



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

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Gail Gas Limited ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgment and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matter**

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

Note no : 38 in respect of stating of investment in joint venture entity which includes the additional contribution made as a part of investment.

Note no : 41 regarding sale of Kota business for which activities as per Business Transfer Agreement are in process including audit of accounts.

Note no : 48 regarding operation of CNG stations for which procurement of factory license is in process.

Note no : 54 regarding non- incurring of expenses for Corporate Social Responsibility (CSR) activity.

Our opinion is not modified in respect of these matters.

### **Report on Other Legal and Regulatory Requirements**


1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



- (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss (including the 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 Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note no 45 to the standalone financial statements;
  - ii. the Company did not have any long-term contracts including derivative contracts which may lead to any material foreseeable losses.
  - iii. there has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Companies Act, 2013, please refer Annexure-C enclosed.

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

*Jaswant Singh*  
( CA Jaswant Singh )  
Partner  
Mem. Number: 095483



Place : New Delhi  
Dated: 23.05.2018

## Annexure - A to the Independent Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

(i) In respect of fixed assets:-

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

Description of Assets	No. of Cases	Area in sq. meter	Gross block (Deemed Cost) as on 31.03.2018 (in Cr.)	Net block as on 31.03.2018 (in Cr)
Land				
-Freehold	1	3004.42	2.05	2.05
Building & Structures	19	--	25.68	19.73

(ii) In respect of its inventory:

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

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

(iii) According to the information and explanation given to us, the Company has not granted any loan to a party covered in the register maintained under section 189 of the Companies Act, 2013.



- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made. According to the information and explanation given to us, the Company has not given any guarantee and not granted any loan and security during the year in respect of which the provisions of section 185 and 186 are to be complied with, hence not commented upon.
- (v) The Company has not accepted any deposits from the public during the year covered under directive issued by the Reserve bank of India and under section 73 to 76 or any other relevant provision of Companies Act, 2013 and rules framed thereunder.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products sold by the Company. The company has maintained proper cost records which are yet to be audited.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, goods and service tax, cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, goods and service tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there were no dues of provident fund or income-tax or sales tax or value added tax or duty of customs or service tax or goods and service tax or cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of duty of excise have not been deposited by the Company on account of disputes:

(Rs in Crores)

Name of the statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty & penalty	1.74 #	2010-11	CESTAT, New Delhi
Sales Tax/VAT	UP Vat Demand	0.17 ##	2010-11	Sales Tax Tribunal Noida

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

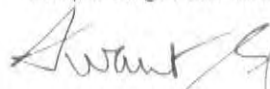
## Rs 0.02 Crores deposited out of Rs 0.17 Crores


- (viii) The Company has got outstanding dues of term loan taken from Oil Industry Development Board (OIDB) and there are no dues of Term Loans from banks at the end of the year and there is no default to any of these institutions during the year. The Company did not have any borrowings from government or debenture holders during the year.



- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has not paid/provided any managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

  
( CA Jaswant Singh )  
Partner  
Mem. Number: 095483



Place : New Delhi  
Dated: 23.05.2018

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

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

We have audited the internal financial controls over financial reporting of Gail Gas Limited ("the Company") as of 31 March 2018 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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



## Meaning of Internal Financial Controls over Financial Reporting

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


## Inherent Limitations of Internal Financial Controls Over Financial Reporting


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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

  
( CA Jaswant Singh )  
Partner  
Mem. Number: 095483



Place : New Delhi  
Dated: 23.05.2018

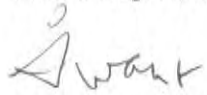


**Annexure - C to the Independent Auditors' Report**

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

<b>S No.</b>	<b>Directions</b>	<b>Auditor's Remark</b>
1	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	On the basis of information and explanation given to us and on the basis of our examination of the records of company, title deeds in respect of immoveable properties are held in the Company except for the cases as disclosed in Note no 33 (a) & 34 (a) to (d) along with the area of these lands.
2	Whether there are any case of waiver/write off of debts/interest etc., if yes , the reasons therefor and the amount involved.	There are no case of waiver/write off of debts/interest etc. during the year under audit. Hence no comments are made on requirement of Direction No 2.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grants (s) from Govt. or other authorities.	<p>Material Reconciliation Statement duly certified by the contractor and Mecon (Engineer In-charge) has been shown to us in respect of materials lying with the third parties/contractors and also informed to us that the Company does not carry out physical verification of the materials (free issue material) lying with the third parties .</p> <p>We have been informed that no asset has been received as gift/grants (s) from Govt. or other authorities.</p>

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

  
( CA Jaswant Singh)  
Partner  
Mem.Number: 095483



Place : New Delhi  
Dated: 23.05.2018

**GAIL GAS LIMITED**  
Standalone Balance Sheet as at 31st March 2018




(Rs in Crores)



Particulars	Note	As at 31st March 2018	As at 31st March 2017
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	3	712.91	519.48
Capital Work-In-Progress	3	411.60	319.15
Intangible Assets	4	12.32	14.37
<b>Financial Assets</b>			
i. Investments	5	155.44	105.44
ii. Loans & Other Receivables	6A	1.51	2.69
Non Current Tax Assets (Net)	7A	0.35	0.25
Other Non Current Non Financial Assets	11A	10.20	-
<b>Total Non-Current assets (A)</b>		<b>1,304.33</b>	<b>961.38</b>
<b>Current Assets</b>			
Inventories	8	8.67	8.77
<b>Financial Assets</b>			
i. Trade Receivable	9	270.50	111.59
ii. Cash and Cash Equivalents	10	269.56	2.76
iii. Loans & Other Receivables	6B	8.70	6.21
iv. Other Financial Assets	6C	0.18	-
Current Tax Assets (Net)	7B	2.58	2.80
Other Current Non Financial Assets	11B	59.66	152.38
<b>Total Current Assets (B)</b>		<b>619.85</b>	<b>284.51</b>
<b>Total Assets (A+B)</b>		<b>1,924.18</b>	<b>1,245.89</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
i. Equity Share Capital	12	877.00	627.00
ii. Other Equity	13	362.54	154.65
<b>Total Equity (C.)</b>		<b>1,239.54</b>	<b>781.65</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
<b>Financial Liabilities</b>			
i. Borrowings	14	138.12	169.22
Deferred Tax Liabilities (net)	15	46.37	23.45
<b>Total Non-Current liabilities (D)</b>		<b>184.49</b>	<b>192.67</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
i. Borrowings	16	-	9.48
ii. Trade Payables	17	235.72	111.29
iii. Other Financial Liabilities	18	118.62	106.92
Provisions	19	83.71	37.78
Other Current Non Financial Liabilities	20	62.10	6.10
<b>Total current liabilities (E)</b>		<b>500.15</b>	<b>271.57</b>
<b>Total Equity and Liabilities (C+D+E)</b>		<b>1,924.18</b>	<b>1,245.89</b>

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

1 to 66

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

		
Deepak Asija Company Secretary PAN-ADRPA0983E	Pankaj Wallia CFO PAN-AABPW1139M	A K Jana CEO PAN-ABIPJ0467D

	
Subir Purkayastha Director DIN-06850526	B C Tripathi Chairman DIN-01657366

As per our report of even date attached

For H S Ahuja & Co  
Chartered Accountants  
Firm Reg. No: 000099N

  
CA Jaswant Singh  
Partner  
Membership No: 095484



Place: New Delhi  
Dated: 23.05.2018

**GAIL GAS LIMITED**  
Standalone Statement of Profit and Loss for the Year ended 31st March 2018

(Rs In Crores)

Particulars	Note No.	YEAR ENDED	
		31st March 2018	31st March 2017
<b>I INCOME</b>			
Revenue from Operations (Gross)	21	4,602.13	2,794.32
Other Income	22	7.52	2.37
<b>Total Income</b>		<b>4,609.65</b>	<b>2,796.69</b>
<b>II EXPENSES</b>			
Gas Consumed	23	4,330.83	2,585.20
Excise Duty		23.89	16.62
Employee Benefit Expenses	24	35.32	20.88
Finance Cost	25	8.10	15.40
Depreciation and Amortization Expenses	26	23.36	13.72
Other Expenses	27	69.21	44.68
<b>Total Expenses</b>		<b>4,490.71</b>	<b>2,696.50</b>
<b>III Profit before Tax from continuing operations</b>		<b>118.94</b>	<b>100.19</b>
<b>IV Tax Expenses</b>	28	<b>42.90</b>	<b>34.41</b>
- Current Year		23.31	21.57
- Deferred Tax		19.59	12.84
<b>V Profit after tax from continuing operations</b>		<b>76.04</b>	<b>65.78</b>
<b>VI Profit after tax from discontinued operations</b>	29	<b>4.71</b>	<b>(0.76)</b>
<b>VII Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
Re-measurement gains/ (losses) on defined benefit plans		-	-
Revaluation of land and buildings		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income for the year (net of tax)</b>		-	-
<b>VIII Total comprehensive income (Net of Tax) (V+VI+VII)</b>		<b>80.75</b>	<b>65.02</b>
<b>IX Earning Per Share for profit from continuing operations</b>	58		
Basic Earning per Share In (Rs.)		0.26	1.23
Diluted Earning Per Share In (Rs.)		0.26	1.23
<b>Earning Per Share for profit from discontinued operations</b>	58		
Basic Earning Per Share In (Rs.)		0.01	(0.01)
Diluted Earning Per Share In (Rs.)		0.01	(0.01)
<b>Earning Per Share for profit from continuing &amp; discontinued operations</b>	58		
Basic Earning Per Share In (Rs.)		0.27	1.22
Diluted Earning Per Share In (Rs.)		0.27	1.22

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

1 to 66

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



Deepak Ashja  
Company Secretary  
PAN-ADRPA09B3E



Pankaj Wadia  
CFO  
PAN-AABPW1139M



A K Jana  
CFO  
PAN-ABIP0467D



Subir Purokayastha  
Director  
DIN-06850526



B C Tripathi  
Chairman  
DIN-01657366

As per our report of even date attached

For H S Ahuja & Co  
Chartered Accountants  
Firm Reg. No: 000099N

  
CA Jaswant Singh  
Partner  
Membership No: 095483



Place: New Delhi  
Dated: 23.05.2018

**GAIL GAS LIMITED**  
**Standalone Statement of changes in Equity for the Year ended 31st March 2018**

**I. Equity Share Capital ( Note 12) (Issued , Subscribed & Paid Up Equity Share of Rs. 10 Each)**

(Rs In Crores)		
Balance as at April 1, 2017	Changes during the Year	Balance as at 31.03.2018
627.00	250.00	877.00

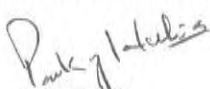
**II. Other Equity (Note 13)**

(Rs In Crores)				
	Share Application money Pending allotment	Reserves and surplus	Other comprehensive income	Total
<b>Balance as at April 1, 2017</b>	-	154.65	-	154.65
Share application money received	150.00		-	150.00
Add: Profit for the year	-	80.75	-	80.75
Less: Tax adjustment	-	0.22	-	0.22
Dividend Paid	-	18.81	-	18.81
Dividend Distribution Tax	-	3.83	-	3.83
<b>Balance as at March 31, 2018</b>	150.00	212.54	-	362.54

The accompanying Notes form an integral part of the standalone financial statements. 1 to 66

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

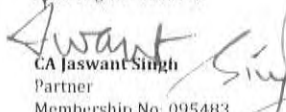
  
**Deepak Ahija**  
 Company Secretary  
 PAN-ADRPA6983E

  
**Pankaj Walla**  
 CFO  
 PAN-AAR9W1139M

  
**A K Jana**  
 CEO  
 PAN-ABIP10467D

  
**Subir Parkayastha**  
 Director  
 DIN-06850526

  
**B C Tripathi**  
 Chairman  
 DIN-01657366

As per our report of even date attached  
**For H S Ahuja & Co**  
 Chartered Accountants  
 Firms Reg. No- 000099N  
  
**CA Jaswant Singh**  
 Partner  
 Membership No: 095483



Place: New Delhi  
 Date: 23.05.2018

**GAIL GAS LIMITED**  
**Standalone Cash Flow Statement for the year ended 31ST March, 2018**

(Rs in Crores)

		Year Ended 31st March 2018	Year Ended 31st March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
1	<b>Net Profit before Tax from</b>		
	Continuing operations	118.94	100.19
	Discontinued operations	12.57	(0.76)
	<b>Profit before tax including discontinued operations</b>	<b>131.51</b>	<b>99.43</b>
2	<b>ADD :</b>		
	Depreciation & Amortization Expenses	24.01	15.66
	Exchange Rate Variation on foreign currency	0.01	(0.04)
	Provision for employee benefit	15.29	7.70
	Provision for probable obligation	1.40	-
	Provision for Doubtful Debts	0.32	0.16
	Gain on sale of discontinued operations	(12.53)	-
	Loss on sale of fixed assets	0.01	-
	Interest Expenditure	8.10	17.45
	Interest Income	(4.64)	(0.93)
		31.97	40.00
3	<b>Operating Profit Before Working Capital Changes (1 + 2)</b>	<b>163.48</b>	<b>139.43</b>
4	<b>Changes in Working Capital (Excluding Cash &amp; Bank Balances)</b>		
	Trade and Other Receivables	(79.28)	(24.58)
	Inventories	0.10	(0.88)
	Trade and Other Payables	246.48	58.77
		167.30	33.31
5	<b>Cash Generated from Operations (3+4)</b>	<b>330.78</b>	<b>172.74</b>
6	Direct Taxes Paid	(28.42)	(22.50)
	<b>NET CASH FROM OPERATING ACTIVITIES (5+6)</b>	<b>302.36</b>	<b>150.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
	Purchase of Fixed Assets (Net)	(373.44)	(239.69)
	Investment in Other Companies (Net)	(50.00)	(12.97)
	Proceeds from discontinued operations	80.00	-
	Interest Received	4.64	0.93
	<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(338.80)</b>	<b>(251.73)</b>
	Share Application Money Received	150.00	-
	Proceeds from Equity	250.00	191.00
	Proceeds from Long Term Borrowings	35.57	87.35
	Repayment of Long Term Borrowings	(92.11)	(45.85)
	Repayment of Cash Credit Facilities from HDFC Bank	(9.48)	(102.47)
	Interest Paid	(8.10)	(17.45)
	Dividend & Dividend Tax Paid	(22.64)	(9.68)
	<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>303.24</b>	<b>102.89</b>
	<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>266.80</b>	<b>1.41</b>
	<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2017</b>	<b>2.76</b>	<b>1.35</b>
	<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2018</b>	<b>269.56</b>	<b>2.76</b>


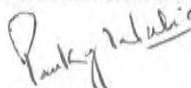

**NOTES :**

1. Net Cash flow from operating activities includes an amount of (Rs.8.24) Crore from sale of discontinued operations during the FY 2017-18.
2. Net Cash flow from investing activities includes an amount of Rs.12.53 Crore from sale of discontinued operations during the FY 2017-18.
3. Net Cash flow from financing activities includes an amount of (Rs.0.37) Crore from sale of discontinued operations during the FY 2017-18.
4. Proceed from discontinued operations is of Rs.80 Crores out of which Rs.40 Crores received in the form of equity shares which has been shown as in Investment in Other Companies.
5. Previous year's figure have been regrouped /re-classified wherever necessary to correspond with current year's classification/disclosure.

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

1 to 66

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

 <b>Deepak Ahuja</b> Company Secretary PAN-ADRPA09B3E	 <b>Paalkaj Walla</b> CFO PAN-AAIRPW1139M	 <b>A K Jana</b> CEO PAN-ABIPJ0467D
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As per our report of even date attached

 <b>Subir Purkayastha</b> Director DIN-06850526	 <b>B C Tripathi</b> Chairman DIN-01657366
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**For H S Ahuja & Co**  
Chartered Accountants  
Firms Reg No: 000099N  
  
**JA Jaswant Singh**  
Partner  
Membership No: 095483

Place: New Delhi  
Date: 23.05.2018



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 3 - Property, Plant and Equipment and Capital Work in Progress**

(Rs In Crores)

Cost/ Valuation	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
1. Cost or deemed cost (gross carrying amount)								
Balance at 1 April 2017	12.79	10.95	477.58	35.50	0.79	7.99	545.59	319.15
Additions	5.82	-	243.32	15.44	0.27	3.37	268.22	373.46
Transfer to Capitalisation	-	-	-	-	-	-	-	(269.32)
Disposals	-	(3.71)	(46.57)	(3.45)	(0.14)	(0.39)	(54.26)	(11.69)
Transfer	-	-	(0.06)	(0.01)	(0.04)	0.11	-	-
As at 31 March 2018	18.61	7.24	674.27	47.48	0.88	11.08	759.55	411.60

Depreciation and impairment	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
Balance at 1 April 2017	0	0.23	22.65	1.75	0.15	1.22	26.01	-
Depreciation expense	-	0.09	17.20	1.17	0.09	2.32	20.87	-
Impairment	-	-	-	-	-	-	-	-
Disposal	-	-	(0.01)	-	(0.03)	(0.19)	(0.23)	-
Transfer	-	-	(0.02)	-	-	0.02	-	-
As at 31 March 2018	-	0.32	39.82	2.92	0.21	3.37	46.64	-

Net Book value	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
As at 31 Mar 2016	18.61	6.92	634.45	44.56	0.67	7.71	712.91	411.60
As at 31 Mar 2017	12.79	10.73	454.89	33.67	0.63	6.77	519.48	319.15



**Note 4 - Intangible Assets**

(Rs In Crores)

Cost/Valuation	Right of use	Computer software/Licenses	Total
<b>1. Cost or deemed cost (gross carrying amount)</b>			
Balance as at 1 April 2017	0.35	18.22	18.56
Additions	-	1.10	1.10
<b>As at 31 March 2018</b>	<b>0.35</b>	<b>19.32</b>	<b>19.66</b>

(Rs In Crores)

Accumulated amortization and impairment	Right of use	Computer software/Licenses	Total
Balance at 1 April 2017	0.00	4.20	4.20
Amortization expense	-	3.14	3.14
<b>As at 31 March 2018</b>	<b>0.00</b>	<b>7.34</b>	<b>7.34</b>

(Rs In Crores)

Net book value	Right of use	Computer software/Licenses	Total
<b>As at 31 Mar 2018</b>	<b>0.35</b>	<b>11.97</b>	<b>12.32</b>
<b>As at 31 Mar 2017</b>	<b>0.35</b>	<b>14.02</b>	<b>14.37</b>

NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 5 - Investments**

(Rs In Crores)

Investments	Nature of investment	Basis of valuation	As at 31-Mar-18	As at 31-Mar-17
<b>Non-Current Investments</b>				
<b>In Joint Venture Companies:</b>				
1 - Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) 200,00,000 Equity shares of Rs 10 each fully paid up (Previous year 150,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	20.00	15.00
2 - Kerala Gail Gas Ltd (KGGL) 119,28,000 Equity shares of Rs 10 each fully paid up (Previous year 119,28,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	11.93	11.93
3 - Rajasthan State Gas Limited (RSGL) 650,00,000 Equity shares of Rs 10 each fully paid up (Previous year 170,25,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	65.00	17.03
4 - Vadodara Gas Limited(VGL) 4,10,08, 943 Equity shares of Rs 10 each fully paid up (Previous year 4,10,08, 943 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	41.01	41.01
5 -Haridwar Natural Gas Private Limited (HNGPL) 75,00,000 Equity shares of Rs 10 each fully paid up (Previous year 75,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	7.50	7.50
6 -GOA Natural Gas Private Ltd (GNGPL) 75,00,000 Equity shares of Rs 10 each fully paid up (Previous year 25,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	7.50	2.50
<b>Advances for Investments (Pending Allotment)</b>				
7 - Rajasthan State Gas Limited (RSGL)		Cost	-	2.97
8 -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)		Cost	2.50	7.50
<b>Total</b>			155.44	105.44
Current			-	-
Non current			155.44	105.44





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 6 - Loans & Other Receivables**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<u>Other recoverables from related parties:</u>		
-Receivables from joint ventures (Unsecured considered good)	8.70	6.21
<u>Other loans and receivables:</u>		
- Security deposits:		
- Unsecured, Considered Good	1.51	2.69
- Unsecured, Considered Doubtful	3.54	3.54
Less . Provision for Doubtful Deposits	3.54	3.54
<b>Total</b>	<b>10.21</b>	<b>8.90</b>
Total 6A- Non current	1.51	2.69
Total 6B-Current	8.70	6.21

NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 6C - Other Financial Assets**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Interest Accrued but not due	0.18	-
<b>Total</b>	<b>0.18</b>	<b>-</b>
<b>Non current</b>	-	-
<b>Current</b>	<b>0.18</b>	-



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 7 - Current Tax Assets (Net)**

(Rs In Crores)

Particulars	(Rs In Crores)	
	As at 31-Mar-18	As at 31-Mar-17
Advance tax and TDS	64.67	36.72
Less: Provision for Tax	61.74	33.67
<b>Total</b>	<b>2.93</b>	<b>3.05</b>
<b>Total 7 A Non current</b>	<b>0.35</b>	<b>0.25</b>
<b>Total 7 B Current</b>	<b>2.58</b>	<b>2.80</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 8 - Inventories**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Stock in Trade</b>	0.74	0.76
<b>Finished goods:</b>		
Compressed Natural Gas	0.15	0.11
<b>Stores and spares:</b>		
Stores and spares	7.12	7.08
Material In Transit	0.66	0.82
<b>Total</b>	<b>8.67</b>	<b>8.77</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 9 - Trade Receivables**

(Rs In Crores)

Particulars	(Rs In Crores)	
	As at 31-Mar-18	As at 31-Mar-17
Trade receivables	270.50	111.59
Receivables from related parties	-	-
<b>Total Trade and other receivables</b>	<b>270.50</b>	<b>111.59</b>
Current	270.50	111.59
Non current	-	-

**Break-up of Security details of Trade receivables**

Particulars	(Rs In Crores)	
	As at 31-Mar-18	As at 31-Mar-17
<b>Debts Outstanding for a period exceeding six months :</b>		
Secured (Considered good)	-	-
Unsecured (Considered good)	4.46	3.61
Unsecured (Considered doubtful):	1.57	1.25
	<b>6.03</b>	<b>4.86</b>
Less: Provisions for bad and doubtful debts	1.57	1.25
	<b>4.46</b>	<b>3.61</b>
<b>Others Debts</b>		
Secured (Considered good)	-	-
Unsecured (Considered good)	266.04	107.98
Unsecured (Considered doubtful):	-	-
	<b>266.04</b>	<b>107.98</b>
Less: Provisions for bad and doubtful debts	-	-
	<b>266.04</b>	<b>107.98</b>
<b>Total Trade and other receivables</b>	<b>270.50</b>	<b>111.59</b>



**Note 10 - Cash and Cash equivalents**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Balances with banks:</b>		
- Current accounts	2.59	0.80
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	105.50	-
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	158.40	-
-Term Deposit with- SBI	-	0.28
<b>Cash in hand</b>	3.07	1.68
<b>Total</b>	<b>269.56</b>	<b>2.76</b>



**Note 11 - Other Non Financial Assets**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Claims recoverables: (Unsecured considered good)	53.93	148.19
Other advances recoverable in cash or in kind (Unsecured considered good)	4.97	3.54
Capital Advances (Unsecured considered good)	9.24	-
Prepaid expenses	1.72	0.65
<b>Total</b>	<b>69.86</b>	<b>152.38</b>
<b>Total 11 A Non current</b>	<b>10.20</b>	<b>-</b>
<b>Total 11 B Current</b>	<b>59.66</b>	<b>152.38</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 12 - Equity share capital**

Particulars	(Rs In Crores)	
	As at 31-Mar-18	As at 31-Mar-17
<b>Share capital</b>		
<b>Authorised</b>		
200,00,00,000 Equity Shares of Rs. 10 each (Previous Year 100,00,00,000 Equity shares of Rs. 10 each)	2,000.00	1,000.00
	<b>2,000.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and fully paid up</b>		
74,43,34,132 Equity shares of Rs. 10 each (in cash) (Previous Year 49,43,34,132 Equity shares of Rs. 10 each)	744.33	494.33
132,66,5868 Equity Shares of Rs. 10 each (otherwise than in cash). (Previous Year 132,66,5868 Equity shares of Rs. 10 each)	132.67	132.67
	<b>877.00</b>	<b>627.00</b>

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

	(Rs In Crores)			
	31st March 2018		31st March 2017	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	62,70,00,000	627.00	40,20,00,000	402.00
Issued during the year	25,00,00,000	250.00	22,50,00,000	225.00
Outstanding at the end of the year	<b>87,70,00,000</b>	<b>877.00</b>	<b>62,70,00,000</b>	<b>627.00</b>

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

	31st March 2018		31st March 2017	
	No of Share	% Holding	No of Share	% Holding
Equity share of Rs.10 Each fully Paid Up GAIL(India) Ltd	87,70,00,000	100%	62,70,00,000	100%

c) The company has only one class of equity shares having a per 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 meetings.

d) During the current year the company paid dividend of Rs. 0.30 per equity share for FY 2016-17 amounting to Rs.18.81 Crores (excluding dividend distribution tax of Rs.3.83 Crore ) { in FY 2015-16 Rs.0.20 per equity share amounting to Rs.8.04 Crore (excluding dividend distribution tax of Rs.1.64 Crore)



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 13 - Other equity**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Other equity:</b>		
<b><u>Share Application Money pending Allotment</u></b>		
i) Consideration received in Cash pending Allotment of equity shares from GAIL (India) Ltd	150.00	-
<b><u>Retained earnings</u></b>		
Opening balance	154.65	99.30
Add: Current Year Profit	80.75	65.02
Less: Appropriation		
-Tax adjustment	0.22	-
-Dividend Paid	18.81	8.04
-Dividend Distribution tax Paid	3.83	1.64
<b>Total</b>	<b>362.54</b>	<b>154.65</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 14 - Borrowings**

Rs In crore

Particulars	As at 31-Mar-18	As at 31-Mar-17
<p><b>Non current borrowings</b></p> <p><b>Secured Term loans:</b></p> <p><b>- HDFC Bank Ltd</b> Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all the assets of Dewas, Kota, Meerut and Sonapat. Rate of Interest is 8.15 % p.a. during FY 2017-18 &amp; FY 2016-17.</p> <p><b>- Oil Industry Development Board</b> Secured against all the assets of Dewas, Sonapat, Meerut, TTZ &amp; 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 Sonapat, Meerut and Dewas Project. Availed during 2016-17 and 2017-18 of Rs. 87.35 crore and Rs. 35.57 crore respectively for Bengaluru Project. Loan is repayable in four equal 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 instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17 onwards. Loan disbursed in instalment from Feb 2013 to March 2018 with rate of interest from 7.00% to 9.27% per annum depending on date of disbursement.</p>	<p>-</p> <p>138.12</p>	<p>51.11</p> <p>118.11</p>
<b>Total</b>	<b>138.12</b>	<b>169.22</b>
Current	-	-
Non current	<b>138.12</b>	<b>169.22</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 15 - Deferred Tax Liabilities (Net)**

(Rs In Crores)

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
Deferred tax liabilities	57.18	38.42
Less: Corporate MAT Receivable	10.81	14.97
<b>Total</b>	<b>46.37</b>	<b>23.45</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 16 - Current Liabilities - Borrowings**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Cash Credit from HDFC Bank	-	9.48
<b>Total</b>	-	<b>9.48</b>
<b>Current</b>	-	<b>9.48</b>
<b>Non current</b>	-	-



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 17 - Trade Payables**

(Rs In Crores)

<b>Particulars</b>	<b>As at 31-Mar-18</b>	<b>As at 31-Mar-17</b>
Trade payables (to related parties)	212.90	100.57
Trade Payble-Others	22.82	10.72
<b>Total</b>	<b>235.72</b>	<b>111.29</b>
Current	<b>235.72</b>	<b>111.29</b>
Non current	-	-



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 18 - Other Financial Liabilities**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Current maturity of long term Borrowings</b>		
<b>Secured Term loans:</b>		
- <b>HDFC Bank Ltd</b> Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all the assets of Dewas, Kota, Meerut and Sonapat. Rate of Interest is 8.15 % p.a. during FY 2017-18 & FY 2016-17.	-	20.44
- <b>Oil Industry Development Board</b> Secured against all the assets of Dewas, Sonapat, Meerut & TTZ Projects.  Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonapat, Meerut and Dewas Project. Loan is repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in instalment from Oct 2013 to Jan 2016 with rate of interest from 7.97% to 9.27% per annum depending on date of disbursement.	15.56	20.56
<b>Deposits/Retention Money from Customers/contractors/others</b>	96.36	61.58
<b>Other Payable</b> Other Liabilities	6.70	4.34
<b>Total</b>	<b>118.62</b>	<b>106.92</b>
<b>Current</b>	<b>118.62</b>	<b>106.92</b>
<b>Non current</b>	-	-



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 19 - Provisions**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Provisions :</b>		
Provisional Liabilities	66.55	30.08
Provision for Employee benefits	15.29	7.70
Provision for probable obligations	1.87	-
<b>Total</b>	<b>83.71</b>	<b>37.78</b>
<b>Current</b>	<b>83.71</b>	<b>37.78</b>
<b>Non current</b>	-	-



**Note 20 - Other Current Non Financial Liabilities**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Statutory payables</b>		
Service Tax Payable	-	0.19
TDS, VAT, Excise, GST and WCT payable	62.10	5.91
<b>Total</b>	<b>62.10</b>	<b>6.10</b>
<b>Current</b>	<b>62.10</b>	<b>6.10</b>
<b>Non current</b>	-	-





**Note : 21 Revenue from Operations (Gross)**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Sale of products/Gas	4,533.43	2,728.06
Gas Transmission charges	65.94	63.58
<b>Other operating Revenues:</b>		
Application Fees Domestic Connections	0.62	0.46
Interest Income from Customers & Others	0.95	0.59
Income from Extra Pipe Line	0.21	0.14
Income from Other Sales Service	0.09	0.01
Minimum Guranteed Offtake Receipts	0.89	1.48
<b>Total</b>	<b>4,602.13</b>	<b>2,794.32</b>



**Note : 22 Other Income**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Interest income	4.64	0.87
Miscellaneous Receipts	2.88	1.47
Tender fees	-	0.03
<b>Total</b>	<b>7.52</b>	<b>2.37</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 23 Gas Consumed**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Opening Stock	0.87	0.37
Add:Purchases	4344.05	2595.29
less: Gas used as Fuel and gas loss	13.20	9.59
Less: Closing Stock	0.89	0.87
<b>Gas Consumed</b>	<b>4330.83</b>	<b>2585.20</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 24 Employee benefit expenses**

(Rs In Crores)

Particulars	Year Ended	Year Ended
	31-Mar-18	31-Mar-17
Salary Wages & Allowances	46.88	26.63
Contribution to Provident Fund	3.32	2.36
Welfare Expenses	9.42	8.59
Less: Employees Benefits Transferred to IEDC	24.30	16.70
<b>Total</b>	<b>35.32</b>	<b>20.88</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 25 Finance Cost**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Interest on Term Loan From Banks	2.92	5.80
Interest on Cash Credit Facilities	1.54	6.94
Interest on OADB Loan	9.88	5.07
Interest -Others	1.03	-
Less: Interest & Finance Charges transferred to IEDC	7.27	2.41
<b>Total</b>	<b>8.10</b>	<b>15.40</b>

**Note : 26 Depreciation & Amortisation Expenses**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Depreciation & Amortisation Expenses	23.36	13.72
<b>Total</b>	<b>23.36</b>	<b>13.72</b>



**Note : 27 Other Expenses**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
<b>Power &amp; Fuel Charges</b>		
-Electricity Charges	1.25	0.73
-Fuel Charges	3.46	2.57
Rent-Office & Others	6.90	5.99
<b>Repairs and Maintenance</b>		
-Plant & Machinery	23.18	12.77
-Buildings	0.22	0.09
Insurance Charges	0.34	0.30
Rates & Taxes	0.85	0.32
<b>Payment to Auditors</b>		
-Audit Fees (incl other Certification)	0.05	0.05
-Taxation matter	0.01	-
-Out of Pocket Expenses	-	0.02
Stores & Spares Consumed	1.65	3.20
Loss/(Gain) of Foreign Currency Transaction	0.01	(0.04)
Water Charges	0.01	0.01
Communication Expenses	0.24	0.25
Printing & Stationery	0.41	0.37
Travelling Expenses	2.17	2.23
Books & Periodicals	0.01	0.01
Advt & Publicity	3.96	1.08
Training Expenses	1.91	0.14
Vehicle Hire & Running Expenses	2.17	1.36
Consultancy & Legal Charges	6.02	2.39
Data Processing Expenses	2.69	2.06
Selling & Distribution Expenses	0.14	0.16
Dealer Commission	6.04	3.18
Security Expenses	3.44	1.63
Other Misc Expenses	3.14	1.30
CSR Expenses	0.79	-
Loss on sale of Fixed aseat	0.01	-
Provision for Doubtful debts	0.32	0.16
Other Expenses - Abnormal Loss	-	7.02
Business Development Expenses	0.80	-
Other Expenses - Interest/Penalty Charges-Statutory	-	0.10
<b>Less: Expenditure transferred to CWIP</b>		
IEDC- Security Expenses	-	0.57
IEDC- Rent & Warehouse Expenses	1.96	2.98
IEDC - Travelling & Conv Expenses	1.01	0.90
IEDC - Vehicle Hire Charges	-	0.31
<b>Total</b>	<b>69.21</b>	<b>44.68</b>



**Note : 28 Tax Expenses**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Current tax	23.31	21.57
Deferred Tax	19.59	12.84
Total	<b>42.90</b>	<b>34.41</b>





**Note : 29 Profit from Discontinued Operations**  
**For the four months ended 31st July 2017 ( Year Ended 31st March 2018 coloum) and for**  
**the entire year for Year Ended 31st March 2017**

(Rs in Crores)

Particulars		
	YEAR ENDED	YEAR ENDED
	31st March 2018	31st March 2017
<b>I. Revenue from Operations (Gross)</b>	8.21	22.15
<b>II. Other Income</b>	0.03	0.06
<b>III Total Income (I+II)</b>	<b>8.24</b>	<b>22.21</b>
<b>IV Expenses</b>		
Gas Consumed	4.50	12.10
Excise Duty	0.72	1.86
Employee Benefit Expenses	0.38	1.74
Finance Cost	0.37	2.05
Depreciation and Amortization Expenses	0.65	1.94
Other Expenses	1.58	3.28
<b>Total Expenses</b>	<b>8.20</b>	<b>22.97</b>
<b>V Profit before tax from discontinued Opearations</b>	0.04	(0.76)
<b>VI Gain/ (Loss) before tax on disposal of discontinued operations</b>	12.53	-
<b>Total</b>	12.57	(0.76)
<b>VII Tax Expenses</b>		
<b>Discontinued operations</b>		
-Current	0.01	-
-Deferred	-	-
-Disposal of discontinued operations	7.85	-
<b>Total</b>	7.86	-
<b>VIII Profit after tax from discontinued operations</b>	4.71	(0.76)



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

30. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost and travelling expenses have been directly identified to the project activities and operation activities on actual basis and accounted for accordingly. Expenses related to office rent of on going project have been allocated to Incidental Expenditure during the Construction and Statement of Profit & Loss in the ratio of manpower identified for project activities and operation activities during the year.
31. (a). The Authorized Share Capital of the Company has been increased to Rs. 2,000 Crores (Previous Year : Rs.1,000 Crores) during the year against which Equity Shares of Rs. 877 Crores (Previous Year : Rs. 627 Crores) has been issued as on balance sheet date with the approval of Board. Further, an amount of Rs. 150 Crores (Previous Year : Nil) has been received which is lying as Equity Share Capital pending Allotment of Equity Shares as on 31.03.2018.
- (b). The Company is a 100% subsidiary of GAIL (India) Ltd. and the shares have been issued with the approval of Board.
32. (a) Capital Work in Progress (CWIP) includes asset under construction which are under different stage of completion and capitalization will be made as and when assets are ready to put to use.
- (b) During the year, company has charged to revenue expenses amounting to Rs.0.68 Crores incurred during the earlier years which were lying in CWIP on account of market survey expenses for Jabalpur and Jaipur Cities being of revenue nature.
33. a). Title Deed in respect of Freehold Land measuring 3004.42 sq. mtr. amounting to Rs. 2.05 Crores (Previous Year: Rs. 1.90 Crores) which includes Rs. 0.15 crores (Previous Year: Nil) towards registration charges provided on provisional basis is pending for execution. Mutation of Freehold Lands is in process.
- b). Title Deeds in respect of Leasehold Land at Kota amounting to Rs. 3.71 Crores (Previous Year : Rs. 3.72 Crores) is in the name of the company but the physical possession of the land has been transferred to M/s Rajasthan State Gas Ltd. (RSGL) on 31.07.2017 on account of transfer of Kota City Gas Distribution Business and the same has been de-capitalized during the year. The transfer in the name of RSGL is in the process.
34. Building of Rs. 47.48 Crores (Previous Year : Rs. 35.50 Crores) mainly includes :-
- a. Building of Rs. 12.46 Crores (Previous Year : Rs. 12.46 Crores) which is constructed on the land provided by GAIL (India) Ltd. and the terms and conditions of these lands are yet to be finalized.
- b. Building of Rs. 1.66 Crores (Previous Year : Rs. 1.66 Crores) is constructed on the land (2080 sq. mtr) taken from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).
- c. Building of Rs. 8.32 Crores (Previous Year : Rs. 8.32 Crores) is constructed on the land measuring 993 sq.meter provided by the Bengaluru Municipal Transport Corporation



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

(BMTC) at free of cost for the CNG Station installed at BMTC bus depot with the condition of filling CNG Gas only to BMTC Buses. The documentation of which is pending for execution.

- d. Building of Rs. 3.24 Crores (Previous Year : Rs. 3.24 Crores) is constructed on the land provided by the dealer, warehouse providers etc.
35. Company has incurred an amount of Rs. 8.80 Crores (Previous Year : 0.44 Crores) for purchase of 8 no. of lands measuring 14,148 sq. meter from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as CNG Station etc. at Bengaluru. The total amount of Rs. 9.24 Crores as on 31.03.2018 pending execution of Lease cum Sale Agreement is lying under Capital Advance as KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on satisfactory utilization of land as per the terms and conditions of agreement. The said land will be capitalized after execution of sale / transfer agreement with KIADB on the fulfillment of the conditions.
36. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost amounting to Rs. 13.17 Crores (Previous Year Rs. 13.00 Crores ) was incurred, out of which an amount of Rs. 7.27 Crores (Previous Year Rs. 2.41 Crores) was capitalized including amount allocated towards Capital Work in Progress during the period.
37. Company has pre-paid the entire term loan during the year amounting to Rs. 61.33 Crores availed from HDFC Bank as per terms of Loan Agreement which was secured against all the assets of Sonapat, Meerut, Dewas and Kota.
38. The company has an equity investment in a Joint Venture Company namely M/s Andhra Pradesh Distribution Corporation (APGDC) of Rs.22.50 Crores which includes funds contributed of Rs. 2.50 Crores in APGDC. It has been contributed as per the joint venture agreement and shown as a part of investment as advances for investments pending allotment.
39. Claim Recoverable includes an amount of Rs. 48.50 Crores (Previous Year Rs. 112.67 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 recovery of balance refund is being pursued with concerned authorities and is considered good.
40. The Incidental Expenditure during Construction amounting to Rs. 27.33 Crores (Previous Year Rs. 21.98 Crores) have been allocated to completed Project & Capital Work in Progress in the ratio of allocated cost of assets.
41. Company has sold Kota CGD Business (dealing in Natural Gas Business) to M/s Rajasthan State Gas Ltd. (RSGL) on 31.07.2017, a joint venture company of GAIL Gas Ltd and Rajasthan State Petroleum Corporation Ltd., at a total consideration of Rs. 80 Crores as per Business Transfer Agreement (BTA). Company has transferred all the assets including Land, Building, Plant & Machinery, CWIP etc. to the joint venture company on 31.07.2017 and net profit (net of tax) of Rs. 4.71 Crores has been shown as Income from discontinued operation in the Statement of Profit & Loss (Refer to Note-29) for the period ended 31.03.2018.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

a. The details of sales are as under :

Description	Rs. in Crores	
	31.03.2018	31.03.2017
Cash Received	40.00	-
Equity Share Received	40.00	-
Total Consideration Received	80.00	-
Carrying amount of net assets on the date of sale	67.47	-
Gain on sale before Income tax	12.53	-
Income Tax on Gain on sale of Business	7.85	-
Gain on sale after Income tax	4.68	-

b. The details of carrying amount of assets and liabilities as on date of sales (31.07.2017) are as under :-

Description	(Rs. in Crores)	
	Amount	
Property Plant and Equipment	53.91	
Capital Work in Progress	11.69	
Inventories	0.08	
Other Current Assets	1.79	
Total Assets	67.47	
Other Current Liabilities	-	
Net Assets	67.47	

c. Further, other activities pertaining to the BTA are in process including transfer of security deposits of Rs. 0.92 Crores received by the company from the various customers to the RSGL.

42. The net assets amounting to Rs. 5.27 Crores as on 31.03.2018 includes Building of Rs 2.92 Crores and Plant & Machinery of Rs 2.35 Crores on which no depreciation has been charged during the year as the same are not in use by the Company as they are in the possession of Andhra Pradesh Gas Distribution Corporation Ltd., a Joint Venture Company. These assets have not been classified as "Assets held for sale" as on reporting date as the final decision and approval of the Shareholders and Holding Company is pending since 12.11.2014.
43. Salary and Allowances payment of employees posted at GAIL Gas Ltd. are being paid by from GAIL Gas Ltd. However, the provisions in respect of employee's benefits and disclosure requirements in terms of Ind AS 19 has not been provided in accounts as the same have been complied by Holding Company (M/s GAIL (India) Ltd.)
44. Capital Commitment:
- a) i. The estimated amount of contracts over Rs. 5 lacs amounting to Rs. 393.09 Crores (Previous Year Rs. 258.14 Crores) are remaining to be executed on capital accounts and not provided for.
- ii. The Company has no uncalled liability on shares and other investments partly paid.



45. Contingent Liabilities :

a) Claims against the company not acknowledged as debts :

- i) Legal & other cases for claims of Rs. 123.94 Crores (Previous year : Rs. 44.69 Crores) by vendors/suppliers/contractors etc.
- ii) Disputed Indirect tax Demand in respect of Excise and VAT cases is of Rs. 1.89 Crores (Previous year : Rs. 1.74 Crores)
- iii) Bank Guarantee taken from Banks of Rs. 12.26 Crores (Previous year : Rs. 12.32 Crores) towards permission charges for various cities from Central and State Authorities
- iv) Company has issued Corporate Guarantee of Rs. 6703.99 Crores (Previous year : Rs. 6703.99 Crores) to PNGRB towards minimum work programme in respect of Bengaluru City and for Goa Natural Gas Pvt. Ltd., a joint venture company.

46. Provisional liability of Rs. 66.55 Crores (Previous Year Rs.30.08 Crores) has been made in the books of accounts as at 31.3.2018 which will be settled as per actual bills.

47. During the year, PNGRB en-cashed the Bank Guarantee amounting to Rs. 0.74 Crores for not meeting the Minimum Work Commitment Programme for TTZ CGD in terms of Court Order dated 03.01.2017 and the same has been accounted for in Capital Work in Progress.

48. In compliance to PNGRB Regulation all the CNG Stations of the Company are having PESO/CCOE License which is mandatory for commencement of commercial operations. However, additionally the company has also applied for Factory Licenses for its Company Owned CNG stations, which is under progress. Further, necessary advice has been given to owners of CNG Stations operated under Retail Outlet of Oil Marketing Companies and Dealer Owned Dealer Operated Model to obtain the Factory License in respect of their CNG Stations.

49. Board of Director in its 63<sup>rd</sup> meeting held on 27.10.2017 approved the purchase of 5 Last Mile Connectivity Assets from GAIL (India) Ltd. in Bengaluru City at an estimated book value of Rs. 53.39 Crores as on 30.06.2017 plus applicable taxes. Further, the asset transfer value shall be at the book value as on the date of transfer plus any taxes (other than taxes on income) involved in the transaction including any stamp duty. These assets are yet to be transferred to the Company.

50. During the year, company has issued the "Letter of Comfort" to PNGRB to meet the minimum eligibility criteria by Andhra Pradesh Gas Distribution Corporation Ltd., (APGDCL) a joint venture company of GAIL Gas Ltd. and Andhra Pradesh Gas Infrastructure Corporation, as per regulation 5(6) of the PNGRB Regulations 2008 (Authorising Entities to lay, build, Operate or Expand Natural gas Pipelines) as necessary documentary evidence in support for application submitted to PNGRB for Expression of Interest for Natural Gas Pipeline from Srikakulam to Angul by APGDCL. The process of bidding by PNGRB is awaited, hence, it has not been treated as Contingent liability.

51. Investments include a sum of Rs. 11.93 Crores as equity investment in Kerala Gail Gas Ltd (KGGL), one of the joint venture company, which is in the process of voluntary winding up and reduction of equity share capital. No diminution in value of the investment has been considered and the investment has been valued at cost as the assets of KGGL mainly



consists of current assets in the form of deposits with Schedule Commercial Banks and there is no diminution in the value of such deposits on the reporting date.

52. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance, has vide OM No. F.No. 5/2/2016-Policy dated 27.05.2016 issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, Issue of Bonus Shares, Buyback of Shares etc. The guidelines for payment of dividend shall be applicable from financial year ending on or after 31st March, 2016. Since, the company has paid the lower dividend during the FY 2015-16 and FY 2016-17 and submitted an application on 01.09.2017 for FY 2015-16 and 27.09.2017 for FY 2016-17 for grant of relaxation to Department of Investment and Public Asset Management (DIPAM) on dividend payment through Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, DIPAM. Reply is awaited.
53. As per Ind AS 17 on Lease, the disclosure in respect of Leases is as under :-

#### **Finance Leases**

- (a) Lease Deed executed with UPSIDC for lease hold land in Kosi Industrial Area, Uttar Pradesh for putting up CNG Station and Gas Grid on commercial terms.
- The period of lease is 90 years from 07.10.2013 with one time premium of Rs. 5.95 crore (including Registration Charges and One Time Lease Rental for 90 years of Rs. 0.46 crore).
  - The net carrying amount on 31.03.2018 is Rs. 5.76 Crores (Previous Year : Rs. 5.83 Crores)
  - Since entire lease rent has been paid at the inception and no future lease rent is payable, the other disclosure requirements does not exist.
- (b) Lease Deed executed with RIICO, Jaipur for lease hold land in Bharatpur, Rajasthan for putting up CNG Station and District Regulatory System (DRS) on commercial terms.
- The period of lease is 99 years from 16.07.2014 with one time premium of Rs. 1.20 crore (including Registration Charges).
  - The net carrying amount on 31.03.2018 is Rs. 1.16 Crores (Previous Year : Rs. 1.18 Crores)
  - Since annual lease rent is only Rs.209/- per annum therefore the other disclosures requirement are not material.

#### **Operating Leases**

- a). During the year, company has paid a sum of Rs. 55.60 Lakhs as one time premium in respect of land taken on lease from Nazul Department, Collectrate Dewas, MP for a period of 30 years for purpose of setting up of a District Regulatory System (DRS). The rent payable has been determined at circle rates. Lease is renewable after 30 years and lease rent will be decided based upon the then prevailing terms and conditions at that time and there is no contingent rent payable.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Accordingly, a sum of Rs. 0.64 Lakhs has been charged to Profit and Loss Statement during the year and the balance amount of Rs. 54.96 lakhs has been shown as pre-paid expenses (Refer note 10 – Other Finance Leases)

As per terms of agreement, an annual lease / ground rent of Rs. 0.42 lakhs is payable and lease is renewable. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 0.42 lakhs
Later than 1 year but not later than 5 year	Rs. 1.67 lakhs
Later than 5 years	Rs.10.00 lakhs

- b. Lease Deed executed with Bharat Electronics Limited, Bengaluru for land in Bengaluru, Karnataka for putting up District Regulation Station (DRS). The period of lease is 10 years from 01.10.2015 to 30.09.2025 with a provision of yearly rent of Rs.3.20 lakhs subject to renewal at every 12 months commencing from 01.10.2016 for an annual rent of Rs. 3.35 lakhs with 5% escalation every year on enhanced rent. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 3.61 lakhs
Later than 1 year but not later than 5 year	Rs. 16.34 lakhs
Later than 5 years	Rs. 9.45 lakhs

- c. Lease deed executed with Kerala Rural Poor and handicapped Women's Development Society, Bengaluru for land in Bengaluru, Karnataka for putting up District Regulation Station (DRS). The period of lease is 10 years from 11.01.2017 to 10.01.2027 with a provision of yearly rent of Rs.4.79 lakhs with 5% escalation every year. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 5.08 lakhs
Later than 1 year but not later than 5 year	Rs. 16.92 lakhs
Later than 5 years	Rs. 32.21 lakhs

54. Disclosure under Corporate Social Responsibility Expenses :-

- a. As per Section 135 of the Companies Act 2013 read with DPE Guidelines, the company is required to spend Rs. 1.18 Crores during the current year. Amount incurred during the year is Rs. 0.79 Crores (Previous Year – Rs. Nil) as per details given below :-

(Rs. in Crores)

	In Cash	Yet to be paid in Cash	Total
i). Construction/acquisition of any asset	Nil	Nil	Nil
ii). On purposes other than (i) above	0.79	0.39	1.18

- b. Further, Board of Directors in its 59<sup>th</sup> meeting held on 18.05.2017 approved the CSR Policy along with administrative guidelines of the Company. Therefore, no CSR activity was identified by the company before the approval of CSR Policy and no provision has been



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

made in the books of accounts in accordance with generally accepted accounting principles. Accordingly, a non-lapsable CSR expenditure of Rs. 1.52 Crores upto financial year 2016-17 is required to be spent in the subsequent financial years.

55. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”):

(Rs. in Crores)

Particulars	2017-18	2016-17
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil.
ii) The amount of interest paid by the buyer in terms of Section 16 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.

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

I. CIF Value of Import

(Rs in Crores)

	2017-18	2016-17
CIF Value of Import	Nil	Nil

II. Expenditure in Foreign Currency

(Rs. in Crores)

	2017-18	2016-17
Others – Travelling	0.01	0.03





III. Value of Raw Materials, Stores & Spares and Components consumed during the year –

(Rs. in Crores)

Description	2017-18		2016-17	
	Value	%	Value	%
Consumption of Raw Material	Nil	Nil	Nil	Nil
Stores & Spares and components consumed (Indigenous)	1.66	98.81%	3.09	88.03%
Stores & Spares and components consumed (Imported)	0.02	1.19%	0.42	11.97%
<b>TOTAL</b>	<b>1.68</b>	<b>100%</b>	<b>3.51</b>	<b>100%</b>

IV. Earning in Foreign Currency –

Earning in Foreign Currency during FY 2017-18 is Nil (Previous Year – Nil)

57. The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 “Operating Segment” are not required. However Entity-wise disclosures are as below:-

**Information about products and services:**

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

**Geographic Information:**

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

**Information about major customers:**

Two customers during the year ended 31st March 2018 and Nine Customers during the year ended 31st March 2017 contributed to more than 10% of the revenue individually. Revenue from these customers was Rs. 3550.67 Crores and Rs. 2019.90 Crores during the year ended 31st March, 2018 and 31st March, 2017 respectively.

58. **Related Party Disclosures**

- A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd (Holding Company) either singly or jointly.
- B. Related Party disclosure as per Ind AS 24.
- a. Relation and name of the related parties are:
- i. **Holding Company** - GAIL (India) Ltd.
- ii. **Indian Joint Venture Companies**



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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)

**iii. Other (Joint Venture Companies of Holding Company)**

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

**iv. Key Management Personnel:**

**Chairman & Non-Executive Director** - Mr. B. C Tripathi

**Non-Executive Director -**

Mr. Ashutosh Karnatak (upto 05.05.2017)  
 Mr. Subir Purkayastha  
 Mr. Gajendra Singh (from 05.05.2017)  
 Mrs. Anuradha Sharma Chagti  
 Mr. R C Gupta (upto 31.08.2017)  
 Mr. A.K.Tiwari (from 04.09.2017)  
 Mr. A K Jana (upto 23.04.2018)  
 Mrs. Vandana Chanana (upto 05.05.2017)

**Chief Executive Officer:** - Mr. Pankaj Kumar Pal (upto 30.04.2018) and Mr. A.K. Jana (from 01.05.2018)

**Chief Financial Officer:** - Mrs. Jyoti Dua (upto 31.05.2017) and Mr. Pankaj Walia (from 31.05.2017)

**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 / Material	4348.81 (2607.74)	- (-)	- (-)
2.	Interest on Delayed Payment	0.01 (-)	- (-)	- (0)
3.	Sales of Goods (Material) / Material Issued on Loans	9.51 (-)	138.12 (-)	-- (0)

NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

4.	Reimbursement of Remuneration to Key Management personnel- Salary & Allowances	- (-)	- (-)	1.93 (1.00)
5	Reimbursement of remuneration to staff	- (-)	14.74 (8.63)	- (-)
6	Rent, Electricity and UCS Expenses	3.47 (3.00)	- (-)	- (-)
7.	Outstanding Balance Payable	221.53 (101.73)	0.20 (-)	- (-)
8	Outstanding Balance Receivable	9.51 (-)	14.58 (6.21)	- (-)
9	Provision for Bad Debt	- (-)	- (0.16)	- (-)
10	Bad Debt written off	- (-)	- (-)	- (-)
11	Corporate Guarantee given to OADB for term loan availed as at Balance Sheet date	- (118.00)	- (-)	- (-)
12.	Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date	5951.99 (5951.99)	- (-)	-- (-)
13	Investment in APGDC as at Balance Sheet date (JV)	- (-)	20.00 (15.00)	- (-)
14	Advance to APGDC against Equity Share pending Allotment of Share	- (-)	2.50 (7.50)	- (-)
15	Investment in KGGL as at Balance Sheet date (JV)	- (-)	11.93 (11.93)	- (-)
16	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	- (-)
17	Investment in RSGL as at Balance Sheet date (JV)	- (0)	65.00 (17.03)	- (0)
18	Advance to RSGL against Equity Share pending Allotment of Share	- (-)	- (2.97)	- (-)
19	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	7.50 (7.50)	- (-)
20	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	7.50 (2.50)	- (-)
21	Share allotment to Holding Company.	250 (225)	- (-)	- (-)
22	Advance against Equity Share pending Allotment of Share	150 (-)	- (-)	- (-)

\*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to previous year).

The company has formed six Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various State Governments and Corporates. In all these companies, it was agreed that Equity Shareholding of both the promoters will be in



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the Shareholder Agreement executed amongst them.

There is no provision towards payment of Management Fees to the operator hence no management fee has been paid and no provision has been made in the books of accounts for same.

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

59. **Earning per Share**

Particulars	2017-18	2016-17
Profit after Tax from Continuing Operations (Rs. in Crores)	76.04	65.78
Profit after Tax from Discontinued Operations (Rs. in Crores)	4.71	(0.76)
Weighted Average No. of Equity Shares	295,79,81,756	53,18,41,096
Nominal Value per Share (in Rs.)	10.00	10.00
<b>Basic Earning per Share (in Rs.)</b>		
From Continuing Operations	0.26	1.23
From Discontinued Operations	0.01	(0.01)
Total	0.27	1.22
<b>Diluted Earning per Share (in Rs.)</b>		
From Continuing Operations	0.26	1.23
From Discontinued Operations	0.01	(0.01)
Total	0.27	1.22

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



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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

(Rs. in Crores)

Statement of Profit or Loss	31st March 2018	31st March 2017
<b>Current Income Tax:</b>		
Current Income Tax Charge from ordinary activities (Continuing Operations)	23.31	21.57
Current Income Tax Charge from ordinary activities (Discontinued Operations)	0.01	-
Current Income Tax Charge on Gain on disposal of Discontinued Operations.	7.85	-
	<b>31.17</b>	<b>21.57</b>
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences (Continuing Operations)	19.59	12.84
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	<b>19.59</b>	<b>12.84</b>
<b>Income Tax Expense (Continuing Operations)</b>	<b>42.90</b>	<b>34.41</b>
<b>Income Tax Expense (Discontinued Operations)</b>	<b>7.86</b>	<b>-</b>

b) Reconciliation of Effective Tax Rate (Continuing Operations)

(Rs. in Crores)

	31st March 2018	31st March 2017
Profit Before Income Taxes	118.94	100.19
Effective Tax Rate	19.60%	21.53%
Computed Effective Tax Expenses	23.31	21.57
Movement in Deferred Tax Liability	19.59	12.84
<b>Income Tax charged to Statement of Profit &amp; Loss</b>	<b>42.90</b>	<b>34.41</b>
<b>Effective Tax Rate</b>	<b>36.07%</b>	<b>34.34%</b>



**c) 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 2018	31st March 2017	31st March 2018	31st March 2017
Property, Plant and Equipment	(59.62)	(40.08)	(20.37)	(12.90)
Provisions	2.44	1.66	0.78	0.06
<b>Deferred Tax Assets/ (Liabilities)</b>	<b>(57.18)</b>	<b>(38.42)</b>	<b>(19.59)</b>	<b>(12.84)</b>
Offsetting of Deferred Tax Assets/ (Liabilities)	-	-	-	-
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(57.18)</b>	<b>(38.42)</b>	<b>(19.59)</b>	<b>(12.84)</b>

61. 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.
62. In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" the required information on provision for probable obligations is as under :-

**Rs. in Crores**

Provisions	Opening Balance	Additions during the year	Reversal / adjustment during the year	Closing Balance
Direct Tax	33.67	31.17	3.10	61.74
Deferred Tax	23.45	19.59	(3.33)	46.37
Legal & Arbitration Cases	44.69	83.78	5.47	123.94

63. 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	
			31.03.2018	31.03.2017
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%



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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 Haridwar Natural Gas Pvt. Ltd. and unaudited financial statements of other 5 joint venture companies as furnished by management of these companies is as under :-

Rs. in Crores

Sl. No.	Description	2017-18	2016-17
A.	<b>Summary of Balance Sheet</b>		
1.	<b>Assets</b>		
	Non Current	160.06	92.09
	Current	43.85	23.06
	<b>Total</b>	<b>203.91</b>	<b>115.15</b>
2.	<b>Liabilities &amp; Provisions</b>		
	Non Current	25.48	5.36
	Current	25.89	10.41
	<b>Total</b>	<b>51.37</b>	<b>15.77</b>
B.	<b>Summary of Profit and Loss A/c</b>		
1.	Income	38.54	24.92
2.	Expenditure	37.95	24.76
C.	<b>Contingent Liability</b>	17.64	31.01
D.	<b>Capital Commitment</b>	44.83	11.56

#### 64. 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

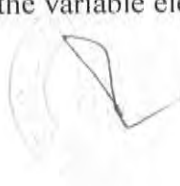
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial 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 floating interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed interest instruments.

##### Sensitivity analysis:

The table below summarizes the impact of a potential increase or decrease on the Company's profit before tax as applied to the variable element of interest rates on loans and borrowings.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

The increase/decrease is based on management estimates of potential interest rate movements.

(Rs.in Crores)

Reporting period	Increase/decrease in interest rate basis points	Impact on profit before taxes
31.03.2018	+100	Nil
	-100	Nil
31.03.2017	+100	(0.81)
	-100	0.81

The sensitivity analysis is limited only to variable rate on loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. Further, there is no loan outstanding as on 31.03.2018 having variable rate of interest, hence, there is no impact on the Company's profit before tax during the year ended 31.03.2018.

**(b) Foreign Currency Risk:**

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

**(ii) Liquidity risk**

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to 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 source 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 31.03.2018	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	3.08	12.48	72.22	65.90	153.68
Trade and other payables	-	235.72	-	-	-	235.72
Other financial liabilities	71.28	0.34	31.44	-	-	103.06





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

(Rs.in Crores)

As at 31.03.2017	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	9.48	17.02	38.81	167.37	36.98	269.66
Trade and other payables	-	111.29	-	-	-	111.29
Other financial liabilities	43.39	4.63	17.90	-	-	65.92

**(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

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

(Rs.in Crores)

Trade receivables	Neither past due nor impaired	Past due but not impaired				Total*
		Less than 30 days	30-60 days	60-90 days	Above 90 days	
31.03.2018	257.81	2.90	3.13	0.63	6.03	270.50
31.03.2017	103.63	3.32	0.55	0.49	3.60	111.59

\*Net of Provision



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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

(Rs.in Crores)

Provisions	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Start of the year	1.25	1.08
Provision for Doubtful Debt	0.32	0.17
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
End of year	1.57	1.25

**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 on these cash deposits as on the reporting date and comparative period.

**Capital Management**

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

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

(Rs.in Crores)

Particulars	31.03.2018	31.03.2017
Total Liabilities	684.64	464.24
Less: Cash and cash equivalents	(269.56)	(2.76)
<b>Net debt (A)</b>	415.08	461.48
<b>Total equity (B)</b>	1239.54	781.65
<b>Capital and net debt (A+B)</b>	1654.62	1243.13
Gearing ratio	25.09%	37.12%

**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



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

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

(Rs.in Crores)

As at 31.03.2018:

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans and Other Receivables	10.21	-	-	-
Trade Receivables	270.50	-	-	-
Cash and Cash Equivalents	269.56	-	-	-
<b>At Fair value through Profit and Loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>550.27</b>	-	-	-
<b>Financial Liabilities at amortized cost</b>				
Borrowings	138.12	-	-	-
Trade Payables	235.72	-	-	-
Other Financial Liabilities	118.62	-	-	-
<b>At Fair value through Profit and Loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>492.46</b>	-	-	-

As at 31.03.2017:

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans and Other Receivables	8.90	-	-	-
Trade Receivables	111.59	-	-	-
Cash and Cash Equivalents	2.76	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>123.25</b>	-	-	-
<b>Financial Liabilities at amortized cost</b>				
Borrowings	178.70	-	-	-
Trade Payables	111.29	-	-	-
Other Financial Liabilities	106.92	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>396.91</b>	-	-	-



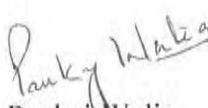
NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)


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.

65. Balance confirmation has been sought from vendors / contractors / authorities / joint venture companies for balances grouped under loan and advances, deposits and sundry creditors. However reconciliation of accounts with parties is carried out as ongoing process and balances are subject to reconciliation and consequent adjustment which in the opinion of the management are not material.
66. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

  
Deepak Asija  
Company Secretary  
PAN-ADRPA0983E

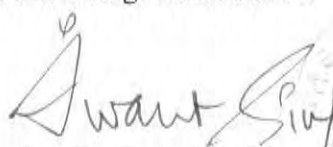
  
Pankaj Walia  
CFO  
PAN-AABPW1139M


  
A.K. Jana  
CEO  
ABIPJ0467D

  
Subir Purkayastha  
Director  
DIN06850526

  
B.C. Tripathi  
Chairman  
DIN-01657366

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

  
(CA Jaswant Singh)  
Membership No. 095483



Place: New Delhi  
Date: 23.05.2018

## 1. Corporate information

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

The financial statements of the company for the year ended 31st March 2018 were authorized for issue by Board of directors on 23.05.2018.

## 2. Basis of preparation and significant Accounting Policy

### a) Basis of preparation

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

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.

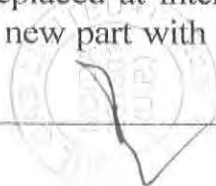
### b) Summary of significant accounting policies

#### (i) Property, plant and Equipment (PPE)

##### (a) Tangible Assets

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

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



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.

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

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

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

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

**(b) Capital Work in Progress**

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

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

**(ii) Intangible Assets**

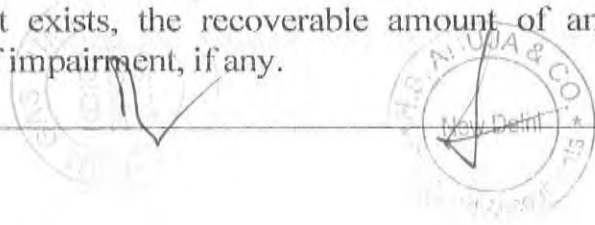
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

**(iii) Impairment of assets**

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



#### **(iv) Inventories**

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

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

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

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

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

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

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

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

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

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

#### **(v) Foreign currency transactions**

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

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

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

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

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

at the date of the transaction.

**(vi) Revenue and Other Income**

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

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

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

**(vii) Employee benefits**

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

**(viii) Borrowing Costs**

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

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

**(ix) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership of the company is classified as a finance lease.

Finance lease are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payment. Lease Payments are apportioned between finance charge and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance Charges are recognized in finance costs in the Statement of Profit and Loss.

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



inflation to compensate for the lessor's expected inflationary cost increases.

**(x) Taxes**

**(a) Current Income Tax**

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

**(b) Deferred Tax**

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

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

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

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

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

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

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

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

**(xii) Government grants**

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

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



liabilities.

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

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

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

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

All other assets are classified as non-current.

**A liability is current when:**

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

The Company classifies all other liabilities as non-current.

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

**(xiv) Financial Instruments**

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

**(a) Financial assets**

**Classification**

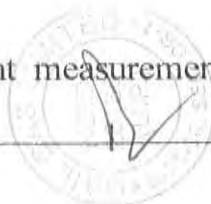
The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit and loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the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

**Initial recognition and measurement**

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

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below



categories:

- **Financial assets carried at amortised cost**

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

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

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

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

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

#### **Derecognition**

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

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

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

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

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

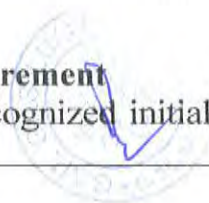
#### **(b) Financial liabilities**

##### **Classification**

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

##### **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans



and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### **Subsequent measurement**

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

- **Financial liabilities at amortised cost**

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

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

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

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

### **Derecognition**

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

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

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

### **(xv) Others**

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

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



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

**(xvi) Earnings per share**

Basic earnings per equity share is 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.

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

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

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

**(a) Judgments**

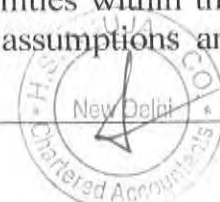
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the stand alone financial statements:

**Contingencies**

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

**(b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on



parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **Impairment of financial assets**

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

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

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

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

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





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

**Report on the Consolidated Financial Statements**

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 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.. The respective Board of Directors of the companies included in the Group are responsible for 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group, as at 31 March 2018 and its consolidated profit (financial performance including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year then ended.

### Emphasis of Matter

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

Note no : 40 in respect of stating of investment in joint venture entity which includes the additional contribution made as a part of investment.

Note no : 43 regarding sale of Kota business for which activities as per Business Transfer Agreement are in process including audit of accounts.

Note no : 50 regarding operation of CNG stations for which procurement of factory license is in process.

Note no : 57 regarding non- incurring of expenses for Corporate Social Responsibility (CSR) activity.

Our opinion is not modified in respect of these matters.

### Other Matters

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

				Rs in Crores	
(i)					
S.NO	Name of the Company	Assets	Total Revenue	Net Cash Flow	
01	Haridwar Natural Gas Private Limited	56.34	0.03	3.15	

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





(ii) Rs in Crores

S.NO	Name of the Company	Assets	Total Revenue	Net Cash Flow
01	Andhra Pradesh Gas Distribution Corporation Limited	49.40	0.44	0.56
02	Rajasthan State Gas Limited	125.29	27.11	8.28
03	Vadodra Gas Limited	327.50	139.17	0.10
04	Kerala Gail Gas Limited	27.49	1.87	1.32
05	Goa Natural Gas Private Ltd	37.50	0.11	0.34

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

1. Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable on consolidated financial Statements as referred in proviso to para 2 of the Order.

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

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

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

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

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

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its jointly controlled companies incorporated in India, none of the Directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a Director of that company in terms of Section 164(2) of the Act.

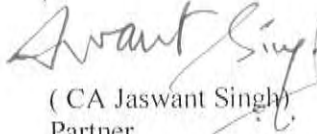


(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its joint controlled entities/joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 47 to the consolidated financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts which may lead to any material foreseeable losses.
- iii. there has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company.

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

  
( CA Jaswant Singh )  
Partner

Mem.Number: 095483



Place : New Delhi  
Dated: 23.05.2018

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018. We have audited the internal financial controls over financial reporting of Gail Gas Limited (hereinafter referred to as ("Holding Company") and its jointly controlled companies which are incorporated in India, as of that date.

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

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

#### **Auditors' Responsibility**

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

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

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



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

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

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

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

### **Opinion**

In our opinion, the Holding Company and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far it relates to 1(One) jointly controlled entity which is incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. In the audit report of joint venture entity Haridwar Natural Gas Private Limited, the auditor has observed certain discrepancies that in the case of M/s Agro Farms, the company has taken the warehouse on rent for which no proper agreement has been undertaken by the company and the condition stated in the letter was contradicted by utilizing the same space for the commercial purposes (i.e for pipe storage) and the same has been vacated later on. The information of 5 joint venture companies is not available as these are under audit.

**For H S AHUJA & CO**

Chartered Accountants

Firm's Reg. No.: 000099N

*Jaswant Singh*  
( CA Jaswant Singh )  
Partner

Mem.Number: 095483



Place : New Delhi

Dated: 23.05.2018


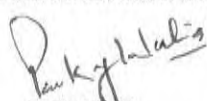

**GAIL GAS LIMITED**  
Consolidated Balance Sheet as at 31st March 2018

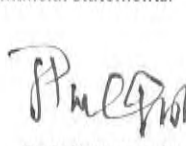

Particulars	Note	As at 31st March 2018	As at 31st March 2017
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	3	712.91	519.48
Capital Work-In-Progress	3	411.60	319.15
Intangible Assets	4	12.32	14.37
Financial Assets			
i. Investments	5	147.31	102.90
ii. Loans & Other Receivables	6A	1.51	2.69
Non Current Tax Assets (Net)	7A	0.35	0.25
Other Non Current Non Financial Assets	11A	10.20	-
<b>Total Non-Current assets (A)</b>		<b>1,296.20</b>	<b>958.84</b>
<b>Current Assets</b>			
Inventories	8	8.67	8.77
Financial Assets			
i. Trade Receivable	9	270.50	111.59
ii. Cash and Cash Equivalents	10	269.56	2.76
iii. Loans & Other Receivables	6B	8.70	6.21
iv. Other Financial Assets	6C	0.18	-
Current Tax Assets (Net)	7B	2.58	2.80
Other Current Non Financial Assets	11B	59.66	152.38
<b>Total Current Assets (B)</b>		<b>619.85</b>	<b>284.51</b>
<b>Total Assets (A+B)</b>		<b>1,916.05</b>	<b>1,243.35</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
i. Equity Share Capital	12	877.00	627.00
ii. Other Equity	13	354.41	152.11
<b>Total Equity (C.)</b>		<b>1,231.41</b>	<b>779.11</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	14	138.12	169.22
ii. Deferred Tax Liabilities (net)	15	46.37	23.45
<b>Total Non-Current liabilities (D)</b>		<b>184.49</b>	<b>192.67</b>
<b>Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	16	-	9.48
ii. Trade Payables	17	235.72	111.29
iii. Other Financial Liabilities	18	118.62	106.92
Provisions	19	83.71	37.78
Other Current Non Financial Liabilities	20	62.10	6.10
<b>Total current liabilities (E)</b>		<b>500.15</b>	<b>271.57</b>
<b>Total Equity and Liabilities (C+D+E)</b>		<b>1,916.05</b>	<b>1,243.35</b>

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


1 to 67

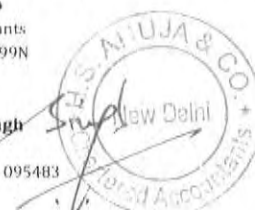
For & on behalf of the Board of Directors of GAIL GAS LTD.

 <b>Deepak Ashja</b> Company Secretary PAN-ADRPAA0983E	 <b>Pankaj Wallia</b> CFO PAN-AABPW1139M	 <b>A K Jana</b> CEO PAN-ABIPJ0467D
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 <b>Subir Purkayastha</b> Director DIN-06850526	 <b>B C Tripathi</b> Chairman DIN-01657366
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As per our report of even date attached

**For H S Ahuja & Co**  
Chartered Accountants  
Firm Reg. No: 000099N  
  
**CA Jaswant Singh**  
Partner  
Membership No: 095483



Place: New Delhi

Dated: 23.05.2018


**GAIL GAS LIMITED**  
Consolidated Statement of Profit and Loss for the Year ended 31st March 2018

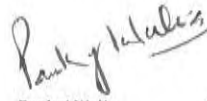
(Rs In Crores)


Particulars	Note No.	YEAR ENDED	
		31st March 2018	31st March 2017
<b>I INCOME</b>			
Revenue from Operations (Gross)	21	4,602.13	2,794.32
Other Income	22	7.52	2.37
<b>Total Income</b>		<b>4,609.65</b>	<b>2,796.69</b>
<b>II EXPENSES</b>			
Gas Consumed	23	4,330.83	2,585.20
Excise Duty		23.89	16.62
Employee Benefit Expenses	24	35.32	20.88
Finance Cost	25	8.10	15.40
Depreciation and Amortization Expenses	26	23.36	13.72
Other Expenses	27	69.21	44.68
<b>Total Expenses</b>		<b>4,490.71</b>	<b>2,696.50</b>
<b>III Profit before Tax from continuing operations before share of Profit/Loss of JV</b>		<b>118.94</b>	<b>100.19</b>
<b>IV Share of Profit/Loss of Joint ventures</b>		<b>(6.52)</b>	<b>(1.29)</b>
<b>V Profit/Loss before Tax from Continuing Operations</b>		<b>112.42</b>	<b>98.90</b>
<b>VI Tax Expenses</b>	28	<b>42.90</b>	<b>34.41</b>
- Current Year		23.31	21.57
- Deferred Tax		19.59	12.84
<b>V Profit after tax from continuing operations</b>		<b>69.52</b>	<b>64.49</b>
<b>VI Profit after tax from discontinued operations</b>	29	<b>4.71</b>	<b>(0.76)</b>
<b>VII Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
Re-measurement gains/ (losses) on defined benefit plans		-	-
Revaluation of land and buildings		-	-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		-	-
<b>Other comprehensive income for the year (net of tax)</b>		-	-
<b>VIII Total comprehensive income (Net of Tax) (V+VI+VII)</b>		<b>74.23</b>	<b>63.73</b>
<b>IX Earning Per Share for profit from continuing operations</b>	58		
Basic Earning per Share In (Rs.)		0.24	1.21
Diluted Earning Per Share In (Rs.)		0.24	1.21
<b>Earning Per Share for profit from discontinued operations</b>	58		
Basic Earning Per Share In (Rs.)		0.01	(0.01)
Diluted Earning Per Share In (Rs.)		0.01	(0.01)
<b>Earning Per Share for profit from continuing &amp; discontinued operations</b>	58		
Basic Earning Per Share In (Rs.)		0.25	1.20
Diluted Earning Per Share In (Rs.)		0.25	1.20


The accompanying Notes form an integral part of the Consolidated financial statements. 1 to 67


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

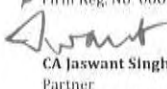
  
**Deepak Asija**  
 Company Secretary  
 PAN-ADRP09B3E

  
**Pankaj Wallia**  
 CFO  
 PAN-AABPW1139M

  
**A K Jana**  
 CEO  
 PAN-ABIPJ0467D

  
**Subir Purkayastha**  
 Director  
 DIN-06850526

  
**B C Tripathi**  
 Chairman  
 DIN-01657366

As per our report of even date attached  
 For H S Ahuja & Co  
 Chartered Accountants  
 Firm Reg. No: 000099N  
  
**CA Jaswant Singh**  
 Partner  
 Membership No: 095483



Place: New Delhi  
 Dated: 23.05.2018

**GAIL GAS LIMITED**  
**Consolidated Statement of changes in Equity for the Year ended 31st March 2018**

**I. Equity Share Capital ( Note 12) (Issued , Subscribed & Paid Up Equity Share of Rs. 10 Each)**

(Rs In Crores)

Balance as at April 1, 2017	Changes during the Year	Balance as at 31.03.2018
627.00	250.00	877.00

**II. Other Equity (Note 13)**

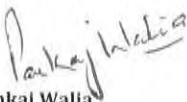
(Rs In Crores)

	Share Application money Pending allotment	Reserves and surplus	Other comprehensive income	Total
<b>Balance as at April 1, 2017</b>	-	152.11	-	152.11
Share application money received	150.00		-	150.00
Add: Adjustment in Retained Earnings		0.93		0.93
Add: Profit for the year	-	74.23	-	74.23
Less: Tax adjustment	-	0.22	-	0.22
Dividend Paid	-	18.81	-	18.81
Dividend Distribution Tax	-	3.83	-	3.83
<b>Balance as at March 31, 2018</b>	<b>150.00</b>	<b>204.41</b>	<b>-</b>	<b>354.41</b>

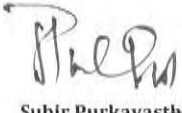
The accompanying Notes form an integral part of the Consolidated financial statements. 1 to 67

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

  
**Deepak Asija**  
 Company Secretary  
 PAN-ADRP A0983E

  
**Pankaj Wallia**  
 CFO  
 PAN-AABPW1139M

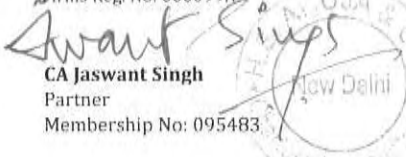
  
**A K Jana**  
 CEO  
 PAN-ABIPJ0467D

  
**Subir Purkayastha**  
 Director  
 DIN-06850526

  
**B C Tripathi**  
 Chairman  
 DIN-01657366

As per our report of even date attached

For H S Ahuja & Co  
 Chartered Accountants  
 Firms Reg. No: 000099N

  
**CA Jaswant Singh**  
 Partner  
 Membership No: 095483



Place: New Delhi  
 Dated: 23-05-2018

**GAIL GAS LIMITED**  
Consolidated Cash Flow Statement for the year ended 31ST March, 2018

(Rs in Crores)

	Year Ended 31st March 2018	Year Ended 31st March 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
1 <b>Net Profit before Tax from</b>		
Continuing operations	112.42	98.90
Discontinued operations	12.57	(0.76)
<b>Profit before tax including discontinued operations</b>	<b>124.99</b>	<b>98.14</b>
2 <b>ADD :</b>		
Depreciation & Amortization Expenses	24.01	15.66
Exchange Rate Variation on foreign currency	0.01	(0.04)
Provision for employee benefit	15.29	7.70
Provision for probable obligation	1.40	-
Provision for Doubtful Debts	0.32	0.16
Gain on sale of discontinued operations	(12.53)	-
Loss on sale of fixed assets	0.01	-
Interest Expenditure	8.10	17.45
Interest Income	(4.64)	(0.93)
Share of profit/loss of Joint Ventures	6.52	1.29
	38.49	41.29
3 <b>Operating Profit Before Working Capital Changes (1 + 2)</b>	<b>163.48</b>	<b>139.43</b>
4 <b>Changes in Working Capital (Excluding Cash &amp; Bank Balances)</b>		
Trade and Other Receivables	(79.28)	(24.58)
Inventories	0.10	(0.88)
Trade and Other Payables	246.48	58.77
	167.30	33.31
5 <b>Cash Generated from Operations (3+4)</b>	<b>330.78</b>	<b>172.74</b>
6 <b>Direct Taxes Paid</b>	(28.42)	(22.50)
<b>NET CASH FROM OPERATING ACTIVITIES (5+6)</b>	<b>302.36</b>	<b>150.24</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Net)	(373.44)	(239.69)
Investment in Other Companies (Net)	(50.00)	(12.97)
Proceeds from discontinued operations	80.00	-
Interest Received	4.64	0.93
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(338.80)</b>	<b>(251.73)</b>
Share Application Money Received	150.00	-
Proceeds from Equity	250.00	191.00
Proceeds from Long Term Borrowings	35.57	87.35
Repayment of Long Term Borrowings	(92.11)	(45.85)
Repayment of Cash Credit Facilities from HDFC Bank	(9.48)	(102.47)
Interest Paid	(8.10)	(17.45)
Dividend & Dividend Tax Paid	(22.64)	(9.68)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>303.24</b>	<b>102.89</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>266.80</b>	<b>1.41</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2017</b>	<b>2.76</b>	<b>1.35</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2018</b>	<b>269.56</b>	<b>2.76</b>

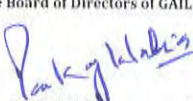
- NOTES :**
1. Net Cash flow from operating activities includes an amount of (Rs.8.24) Crore from sale of discontinued operations during the FY 2017-18.
  2. Net Cash flow from investing activities includes an amount of Rs.12.53 Crore from sale of discontinued operations during the FY 2017-18.
  3. Net Cash flow from financing activities includes an amount of (Rs.0.37) Crore from sale of discontinued operations during the FY 2017-18.
  4. Proceed from discontinued operations is of Rs.80 Crores out of which Rs.40 Crores received in the form of equity shares which has been shown as in Investment in Other Companies.
  5. Previous year's figure have been regrouped /re- classified wherever necessary to correspond with current year's classification/disclosure.


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


1 to 67

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


  
Deepak Asht  
Company Secretary  
PAN-ADRPA0983E

  
Pankaj Wallia  
CFO  
PAN-AABPW1139M

  
A K Juna  
CEO  
PAN-ABIPJ0467D

  
Subir Purkayastha  
Director  
DIN-06R50526

  
B C Tripathi  
Chairman  
DIN-01657366

As per our report of even date attached  
For H S Ahuja & Co  
Chartered Accountants  
Firm Reg. No. 000099N  
  
CA Jaswant Singh  
Partner  
Membership No. 095483

Place: New Delhi  
Dated: 23.05.2018





**Note 3 - Property, Plant and Equipment and Capital Work in Progress**

(Rs In Crores)

Cost/ Valuation	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
<b>1. Cost or deemed cost (gross carrying amount)</b>								
Balance at 1 April 2017	12.79	10.95	477.58	35.50	0.79	7.99	545.59	319.15
Additions	5.82	-	243.32	15.44	0.27	3.37	268.22	373.46
Transfer to Capitalisation	-	-	-	-	-	-	-	(269.32)
Disposals	-	(3.71)	(46.57)	(3.45)	(0.14)	(0.39)	(54.26)	(11.69)
Transfer	-	-	(0.06)	(0.01)	(0.04)	0.11	-	-
<b>As at 31 March 2018</b>	<b>18.61</b>	<b>7.24</b>	<b>674.27</b>	<b>47.48</b>	<b>0.88</b>	<b>11.08</b>	<b>759.55</b>	<b>411.60</b>

Depreciation and impairment	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
Balance at 1 April 2017	0	0.23	22.65	1.75	0.15	1.22	26.01	-
Depreciation expense	-	0.09	17.20	1.17	0.09	2.32	20.87	-
Impairment	-	-	-	-	-	-	-	-
Disposal	-	-	(0.01)	-	(0.03)	(0.19)	(0.23)	-
Transfer	-	-	(0.02)	-	-	0.02	-	-
<b>As at 31 March 2018</b>	<b>-</b>	<b>0.32</b>	<b>39.82</b>	<b>2.92</b>	<b>0.21</b>	<b>3.37</b>	<b>46.64</b>	<b>-</b>

Net Book value	Freehold Land	Leasehold Land	Plant and machinery	Buildings	Furniture and fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress
As at 31 Mar 2018	18.61	6.92	634.45	44.56	0.67	7.71	712.91	411.60
As at 31 Mar 2017	12.79	10.73	454.89	33.67	0.63	6.77	519.48	319.15



**Note 4 - Intangible Assets**

(Rs In Crores)

Cost/Valuation	Right of use	Computer software/Licenses	Total
<b>1. Cost or deemed cost (gross carrying amount)</b>			
Balance as at 1 April 2017	0.35	18.22	18.56
Additions	-	1.10	1.10
<b>As at 31 March 2018</b>	<b>0.35</b>	<b>19.32</b>	<b>19.66</b>

(Rs In Crores)

Accumulated amortization and impairment	Right of use	Computer software/Licenses	Total
Balance at 1 April 2017	0.00	4.20	4.20
Amortization expense	-	3.14	3.14
<b>As at 31 March 2018</b>	<b>0.00</b>	<b>7.34</b>	<b>7.34</b>

(Rs In Crores)

Net book value	Right of use	Computer software/Licenses	Total
<b>As at 31 Mar 2018</b>	<b>0.35</b>	<b>11.97</b>	<b>12.32</b>
<b>As at 31 Mar 2017</b>	<b>0.35</b>	<b>14.02</b>	<b>14.37</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5 - Investments

(Rs in Crores)

Investments	Nature of Investment	Basis of valuation						
			As at	Consol adjustments	Consol adjustments	Consol adjustments	As at	
			31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-18	31-Mar-17	
			INR Crores	INR Crores	INR Crores	INR Crores	INR Crores	
			Adj in P&L	Adj in Retained Earnings	Investments during the year			
<b>In Joint Venture Companies:</b>								
1	<b>- Andhra Pradesh Gas Distribution Corporation Limited</b> 2,00,00,000 Equity shares of Rs 10 each fully paid up (Previously 150,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	17.73	(0.85)	-	5.00	13.58
2	<b>- Kerala GAIL GAS Ltd</b> 119,28,000 Equity shares of Rs 10 each fully paid up (Previously 119,28,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	13.74	0.62	0.03	-	13.09
3	<b>Rajasthan State Gas Ltd</b> 60,00,000 Equity shares of Rs 10 each fully paid up (Previously 17,025,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	54.19	(7.17)	0.02	47.98	13.37
4	<b>- Vadodara Gas Limited</b> 4,10,08,940 Equity shares of Rs 10 each fully paid up (Previously 4,10,08,940 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	44.89	1.27	0.88	-	42.74
5	<b>-Haridwar Gas Private Limited</b> 75,00,000 Equity shares of Rs 10 each fully paid up (Previously 75,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	7.10	(0.05)	-	-	7.15
6	<b>-GOA Natural Gas Private Ltd</b> 75,00,000 Equity shares of Rs 10 each fully paid up (Previously 25,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	7.16	(0.34)	-	5.00	2.50
<b>Advances for Investments (Pending Allotment)</b>								
	- Rajasthan State Gas Ltd		Cost	-				2.97
	- Andhra Pradesh Gas Distribution Corporation Limited		Cost	2.50				7.50
<b>Total (a)</b>				<b>147.31</b>	<b>(6.52)</b>	<b>0.93</b>	<b>57.98</b>	<b>102.90</b>
<b>Grand Total</b>				<b>147.31</b>	<b>(6.52)</b>	<b>0.93</b>	<b>57.98</b>	<b>102.90</b>



**Note 6 - Loans & Other Receivables**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<u>Other recoverables from related parties:</u>		
-Receivables from joint ventures (Unsecured considered good)	8.70	6.21
<u>Other loans and receivables:</u>		
- Security deposits:		
- Unsecured, Considered Good	1.51	2.69
- Unsecured, Considered Doubtful	3.54	3.54
Less : Provision for Doubtful Deposits	3.54	3.54
<b>Total Loans and receivables</b>	<b>10.21</b>	<b>8.90</b>
Total 6A- Non current	1.51	2.69
Total 6B-Current	8.70	6.21



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 6C - Loans & Other Receivables**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Interest Accrued but not due	0.18	-
<b>Total</b>	<b>0.18</b>	<b>-</b>
<b>Non current</b>	-	-
<b>Current</b>	<b>0.18</b>	<b>-</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 7 - Current Tax Assets (Net)**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Advance tax and TDS	64.67	36.72
Less: Provision for Tax	61.74	33.67
<b>Total</b>	<b>2.93</b>	<b>3.05</b>
<b>Total 7 A Non current</b>	<b>0.35</b>	<b>0.25</b>
<b>Total 7 B Current</b>	<b>2.58</b>	<b>2.80</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 8 - Inventories**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Stock in Trade</b>	0.74	0.76
<b>Finished goods:</b>		
Compressed Natural Gas	0.15	0.11
<b>Stores and spares:</b>		
Stores and spares	7.12	7.08
Material In Transit	0.66	0.82
<b>Total</b>	<b>8.67</b>	<b>8.77</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 9 - Trade Receivables**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Trade receivables	270.50	111.59
Receivables from related parties	-	-
<b>Total Trade and other receivables</b>	<b>270.50</b>	<b>111.59</b>
Current	<b>270.50</b>	111.59
Non current	-	-

**Break-up of Security details of Trade receivables**

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Debts Outstanding for a period exceeding six months :</b>		
Secured (Considered good)	-	-
Unsecured (Considered good)	4.46	3.61
Unsecured (Considered doubtful);	1.57	1.25
	<b>6.03</b>	<b>4.86</b>
Less: Provisions for bad and doubtful debts	1.57	1.25
	<b>4.46</b>	<b>3.61</b>
<b>Others Debts</b>		
Secured (Considered good)	-	-
Unsecured (Considered good)	266.04	107.98
Unsecured (Considered doubtful);	-	-
	<b>266.04</b>	<b>107.98</b>
Less: Provisions for bad and doubtful debts	-	-
	<b>266.04</b>	<b>107.98</b>
<b>Total Trade and other receivables</b>	<b>270.50</b>	<b>111.59</b>





**Note 10 - Cash and Cash equivalents**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Balances with banks:</b>		
- Current accounts	2.59	0.80
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	105.50	-
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	158.40	-
-Term Deposit with- SBI	-	0.28
<b>Cash in hand</b>	3.07	1.68
<b>Total</b>	<b>269.56</b>	<b>2.76</b>



**Note 11 - Other Non Financial Assets**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Claims recoverables: (Unsecured considered good)	53.93	148.19
Other advances recoverable in cash or in kind (Unsecured considered good)	4.97	3.54
Capital Advances (Unsecured considered good)	9.24	-
Prepaid expenses	1.72	0.65
<b>Total</b>	<b>69.86</b>	<b>152.38</b>
<b>Total 11 A Non current</b>	<b>10.20</b>	<b>-</b>
<b>Total 11 B Current</b>	<b>59.66</b>	<b>152.38</b>



**Note 12 - Equity share capital**

(Rs In Crores)

Particulars	(Rs In Crores)	
	As at 31-Mar-18	As at 31-Mar-17
<b>Share capital</b>		
<b>Authorised</b>		
200,00,00,000 Equity Shares of Rs. 10 each (Previous Year 100,00,00,000 Equity shares of Rs. 10 each)	2,000.00	1,000.00
	<b>2,000.00</b>	<b>1,000.00</b>
<b>Issued, subscribed and fully paid up</b>		
74,43,34,132 Equity shares of Rs. 10 each (in cash) (Previous Year 49,43,34,132 Equity shares of Rs. 10 each)	744.33	494.33
132,66,5868 Equity Shares of Rs. 10 each (otherwise than in cash). (Previous Year 132,66,5868 Equity shares of Rs. 10 each)	132.67	132.67
	<b>877.00</b>	<b>627.00</b>

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

(Rs In Crores)

	31st March 2018		31st March 2017	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	627,000,000	627.00	402,000,000	402.00
Issued during the year	250,000,000	250.00	225,000,000	225.00
Outstanding at the end of the year	<b>877,000,000</b>	<b>877.00</b>	<b>627,000,000</b>	<b>627.00</b>

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

	31st March 2018		31st March 2017	
	No of Share	% Holding	No of Share	% Holding
Equity share of Rs.10 Each fully Paid Up GAIL(India) Ltd	877,000,000	100%	627,000,000	100%

c) The company has only one class of equity shares having a per 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 meetings.

d) During the current year the company paid dividend of Rs. 0.30 per equity share for FY 2016-17 amounting to Rs.18.81 Crores (excluding dividend distribution tax of Rs.3.83 Crore ) { in FY 2015-16 Rs.0.20 per equity share amounting to Rs.8.04 Crore (excluding dividend distribution tax of Rs.1.64 Crore)



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 13 - Other equity**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Other equity:</b>		
<b><u>Share Application Money pending Allotment</u></b>		
i) Consideration received in Cash pending Allotment of equity shares from GAIL (India) Ltd	150.00	-
<b><u>Retained earnings</u></b>		
Opening balance	152.11	98.06
Adjustment in Retained Earnings	0.93	-
Add: Current Year Profit	74.23	63.73
Less: Appropriation		
-Tax adjustment	0.22	-
-Dividend Paid	18.81	8.04
-Dividend Distribution tax Paid	3.83	1.64
<b>Total</b>	<b>354.41</b>	<b>152.11</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 14 - Borrowings**

Particulars	Rs In crore	
	As at 31-Mar-18	As at 31-Mar-17
<b>Non current borrowings</b>		
<b>Secured Term loans:</b>		
<b>- HDFC Bank Ltd</b>		
Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all the assets of Dewas, Kota, Meerut and Sonapat. Rate of Interest is 8.15 % p.a. during FY 2017-18 & FY 2016-17.	-	51.11
<b>- Oil Industry Development Board</b>	138.12	118.11
Secured against all the assets of Dewas, Sonapat, Meerut, TTZ & 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 Sonapat, Meerut and Dewas Project.		
Availed during 2016-17 and 2017-18 of Rs. 87.35 crore and Rs. 35.57 crore respectively for Bengaluru Project.		
Loan is repayable in four equal 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 instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17 onwards.		
Loan disbursed in instalment from Feb 2013 to March 2018 with rate of interest from 7.00% to 9.27% per annum depending on date of disbursement.		
<b>Total</b>	<b>138.12</b>	<b>169.22</b>
Current	-	-
Non current	<b>138.12</b>	<b>169.22</b>



**Note 15 - Deferred Tax Liabilities (Net)**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Deferred tax liabilities	57.18	38.42
Less: Corporate MAT Receivable	10.81	14.97
<b>Total</b>	<b>46.37</b>	<b>23.45</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 16 - Current Liabilities - Borrowings**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Cash Credit from HDFC Bank	-	9.48
<b>Total</b>	-	<b>9.48</b>
<b>Current</b>	-	<b>9.48</b>
<b>Non current</b>	-	-



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 17 - Trade Payables**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
Trade payables (to related parties)	212.90	100.57
Trade Payable-Others	22.82	10.72
<b>Total</b>	<b>235.72</b>	<b>111.29</b>
Current	<b>235.72</b>	<b>111.29</b>
Non current	-	-





**Note 18 - Other Financial Liabilities**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Current maturity of long term Borrowings</b>		
<b>Secured Term loans:</b>		
- <b>HDFC Bank Ltd</b> Loan has been Swaped with HDFC w.e.f 27.01.2016. Secured against all the assets of Dewas, Kota, Meerut and Sonapat. Rate of Interest is 8.15 % p.a. during FY 2017-18 & FY 2016-17.	-	20.44
- <b>Oil Industry Development Board</b> Secured against all the assets of Dewas, Sonapat, Meerut & TTZ Projects. Avalied up to 31.03.2015 of Rs. 58 crore for TTZ Project. Avalied during 2015-16 of Rs. 24.23 crore for Sonapat, Meerut and Dewas Project. Loan is repayable in four equal instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in instalment from Oct 2013 to Jan 2016 with rate of interest from 7.97% to 9.27% per annum depending on date of disbursement.	15.56	20.56
<b>Deposits/Retention Money from Customers/contractors/others</b>	96.36	61.58
<b>Other Payable</b> Other Liabilities	6.70	4.34
<b>Total other financial liabilities at amortised cost</b>	<b>118.62</b>	<b>106.92</b>
<b>Current</b>	<b>118.62</b>	<b>106.92</b>
<b>Non current</b>	-	-



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 19 - Provisions**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Provisions :</b>		
Provisional Liabilities	66.55	30.08
Provision for Employee benefits	15.29	7.70
Provision for probable obligations	1.87	-
<b>Total</b>	<b>83.71</b>	<b>37.78</b>
<b>Current</b>	<b>83.71</b>	<b>37.78</b>
<b>Non current</b>	<b>-</b>	<b>-</b>



**Note 20 - Other Current Non Financial Liabilities**

(Rs In Crores)

Particulars	As at 31-Mar-18	As at 31-Mar-17
<b>Statutory payables</b>		
Service Tax Payable	-	0.19
TDS, VAT, Excise, GST and WCT payable	62.10	5.91
<b>Total</b>	<b>62.10</b>	<b>6.10</b>
<b>Current</b>	<b>62.10</b>	<b>6.10</b>
<b>Non current</b>	-	-



**Note : 21 Revenue from Operations (Gross)**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Sale of products/Gas	4,533.43	2,728.06
Gas Transmission charges	65.94	63.58
<b>Other operating Revenues:</b>		
Application Fees Domestic Connections	0.62	0.46
Interest Income from Customers & Others	0.95	0.59
Income from Extra Pipe Line	0.21	0.14
Income from Other Sales Service	0.09	0.01
Minimum Guranteed Offtake Receipts	0.89	1.48
<b>Total</b>	<b>4,602.13</b>	<b>2,794.32</b>



**Note : 22 Other Income**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Interest income	4.64	0.87
Miscellaneous Receipts	2.88	1.47
Tender fees	-	0.03
<b>Total</b>	<b>7.52</b>	<b>2.37</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note : 23 Gas Consumed**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Opening Stock	0.87	0.37
Add:Purchases	4344.05	2595.29
less: Gas used as Fuel and gas loss	13.20	9.59
Less: Closing Stock	0.89	0.87
<b>Gas Consumed</b>	<b>4330.83</b>	<b>2585.20</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note : 24 Employee benefit expenses**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Salary Wages & Allowances	46.88	26.63
Contribution to Provident Fund	3.32	2.36
Welfare Expenses	9.42	8.59
Less: Employees Benefits Transferred to IEDC	24.30	16.70
<b>Total</b>	<b>35.32</b>	<b>20.88</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note : 25 Finance Cost**

(Rs In Crores)

Particulars	Year Ended 31-Mar-18	Year Ended 31-Mar-17
Interest on Term Loan From Banks	2.92	5.80
Interest on Cash Credit Facilities	1.54	6.94
Interest on OIDB Loan	9.88	5.07
Interst -Others	1.03	-
Less: Interest & Finance Charges transferred to IEDC	7.27	2.41
<b>Total</b>	<b>8.10</b>	<b>15.40</b>





**Note : 26 Depreciation & Amortisation Expenses**

(Rs In Crores)

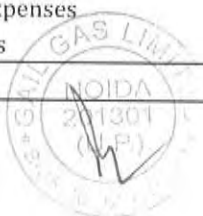
<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Depreciation & Amortisation Expenses	23.36	13.72
<b>Total</b>	<b>23.36</b>	<b>13.72</b>



**Note : 27 Other Expenses**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
<b>Power &amp; Fuel Charges</b>		
-Electricity Charges	1.25	0.73
-Fuel Charges	3.46	2.57
Rent-Office & Others	6.90	5.99
<b>Repairs and Maintenance</b>		
-Plant & Machinery	23.18	12.77
-Buildings	0.22	0.09
Insurance Charges	0.34	0.30
Rates & Taxes	0.85	0.32
<b>Payment to Auditors</b>		
-Audit Fees (incl other Certification)	0.05	0.05
-Taxation matter	0.01	-
-Out of Pocket Expenses	-	0.02
Stores & Spares Consumed	1.65	3.20
Loss/(Gain) of Foreign Currency Transaction	0.01	(0.04)
Water Charges	0.01	0.01
Communication Expenses	0.24	0.25
Printing & Stationery	0.41	0.37
Travelling Expenses	2.17	2.23
Books & Periodicals	0.01	0.01
Advt & Publicity	3.96	1.08
Training Expenses	1.91	0.14
Vehicle Hire & Running Expenses	2.17	1.36
Consultancy & Legal Charges	6.02	2.39
Data Processing Expenses	2.69	2.06
Selling & Distribution Expenses	0.14	0.16
Dealer Commission	6.04	3.18
Security Expenses	3.44	1.63
Other Misc Expenses	3.14	1.30
CSR Expenses	0.79	-
Loss on sale of Fixed asset	0.01	-
Provision for Doubtful debts	0.32	0.16
Other Expenses - Abnormal Loss	-	7.02
Business Development Expenses	0.80	-
Other Expenses - Interest/Penalty Charges-Statutory	-	0.10
<b>Less: Expenditure transferred to CWIP</b>		
IEDC- Security Expenses	-	0.57
IEDC- Rent & Warehouse Expenses	1.96	2.98
IEDC - Travelling & Conv Expenses	1.01	0.90
IEDC - Vehicle Hire Charges	-	0.31
<b>Total</b>	<b>69.21</b>	<b>44.68</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note : 28 Tax Expenses**

(Rs In Crores)

<b>Particulars</b>	<b>Year Ended 31-Mar-18</b>	<b>Year Ended 31-Mar-17</b>
Current tax	23.31	21.57
Deferred Tax	19.59	12.84
Total	<b>42.90</b>	<b>34.41</b>



**Note : 29 Profit from Discontinued Operations**

**For the four months ended 31st July 2017 ( Year Ended 31st March 2018 coloum) and for the entire year for Year Ended 31st March 2017**

(Rs in Crores)

Particulars	YEAR ENDED	
	31st March 2018	31st March 2017
<b>I. Revenue from Operations (Gross)</b>	8.21	22.15
<b>II. Other Income</b>	0.03	0.06
<b>III Total Income (I+II)</b>	<b>8.24</b>	<b>22.21</b>
<b>IV Expenses</b>		
Gas Consumed	4.50	12.10
Excise Duty	0.72	1.86
Employee Benefit Expenses	0.38	1.74
Finance Cost	0.37	2.05
Depreciation and Amortization Expenses	0.65	1.94
Other Expenses	1.58	3.28
<b>Total Expenses</b>	<b>8.20</b>	<b>22.97</b>
<b>V Profit before tax from discontinued Opearations</b>	0.04	(0.76)
<b>VI Gain/ (Loss) before tax on disposal of discontinued operations</b>	12.53	-
<b>Total</b>	12.57	(0.76)
<b>VII Tax Expenses</b>		
<b>Discontinued operations</b>		
-Current	0.01	-
-Deferred	-	-
-Disposal of discontinued operations	7.85	-
<b>Total</b>	7.86	-
<b>VIII Profit after tax from discontinued operations</b>	4.71	(0.76)



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

Sr. No.	Name of the Entity (% of Share)	Proportion of ownership interest as on 31st March, 2018	Net Asset (i.e., Total Asset minus Total Liabilities)		Share of Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
			As % of Consolidated Net Asset	Amount (Rs. Crore)	As % of Consolidated Profit or Loss	Amount (Rs. Crore)	As % of Consolidated OCI	Amount (Rs. Crore)	As % of Total Comprehensive Income	Amount (Rs. Crore)
1	Parent GAIL Gas Ltd. Balance as at March 31, 2018 Balance as at March 31, 2017		100.66% 100.33%	1,239.54 781.65	108.57% 102.02%	80.75 65.02	0.00% 0.00%	- -	108.57% 102.02%	80.75 65.02
2	Joint Ventures (Investment as per equity method)									
A)	Indian									
i)	Andhra Pradesh Gas Distribution Company Balance as at March 31, 2018 Balance as at March 31, 2017	50.00% 50.00%	1.44% 1.74%	17.73 13.58	-1.14% -1.04%	(0.85) (0.66)	0.00% 0.00%	- -	-1.14% -1.04%	(0.85) (0.66)
ii)	Vadodra Gujrat Limited Balance as at March 31, 2018 Balance as at March 31, 2017	17.07% 17.07%	3.62% 5.49%	44.89 42.74	1.71% 0.73%	1.27 0.47	0.00% 0.00%	- -	1.71% 0.73%	1.27 0.47
iii)	Rajasthan State Gas Limited Balance as at March 31, 2018 Balance as at March 31, 2017	50.00% 50.00%	4.37% 1.72%	54.19 13.37	-9.66% -1.98%	(7.17) (1.26)	0.00% 0.00%	- -	-9.66% -1.98%	(7.17) (1.26)
iv)	Kerala Gail Gas Limited Balance as at March 31, 2018 Balance as at March 31, 2017	50.00% 50.00%	1.11% 1.68%	13.74 13.09	0.83% 0.81%	0.62 0.51	0.00% 0.00%	- -	0.83% 0.81%	0.62 0.51
v)	Haridwar Natural Gas Private Limited Balance as at March 31, 2018 Balance as at March 31, 2017	50.00% 50.00%	0.58% 0.92%	7.10 7.15	-0.07% -0.54%	(0.05) (0.35)	0.00% 0.00%	- -	-0.07% -0.54%	(0.05) (0.35)
vi)	Goa Natural Gas Private Limited Balance as at March 31, 2018 Balance as at March 31, 2017	50.00% 50.00%	0.58% 0.32%	7.16 2.50	-0.46% 0.00%	(0.34) -	0.00% 0.00%	- -	-0.46% 0.00%	(0.34) -



**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 31<sup>st</sup> March, 2018.

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 Haridwar Natural Gas Private Limited (HNGPL) which is based on audited financial statements of the company. Further, consolidated financial statements include consolidated financial statements of Andhra Pradesh Gas Distribution Corporation (APGDC).



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

32. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost and travelling expenses have been directly identified to the project activities and operation activities on actual basis and accounted for accordingly. Expenses related to office rent of on going project have been allocated to Incidental Expenditure during the Construction and Statement of Profit & Loss in the ratio of manpower identified for project activities and operation activities during the year.
33. (a). The Authorized Share Capital of the Company has been increased to Rs. 2,000 Crores (Previous Year : Rs.1,000 Crores) during the year against which Equity Shares of Rs. 877 Crores (Previous Year : Rs. 627 Crores) has been issued as on balance sheet date with the approval of Board. Further, an amount of Rs. 150 Crores (Previous Year : Nil) has been received which is lying as Equity Share Capital pending Allotment of Equity Shares as on 31.03.2018.
- (b). The Company is a 100% subsidiary of GAIL (India) Ltd. and the shares have been issued with the approval of Board.
34. (a) Capital Work in Progress (CWIP) includes asset under construction which are under different stage of completion and capitalization will be made as and when assets are ready to put to use.
- (b) During the year, company has charged to revenue expenses amounting to Rs.0.68 Crores incurred during the earlier years which were lying in CWIP on account of market survey expenses for Jabalpur and Jaipur Cities being of revenue nature.
35. a). Title Deed in respect of Freehold Land measuring 3004.42 sq. mtr. amounting to Rs. 2.05 Crores (Previous Year: Rs. 1.90 Crores) which includes Rs. 0.15 crores (Previous Year: Nil) towards registration charges provided on provisional basis is pending for execution. Mutation of Freehold Lands is in process.
- b). Title Deeds in respect of Leaschold Land at Kota amounting to Rs. 3.71 Crores (Previous Year : Rs. 3.72 Crores) is in the name of the company but the physical possession of the land has been transferred to M/s Rajasthan State Gas Ltd. (RSGL) on 31.07.2017 on account of transfer of Kota City Gas Distribution Business and the same has been de-capitalized during the year. The transfer in the name of the RSGL is in process.
36. Building of Rs. 47.48 Crores (Previous Year : Rs. 35.50 Crores) mainly includes :-
- a. Building of Rs. 12.46 Crores (Previous Year : Rs. 12.46 Crores) which is constructed on the land provided by GAIL (India) Ltd. and the terms and conditions of these lands are yet to be finalized.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- b. Building of Rs. 1.66 Crores (Previous Year : Rs. 1.66 Crores) is constructed on the land (2080 sq. mtr) taken from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).
- c. Building of Rs. 8.32 Crores (Previous Year : Rs. 8.32 Crores) is constructed on the land measuring 993 sq. meter provided by the Bengaluru Municipal Transport Corporation (BMTC) at free of cost for the CNG Station installed at BMTC bus depot with the condition of filling CNG Gas only to BMTC Buses. The documentation of which is pending for execution.
- d. Building of Rs. 3.24 Crores (Previous Year : Rs. 3.24 Crores) is constructed on the land provided by the dealer, warehouse providers etc.
37. Company has incurred an amount of Rs. 8.80 Crores (Previous Year : 0.44 Crores) for purchase of 8 no. of lands measuring 14,148 sq. meter from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as CNG Station etc. at Bengaluru. The total amount of Rs. 9.24 Crores as on 31.03.2018 pending execution of Lease cum Sale Agreement is lying under Capital Advance as KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on satisfactory utilization of land as per the terms and conditions of agreement. The said land will be capitalized after execution of sale / transfer agreement with KIADB on the fulfillment of the conditions.
38. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost amounting to Rs. 13.17 Crores (Previous Year Rs. 13.00 Crores ) was incurred, out of which an amount of Rs. 7.27 Crores (Previous Year Rs. 2.41 Crores) was capitalized including amount allocated towards Capital Work in Progress during the period.
39. Company has pre-paid the entire term loan during the year amounting to Rs. 61.33 Crores availed from HDFC Bank as per terms of Loan Agreement which was secured against all the assets of Sonapat, Meerut, Dewas and Kota.
40. The company has an equity investment in a Joint Venture Company namely M/s Andhra Pradesh Distribution Corporation (APGDC) of Rs.22.50 Crores which includes funds contributed of Rs. 2.50 Crores in APGDC. It has been contributed as per the joint venture agreement and shown as a part of investment as advances for investments pending allotment.
41. Claim Recoverable includes an amount of Rs. 48.50 Crores (Previous Year Rs. 112.67 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 recovery of balance refund is being pursued with concerned authorities and is considered good.
42. The Incidental Expenditure during Construction amounting to Rs. 27.33 Crores (Previous Year Rs. 21.98 Crores) have been allocated to completed Project & Capital Work in Progress in the ratio of allocated cost of assets.
43. Company has sold Kota CGD Business (dealing in Natural Gas Business) to M/s Rajasthan State Gas Ltd. (RSGL) on 31.07.2017, a joint venture company of GAIL Gas Ltd and Rajasthan State Petroleum Corporation Ltd., at a total consideration of Rs. 80 Crores as per





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Business Transfer Agreement (BTA). Company has transferred all the assets including Land, Building, Plant & Machinery, CWIP etc. to the joint venture company on 31.07.2017 and net profit (net of tax) of Rs. 4.71 Crores has been shown as Income from discontinued operation in the Statement of Profit & Loss (Refer to Note-29) for the period ended 31.03.2018.

a. The details of sales are as under :

Description	Rs. in Crores	
	31.03.2018	31.03.2017
Cash Received	40.00	-
Equity Share Received	40.00	-
Total Consideration Received	80.00	-
Carrying amount of net assets on date of sale	67.47	-
Gain on sale before Income tax	12.53	-
Income Tax on Gain on sale of Business	7.85	-
Gain on sale after Income tax	4.68	-

b. The details of carrying amount of assets and liabilities as on date of sales (31.07.2017) are as under :-

Description	(Rs. in Crores)	
	Amount	
Property Plant and Equipment	53.91	
Capital Work in Progress	11.69	
Inventories	0.08	
Other Current Assets	1.79	
Total Assets	67.47	
Other Current Liabilities	-	
Net Assets	67.47	

c. Further, other activities pertaining to the BTA are in process including transfer of security deposits of Rs. 0.92 Crores received by the company from the various customers to the RSGL.

44. The net assets amounting to Rs. 5.27 Crores as on 31.03.2018 includes Building of Rs 2.92 Crores and Plant & Machinery of Rs 2.35 Crores on which no depreciation has been charged during the year as the same are not in use by the Company as they are in the possession of Andhra Pradesh Gas Distribution Corporation Ltd., a Joint Venture Company. These assets have not been classified as "Assets held for sale" as on reporting date as the final decision and approval of the Shareholders and Holding Company is pending since 12.11.2014.
45. Salary and Allowances payment of employees posted at GAIL Gas Ltd. are being paid by from GAIL Gas Ltd. However, the provisions in respect of employee's benefits and disclosure requirements in terms of Ind AS 19 has not been provided in accounts as the same have been complied by Holding Company (M/s GAIL (India) Ltd.)



46. Capital Commitment:

- a) i. The estimated amount of contracts over Rs. 5 lacs amounting to Rs. 393.09 Crores (Previous Year Rs. 258.14 Crores) are remaining to be executed on capital accounts and not provided for.
- ii. The Company has no uncalled liability on shares and other investments partly paid.
- iii. Company's Share in estimated amount of contracts remaining to be executed on capital accounts and not provided for in JV Companies based on audited / unaudited financial statements is Rs. 44.83 Crores (Previous Year : Rs. 11.56 Crores)

47. Contingent Liabilities :

- a) Claims against the company not acknowledged as debts :
  - i) Legal & other cases for claims of Rs. 123.94 Crores (Previous year : Rs. 44.69 Crores) by vendors/suppliers/contractors etc.
  - ii) Disputed Indirect tax Demand in respect of Excise and VAT cases is of Rs. 1.89 Crores (Previous year : Rs. 1.74 Crores)
  - iii) Bank Guarantee taken from Banks of Rs. 12.26 Crores (Previous year : Rs. 12.32 Crores) towards permission charges for various cities from Central and State Authorities
  - iv) Company has issued Corporate Guarantee of Rs. 6703.99 Crores (Previous year : Rs. 6703.99 Crores) to PNGRB towards minimum work programme in respect of Bengaluru City and for Goa Natural Gas Pvt. Ltd., a joint venture company.
  - v) Share in Contingent Liabilities JV Companies based on audited / unaudited financial statements is Rs. 17.64 Crores ( previous Year : Rs. 31.01 Crores)

48. Provisional liability of Rs. 68.89 Crores (Previous Year : Rs. 30.83 Crores) has been made in the books of accounts as at 31.3.2018 which will be settled as per actual bills.

49. During the year, PNGRB en-cashed the Bank Guarantee amounting to Rs. 0.74 Crores for not meeting the Minimum Work Commitment Programme for TTZ CGD in terms of Court Order dated 03.01.2017 and the same has been accounted for in Capital work in progress.

50. In compliance to PNGRB Regulation all the CNG Stations of the company are having PESO/CCOE License which is mandatory for commencement of commercial operations. However, additionally the company has also applied for Factory Licenses for its Company Owned CNG stations, which is under progress. Further, necessary advice has been given to owners of CNG Stations operated under Retail Outlet of Oil Marketing Companies and Dealer Owned Dealer Operated Model to obtain the Factory License in respect of their CNG Stations.

51. Board of Director in its 63<sup>rd</sup> meeting held on 27.10.2017 approved the purchase of 5 Last Mile Connectivity Assets from GAIL (India) Ltd. in Bengaluru City at an estimated book value of Rs. 53.39 Crores as on 30.06.2017 plus applicable taxes. Further, the asset transfer value shall be at the book value as on the date of transfer plus any taxes (other than taxes on income) involved in the transaction including any stamp duty. These assets are yet to be transferred to the Company.



52. During the year, company has issued the "Letter of Comfort" to PNGRB to meet the minimum eligibility criteria by Andhra Pradesh Gas Distribution Corporation Ltd., (APGDCL) a joint venture company of GAIL Gas Ltd. and Andhra Pradesh Gas Infrastructure Corporation, as per regulation 5(6) of the PNGRB Regulations 2008 (Authorising Entities to lay, build, Operate or Expand Natural gas Pipelines) as necessary documentary evidence in support for application submitted to PNGRB for Expression of Interest for Natural Gas Pipeline from Srikakulam to Angul by APGDCL. The process of bidding by PNGRB is awaited, hence, it has not been treated as Contingent liability.
53. Investments include a sum of Rs. 11.93 Crores as equity investment in Kerala Gail Gas Ltd (KGGL), one of the joint venture company, by the company which is in the process of voluntary winding up and reduction of equity share capital. No diminution in value of the investment has been considered and the investment has been valued at cost as the assets of KGGL mainly consists of current assets in the form of deposits with Schedule Commercial Banks and there is no diminution in the value of such deposits on the reporting date.
54. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance, has vide OM No. F.No. 5/2/2016-Policy dated 27.05.2016 issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, Issue of Bonus Shares, Buyback of Shares etc. The guidelines for payment of dividend shall be applicable from financial year ending on or after 31st March, 2016. Since, the company has paid the lower dividend during the FY 2015-16 and FY 2016-17 and submitted an application on 01.09.2017 for FY 2015-16 and 27.09.2017 for FY 2016-17 for grant of relaxation to Department of Investment and Public Asset Management (DIPAM) on dividend payment through Administrative Ministry to Secretary, Department of Economic Affairs and Secretary, DIPAM. Reply is awaited.
55. As per Ind AS 17 on Lease, the disclosure in respect of Leases is as under :-

### **Finance Leases**

- (a) Lease Deed executed with UPSIDC for lease hold land in Kosi Industrial Area, Uttar Pradesh for putting up CNG Station and Gas Grid on commercial terms.
- The period of lease is 90 years from 07.10.2013 with one time premium of Rs. 5.95 crore (including Registration Charges and One Time Lease Rental for 90 years of Rs. 0.46 crore).
  - The net carrying amount on 31.03.2018 is Rs. 5.76 Crores (Previous Year : Rs. 5.83 Crores)
  - Since entire lease rent has been paid at the inception and no future lease rent is payable, therefore, the other disclosure requirements does not exist.
- (b) Lease Deed executed with RIICO, Jaipur for lease hold land in Bharatpur, Rajasthan for putting up CNG Station and District Regulatory System (DRS) on commercial terms.
- The period of lease is 99 years from 16.07.2014 with one time premium of Rs. 1.20 crore (including Registration Charges).



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- The net carrying amount on 31.03.2018 is Rs. 1.16 Crores (Previous Year : Rs. 1.18 Crores)
- Since annual lease rent is only Rs.209/- per annum therefore the other disclosures requirement are not material.

**Operating Leases**

- a. During the year, company has paid a sum of Rs. 55.60 Lakhs as one time premium in respect of land taken on lease from Nazul Department, Collectrate Dewas, MP for a period of 30 years for purpose of setting up of a District Regulatory System (DRS). The rent payable has been determined at circle rates. Lease is renewable after 30 years and lease rent will be decided based upon the then prevailing terms and conditions at that time and there is no contingent rent payable.

Accordingly, a sum of Rs. 0.64 Lakhs has been charged to Profit and Loss Statement during the year and the balance amount of Rs. 54.96 lakhs has been shown as pre-paid expenses (Refer Note 10 – Other Finance Leases)

As per terms of agreement, an annual lease / ground rent of Rs. 0.42 lakhs is payable and lease is renewable. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 0.42 lakhs
Later than 1 year but not later than 5 year	Rs. 1.67 lakhs
Later than 5 years	Rs.10.00 lakhs

- b. Lease Deed executed with Bharat Electronics Limited, Bengaluru for land in Bengaluru, Karnataka for putting up District Regulation Station (DRS). The period of lease is 10 years from 01.10.2015 to 30.09.2025 with a provision of yearly rent of Rs.3.20 lakhs subject to renewal at every 12 months commencing from 01.10.2016 for an annual rent of Rs. 3.35 lakhs with 5% escalation every year on enhanced rent. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 3.61 lakhs
Later than 1 year but not later than 5 year	Rs. 16.34 lakhs
Later than 5 years	Rs. 9.45 lakhs

- c. Lease deed executed with Kerala Rural Poor and handicapped Women's Development Society, Bengaluru for land in Bengaluru, Karnataka for putting up District Regulation Station (DRS). The period of lease is 10 years from 11.01.2017 to 10.01.2027 with a provision of yearly rent of Rs.4.79 lakhs with 5% escalation every year. Total of future minimum lease payment for each of the period as specified in Ind AS 17 is as under :-

Not later than 1 year	Rs. 5.08 lakhs
Later than 1 year but not later than 5 year	Rs. 16.92 lakhs
Later than 5 years	Rs. 32.21 lakhs



56. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”):

(Rs. in Crores)

Particulars	2017-18	2016-17
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil.
ii) The amount of interest paid by the buyer in terms of Section 16 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.

57. Disclosure under Corporate Social Responsibility Expenses :-

- a. As per Section 135 of the Companies Act 2013 read with DPE Guidelines, the company is required to spend Rs. 1.18 Crores during the current year. Amount incurred during the year is Rs. 0.79 Crores (Previous Year – Rs. Nil) as per details given below :-

(Rs. in Crores)

	In Cash	Yet to be paid in Cash	Total
i). Construction/acquisition of any asset	Nil	Nil	Nil
ii). On purposes other than (i) above	0.79	0.39	1.18

- b. Further, Board of Directors in its 59<sup>th</sup> meeting held on 18.05.2017 approved the CSR Policy along with administrative guidelines of the Company. Therefore, 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. Accordingly, a non-lapsable CSR expenditure of Rs. 1.52 Crores upto financial year 2016-17 is required to be spent in the subsequent financial years.

58. The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 “Operating Segment” are not required. However Entity-wise disclosures are as below:-



**Information about products and services:**

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

**Geographic Information:**

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

**Information about major customers:**

Two customers during the year ended 31st March 2018 and Nine Customers during the year ended 31st March 2017 contributed to more than 10% of the revenue individually. Revenue from these customers was Rs. 3550.67 Crores and Rs. 2019.90 Crores during the year ended 31st March, 2018 and 31st March, 2017 respectively.

**59. Related Party Disclosures**

- A. The entire Equity Share Capital of the Company is held by GAIL (India) Ltd (Holding Company) either singly or jointly.  
B. Related Party disclosure as per Ind AS 24.

a. Relation and name of the related parties are:

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

ii. **Indian Joint Venture Companies**

Andhra Pradesh Gas Distribution Corporation Ltd. (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)

iii. **Other (Joint Venture Companies of Holding Company)**

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

iv. **Key Management Personnel:**

**Chairman & Non-Executive Director** - Mr. B. C Tripathi

**Non-Executive Director** -

Mr. Ashutosh Karnatak (upto 05.05.2017)  
Mr. Subir Purkayastha



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Mr. Gajendra Singh (from 05.05.2017)  
 Mrs. Anuradha Sharma Chagti  
 Mr. R C Gupta (upto 31.08.2017)  
 Mr. A.K.Tiwari (from 04.09.2017)  
 Mr. A K Jana (upto 23.04.2018)  
 Mrs. Vandana Chanana (upto 05.05.2017)

**Chief Executive Officer:** - Mr. Pankaj Kumar Pal (upto 30.04.2018) and Mr. A.K. Jana (from 01.05.2018)

**Chief Financial Officer:** - Mrs. Jyoti Dua (upto 31.05.2017) and Mr. Pankaj Walia (from 31.05.2017)

**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 / Material	4348.81 (2607.74)	- (-)	- (-)
2.	Interest on Delayed Payment	0.01 (-)	- (-)	- (0)
3.	Sales of Goods (Material) / Material Issued on Loans	9.51 (-)	138.12 (-)	-- (0)
4.	Reimbursement of Remuneration to Key Management personnel- Salary & Allowances	- (-)	- (-)	1.93 (1.00)
5	Reimbursement of remuneration to staff	- (-)	14.74 (8.63)	- (-)
6	Rent, Electricity and UCS Expenses	3.47 (3.00)	- (-)	- (-)
7.	Outstanding Balance Payable	221.53 (101.73)	0.20 (-)	- (-)
8	Outstanding Balance Receivable	9.51 (-)	14.58 (6.21)	- (-)
9	Provision for Bad Debt	- (-)	- (0.16)	- (-)
10	Bad Debt written off	- (-)	- (-)	- (-)
11	Corporate Guarantee given to OIDB for term loan availed as at Balance Sheet date	- (118.00)	- (-)	- (-)



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

12.	Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date	5951.99 (5951.99)	- (-)	-- (-)
13	Investment in APGDC as at Balance Sheet date (JV)	- (-)	20.00 (15.00)	- (-)
14	Advance to APGDC against Equity Share pending Allotment of Share	- (-)	2.50 (7.50)	- (-)
15	Investment in KGGL as at Balance Sheet date (JV)	- (-)	11.93 (11.93)	- (-)
16	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	- (-)
17	Investment in RSGL as at Balance Sheet date (JV)	- (0)	65.00 (17.03)	- (0)
18	Advance to RSGL against Equity Share pending Allotment of Share	- (-)	- (2.97)	- (-)
19	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	7.50 (7.50)	- (-)
20	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	7.50 (2.50)	- (-)
21	Share allotment to Holding Company.	250 (225)	- (-)	- (-)
22	Advance against Equity Share pending Allotment of Share	150 (-)	- (-)	- (-)

\*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to previous year).

The company has formed six Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various 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.

There is no provision towards payment of Management Fees to the operator hence no management fee has been paid and no provision has been made in the books of accounts for same.





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

**60. Earning per Share**

Particulars	2017-18	2016-17
Profit after Tax from Continuing Operations (Rs. in Crores)	69.52	64.49
Profit after Tax from Discontinued Operations (Rs. in Crores)	4.71	(0.76)
Weighted Average No. of Equity Shares	295,79,81,756	53,18,41,096
Nominal Value per Share (in Rs.)	10.00	10.00
<b>Basic Earning per Share (in Rs.)</b>		
From Continuing Operations	0.24	1.21
From Discontinued Operations	0.01	(0.01)
Total	0.25	1.20
<b>Diluted Earning per Share (in Rs.)</b>		
From Continuing Operations	0.24	1.21
From Discontinued Operations	0.01	(0.01)
Total	0.25	1.20

61. 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.
62. In compliance of Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets" the required information on provision for probable obligations is as under :-

Rs. in Crores

Provisions	Opening Balance	Additions during the year	Reversal / adjustment during the year	Closing Balance
Direct Tax	33.67	31.17	3.10	61.74
Deferred Tax	23.45	19.59	(3.33)	46.37
Legal & Arbitration Cases	44.69	83.78	5.47	123.94

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



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

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

(Rs. in Crores)

Statement of Profit or Loss	31st March 2018	31st March 2017
<b>Current Income Tax:</b>		
Current Income Tax Charge from ordinary activities (Continuing Operations)	23.31	21.57
Current Income Tax Charge from ordinary activities (Discontinued Operations)	0.01	-
Current Income Tax Charge on Gain on disposal of Discontinued Operations.	7.85	-
	<b>31.17</b>	<b>21.57</b>
<b>Deferred Tax:</b>		
Relating to origination and reversal of temporary differences (Continuing Operations)	19.59	12.84
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	<b>19.59</b>	<b>12.84</b>
<b>Income Tax Expense (Continuing Operations)</b>	<b>42.90</b>	<b>34.41</b>
<b>Income Tax Expense (Discontinued Operations)</b>	<b>7.86</b>	<b>-</b>

b) Reconciliation of Effective Tax Rate (Continuing Operations)

(Rs. in Crores)

	31st March 2018	31st March 2017
Profit Before Income Taxes	118.94	100.19
Effective Tax Rate	19.60%	21.53%
Computed Effective Tax Expenses	23.31	21.57
Movement in Deferred Tax Liability	19.59	12.84
<b>Income Tax charged to Statement of Profit &amp; Loss</b>	<b>42.90</b>	<b>34.41</b>
<b>Effective Tax Rate</b>	<b>36.07%</b>	<b>34.34%</b>



**c) 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 2018	31st March 2017	31st March 2018	31st March 2017
Property, Plant and Equipment	(59.62)	(40.08)	(20.37)	(12.90)
Provisions	2.44	1.66	0.78	0.06
<b>Deferred Tax Assets/ (Liabilities)</b>	<b>(57.18)</b>	<b>(38.42)</b>	<b>(19.59)</b>	<b>(12.84)</b>
Offsetting of Deferred Tax Assets/ (Liabilities)	-	-	-	-
<b>Net Deferred Tax Assets /(Liabilities)</b>	<b>(57.18)</b>	<b>(38.42)</b>	<b>(19.59)</b>	<b>(12.84)</b>

64. The management of the Kerala GAIL Gas Ltd. in its Board meeting of the Directors held on 15.09.2017 decided that the share capital of the company be reduced to Rs. 1 lakhs i.e. 10,000 equity shares of Rs. 10/- each from 23,85,60,000/- i.e. 23,85,600 equity shares of Rs. 10/- each by buyback of shares. The decision of the Board of Directors was further confirmed in the General Body Meeting of the Company also held on 15.09.2017. The Managing Director of the Company was authorized to file the necessary documents with the Regional Directors, National Company Law Tribunal and such other authorities to complete the formalities. The petition for the reduction of share capital of the company has been filed with the National Company Law Tribunal, Chennai Bench on 25.01.2018. the hearing of the petition filed with the NCLT was held on Monday, 25.03.2018 and as directed by NCLT, company has published notice in Form No. RSC-4 in Newspapers. The next hearing for the proposed reduction of share capital has been posted on 02.07.2018. As these situation exits, going concern assumption not followed in preparation of financial statements.

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

*Sensitivity analysis:*

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

(Rs.in Crores)

Reporting period	Increase/decrease in interest rate basis points	Impact on profit before taxes
31.03.2018	+100	Nil
	-100	Nil
31.03.2017	+100	(0.81)
	-100	0.81

The sensitivity analysis is limited only to variable rate on loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. Further, there is no loan outstanding as on 31.03.2018 having variable rate of interest, hence, there is no impact on the Company's profit before tax during the year ended 31.03.2018.

**(b) Foreign Currency Risk:**

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

**(ii) Liquidity risk**

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to 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 source 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 31.03.2018	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	3.08	12.48	72.22	65.90	153.68
Trade and other payables	-	235.72	-	-	-	235.72
Other financial liabilities	71.28	0.34	31.44	-	-	103.06

(Rs.in Crores)

As at 31.03.2017	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	9.48	17.02	38.81	167.37	36.98	269.66
Trade and other payables	-	111.29	-	-	-	111.29
Other financial liabilities	43.39	4.63	17.90	-	-	65.92

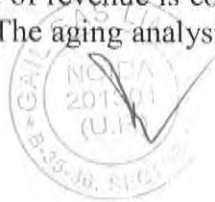
### (iii) Credit Risk

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

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



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Rs.in Crores)

Trade receivables	Neither past due nor impaired	Past due but not impaired				Total*
		Less than 30 days	30-60 days	60-90 days	Above 90 days	
31.03.2018	257.81	2.90	3.13	0.63	6.03	270.50
31.03.2017	103.63	3.32	0.55	0.49	3.60	111.59

\*Net of Provision

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

(Rs.in Crores)

Provisions	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Start of the year	1.25	1.08
Provision for Doubtful Debt	0.32	0.17
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
End of year	<b>1.57</b>	<b>1.25</b>

**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 on these cash deposits as on the reporting date and comparative period.

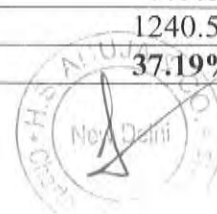
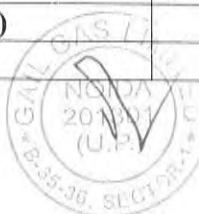
**Capital Management**

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

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

(Rs.in Crores)

Particulars	31.03.2018	31.03.2017
Total Liabilities	684.64	464.24
Less: Cash and cash equivalents	(269.56)	(2.76)
<b>Net debt (A)</b>	<b>415.08</b>	<b>461.48</b>
<b>Total equity (B)</b>	<b>1231.41</b>	<b>779.11</b>
<b>Capital and net debt (A+B)</b>	<b>1646.49</b>	<b>1240.59</b>
Gearing ratio	<b>25.21%</b>	<b>37.19%</b>



**Fair value measurements**

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

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

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

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

(Rs.in Crores)

**As at 31.03.2018:**

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans and Other Receivables	10.21	-	-	-
Trade Receivables	270.50	-	-	-
Cash and Cash Equivalents	269.56	-	-	-
<b>At Fair value through Profit and Loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>550.27</b>	-	-	-
<b>Financial Liabilities at amortized cost</b>				
Borrowings	138.12	-	-	-
Trade Payables	235.72	-	-	-
Other Financial Liabilities	118.62	-	-	-
<b>At Fair value through Profit and Loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>492.46</b>	-	-	-

**As at 31.03.2017:**

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans and Other Receivables	8.90	-	-	-
Trade Receivables	111.59	-	-	-
Cash and Cash Equivalents	2.76	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>123.25</b>	-	-	-
<b>Financial Liabilities at amortized cost</b>				
Borrowings	178.70	-	-	-
Trade Payables	111.29	-	-	-



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

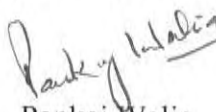
Other Financial Liabilities	106.92	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>396.91</b>	-	-	-

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

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

66. Balance confirmation has been sought from vendors / contractors / authorities / joint venture companies for balances grouped under loan and advances, deposits and sundry creditors. However reconciliation of accounts with parties is carried out as ongoing process and balances are subject to reconciliation and consequent adjustment which in the opinion of the management are not material.
67. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

  
Deepak Asija  
CS  
PAN-ADRPA0983E

  
Pankaj Walia  
CFO  
PAN-AABPW1139M

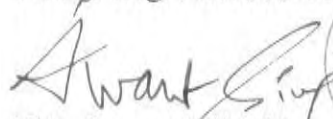
  
A.K. Jana  
CEO  
ABIPJ0467D

  
Subir Purkayastha  
Director  
DIN06850526

  
B.C. Tripathi  
Chairman  
DIN-01657366

As per our separate report of even date  
For M/s H.S.AHUJA & CO.

Chartered Accountants  
Firm's Reg. No.000099N

  
(CA Jaswant Singh)  
Membership No. 095483



Place: New Delhi  
Date: 23.05.2018



## 1. Corporate information

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

The financial statements of the company for the year ended 31st March 2018 were authorized for issue by Board of directors on 23.05.2018.

## 2. Basis of preparation and significant Accounting Policy

### a) Basis of preparation

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

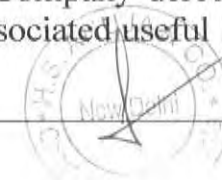
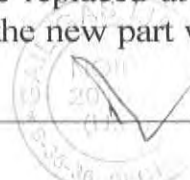
### b) Summary of significant accounting policies

#### (i) Property, plant and Equipment (PPE)

##### (a) Tangible Assets

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

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



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.

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

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

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

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

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

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

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

#### **(ii) Intangible Assets**

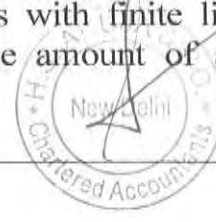
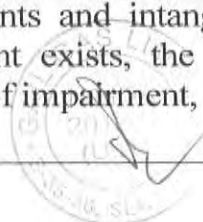
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

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

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

#### **(iii) Impairment of assets**

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



#### **(iv) Inventories**

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

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

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

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

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

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

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

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

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

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

#### **(v) Foreign currency transactions**

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

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

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

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

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

at the date of the transaction.

**(vi) Revenue and Other Income**

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

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

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

**(vii) Employee benefits**

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

**(viii) Borrowing Costs**

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

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

**(ix) Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership of the company is classified as a finance lease.

Finance lease are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payment. Lease Payments are apportioned between finance charge and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance Charges are recognized in finance costs in the Statement of Profit and Loss.

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

inflation to compensate for the lessor's expected inflationary cost increases.

**(x) Taxes**

**(a) Current Income Tax**

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

**(b) Deferred Tax**

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

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

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

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

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

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

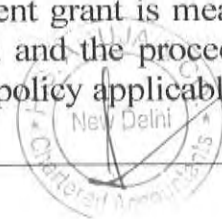
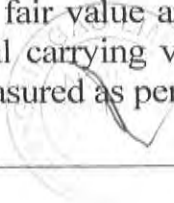
Contingent liabilities exceeding Rs.5 Lakhs in each case are disclosed by way of notes to accounts.

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

**(xii) Government grants**

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

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



liabilities.

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

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

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

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

All other assets are classified as non-current.

**A liability is current when:**

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

The Company classifies all other liabilities as non-current.

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

**(xiv) Financial Instruments**

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

**(a) Financial assets**

**Classification**

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

**Initial recognition and measurement**

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

**Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below



categories:

- **Financial assets carried at amortised cost**

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

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

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

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

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

#### **Derecognition**

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

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

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

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

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

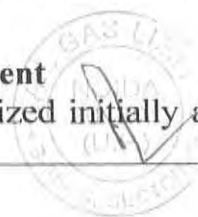
#### **(b) Financial liabilities**

##### **Classification**

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

##### **Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans



and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### **Subsequent measurement**

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

- **Financial liabilities at amortised cost**

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

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

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

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

### **Derecognition**

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

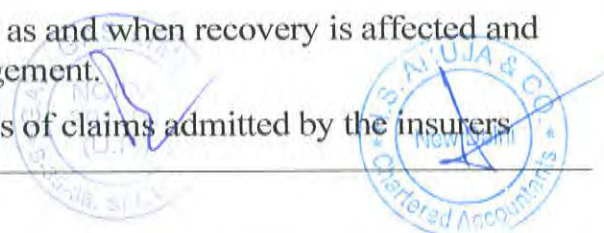
### **(c) Offsetting of financial instruments**

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

### **(xv) Others**

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

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





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

**(xvi) Earnings per share**

Basic earnings per equity share is 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.

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

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

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

**(a) Judgments**

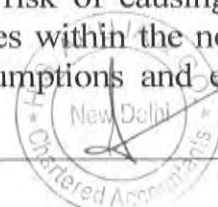
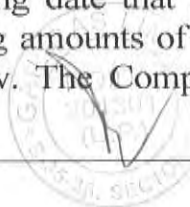
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the stand alone financial statements:

**Contingencies**

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

**(b) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on



parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **Impairment of financial assets**

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

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

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

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

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

