00 |
| **Net Debt to Equity Ratio** | 0.27 | 0.14 |
| Interest bearing borrowing | 430.27 | 177.26 |
| Less: Cash & Bank Balance | 183.13 | 1.82 |
| **Adjusted Net Debt** | 247.14 | 175.44 |
| **Adjusted net debt to adjusted equity ratio** | 0.16 | 0.14 |

**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

**As at 31.03.2021:**

Rs.in Crores

| **Financial assets** | **Carrying amount** | **Fair value** | | |
|---|---|---|---|---|
| | | **Level -1** | **Level-2** | **Level-3** |
| **Financial Assets at amortised cost:** | | | | |
| Loans and Other Receivables | 50.47 | - | - | - |
| Trade Receivables | 361.71 | - | - | - |
| Cash and Cash Equivalents | 183.13 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **At Fair value through OCI** | - | - | - | - |
| **Total Financial Assets** | **595.31** | - | - | - |
| | | | | |
| **Financial Liabilities at amortized cost** | | | | |
| Borrowings | 430.27 | - | - | - |
| Trade Payables | 296.09 | - | - | - |
| Other Financial Liabilities | 179.88 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **Total Financial Liabilities** | **906.24** | - | - | - |

**As at 31.03.2020:**

Rs.in Crores

| **Financial assets** | **Carrying amount** | **Fair value** | | |
|---|---|---|---|---|
| | | **Level -1** | **Level-2** | **Level-3** |
| **Financial Assets at amortised cost:** | | | | |
| Loans and Other Receivables | 24.92 | - | - | - |
| Trade Receivables | 485.55 | - | - | - |
| Cash and Cash Equivalents | 1.81 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **At Fair value through OCI** | - | - | - | - |
| **Total Financial Assets** | **514.78** | - | - | - |
| | | | | |
| **Financial Liabilities at amortized cost** | | | | |

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| | | | | |
|---|---|---|---|---|
| Borrowings | 326.17 | - | - | - |
| Trade Payables | 277.57 | - | - | - |
| Other Financial Liabilities | 277.58 | - | - | - |
| **At Fair value through profit and loss** | - | - | - | - |
| **Total Financial Liabilities** | **881.32** | - | - | |

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.

67. Details of Loans given, Investment made and guarantee given or security provided covered u/s 186 of the companies Act, 2013 are given under respective heads (refer note 5 and 53).

68. **Impact of Covid-19 Pandemic**

The Company is in a single line of business of Sale of Natural Gas. Subsequent to the outbreak of Coronavirus (COVID-19) followed by countrywide lock down, the Company continued its uninterrupted supply of Natural Gas to its customers based on their requirement. However, the lockdown had an impact in the immediate natural gas demand, mainly from Industrial and CNG customers. The Company has estimated net impact on its revenue by Rs.35.84 Crore (Previous Year Nil) As restrictions are being lifted gradually in many of Company's operating areas, demand has started showing up an increasing trend both in industrial and CNG category.

The Company has considered the possible effects of the pandemic on the carrying amount of current assets and assessed the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on internal and external sources of information and economic forecasts, the Company expects the carrying amount of these assets will be recovered and sufficient liquidity would be available as and when required to fund the business operations.

The Company currently has a comfortable liquidity position and continues to assess its cash flow and liquidity position, in both normal and stressed situation. The Company has not availed moratorium from term loan lenders and continues to service its debt obligations. The Company's financial management is further supported by its strong external credit ratings. The Company has adequate financial reporting and control system and has been operating throughout while adhering to internal financial controls. The Management does not see any risks to the Company's ability to continue as a going concern and meet its liabilities as and when they become due based on the current indicators.

A definitive assessment of the impact, at this stage, is not possible in view of the highly uncertain economic environment and the situation is still evolving. The Company is continuously monitoring material changes in such information and economic forecast.

69. **Events occurring after the balance sheet date**

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As of 25.05.2021,

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there are no material subsequent events to be recognized or reported that are not already discussed.

70. **Confirmation of Assets & Liabilities**

a) Balance confirmation has been sought from Customers/ vendors / contractors / authorities for balances grouped under loan and advances, deposits and trade payables. Substantial replies have been received, wherever replies have been received, reconciliation is under process and impact on the financial statements which in the opinion of the management is not expected to be material.

b) In the opinion of management, the value of assets, other than fixed assets and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

71. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure

72. **Approval of Financial Statements**

The Financial Statements were approved for issue by the board of directors on 25.05.2021.

| | | | | |
|---|---|---|---|---|
| **Deepak Asija** | **Pankaj Walia** | **M V Ravi Someshwarudu** | **A.K.Tiwari** | **Manoj Jain** |
| **Company Secretary** | **CFO** | **CEO** | **Director** | **Chairman** |
| **PAN-ADRPA0983E** | **PAN-AABPW1139M** | **PAN- AALPS1540A** | **DIN 07654612** | **DIN-07556033** |

As per our report of even date attached
For M/s J.P.,Kapur & Uberai
Chartered Accountants
Firm Reg. No. 000593N

GAIL GAS LIMITED NOIDA नोएडा गेल गैस लिमिटेड

**CA Vinay Jain**
**Partner**
Membership No. 095187

Place: New Delhi
Date: 25.05.2021

Place: New Delhi
Date: 28-05-2021