



Enabling  
Greener  
Growth





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**Shri B.C. Tripathi**  
Chairman

# Board of Directors



**Sh. Prabhat Singh**  
Director



**Sh. P.K. Jain**  
Director



**Dr. Ashutosh Karnatak**  
Director



**Sh. P.K. Gupta**  
Director



**Sh. L.R. Gupta**  
Director



**Sh. Nikunj Kumar Srivastava**  
Director

**Preeti Aggarwal**  
Company Secretary

**Registered Office**  
16, Bhikaiji Cama Place,  
R.K. Puram,  
New Delhi-110066

**Bankers**  
HDFC Bank  
ICICI Bank  
State Bank of India

**Statutory Auditors**  
M/s. A.K.G. & Associates,  
Chartered Accountants,  
New Delhi

**Cost Auditor**  
M/s. K.L. Jaisingh & Co.  
NOIDA

## Directors' Report

### Dear Shareholders,

On behalf of the Board of Directors of your Company, I am delighted to present the 5<sup>th</sup> Annual Report of your Company along with Audited Financial Statements for the Financial Year 2012-13.

### PERFORMANCE OVERVIEW

During the year 2012-13, the important financial highlights are as under:-

Particulars	(₹ in Crore)		
	Standalone Data 2012-13	2011-12	Consolidated 2012-13
Turnover (Net of ED)	694.95	275.82	694.95
Other Income	33.12	13.19	33.35
Total Revenue	728.07	289.01	728.30
Cost of Sales (excluding Depreciation and including extraordinary items and Prior period expenses)	684.04	271.65	684.19
Gross Margin	44.03	17.36	44.11
Depreciation	9.22	5.11	9.22
Profit/ (Loss) Before Tax	34.81	12.25	34.89
Provision for Tax (Incl. Def. Tax)	7.87	3.91	7.88
<b>Balance carried forward to Balance Sheet</b>	<b>26.94</b>	<b>8.34</b>	<b>27.01</b>

### PERFORMANCE HIGHLIGHTS

#### PIPED NATURAL GAS BUSINESS

Your Company today operates over 300 Km of steel pipeline network and approximately 500 Km of MDPE Pipeline in the cities of Sonipat, Meerut, Dewas, Kota and Agra & Firozabad. Your Company is supplying natural gas to 422 industrial units and 11 commercial customers. Your Company has also commenced gas supplies to 4,427 domestic customers progressively in the cities of Sonipat, Meerut, Dewas and Kota. Your Company is implementing the CGD Project in Taj Trapezium Zone (TTZ) including Firozabad, Fatehpur-Sikri, Bharatpur, Govardhan and Vrindavan with a total project cost of ₹146 Crores.

#### COMPRESSED NATURAL GAS BUSINESS

Your Company has put up a total CNG Compression Capacity of around 2.50 Lac Kg/day through 10 Mother/Online CNG Stations and 7 Daughter Booster Stations at Sonipat, Meerut, Dewas, Kota, Vijapur, Panvel, Firozabad and Vadodara.

Your Company has taken up investment for setting up the CNG infrastructure along the national highways for building green corridors. To encourage the conversion of vehicles on CNG and to make CNG refuelling available at highways, your Company has commissioned two CNG stations at Panvel and Vijapur; two more stations at Dibiyapur and Kovvur are scheduled to be commissioned in 2013-14.

#### MARKETING ACTIVITIES

Your Company has implemented Uniform Price Mechanism in Taj Trapezium Zone (TTZ) area w.e.f. 16<sup>th</sup> July 2012. The marketing activities of the Company are progressing well and Company has tied-up over 580 industrial customers in Kota, Dewas, Meerut, Sonipat and Agra & Firozabad and 45 commercial consumers in Kota, Dewas, Meerut and Sonipat. Your Company has also signed over 200 Gas Sales Contracts (GSCs) with the customers at Mandi-Gobindgarh and Khanna.

#### CORPORATE STRATEGY AND BUSINESS INITIATIVES

Your Company is progressing on track with respect to the city gas projects in the authorised cities of Kota, Dewas, Meerut and Sonipat. Your Company has established CNG stations at Sonipat, Meerut, Dewas, Kota, Vijapur, Panvel, Firozabad and Vadodara. Your Company has also taken up

investment for setting up the CNG infrastructure along the national highways for building Green Corridors.

To expand the business canvas, your Company is targeting expansion of the project activities in more and more cities viz. Vadodara, Rajasthan, Karnataka and West Bengal etc., through formation of Joint Ventures. To achieve this objective, your Company has signed Joint Venture Agreement and Shareholders Agreement with Vadodara Mahanagar Seva Sadan (VMSS) for formation of Joint Venture Company (JVC) to carry forward the ongoing City Gas Distribution business and to augment the infrastructure for expanding CGD business in the city of Vadodara. Your Company has also signed Joint Venture Agreement with Rajasthan State Petroleum Corporation Ltd. to form a Joint Venture Company for implementation of CGD projects in the state of Rajasthan. In addition, your Company is pursuing City Gas Business in the state of Kerala and Andhra Pradesh through its Joint Venture with Kerala State Industrial Development Corporation (KSIDC) and Andhra Pradesh Gas Infrastructure Corporation Private Limited respectively. Your Company is identifying various industrial clusters along the pipeline corridor for distribution of natural gas in the state of Karnataka, Rajasthan, and Kerala etc.

Considering the growing natural gas demand and India's energy security, your Company is scaling up its distribution network by way of supply of natural gas to small/medium industrial units in various clusters and dispensing of CNG along the highways through cascades.

For distribution of gas to various small and medium industrial units falling along GAIL's Dadri-Bawana-Nangal pipeline, your Company has already initiated and signed Gas Supply Contracts (GSC) with the industrial customers at Mandi-Gobindgarh, Khanna, Yamunanagar, Jagadhari etc. During the year 2012-13, total 200 GSCs have been signed with the customers at Mandi-Gobindgarh and Khanna and 19 GSCs were signed with the customers at Yamunanagar and Jagadhari. Your Company has successfully implemented Uniform Price Mechanism in TTZ area w.e.f. 16<sup>th</sup> July 2012. In view of the increasing demand of natural gas in the TTZ region, your Company is supplying comingled gas comprising of 1.1 MMSCMDAPM gas, and such quantities of R-LNG (Long Term / Short Term / Spot) and any other gas on Firm / Fallback basis as may be sourced to fulfill the requirements of customers in TTZ area at uniform price.

In order to achieve its strategic goals efficiently and in a time bound manner, your Company is giving significant thrust on strengthening and developing its human resource. Your Company is committed to building on gas distribution network, providing safe and reliable operations and establishing itself in delivering excellence in the areas of City Gas Business. Your Company is developing a culture of high performance and delivering continuous value to the customers, employees and shareholders. Fundamental to our strategy is implementing productivity improvement and achieving the standards of service comparable to the best in the world whilst complying with safety and regulatory obligations.

#### FUTURE OUTLOOK

The share of Natural Gas in India's primary energy consumption is around 10% against a world average of around 24% there is large potential for increased consumption of natural gas in India. India's consumption of natural gas has grown faster than any other fossil fuel in recent years. Demand for natural gas is also expected to continue growing in the future.

Distribution of natural gas in the form of PNG and CNG is the principle business of your Company. Besides, PNG and CNG are relatively clean fuels which help users to reduce the pollution levels as compared to coal or other liquid fuels. Therefore, the business prospects for your Company are positive. At the same time, it will be critical for your Company to expand its network and CNG station infrastructure in order to meet the growth in demand.



### Compressed Natural Gas (CNG)

#### Clean Energy to Vehicles

Compressed Natural Gas is environment friendly fuel with less impurities like Sulphur and Lead leading to the lower level of pollution. Further, CNG is lighter than air with lesser risk in case of leakage. The use of Natural gas in the transport sector has contributed to a great extent to curtail the pollution due to vehicular exhaust emissions. Apart from this, CNG has also been able to replace high priced Petrol and Diesel.

Your Company has commenced its CNG stations at Dewas, Meerut, Sonipat, Kota, Vadodara, Firozabad, Panvel and Vijaypur and will be coming up many more to supply CNG to vehicle in the authorized cities.

#### Piped Natural Gas (PNG)

##### Clean Energy to Households, Commercial and industrial sectors

Piped Natural Gas is safe and assured gas for domestic, commercial and industrial sectors. It is very convenient and economical to use.

Your Company has begun providing PNG connectivity to the kitchens in upcoming and new housing complexes in various cities to equip these houses with eco-friendly fuel. In the commercial sector also, city gas has found useful applications in cooking, air conditioning, water heating, space heating, refrigeration and power generation.

Your Company has aggressive plans to expand its infrastructure to increase the coverage and penetration of the CGD network. It shall be the continuous endeavour to expand its customer base rapidly on industrial, commercial and domestic fronts.

Your Company has been authorized by PNGRB for implementing City Gas Distribution Projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonipat (Haryana) and Meerut (Uttar Pradesh). As per the business plan, your Company would be expanding the CGD business in dedicated and aggressive manner. Your company will facilitate re-investing returns from operational CGD projects into new projects.

Your Company is committed to connect various cities with clean energy. It is rapidly building up infrastructure in authorized cities. The mission of your Company is distribution and marketing of CNG as fuel for inter-city as well as intra-city vehicles, Piped Natural Gas for domestic/ commercial/ industrial purposes, transportation of gas through mobile cascades/lorries in the various cities of India and along the national highways for building CNG corridors, CNG retail outlets allied retail businesses within the cities and along the highways.

Your Company focuses on growing value through identification and accession of high value market segments. Your Company believes in investing in human resource-systems and processes to strengthen the integrity and safety of your Company's assets. Exploration of additional sources of long term gas is imperative for your Company's growth and for this purpose R-LNG as well as other indigenous sources of gas is being explored. Taking advantage of rising industrialization and urbanisation, your Company is taking necessary steps to grow its retail presence. With its strengths in CGD project implementation, your Company is progressing towards becoming a leading entity in the market.

#### SUSTAINABLE DEVELOPMENT

Your Company has evolved a Sustainable Development (SD) Policy in line with DPE guidelines for CPSEs with the approval of the Board. A number of SD initiatives are being taken up by your Company for implementation. In order to grow the share of cleaner energy in the overall energy mix, your Company is progressively creating a portfolio of solar energy powered CNG stations in its authorized cities, Your company has also started supply of natural gas through mobile Cascades/lorries to meet the energy needs of isolated/remote industrial consumers. Your company has successfully installed a Water harvesting plant in its CNG Station at Meerut and has initiated the same in other locations as well.

Your company has imparted regular training to its employees on various aspects of SD to effectively achieve sustainability goals and monitor on-ground implementation of SD projects.

Your company is taking measures for improving efficiency of operational processes to make them more environment friendly. Your company follows energy efficient lighting like CFLs, LEDs, etc. in its installations and CNG Stations; standardizing the AC temperatures to 24° C and switching off the AC systems half-an-hour earlier in the evening. Your Company has also undertaken "Plant and Maintain a tree" concept at its CNG stations in the authorized cities. Your Company would also target to spend the stipulated 0.5% of its PAT for SD initiatives.

#### SKILL DEVELOPMENT

Skills and knowledge are the driving forces of economic growth and social development. In India, there is a paucity of highly-trained, quality labor for growth, and large sections of the population possess little or no job skills.

CGD projects require significantly different and often, specialist skills which require regular training and skill development. These skill gaps need to be addressed through comprehensive efforts at various levels thereby, catering to different needs of the society and industry. Your Company is exploring the possibility of forming Special Purpose Vehicle with strategic partners to provide adequate training in CGD operations under Skill Development program.

#### RESEARCH AND DEVELOPMENT

Towards Research and Development efforts, your Company would carry out techno-commercial study for operating existing Diesel gensets on dual-fuel mode which would help the customers to run their existing Diesel gensets on natural gas. Your Company is formulating a business model to manufacture and market Bio-methane. Further, Development of Unified platform for web based GIS and financial transactions, Customer Relationship Management (CRM) etc. for City Gas business will also be taken up.

#### SUBSIDIARIES/JOINT VENTURE/ASSOCIATE



##### Kerala GAIL Gas Limited (KGGL)

Kerala GAIL Gas Limited was incorporated on 22<sup>nd</sup> November 2011 with an objective to promote city gas distribution activities throughout Kerala State. The company intends to supply environment friendly, economical and convenient compressed natural gas (CNG) to vehicles and piped natural gas (PNG) to households, commercial establishments and industries.

As per Joint Venture Agreement, your Company has 26% equity stake in KGGL along with Kerala State Industrial Development Corporation having equity stake of 24%.

The details of Kerala GAIL Gas Limited for the financial year 2012-13 are as under:

Net worth	₹ 446.17 lakhs
Turnover/ Income	₹ 29.30 lakhs
Profits	₹ 11.97 lakhs
Dividend	Nil



**Andhra Pradesh Gas  
Distribution Corporation Limited  
(APGDC)**

Andhra Pradesh Gas Distribution Corporation Ltd (APGDC) was incorporated on 10<sup>th</sup> January, 2011 to take up the activities for Gas Distribution in Andhra Pradesh. The company plans to make use of the abundant natural gas resources available in the Krishna Godavari Basin and to create the necessary CGD infrastructure to utilize these resources for the benefit of industry, transport and domestic sector in the State. The scope of business of the company includes creating natural gas infrastructure in industrial estates, areas and clusters, developing distribution infrastructure downstream of trunk lines, promoting natural gas applications in various sectors and setting up City Gas Distribution networks to supply environment friendly, economical and convenient compressed natural gas (CNG) to vehicles and piped natural gas (PNG) to households, commercial establishments and industries. A Project Framework Agreement (PFA) was signed between APGDC and GDF Suez LNG UK Ltd. for jointly setting up a Floating Storage and Regasification Unit (FSRU) in offshore Andhra Pradesh.

As per Shareholders' Agreement, your Company has 25% equity stake in APGDC along with Andhra Pradesh Gas Infrastructure Corporation Private Limited as an equal partner.

The details of APGDC for the financial year 2012-13 are as under:

Net worth	₹ 984 lakh
Turnover/ Income	-
Profits	₹ 5.71 lakh
Dividend	N/A

## DIVIDEND

It is proposed not to declare dividend for the current year.

## DEPOSITS

During the period, your Company has not accepted deposits from the public under Section 58A of the Companies Act, 1956.

## IT INITIATIVES

Your Company recognizes the importance of IT to remain at the forefront of technology. Your Company has successfully implemented the SAP modules viz. Industry Specific (IS) Utility, Customer Relationship Management (CRM), Utility Customer e-Services (UCES) for conducting business transactions online which has enhanced information management, and reporting facilities. A new portal for Domestic, Commercial and Industrial customer has also been launched. With the implementation of SAP IS-Utilities, your company is managing billing of a large number of Domestic, Industrial and Commercial customers across the cities (Sonapat, Meerut, Kota, Dewas, Agra & Firozabad). IS-Utilities implementation will ensure unmatched customer service experience for the retail customers and bring greater efficiency to the City Gas Distribution (CGD) business operation. Your Company is also implementing Supervisory Control and Data Acquisition (SCADA) system spanning 4 cities to enable centralized monitoring of the pipeline infrastructure and other assets.

Your Company is keeping pace with the latest advancements in Information Technology.

## HEALTH, SAFETY AND ENVIRONMENT (HSE)

An organization that is trusted by the community must pay sufficient attention to safety. With recognition that "Safety takes precedence over all other things" your Company continuously implements safety education and training programs for all its employees to spread awareness of safety culture. Safety is the prime motto of your Company. Your Company is

strongly promoting many safety measures and actively strives to promote a pro-active safety culture.

Employee involvement in the HSE decision making process is characteristic of a positive safety culture and is also vital to the successful implementation of HSE management system.

## Corporate HSE Policy

Your Company is committed to promote globally comparable levels of HSE management in the areas of its business. Safety Committees are formed whose meetings are conducted at regular intervals. Various safety related issues are discussed and implemented to avoid any risk of accident. A scheme of reporting of accidents has also been formulated and implemented in the Company.

## Safety Performance

Your Company has always strived to maintain highest standards of safety. This is reflected through the following initiatives undertaken:

- Safe loading and unloading procedures have been developed for Light Commercial Vehicles (LCVs). Transport emergency card is developed and distributed to the drivers of LCVs for safe transportation of cascade mounted LCVs.
- Safety checklist for checking of LCVs before loading is also prepared and implemented.
- Safe filling procedure for on board cylinders has been developed for safe filling of CNG vehicles.
- Deployment of qualified and experienced contract manpower for O&M activities.
- A work permit system is followed to ensure the provision and maintenance of installations and systems of work that are safe and without risk. The jobs are adequately planned, work is performed free of incidents and exercise control over all maintenance /construction activities in CGD installations.
- Display of safety boards, Do's and Don'ts boards at strategic locations to spread safety awareness.
- All operations are done with the standard safety norms in order to avoid accidents.

## Safety Training

In its constant efforts to keep employees fully aware of the HSE aspects, your Company conducts regular trainings for the employees to enhance safety in operation and maintenance work. Basic firefighting trainings are also conducted for the persons engaged at work place so they can take immediate action in mitigating the fire at incipient stage to reduce the damage to life and property. Safety awareness campaigns are also conducted at regular intervals for spreading safety awareness among the employees, contractor's employees and customers about safe use of CNG, PNG etc. Safety leaflets on safe use of CNG and PNG are also developed to distribute amongst the customers to spread safety awareness.

## Safety Audits

To ensure compliance to statutory rules and regulations, implementation of safe work practices and continual improvement in the Safety Management System, your Company's has formed multidisciplinary audit team for internal audit of the installations to identify the gap areas and to suggest the remedial actions to stream-line and improve the existing system. During 2012-13, third party technical and safety audits were conducted for the installations to carry out a systematic, critical appraisal of all potential hazards.

## HUMAN CAPITAL

The total manpower deployed by GAIL (India) Limited in your Company has increased to 107 as on 31<sup>st</sup> March 2013 from 93 as on 31<sup>st</sup> of March 2012. Your Company has a strong focus on developing competencies of its employees through various initiatives. Your Company continued its efforts



of providing developmental inputs to employees through training programs to develop their knowledge, skills and attitudes.

Your company has also been exploring the idea of creating a Special Purpose Vehicles (SPV) to acquire, develop and manage human resources for CGD business.

#### OFFICIAL LANGUAGE

Your Company has been making efforts for the promotion, propagation and successful implementation of the Official Language policy.

With a view to create greater awareness and consciousness among employees, various functions/events/competitions were organized in Hindi in association with GAIL (India) Limited. We are also encouraging employees to work more in Official Language on a continuous basis.

#### VIGILANCE

Your Company lays thrust on predictive and preventive rather than punitive vigilance. Your Company has introduced a range of measures to bring clarity and transparency in procurement and work contracts which includes webhosting of tenders, e-tendering etc.

In compliance of the guidelines issued by the Central Vigilance Commission, the Vigilance Awareness Week 2012 was observed by your Company at the Corporate office and at all other regional installations for the benefit of employees, and Vendors/Customers in association with the promoter, GAIL (India) Limited.

#### RIGHT TO INFORMATION

In order to promote transparency and accountability, appropriate action is taken to reply to queries from any source on time. In compliance to the provisions of the Right to Information Act, 2005, Central Public Information Officer (CPIO) and ACPIOs have been appointed and utmost care is being taken for timely compliance and dissemination of information.

#### REPRESENTATION OF SC/ST EMPLOYEES

As on 31st March 2013, the manpower of GAIL Gas Ltd. is 107, out of which 14 belong to Scheduled Caste and 08 to Scheduled Tribe, representing 13.08% and 8% respectively

#### MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with DPE Guidelines on Corporate Governance, necessary disclosure in a separate statement on Management Discussion and Analysis as **Annexure-A** and Report on Corporate Governance along with annexures as **Annexure-B** are enclosed as a part of Directors' Report.

#### CHANGES IN DIRECTORS

Shri. L R Gupta and Shri P K Gupta were appointed as an Additional Directors w.e.f. 02nd April 2013 and Shri Nikunj Kumar Srivastava was appointed as an Additional Director w.e.f. 26th June 2013. Shri Rajesh Vedvyas ceased to be Director w.e.f. 02nd April 2013, Dr. Neeraj Mittal ceased to be Director w.e.f. 10th April 2013 and Ms. Sushma Rath ceased to be Director w.e.f. 26th June 2012.

The Board takes this opportunity to place on record its deep appreciation for the valuable services rendered by outgoing Directors during their association with your Company.

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

Details of conservation of energy, technology absorption and Foreign Exchange Earnings and Outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forms a part of this report at Annexure- C.

#### PARTICULARS OF EMPLOYEES UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956

None of the employees are drawing the remuneration specified under Section 217(2A) of the Companies Act, 1956 read with the Companies

(Particulars of Employees) Rules, 1975 for the year ended 31st March 2013.

#### DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 in relation to Directors' Responsibility Statement, it is confirmed that:

- i) In the preparation of the annual accounts for the financial year ended 31st March 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The Directors have prepared the annual accounts for the financial year ended 31st March 2013 on a going concern basis.

#### AUDITORS

##### • Statutory Auditors

The Statutory Auditor of your Company is appointed by Comptroller and Auditor General of India (CAG). M/s A K G and Associates, Chartered Accountants, New Delhi are appointed as Statutory Auditors of your Company for the year 2012-13. Notes on accounts referred in the Auditors' Report are self explanatory and therefore, do not call for any further comments

##### • Cost Auditors

Your Company has appointed M/s K.L. Jaisingh & Co., Noida as cost auditors for 2012-13 for the purpose of cost audit

#### ACKNOWLEDGMENT

Your Directors express their gratitude for constant support and cooperation showed by the Government of India, especially the Ministry of Petroleum and Natural Gas, various state governments, and regulatory and statutory authorities.

Your Directors also wish to thank all the stakeholders especially GAIL (India) Limited for reposing their faith, trust and confidence in your Company.

Your Directors acknowledge the inputs received from Statutory Auditors and are grateful for their support and assistance.

On behalf of your Directors, I would like to place on record our deep and sincere appreciation for the hard work, dedication and unstinted efforts of your Company's employees.

For and on behalf of the Board

Sd/-

B.C.Tripathi  
Chairman

Place: New Delhi  
Dated: 30.08.2013

## MANAGEMENT DISCUSSION AND ANALYSIS

### NATURE OF BUSINESS

Your Company is engaged in retail gas distribution business for supply of Compressed Natural Gas (CNG) to transport sector and Piped Natural Gas (PNG) to Domestic, Industrial and Commercial sectors in various parts of the country.

CNG is a safe, economical and environment friendly fuel for transport sector. It is replacing traditional fossil fuels and it is currently approx. 62% cheaper than Petrol and 34% cheaper than Diesel in running cost of the vehicles. The popularity of CNG as an alternate fuel continues to grow.

PNG, the other fuel supplied by the Company is a safe, convenient and reliable fuel for domestic, commercial and industrial consumers. Its demand continues to grow with potential consumers in new areas eagerly awaiting to be connected.

### CITY GAS DISTRIBUTION IN INDIA-INDUSTRY STRUCTURE AND DEVELOPMENTS

The City Gas Distribution (CGD) business in India dates back to 1857 in cities of Calcutta and Bombay where coal gas was the primary input. However, the real impetus to the sector came in late eighties and the nineties, when companies like Gujarat Gas Company Limited (GGCL), Indraprastha Gas Limited (IGL) and Mahanagar Gas Limited (MGL) commenced their businesses in their respective areas of operations.

CGD sector in the entry received a boost with the judicial intervention of Hon'ble Supreme Court of India for conversion of entire public transport fleet in the National Capital to CNG. Subsequently, the judiciary as well as the executive also mandated the usage of natural gas to replace polluting fuels in transport as well as industrial segments in various cities which were battling the ill effects of alarmingly high pollution levels.

In 2007, the Petroleum and Natural Gas Regulatory Board (PNGRB) was set up by an Act of Parliament, which apart from other responsibilities also has the mandate of rolling out CGD networks in various cities of the country. The Board has already outlined its vision of setting up CGD networks in more than 200 cities of the country in synchronization with commissioning of gas pipelines. Thus, there exists a huge potential for setting up of CGD networks in various cities across the country.

With its growing demand and increased supply options, City Gas Distribution business has attracted considerable interest from prospective players. Its prospects are expected to remain good in the long term, given the low penetration of city gas in India. Currently City Gas Distribution accounts for only 9% of total natural gas consumption in the country.

Cost economics and convenience remain the growth drivers for the success of CGD business in the country. While the eco-friendly nature of the fuel being supplied through CGD network has been the trigger for its expansion from the point of view of policy makers, the real reason for its popularity has been its affordability vis-à-vis alternate fuels for the end consumer. Though CNG prices have nearly doubled in the entire country in the last 3-4 years, the economics has mostly in its favor as compared to petrol.

### OUTLOOK ON OPPORTUNITIES

In several parts of the country, usage of CNG has become extremely popular in all segments of vehicles. While its usage has been mandated in the case of public transport, the switch over to CNG has been purely voluntary in case of private car segment with economics weighing heavily in its favor. The rising prices of alternate liquid fuel i.e. petrol and introduction of factory fitted CNG variants by leading car manufacturers has given it a big boost in the cities where commuters travel long distances every day. This provides an opportunity to CGD companies to have better utilization of

existing infrastructure and also expand their network to accommodate the increase in demand.

The convenience associated with PNG has already established it as the preferred fuel with its demand growing exponentially in domestic, commercial as well as industrial segments. Environmental concerns are leading to strict enforcement by various statutory authorities of the norms deterring use of polluting fuels by industries. Thus the usage of natural gas and utilization of the existing City Gas Distribution network is bound to grow.

Your Company has been authorized by PNGRB and MoPNG for implementing City Gas Distribution Projects in Dewas (Madhya Pradesh), Kota (Rajasthan), Sonapat (Haryana), Meerut (Uttar Pradesh), Taj Trapezium Zone (Uttar Pradesh) and Vadodara (Gujarat).

Apart from consolidating in its existing areas of operation, your Company is looking at expanding in new geographical areas independently and through strategic alliances. Your Company has a robust infrastructure of CNG stations and pipeline network to ensure easy availability of CNG and PNG to its customers.

### OUTLOOK ON THREATS, RISKS AND CONCERNS AND MITIGATIONS

#### A. Regulatory Regime

The City Gas Distribution business is under Regulatory regime wherein the Regulatory Board (PNGRB) has framed various Regulations, which have direct bearing on the day to day business operations of a CGD entity.

#### a) Marketing Exclusivity

Post Marketing exclusivity, an authorized entity is subject to competition and is governed by relevant regulations for Open Access. However, with its first mover advantage and better understanding of the needs of its customers, your Company is capable of retaining its position in the market.

#### b) CGD networks in new areas

The process of rolling out City Gas Distribution projects by PNGRB in new Geographical Areas as had been envisaged earlier has slowed down. This has affected the future expansion plans of many City Gas Distribution companies.

Your Company has not been affected very much by this development as its expansion plans in its existing areas of operation are well on track as per schedule. The CNG volume growth and demand for new PNG connections has been growing with many new residential colonies being added every year.

In addition, industrial and commercial segments in authorized areas offers huge potential in the next few years as network is still being laid in industrial belts in these areas and many units are still to be connected. No competition is expected in these markets in the next few years. Gas based power generation has offered a safe, eco-friendly, uninterrupted and convenient option to the industries as compared to alternate fuels, which apart from being polluting also require handling of logistics. The demand from industrial and commercial segments has been showing growth compared to the last year.

#### B. Gas Sourcing

Assured gas supply at competitive price is vital for the growth plans of your Company. Gas purchase agreement with GAIL not only assures receiving firm quantities but also ensures priority supply in the event of any stoppage/disruption in gas supply. The Company is actively looking at a variety of options for sourcing its gas requirements.

#### C. Gas Prices

Gas prices in the recent past have shown increasing trend which is affecting competitive advantage of gas over alternative fuels especially in industrial segment to a certain extent.



The anticipated lower availability of domestic gas and higher dependence on expensive R-LNG might limit demand to some extent in price sensitive segments such as PNG-domestic and CNG which compete with subsidized fuels such as domestic LPG and Diesel respectively.

Your Company is fully aware of the challenge to keep the overall procurement cost of gas under check in order to supply CNG and PNG at competitive price as compared to alternate competing fuels. In a move to rationalize the price differential in APM and R-LNG in TTZ, your Company has implemented Uniform Price Mechanism (UPM) since 16<sup>th</sup> July 2012. The price of gas under UPM is calculated using weighted average of quantity of different type of gases consumed by the customers at City Gate Stations (CGS).

**D. Value Creation through Operational Excellence**

In a competitive environment, creating value for the end customer is of utmost importance for any Company. Your Company has taken various initiatives such as enhancing operational excellence, cost reduction, customer satisfaction, IT enablement, Human resource development and streamlining of systems and procedures to meet the challenges and have a competitive edge.

**FUTURE PLANS**

The mission of the Company is to provide natural gas in various cities across the nation through its gas distribution projects downstream of the main transmission pipelines. To achieve this business objective, your Company is spreading its reach on its own and through its joint ventures on a pan-India basis. Your Company endeavors to grow its retail markets to take full advantage of growing industrialization and urbanization.

Your company has drawn a comprehensive Business Plan for 15 yrs. The Plan envisioned implementation of CGD projects in a number of cities by your Company in a phased manner. As your Company is expanding its business operations, the management is focusing on development of robust systems, processes and resources to facilitate growth such as Accordingly, SAP systems like Sustainable Development module and various other modules like Material Management, Project System, Utility Customer E-Services, Customer Relationship Management, Industry Specific (IS)-utilities modules have been adopted. In addition, with its intrinsic strength of CGD project implementation, your Company would be able to establish itself as the country's leading downstream distribution and marketing Company. Your Company expects that it will be able to reap the benefits of growing opportunities in the City Gas Distribution segment in the country.

Your Company has already submitted the bids for the four Geographical Areas namely, Ludhiana, Jalandhar, Kutch (East) and Asansol-Durgapur in the 3rd round of the bidding process. Your Company is all prepared to actively participate in the bidding process of PNGRB for authorization to implement CGD projects in the country and is aiming to have a larger pie to ensure and retain market leadership in the segment.

Your Company has achieved Net sales revenue of ₹ 728.04 Crores in the Financial Year 2012-13 and has targeted to triple the sales revenue in the current fiscal year.

**CORPORATE SOCIAL RESPONSIBILITY**

Your company follows a well-structured CSR policy which mandates contribution of 3% of your company's PAT to CSR activities.

Major initiative undertaken by your Company under CSR include Plantation and Development of the Green Belt Area in its CNG Station at Dewas. Your company is conducting various safety awareness programs for the common public for improvement of operations related to safety in its authorized cities.

Your Company is evaluating an option to set-up a Skill Development Centre (SDC) at Firozabad for labour engaged in Glass Industry and installation of community drinking water facility at its CNG Stations.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

Your Company has adequate Internal control procedures commensurate with its size and nature of business. During the financial year 2012-13, Internal Audit Department of GAIL (India) Limited carried out internal audits and the internal audit reports prepared by them were placed before the Audit Committee.

**FINANCIAL PERFORMANCE**

During the period your Company has achieved gross revenue of ₹ 728.07 as against ₹ 289.01 Cr. during the corresponding period ending 31<sup>st</sup> March 2012. The Profit after Tax (PAT) for the year ending 31<sup>st</sup> March 2013 is ₹ 26.94 Cr. as against ₹ 8.34 Cr. for the corresponding period ending 31<sup>st</sup> March 2012. During the year general administrative and overhead expenses amounting to ₹ 14.83 Cr. as against ₹ 12.18 Cr. during the corresponding period ending 31<sup>st</sup> March 2012 and Interest on Term Loan of ₹ 9.43 Cr. as against ₹ 7.10 Cr. during the corresponding period ending 31<sup>st</sup> March 2012, have been transferred to Capital Work In-progress (CWIP) as Incidental expenses during construction period (IEDC) for capitalization.

Your Company has prepared its financial statements as on 31.03.2013 as per Revised Schedule VI of the Companies Act, 1956. The summary of the financial position of the Company as at 31<sup>st</sup> March 2013 and 31<sup>st</sup> March 2012 is given below:

(₹ in Crore)  
**Standalone Data Consolidated**

	31.03.13	31.03.12	31.03.13
<b>I. Equity and Liabilities</b>			
1. Share Capital (Including share application money pending allotment and Reserves and Surpluses)	286.83	227.84	286.83
2. Non-Current Liabilities	197.27	149.23	197.26
3. Current Liabilities	118.22	83.74	118.07
<b>Total Equity and Liabilities</b>	<b>602.32</b>	<b>460.81</b>	<b>602.16</b>
<b>II. Assets</b>			
1. Non Current Assets	468.10	379.70	466.14
2. Current Assets	134.22	81.11	136.02
<b>Total Assets</b>	<b>602.32</b>	<b>460.81</b>	<b>602.16</b>

**DIVIDEND**

It is proposed not to declare dividend for the current year.

**DEPOSITS**

During the period, your Company has not accepted deposits from the public under Section 58A of the Companies Act, 1956.

**SHARE CAPITAL**

Shareholders' fund of your Company is ₹ 286.83 Cr as on 31st March 2013 comprises of Paid up Equity Capital of ₹ 244.35 Cr, Share Application money pending allotment of ₹ 10.00 Cr and Reserve and Surplus of ₹ 32.48 Cr.

**HUMAN RESOURCES DEVELOPMENT**

During the year, your Company enjoyed a harmonious and cordial industrial relations environment. There has been a continuous emphasis on building capabilities and learning of all employees to drive better organizational performance. Being a 100% subsidiary of GAIL (India) Limited, majority of the employees have been borrowed from the parent Company to utilize their expertise and experience. Due impetus is given to strengthening a close-knit culture and engagement with the extended families through internal communications like In-house Magazine (GAIL Gas Samvad), GAIL Gas website and recognition of meritorious children of employees.

Your Company continues to focus on various developmental initiatives with

a view to tap potential of employees while synergizing individual development and organizational growth.

**ENVIRONMENTAL PROTECTION AND CONSERVATION**

Natural gas is intrinsically the cleanest of all fossil fuels. It is, the endeavor of your Company to promote its wider use among all categories of prospective customers. In this direction, your Company is promoting new applications of natural gas by domestic consumers as well as by commercial and industrial consumers. Sustained campaigns are being carried out whereby all the users are made aware of the economic and environmental advantages of natural gas compared to other fuels, along with assurance of its timely and uninterrupted supply. The Company is aggressively expanding its CNG infrastructure to facilitate convenient refueling of CNG so that more and more consumers could switch over to this environment friendly fuel.

Presently energy comes mainly from fossil fuels like Oil, Natural Gas and Coal. Natural gas is a relatively clean primary energy source and therefore often the fuel of choice in many regions of the world. The fossil fuel reserves are declining or becoming more challenging or expensive to develop which demands the development of sustainable alternative energy sources. It is

possible to replace part of natural gas by Bio-Methane produced from a sustainable primary energy source with the same properties as natural gas. This will facilitate the implementation of sustainable energy since natural gas networks are widespread in many countries as well as in India. A Substitute Natural Gas (Bio-SNG or Bio-Methane) can be produced from agricultural waste with a high efficiency and low plant emissions.

With this in mind, your Company is exploring development and use of Bio-Methane from Agricultural waste in a gas engine for electricity generation, heat production and CNG supply to automobiles. It can also be upgraded for use in CGD network by removal of CO<sub>2</sub>, Sulphur and moisture content etc.

**CAUTIONARY STATEMENT**

Statements in the Directors' Report and Management Discussion and Analysis, describing the Company's Objectives, projections and estimates, expectations, predictions etc. may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results, performances or achievements may vary materially from those expressed or implied, depending on economic conditions, Government policies and other incidental factors.



Compressed Natural Gas (CNG) for Vehicles

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company adheres to good corporate practices and emphasizes on commitment to values and ethical business conduct. It believes in adopting the best practices laid down in different statutes and goes beyond adherence of statutory framework to bring transparency, accountability and equity in all facets of its operations. Your Company's philosophy of Corporate Governance is to ensure transparency in all its operations and enhancing stakeholder value within the framework of laws and regulations.

## 2. BOARD OF DIRECTORS

### i. Composition of the Board

The Company is managed by the Board of Directors which formulates strategies, policies and reviews its performance periodically. As per its Articles of Association, the number of directors shall not be less than four and more than twelve.

As on 31<sup>st</sup> March 2013, there were 6 (Six) Directors on the Board comprising of 5 (Five) Promoter-Nominee Directors including the Chairman and 1 (One) Part-time Directors (Government Nominee) nominated by Ministry of Petroleum and Natural Gas. Composition and attendance record of the Company's Board of Directors are as follows:



TTZ Industrial Customer Interactive Meet

Name and Designation of the Director	No. of Board Meetings attended	Attendance at last Annual General Meeting	Directorships held in other Public Limited Companies	Membership/ Chairmanship in Committees of the Board of the other Companies
<b>I. Promoter -Nominee Directors</b>				
Sh. B. C. Tripathi Chairman	5	Yes	4	1
Shri Prabhat Singh	5	Yes	3	2
Sh. P.K.Jain	5	Yes	5	1
Dr. Ashutosh Karnatak	5	Yes	--	--
Sh. L R Gupta (w.e.f. 02.04.2013)	N.A.	N.A.	--	--
Sh. P K Gupta (w.e.f. 02.04.2013)	N.A.	N.A.	1	--
Sh. Rajesh Vedvyas (upto 02.04.2013)	5	Yes	2	--
<b>II. Part-time Directors (Government Nominee)</b>				
Sh. Nikunj Kr. Srivastava (w.e.f. 26.06.2013)	N.A.	N.A.	--	--
Dr. Neeraj Mittal (upto 10.04.2013)	2	Yes	1	--
Smt. Sushma Rath (w.e.f.10.04.2013 and upto 26.06.2013)	1	N.A.	1	--

### Note:

- During the year 2012-13, 5 (Five) Board Meetings were held.
- 4th Annual General Meeting was held on 03.09.2012.
- Directors inter-se are not related to each other.
- None of the Director(s) on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Membership/Chairmanship in Committee is reckoned pertaining to Audit Committee and Shareholders/Investors Grievance Committee and based on latest disclosures received from Director(s).

### ii. Details of Board meetings

During the financial year 2012-13, 5 (Five) meetings of the Board were held, the details of which are as below:

S. No.	Meeting No.	Date of Board Meeting
1.	25 <sup>th</sup>	30.04.2012
2.	26 <sup>th</sup>	21.05.2012
3.	27 <sup>th</sup>	01.08.2012
4.	28 <sup>th</sup>	12.12.2012
5.	29 <sup>th</sup>	07.01.2013

## 3. AUDIT COMMITTEE

The terms of reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 which, inter-alia, include overseeing the Company's financial reporting process and the disclosure of its financial information; reviewing with the Management, the quarterly and annual financial statements before submission to the Board for approval; reviewing with the Management, the performance of statutory and internal auditors, adequacy of internal control systems and all other matters specified under Section 292A of the Companies Act, 1956 as amended from time to time.

The Audit Committee of the Company comprises of three Directors, Shri P.K. Jain as Chairman, Dr. Ashutosh Karnatak and Shri L. R Gupta as the Members.

Besides the above, the Chief Executive Officer (GAIL Gas Limited), Chief Financial Officer (GAIL Gas Limited) and Sr. Manager (Internal Audit) of Promoter-GAIL (India) Limited are the permanent invitees to the meetings of Audit Committee. Senior functional executives are also invited, as and when required, to provide necessary inputs to the Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year 2012-13, 2 (Two) meetings of Audit Committee were held. The details of Audit Committee meetings held during the year are as follows:

S. No.	Meeting No.	Date of Meeting
1.	11 <sup>th</sup>	21.05.2012
2.	12 <sup>th</sup>	12.12.2012

#### 4. REMUNERATION COMMITTEE

1. In terms of DPE Guidelines, the role of remuneration committee is to decide the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits. CPSE will not be eligible for Performance Related Pay unless the Independent Directors are on its Board. Since, the Board of the Company has approved payment of remuneration and other allowances in line with the rules applicable in GAIL (India) Limited and all the employees are on the roll of GAIL (India) Limited and no employee are on the regular roll of the Company, Remuneration Committee has not yet been constituted.

The Part-time Director(s) which includes Promoter-Nominee and Government Nominee, do not receive any remuneration from the Company.

#### 5. OTHER COMMITTEES

A Committee of Directors has been duly constituted to deliberate on proposals delegated by the Board of Directors to ensure smooth and expeditious execution of work.

An Empowered Managing Committee is also in place for approval of proposals relating to Works, Purchases, Contract Services and Consulting Services.

#### 6. GENERAL BODY MEETINGS

##### Location and time, where last three AGMs were held

The location, time and details of special resolutions passed during last three AGMs are as follows:

Location and time, where last three AGMs were held

The location, time and details of special resolutions passed during last three AGMs are as follows:

Year	2009-10	2010-11	2011-12
AGM	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>
Date and Time	09.09.2010 4.00 p.m.	06.09.2011 11.00 a.m.	03.09.2012 04.30 p.m.
Venue	6 <sup>th</sup> floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	6 <sup>th</sup> floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	6 <sup>th</sup> floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066
Special Resolution passed	Issue of further shares in terms of Section 81 of the Companies Act, 1956	None	Increase in Authorised Share Capital from ₹ 200.00 crore to ₹ 300.00 crore

#### 7. MEANS OF COMMUNICATION

Annual Report is available on the web-site in a user-friendly manner viz. www.gailgas.com and is circulated to the members and others entitled thereto.

#### 8. DISCLOSURES

- Annual Financial statements 2012-13 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are being disclosed in Notes to the accounts in the Annual Report.
- The CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee.
- The Company has adopted the Whistle Blower Policy in its 24<sup>th</sup> Board Meeting held on 25.01.2012 and has hosted the same on its website www.gailgas.com.
- Your Company has adopted a Code of Conduct for Board members and senior management personnel and has hosted the same on its website www.gailgas.com and all the members of the Board and Senior Management Personnel have affirmed the compliance of the Code of Conduct.
- The Company has complied with applicable rules and the requirement of regulatory authorities and no penalties or strictures were imposed on the Company on any matter related to any guidelines issued by Government during last three years. All statutory filings were within stipulated time with various authorities.
- No item of expenditure has been debited in the books of accounts, which are not for the purposes of the business and no expense which are personal in nature and incurred for the Board of Directors and Top Management.
- The administrative and office expenses are 4.75 % of total expenses in 2012-13 as against 6.50 % in 2011-12.

#### 9. AUDIT QUALIFICATIONS

The Company has ensured to remain in the regime of unqualified statement.

#### 10. TRAINING OF BOARD MEMBERS

Though, no specific training programs were arranged for Board members, detailed presentations are made by senior executives/professionals/consultants on business related issues at the Board / Committee meetings.

#### 11. SHARE OWNERSHIP PATTERN AS ON 31<sup>st</sup> MARCH 2013:

Category	No. of shares held of ₹ 10 each	Percentage of shareholding
GAIL (India) Limited and its nominees	24,43,51,265	100%

To,  
The Members,  
GAIL Gas Limited,  
A-1, Sector-2,  
Noida-201301

## Certificate on Compliance of Guidelines on Corporate Governance

1. We have examined the compliance of Guidelines on Corporate Governance by GAIL Gas Ltd for the year ended 31st March 2013 as stipulated in O.M. No. 18(8)/2005-GM dated 22.06.2007 and modified by O.M. of the same number dated 14<sup>th</sup> May, 2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, GOI.
2. The Compliance of Guidelines on Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us by the management, we certify that, except the Composition of the Board of Directors with regard to Functional and Independent Directors and Audit Committee with regard to Independent Directors, risk management implementation, Remuneration Committee, the Company has complied with the Guidelines on Corporate Governance as stipulated in the O.M. mentioned above.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SMITA RASTOGI & CO.  
Company Secretaries

Sd/-  
**Smita Rastogi**  
(Proprietor)  
CP. NO.5485

Place: New Delhi  
Date : 19.07.2013



Commencement of CNG Dispensing from CNG Station at Firozabad

**ANNEXURE TO THE DIRECTORS' REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS and OUTGO AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**(DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988**

**A. CONSERVATION OF ENERGY:-**

As energy conservation is one of the objectives of the company, so aspect of energy conservation is taken care of in every activity that GAIL Gas Limited undertakes while implementing the project from design to execution of the project. (Annexed as Form A).

**B. TECHNOLOGY ABSORPTION:-**

GAIL Gas always adopts the new technology wherever required. At the moment the design and execution activities are being undertaken and new technology/ procedure/ standards etc. are being followed. (Annexed as Form B)

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:-**

Foreign Exchange Earning and Outgo	2012-13 (₹ In Cr.)	2011-12 (₹ In Cr.)
Total Foreign Exchange earned		
a. Tender fee	0.00	0.00
Total Foreign Exchange outgo		
a. CIF Value of Imports Capital goods	0.33	6.53
b. Others (TA)	0.03	0.01

**FORM A**

**Form for disclosure of particulars with respect to Conservation of Energy**

	2013-13	2011-12
<b>Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchase		
Unit	7.86 lacs unit	1.89 lacs units
Total Amount (Rs)	53.65 lacs	13.73 lacs
Rate / Unit (Rs)	6.83/unit	₹ 7.26/unit
b) Own Generation	NIL	NIL
(i) Through Diesel Generator		
Unit		
Unit per Ltr of Diesel Oil		
Cost / Unit (Rs)		
(ii) Through Steam	NIL	NIL
Units		
Units per Ltr and Fuel Oil / Gas		
Cost / Units		
<b>2. Coal (specify quantity and where used)</b>	NIL	NIL
Quantity (tonnes)		
Total Cost		
Average Rate		
<b>3. Furnace Oil</b>	NIL	NIL
Quantity (K. Ltrs)		
Total Amount		
Average Rate		
<b>4. Others / Internal Generation (please give details)</b>	NIL	NIL
Quantity		
Total Cost		
Rate / Unit		

## FORM B

### Form for disclosure of particulars with respect to absorption

Sr No.	Particulars	Current Year
<b>1</b>	<b>Research and Development (R&amp;D)</b>	
A	Specific areas in which R&D carried out by the Company	(a) Continuity with development of: <ul style="list-style-type: none"> <li>- Gas composition and gas quality</li> <li>- Safety of the cylinder</li> <li>- Development of spares such as O-rings etc.</li> <li>- Indigenous development of imported spares</li> <li>- Supervisory Control and Data Acquisition (SCADA) System</li> <li>- Geographical Information System (GIS)</li> </ul>
B	Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> <li>- Improvement in the existing business processes and working standards of a City Gas Distribution Project.</li> <li>- Safe and effective operation of Gas Supply Network</li> <li>- Forex savings</li> <li>- Easy availability of spares</li> </ul>
C	Future plan of action	<ul style="list-style-type: none"> <li>- Continuing Vendor Development (Regulators, Meters, PE pipes etc)</li> <li>- Further development of GIS, SCADA, ERP system</li> <li>- Automatic meter Reading (AMR) technology</li> <li>- Development of spares such as O-rings etc.</li> <li>- Indigenous development of imported spares</li> </ul>
D	Expenditure on R&D	No Direct Expenditure
(a)	Capital	
(b)	Recurring	
(c)	Total	
(d)	Total R&D expenditure as a percentage of total turnover	
<b>2</b>	<b>Technology absorption, adaptation and innovation</b>	
A	Efforts, in brief, made towards technology adaptation and innovation	<ul style="list-style-type: none"> <li>- Further development of Standards, Specifications and Operating Procedures with policies adapted for local implementation</li> </ul>
B	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.	<ul style="list-style-type: none"> <li>- Safe operation of Gas Supply Network</li> </ul>
C	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished :	NIL
(a)	Technology Import	
(b)	Year of Import	
(c)	Has technology been fully absorbed?	
(d)	If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action	



Glass Industries running on Piped Natural Gas (PNG)

## Auditor's Report

To  
**The Members of GAIL Gas Limited,**

We have audited the attached Balance sheet of **GAIL GAS LIMITED** as on 31st March, 2013 and also the profit & Loss Account and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit:

- 1) We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 2) As required by the Companies (Auditor's Report) Order (Amendment), 2004 issued by the Department of Company Affairs in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order in so far as they are applicable to the company.
- 3) Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law, have been kept by the company so far as appears from our examination of the books;

- c) The company's Balance sheet and the Profit & Loss A/c and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in compliance with accounting standard referred to sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
- e) Disclosure in term of Clause (g) of Sub-Section (1) of Section 274 of Companies Act 1956 is not required as per the notification No.GSR 829 (E) dated October 21, 2003 issued by Department of Company Affairs.

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2013; and
- ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
- iii) In case of Cash Flow Statement, of the Cash Flows for the year ended on that date

**For A.K.G. & ASSOCIATES**  
**Chartered Accountants**

**sd/-**  
**CA. HARVINDER SINGH**  
 Partner  
 (M. No. 087889)  
 (FRN. 002688N)

Place: Delhi  
 Date: 24.05.2013



Inauguration of CNG Station at Vedvyas Puri, Meerut



Industries Interactive meet for the implementation of Uniform Price Mechanism in Taj Trapezium Zone (TTZ)



## ANNEXURE TO THE AUDITORS' REPORT

### THE ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF GAIL GAS LIMITED FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2013, WE REPORT THAT:

The matters contained in paragraph 4 of the Companies (Auditor's Report) Order, 2003, are as follows:

- I) (a) The Company has maintained records showing quantitative details and situation of fixed assets.  
(b) According to the information and explanation given to us, the programme of verification of fixed assets which, in our opinion, having regard to the operations of the company in different locations, its size and nature of its assets, needs, strengthening. It was informed to us that the Fixed Assets have been physically verified by the management during the year and no major discrepancies were noticed on such verification.  
(c) Substantial part of fixed assets has not been disposed of during the year to effect the going concern.
- II) (a) According to the information and explanations given to us, the inventory of stores and spares were physically verified by the management, except those lying with contractors and project consultants.  
(b) According to information and explanations given to us in our opinion, the procedures for physical verification of inventory followed by the management needs further strengthening in relation to the operations of the company in different locations, its size and nature of its business.  
(c.) According to the information and explanations given to us, no major discrepancy has been noticed on physical verification of stock of capital goods in hand, Stores and spares as compared to the Book Records. We have been explained that the stock of gas at the end of the year has been arrived at on the basis of pipeline volume, pressure and temperature available in the pipeline by standard formula.
- III) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under sec. 301 of the Companies Act, 1956.
- IV) In our opinion and according to information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the internal controls system of the company.
- V) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.  
(b) In our opinion and according to the information and explanations given to us the transactions, made in pursuance of contracts or arrangements entered in the register under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- VI) Company has not accepted any deposits from the public covered by sec. 58A and 58AA of the Companies Act, 1956. Therefore clause (VI) of the order does not require any comment or explanation from the auditors.
- VII) The Company has taken the support of in house Internal Audit system of its holding Company, GAIL (India) Ltd., which in our opinion is reasonable and commensurate with the size of the Company.
- VIII) Maintenance of cost records has been prescribed by the Central

Government under section 209(1) (d) of the Companies Act 1956, and proper cost records have been maintained by the company.

- IX) (a) According to the records, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. As regards the deposit of dues of Provident Fund, Employees State Insurance and other dues relating to staff, since all the employees working in the company are on the payroll of GAIL (India) Ltd., the same is taken care of by the Holding Company and the debit notes raised on the company are accounted in Company's Books under appropriate head of Accounts.  
(b) According to the information and explanation given to us, no undisputed amounts payable in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.  
(c) As certified by the Management on which we have relied upon, there are no dues of Excise Duty, Customs Duty, Entry Tax, Sales Tax and Other Taxes which have not been deposited on account of Disputes.
- X) The Company was incorporated on 27 May, 2008, hence this clause is not applicable.
- XI) In our opinion and according to information and explanation given to us, the Company has raised funds through loans and as such there is no default in repayment of dues to financial institutions or banks.
- XII) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) The Company is not a chit fund, Nidhi, mutual benefit fund, society. Accordingly the provisions of clause 4(XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV) According to the information and explanations given to us, the company has not dealt in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(XIV) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XV) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- XVI) According to the information and explanation given to us, the Company has been disbursed term loan of ₹ 20.00 Cr (PY ₹ 43.59 Cr) and ₹ 55.00 Cr (PY ₹ 15.00 Cr) by Oil Industry Development Board and Union Bank of India, respectively, during the year and the same has been used for purpose for which the loans were disbursed.
- XVII) According to the information and explanation given to us, the Company has not raised any short term loan during the year.
- XVIII) During the year the company has not made any preferential allotment of shares to parties or Companies covered in register maintained under section 301 of the Companies, Act, 1956. However during the year private placement of 76401265 equity shares was made to GAIL (India) Ltd, the Holding Company.
- XIX) The Company has not issued any debenture during the year.
- XX) The Company did not raise money by public issue during the year.
- XXI) According to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For A.K.G. & ASSOCIATES  
Chartered Accountants

sd/  
CA. HARVINDER SINGH  
Partner  
(M. No. 087889)  
(FRN. 002688N)

Place: Delhi  
Date: 24.05.2013

Balance Sheet as at 31<sup>st</sup> March, 2013

(₹ in crore)

	Note No.	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholder's Funds</b>					
a) Share Capital	2	244.35		167.95	
b) Reserve & Surplus	3	32.48	276.83	5.54	173.49
<b>(2) Share Application money pending Allotment</b>	2-A		10.00		54.35
<b>(3) Non Current Liabilities</b>					
a) Long Term Borrowings	4	159.50		125.65	
b) Deferred Tax Liability (Net)		6.75		0.58	
c) Other Long-term Liabilities	5	31.02		23.00	
d) Long-term Provisions	6	-	197.27	-	149.23
<b>(4) Current Liabilities</b>					
a) Short Term Borrowings		-			
b) Trade Payables	7	24.83		26.51	
c) Other Current Liabilities	8	86.27		54.97	
d) Short-term Provisions	9	7.12	118.22	2.26	83.74
		<b>TOTAL</b>	<b>602.32</b>	<b>TOTAL</b>	<b>460.81</b>
<b>II. ASSETS</b>					
<b>(1) Non-current assets</b>					
a) Fixed Assets	10				
(i) Tangible Assets		244.03		199.29	
(ii) Intangible Assets		3.29		3.86	
(iii) Capital Work in Progress	11	210.23		168.28	
(iv) Intangible Assets under Development			457.55	-	371.43
b) Non-current Investments	12	7.52		5.03	
c) Long-term loans and advances	13	3.03		3.24	
d) Other non-current assets	14	0.00	10.55	-	8.27
<b>(2) Current Assets</b>					
a) Current Investments	15	-		-	
b) Inventories	16	4.56		5.16	
c) Trade receivables	17	45.35		32.75	
d) Cash and cash equivalents	18	39.40		19.18	
e) Short-term loans and advances	19	44.41		23.47	
f) Other current assets	20	0.49	134.22	0.55	81.11
		<b>TOTAL</b>	<b>602.32</b>	<b>TOTAL</b>	<b>460.81</b>

**Significant Accounting Policies & Notes on Accounts 1**

See accompanying notes to Financial Statements

Notes to Accounts, Balance Sheet abstract and Company's General Business Profile, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

Contingent Liabilities not provided for (Refer Note-29)

**Preeti Aggarwal**  
Company Secretary  
(PAN-AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

As per our separate Report of even date  
For M/S A.K.G. & Associates  
Chartered Accountants  
Firm No. 002688N

Place: New Delhi  
Dated: 24.05.2013

Sd/-  
**CA. Harvinder Singh**  
(Partner)  
M No. 87889



## Profit & Loss Statement for the Year ended 31<sup>st</sup> March, 2013

(₹ in crore)

	Note No.	Year Ended 31 <sup>st</sup> March, 2013	Year Ended 31 <sup>st</sup> March, 2012
I. Revenue from Operations	21	726.10	286.96
II. Other Income	22	1.97	2.05
<b>III Total Revenue (I+II)</b>		<b>728.07</b>	<b>289.01</b>
IV Expenses			
Gas consumed	23	645.45	251.16
Employee benefits expense	24	-	-
Finance Cost	25	5.81	2.47
Depreciation	26	9.22	5.11
Other Expenses	27 & 27A	32.93	17.98
		<b>693.42</b>	<b>276.72</b>
V. Profit before exceptional and extraordinary items and tax ( III-IV )		34.65	12.29
VI. Exceptional Items		0.00	-
VII. Profit(Loss) before extra ordinary items and tax ( V-VI )		34.65	12.29
VIII. Extraordinary Items		0.00	-
IX. Profit(Loss) before prior period items and Tax (VII-VIII)		34.65	12.29
X. Prior Period Adjustments (Net)	28	(0.16)	0.04
XI. Profit(Loss) before Tax (IX-X)		34.81	12.25
XII. Tax Expenses			
1. Current Tax		7.12	2.26
Less: MAT Credit		5.42	(2.26)
2. Deferred Tax		6.17	3.91
3. Excess Provision of Income Tax of earlier years written back		-	-
XIII. Profit(Loss) after Tax for the period (XI-XII)		26.94	8.34
<b>Details of Earning Per Share</b>			
A. Profit after tax		26.94	8.34
B. Weighted Average No. of Equity Shares		20.26	14.44
C. Nominal Value per Equity Share (₹)		10/-	10/-
D. Basic and Diluted Earning Per Share (₹)		1.33	0.58

See accompanying notes to accounts

**Preeti Aggarwal**  
Company Secretary  
(PAN-AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
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**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

As per our separate Report of even date  
**For M/S A.K.G. & Associates**  
**Chartered Accountants**  
**Firm No. 002688N**

Place: New Delhi  
Dated : 24.05.2013

**Sd/-**  
**CA. Harvinder Singh**  
(Partner)  
M No. 87889

**Note 2: Share Capital**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>AUTHORISED</b> 30,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10/- each	300.00	200.00
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b> 111685397 Equity Shares of ₹ 10/-each (up to PY 83865397 Equity Shares of ₹ 10/- each ) fully paid up in cash	111.69	83.86
132665868 Equity Shares of ₹ 10/- each ( Up to PY 84084603 equity Shares) of ₹ 10/- each fully paid otherwise than in cash	132.67	84.09
<b>TOTAL</b>	<b>244.35</b>	<b>167.95</b>
<b>Par Value Per Share Equity Shares</b>	<b>10.00</b>	<b>10.00</b>

**Note 2A : Share Application Money pending Allotment**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
i) In form of Consideration other than Cash pending Allotment A/C GAIL (India) Ltd	-	48.58
ii) In form of Consideration in Cash pending Allotment A/C GAIL (India) Ltd	10.00	5.77
<b>TOTAL</b>	<b>10.00</b>	<b>54.35</b>
<b>Reconciliation Statement of No. of Shares Outstanding</b>		
Opening No. of Shares	167,950,000	117,170,000
Issued during the year	76,401,265	50,780,000
Forfeited during the year	-	-
Closing No. of Shares	244,351,265	167,950,000
<b>The right /Preferences/Restrictions attached during the year for shares</b>		
<b>Proposed /Intereim/Final Dividend</b>	-	-
<b>No. of Shares of the co. held by holding Company</b>		
Share holding Pattern (No. Of Shares)		
Holding Co-Gail (India) Ltd.(100%)	244,351,259	167,949,994
<b>TOTAL</b>	<b>244,351,259</b>	<b>167,949,994</b>
<b>Share Reserved for Issue under Options &amp; Contracts/ Commitments for Sale of Shares/Disinvestment</b>		
Terms		
Amount	-	-
No.	-	-
<b>Convertible Securities in Equity/Preference Shares</b>	-	-
<b>Aggregate No. &amp; class of shares allotted as fully paid up peruant to contract without payment being received in cash during last 5 years (in Nos)</b>	<b>132,665,868</b>	<b>84,084,603</b>
<b>Unpaid Calls</b>		
By Directors and Officers	-	-
By Others	-	-
<b>Forfeited Amount of Shares</b>	-	-



### Note 3 : Reserves and Surplus

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Opening Balance	5.54	(2.80)
Add: Current Year Profit	26.94	8.34
Less: Transfer to General Reserve	-	-
Closing Balance	<u>32.48</u>	<u>5.54</u>

### Note 4 : Long Term Borrowings

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>SECURED TERM LOANS</b>		
<b>From Banks :</b>		
<b>Union Bank of India</b>	69.60	26.25
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of ₹142 Crore, loan drawn up to 31.03.2013 is ₹ 85 Crore as against ₹ 30 Crore drawn up to 31.03.2012)		
<b>Rate of Interest on term Loan as on 31.03.2013 : 11.95 % p.a</b>		
<b>Terms of Repayment</b>		
Repayable in 16 half yearly installments after moratorium period of 2 years from the date of 1st drawl i.e 12.08.2010 on 30th June & 31st Dec each year. The first repayment started from 31.12.2012 as per the agreement		
<b>UNSECURED</b>		
<b>From Other Parties :</b>		
<b>Oil Industry Development Board</b>		
(Secured against all assets of TTZ Project, ₹ 20 Crore sanctioned & drawn up to 31.03.2013, PY Nil)	20.00	-
<b>UNSECURED</b>		
<b>From Other Parties :</b>		
<b>Oil Industry Development Board</b>	69.90	99.40
(Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of ₹118 cr pertaining to Cities of Dewas Kota Meerut & Sonapat)		
<b>Rate of Interest (ROI) on term Loan as on 31.03.2013 :</b>		
Outstanding Loan as on 31.03.2013 (₹ in Cr)	ROI (%)	
7.50	7.70	
6.00	7.60	
19.81	7.63	
11.25	8.18	
11.25	8.31	
20.00	8.60	
10.00	8.77	
13.59	9.18	
20.00	8.50	
<b>Terms of Repayment</b>		
Repayable in 4 annual installments after moratorium period of 1 financial year excluding the year of drawl for each loan. The first repayment started from 09.06.2012.		
Period and Amount of Continuing default as on Balance Sheet Date in repayment of Loan and Interest	-	-
	<u>159.50</u>	<u>125.65</u>

### Note 5 : Other Long Term Liabilities

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>Trade Payable</b>	-	-
<b>Others :</b>		
Deposits from Customers	28.92	22.38
Advance received from customers	2.10	0.62
<b>TOTAL</b>	<u>31.02</u>	<u>23.00</u>

**Note 6 : Long Term Provisions**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Employee related Provisions	-	-
Others		
<b>TOTAL</b>	-	-

**Note 7 : Trade Payables**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Trade payables	24.83	26.51
<b>TOTAL</b>	<u>24.83</u>	<u>26.51</u>

**Note 8 : Other Current Liabilities**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>SECURED</b>		
<b>(a) Current Maturity of Long Term Debt</b>		
<b>Loan from Union Bank of India</b>	11.96	3.75
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of ₹142.00 Crore . Loan drawn up to 31.03.2013 is ₹ 85.00Cr as against ₹ 30.00Cr drawn up to 31.03.2012)		
<b>UNSECURED</b>		
Oil Industry Development Board (Against Corporate Guarantee given by GAIL(India) Ltd for Loan of ₹118.00 cr pertaining to Cities of Dewas Kota Meerut & Sonapat)	29.50	18.60
<b>(b) Others</b>		
Interest Accrued but not paid	0.18	-
Audit Fees Payable	0.03	0.01
Service Tax Payable	0.12	0.14
TDS , VAT , Excise and WCT Payable	5.40	2.56
Deposits, retention money from contractors and others	12.63	9.87
Other Payables Against O&M	2.03	13.58
Other Payables Against Plant & Machinery	24.03	6.46
Other Liabilities	0.38	-
<b>TOTAL</b>	<u>86.27</u>	<u>54.97</u>

**Note 9 : Short-term Provisions**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>Others :</b>		
Provision for taxation / FBT/Wealth Tax	7.12	2.26
<b>TOTAL</b>	<u>7.12</u>	<u>2.26</u>



## Note :10 - Fixed Assets (Tangible / Intangible Assets)

(₹ in crore)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION			IMPAIRMENT OF ASSETS			NET BLOCK		
	As at 01.04.2012	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	As at 31.03.2013	As at 31.3.2012	As at 31.03.2013
<b>Tangible Assets (A)</b>													
Land : Freehold	10.90			10.90	-			-				10.90	10.90
Leasehold	3.83	2.00		5.83	0.06	0.04		0.10				3.77	5.73
Plant and Machinery	188.27	50.12		238.39	4.70	8.00		12.70				183.57	225.69
Furniture, Fixtures and other Equipments	0.73	0.20		0.93	0.15	0.05		0.20				0.58	0.73
Office Equipments Including Electrical Equipments	0.68	0.66		1.34	0.21	0.15		0.36				0.47	0.98
<b>TOTAL (A)</b>	<b>204.41</b>	<b>52.98</b>	<b>-</b>	<b>257.39</b>	<b>5.12</b>	<b>8.24</b>	<b>-</b>	<b>13.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199.29</b>	<b>244.03</b>
<b>Intangible Assets (B)</b>													
Right of Use *	0.36	-		0.36	-	-		-				0.36	0.36
Softwares / Licences	4.49	0.41		4.90	0.99	0.98		1.97				3.50	2.93
<b>Total (B)</b>	<b>4.85</b>	<b>0.41</b>	<b>-</b>	<b>5.26</b>	<b>0.99</b>	<b>0.98</b>	<b>-</b>	<b>1.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.86</b>	<b>3.29</b>
<b>TOTAL (A+B)</b>	<b>209.26</b>	<b>53.39</b>	<b>-</b>	<b>262.65</b>	<b>6.11</b>	<b>9.22</b>	<b>-</b>	<b>15.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203.15</b>	<b>247.32</b>
Previous Year	57.36	151.90		209.26	1.00	5.11		6.11				56.36	203.15

\* Right of use for laying pipelines is a perpetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortisation is provided on the same, being perpetual in nature.

\*\* All the assets have been owned by the Company except the leasehold land

## Note 11 : Capital Work-in-Progress

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>A. Plant &amp; Machinery</b>		
Linepipe Construction and related facilities	131.43	101.44
Less : Provision for Linepipe and Related Facilities	(0.72)	(1.45)
	130.70	99.99
<b>B. Linepipes, Capital Items in Stock/Transit</b>	79.52	68.29
Less : Provision for losses/obsolescence		-
	79.52	68.29
<b>TOTAL</b>	<b>210.23</b>	<b>168.28</b>

## Note 12 : Non-current Investments

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>1. Trade Investments</b>		
<b>Un-Quoted at Cost</b>		
<b>(a) Investments in Equity Instruments :-</b>		
<b>(i) In Joint Venture Companies:</b>		
50,00,000 (Previous Year :50,00,000 ) Equity Shares of ₹ 10/- each fully paid-up in APGDC Ltd	5.00	5.00
<b>(ii) In Joint Venture Company</b>		
25,20,000 (Previous Year : 26000) Equity Shares of ₹10/- each fully paid up in Kerala GAIL GAS Ltd as deemed allotment	2.52	0.03
<b>TOTAL I</b>	<b>7.52</b>	<b>5.03</b>
<b>Note 11A - Advances for Investments (Pending Allotment)</b>		-
<b>TOTAL II</b>	<b>-</b>	<b>-</b>
<b>TOTAL I + II</b>	<b>7.52</b>	<b>5.03</b>

**Note 13 : Long term Loans and Advances**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>(a) Capital Advances</b> (Unsecured - Considered Good) (Unsecured - Considered Doubtful)	- -	- -
Less : Provision for Doubtful Advances	-	-
<b>(b) Security Deposits</b> - Unsecured, Considered Good-Govt - Unsecured, Considered Good-Non Govt - Unsecured, Considered Doubtful	2.81 0.22 -	3.01 0.23 -
Less : Provision for doubtful claims	-	-
<b>(c) Loans and Advances to related Parties</b> (Unsecured, Considered Good)	-	-
<b>(d) Other Loans and Advances</b>		
<b>TOTAL</b>	<b>3.03</b>	<b>3.24</b>

**Note 14 : Other Non Current Assets**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>Long Term Trade Receivables</b>	-	-
<b>Others</b> Interest Accrued on Employees Loans secured & considered good (including dues from Directors Rs. Nil (Previous Year :Nil))	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**Note 15 : Current Investments**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>Current Investments</b> Associate Companies	- -	- -
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**Note 16 : Inventories**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
<b>(a) Finished Goods</b> Compressed Natural Gas (Valued at Cost or Net Realisable Value whichever is lower)	0.04	0.02
<b>(b) Stock-in-trade</b> Stock of Gas* *after adjustment of calorific value (Valued at Cost or Net Realisable Value whichever is lower)	0.38	0.23
<b>(c) Stores and Spares</b> (As taken, valued and certified by the Management) Stores and Spares Less : Provision for Losses/Obsolescence	4.14 -	4.91 -
Construction Surplus - Capital / Stores Less : Provision for Losses/Obsolescence (Valued at Cost or Net Realisable Value whichever is lower)	- -	- -
<b>TOTAL</b>	<b>4.56</b>	<b>5.16</b>



## Note 17 : Trade Receivables

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
(i) Debts outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	1.38	1.12
- Unsecured, Considered Doubtful	-	-
	<u>1.38</u>	<u>1.12</u>
(ii) Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	45.05	32.72
- Unsecured, Considered Doubtful	-	-
	<u>45.05</u>	<u>32.72</u>
Total	<u>46.43</u>	<u>33.83</u>
Less : Provision for Doubtful debts	1.08	1.08
<b>TOTAL</b>	<u>45.35</u>	<u>32.75</u>

## Note 18 : Cash and cash equivalents

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
(i) <b>Cash and cash equivalents</b>		
(a) <b>Balances With Banks</b>		
On Current Account ( includes Corporate Liquid Term Deposit ₹ 17.70 (Previous Year : ₹ 18.90 Cr) )	39.00	19.02
(b) <b>Cheques/Drafts/Stamps in hand</b>	-	-
(c) <b>Cash in hand</b>	0.40	0.16
(d) <b>Others</b>	39.40	19.18
<b>TOTAL</b>	<u>39.40</u>	<u>19.18</u>

## Note 19 : Short Term Loans and Advances

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
(a) <b>Loan to Related Parties</b>		
Claim Recoverable from APGDC	0.62	-
Claim Recoverable from KGGL	0.39	-
	<u>1.01</u>	<u>-</u>
(b) <b>Others</b>		
Loan to Employees	-	-
<b>Advances recoverable in cash or in kind or for value to be received</b>		
- Unsecured, Considered Good	0.02	-
- Unsecured, Considered Doubtful	-	-
	<u>0.02</u>	<u>-</u>
Less : Provision for Doubtful Advances	-	-
	<u>0.02</u>	<u>-</u>
<b>Advance Tax &amp; TDS</b>	13.33	4.64
<b>Claims Recoverable-Govt</b>		
- Unsecured, Considered Good	29.99	18.83
- Unsecured, Considered Doubtful	-	-
	<u>29.99</u>	<u>18.83</u>
Less : Provision for doubtful claims	-	-
	<u>29.99</u>	<u>18.83</u>
<b>Deposits with Others</b>		
- Unsecured, Considered Good	0.05	-
- Unsecured, Considered Doubtful	-	-
	<u>0.05</u>	<u>-</u>
Less : Provision for doubtful claims	-	-
	<u>0.05</u>	<u>-</u>
<b>TOTAL</b>	<u>44.41</u>	<u>23.47</u>

**Note 20 : Other Current Assets**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Interest accrued but not due	0.05	-
Prepaid Insurance & Other Charges	0.44	0.55
<b>TOTAL</b>	<u>0.49</u>	<u>0.55</u>

**Note 21 : Revenue from Operations**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
a) <b>Sale of Products/ Gas</b>	<b>702.27</b>	279.63
Less : Excise Duty	<u>7.33</u>	<u>3.81</u>
	<b>694.95</b>	275.82
b) <b>Gas transmission charges</b>	<b>28.23</b>	10.29
c) <b>Other Operating Revenues</b>		
Application Fees - Domestic Connection	0.06	0.12
Interest Income Customers & Others	0.12	0.03
Misc Income - Extra Pipe line	0.18	0.10
MGO Receipt	<u>2.56</u>	<u>0.60</u>
	<b>2.92</b>	0.85
<b>TOTAL</b>	<u><b>726.10</b></u>	<u>286.96</u>

**Note 22 : Other Income**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Interest Income on Bank Deposits	1.49	1.69
Tender Fees	0.01	0.02
Liquidated Damages	0.32	0.34
Miscellaneous Receipts	0.15	-
<b>TOTAL</b>	<u>1.97</u>	<u>2.05</u>

**Note 23 : Gas Consumed**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Opening Stock	0.25	0.01
Add:Purchases	647.23	252.22
Less :Gas Consumption	645.45	251.16
Less: Gas Consumed as Fuel	1.61	0.82
Closing Stock	0.42	0.25

**Note 24 : Employees Benefits**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Salary Wages & Allowances	-	-
Contribution to Provident Fund	-	-
Welfare Expenses	-	-
Total	-	-
Less: Employees Benefits Transferred to IEDC	-	-
<b>Total</b>	<u>-</u>	<u>-</u>



## Note 25 : Finance Cost

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Interest on Term Loans- OIBB	9.29	7.90
Interest on Term Loans- Union Bank of India	5.96	1.67
Total	<u>15.24</u>	<u>9.57</u>
Less : Interest and Finance Charges transferred to Capital Work-in-Progress	9.43	7.10
<b>TOTAL</b>	<u><b>5.81</b></u>	<u><b>2.47</b></u>

## Note 26 : Depreciation and Amortization Expenses

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
Depreciation and Amortization Expenses	9.22	5.11
<b>TOTAL</b>	<u><b>9.22</b></u>	<u><b>5.11</b></u>

## Note 27 : Other Expenses

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013		As at 31 <sup>st</sup> March, 2012	
<b>Power &amp; Fuel Charges</b>				
Electricity Charges	0.55			0.29
Fuel Charges	1.61	2.16		0.82
<b>Rent-Office &amp; Others</b>		3.01		2.64
<b>Repairs and Maintenance-P&amp;M</b>		2.75		1.12
<b>Repairs and Maintenance-Buildings</b>		0.19		0.00
<b>Insurance Charges</b>		0.26		0.15
<b>Rates &amp; Taxes</b>		0.50		0.01
<b>Payment to Auditors</b>				
Audit Fees (incl other Certification)	0.04		0.02	
Tax Audit Fee	0.00		0.00	
Out of Pocket Expenses	0.01	0.05	0.01	0.03
<b>Management Service for Employee Cost</b>				8.32
Salaries, Wages and Allowances	22.82		15.53	
Contribution to Provident and Other Funds	1.19		1.91	
Welfare Expenses	1.95		0.18	
	<u>25.96</u>		<u>17.62</u>	
Less : Management Service for Employee Cost transferred to Capital Work-in-Progress			9.30	
<b>TOTAL</b>	<u><b>11.86</b></u>	<b>14.10</b>	<u><b>8.32</b></u>	
<b>Other Misc Expenses</b>	12.87		7.48	
Less Expenditure transferred to IEDC	27 A	<u>2.97</u>	<u>2.88</u>	4.60
Net Other Expenses		<u><b>32.93</b></u>	<u><b>17.98</b></u>	

**Note 27 A : Expenditure during Construction Period**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	As at 31 <sup>st</sup> March, 2012
IEDC- Insurance	-	(0.01)
IEDC- Misc Exp	-	0.25
IEDC - Power, Water, Fuel Charges	0.12	0.07
IEDC- Printing & Stationery Expenses	-	0.01
IEDC- Security Expenses	0.25	-
IEDC- Rent & Warehouse Exp.	1.82	1.86
IEDC - TRAVELLING & CONV. EXP	0.49	0.35
IEDC - Vehicle Hire Charges	0.28	0.35
<b>Total</b>	<b>2.97</b>	<b>2.88</b>

**Note 28 : Prior period Adjustment**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2012
Purchase of Gas*	(0.16)	-
Other Exp	-	0.03
Power & Fuel	-	0.01
<b>Total</b>	<b>(0.16)</b>	<b>0.04</b>

\*( The amount pertains to excess paid to GAIL(India) Ltd for supply of Gas at Kota for the period Jan-March 2012, due to error in Gas Meter, settled during current FY)

**Note 29 Contingent Liabilities**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2012
<b>A BG ISSUED</b>	<b>12.10</b>	<b>51.40</b>
<b>B COURT CASES-AGRA with Allhabad High Court</b>	<b>0.71</b>	<b>1.29</b>
<b>C COURT CASES-AGRA with Firozabad District Court</b>	<b>0.02</b>	<b>3.26</b>
<b>D ARBITRATION CASES-Agra Customers</b>	<b>12.60</b>	<b>12.21</b>
<b>E STATUTORY</b> Previous year contingent liability crystalized & paid (Audit Report received from Service Tax Department advising reversal of Input Credit availed on Transportation charges of Gas purchased and Interest there on)	-	0.46
<b>GRAND TOTAL (A+B+C+D+E)</b>	<b>25.43</b>	<b>68.62</b>



Connecting Industries with Piped Natural Gas



## CASH FLOW STATEMENT FOR THE ACCOUNTING PERIOD ENDED 31.03.2013

(₹ in crore)

	FY 2012-13	FY 2011-12
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
1. NET PROFIT AFTER TAX AND EXTRAORDINARY ITEMS	26.94	8.34
2. ADD: Adjustments		
DEPRECIATION	9.22	5.11
OTHER PROVISIONS	7.87	3.91
CWIP PROV FOR CITIES W/O	0.73	1.45
INTEREST INCOME RECEIVED	(1.49)	(1.82)
INTEREST PAID	15.24	9.57
MANAGEMENT EXPENSES	-	(5.31)
EXCHANGE RATE VARIATION	0.02	0.15
EXTRAORDINARY ITEMS- PRIOR PERIOD Expense		0.04
LESS: Adjustments		
EXTRAORDINARY ITEMS- PRIOR PERIOD Income	(0.16)	-
3. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (1+2)	31.75	13.10
4. CHANGES IN WORKING CAPITAL (EXCLUDING CASH & BANK BALANCES)		
TRADE AND OTHER RECEIVABLES	(33.17)	(47.99)
INVENTORIES	0.60	(2.27)
TRADE AND OTHER PAYABLES	7.33	55.01
5. CASH GENERATED FROM OPERATIONS (3+4)	33.45	26.19
6. DIRECT TAX PAID	13.33	4.70
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (5+6)</b>	46.78	30.89
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
INVESTMENT IN JV'S & SUBSIDIARY	(2.49)	(5.03)
PURCHASE OF FIXED ASSETS	(53.39)	(97.85)
CAPITAL WORK-IN-PROGRESS	(41.95)	4.14
INTEREST & OTHER INCOME RECEIVED	1.49	(1.82)
PROFIT ON SALE OF ASSET	-	-
<b>NET CASH FROM INVESTING ACTIVITIES.</b>	(96.34)	(100.56)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	27.83	28.66
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM GAIL(INDIA) LTD	4.23	(5.80)
SECURED LOANS FROM UBI	51.56	15.00
SECURED LOANS FROM OIBD	1.40	43.59
INTEREST PAID	(15.24)	(9.57)
NET CASH FROM FINANCING ACTIVITIES	69.78	71.88
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	20.22	2.22
CASH & CASH EQUIVALENTS - OPENING BALANCE	19.18	16.96
<b>CASH &amp; CASH EQUIVALENTS - (CLOSING BALANCE)</b>	39.40	19.18

**Preeti Aggarwal**  
Company Secretary  
(PAN-AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

In terms of our report of even date  
**For, A.K.G. & Associates**  
Chartered Accountants  
Firm No. 002688N

**Sd/-**  
**(CA. Harvinder Singh)**  
Partner  
M No.87889

Date: 24.05.2013  
Place: New Delhi

## Accounting Policies

### 1) Accounting Conventions:

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and relevant provisions of the Companies Act, 1956 including accounting standards notified there under from time to time.

### 2) Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

### 3) Fixed Assets:

Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes and levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the contractor is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

### 4) Intangible Assets

Intangible assets like software licenses and right of use of land, which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

### 5) Capital Work-in-Progress

The Capital Work-in-Progress includes advance for capital goods/material in Transit/ value of stores lying in the hands of contractor for use in the projects/value of material/equipment etc. received at site for use in the projects.

### 6) Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the assets is ready for use after netting off any income earned on temporary investment of such funds. Further, the funds generally borrowed and used for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalization, in terms of AS 16, is determined on the basis of judgement of the Company.

### 7) Expenses Incurred During Construction Period

All revenue expenditures incurred during the construction period which are directly or indirectly attributable to acquisition/construction of fixed assets, will be capitalized at the time of commissioning of such assets.

### 8) Depreciation/Amortisation

- 1) Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the companies Act, 1956, on straight line method (SLM) on pro rata basis (monthly pro-rata for bought out assets).
  - a) Assets costing up to ₹ 5,000/- are depreciated fully in the year of capitalization
  - b) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
  - c) Software/Licences are amortised in 5 years on straight line method.

- 2) Capital assets installed at the consumer premises on the land whose ownership is not with the company, has been depreciated on SLM basic in accordance with the rates as specified in schedule XIV of the Company's Act, 1956.

### 9) Foreign Currency Translation

- a) Transaction in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- b) Monetary items (such as cash, receivables, loans, payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling rate for Payables and TT Buying rate for Receivables) prevailing at year end.
- c) Non monetary items (such as Investments, Fixed Assets, etc.) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction (s).
- d) Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

### 10) Inventories

- a) Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- b) 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.
- c) 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.
- d) Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- e) 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.
- 11) Machinery spares, which can be used only in connection with an item of fixed assets and their use is expected to be irregular, are capitalized with the cost of that fixed assets and are depreciated fully over the remaining useful life of that asset.

### 12) Profit & Loss Account:

- a. Sale proceeds will be accounted for based on the consumer price inclusive of statutory Levies and charges upto the place where ownership of goods is transferred.
- b. Pre-Project expenditure relating to Projects which are considered unviable/closed will be charged off to Revenue in the year of declaration /closure.

### 13) Taxes on Income

Provision for current tax is made as per provisions of the Income Tax Act, 1961. Deferred Tax Liability/ Assets resulting from 'timing difference between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets, if any, is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

### 14) Contingent Liabilities and Capital Commitments

- a) Contingent liabilities are disclosed in each case above ₹ 5 lakhs.
- b) Estimated amount of contracts remaining to be executed on capital account are disclosed in each case above ₹ 5 lakhs.



Critical Safety Campaign conducted at various sites

### 15) Impairment

The Carrying amount of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal /External factors, an Impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount.

#### GENERAL

- 16) Prepaid expenses and prior period expenses/income upto ₹ 5,00,000/- in each case are charged to relevant heads of account of the current year.
- 17) Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management.

Liquidated damages, if settled, after capitalization of assets are charged to revenue, if below ₹ 50 lakhs in each case, otherwise adjusted in the cost of relevant assets.

- 18) Insurance claims are accounted for on the basis of claims admitted by the insurers.
- 19) a. Custom duty and other claims (including interest on delayed payments) are accounted for on acceptance in principle.  
b. Liability in respect of MGO of Natural Gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

**Preeti Aggarwal**  
Company Secretary  
(PAN No.AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN:ACJPD6268J)

**J Wason**  
CEO  
(PAN: AAOPW8792K)

**P.K. Jain**  
Director  
(DIN:02145534)

**Prabhat Singh**  
Director  
(DIN: 03006541)

As per our separate report of even date  
For A.K.G & Associates  
Chartered Accountants  
FRN 002688N

Place: New Delhi  
Date: 24.05.2013

Sd/-  
(C A Harvinder Singh)  
Membership No. 087889

## Notes on Accounts

- Some of the projects of the Company are still in progress. Since both operation and project activities are being undertaken simultaneously, the employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost & travelling expenses have been directly identified to the project activities and operation activities respectively on actual basis and accounted for accordingly. All administrative and other expenses have been allocated to IEDC and charged to Profit and Loss Account in the ratio of manpower identified for project activities and operation activities respectively during the year.
- The incidental expenditure during construction amounting ₹ 14.83Cr. (PY 12.18 Cr.) have been allocated to completed Project & Capital work in progress in the ratio of direct allocated cost for assets.
- One of the project activities of the company is construction of CNG stations. Borrowing cost is capitalized on CNG stations even in cases where the period of construction is less than one year.
- The details of disclosure regarding share application money are as under:
  - Shares to be allotted to GAIL (India) Ltd at par with face value of ₹ 10 each.
  - The total authorized capital of the Company is ₹ 300.00 Cr. against which ₹ 244.35 Cr. has been issued as on balance sheet date. The share application money pending allotment ₹ 10.00 Cr has been allotted on 9-04-2013.
  - The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board.
- The estimated amount of contracts over ₹ 5 Lac amounting to ₹ 99.92 Cr. (PY Rs. 55.58 Cr.) are remaining to be executed on Capital Accounts and not provided for.
- During the year expenses incurred on cities towards preparation of DFR & Demand survey not found feasible amounting to ₹ Nil (PY 1.45 Cr.).
- To the extent information available with the Company, amount due to Medium & Small Scale Industry is ₹ 0.21 Cr as on 31.03.2013 (PY Nil).
- The reconciliation of accounts with parties is carried out as an ongoing process. Request for confirmation of balances have also been sent.
- All the employees posted at GAIL Gas Limited during the year are on the rolls of GAIL (India) Limited. Employees benefits including salary are being prepared and disbursed by GAIL (India) Limited for which debit notes are raised on GAIL Gas Limited.
- Employees Benefits in terms of AS-15 (Revised) have not been considered by GAIL GAS Ltd as all the employees posted at GAIL Gas Ltd are on the rolls of GAIL (India) Ltd.
- Information required as per Schedule VI of the Companies Act, 1956

(₹ in Cr.)

I. CIF Value of Import	2012-13	2011-12
Capital Goods	0.33	6.53
II Expenditure in Foreign Currency- Others -Travelling	0.03	0.01

- Details of Sales, Opening Stock, Closing stock & Purchases of product manufacture and traded are as under:

**a) Details of Finished goods for the year 2012-13** ₹ In Cr.

Manufactured Goods	Sales Value	Closing Inventory	Opening Inventory
Compressed Natural Gas	50.34 (30.13)	0.04 (0.02)	0.02 (0.01)
<b>Total</b>	<b>50.34</b> <b>(30.13)</b>	<b>0.04</b> <b>(0.02)</b>	<b>0.02</b> <b>(0.01)</b>
<b>Traded Goods</b>			
a. Compressed Natural Gas	13.81 (3.32)	0 0	0 0
b. Natural Gas	661.95 (256.47)	0.39 (0.23)	0.23 (0.01)
<b>Total</b>	<b>675.76</b> <b>(259.79)</b>	<b>0.39</b> <b>(0.23)</b>	<b>0.23</b> <b>(0.01)</b>

The sales as shown above for current year is exclusive of Excise Duty of ₹ 7.33 Cr, ( Previous year inclusive of Excise Duty of ₹ 3.80 Cr.)

**b) Details of purchases of traded goods are as under:**

Details of Purchases	₹ in Cr.
Goods Purchased	
a. Compressed Natural Gas	10.48 (2.44)
b. Natural Gas	636.75 (249.78)

The figures in the brackets pertain to previous year.

- In compliance of Accounting Standard 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Company has created deferred tax Liability in respect of timing difference as on 31<sup>st</sup> March, 2013 amounting to ₹ 6.75 Cr. (Previous year ₹ 0.58 Cr.). The item-wise details of deferred tax liability/asset are as under:

**Details of Deferred Tax** (₹ in Cr)

Particulars	31.03.2013	31.03.2012
Opening Balance Deferred tax Assets/ Liabilities +/- (-)	(0.58)	3.34
Deferred tax Assets/ Liabilities +/-(-) arising on account of Depreciation	(6.17)	(4.63)
Deferred tax Assets/ Liabilities +/-(-) arising on account of Losses	-	0.71
Closing Balance Carried forward	(6.75)	(0.58)

- During the year, the Company has been disbursed a Term loan from OIDB ₹ 20.00 Cr. (PY ₹ 43.59 Cr.) and from Union Bank of India ₹ 55.00 Cr. (PY ₹ 15.00 Cr.) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut and Sonapat respectively. Wherever the expenditure on the projects was incurred post disbursement of loan, the

borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to ₹ 15.24 Cr. (PY ₹ 9.57 Cr.) was incurred, out of which an amount of ₹ 9.43 Cr. (PY ₹ 7.10 Cr.) was capitalized during the period. During the year the company has repaid ₹ 18.60 Cr to OADB (PY Nil) and ₹ 3.44 Cr to Union Bank of India (PY Nil) as per the term loan agreement.

#### 15 Segment reporting

During the year the Company has two segments i.e. Natural Gas and CNG. Segment reporting in terms with AS-17 are as under:

#### A. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13

(₹ In Cr.)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE Segment Revenue	661.95	64.15	1.97	728.07
2	EXPENDITURE	604.64	58.55	30.22	693.41
3	RESULTS	57.31	5.60	-28.25	34.65
4	OTHER INFORMATION				
a	Segment Assets	241.57	69.20	81.32	392.09
b	Segment Liabilities	75.08	8.79	217.75	301.62
c	Capital Expenditure	175.34	20.24	14.65	210.23
d	Depreciation	5.52	2.51	1.20	9.22
e	Non-Cash expenses other than Depreciation	-	-	-	-

#### B. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2011-12

(₹ In Cr.)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE Segment Revenue	257.31	29.65	2.05	289.01
2	EXPENDITURE	233.58	25.69	17.45	276.72
3	RESULTS	23.73	3.96	-15.40	12.29
4	OTHER INFORMATION				
a	Segment Assets	243.13	62.93	154.75	460.81
b	Segment Liabilities	51.40	5.63	170.40	230.13
c	Capital Expenditure	83.74	20.06	48.11	151.90
d	Depreciation	2.56	1.47	1.07	5.10
e	Non-Cash expenses other than Depreciation	-	-	-	-

The business operation of the company does not fall under the definition of geographical segment as per AS-17; therefore no geographical segment reporting has been made.

#### 16. Leases:

The company has not taken/ given any assets on operating lease during the period under audit. However, the Company has taken finance lease comprising of lease hold land for which the entire amount has been paid at

the beginning and the same has been capitalized in the books of accounts and shown under Lease Hold Land in Fixed Assets. There is no recurring lease rental payable for the said land.

#### 17. Earning per Share:

PARTICULARS	Unit	2012-13	2011-12
Profit After Tax	₹	269358447	83474658
Weighted Average No of Equity Shares	Nos	202633477	144377923
Nominal Value per Share	₹	10.00	10.00
Earning Per Share Basic	₹	1.33	0.58
Earning Per Share Diluted	₹	1.33	0.58

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

#### 18. Related Party Disclosure

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 Accounting Standard 18.

a. Relation and name of the related parties are:

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

ii. **Fellow Subsidiary Company:**

- GAIL Global (Singapore) Pte Ltd.
- Brahmaputra Cracker & Polymer Ltd
- GAIL GLOBAL USA INC.

iii. **Associate Company:**

- Mahanagar Gas Limited
- Indraprastha Gas Limited
- Petronet LNG Limited
- Bhagyanagar Gas Limited
- Tripura Natural Gas Corporation Ltd.
- Central UP Gas Ltd.
- Green Gas Ltd.
- Maharastra Natural Gas Ltd.
- Ratnagiri Gas & Power Pvt Ltd.
- Avantika Gas Ltd.
- Gujurat State Electricity Generation Ltd
- National Gas Company "Nat Gas"
- Fayum Gas Company
- China Gas Holding Ltd.
- GAIL China Gas Global Energy Holding Ltd.
- ONGC Petro Additions Ltd (OPAL)

#### iv. Joint Venture Company

(A)

Sl No	Name of JV	Date of Incorporation	Total paid up capital 31.03.13 (₹ in Cr.)	GAIL GAS Ltd.'s Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.2013 (₹ in Cr.)	% holding as on 31.03.2013
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	10.00	25%	5.00	50%
2*	Kerala GAIL GAS Ltd.	22.11.2011	4.85	26%	2.52	52%

\*Due to short participation by the other joint venture partners there is difference between the % of ownership as per joint venture agreement and actual % of share capital currently held by the company i.e. GAIL Gas Ltd . The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence GAIL GAS LTD ownership in the joint ventures are considered only to the extent of % ownership mentioned in joint venture agreement.

(B) There is no provision towards payment of Management fees to the

operator accordingly no management fee has been paid by the JV, therefore, no provision has been made in the books of accounts for same.

(C) As per the information available on the balance sheet date, no contingent liability has been recognized by the JV and as such no provision has been made in the books of account in regard to contingent liability.

v. **Key Management Personnel: Mr. J. Wason, CEO**

## b. Related Party Transactions:

(₹ In Cr.)

SI No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	647.23 (252.22)	0 0	0 (0)	0 0	0 (0.)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	22.84* (9.87)	0 (0)	100 (100)
3	Management contracts including for deputation of employees						
a.	Reimbursement of Remuneration to Key Management personnel	0 (0)	0 (0)	0 (0)	0 (0)	0.44 (0.37)	100 (100)
b	Reimbursement of remuneration to staff	24.37 (17.24)	0 (0)	1.00*** (0)	0 (0)	0 (0)	100 (100)
4	Outstanding Balance Payable	25.61 (31.69)	0 (0)	0 (0)	0.60** (0)	0 (0)	100 (100)
5	Outstanding Balance Receivable	0 (0)	0 (0)	0 (0)	1.15 (0.70)	0 (0)	100 (0)
6	Provision for Bad Debt	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
7	Bad Debt written off	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
8	Guarantee & Collateral	118.00 (163.88)	0 (0)	0 (0)	0 (0)	0 (0)	100 (0)
a.	Corporate Guarantee given to OADB for term loan availed	118.00 (118.00.)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
b.	Counter Guarantee given to IDBI Bank for BG issued on behalf of the Co.	0 (45.88)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
9	Finance						
a.	Share Application money received pending allotment in cash	10.00 (5.77)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
b.	Share Application money received pending allotment in kind.	0 (4.23)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
c	Share Application money towards value of Assets transferred.	0 (44.35)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
10	Investment in JV-APGDC	0 (0)	0 (0)	5.00 (5.00)	0 (0)	0 (0)	50% (0)
11	Investment in JV-KGGL	0 (0)	0 (0)	2.52 (0.03)	0 (0)	0 (0)	52% (0)

\* The amount relates to Associate mentioned at iii (f)

\*\* The amount relates to Associate mentioned at iii(b)

\*\*\* The amounts is comprise of ₹ 0.62 Cr to the JV mentioned at A (1) and ₹ 0.38 Cr to the JV mentioned at A(2)

Figures shown in brackets pertain to previous year.

There is no transaction occurred with Fellow Subsidiary.



19. The rent lease deed with HHEC Ltd dated 29.08.2008 and dated 10.03.2009 for the office premises was completed on 28.09.2012. A fresh agreement was signed with HHEC Ltd for the office premises on 28.09.2012 for a period up to 31.08.2013. The current agreement has not been registered by the lessor till balance sheet date. Further the Company has signed an agreement with Mr Hari Babu for the office premises at Dewas which is also not registered by the Lessor till balance sheet date. Thus the provision for 50% share in stamp duty and registration charges of the both lease deeds shall be accounted for in the year, the lease rent deed is executed by the Lessor.

20. Prepaid expenses and prior period expenses/income up to ₹ 5.00 lakhs (PY ₹1.00 lakh) in each case are charged to relevant heads of accounts of the current year. However there is no financial implication during the year under audit due to change of the above accounting policy. The company has changed the policy in line with the revised accounting policy adopted by its holding company i.e. GAIL(India) Ltd.

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

(₹ in Cr.)		
Particulars	2012-13	2011-12
a. As auditor:	0.04	0.02
b. For Taxation matters	0	0
c. For Company law matters	0	0
d. Management Services	0	0
e. Others Services	0	0
f. For reimbursement of expenses	0.01	0.01
<b>TOTAL</b>	<b>0.05</b>	<b>0.03</b>

\* Includes Service Tax @ 12.36%

22 Previous Year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

**Preeti Aggarwal**  
Company Secretary  
(PAN No. AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN: ACJPD6268J)

**J Wason**  
CEO  
(PAN: AAOPW8792K)

**P.K. Jain**  
Director  
(DIN: 02145534)

**Prabhat Singh**  
Director  
(DIN: 03006541)

**As per our separate report of even date  
For A.K.G & Associates  
Chartered Accountants  
FRN 002688N**

**Sd/-  
(C A Harvinder Singh)  
Membership No. 087889**

Place: New Delhi  
Date: 24.05.2013



First Annual General Meeting of Kerala GAIL Gas Limited



Exhibition Stall put up at 'Emerging Kerala', Kochi

## Statement Pursuant to Part IV Of Schedule VI to The Companies Act, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I REGISTRATION DETAILS

REGISTRATION NO. 

U	4	0	2	0	0	D	L	2	0	0	8	G	O	I	1	7	8	6	1	4
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

  
 STATE CODE 

5	5
---	---

BALANCE SHEET DATE 

DATE	MONTHS	YEAR
3	1	0
0	3	2
0	1	3

#### II CAPITAL RAISED DURING THE YEAR ( RS. IN CRORE)

##### PUBLIC ISSUE

N	I	L
---	---	---

##### RIGHTS ISSUE

N	I	L
---	---	---

##### BONUS ISSUE

N	I	L
---	---	---

##### PRIVATE PLACEMENT

7	6	.	4	0
---	---	---	---	---

#### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RS. IN CRORE)

##### TOTAL LIABILITIES

6	0	2	.	3	2
---	---	---	---	---	---

##### EQUITY AND LIABILITIES

##### PAID UP CAPITAL

2	4	4	.	3	5
---	---	---	---	---	---

##### SHARE APPLICATION MONEY PENDING ALLOTMENT

1	0	.	0	0
---	---	---	---	---

##### LONG TERM BORROWING

1	9	0	.	5	2
---	---	---	---	---	---

##### LONG TERM PROVISIONS

	N	I	L
--	---	---	---

##### OTHER CURRENT LIABILITIES

8	6	.	2	7
---	---	---	---	---

##### DEFERRED TAX LIABILITY

6	.	7	5
---	---	---	---

##### APPLICATION OF FUNDS (RS. IN LAKHS)

##### TANGIBLE ASSETS

2	4	4	.	0	3
---	---	---	---	---	---

##### CAPITAL WORK IN PROGRESS

2	1	0	.	2	3
---	---	---	---	---	---

##### LONG TERM LOANS AND ADVANCES

3	.	0	3
---	---	---	---

##### INVENTORIES

4	.	5	6
---	---	---	---

##### CASH AND CASH EQUIVALENTS

3	9	.	4	0
---	---	---	---	---

##### OTHER CURRENT ASSETS

0	.	4	9
---	---	---	---

##### TOTAL ASSETS

6	0	2	.	3	2
---	---	---	---	---	---

##### RESERVES AND SURPLUS

3	2	.	4	8
---	---	---	---	---

##### OTHER LONG TERM BORROWING

N	I	L
---	---	---

##### TRADE PAYABLES

2	4	.	8	3
---	---	---	---	---

##### SHORT TERM PROVISIONS

7	.	1	2
---	---	---	---

##### INTANGIBLE ASSETS

3	.	2	9
---	---	---	---

##### NON CURRENT INVESTMENTS

7	.	5	2
---	---	---	---

##### OTHER NON CURRENT ASSETS

N	I	L
---	---	---

##### TRADE RECEIVABLES

4	5	.	3	5
---	---	---	---	---

##### SHORT TERM LOANS AND ADVANCES

4	4	.	4	1
---	---	---	---	---

IV PERFORMANCE OF COMPANY (₹ IN CRORE)

TOTAL REVENUE (NET OF ED)

7	2	8	.	0	7
---	---	---	---	---	---

PROFIT/LOSS BEFORE TAX

(+)	(-)
-----	-----

(+)		3	4	.	6	5
-----	--	---	---	---	---	---

EARNING PER SHARE IN ₹

₹ P

1	.	3	3
---	---	---	---

TOTAL EXPENDITURE

6	9	3	.	4	2
---	---	---	---	---	---

PROFIT/LOSS AFTER TAX

(+)	(-)
-----	-----

(+)		2	6	.	9	4
-----	--	---	---	---	---	---

DIVIDEND (%)

0	.	0	0
---	---	---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

ITEM CODE NO.(ITC CODE)

2	7	1	1	1	1	0	0
---	---	---	---	---	---	---	---

ITEM CODE NO.(ITC CODE)

2	7	1	1	2	1	0	0
---	---	---	---	---	---	---	---

ITEM CODE NO.(ITC CODE)

N	A
---	---

PRODUCT DESCRIPTION

N	A	T	U	R	A	L	G	A	S
---	---	---	---	---	---	---	---	---	---

PRODUCT DESCRIPTION

C	N	G
---	---	---

PRODUCT DESCRIPTION

N	A
---	---

**Preeti Aggarwal**  
Company Secretary  
(PAN-AAAPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P.K.Jain**  
Director  
(DN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

Place: New Delhi  
Date: 24.05.2013



Commercial Unit running on Piped Natural Gas (PNG)

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GAIL GAS LIMITED FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of GAIL Gas Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 619 (2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24 May, 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of GAIL Gas Limited for the year ended 31 March 2013 and as such have no comments to make under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the  
Comptroller & Auditor General of India

Sd/-

(Naina A. Kumar)

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board - II  
New Delhi

Place : New Delhi  
Dated : 20.6.2013



Signing of MoU between Andhra Pradesh Gas Distribution Corporation Limited (APGDC) and Kakinada Seaport Limited (KSPL) to setup FSRU based LNG Terminal at deep water port at Kakinada



# Consolidated Account

## Auditor's Report on Consolidated Financial Statements

To  
The Board of Directors  
GAIL Gas Limited

We have examined the attached consolidated balance sheet of GAIL Gas Limited, as at 31<sup>st</sup> March 2013, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is express and opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of certain joint ventures, whose financial statements reflect total assets of ₹ 18.2 crore as at 31<sup>st</sup> March 2013, the total revenue of ₹ 90 lacs and cash flows amounting to ₹ 73 lacs for the year then ended. Andhra Pradesh Gas Distribution Corporation Limited Financial Statements are unaudited and not reviewed. Financial Statements of Kerala GAIL Gas Limited have been audited. In case of audited Financial Statements report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the GAIL Gas Limited management in accordance with the requirements of Accounting Standard (AS) 27, Financial Reporting of interests in Joint Venture issued by the Institute of Chartered Accountants of India.

Based on our examination as aforesaid and on consideration of reports of other auditors on separate financial statements and unaudited on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India;

- (a) in the case of the consolidated balance sheet, of the state of affairs of the GAIL Gas Limited as at 31<sup>st</sup> March 2013.
- (b) in the case of the consolidated profit and loss account, of the consolidated results of operations for the year on that date; and
- (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the group for the year ended on that date.

For A.K.G. & ASSOCIATES  
Chartered Accountants  
(FRN. 002688N)

Sd/-  
CA. HARVINDER SINGH  
Partner  
(M. No. 087889)

Place: New Delhi  
Date: 24.05.2013

Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013

(₹ in crore)

	Note No.		As at 31 <sup>st</sup> March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
a) Share Capital	2	244.35	
b) Reserve & Surplus	3	32.48	276.83
(2) <b>Share Application money pending Allotment</b>	2-A		10.00
(3) <b>Non Current Liabilities</b>			
a) Long Term Borrowings	4	159.50	
b) Deferred Tax Liability (Net)		6.74	
c) Other Long-term Liabilities	5	31.02	
d) Long-term Provisions	6	-	197.26
(4) <b>Current Liabilities</b>			
a) Short Term Borrowings		-	
b) Trade Payables	7	24.83	
c) Other Current Liabilities	8	86.02	
d) Short-term Provisions	9	7.22	118.07
		<b>TOTAL</b>	<b>602.16</b>
<b>II. ASSETS</b>			
(1) <b>Non-current assets</b>			
a) Fixed Assets	10		
(i) Tangible Assets		244.06	
(ii) Intangible Assets		3.29	
(iii) Capital Work in Progress	11	211.85	459.20
(iv) Intangible Assets under Development			
b) Non-current Investments	12	0.00	
c) Long-term loans and advances	13	6.79	
d) Other non-current assets	14	0.15	6.94
(2) <b>Current Assets</b>			
a) Current Investments	15	0.00	
b) Inventories	16	4.56	
c) Trade receivables	17	45.35	
d) Cash and cash equivalents	18	42.07	
e) Short-term loans and advances	19	43.40	
f) Other current assets	20	0.64	136.02
		<b>TOTAL</b>	<b>602.16</b>

See accompanying notes to Financial Statements

Notes to Accounts, Balance Sheet abstract and Company's General Business Profile, Cash Flow Statement, Notes on Accounts and Accounting Policies form an integral part of the Accounts.

Contingent Liabilities not provided for (Refer Note-29)

**Preeti Aggarwal**  
Company Secretary  
(PAN-AAANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

As per our separate Report of even date  
For M/S **A.K.G. & Associates**  
Chartered Accountants  
Firm No. 002688N

Place: New Delhi  
Dated : 24.05.2013

Sd/-  
**CA. Harvinder Singh**  
(Partner)  
M No. 87889



## Consolidated Profit & Loss Statement for the Year ended 31<sup>st</sup> March, 2013

(₹ in crore)

	Note No.	Year Ended 31 <sup>st</sup> March, 2013
<b>I. Revenue from Operations</b>	21	726.10
<b>II. Other Income</b>	22	2.20
<b>III Total Revenue (I+II)</b>		728.30
<b>IV Expenses</b>		
Gas consumed	23	645.45
Employee benefits expense	24	-
Finance Cost	25	5.81
Depreciation	26	9.22
Other Expenses	27	33.09
		693.57
<b>V. Profit before exceptional and extraordinary items and tax ( III-IV )</b>		34.73
<b>VI. Exceptional Items</b>		0.00
<b>VII. Profit(Loss) before extra ordinary items and tax ( V-VI )</b>		34.73
<b>VIII. Extraordinary Items</b>		0.00
<b>IX. Profit(Loss) before prior period items and Tax (VII-VIII)</b>		34.73
<b>X. Prior Period Adjustments (Net)</b>	28	-0.16
<b>XI. Profit(Loss) before Tax (IX-X)</b>		34.89
<b>XII. Tax Expenses</b>		
1. Current Tax		7.14
Less: MAT Credit		5.42
2. Deferred Tax		1.72
		6.16
		7.88
<b>XII. Profit(Loss) after Tax for the period (XI-XII)</b>		27.01
<b>Details of Earning Per Share</b>		
A. Profit after tax		27.01
B. Weighted Average No. of Equity Shares		20.26
C. Nominal Value per Equity Share ( Rs.)		10/-
D. Basic and Diluted Earning Per Share ( Rs.)		1.33

See accompanying notes to accounts

**Preeti Aggarwal**  
Company Secretary  
(PAN-AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

As per our separate Report of even date  
For M/S A.K.G. & Associates  
Chartered Accountants  
Firm No. 002688N

Place: New Delhi  
Dated: 24.05.2013

Sd/-  
**CA. Harvinder Singh**  
(Partner)  
M No. 87889

**Note 2 : Share Capital**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>AUTHORISED</b> 30,00,00,000 (Previous Year 20,00,00,000) Equity Shares of ₹ 10/- each	<u>300.00</u>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b> 111685397 Equity Shares of ₹10/-each (up to PY 83865397 Equity Shares of ₹ 10/- each ) fully paid up in cash	111.69
132665868 Equity Shares of ₹ 10/- each ( Up to PY 84084603 equity Shares) of ₹ 10/- each fully paid otherwise than in cash	132.67
<b>TOTAL</b>	<u>244.35</u>
<b>Par Value Per Share</b> Equity Shares	10.00

**Note : 2 A Share Application Money pending Allotment**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
i) In form of Consideration other than Cash pending Allotment A/C GAIL (India) Ltd	
ii) In form of Consideration in Cash pending Allotment A/C GAIL (India) Ltd	10.00
<b>TOTAL</b>	<u>10.00</u>
<b>Reconciliation Statement of No. of Shares Outstanding</b>	
Opening No. of Shares	167,950,000
Issued during the year	76,401,265
Forfeited during the year	-
Closing No. of Shares	244,351,265
<b>The right /Preferences/Restrictions attached during the year for shares</b>	
Proposed /Intereim/Final Dividend	
No. of Shares of the co. held by holding Company	
Share holding Pattern (No. Of Shares)	
Holding Co-Gail (India) Ltd.(100%)	244,351,259
<b>Total</b>	<u>244,351,259</u>
<b>Share Reserved for Issue under Options &amp; Contracts/ Commitments for Sale of Shares/Disinvestment</b>	
Terms	
Amount	-
No.	-
<b>Convertible Securities in Equity/Preference Shares</b>	-
<b>Aggregate No. &amp; class of shares allotted as fully paid up peruant to contract without payment being received in cash during last 5 years (in Nos)</b>	132,665,868
<b>Unpaid Calls</b>	
By Directors and Officers	-
By Others	-
<b>Forfeited Amount of Shares</b>	-



### Note 3 : Reserves and Surplus

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Opening Balance	5.47
Add: Current Year Profit	27.01
Less: Transfer to General Reserve	-
<b>Closing Balance</b>	<b>32.48</b>

### Note 4 : Long Term Borrowings

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>SECURED</b>	
<b>TERM LOANS</b>	
<b>From Banks :</b>	
<b>Union Bank of India</b>	69.60
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of Rs.142 Crore, loan drawn up to 31.03.2013 is ₹ 85 Crore as against Rs.30 Crore drawn up to 31.03.2012)	
<b>Rate of Interest on term Loan as on 31.03.2013 : 11.95 % pa</b>	
<b>Terms of Repayment</b>	
Repayable in 16 half yearly installments after moratorium period of 2 years from the date of 1st drawl i.e 12.08.2010 on 30th June & 31st Dec each year. The first repayment started start from 31.12.2012 as per the agreement	
<b>From Other Parties :</b>	
<b>Oil Industry Development Board</b>	20.00
** (Secured against all assets of TTZ Project , ₹ 20 Crore sanctioned & drawn up to 31.03.2013, PY Nil)	
<b>UNSECURED</b>	
<b>From Other Parties :</b>	
<b>Oil Industry Development Board</b>	69.90
Against Corporate Guarantee given by GAIL(India) Ltd for Loan of ₹118 cr pertaining to Citiities of Dewas Kota Meerut & Sonapat)	
<b>Rate of Interest on term Loan as on 31.03.2013 :</b>	
Outstanding Loan as on 31.03.2012(Rs in Cr)	ROI (%)
7.50	7.70
6.00	7.60
19.81	7.63
11.25	8.18
11.25	8.31
20.00	8.60
10.00	8.77
13.59	9.18
20.00	8.50
<b>Terms of Repayment</b>	
Repayable in 4 annual installments after moratorium period of 1 financial year excluding the year of drawl for each loan. The first repayment started from 09.06.2012.	
	<b>159.50</b>
Period and Amount of continuing default as on Balance Sheet date in repayment of loan and interest	-

### Note 5 : Other Long Term Liabilities

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>Trade Payable</b>	-
<b>Others :</b>	
Deposits from Customers	28.92
Advance received from customers	2.10
<b>TOTAL</b>	<b>31.02</b>

**Note 6 : Long Term Provisions**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Employee related Provisions	-
Others	-
<b>TOTAL</b>	<b>-</b>

**Note 7 : Trade Payables**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Trade payables	24.83
<b>TOTAL</b>	<b>24.83</b>

**Note 8 : Other Current Liabilities**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>(a) Current Maturity of Long Term Debt</b>	
<b>Secured</b>	
<b>Loan from Union Bank of India</b>	<b>11.96</b>
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of ₹ 14200.00 lakhs . Loan drawn up to 31.03.2013 is ₹ 85.00Cr as against ₹ 30.00Cr drawn up to 31.03.2012)	
<b>Unsecured</b>	
<b>Oil Industry Development Board</b>	<b>29.50</b>
(Against Corporate Guarantee given by GAIL(India) Ltd for Loan of ₹ 118.00 cr pertaining to Citities of Dewas Kota Meerut & Sonapat)	
<b>(b) Others</b>	
Interest Accrued but not paid	0.18
Audit Fees Payable	0.03
Service Tax Payable	0.12
TDS , VAT , Excise and WCT Payable	5.40
Deposits, retention money from contractors and others	12.63
Other Payables Against O&M	2.03
Other Payables Against Plant & Machinery	24.03
Other Liabilities	0.13
<b>TOTAL</b>	<b>86.02</b>

**Note 9 : Short-term Provisions**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>Others :</b>	
Provision for taxation / FBT/Wealth Tax	7.14
Provision for expenses	0.08
<b>TOTAL</b>	<b>7.22</b>



## Note : 10 - Fixed Assets (Tangible / Intangible Assets)

(₹ in crore)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION			IMPAIRMENT OF ASSETS			NET BLOCK			
	As at 01.04.2012	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	Adjustments during the year	As at 31.03.2013	Upto 31.3.2012	For the Year	As at 31.03.2013	As at 31.3.2012	As at 31.03.2013
<b>Tangible Assets (A)</b>													
Land : Freehold	10.90			10.90	-							10.90	10.90
Leasehold	3.83	2.00		5.83	0.06	0.04		0.10				3.77	5.73
Plant and Machinery	188.27	50.12		238.39	4.70	8.00		12.70				183.57	225.69
Furniture, Fixtures and other Equipments	0.73	0.20		0.93	0.15	0.05		0.20				0.58	0.73
Office Equipments Including Electrical Equipments	0.68	0.69		1.37	0.21	0.15		0.36				0.47	1.01
<b>TOTAL (A)</b>	<b>204.41</b>	<b>53.01</b>	<b>-</b>	<b>257.42</b>	<b>5.12</b>	<b>8.24</b>	<b>-</b>	<b>13.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199.29</b>	<b>244.06</b>
<b>Intangible Assets (B)</b>													
Right of Use*	0.36	-		0.36	-	-		-				0.36	0.36
Softwares / Licences	4.49	0.41		4.90	0.99	0.98		1.97				3.50	2.93
<b>Total (B)</b>	<b>4.85</b>	<b>0.41</b>	<b>-</b>	<b>5.26</b>	<b>0.99</b>	<b>0.98</b>	<b>-</b>	<b>1.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.86</b>	<b>3.29</b>
<b>TOTAL (A+B)</b>	<b>209.26</b>	<b>53.42</b>	<b>-</b>	<b>262.68</b>	<b>6.11</b>	<b>9.22</b>	<b>-</b>	<b>15.33</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203.15</b>	<b>247.35</b>
Previous Year													

\* Right of use for laying pipelines is a perpetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortisation is provided on the same, being perpetual in nature.

\*\* All the assets have been owned by the Company except the leasehold land

## Note 11 : Capital Work-in-Progress

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>A. Plant &amp; Machinery</b>	
Linepipe Construction and related facilities	131.43
Less : Provision for Linepipe and Related Facilities	<u>-0.72</u>
	130.70
<b>B. Linepipes, Capital Items in Stock/Transit</b>	79.52
Less : Provision for losses/obsolescence FSRU/APGDC	<u>                    </u>
	79.52
	1.62
<b>TOTAL</b>	<b>211.85</b>

## Note 12 : Non-Current Investments

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
	-
	<u>                    </u>
	-

**Note 13 : Long term Loans and Advances**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>(a) Capital Advances</b> (Unsecured - Considered Good) (Unsecured - Considered Doubtful)	
	0
Less : Provision for Doubtful Advances	0
<b>(b) Security Deposits</b> - Unsecured, Considered Good-Govt - Unsecured, Considered Good-Non Govt - Unsecured, Considered Doubtful	2.81 0.22 -
Less : Provision for doubtful claims	3.03 0
<b>(c) Loans and Advances to related Parties</b> (Unsecured, Considered Good)	3.76
<b>(d) Other Loans and Advances</b>	
<b>TOTAL</b>	<b>6.79</b>

**Note 14 : Other Non Current Assets**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Pre Operative Expenses pending allocation	0.15
<b>TOTAL</b>	<b>0.15</b>

**Note 15 : Current Investments**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Current Investments Associate Companies	-
<b>TOTAL</b>	<b>-</b>

**Note 16 : Inventories**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>(a) Finished Goods</b> Compressed Natural Gas (Valued at Cost or Net Realisable Value whichever is lower)	0.04
<b>(b) Stock-in-trade</b> Stock of Gas* *after adjustment of calorific value (Valued at Cost or Net Realisable Value whichever is lower)	0.38
<b>(c) Stores and Spares</b> (As taken, valued and certified by the Management) Stores and Spares Less : Provision for Losses/Obsolescence	4.14 0
Construction Surplus - Capital / Stores Less : Provision for Losses/Obsolescence (Valued at Cost or Net Realisable Value whichever is lower)	0
<b>TOTAL</b>	<b>4.56</b>



## Note 17 : Trade Receivables

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	
(i) Debts outstanding for a period exceeding six months - Secured, Considered Good - Unsecured, Considered Good - Unsecured, Considered Doubtful	1.38	1.38
(ii) Other Debts - Secured, Considered Good - Unsecured, Considered Good - Unsecured, Considered Doubtful	45.05	45.05
	-	46.43
Less : Provision for Doubtful debts		1.08
<b>TOTAL</b>		<b>45.35</b>

## Note 18 : Cash and cash equivalents

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	
(i) <b>Cash and cash equivalents</b>		
(a) <b>Balances With Banks includes deposits</b> On Current Account ( includes Corporate Liquid Term Deposit Rs.17.70 (Previous Year : Rs. 18.90 Cr) )	41.67	
(b) <b>Cheques/Drafts/Stamps in hand</b>	-	
(c) <b>Cash in hand</b>	0.40	
(d) <b>Others</b>	-	42.07
<b>TOTAL</b>		<b>42.07</b>

## Note 19 : Short Term Loans and Advances

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	
(a) <b>Others</b>		
<b>Loan to Employees</b>		
<b>Advances recoverable in cash or in kind or for value to be received</b> - Unsecured, Considered Good - Unsecured, Considered Doubtful	0.02	
Less : Provision for Doubtful Advances	0.02	0.02
<b>Advance Tax &amp; TDS</b>		13.33
<b>Claims Recoverable-Govt</b> - Unsecured, Considered Good - Unsecured, Considered Doubtful	29.99	
Less : Provision for doubtful claims	29.99	29.99
<b>Deposits with Others</b> - Unsecured, Considered Good - Unsecured, Considered Doubtful	0.05	
Less : Provision for doubtful claims	0.05	0.05
<b>TOTAL</b>		<b>43.40</b>

## Note 20 : Other Current Assets

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	
Interest accrued but not due		0.05
Prepaid Insurance & Other Charges		0.44
Other Current Assets		0.15
<b>TOTAL</b>		<b>0.64</b>

**Note 21 : Revenue from Operations**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
a) <b>Sale of Products/ Gas</b>	702.27
Less : Excise Duty	7.33
	<u>694.95</u>
b) <b>Gas transmission charges</b>	28.23
c) <b>Other Operating Revenues</b>	
Application Fees - Domestic Connection	0.06
Interest Income Customers & Others	0.12
Misc Income - Extra Pipe line	0.18
MGO Receipt	2.56
	<u>2.92</u>
<b>TOTAL</b>	<u><u>726.10</u></u>

**Note 22 : Other Income**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Interest Income on Bank Deposits	1.49
Tender Fees	0.01
Liquidated Damages	0.32
Miscellaneous Receipts	0.15
Intt. From Deposits/KGGL	0.08
Intt. On FDR/APGDC	0.15
<b>TOTAL</b>	<u><u>2.20</u></u>

**Note 23 : Gas Consumed**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Opening Stock	0.25
Add: Purchases	647.23
Less: Gas Consumption	645.45
Less: Gas Consumes as Fuel	1.61
Closing Stock	0.42

**Note 24 : Employees Benefits**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Salary Wages & Allowances	0.00
Contribution to Provident Fund	0.00
Welfare Expenses	0.00
Total	
Less: Employees Benefits Transferred to IEDC	0.00
<b>Total</b>	<u><u>0.00</u></u>

**Note 25 : Finance Cost**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Interest on Term Loans- OIDB	9.29
Interest on Term Loans- Union Bank of India	5.96
Total	15.24
Less : Interest and Finance Charges transferred to Capital Work-in-Progress	9.43
<b>TOTAL</b>	<u><u>5.81</u></u>

**Note 26 : Depreciation and Amortization Expenses**

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Depreciation and Amortization Expenses	9.22
<b>TOTAL</b>	<u><u>9.22</u></u>



## Note-27 : Other Expenses

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013	
<b>Power &amp; Fuel Charges</b>		
Electricity Charges	0.55	
Fuel Charges	1.61	2.16
<b>Rent-Office &amp; Others</b>		3.01
<b>Repairs and Maintenance-P&amp;M</b>		2.75
<b>Repairs and Maintenance-Buildings</b>		0.19
<b>Insurance Charges</b>		0.26
<b>Rates &amp; Taxes</b>		0.50
<b>Payment to Auditors</b>		
Audit Fees (incl other Certification)	0.04	
Tax Audit Fee	0.00	
Out of Pocket Expenses	0.01	0.05
<b>Management Service for Employee Cost</b>		
Salaries, Wages and Allowances	22.82	
Contribution to Provident and Other Funds	1.19	
Welfare Expenses	1.95	
	25.96	
Less : Management Service for Employee Cost transferred to Capital Work-in-Progress	11.86	
	14.10	14.10
<b>TOTAL</b>		
<b>Other Misc Expenses</b>	12.87	
Less Expenditure transferred to IEDC	2.97	9.90
Net Other Expenses		32.93
<b>Other Exp. KGGL</b>		0.03
<b>Other Expenses / APGDC</b>		0.13
		33.09

## Note 27 A : Expenditure during Construction Period

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
IEDC- Insurance	-
IEDC- Misc Exp	-
IEDC - Power, Water, Fuel Charges	0.12
IEDC- Printing & Stationery Expenses	-
IEDC- Security Expenses	0.25
IEDC- Rent & Warehouse Exp.	1.82
IEDC - TRAVELLING & CONV. EXP	0.49
IEDC - Vehicle Hire Charges	0.28
<b>Total</b>	<b>2.97</b>

## Note 28 : Prior period Adjustment

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
Purchase of Gas	-0.16
<b>Other Exp</b>	<b>0.00</b>
<b>Power &amp; Fuel</b>	<b>0.00</b>
<b>Total</b>	<b>-0.16</b>

## Note 29 Contingent Liabilities

(₹ in crore)

	As at 31 <sup>st</sup> March, 2013
<b>A BG ISSUED</b>	<b>12.10</b>
<b>B COURT CASES-AGRA with Allhabad High Court</b>	<b>0.71</b>
<b>C COURT CASES-AGRA with Firozabad District Court</b>	<b>0.02</b>
<b>D ARBITRATION CASES-Agra Customers</b>	<b>12.60</b>
<b>E STATUTORY</b>	<b>-</b>
Previous Year contingent liability crystallized & paid (Audit Report received from service Tax Department advising reversal of Input Credit on Transportation charges of Gas Purchased and Interest there on)	
<b>GRAND TOTAL (A+B+C+D+E)</b>	<b>25.43</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE ACCOUNTING PERIOD ENDED 31.03.2013** (₹ in crore)

Particulars	AS AT 31.3.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
1. NET PROFIT AFTER TAX AND EXTRAORDINARY ITEMS	27.00
2. ADD: Adjustments	
DEPRECIATION	9.22
OTHER PROVISIONS	7.94
CWIP PROV FOR CITIES W/O	0.73
INTEREST INCOME RECEIVED	(1.72)
INTEREST PAID	15.24
MANAGEMENT EXPENSES	0.00
EXCHANGE RATE VARIATION	0.02
PROFIT ON SALE OF ASSET	0.00
EXTRAORDINARY ITEMS- PRIOR PERIOD Expense	0.00
LESS: Adjustments	0.00
EXTRAORDINARY ITEMS- PRIOR PERIOD Income	(0.16)
3. OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (1+2)	27.00
4. CHANGES IN WORKING CAPITAL (EXCLUDING CASH & BANK BALANCES)	(0.13)
PROCEEDS FROM ISSUE OF SHARE CAPITAL -NON CASH	
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM GAIL(INDIA) LTD- NON CASH	
TRADE AND OTHER RECEIVABLES	33.17
INVENTORIES	0.60
TRADE AND OTHER PAYABLES	7.70
5. CASH GENERATED FROM OPERATIONS (3+4)	68.34
6. DIRECT TAX PAID	
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (5+6)</b>	<b>46.93</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
INVESTMENT IN JV'S & SUBSIDIARY	(2.49)
PURCHASE OF FIXED ASSETS	(54.65)
CAPITAL WORK-IN-PROGRESS	(42.09)
INTEREST & OTHER INCOME RECEIVED	1.71
CURRENT ASSETS LOANS AND ADVANCES	0.53
CURRENT LIABILITIES & PROVISIONS	0.00
PROFIT ON SALE OF ASSET	0.00
<b>NET CASH FROM INVESTING ACTIVITIES.</b>	<b>(97.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
PROCEEDS FROM ISSUE OF SHARE CAPITAL	29.09
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL	4.23
FROM GAIL(INDIA) LTD	0.00
SECURED LOANS FROM UBI	51.56
SECURED LOANS FROM OIBD	1.40
INTEREST PAID	(15.24)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>71.04</b>
NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C)	20.97
CASH & CASH EQUIVALENTS- OPENING BALANCE	19.84
<b>CASH &amp; CASH EQUIVALENTS- (CLOSING BALANCE)</b>	<b>40.81</b>

**Preeti Aggarwal**  
Company Secretary  
(PAN-AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN-ACJPD6268J)

**J Wason**  
CEO  
(PAN-AAOPW8792K)

**P K Jain**  
Director  
(DIN-02145534)

**Prabhat Singh**  
Director  
(DIN-03006541)

In terms of our report of even date  
**For, A.K.G. & Associates**  
Chartered Accountants  
Firm No. 002688N

Date: 24.05.2013  
Place: New Delhi

**Sd/-**  
**(CA.Harvinder Singh)**  
Partner  
M No.87889

## Accounting Policies

### 1) Accounting Conventions:

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and relevant provisions of the Companies Act, 1956 including accounting standards notified there under from time to time.

### 2) Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

### 3) Fixed Assets:

Fixed Assets are valued at historical cost on consistent basis and are net of refundable taxes and levies wherever applicable. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the contractor is pending, capitalization is made on provisional basis, including provisional liability pending approval of Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

### 4) Intangible Assets

Intangible assets like software licenses and right of use of land, which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

### 5) Capital Work-in-Progress

The Capital Work-in-Progress includes advance for capital goods/material in Transit/ value of stores lying in the hands of contractor for use in the projects/value of material/equipment etc. received at site for use in the projects.

### 6) Borrowing Cost

Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the assets is ready for use after netting off any income earned on temporary investment of such funds. Further, the funds generally borrowed and used for the purpose of obtaining a qualifying asset, the amount of borrowing cost eligible for capitalization, in terms of AS 16, is determined on the basis of judgement of the Company.

### 7) Expenses Incurred During Construction Period

All revenue expenditures incurred during the construction period which are directly or indirectly attributable to acquisition/construction of fixed assets, will be capitalized at the time of commissioning of such assets.

### 8) Depreciation/Amortisation

- 1) Depreciation on Fixed Assets other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the companies Act, 1956, on straight line method (SLM) on pro rata basis (monthly pro-rata for bought out assets).
- a) Assets costing upto ₹ 5,000/- are depreciated fully in the year of capitalization
- b) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
- c) Software/Licences are amortised in 5 years on straight line method.

- 2) Capital assets installed at the consumer premises on the land whose ownership is not with the company, has been depreciated on SLM basic in accordance with the rates as specified in schedule XIV of the Company's Act, 1956.

### 9) Foreign Currency Translation

- a) Transaction in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- b) Monetary items (such as cash, receivables, loans, payables, etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling rate for Payables and TT Buying rate for Receivables) prevailing at year end.
- c) Non monetary items (such as Investments, Fixed Assets, etc.) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction (s).
- d) Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

### 10) Inventories

- a) Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- b) 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.
- c) 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.
- d) Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- e) 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.

- 11) Machinery spares, which can be used only in connection with an item of fixed assets and their use is expected to be irregular, are capitalized with the cost of that fixed assets and are depreciated fully over the remaining useful life of that asset.

### 12) Profit & Loss Account:

- a. Sale proceeds will be accounted for based on the consumer price inclusive of statutory Levies and charges upto the place where ownership of goods is transferred.
- b. Pre-Project expenditure relating to Projects which are considered unviable/closed will be charged off to Revenue in the year of declaration /closure.

### 13) Taxes on Income

Provision for current tax is made as per provisions of the Income Tax Act, 1961. Deferred Tax Liability/ Assets resulting from timing difference between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Assets, if any, is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

## 14) Contingent Liabilities and Capital Commitments

- Contingent liabilities are disclosed in each case above ₹ 5 lakhs.
- Estimated amount of contracts remaining to be executed on capital account are disclosed in each case above ₹ 5 lakhs.

## 15) Impairment

The Carrying amount of assets are reviewed at each Balance Sheet date. In case there is any indication of impairment based on Internal /External factors, an Impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount.

## GENERAL

- Prepaid expenses and prior period expenses/income upto ₹ 5,00,000/- in each case are charged to relevant heads of account of the current year.
- Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled, after capitalization of assets are charged to revenue, if below ₹ 50 lakhs in each case, otherwise adjusted in the cost of relevant assets.
- 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.
  - Liability in respect of MGO of Natural Gas is not provided for where the same is secured by MGO recoverable from customers. Payments/receipts during the year on account of MGO are adjusted on receipt basis.

## SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements (CFS) relate to GAIL (India) Limited (hereinafter referred as the "Company") and its subsidiary, Joint Ventures and Associates. The accounts are prepared on historical cost convention in accordance with the applicable accounting standards and other applicable relevant statutes.

The Financial Statements of Joint Venture Company have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 on "Financial Reporting of Interests in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.

The consolidated Financial Statements are prepared using inform accounting policies for like transactions and other events in similar

circumstances and are presented to the extent possible, in the same manner as the Company's Separate Financial Statements except as otherwise disclosed in the other Notes to Accounts.

The accounts of all Group Companies are drawn upto the same reporting date as the parent entity (i.e. Financial Year ended March 31, 2013).

These are set out under "Significant Accounting Policies" as given in the respective Financial Statements of the Company.

The Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL India Limited), its subsidiaries, Joint Venture companies and associates as detailed below:

Name of Company	Country of Incorporation	Relation	Proportion of ownership interest as on 31.03.2013
Kerala GAIL Gas Limited (KGGL)	India	JV	26%
Andhra Pradesh Gas Distribution Corporation Ltd. (APGDC)	India	JV	25%

The accounts are prepared under the historical cost convention, on accrual basis of accounting and on the going concern basis and in accordance with generally accepted accounting principles.

- The expenses incurred by the company in relation to project development towards consultancy charges, feasibility studies, administration expenses etc. Which are directly attributable to the project. The same has been treated as "Capital Work in Progress" as the company hopes to derive long term economic benefits out of incurring such expenses.
  - Fixed assets are stated at their original cost of acquisition including expenses related to acquisition and installation. Fixed assets are depreciated on the straight-line method at the rates specified in the schedule XIV to the Companies Act 1956. Depreciation on assets put to use during the year is provided on pro-rata basis.
- The Company follows mercantile system of accounts for all the items.
  - Expenditure incurred by the promoter ANDHRA PRADESH GAS INFRASTRUCTURE CORPORATION PVT LTD., in relation to project development of the company has been reimbursed to them and debited to relevant expenses/ CWIP accounts.

**Preeti Aggarwal**  
Company Secretary  
(PAN No.AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN:ACJPD6268J)

**J Wason**  
CEO  
(PAN: AAOPW8792K)

**P.K. Jain**  
Director  
(DIN:02145534)

**Prabhat Singh**  
Director  
(DIN: 03006541)

As per our separate report of even date  
For A.K.G & Associates  
Chartered Accountants  
FRN 002688N

Place: New Delhi  
Date: 24.05.2013

Sd/-  
(C A Harvinder Singh)  
Membership No. 087889

## Notes on Accounts

1. Some of the projects of the Company are still in progress. Since both operation and project activities are being undertaken simultaneously, the employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities. Therefore, the employee cost & travelling expenses have been directly identified to the project activities and operation activities respectively on actual basis and accounted for accordingly. All administrative and other expenses have been allocated to IEDC and charged to Profit and Loss Account in the ratio of manpower identified for project activities and operation activities respectively during the year.
2. The incidental expenditure during construction amounting ₹ 14.83Cr. (PY ₹ 12.18 Cr.) have been allocated to completed Project & Capital work in progress in the ratio of direct allocated cost for assets.
3. One of the project activities of the company is construction of CNG stations. Borrowing cost is capitalized on CNG stations even in cases where the period of construction is less than one year.
4. The details of disclosure regarding share application money are as under:
  - a. Shares to be allotted to GAIL (India) Ltd at par with face value of ₹10 each.
  - b. The total authorized capital of the Company is ₹ 300.00 Cr. against which ₹ 244.35 Cr. has been issued as on balance sheet date. The share application money pending allotment ₹ 10.00 Cr has been allotted on 9-04-2013.
  - c. The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board.
5. The estimated amount of contracts over ₹ 5 Lac amounting to ₹ 198.25 Cr. (PY ₹ 55.58 Cr.) are remaining to be executed on Capital Accounts and not provided for.
6. During the year expenses incurred on cities towards preparation of DFR & Demand survey not found feasible amounting to ₹ Nil (PY 1.45 Cr.).
7. To the extent information available with the Company, amount due to Medium & Small Scale Industry is ₹ 0.21Cr as on 31.03.2013 (PY Nil).
8. The reconciliation of accounts with parties is carried out as an ongoing process. Request for confirmation of balances have also been sent.
9. All the employees posted at GAIL Gas Limited during the year are on the rolls of GAIL (India) Limited. Employees benefits including salary are being prepared and disbursed by GAIL (India) Limited for which debit notes are raised on GAIL Gas Limited.
10. Employees Benefits in terms of AS-15 (Revised) have not been considered by GAIL GAS Ltd as all the employees posted at GAIL Gas Ltd are on the rolls of GAIL (India) Ltd.
11. Information required as per Schedule VI of the Companies Act, 1956

(₹ in Cr.)

	2012-13	2011-12
I. CIF Value of Import		
Capital Goods	0.33	6.53
II Expenditure in Foreign Currency-		
Others -Travelling	0.03	0.01

12. Details of Sales, Opening Stock, Closing stock & Purchases of product manufacture and traded are as under:

**a) Details of Finished goods for the year 2012-13**

₹ In Cr.

Manufactured Goods	Sales Value	Closing Inventory	Opening Inventory
Compressed Natural Gas	50.34 (30.13)	0.04 (0.02)	0.02 (0.01)
Total	50.34 (30.13)	0.04 (0.02)	0.02 (0.01)
Traded Goods			
a. Compressed Natural Gas	13.81 (3.32)	0 0	0 0
b. Natural Gas	661.95 (256.47)	0.39 (0.23)	0.23 (0.01)
Total	675.76 (259.79)	0.39 (0.23)	0.23 (0.01)

The sales as shown above for current year is exclusive of Excise Duty of ₹ 7.33 Cr, ( Previous year inclusive of Excise Duty of ₹ 3.80 Cr.)

**b) Details of purchases of traded goods are as under:**

Details of Purchases	₹ in Cr.
Goods Purchased	
a. Compressed Natural Gas	10.48
	(2.44)
b. Natural Gas	636.75
	(249.78)

The figures in the brackets pertains to previous year.

- 13 In compliance of Accounting Standard 22 on "Accounting for taxes on income" issued by the Institute of Chartered Accountants of India, the Company has created deferred tax Liability in respect of timing difference as on 31<sup>st</sup> March, 2013 amounting to ₹ 6.75 Cr. (Previous year ₹ 0.58 Cr.). The item-wise details of deferred tax liability/asset are as under:

**Details of Deferred Tax**

(₹ in Cr)

Particulars	31.03.2013	31.03.2012
Opening Balance Deferred tax Assets/ Liabilities +/-	(0.58)	3.34
Deferred tax Assets/ Liabilities +/- arising on account of Depreciation	(6.17)	(4.63)
Deferred tax Assets/ Liabilities +/- arising on account of Losses	-	0.71
Closing Balance Carried forward	(6.75)	(0.58)

- 14 During the year, the Company has been disbursed a Term loan from OIBD ₹ 20.00 Cr. (PY ₹ 43.59 Cr.) and from Union Bank of India ₹ 55.00 Cr. ( PY ₹ 15.00 Cr.) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut and Sonapat respectively. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges

amounting to ₹ 15.24 Cr. (PY ₹ 9.57 Cr.) was incurred, out of which an amount of ₹ 9.43 Cr. (PY ₹ 7.10 Cr.) was capitalized during the period. During the year the company has repaid ₹ 18.60 Cr to OADB (PY ₹ Nil) and ₹ 3.44 Cr to Union Bank of India (PY ₹ Nil) as per the term loan agreement.

## 15 Segment reporting

During the year the Company has two segments i.e. Natural Gas and CNG. Segment reporting in terms with AS-17 are as under:

### A. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13

(₹ In Cr.)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE Segment Revenue	661.95	64.15	1.97	728.07
2	EXPENDITURE	604.64	58.55	30.22	693.41
3	RESULTS	57.31	5.60	-28.25	34.65
4	OTHER INFORMATION				
a	Segment Assets	241.57	69.20	81.32	392.09
b	Segment Liabilities	75.08	8.79	217.75	301.62
c	Capital Expenditure	175.34	20.24	14.65	210.23
d	Depreciation	5.52	2.51	1.20	9.22
e	Non-Cash expenses other than Depreciation	-	-	-	-

### B. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2011-12

(₹ In Cr.)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE Segment Revenue	257.31	29.65	2.05	289.01
2	EXPENDITURE	233.58	25.69	17.45	276.72
3	RESULTS	23.73	3.96	-15.40	12.29
4	OTHER INFORMATION				
a	Segment Assets	243.13	62.93	154.75	460.81
b	Segment Liabilities	51.40	5.63	170.40	230.13
c	Capital Expenditure	83.74	20.06	48.11	151.90
e	Non-Cash expenses other than Depreciation	-	-	-	-

The business operation of the company does not fall under the definition of geographical segment as per AS-17; therefore no geographical segment reporting has been made.

## 16. Leases:

The company has not taken/ given any assets on operating lease during the period under audit. However, the company has taken finance lease comprising of lease hold land for which the entire amount has been paid at the beginning and the same has been capitalized in the books of accounts and shown under Lease Hold Land in Fixed Assets. There is no recurring lease rental payable for the said land.

## 17. Earning per Share:

PARTICULARS	Unit	2012-13	2011-12
Profit After Tax	₹	269358447	83474658
Weighted Average No of Equity Shares	Nos	202633477	144377923
Nominal Value per Share	₹	10.00	10.00
Earning Per Share Basic	₹	1.33	0.58
Earning Per Share Diluted	₹	1.33	0.58

The Company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remain the same.

## 18. Related Party Disclosure

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 Accounting Standard 18.

### a. Relation and name of the related parties are:

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

ii. **Fellow Subsidiary Company:**

- GAIL Global (Singapore) Pte Ltd.
- Brahmaputra Cracker & Polymer Ltd
- GAIL GLOBAL USA INC.

iii. **Associate Company:**

- Mahanagar Gas Limited
- Indraprastha Gas Limited
- Petronet LNG Limited
- Bhagyanagar Gas Limited
- Tripura Natural Gas Corporation Ltd.
- Central UP Gas Ltd.
- Green Gas Ltd.
- Maharashtra Natural Gas Ltd.
- Ratnagiri Gas & Power Pvt Ltd.
- Avantika Gas Ltd.
- Gujarat State Electricity Generation Ltd
- National Gas Company "Nat Gas"
- Fayum Gas Company
- China Gas Holding Ltd.
- GAIL China Gas Global Energy Holding Ltd.
- ONGC Petro Additions Ltd (OPAL)

## iv. Joint Venture Company

(A)

Sl No	Name of JV	Date of Incorporation	Total paid up capital 31.03.13 (₹ in Cr.)	GAIL GAS Ltd.'s Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.2013 (₹ in Cr.)	% holding as on 31.03.2013
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	10.00	25%	5.00	50%
2*	Kerala GAIL Gas Ltd.	22.11.2011	4.85	26%	2.52	52%



\*Due to short participation by the other joint venture partners there is difference between the % of ownership as per joint venture agreement and actual % of share capital currently held by the company i.e. GAIL Gas Ltd. The management is of the opinion that it is a temporary phase and other joint venture partner will contribute the balance contribution in the share capital of joint venture as per the joint venture agreement. Hence GAIL GAS LTD ownership in the joint ventures are considered only to the extent of % ownership mentioned in joint venture agreement.

Excess contribution in the Equity Share Capital of the various Joint Ventures as on date, over and above the contractual % amounting to ₹ 3.76 Crores {previous year NIL} is included in the 'Advance

Recoverable in cash or in kind or for value to be received'.

- (B) There is no provision towards payment of Management fees to the operator accordingly no management fee has been paid by the JV, therefore, no provision has been made in the books of accounts for same.
- (C) As per the information available on the balance sheet date, no contingent liability has been recognized by the JV and as such no provision has been made in the books of account in regard to contingent liability.

v. **Key Management Personnel: Mr. J. Wason, CEO**

**b. Related Party Transactions:**

(₹ In Cr.)

SI No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	647.23 (252.22)	0 (0)	0 (0)	0 (0)	0 (0.)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	22.84* (9.87)	0 (0)	100 (100)
3	Management contracts including for deputation of employees						
	a. Reimbursement of Remuneration to Key Management personnel	0 (0)	0 (0)	0 (0)	0 (0)	0.44 (0.37)	100 (100)
	b. Reimbursement of remuneration to staff	24.37 (17.24)	0 (0)	1.00*** (0)	0 (0)	0 (0)	100 (100)
4	Outstanding Balance Payable	25.61 (31.69)	0 (0)	0 (0)	0.60** (0)	0 (0)	100 (100)
5	Outstanding Balance Receivable	0 (0)	0 (0)	0 (0)	1.15 (0.70)	0 (0)	100 (0)
6	Provision for Bad Debt	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
7	Bad Debt written off	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
8	Guarantee & Collateral	118.00 (163.88)	0 (0)	0 (0)	0 (0)	0 (0)	100 (0)
	a. Corporate Guarantee given to OADB for term loan availed	118.00 (118.00.)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
	b. Counter Guarantee given to IDBI Bank for BG issued on behalf of the Co.	0 (45.88)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
9	Finance						
	a. Share Application money received pending allotment in cash	10.00 (5.77)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
	b. Share Application money received pending allotment in kind.	0 (4.23)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
	c. Share Application money towards value of Assets transferred.	0 (44.35)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
10	Investment in JV-APGDC	0 (0)	0 (0)	5.00 (5.00)	0 (0)	0 (0)	50% (0)
11	Investment in JV-KGGL	0 (0)	0 (0)	2.52 (0.03)	0 (0)	0 (0)	52% (0)

- \* The amount relates to Associate mentioned at iii (f)
- \*\* The amount relates to Associate mentioned at iii(b)
- \*\*\* The amounts is comprise of ₹ 0.62 Cr to the JV mentioned at A (1) and ₹ 0.38 Cr to the JV mentioned at A(2)

Figures shown in brackets pertain to previous year.

There is no transaction occurred with Fellow Subsidiary.

19. The rent lease deed with HHEC Ltd dated 29.08.2008 and dated 10.03.2009 for the office premises was completed on 28.09.2012. A fresh agreement was signed with HHEC Ltd for the office premises on 28.09.2012 for a period up to 31.08.2013. The current agreement has not been registered by the lessor till balance sheet date. Further the Company has signed an agreement with Mr Hari Babu for the office premises at Dewas which is also not registered by the Lessor till balance sheet date. Thus the provision for 50% share in stamp duty and registration charges of the both lease deeds shall be accounted for in the year, the lease rent deed is executed by the Lessor.
20. Prepaid expenses and prior period expenses/income up to ₹ 5.00 lakhs (PY ₹ 1.00 lakh) in each case are charged to relevant heads of accounts of the current year. However there is no financial implication

- during the year under audit due to change of the above accounting policy. The company has changed the policy in line with the revised accounting policy adopted by its holding company i.e. GAIL(India) Ltd.
21. The details of amount paid to auditor during the year vis-à-vis previous year is as under:

(₹ in Cr.)

Particulars	2012-13	2011-12
a. As auditor:	0.04	0.02
b. For Taxation matters	0	0
c. For Company law matters	0	0
d. Management Services	0	0
e. Others Services	0	0
f. For reimbursement of expenses	0.01	0.01
<b>TOTAL</b>	<b>0.05</b>	<b>0.03</b>

\* Includes Service Tax @ 12.36%

- 22 Previous Year's (PY) figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

**Preeti Aggarwal**  
Company Secretary  
(PAN No.AANPG3779M)

**Jyoti Dua**  
CFO  
(PAN:ACJPD6268J)

**J Wason**  
CEO  
(PAN: AAOPW8792K)

**P.K. Jain**  
Director  
(DIN:02145534)

**Prabhat Singh**  
Director  
(DIN: 03006541)

**As per our separate report of even date  
For A.K.G & Associates  
Chartered Accountants  
FRN 002688N**

Place: New Delhi  
Date: 24.05.2013

**Sd/-  
(C A Harvinder Singh)  
Membership No. 087889**



Joint Venture Agreement signing between GAIL Gas Limited and Rajasthan State Petroleum Corporation Ltd. (RSPCL)



**GAIL Gas Limited**

(A wholly-owned subsidiary of GAIL (India) Ltd.)

**Registered Office :**  
16, Bhikaiji Cama Place,  
R.K. Puram, New Delhi-110066

**Corporate Office :**  
2nd Floor, HHEC Building,  
Sector-2, NOIDA-201301 (U.P.)

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