



Annual Report 2013-14

Touching Lives
by Enhancing Happiness



GAIL Gas Limited
(A wholly owned subsidiary of GAIL (India) Limited)

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Board of Directors



Shri B.C. Tripathi
Chairman



Shri Prabhat Singh
Director



Shri P.K. Jain
Director
Chairman: Audit Committee
Nomination & Remuneration Committee



Dr. Ashutosh Karnatak
Director
Chairman: Committee of Directors
Corporate Social Responsibility Committee
Health Safety & Environment Committee



Shri P.K. Gupta
Director
Member: Committee of Directors
Nomination & Remuneration Committee
Corporate Social Responsibility Committee
Health Safety & Environment Committee



Shri L.R. Gupta
Director
Member: Committee of Directors
Audit Committee
Nomination & Remuneration Committee
Corporate Social Responsibility Committee



Shri Nikunj Kumar Srivastava
Director

Key Managerial Personnel

Pankaj Kumar Pal
Chief Executive
Officer

Jyoti Dua
Chief Financial
Officer

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
K.L. Jaisingh & Co.
NOIDA

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present the 6th Annual Report of your Company, along with the Audited Financial Statements for the Financial Year 2013-14.

PERFORMANCE OVERVIEW

For the year 2013-14, the important financial highlights are as under:-

FINANCIAL (₹ in Crores)

Particulars	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Turnover (Net of ED)	951.01	694.95	951.01	694.95
Other Income	40.10	33.12	40.31	33.35
Total Revenue	991.11	728.07	991.32	728.30
Cost of Sales (excluding Depreciation and including extraordinary items and Prior period expenses)	956.32	684.04	956.99	684.19
Gross Margin	34.79	44.03	34.33	44.11
Depreciation	17.70	9.22	17.70	9.22
Profit/(Loss) Before Tax	17.09	34.81	16.63	34.89
Provision for Tax (Incl. Def. Tax)	5.65	7.87	5.65	7.88
Balance carried forward to Balance sheet	11.44	26.94	10.98	27.01

PERFORMANCE HIGHLIGHTS

COMPRESSED NATURAL GAS BUSINESS (CNG)

During the year, your Company augmented its CNG distribution infrastructure by enhancing the capacity and thereby achieving a significant jump in CNG sales from 1.6 cr. kg in FY 2012-13 to 2.13 cr. kg in FY 2013-14. New CNG stations have been installed at Dibiyapur (Uttar Pradesh) & Kota (Rajasthan). A state-of-the-art green CNG station is planned at Kosi (Uttar Pradesh). The second station in Firozabad is nearing completion and additional stations are planned at Firozabad, and Bharatpur. An additional Company-owned CNG station is planned in Sonapat for which land allocation has been received. The Dewas CNG station is also being augmented by way of installing an additional compressor.

Cascade CNG sales to industries where the pipeline connectivity is not feasible or available has also been taken up by your Company in a big way. A total of 70 locations have been identified out of which 13 are operational. The wet lease model has been firmed up for Rajpura (Punjab), Phillaur (Punjab), Neemrana (Rajasthan) and Haridwar (Uttarakhand). Currently,

customers in Khapoli and Haridwar are being catered to by cascade sale.

PIPED NATURAL GAS BUSINESS

PNG - Domestic Connections

Your Company has commissioned the steel networks in the geographical area (GA) of Sonapat, Dewas, Kota and Meerut. Further, the steel network augmentation is under progress in the Taj Trapezium Zone (TTZ) and Vadodara.

For reaching to more and more charge areas for domestic connections, the MDPE pipeline network has been extended from 500 kms in FY 2012-13 to 550 kms in FY 2013-14 in the cities of Sonapat, Meerut, Dewas, Kota, Agra, Ferozabad and Bharatpur.

During the year, your Company achieved conversion of 1,177 PNG domestic customers progressively in the cities of Sonapat, Meerut, Dewas, Kota and Ferozabad, and the total number of customers drawing gas went up from 4,427 in March 2013 to 5,604 in March 2014.

PNG - Commercial & Industrial

During the year, the Company gave a major thrust to boost the sales volume of industrial and commercial customers. Your company is supplying PNG to 435 industrial customers and 13 commercial customers in the GAs of Sonapat, Meerut, Kota, Dewas and TTZ. During the year 2013-14, the sales volume from industrial and commercial customers grew from 451.61 MMSCM in FY 2012-13 to 516.25 MMSCM in FY 2013-14.

MARKETING ACTIVITIES

Your Company has implemented Uniform Price Mechanism in TTZ area w.e.f. 16th July, 2012. The marketing activities of the Company are progressing well and the Company has tied-up over 844 industrial and 45 commercial consumers.

CORPORATE STRATEGY AND BUSINESS INITIATIVES

Your Company was incorporated with an objective of focussed implementation of City Gas Distribution (CGD) projects in the country. In the first round of the bidding process of the Petroleum and Natural Gas Regulatory Board (PNGRB), your Company has been authorized to implement CGD projects in four cities, namely, Sonapat, Kota, Dewas and Meerut. Further, your Company has been authorized by PNGRB to implement CGD projects in the TTZ, covering more than 10,000 sq. kms area in the states of Uttar Pradesh and Rajasthan.

Your Company has already initiated and signed the Gas Supply Contract (GSC) with the industrial customers at Mandi Gobindgarh, Khanna, Yamunanagar and Jagadhri. Spur pipeline has already been laid, taking tap-off from Dadri-Bawana-Nanga trunk pipeline and last mile connectivity (LMC) to some of the industrial customers. The project has already been completed and gas supply will be commenced very soon.



Further, your Company is identifying various industrial clusters along the pipeline corridor for distribution of natural gas in the states of Maharashtra, Karnataka, Haryana, and Rajasthan.

To expand the business canvas, your Company has participated in various rounds of CGD bidding to PNGRB and also geared up for participation in more cities in the forthcoming rounds of the PNGRB bidding process.

FUTURE PLANS

Your Company operates in the energy sector, which is a very vital component of the economy. Energy powers every other productive activity in the economy whether it is agriculture, infrastructure, manufacturing or the services sector. The demand for energy is growing at a rate that is much higher than the growth rate of the economy. The principal business of your Company is distribution of natural gas in the form of piped natural gas (PNG) and compressed natural gas (CNG), which itself is a cleaner fuel and helps to reduce the pollution levels as compared to coal or other liquid fuels.

Natural gas has emerged as the most important energy source for the future. Given the increased availability of natural gas, relatively cleaner environmental properties and its diversified applications across all sectors, natural gas is going to play an increasingly important role in meeting the demand for energy in the country.

The PNGRB is targeting CGD bidding for more than 200 cities in a phased manner. The authorization process for the target cities/GA will bring a major expansion with gas gushing through a pipeline network into towns and cities. Progressively, on the back of a formidable pipeline network and players with giant-sized ambition, cities and towns will use more and more of this fuel. This would also provide huge opportunities to the stakeholders in the CGD to reap the benefits in the growth process.

The demand for natural gas is expected to grow. It will be critical for your Company to expand its network and CNG station infrastructure in order to meet the growth in demand. Opportunities for expansion to new GAs will continue to be assessed. Growth in new areas will be through the bidding process set out by the PNGRB.

Your Company will endeavour to grow value by identifying and accessing high value market segments. Your Company will continue to invest in human resources and systems and processes which strengthen the integrity and safety of your Company's assets. This will be the bedrock for the sustenance and growth of your Company's business. Sourcing additional long-term gas is critical for the growth of the business. Regassified liquid natural gas (RLNG) as well as indigenous sources of gas are being explored for this purpose. Your Company endeavours to grow its retail markets to take full advantage of the growth in industrialization and urbanization in

its areas. It is estimated that with its intrinsic strength of CGD projects execution and pedigree of GAIL Gas's expertise in project implementation, your Company would garner a majority market share to become the dominant player in this business. The projects are being/shall be implemented by your Company on its own or through joint venture companies with strategic partners.

SUSTAINABLE DEVELOPMENT

Your Company has evolved a Sustainable Development (SD) policy in line with the DPE guidelines for CPSEs, with the approval of the Board. A number of SD initiatives were taken up by your Company during the year. In order to grow the share of cleaner energy in the overall energy mix, your Company successfully created a portfolio of solar energy-powered CNG stations in TTZ and Dewas and is supplying CNG to the transport sector through CNG stations.

During the year, your Company imparted 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 vigorously insisted on conversion of households from LPG to PNG. During the year, your Company spent the stipulated 0.5% of its Profit after Tax (PAT) for the 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 labour for growth, and large sections of the population possess little or no job skills.

The 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 Vehicles (SPVs) with strategic partners to provide adequate training in the CGD operations under the skill development programme.

RESEARCH AND DEVELOPMENT

Towards research and development efforts, your Company planned to take up a pilot project to manufacture and market bio-methane. Your Company also developed a web-based GIS (Geographical Information System) for Dewas city on pilot basis. Your Company is a new organization which is primarily engaged in setting up projects and streamlining operations with limited available manpower and resources. The R&D efforts and budgets will be enhanced progressively in the coming years.

ASSOCIATE



Kerala GAIL Gas Limited (KGGL)

Kerala GAIL Gas Limited was incorporated on 22nd November, 2011 with an objective to promote the CGD activities throughout Kerala. The Company intends to supply environment-friendly, economical and convenient CNG to vehicles and PNG to households, commercial establishments and industries.

As per the joint venture agreement, your Company has 26% equity stake in KGGL, along with the Kerala State Industrial Development Corporation having an equity stake of 24%. However, initially, GAIL Gas and KSIDC hold 52% and 48% equity shareholding, respectively, in KGGL.

The details of Kerala GAIL Gas Limited for the financial year 2013-14 are as under:

Particulars	2013-14 (₹ In Lacs)
Net worth	₹ 486.45
Turnover/Income	₹ 42.60
Profits	₹ (10.52)
Dividend	NIL



Andhra Pradesh Gas Distribution Corporation Limited (APGDC)

Andhra Pradesh Gas Distribution Corporation Ltd (APGDC) was incorporated on 10th 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 create the necessary CGD infrastructure to utilize these resources for the benefit of the 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 CGD networks to supply environment-friendly, economical and convenient CNG to vehicles and 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 the shareholders' agreement, your Company has 25% equity stake in APGDC, along with Andhra Pradesh Gas Infrastructure Corporation Private Limited as an equal partner. However, initially, GAIL Gas and APGIC hold 50% each equity shareholding in APGDC.

The details of APGDC for the financial year 2013-14 are as under:

Particulars	2013-14 (₹ in Lacs)
Net worth	₹ 1940.42
Turnover/Income	₹ 38.11
Profits	₹ (39.83)
Dividend	NIL



Vadodara Gas Limited (VGL)

Vadodara Gas Limited (VGL) was incorporated on 13th September, 2013 with the objective to promote the CGD projects and take up activities of gas distribution in Gujarat.

VGL has an authorized share capital of ₹ 215 crores. As per the joint venture agreement, your Company has 25% equity stake in VGL, along with VMSS as an equal partner. However, initially, GAIL Gas and VMSS hold 50% each equity shareholding in VGL.

The details of VGL for the financial year 2013-14 are as under:

Particulars	2013-14 (₹ In Lacs)
Net worth	₹ (130.12)
Turnover/Income	₹ 0.00
Profits	₹ (135.12)
Dividend	NIL

RSPCL GAIL Gas Limited

RSPCL GAIL Gas was incorporated on 20th September, 2013 with the objective to promote the CGD projects and take up activities of gas distribution in the state of Rajasthan.

RSPCL GAIL Gas has an authorized share capital of ₹ 5 lacs. As per the joint venture agreement, your Company has 25% equity



stake in RSPCL GAIL Gas, along with RSPCL as an equal partner. However, initially, GAIL Gas and RSPCL hold 50% each equity shareholding in RSPCL GAIL Gas.

The details of RSPCL GAIL Gas for the financial year 2013-14 are as under:

Particulars	2013-14 (₹ In Lacs)
Net worth	₹ 4.48
Turnover/Income	₹ 0.00
Profits	₹ (0.52)
Dividend	NIL

DIVIDEND

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

CREDIT RATING

Your Company is proud to announce that this year it has performed credit rating of its proposed long-term bond issue, aggregating to ₹ 250 crores, in association with the credit rating, research and advisory committee, Credit Analysis and Research Limited (CARE). The securities of your Company have been rated as **CAREAA [Double A]** by CARE. Instruments with this rating are considered to have a high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

DEPOSITS

During the period, your Company has not accepted deposits from the public under Section 73 of the Companies Act, 2013.

IT INITIATIVES

Your Company recognizes the importance of IT to remain at the forefront of technology. A web-based GIS (Geographical Information System) has been implemented for Dewas city on a pilot basis.

Your Company has successfully implemented the SAP modules viz. Industry Specific (IS)-Utility, Customer Relationship Management (CRM), and Utility Customer e-Services (UCES) for conducting business transactions online. These new modules have enhanced information management and reporting facilities. A new portal for domestic, commercial and industrial customers 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 (Sonepat, Meerut, Kota, Dewas, Agra and Firozabad). Your Company is also implementing Supervisory Control and Data Acquisition (SCADA) system spanning four 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)

Your Company promotes a safety culture where safety and health are understood to be, and are accepted as, the number one priority. Your Company's primary responsibility is always towards its people. We believe that safe behaviour is essential for safety improvement and a good business performance cannot be achieved without a good performance in HSE.

• Safety Audits

A multidisciplinary audit team has been formed for internal audit of the installations to identify the weaker areas and suggest remedial actions to streamline and improve the existing system. The team will also identify the unsafe acts and conditions existing in the working areas that could lead to accidents. The technical & safety audit by Third party Inspection Agency (TPIA) and authorized by PNGRB parties, has also been conducted for the installations to carry out a systematic, critical appraisal of all potential hazards.

• Safety Training

Your Company has been imparting specialized training to its employees on emergency response and disaster management. Specialized fire fighting and rescue equipment have been procured for the efficient handling of any emergency.

In order to ensure the safety at site and reduce the number & severity of accidents, 24X7 emergency response vehicles have been placed at Dewas, Kota, & Sonepat. These vehicles are utilized for immediate response during an emergency. Safety kits & liveries have also been procured and distributed to employees placed at sites to fulfil the safety requirement. The employees are also briefed on safety guidelines and rules for discharging various onsite activities.

Regular trainings are also conducted for contractor and other employees to enhance safety in operation and maintenance work. Basic fire fighting trainings are also conducted for the persons engaged at the workplace so they can take immediate action in mitigating fire at the incipient stage and thereby reducing the damage to life and property.

Your Company also organizes safety awareness campaigns at regular intervals to spread awareness amongst the employees, contractor employees and customers about the safe use of CNG, PNG etc. Safety leaflets on the safe use of CNG and PNG, and Material Safety Data Sheet (MSDS) for natural gas are also developed and distributed amongst the industrial and other customers to create awareness.

• Safety Performance

- ✦ Safe loading and unloading procedures have been developed for light commercial vehicles (LCVs). The transport emergency card has been developed and distributed to the drivers of LCVs for the safe transportation of cascade-mounted LCVs.
- ✦ A work permit system is followed to ensure that the

provision & maintenance of installations and systems of work are safe and risk free. The jobs are adequately planned to ensure that work is performed free of incidents. Besides, control is also exercised over all maintenance/construction activities in the CGD installations.

- ✦ Display of safety boards, and do's and don'ts boards have been installed at all strategic locations.
- ✦ All operations are performed in accordance with the prescribed safety norms.

• Corporate HSE Policy

Your Company is committed to promote globally-comparable levels of HSE management in the areas of our business. Safety officers are posted at various work locations and safety committees have been formed whose meetings are conducted at regular intervals. Employee involvement in the HSE decision-making process is a characteristic of a positive safety culture and has also been recognized as being fundamental to the successful implementation and sustainability of the HSE management system.

HUMAN RESOURCE MANAGEMENT

As the regular manpower is from GAIL (India) Limited, all human resource management functions of your Company are being carried out by the parent company. Functions, viz., training, competency & leadership development, performance management, recruitment, retention & talent management, enabling creativity & innovation, employee relations & welfare etc. are carried out by the parent organization.

Your Company lays strong emphasis on the efficient deployment of manpower on the right jobs, as per business requirements of the Company. A highly engaged and dynamic workforce has led to a continuous rise in value added per employee in the last five years. Value added per employee gives an account of the efforts of the Company's employees to make the best and most productive use of the resources available to them.

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 programmes to develop their knowledge, skills and aptitudes.

VIGILANCE

Your Company has evolved a Vigil (Whistle) Blower Mechanism, in line with the CVC guidelines with the approval of the Board. The details of the establishment of the Whistle Blower Policy are disclosed by the Company on its website (www.gailgas.com).

Apart from the above, your Company is following a range of measures to bring clarity and transparency in procurement and work contracts including webhosting of tenders on GAIL Gas website and e-tendering.

In compliance of the guidelines issued by the Central Vigilance Commission, the Vigilance Awareness Week 2013 was observed by your Company at the corporate office and all other regional installations.

OFFICIAL LANGUAGE

Your Company is continuously making vigorous efforts for the propagation and successful implementation of the Official Language Policy of the Union.

With a view to create greater awareness and consciousness among employees, Hindi Fortnight was celebrated from 14th to 28th September, 2013, across the Company. Activities such as short story, and poem and article writing in Hindi were conducted during this period. The employees participated with great enthusiasm. To involve the families of the GAIL Gas employees, various competitions were also conducted for them.

REPRESENTATION OF PRIORITY SECTION

The details with regards to the total number of manpower and the representation of scheduled castes (SCs), scheduled tribes (STs), and other backward classes (OBCs) amongst them in your Company as on 31st March, 2014 are given in table below:

EMPLOYEES ON ROLL	SC	ST	OBC
112	14	6	5

Your Company's workforce comprised of 5 women employees as on 31st March, 2014

WOMEN EMPOWERMENT

To encourage and recognize the role of women employees in your Company's success story, the parent Company GAIL (India) instituted the Women Employees Award Scheme in 2009. All female employees of your Company are eligible to participate in the scheme. Awards to women employees, based on their performance in their functional area, are conferred every year on the International Women's Day.

RIGHT TO INFORMATION

In order to promote transparency and accountability, an appropriate mechanism has been set up across your Company, in line with the Right to Information Act, 2005. Your Company has nominated ACPIOs/CPIO/Appellate authorities at its units/offices across the country to provide information to citizens under the provisions of the RTI Act.

MANAGEMENT DISCUSSION AND ANALYSIS

The detailed Management Discussion and Analysis forms a part of this report at **Annexure-A**.



AWARDS

GAIL Gas bagged the Best Exhibition Stall in large Stand category at ANGVA 2013. The ANGVA 2013 Conference and Exhibition was organized from 27th to 29th November, 2013 at the India Expo Centre, Greater Noida. GAIL Gas Limited was the promoter of the event. 'ANGVA 2013 Natural Gas for Vehicles- The Next Generation,' aimed to bring the stakeholders together to facilitate a synchronized assessment of the current scenario of NGVs, and deliberate and debate on the necessary impetus needed to drive the CNG and NGV segment in India to the next generation.

CORPORATE GOVERNANCE

Your Company believes that good corporate governance is critical in establishing a positive organizational culture. This is evident by the Company's responsibility, accountability, consistency, fairness and transparency towards its stakeholders. Pursuant to the DPE guidelines on Corporate Governance, a report on Corporate Governance forms part of this report at **Annexure- B**.

A practicing company secretary has examined and certified your Company's compliance with respect to conditions enumerated in the DPE guidelines on Corporate Governance. The certificate forms part of this report at **Annexure- C**.

ENERGY CONSERVATION, TECHNOLOGY & ABSORPTION

The details of the conservation of energy and technology absorption, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, form a part of this report at **Annexure- D**.

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

As per the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, every company is required to provide particulars of employees in the Directors' Report, exceeding the stipulated remuneration limit(s).

However, as per notification dated 31st March, 2011, issued by the Ministry of Corporate Affairs, amending provisions of the said rules, has exempted government companies for not including such particulars in the Directors' Report. As your Company is a government company, such particulars have not been included as part of the Directors' Report. Any member desirous of obtaining such particulars may write to the Company and the same will be provided.

AUDITORS

• Statutory Auditors

The Statutory Auditor of your Company is appointed by the 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 2013-14. 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 2013-14 for the purpose of cost audit.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 134 OF COMPANIES ACT, 2013

Pursuant to the requirement of Section 134 of the Companies Act, 2013, in relation to the Directors' Responsibility Statement, it is confirmed that:

- i.) In the preparation of the annual accounts for the financial year ending 31st March, 2014, 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 to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the 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 preventing and detecting fraud and other irregularities; and
- iv.) The Directors have prepared the annual accounts for the financial year ending 31st March, 2014 on a going concern basis.

ACKNOWLEDGMENT

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

Your Directors acknowledge the wise counsel received from the Statutory Auditors and CAG and are grateful for their consistent support and assistance.

Your Directors also wish to thank all the stakeholders for reposing their faith, trust and confidence in your Company.

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 driving GAIL Gas towards a glorious future.

For and on behalf of the Board

Place: New Delhi
Dated: 22.08.2014

Sd/-
B. C. Tripathi
Chairman

Management Discussion and Analysis

NATURE OF BUSINESS

The Company is in the retail gas distribution business of supplying Compressed Natural Gas (CNG) to the transport sector and Piped Natural Gas (PNG) to the domestic, industrial and commercial sectors.

CNG is a safe, economical and environment-friendly fuel for the transport sector. It is replacing traditional fossil fuels of petrol and diesel.

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

CITY GAS DISTRIBUTION IN INDIA-INDUSTRY STRUCTURE AND DEVELOPMENTS

India is a new entrant in the natural gas market in comparison to the nature gas-based economies of the USA, UK, Korea and Japan amongst others. City gas distribution (CGD) is the segment which develops in concurrence with the gas sector in terms of transporting and distributing it to the demand centres. With the emerging global energy trends and increase in share of natural gas usage among end users in India, the CGD segment is expected to witness huge growth in the coming years. The CGD sector, the last mile of the natural gas value chain, started on the Supreme Court's mandates to offset the environmental concerns and has now gained a strong foothold on the basis of commercially viable project economics, and by an ever-improving public perception. A large spectrum of customers from housewives, car owners to fleet owners and owners of industrial and commercial enterprises are switching to natural gas-based solutions, which are being rolled out by the CGD companies at an ever-increasing pace. The demand for CGD is expected to reach around 45-46 MMSCMD by 2016-17 due to the addition of new cities, price advantage of CNG, and an increased use of PNG in domestic, industrial and commercial sectors. Hence, there are multiple opportunities for the companies to bid and construct the CGD networks across India.

Though, the CGD business is a lucrative business segment, it has its share of risks and challenges. CGD is capital-intensive business and needs a longer gestation period. Sourcing of gas is the biggest challenge for the CGD operators. More importantly, the CGD implementation plans are subject to the timely accomplishment of the approved transmission pipelines together with the establishment of state level gas grids. (Source: Infraline Energy Publications)

OPPORTUNITIES AND CHALLENGES

The CGD industry in India is at an early stage, currently accounting for about 11% of the total natural gas consumed in the country (Source: Vision 2030-Natural Gas Infrastructure in India). While there has been a slow-down in industrial demand and investment in the recent year, the long-term growth outlook remains robust in the country. The growth rate of urbanization, which impacts the domestic and CNG segments of your Company directly, and the industrial segment indirectly, remains around 8% per year.

Natural gas is used in various applications and replaces different alternate fuels. Your Company has been focussing on increasing penetration in high value segments in its markets. This not only helps in increasing value but also in mitigating the increasing cost of gas. CNG remains a high value segment in your Company's markets and is a significant driver for future growth. Your Company is focussed on growing high value industrial markets and expanding the CNG infrastructure in its operational areas, which are located in the heart of India's only CNG Corridor, to sustain the growth momentum in this business.

Your Company continues to assess new geographical areas for expansion of its pipeline network and will be deciding on bidding for new areas as and when the PNGRB invites bids for new CGDs. The declining availability of gas from indigenous sources will continue to pose a challenge to the growth of this business. The supply shortfall will largely be met with regassified liquid natural gas (RLNG). Your Company has been procuring RLNG since 2008 and has established strong credentials with various RLNG suppliers to gain supply security and purchase competitively priced RLNG, which is a significant portion of your Company's gas sourcing portfolio and is successfully sold in its markets.



OUTLOOK ON THREATS, RISKS & CONCERNS AND MITIGATIONS

1. Regulatory Regime

The CGD business is under the regulatory regime wherein the Regulatory Board (PNGRB) has framed various regulations, which have ramifications on the day-to-day business operations of a CGD entity. Your Company is fully geared up to meet such challenges

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, the Company is capable of retaining its position in the market.

b) CGD networks in new areas: The process of rolling out CGD projects by the PNGRB in new geographical areas had been slow, as envisaged earlier, thereby affecting the future expansion plans of many CGD companies.

The Company has not been affected by this development as its existing areas of operations offer a huge market potential and the Company is consolidating its operations to tap the same. The CNG volumes and the demand for new PNG connections have been growing with many new colonies being added every year.

2. Gas Sourcing

In the changing gas scenario, the assured supply of gas at competitive price will play an important role for the future growth of your Company. The Ministry of Petroleum and Natural Gas, Government of India, has allocated domestic gas to your Company, which is supplied through GAIL (India) Limited, the promoters of the Company. The gas purchase agreement with GAIL not only assures GAIL Gas of receiving firm quantities but also ensures priority supply in the event of any stoppage/disruption in gas supply. Firm allocation of domestic gas for the region allows your Company to sell CNG at one of the lowest retail prices in the country while maintaining good financial health and protecting its margins.

To strengthen the GAIL Gas, gas sourcing portfolio, the Company is actively looking at a variety of options for sourcing its gas requirements.

3. Gas Prices

RLNG prices in the recent past have shown an increasing trend which is affecting the competitive advantage of gas over alternative fuels, especially in the industrial segment.

In the absence of no additional source of domestic gas, the dependence on expensive RLNG has increased. This might limit the 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.

In urban centres where the Company is operating, the lifestyle and daily pressures drive the demand for the highly convenient PNG, which has changed the cooking habits of its users. Therefore, it is highly unlikely that PNG can be replaced from its position as the preferred cooking fuel.

The 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.

4. Value Creation through Operational Excellence

In the competitive environment, creating value for the end customer is of utmost importance for any company. Your Company is fully conscious to the need for enhancing operational efficiency and cost optimization. In this direction, a study has been undertaken by your Company to identify the potential areas for cost optimization. Action has already been initiated to implement the cost optimization measures based on the findings of the study.

FUTURE OUTLOOK

India has been among the fastest growing economies of the world. Though industrial and economic growth have slowed in the last year, the long term future outlook remains robust, with a targeted GDP growth rate of about 1.22% upto 2015. India's energy demand is expected to grow concurrently.

Natural gas is fast gaining its place in India's large and rapidly growing energy market. Due to its inherent environment-friendly nature, ease of handling, and greater efficiency, natural gas is proving its utility both as fuel and feedstock. It has helped to attract investments and catalyse new demand and supply. This sector has witnessed significant developments over the years. These include a progressive movement towards market-based pricing, discoveries from the early NELP rounds, formation of the Petroleum and Natural Gas Regulatory Board (PNGRB), significant new infrastructure in the form of trunk pipelines, and commissioning of LNG terminals and city gas networks.

The PNGRB, which has been mandated with regulating the CGD sector, has an objective to promote the growth of the sector. It has outlined its vision of expanding the CGD network to over

300 cities in India. It is expected that the PNGRB will initiate competitive bidding for several cities depending on the availability of gas infrastructure and supply.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company's CSR approach is holistic and is integrated with the core business strategy for addressing social and environmental impacts of its businesses. Philanthropic activities are only a part of the CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

Your Company is supplying natural gas in Taj Trapezium Zone (Agra-Firozabad), which has emerged as one of its kind industrial hub, manufacturing a diverse range of products and, in the process, employing a large workforce of workmen. An initiative to impart/enhance the skill of these workmen will not only lead to the creation of more employment opportunities but also go a long way in paving the way for development of 'Agra-Firozabad Industries'.

Accordingly, your Company, with the mandate of its parent company, GAIL (India) Limited, has taken up the project of 'Skill Development Centre (SDC)' under its CSR initiatives. The SDC is being taken up through 'Micro Small & Medium Scale Enterprises (MSME), Agra' and, jointly, the blueprint for the same has been developed, along with the designing of programmes, course content and infrastructure requirement finalization.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has adequate internal control procedures commensurate with its size and nature of business. Your Company being a wholly-owned subsidiary of GAIL (India) Limited, its internal audit is conducted, every financial year by the Internal Audit Department of GAIL (India) Limited. The internal audit reports prepared by them were placed before the Audit Committee.

FINANCIAL PERFORMANCE

During the period, your Company has achieved a gross turnover of ₹991.11 crores as against ₹728.07 crores during the corresponding period ending 31st March, 2013. The Profit after Tax (PAT) for the year ending 31st March, 2014 is ₹ 11.44 crores as against PAT ₹ 26.94 crores for the corresponding period ending 31st March, 2013. During the year, general administrative and overhead expenses amounting to ₹14.71 crores (PY ₹14.83 crores) and interest on term loan ₹ 9.15 crores (PY ₹9.43 crores) have been transferred to Capital Work-in-Progress (CWIP) as incidental expenses during construction period (IEDC) to be capitalized.

Your Company has prepared its financial statements as on 31st

March, 2014 as per Revised Schedule VI of the Companies Act, 1956. The summary of the financial position of the Company as on 31st March, 2014 and 31st March, 2013 is given below.

(₹ in Crores)

Particulars	STANDALONE DATA		CONSOLIDATED DATA	
	2013-14	2012-13	2013-14	2012-13
I. Equity & Liabilities				
1. Share Capital (Inc. Share Application Money pending Allotment & Reserve and Surplus)	310.27	286.83	309.79	286.83
2. Non Current Liabilities	200.50	197.27	200.50	197.26
3. Current Liabilities	116.73	118.22	119.45	118.07
Total Equity & Liabilities	627.50	602.32	629.74	602.16
II. Assets				
1. Non Current Assets	490.23	468.10	486.71	466.14
2. Current Assets	137.27	134.22	143.03	136.02
Total Assets	627.50	602.32	629.74	602.16

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 73 of the Companies Act, 2013.

SHARE CAPITAL

Share capital of your Company is ₹ 254.35 crores as on 31st March, 2014.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's industrial relations climate remained congenial and constructive. There were no man-days or man-hours lost on account of any sort of any industrial conflict.

To meet the ever changing business requirements and maintain sustainable competitive advantage, a review of HR policies is being done on continuous basis to align the HR strategy with the organizational strategy.

ENVIRONMENTAL PROTECTION AND CONSERVATION

Environmental protection is a practice of protecting the natural environment on individual, organizational or governmental levels for the benefit of both the natural environment and humans. In fact, the relationship between the economic growth and environment protection has raised a

heated discussion for a long time. Environment not only provides the substantial foundation and activity space for humans but also responses for production, castoff by human activity. Economic development not only enhances the integration national power and improves people's life but brings a lot of serious environmental problems. Environment protection and its preservation is today a matter of concern for all citizens including corporate. The environment, as it exists today, signifies that human activities are correlated with nature and human beings cannot remain aloof to the damage being caused to the environment. As environment conservation is one of the major priorities of the Company, it is taken care of in every activity that your Company undertakes while implementing the project from design to execution of the project.

CNG, as automotive fuel, for instance, provides eco-friendly alternative to the growing air pollution due to vehicular

emissions. Exhaust emissions from CNG vehicles are much lower than petrol/diesel vehicles. CNG also emits significantly lower amounts of greenhouse gases and toxins. Also, natural gas is not toxic or corrosive and will not contaminate ground water. Being the cleanest burning alternative transportation fuel it can, of course, aid in cutting harmful Green House Gas (GHG) emissions from a rising number of automobiles. Thus, it can not only significantly bolster our energy security but also reduce the regional pollution generated by the transport sector.

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.



GAIL Gas promoted 'ANGVA 2013- Conference & Exhibition- Natural Gas for Vehicles- The Next Generation' organised from 27th -29th Nov, 2013 at Noida Expo Centre, Greater Noida

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 enhance 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 31st March, 2014, there were seven directors on the Board comprising of six Promoter-Nominee Directors including the Chairman and one part-time director (Government Nominee) nominated by the Ministry of Petroleum and Natural Gas. The composition and attendance record of the Company's Board of Directors are as follows:

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
I. Promoter -Nominee Directors				
Sh. B. C. Tripathi Chairman	6	Yes	3	Nil
Shri Prabhat Singh	5	Yes	1	2
Sh. P.K.Jain	6	Yes	2	1
Dr. Ashutosh Karnatak	6	Yes	1	Nil
Sh. L R Gupta	5	Yes	Nil	Nil
Sh. P K Gupta	5	Yes	Nil	Nil
II. Part-time Directors (Government Nominee)				
Sh. Nikunj Kumar Srivastava	5	Yes	1	Nil

Note:

- During the year 2013-14, six board meetings were held.
- The 5th Annual General Meeting was held on 20th September, 2013.
- The directors, inter-se, are not related to each other.
- None of the director(s) on the Board is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he/she is a director. Membership/Chairmanship in a committee is reckoned pertaining to Audit Committee and Shareholders/Investors Grievance Committee and based on the latest disclosures received from the director(s).

ii. Details of Board meetings

During the financial year 2013-14, six meetings of the Board were held, the details of which are as below:

S. No.	Meeting	Date of Board Meeting
1.	30th	09.04.2013
2.	31st	24.05.2013
3.	32nd	08.08.2013
4.	33rd	20.09.2013
5.	34th	16.01.2014
6.	35th	24.02.2014

2. AUDIT COMMITTEE

The terms of reference of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 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; and



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 the Audit Committee. Senior functional executives are also invited, as and when required, to provide necessary inputs to the committee.

S. No.	Meeting No.	Date of Meeting
1.	13th	24.05.2013
2.	14th	08.08.2013
3.	15th	20.09.2013
4.	16th	15.01.2014
5.	17th	24.02.2014

During the year, there is no instance, where the Board had not accepted any recommendation of the Audit Committee.

3. COMMITTEE OF DIRECTORS

“Committee of Directors (CoD)” consists of three directors who shall be Directors on the Board of GAIL Gas. Minutes of the CoD meetings shall be placed for the information of the Board.

The Committee of Directors of the Company comprises of three directors with Dr. Ashutosh Karnatak as the chairman, Shri L.R. Gupta and Shri P.K. Gupta as the members.

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

During the financial year 2013-14, six meetings of the Committee of Directors were held, the details of which are

as follows:

S. No.	Meeting No.	Date of Meeting
1.	1st	22.05.2013
2.	2nd	27.06.2013
3.	3rd	23.07.2013
4.	4th	24.10.2013
5.	5th	15.01.2014
6.	6th	28.02.2014

4. REMUNERATION COMMITTEE

1. In terms of the DPE guidelines, the role of the 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. 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 is on the regular roll of the Company, the Remuneration Committee has not yet been constituted.

The Part-time Director(s), which includes the promoter nominee and government nominee, does not receive any remuneration from the Company.

5. GENERAL BODY MEETINGS

Forthcoming AGM : Date, Time and Venue

The 6th Annual General Meeting of the Company (AGM) is scheduled on 16th day of September, 2014 at 16:00 hrs at the registered office of the Company situated at 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066

Location and time, where last three AGMs were held

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

Year	AGM	Date and Time	Venue	Special Resolution passed
2010-11	3rd	06.09.2011 11.00 a.m.	6th floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	None
2011-12	4th	03.09.2012 04.30 p.m.	6th floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	Increase in Authorized Share Capital from ₹ 200.00 crore to ₹ 300.00 crore
2012-13	5th	20.09.2013 04.00 p.m	6th floor, GAIL Corporate Office, 16, Bhikaiji Cama Place, R.K.Puram, New Delhi-110066	Transfer of GAIL Gas's CNG assets at Vadodara to the proposed JVC of GAIL Gas Limited with VMSS

6. MEANS OF COMMUNICATION

The Annual Report is available on the website in a user-friendly format viz. www.gailgas.com and is circulated to the members and others entitled thereto.

7. DISCLOSURES

- i. The Annual Financial Statements, 2013-14, 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.
- ii. The CEO/CFO of the Company has certified the specified matters to the Board and Audit Committee.
- iii. The Company has adopted the Whistle Blower (Vigil Mechanism) Policy in its 24th Board Meeting held on 25th January, 2012, and has hosted the same on its website www.gailgas.com.
- iv. Your Company has adopted a Code of Conduct for its 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 to its compliance.
- v. 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 the government during last three years. All statutory filings were within stipulated time with various authorities
- vi. 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.
- vii. The administrative and office expenses are 4.44% of the total expenses in 2013-14 as against 4.75% in 2012-13.

8. AUDIT QUALIFICATIONS

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

9. TRAINING OF BOARD MEMBERS

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

10. SHARE OWNERSHIP PATTERN AS ON 31st MARCH 2014:

Category	No. of shares held of Rs. 10 each	Percentage of shareholding
GAIL (India) Limited and its nominees	25,43,51,265	100%



Turnover

To,
The Members,
GAIL Gas Limited,
16, Bhikaiji Cama Place,
R.K. Puram,
New Delhi-110066

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, 2014, as stipulated in Office Memorandum (O.M.) No. 18(8)/2005-GM dated 22nd May, 2007 and modified by O.M. of the same number, dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, DPE, Government of India.
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 the 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, and 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: 12.06.2014



Signing of Shareholders' Agreement between GAIL Gas and VMSS

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

B. TECHNOLOGY ABSORPTION:-

GAIL Gas always adopts 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	2013-14 (₹ in crore)	2012-13 (₹ in crore)
Total Foreign Exchange earned	0.00	0.00
a. Tender Fee		
Total Foreign Exchange outgo		
a. CIF Value of Imports Capital goods	0.44	0.33
b. Others (TA)	0.00	0.03

FORM A

Form for disclosure of particulars with respect to Conservation of Energy

	2013-14	2012-13
Power and Fuel Consumption		
1. Electricity		
a) Purchase		
Unit	10.10 lacs units	7.86 lacs units
Total Amount (₹)	76.92 lacs	53.65 lacs
Rate / Unit (₹)	7.62/unit	6.83/unit
b) Own Generation		
(I) Through Diesel Generator		NIL
Unit		
Unit per Ltr of Diesel Oil		
Cost / Unit (₹)		
(ii) Through Steam		NIL
Units		
Units per Ltr and Fuel Oil / Gas		
Cost / Units		
2. Coal (specify quantity and where used)		NIL
Quantity (tonnes)		
Total Cost		
Average Rate		
3. Furnace Oil		NIL
Quantity (K. Ltrs)		
Total Amount		
Average Rate		
4. Others / Internal Generation (please give details)		NIL
Quantity		
Total Cost		
Rate / Unit		

FORM B
Form for disclosure of particulars with respect to absorption

Sr No.	Particulars	Current Year
1	Research and Development (R&D)	
A	Specific areas in which R&D carried out by the Company	(a) Continuity with development of: <ul style="list-style-type: none"> - Gas composition and gas quality - Safety of the cylinder - Development of spares such as O-rings etc. - Indigenous development of imported spares - Supervisory Control and Data Acquisition (SCADA) System - Geographical Information System (GIS)
B	Benefits derived as a result of the above R&D	<ul style="list-style-type: none"> - Improvement in the existing business processes and working standards of a City Gas Distribution Project. - Safe and effective operation of Gas Supply Network - Forex savings - Easy availability of spares
C	Future plan of action	<ul style="list-style-type: none"> - Continuing Vendor Development (Regulators, Meters, PE pipes etc) - Further development of GIS, SCADA, ERP systems - Automatic meter Reading (AMR) technology - Development of spares such as O-rings etc. - Indigenous development of imported spares
D		
(a)	Expenditure on R&D	
(b)	Capital	₹ 56,48,350.00/-
(c)	Recurring	₹ 6,61,798.00/-
(d)	Total	₹ 63,10,148.00/-
	Total R&D expenditure as a percentage of total turnover	0.06%
2	Technology absorption, adaptation and innovation	
A	Efforts, in brief, made towards technology adaptation and innovation	<ul style="list-style-type: none"> - Further development of Standards, Specifications and Operating Procedures with policies adapted for local implementation
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"> - Safe operation of Gas Supply Network
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	



Supplying Natural Gas through Mobile Cascades to Customers



Go Green Campaign

Independent Auditor's Report

To
The Members of GAIL Gas Limited,

We have audited the accompanying Financial Statements of GAIL Gas Limited which comprises the Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss and the Cash Flow Statement of the company for the year ended on that date annexed thereto and a summary of significant accounting policies and other explanatory information.

Management Responsibility

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order (Amendment), 2003 issued by the Ministry of Corporate 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.
- 2) As required by section 227(3) of the act, 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 Statement of Profit & Loss dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet and the Statement of Profit & Loss dealt with this report are in compliance with accounting standard referred to sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) Disclosure in terms of clause (g) of sub section (1) of Section 274 of Companies Act, 1956 is not required as per notification no. GSR 829(E) dated October 21, 2003 issued by Department of Company Affairs;
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For A. K. G. & ASSOCIATES
Chartered Accountants

Sd/-

CA. HARVINDER SINGH

Partner

M. No. 087889

FRN 002688N

Place : Delhi

Date : 22.05.2014



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 31ST MARCH 2014, 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 fixed asset register on SAP providing 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. Fixed Assets have been physically verified by the committee constituted by the company 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 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 strengthening in relation to the operations of the Company in different locations, its size and nature of its business.
- (c) According to information and explanation 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 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 explanation given to us, there is adequate internal control system commensurate with size of the company and 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 control 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 and the nature of its business.
- 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 up to 31.12.2013.
- 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 the 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 accumulated losses of the company at the end of the financial year are not more than 50% the net worth of the company. The company has not incurred any cash losses during the current financial year and immediate previous year also.
- XI) In our opinion and according to information and explanation given to us, the Company has raised fund through loan 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(X IV) 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 ₹ 25.65 Crores (PY ₹ 20.00 Crores) and ₹ 20 Crores (PY Rs.55crores) by Oil Industry Development Board and Union Bank of India, respectively, during the year and the same has been used for the purpose for which 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 1, 00, 00,000 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 : 22.05.2014



Commencement of Gas Supply in Mandi Gobindgarh



Balance Sheet as at 31st March, 2014

(₹ in Crores)

	Note No.	As at 31 st March, 2014		As at 31 st March, 2013	
I. EQUITY AND LIABILITIES					
(1) Shareholder's Funds					
a) Share Capital	2	254.35		244.35	
b) Reserves and Surplus	3	43.92	298.27	32.48	276.83
(2) Share Application money pending Allotment	2-A		12.00		10.00
(3) Non Current Liabilities					
a) Long Term Borrowings	4	155.14		159.50	
b) Deferred Tax Liability (Net)		11.33		6.75	
c) Other Long-term Liabilities	5	34.03		31.02	
d) Long-term Provisions	6	-	200.50	-	197.27
(4) Current Liabilities					
a) Short Term Borrowings		-		-	
b) Trade Payables	7	26.58		24.83	
c) Other Current Liabilities	8	86.02		86.27	
d) Short-term Provisions	9	4.13	116.73	7.12	118.22
		TOTAL	627.50	TOTAL	602.32
II. ASSETS					
(1) Non-current assets					
a) Fixed Assets	10				
(i) Tangible Assets		317.92		244.03	
(ii) Intangible Assets		2.80		3.29	
(iii) Capital Work in Progress	11	154.10		210.23	
(iv) Intangible Assets under Development			474.82	-	457.55
b) Non-current Investments	12	12.57		7.52	
c) Long-term loans and advances	13	2.84		3.03	
d) Other non-current assets	14	-	15.41	-	10.55
(2) Current Assets					
a) Current Investments	15	-		-	
b) Inventories	16	3.56		4.56	
c) Trade receivables	17	38.29		45.35	
d) Cash and cash equivalents	18	27.46		39.40	
e) Short-term loans and advances	19	67.43		44.41	
f) Other current assets	20	0.53	137.27	0.49	134.22
		TOTAL	627.50	TOTAL	602.32

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)

As per our separate Report of even date

Preeti Aggarwal

Jyoti Dua

Pankaj Kumar Pal

P K Gupta

P K Jain

For M/S A.K.G. & Associates

Company Secretary
(PAN-AANPG3779M)

CFO
(PAN-ACJPD6268J)

CEO
(PAN-AATPP6657M)

Director
(DIN-01237706)

Director
(DIN-02145534)

Chartered Accountants
Firm No. 002688N

Place: New Delhi
Dated: 22.05.2014

Sd/-
CA Harvinder Singh
(Partner)
MNo. 87889

Statement of Profit & Loss for the Year ended 31st March, 2014

(₹ in Crores)

	Note NO.	Year Ended 31 ST March, 2014	Year Ended 31 ST March, 2013
I. Revenue from Operations	21	988.28	726.10
II. Other Income	22	2.83	1.97
III Total Revenue (I+II)		991.11	728.07
IV Expenses			
Gas consumed	23	898.17	645.45
Employee benefits expense	24	-	-
Finance Cost	25	10.60	5.81
Depreciation	26	17.70	9.22
Other Expenses	27	43.01	32.93
		969.48	693.42
V. Profit before exceptional and extraordinary items and tax (III-IV)		21.63	34.65
VI. Exceptional Items		-	-
VII. Profit(Loss) before extra ordinary items and tax (V-VI)		21.63	34.65
VIII. Extraordinary Items		-	-
IX. Profit(Loss) before prior period items and Tax (VII-VIII)		21.63	34.65
X. Prior Period Adjustments (Net)	28	4.54	(0.16)
XI. Profit(Loss) before Tax (IX-X)		17.09	34.81
XII. Tax Expenses			
1. Current Tax	4.09		7.12
Less: MAT Credit	3.02	1.07	5.42
2. Deferred Tax		4.58	6.17
3.Excess Provision of Income Tax of earlier years written back		-	-
XII. Profit(Loss) after Tax for the period (XI-XII)		11.44	26.94
Details of Earning Per Share			
A. Profit after tax		11.44	26.94
B. Weighted Average No. of Equity Shares		25.41	20.26
C. Nominal Value per Equity Share (Rs.)		10/-	10/-
D. Basic and Diluted Earning Per Share (Rs.)		0.45	1.33

See accompanying notes to accounts

As per our separate Report of even date

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

For M/S A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place : New Delhi
Dated : 22.05.2014

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



Note 2: Share Capital

	As at 31 st March, 2014	As at 31 st March, 2013
(₹ in Crores)		
AUTHORISED		
30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of Rs.10/- each	<u>300.00</u>	<u>300.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
121685397 Equity Shares of Rs.10/-each (up to PY111685397 Equity Shares of Rs.10/- each) fully paid up in cash	121.68	111.68
132665868 Equity Shares of Rs.10/- each (Up to PY 132665868 equity Shares) of Rs.10/- each fully paid otherwise than in cash	132.67	132.67
TOTAL	<u>254.35</u>	<u>244.35</u>
Par Value Per Share (₹) Equity Shares	10.00	10.00

Note 2A: Share Application Money Pending Allotment

	As at 31 st March, 2014	As at 31 st March, 2013
(₹ in Crores)		
i) In form of Consideration other than Cash pending Allotment A/C GAIL (India) Ltd	0.00	0.00
ii) In form of Consideration in Cash pending Allotment A/C GAIL (India) Ltd	12.00	10.00
TOTAL	<u>12.00</u>	<u>10.00</u>
Reconciliation Statement of No. of Shares Outstanding		
Opening No. of Shares	244,351,265	167,950,000
Issued during the year	10,000,000	76,401,265
Forfeited during the year	-	-
Closing No. of Shares	254,351,265	244,351,265
The right /Preferences/Restrictions attached during the year for shares		
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%)	254,351,259	244,351,259
TOTAL	<u>254,351,259</u>	<u>244,351,259</u>
Share Reserved for Issue under Options & Contracts/ Commitments for Sale of Shares/Disinvestment		
Terms	-	-
Amount	-	-
No.	-	-
Convertible Securities in Equity/Preference Shares		
Aggregate No. & class of shares allotted as fully paid up pursuant to contract without payment being received in cash during last 5 years (in Nos)	132,665,868	132,665,868
Unpaid Calls		
By Directors and Officers	-	-
By Others	-	-
Forfeited Amount of Shares	-	-

Note 3 : Reserves and Surplus

	(₹ in Crores)	
	As at 31 st March, 2014	As at 31 st March, 2013
Opening Balance	32.48	5.54
Add: Current Year Profit	11.44	26.94
Less: Transfer to General Reserve	-	-
Closing Balance	<u>43.92</u>	<u>32.48</u>

Note 4 : Long Term Borrowings

	(₹ in Crores)	
	As at 31 st March, 2014	As at 31 st March, 2013
SECURED TERM LOANS		
From Banks :		
Union Bank of India	74.09	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 31.03.2014 is Rs.105 Crore as against Rs.85 Crore drawn up to 31.03.2013)		
Rate of Interest on term Loan as on 31.03.2014 : 10.75 % p.a		
Terms of Repayment		
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		
From Other Parties :		
Oil Industry Development Board		
(Secured against all assets of TTZ Project, Rs.58.00 Crore sanctioned against which Rs.45.65Cr drawn up to 31.03.2014, PY Rs.20.00 Cr Sanctioned & drawn up to 31.03.2013. The repayment of loan will be started from 24.02.2015.)	45.65	20.00
UNSECURED		
From Other Parties :		
Oil Industry Development Board	35.40	69.90
(Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of Rs.118 cr pertaining to Cities of Dewas, Kota, Meerut & Sonapat)		
Rate of Interest (ROI) on term Loan as on 31.03.2014 :		
Outstanding Loan as on 31.03.2014 (Rs in Cr)	ROI (%)	
5.00	7.70	
4.00	7.60	
13.21	7.63	
7.50	8.18	
7.50	8.31	
15.00	8.60	
7.50	8.77	
10.19	9.18	
20.00	8.28	
9.75	9.27	
15.90	9.06	
Terms of Repayment		
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.		
	<u>155.14</u>	<u>159.50</u>
Period and Amount of Continuing default as on Balance Sheet Date in repayment of Loan and Interest	-	-



Note 5 : Other Long Term Liabilities

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Others :		
Deposits from Customers	34.03	31.02
TOTAL	34.03	31.02

Note 6 : Long Term Provisions

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Employee related Provisions	-	-
Others	-	-
TOTAL	-	-

Note 7 : Trade Payables

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Trade payables	26.58	24.83
TOTAL	26.58	24.83

Note 8 : Other Current Liabilities

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
SECURED		
(a) Current Maturity of Long Term Debt		
Loan from Union Bank of India		
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of Rs.142.00 Crore . Loan drawn up to 31.03.2014 is Rs.105.00Cr as against Rs.85.00Cr drawn up to 31.03.2013)	13.47	11.96
UNSECURED		
Oil Industry Development Board	34.50	29.50
(Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of ₹ 118.00 cr pertaining to Cities of Dewas, Kota, Meerut & Sonapat)		
(b) Others		
Interest Accrued but not paid	0.18	0.18
Audit Fees Payable	0.03	0.03
Service Tax Payable	0.01	0.12
TDS, VAT, Excise and WCT Payable	3.79	5.41
Deposits,retention money from contractors and others	11.89	12.63
Other Payables Against O&M	2.79	2.03
Other Payables Against Plant & Machinery (Including Provisional Liability of Rs. 11.25 Crore)	19.13	24.03
Other Liabilities	0.23	0.38
TOTAL	86.02	86.27

Note 9 : Short-term Provisions

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Others :		
Provision for taxation	4.13	7.12
TOTAL	4.13	7.12

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

(₹ in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION				Impairment of Assets			NET BLOCK		
	As at 01.04.2013	Additions/ Adjustments during the year	Sales / Adjustments during the year	As at 31.03.2014	Upto 31.3.2013	For the Year	Adjustments during the year	As at 31.03.2014	Upto 31.3.2013	For the Year	As at 31.03.2014	As at 31.3.2013	As at 31.03.2014
Tangible Assets (A)													
Land : Freehold	10.90	1.89		12.79	-	0.06	(0.07)	-				10.90	12.79
Leasehold	5.83		1.90	3.93	0.10	16.20	4.16	0.09				5.73	3.84
Plant and Machinery	238.39	94.32		332.71	12.70	0.06		33.06				225.69	299.65
Furniture, Fixtures and other Equipments	0.93	0.02		0.95	0.20			0.26				0.73	0.69
Office Equipments	1.34	0.18		1.52	0.36	0.21		0.57				0.98	0.95
Including Electrical Equipments													
TOTAL (A)	257.39	96.41	1.90	351.90	13.36	16.53	4.09	33.98	-	-	-	244.03	317.92
Intangible Assets (B)													
Right of Use*	0.36	-		0.36	-	0.01	-	0.01				0.36	0.35
Softwares /Licences	4.90	0.68		5.58	1.97	1.16		3.13				2.93	2.45
TOTAL (B)	5.26	0.68	-	5.94	1.97	1.17	-	3.14				3.29	2.80
TOTAL (A+B)	262.65	97.09	1.90	357.84	15.33	17.70	4.09	37.12	-	-	-	247.32	320.72
Previous Year	209.26	53.39	-	262.65	6.11	9.22	-	15.33				203.15	247.32

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

Note 11 : Capital Work-in-Progress

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
A. Plant & Machinery		
Linepipe Construction and related facilities	51.83	107.17
IEDC -Interest	9.15	9.43
IEDC-Management Services	10.79	11.86
IEDC-Other Exp	3.92	2.97
TOTAL	75.69	131.43
Less : Provision for Linepipe and Related Facilities	-	(0.72)
	75.69	130.71
B. Linepipes, Capital Items in Stock/Transit	78.41	79.52
Less : Provision for losses/obsolescence	-	-
TOTAL	154.10	210.23

Note 12 : Non-current Investments

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
1. Trade Investments		
Un-Quoted at Cost		
(a) Investments in Equity Instruments :-		
(i) In Joint Venture Companies:		
100,00,000 (Previous Year :50,00,000) Equity Shares of Rs. 10/- each fully paid-up in APGDC Ltd	10.00	5.00
(ii) In Joint Venture Company		
25,20,000 (Previous Year : 25,20,000) Equity Shares of Rs.10/- each fully paid up in Kerala GAIL Gas Ltd as deemed allotment	2.52	2.52
(iii) In Joint Venture Company		
25,000 (Previous Year : NIL) Equity Shares of Rs.10/- each fully paid up in Vadodara Gas Limited as deemed allotment	0.03	-
(iv) In Joint Venture Company		
25,000 (Previous Year : NIL) Equity Shares of Rs.10/- each fully paid up in RSPCL- GAIL Gas Limited as deemed allotment	0.02	-
TOTAL I	12.57	7.52
Note 11A - Advances for Investments (Pending Allotment)		
TOTAL II	-	-
TOTAL I + II	12.57	7.52



Note 13 : Long term Loans and Advances

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
(a) Capital Advances				
(Unsecured - Considered Good)	-		-	
(Unsecured - Considered Doubtful)	-		-	
Less: Provision for Doubtful Advances	-	-	-	-
		<u>-</u>		<u>-</u>
(b) Security Deposits				
- Unsecured, Considered Good-Govt	6.34		2.81	
- Unsecured, Considered Good-Non Govt	0.04		0.22	
- Unsecured, Considered Doubtful	-		-	
	<u>6.38</u>		<u>3.03</u>	
Less: Provision for doubtful claims	(3.54)	2.84	-	3.03
(c) Loans and Advances to related Parties				
(Unsecured, Considered Good)		-		-
(d) Other Loans and Advances				
		-		-
TOTAL		<u>2.84</u>		<u>3.03</u>

Note 14 : Other Non Current Assets

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Long Term Trade Receivables		-		-
Others				
Interest Accrued on Employees Loans secured & considered good (including dues from Directors Rs. Nil (Previous Year :Nil)		-		-
TOTAL		<u>-</u>		<u>-</u>

Note 15 : Current Investments

(₹. in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Current Investments		-		-
Associate Companies		-		-
TOTAL		<u>-</u>		<u>-</u>

Note 16 : Inventories

(₹. in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
(a) Finished Goods				
Compressed Natural Gas (Valued at Cost or Net Realisable Value whichever is lower)		0.05		0.04
(b) Stock-in-trade				
Stock of Gas* (*after adjustment of calorific value (Valued at Cost or Net Realisable Value whichever is lower))		0.42		0.38
(c) Stores and Spares				
(As taken, valued and certified by the Management)				
Stores and Spares	3.09		4.14	
Less: Provision for Losses/Obsolescence	-	3.09	-	4.14
Construction Surplus - Capital / Stores	-		-	
Less: Provision for Losses/Obsolescence (Valued at Cost or Net Realisable Value whichever is lower)	-	-	-	-
TOTAL		<u>3.56</u>		<u>4.56</u>

Note 17 : Trade Receivables

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
(i) Debts outstanding for a period exceeding six months				
- Secured, Considered Good	-		-	
- Unsecured, Considered Good	2.47		1.38	
- Unsecured, Considered Doubtful	-	2.47	-	1.38
(ii) Other Debts				
- Secured, Considered Good	-		-	
- Unsecured, Considered Good	36.90		45.05	
- Unsecured, Considered Doubtful	-	36.90	-	45.05
TOTAL		39.37		46.43
Less: Provision for Doubtful debts		(1.08)		(1.08)
TOTAL		38.29		45.35

Note 18 : Cash and Cash Equivalents

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
(i) Cash and cash equivalents				
(a) Balances With Banks				
On Current Account (includes Corporate Liquid Term Deposit Rs.26.60 Cr. (Previous Year : Rs. 17.70 Cr))	27.22		39.00	
(b) Cheques/Drafts/Stamps in hand	-		-	
(c) Cash in hand	0.24		0.40	
(d) Others	-	27.46	-	39.40
TOTAL		27.46		39.40

Note 19 : Short Term Loans and Advances

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
(a) Loan to Related Parties				
Claim Recoverable from VGL	1.44			
Claim Recoverable from APGDC	-		0.62	
Claim Recoverable from KGGL	-	1.44	0.39	1.01
(b) Others				
Loan to Employees				
Advances recoverable in cash or in kind or for value to be received				
- Unsecured, Considered Good	-		0.02	
- Unsecured, Considered Doubtful	-		-	
Less: Provision for Doubtful Advances	-	-	-	0.02
Advance Tax & TDS		17.43		13.34
Claims Recoverable-Govt				
- Unsecured, Considered Good	47.40		29.99	
- Unsecured, Considered Doubtful	-		-	
	47.40		29.99	
Less: Provision for doubtful claims	-	47.40	-	29.99
Deposits with Others				
- Unsecured, Considered Good	1.16		0.05	
- Unsecured, Considered Doubtful	-		-	
	1.16		0.05	
Less: Provision for doubtful claims	-	1.16	-	0.05
TOTAL		67.43		44.41



Note 20 : Other Current Assets

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Interest accrued but not due		0.03		0.05
Prepaid Insurance & Other Charges		0.50		0.44
TOTAL		0.53		0.49

Note 21 : Revenue from Operations

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
a) Sale of Products/ Gas	961.26		702.27	
Less : Excise Duty	10.25	951.01	7.32	694.95
b) Gas transmission charges		31.91		28.23
c) Other Operating Revenues				
Application Fees - Domestic Connection	0.01		0.06	
Interest Income Customers & Others	1.16		0.12	
Misc Income - Extra Pipe line	0.21		0.18	
MGO Receipt	3.98	5.36	2.56	2.92
TOTAL		988.28		726.10

Note 22 : Other Income

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Interest Income on Bank Deposits	1.64		1.49	
Interest Income -Others	0.18	1.82	0.00	1.49
Tender Fees		0.02		0.01
Liquidated Damages		0.08		0.32
Miscellaneous Receipts		0.91		0.15
TOTAL		2.83		1.97

Note 23 : Gas Consumed

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Opening Stock		0.42		0.25
Add:Purchases		902.60		647.23
Less :Gas Consumption		898.17		645.45
Less: Gas Consumed as Fuel including Abnormal Gas Loss		4.38		1.61
Closing Stock		0.47		0.42

Note 24 : Employees Benefits

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Salary Wages & Allowances		-		-
Contribution to Provident Fund		-		-
Welfare Expenses		-		-
TOTAL		-		-
Less: Employees Benefits Transferred to IEDC		-		-
TOTAL		-		-

Note 25 : Finance Cost

(₹ in Crores)

	As at 31 st March, 2014		As at 31 st March, 2013	
Interest on Term Loans- OIBB		9.56		9.29
Interest on Term Loans- Union Bank of India		10.19		5.95
TOTAL		19.75		15.24
Less: Interest and Finance Charges transferred to Capital Work-in-Progress		9.15		9.43
TOTAL		10.60		5.81

Note 26 : Depreciation and Amortization Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Depreciation and Amortization Expenses	17.70	9.22
TOTAL	17.70	9.22

Note 27 : Other Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Power & Fuel Charges		
Electricity Charges	0.84	0.55
Fuel Charges	2.44	1.61
Rent-Office & Others		
Repairs and Maintenance-P&M	3.31	3.01
Repairs and Maintenance-Buildings	3.81	2.75
Insurance Charges	0.78	0.20
Insurance Charges	0.24	0.26
Rates & Taxes	0.01	0.50
Payment to Auditors		
Audit Fees (incl other Certification)	0.04	0.04
Tax Audit Fee	0.00	0.00
Out of Pocket Expenses	0.01	0.01
Management Service for Employee Cost		
Salaries, Wages and Allowances	25.83	22.82
Contribution to Provident and Other Funds	1.38	1.19
Welfare Expenses	2.32	1.95
	29.53	25.96
Less : Management Service for Employee Cost transferred to Capital Work-in-Progress	10.79	11.86
TOTAL	18.74	14.10
Other Misc Expenses		
27A	16.71	12.87
Less Expenditure transferred to IEDC 27B	3.92	2.97
Net Other Expenses	43.01	32.93

Note 27 A : Other Misc Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Stores & Spares Consumed	1.14	2.65
Loss/Gain (+/-) of Foreign Currency Transaction	0.11	0.02
Water Charges	0.02	0.02
Communication Exp	0.25	0.20
Printing & Stationery	0.12	0.12
Travelling Exp	1.32	1.26
Books & Periodicals	0.00	0.01
Advt & Publicity	0.77	0.41
Training Exp	0.08	0.02
Vehicle Hire & Running Exp	2.32	1.8
Consultancy & Legal Charges	1.13	2.51
Data Processing Exp	1.05	0.69
Selling & Distribution Exp	0.12	0.07
Dealer Commission	1.28	0.98
Security Exp	0.96	0.73
CSR Exp	0.03	0.06
Other Misc Exp	0.53	1.29
Provision Against Doubtful Claims	3.54	0.00
Other Exp-Abnormal Loss	1.94	0.03
Total	16.71	12.87

Note 27 B: Expenditure during Construction Period

(₹. in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
IEDC - Power, Water, Fuel Charges	0.15	0.13
IEDC- Security Expenses	0.41	0.25
IEDC- Rent & Warehouse Exp.	2.14	1.82
IEDC - TRAVELLING & CONV. EXP	0.84	0.49
IEDC - Vehicle Hire Charges	0.38	0.28
TOTAL	3.92	2.97

Note 28 : Prior Period Adjustment

(₹. in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Purchase of Gas*	0.00	(0.16)
Advt & Publicity	0.13	0.00
Interest Paid to Supplier	0.32	0.00
Depreciation-P/M	4.16	0.00
Depreciation-Leasehold Land	(0.07)	0.00
TOTAL	4.54	(0.16)

*(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 Crores)

SI No.	Particulars	As at 31 st March, 2014	As at 31 st March, 2013
A	BG ISSUED	11.49	12.10
B	COURT CASES-AGRA with Allhabad High Court	0.71	0.71
C	COURT CASES-AGRA with Firozabad District Court	0.02	0.02
D	ARBITRATION CASES-Agra Customers	12.60	12.60
E	STATUTORY Demand received from Commissioner, Central Excise, Dewas in connection with wrong filling of ER-1 for the month of Sept 2010.	1.74	0.00
F	Share in Contingent Liability of Joint Venture	2.50	0.00
	GRAND TOTAL (A+B+C+D+E)	29.06	25.43



PNG supplied to Industries



Dibiyaipur CNG Station- Highways to Greenways

Cash Flow Statement for the Financial Year Ended 31st March, 2014

(₹ in Crores)

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit After Tax and Extraordinary Items	11.44	26.94
2 ADD:		
Depreciation	21.79	9.22
Interest Expenditure	10.60	5.81
Interest Income	(1.82)	(1.49)
Other Provisions	(3.54)	0.00
	27.03	13.54
3 Operating Profit Before Working Capital Changes (1 + 2)	38.47	40.48
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(18.93)	(32.25)
Inventories	1.00	0.60
Trade and Other Payables	2.90	0.96
	(15.03)	(30.69)
5 Cash Generated from Operations (3+4)	23.44	9.79
6 Direct Taxes Paid	8.69	11.00
NET CASH FROM OPERATING ACTIVITIES (5+6)	32.13	20.79
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(34.81)	(68.34)
Investment in Other Companies	(5.05)	(2.49)
Loans & Advances to Related Parties	(0.43)	(1.01)
Interest Received	1.82	1.49
NET CASH FROM INVESTING ACTIVITIES	(38.47)	(70.35)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity	12.00	32.06
Proceeds from Long Term Borrowings	45.65	76.56
Repayment of Long Term Borrowings	(43.51)	(23.60)
Interest Paid	(19.74)	(15.24)
NET CASH FROM FINANCING ACTIVITIES	(5.60)	69.78
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(11.94)	20.22
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (OPENING BALANCE)	39.40	19.18
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (CLOSING BALANCE)	27.46	39.40
NOTES :		
1 Cash & Cash Equivalents include :		
Cash & Bank Balances As per Balance Sheet	27.46	39.40
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	27.46	39.40
2 Cash & Cash Equivalents includes CLTD balance of Rs.26.60 Crores (Previous year Rs.17.70 Crore)		

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

For M/S A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place : New Delhi
Dated : 22.05.2014

Sd/-
CA Harvinder Singh
(Partner)
MNo. 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 the 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. Inventories

- Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

4. Depreciation/Amortisation

- 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).
 - Assets costing upto ₹ 5,000/- are depreciated fully in the year of capitalization
 - Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
 - Software/Licences are amortised in 5 years on straight line method.
 - Oil and Gas pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years.
 - Cost of the ROU is amortized considering life of ROU as 99 years.
- Capital assets installed at the consumers 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.

5. Revenue Recognition

- Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the deliver of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision.
- 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.
- Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.
- 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.

6. 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.
- 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.

7. 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.

8. 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/services etc. received at site for use in the projects.
- Pre-Project expenditure relating to Projects which are considered unviable/closed will be charged off to Revenue in the year of declaration/closure.

9. 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.

10. Foreign Currency Translation

- Transactions in foreign currency are initially accounted at the exchange rate prevailing on the transaction date.
- 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.
- 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).
- Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the Profit & Loss account.

11. Investments

Investments are classified into current and non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

12. 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.

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 profit 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. 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.

15. Provisions Contingent Liabilities and Capital Commitments

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5 lacs in each case are disclosed by way of notes to accounts.
- Estimated amount of contracts remaining to be executed on capital account are disclosed in each case above ₹ 5 lakhs.

16. OTHERS

- Liquidated Damages (Price Reduction Schedule), if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated Damages (Price Reduction Schedule), 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.

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As per our separate report of even date
For M/S A.K.G. & Associates
Chartered Accountants

Firm No. 002688N

Sd/-

CA Harvinder Singh

M No. 87889

Place : New Delhi
Dated : 22.05.2014

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 ₹14.72Cr. (Previous Year ₹14.83 Crore) 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 ₹ 254.35 Cr. has been issued as on balance sheet date. The share application money pending allotment ₹ 12.00 Cr has to be allotted. GAIL Gas has been receiving advance against equity from the parent company from time to time for which shares are allotted at par. The shares will be issued at par before 31.05.2014. No interest on advance against equity is payable to the parent company.
 - 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 ₹ 94.81Cr. (Previous Year ₹ 198.25 Cr.) are remaining to be executed on Capital Accounts and not provided for.
- To the extent information available with the Company, amount due to Medium & Small Scale Industry is ₹ 0.12 Cr. including interest of ₹ 1012/- (Previous Year ₹ 0.21 Cr.).
- 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.

9. Employees Benefits

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 Crores)

	2013-14	2012-13
I. CIF Value of Import Capital Goods	0.44	0.33
II. Expenditure in Foreign Currency- Others-Travelling	0	0.03

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

a. Details of Finished goods for the year 2013-14 (₹. in Crores)

Manufactured Goods	Sales Value	Closing Inventory	Opening Inventory
Compressed Natural Gas	69.51 (50.34)	0.05 (0.04)	0.04 (0.02)
Total	69.51 (50.34)	0.05 (0.04)	0.04 (0.02)
Traded Goods			
a. Compressed Natural Gas	23.74 (13.81)	0 0	0 0
b. Natural Gas	895.03 (661.95)	0.42 (0.39)	0.39 (0.23)
Total	918.77 (675.76)	0.42 (0.38)	0.38 (0.23)

The sales as shown above for current year is exclusive of Excise Duty of ₹10.25 Cr.

The sales as shown above for previous year was exclusive of Excise Duty of ₹ 7.33 Cr.

b. Details of purchases of traded goods are as under:

Details of Purchases	₹ in Crore
Goods Purchased	-
a. Compressed Natural Gas	17.86 (10.48)
b. Natural Gas	813.91 (636.75)

The figures in the brackets pertain to previous year.

12. Disclosure on Change in Accounting Policies

During the year 2013-14, the company has changed its accounting policy in respect of amortization of Right of Use of

land for laying pipelines being intangible assets. Upto the financial year 2012-13, the ROU of land was being treated as perpetual in nature in view of its non-perennial nature of use and accordingly no amortization was provided. Based on the opinion from Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI). Accordingly, during the year 2013-14, an amount of ₹ 0.90 lac (out of which ₹ 0.50 lac pertaining upto financial year 2012-13) has been charged to Statement of Profit and Loss under Depreciation & Amortization account.

13. Deferred Tax

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 net deferred tax Liability in respect of timing difference as on 31st March, 2014 amounting to ₹ 11.33 Cr. (Previous year ₹ 6.75 crore). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX (₹ in Crores)

Particulars	31.03.2014	31.03.2013
Opening Balance Deferred Tax Assets/Liabilities	(6.75)	(0.58)
Deferred Tax Assets/Liabilities arising on account of Depreciation	(4.58)	(6.17)
Closing Balance C/F	(11.33)	(6.75)

14. During the year, the Company has been disbursed a Term loan from OIDB ₹ 25.65 Cr. (Previous Year ₹ 20.00 Cr.) and from Union Bank of India ₹ 20.00 Cr. (Previous Year ₹ 55.00 Cr.) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut and Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to ₹ 19.74 Cr. (Previous Year ₹ 15.24 Cr.) was incurred, out of which an amount of ₹ 9.15 Cr. (Previous Year ₹ 9.43 Cr.) was capitalized during the period. During the year the company has repaid ₹ 29.50 Cr. to OIBD (Previous Year ₹ 18.60 Cr.) and ₹ 14.00 Cr. to Union Bank of India (Previous Year ₹ 3.44 Cr.) 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 2013-14 (₹. in Crores)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE				
	Segment Revenue	895.03	93.25	2.83	991.11
2	EXPENDITURE	829.52	101.42	43.08	974.02
3	RESULTS	65.51	-8.17	-40.25	17.09
4	OTHER INFORMATION				
a	Segment Assets	320.45	82.02	70.93	473.40
b	Segment Liabilities	71.99	6.13	223.65	301.77
c	Capital Expenditure	124.35	18.68	11.07	154.10
d	Depreciation	7.54	12.51	1.74	21.79
e	Non Cash expenses other than Depreciation	3.54	-	-	3.54

B. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13 (₹ in Crores)

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	-	-	-	-

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	2013-14	2012-13
Profit after Tax	₹	114361633	269358447
Weighted Average No. of Equity Shares	Nos	254132087	202633477
Nominal Value per Share	₹	10.00	10.00
Earning per Share Basic	₹	0.45	1.33
Earning per Share Diluted	₹	0.45	1.33

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 31.03.14 (₹ in Cr.)	GAIL GAS Ltd's Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.14 (₹ in Cr.)	% holding as on 31.03.14
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	20.00	25%	10.00	50
2	Kerala GAIL Gas Limited	22.11.2011	4.85	26%	2.52	52
3	Vadodara Gas Limited	13.09.2013	0.05	25%	0.03	50
4	RSPCL-GAIL Gas Ltd.	07.06.2006	0.05	26%	0.03	50

Due to short participation by the other Joint Venture partners there is difference between the % of ownership as per the joint venture agreement and actual % of share capital currently held by the company i.e. GAIL Gas Limited. 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 the 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 ₹ 6.28 crore (Previous Year ₹ 3.76 crore).

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, contingent liability amounting to ₹ 10.00 crore has been recognized by the JV and as such a contingent liability of ₹ 2.50 crore has been recognized in "Note No.29 Contingent Liability".

Key Management Personnel: Mr. J. Wason, CEO

b.Related Party Transactions

(₹ in Crores)

Sl No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	902.60 (647.23)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	17.14* (22.84)	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)	0.58 (0.44)	100 (100)
b.	Reimbursement of remuneration to staff	27.70 (24.37)	0 (0)	0 (1.00)	0 (0)	0 (0)	100 (100)
4.	Outstanding Balance Payable	28.46 (25.61)	0 (0)	0 (0)	0 (0.60)	0 (0)	100 (100)
5.	Outstanding Balance Receivable	0 (0)	0 (0)	1.44 (0)	0.07** (1.15)	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	118.0 (118.00)	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 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
9.	Finance						
a.	Share Application money received pending allotment in cash	12.00 (10.00)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
b.	Share Application money received pending allotment in kind.	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
c.	Share Application money towards value of Assets transferred.	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
10.	Investment in JV APGDC	0 (0)	0 (0)	10.00 (5.00)	0 (0)	0 (0)	50 (0)
11.	Investment in JV KGGL	0 (0)	0 (0)	2.52 (2.52)	0 (0)	0 (0)	52 (0)
12.	Investment in JV VGL	0 (0)	0 (0)	0.03 (0)	0 (0)	0 (0)	26 (0)
13.	Investment in JVRSPCL-GAIL GAS LTD.	0 (0)	0 (0)	0.03 (0)	0 (0)	0 (0)	26 (0)

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

**The amount relates to Associate mentioned at (iii) (f) ₹ 0.07 Cr. and JVC at IV (A) (3) ₹ 1.44 Cr.

Figures shown in brackets pertain to previous year.
There is no transaction with Fellow Subsidiary.

19. The agreement with HHEC was signed on 28.9.2012 for the office premises for a period upto 31.8.2013 which was further renewed for a period of one year upto 31.8.2014. The termination notice was issued to M/s HHEC on 31.1.2014 and as such the agreement was not registered by the lessor. Further the lease deed for the office premises at Dewas was executed on 17.5.2013.
20. Pre-paid expenses and prior period expenses/income up to ₹ 5.00 lacs in each case are charged to relevant heads of accounts of the current year.
21. The details of amount paid to auditor during the year vis-à-vis previous year is as under:

(₹ in Crores)

Particulars	2013-14	2012-13
a. As auditor:	0.04	0.04
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
TOTAL	0.05	0.05

* Includes Service Tax @ 12.36%

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

PK Gupta
Director
(DIN-01237706)

PK Jain
Director
(DIN-02145534)

As per our separate report of even date
For M/S A.K.G. & Associates
Chartered Accountants
Firm No. 002688N
Sd/-
CA Harvinder Singh
M No. 87889

Place : New Delhi
Dated : 22.05.2014

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 3 2 0 1 4

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

1 0 . 0 0

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

TOTAL LIABILITIES

6 2 7 . 5 0

EQUITY AND LIABILITIES

PAID UP CAPITAL

2 5 4 . 3 5

SHARE APPLICATION MONEY PENDING ALLOTMENT

1 2 . 0 0

LONG TERM BORROWING

1 8 9 . 1 7

LONG TERM PROVISIONS

N I L

OTHER CURRENT LIABILITIES

8 6 . 0 2

DEFERRED TAX LIABILITY

1 1 . 3 3

APPLICATION OF FUNDS

(RS. IN CRORE)

TANGIBLE ASSETS

3 1 7 . 9 2

CAPITAL WORK IN PROGRESS

1 5 4 . 1 0

LONG TERM LOANS AND ADVANCES

2 . 8 4

INVENTORIES

3 . 5 6

CASH AND CASH EQUIVALENTS

2 7 . 4 6

OTHER CURRENT ASSETS

0 . 5 3

TOTAL ASSETS

6 2 7 . 5 0

RESERVES AND SURPLUS

4 3 . 9 2

OTHER LONG TERM BORROWING

N I L

TRADE PAYABLES

2 6 . 5 8

SHORT TERM PROVISIONS

4 . 1 3

INTANGIBLE ASSETS

2 . 8 0

NON CURRENT INVESTMENTS

1 2 . 5 7

OTHER NON CURRENT ASSETS

N I L

TRADE RECEIVABLES

3 8 . 2 9

SHORT TERM LOANS AND ADVANCES

6 7 . 4 3

IV PERFORMANCE OF COMPANY (RS IN CRORE)

TOTAL REVENUE (NET OF ED)

9	9	1	.	1	1
---	---	---	---	---	---

PROFIT/LOSS BEFORE TAX

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

(+)		2	1	.	6	3
-----	--	---	---	---	---	---

EARNING PER SHARE IN RS

Rs P

0	.	4	5
---	---	---	---

TOTAL EXPENDITURE

9	6	9	.	4	8
---	---	---	---	---	---

PROFIT/LOSS AFTER TAX

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

(+)		1	1	.	4	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-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

Place : New Delhi
Dated : 22.05.2014



Safety Training

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 2014.

The preparation of financial statements of Gail Gas Limited for the year ended 31 March 2014 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 Standards on Auditing and assurance 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 22 May 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Gail Gas limited for the year ended 31.03.2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the enquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Sd/-
(Atreyee Das)

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

Place : New Delhi
Dated : 03.07.2014



8th Asia Gas Partnership Summit-2013



Consolidated Financial Statements

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Members of GAIL Gas Limited

We have examined the attached Consolidated Balance Sheet of GAIL Gas Limited, as at 31st March 2014, and also Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are responsibility of 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 to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with accounting 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 from material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in 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 Statement of certain joint ventures, whose Financial Statements reflect total assets of ₹ 34.92 crore as at 31st March, 2014 (previous year ₹ 18.2 crore), the total revenue of ₹ 80 lacs (previous year ₹ 90 lacs) and cash flows amounting to ₹ 13.22 crore (Previous year ₹ 73 lacs) for the year then ended. Vadodara Gas Limited and RSPCL-GAIL Gas Limited Financial Statements are unaudited and not reviewed. Financial Statements of Kerala GAIL Gas Limited and Andhra Pradesh Gas Distribution Corporation 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.

Based on our examination as aforesaid and on consideration of report of other auditors on separate financial statements and unaudited on 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 March 2014;

(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

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

Place : Delhi
Date : 22.05.2014

Consolidated Balance Sheet as at 31st March, 2014

(₹ in Crores)

	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	254.35	244.35
b) Reserve & Surplus	2	43.44	32.48
		297.79	276.83
(2) Share Application money pending Allotment	1A	12.00	10.00
(3) Non Current Liabilities			
a) Long Term Borrowings	3	155.14	159.50
b) Deferred Tax Liability (Net)		11.33	6.74
c) Other Long-term Liabilities	4	34.03	31.02
d) Long-term Provisions	5	0.00	0.00
		200.50	197.26
(4) Current Liabilities			
a) Short Term Borrowings	6	0.00	0.00
b) Trade Payables	7	26.72	24.83
c) Other Current Liabilities	8	88.60	86.02
d) Short-term Provisions	9	4.13	7.22
		119.45	118.07
TOTAL		629.74	602.16
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	10A	317.95	244.06
(ii) Intangible Assets	10A	2.80	3.29
(iii) Capital Work in Progress	10	156.65	211.85
		477.40	459.20
b) Non-current Investments	11	0.00	0.00
c) Long-term loans and advances	12	9.16	6.79
d) Other non-current assets	13	0.15	0.15
		9.31	6.94
(2) Current Assets			
a) Current Investments		0.00	0.00
b) Inventories	14	3.56	4.56
c) Trade receivables	15	38.29	45.35
d) Cash and cash equivalents	16	33.53	42.07
e) Short-term loans and advances	17	67.07	43.40
f) Other current assets	18	0.57	0.64
		143.03	136.02
		629.74	602.16

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-26)

As per our separate Report of even date

For M/S A.K.G. & Associates

Chartered Accountants

Firm No. 002688N

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

Place : New Delhi
Dated : 22.05.2014

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



Consolidated Statement of Profit & Loss for the Year ended 31st March, 2014 (₹ in Crores)

	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
I. Revenue from Operations (Net)	19	988.28	726.10
II. Other Income	20	3.04	2.20
III Total Revenue (I+II)		991.32	728.30
IV Expenses			
Gas Consumed	20A	898.17	645.45
Depreciation	21	17.70	9.22
Finance Cost	22	10.60	5.81
Other Expenses	23	43.68	33.09
Total Expenses		970.15	693.57
V. Profit before exceptional and extraordinary items and tax (III-IV)		21.17	34.73
VI. Exceptional & Extraordinary Items		0.00	0.00
VII. Profit after exceptional and extraordinary items and tax (V-VI)		21.17	34.73
VIII. Less: Prior Period Adjustments (Net)	25	4.54	-0.16
IX. Profit before Tax		16.63	34.89
X. Tax Expenses			
1. Current Tax			
- Current Year		4.09	1.72
Less: Mat Credit		-3.02	0
2. Deferred Tax		4.58	6.16
Total tax expenses		5.65	7.88
XI. Profit after Tax		10.98	27.01
Amount available for appropriation transfer to Reserve & Surplus		10.98	27.01
Details of Earning Per Share			
A. Profit after tax		10.98	27.01
B. Weighted Average No. of Equity Shares		25.41	20.26
C. Nominal Value per Equity Share (₹)		10/-	10/-
D. Basic and Diluted Earning Per Share (₹)		0.43	1.33

See accompanying notes to accounts

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

For M/S A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place : New Delhi
Dated : 22.05.2014

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

Note 1: Share Capital

	(₹ in Crores)	
	As at 31 st March, 2014	As at 31 st March, 2013
AUTHORISED		
30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of ₹ 10/- each	<u>300.00</u>	<u>300.00</u>
ISSUED, SUBSCRIBED AND FULLY PAID-UP		
121685397 Equity Shares of ₹ 10/-each (up to PY111685397 Equity Shares of ₹ 10/- each) fully paid up in cash	121.68	111.68
132665868 Equity Shares of ₹ 10/- each (Up to PY 132665868 equity Shares) of ₹ 10/- each fully paid otherwise than in cash	132.67	132.67
TOTAL	<u>254.35</u>	<u>244.35</u>
Par Value Per Share ₹ Equity Shares	10.00	10.00

Note 1A: Share Application Money Pending Allotment

	(₹ in Crores)	
	As at 31 st March, 2014	As at 31 st March, 2013
Share Application Money pending Allotment in the form of Cash Consideration GAIL A/c	12.00	10.00
TOTAL	<u>12.00</u>	<u>10.00</u>
Reconciliation Statement of No. of Shares Outstanding		
Opening No. of Shares	244,351,265	167,950,000
Issued during the year	10,000,000	76,401,265
Forfeited during the year	-	0
Closing No. of Shares	254,351,265	244,351,265
The right /Preferences/Restrictions attached during the year for shares	-	-
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%)	254,351,259	244,351,259
TOTAL	<u>254,351,259</u>	<u>244,351,259</u>
Share Reserved for Issue under Options & Contracts/ Commitments for Sale of Shares/Disinvestment		
Terms	-	-
Amount	-	-
No.	-	-
Convertible Securities in Equity/Preference Shares	-	-
Aggregate No. & class of shares allotted as fully paid up pursuant to contract without payment being received in cash during last 5 years (in Nos)	132,665,868	132,665,868
Unpaid Calls		
By Directors and Officers	-	-
By Others	-	-
Forfeited Amount of Shares	-	-



Note 2 : Reserves and Surplus

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Surplus in the Statement of Profit & Loss		
As per Last Financial Statements	32.46	5.47
Add : Transferred from statement of Profit & Loss	10.98	27.01
Less : Adjustment due Dividend Received from Associate	-	-
TOTAL	43.44	32.48

Note 3 : Long Term Borrowings

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
SECURED		
TERM LOANS		
From Banks :		
Union Bank of India	74.09	69.6
(Secured against all assets of four authorised cities of Dewas, Kota, Meerut & Sonapat. Against total sanctioned amount of ₹ 142 Crore, loan drawn up to 31.03.2014 is ₹ 105 Crore as against ₹ 85 Crore drawn up to 31.03.2013)		
Rate of Interest on term Loan as on 31.03.2014 : 10.75 % p.a		
Terms of Repayment		
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		
From Other Parties :		
Oil Industry Development Board		
(Secured against all assets of TTZ Project , ₹ 58.00 Crore sanctioned against which ₹45.65Cr drawn up to 31.03.2014, PY ₹ 20.00 Cr Sanctioned & drawn up to 31.03.2013. The repayment of loan will be started from 24.02.2015.)	45.65	20.00
UNSECURED		
From Other Parties :		
Oil Industry Development Board	35.40	69.9
(Against Corporate Guarantee given by GAIL (India) Ltd for Loan of ₹ 118 cr pertaining to Cities of Dewas, Kota, Meerut & Sonapat)		
Rate of Interest (ROI) on term Loan as on 31.03.2014 :		
Outstanding Loan as on 31.03.2014 (₹ in Cr)	ROI (%)	
5.00	7.70	
4.00	7.60	
13.21	7.63	
7.50	8.18	
7.50	8.31	
15.00	8.60	
7.50	8.77	
10.19	9.18	
20.00	8.28	
9.75	9.27	
15.90	9.06	
Terms of Repayment		
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.		
TOTAL	155.14	159.5
Period and Amount of Continuing default as on Balance Sheet Date in repayment of Loan and Interest	-	-

Note 4 : Other Long Term Liabilities

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Deposits from Customers	34.03	28.92
Advance received from customers	-	2.1
TOTAL	34.03	31.02

Note 5 : Long Term Provisions

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Provision for Employee Benefits (incl. Gratuity)	-	-
Others Provisions	-	-
TOTAL	-	-

Note 6 : Short Term Borrowings

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Unsecured Loans	-	-
TOTAL	-	-

Note 7 : Trade Payables

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Trade payables	26.72	24.83
TOTAL	26.72	24.83

Note 8 : Other Current Liabilities

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
(a) Current Maturity of Long Term Debt		
SECURED		
(a) Current Maturity of Long Term Debt		
Loan from Union Bank of India		
(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 31.03.2014 is ₹ 105.00Cr as against ₹ 85.00Cr drawn up to 31.03.2013)	13.47	11.96
UNSECURED		
Oil Industry Development Board	34.50	29.5
(Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of ₹ 118.00 cr pertaining to Cities of Dewas Kota Meerut & Sonapat)		
Deposits from Customers	-	0
(b) Interest accrued but not Paid	0.18	0.18
(c) Others		
Deposits/Retention Money from Contractors and others	11.89	12.63
Interest Accrued but not due	-	0
Audit Fees Payable	0.03	0.03
Statutory Payments(TDS/WCT & Service Tax)	3.81	5.52
Advance from shareholder	2.50	0
Other Payable Against O&M	2.79	2.03
Other Payable Against Plant & Machinery(Including Provisional liability of ₹ 11.25Cr.)	19.13	24.03
Other Liabilities	0.30	0.13
TOTAL	88.60	86.02



Note 9 : Short-term Provisions

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Provision for Employee Benefits	-	-
Others :		
Provision for taxes	4.13	7.14
Other Provisions	0.00	0.08
TOTAL	4.13	7.22

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

(₹ in Crores)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				Impairment of Assets			NET BLOCK	
	As at 01.04.2013	Additions during the year	Deduction during the year	Value at the end as on 31.03.2014	As at 1.04.2013	For the Year	Adjustments during the year	Value at the end as on 31.03.2014	As at 1.04.2013	For the Year	As at 31.03.2014	WDV As on 31.3.2013	WDV As on 31.03.2014
Tangible Assets													
Freehold	10.90	1.89	-	12.79	-	-	-	-	-	-	-	10.90	12.79
Leasehold	5.83	-	1.90	3.93	0.10	0.06	(0.07)	0.09	-	-	-	5.73	3.84
Building : Office/Others	-	-	-	-	-	-	-	-	-	-	-	-	-
Residential	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Fences	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Installations	-	-	-	-	-	-	-	-	-	-	-	-	-
Bunk Houses	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	238.39	94.33	-	332.71	12.70	16.20	4.16	33.06	-	-	-	225.69	299.66
Railway Lines & Sidings	-	-	-	-	-	-	-	-	-	-	-	-	-
Communication Systems	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture, Fixtures and other Equipments	0.93	0.02	-	0.95	0.20	0.06	-	0.26	-	-	-	0.73	0.69
Office Equipments	1.37	0.18	-	1.55	0.36	0.21	-	0.58	-	-	-	1.01	0.97
Vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-
E&P Assets													
Proved / Producing Property	-	-	-	-	-	-	-	-	-	-	-	-	-
Support Equipment & Facility	-	-	-	-	-	-	-	-	-	-	-	-	-
Non Producing Property	-	-	-	-	-	-	-	-	-	-	-	-	-
Unproved Leasehold Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Tangible Assets	257.42	96.42	1.90	351.94	13.36	16.53	4.09	33.99	-	-	-	244.06	317.95
Intangible Assets													
Right of Use	0.36	-	-	0.36	-	0.01	-	0.01	-	-	-	0.36	0.35
Softwares / Licences / Others	4.90	0.68	-	5.58	1.97	1.16	-	3.13	-	-	-	2.93	2.45
Total Intangible Assets	5.26	0.68	-	5.94	1.97	1.17	-	3.14	-	-	-	3.29	2.80
Grand Total	262.68	97.10	1.90	357.88	15.33	17.70	4.09	37.13	-	-	-	247.35	320.75
Previous Year	209.26	53.42	-	262.68	6.11	9.22	-	15.65	-	-	-	203.15	247.35

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

Note 10 : Capital Work-in-Progress

(₹. in Crores)

	As at 31 st March, 2014	As at 31 st MARCH, 2013
Linepipe Construction and related facilities	51.83	107.17
IEDC -Interest (Refer Note-22)	9.15	9.43
IEDC-Management Services (Refer Note-23)	10.79	11.86
IEDC-Other Exp (Refer Note-24)	3.92	2.97
Less : Provision for Linepipe and Related Facilities	-	-0.72
Others	2.55	0
Linepipes, Capital Items in Stock/Transit	78.41	79.52
Less : Provision for losses/obsolescence	-	1.62
FSRU/APGDC		
TOTAL	156.65	211.85

Note 11 : Non-current Investments

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Trade Investments (Unquoted - At cost)	-	-
TOTAL	-	-

Note 12 : Long term Loans and Advances

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
(a) Capital Advances		
(Secured / Unsecured - Considered Good)	-	-
(Unsecured - Considered Doubtful)	-	-
Less : Provision for Doubtful Advances	-	-
(b) Security Deposits (Unsecured)		
- Unsecured, Considered Good	6.40	3.03
Less : Provision for Doubtful Advances	(3.54)	
(c) Other Loans and Advances		
- Loans to Employees	-	-
- Secured, Considered Good	-	-
- Unsecured, Considered Good	0.02	-
Advances to Income Tax against pending demand	-	-
(d) Loans & Advances to related Parties (Unsecured, Considered Good)	6.28	3.76
TOTAL	9.16	6.79

Note 13 : Other Non Current Assets

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Long Term Trade Receivables		
(Unsecured - Considered Good)	-	-
(Unsecured - Considered Doubtful)	-	-
Less : Provision for Doubtful Debts	-	-
Others		
Pre Operative Expenses pending allocations	0.15	0.15
Deposit with various parties	-	0
TOTAL	0.15	0.15

Note 14 : Inventories

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
(a) Finished Goods (incl Work-in-Progress)		
Stock of Gas*/Polymers/LPG/Compressed NG and Other Products *after adjustment of calorific value	0.05	0.42
(b) Raw material, Stores, Spares and others		
(As taken, valued and certified by the Management)		
Stock in trade	0.42	0
Stores and Spares (including Construction Surplus) **	3.09	4.14
Less : Provision for Losses/Obsolescence	-	-
TOTAL	3.56	4.56

Note 15 : Trade Receivables

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
(i) Trade receivables outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	2.47	1.38
- Unsecured, Considered Doubtful	-	-
Other		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	36.90	45.05
- Unsecured, Considered Doubtful	-	-
	<u>39.37</u>	<u>46.43</u>
Less : Provision for Doubtful debts	(1.08)	-1.08
TOTAL	<u>38.29</u>	<u>45.35</u>

Note 16 : Cash and Cash equivalents

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Balances With Banks		
On Current Account (includes Corporate Liquid Term Deposit ₹ 26.60Cr. (Previous Year : ₹ 17.70Cr.))	27.30	41.67
On Fixed Deposit Account	5.99	0
Cheques/Drafts/Stamps in hand	0.00	0
Cash in hand	0.24	0.40
TOTAL	<u>33.53</u>	<u>42.07</u>

Note 17 : Short Term Loans and Advances

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
(a) Loan to Related Parties		
VGL	1.08	0
APGDC	-	0
KGGL	-	0
Loans / Advances to Employees		
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good	-	0.02
- Unsecured, Considered Doubtful	-	0
Less : Provision for Doubtful Advances	-	0
Advance tax / TDS	17.43	13.33
Claims Recoverable		
- Unsecured, Considered Good	47.40	29.99
- Unsecured, Considered Doubtful	-	0.00
Less : Provision for doubtful claims	-	0.00
Deposits / Balances with Government Authorities and Others		
- Unsecured, Considered Good	1.16	0.05
- Unsecured, Considered Doubtful	-	0.00
TOTAL	<u>67.07</u>	<u>43.40</u>

Note 18 : Other Current Assets

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Interest accrued but not due	0.06	0.05
Prepaid Insurance & Other Charges	0.00	0.44
Others	0.51	0.15
TOTAL	0.57	0.64

Note 19 : Revenue from Operations

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
a) Sale of Products/ Gas	961.26	702.27
b) Sale of Services		
Gas Transmission / RLNG Shippers Charges	31.91	28.23
c) Income from Telecom	-	0.00
	993.17	730.50
Less : Excise Duty	(10.25)	-7.32
d) Other Operating Income		
Application Fees - Domestic Connection	0.01	0.06
Interest Income Customers & Others	1.16	0.12
Miscellaneous Income - Extra pipe line	0.21	0.18
MGO Receipt	3.98	2.56
	988.28	726.10

Note 20 : Other Income

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Interest on :		
- Bonds / Debentures (Long term trade investment)	-	0
- Deposits with Banks	1.85	1.49
- Others	0.18	0.23
Tender Fees	0.02	0.01
Liquidated Damages	0.08	0.32
Miscellaneous Receipts	0.91	0.15
Add : Transferred to Expenditure during construction period (Refer Note 24)	-	0
	3.04	2.2

Note 20A : Gas Consumed

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Opening Stock	0.42	0.25
Add:Purchases	902.60	647.23
Less :Gas Consumption	898.17	645.45
Less: Gas Consumed as Fuel including Abnormal Gas Loss	4.38	1.61
Closing Stock	0.47	0.42

Note 21 : Depreciation and Amortization Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Depreciation and Amortization Expenses	17.70	9.22
Impairment Loss	-	0
TOTAL	17.70	9.22

Note 22 : Finance Cost

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Interest on Term Loans- OIBB	9.56	9.288
Interest on Term Loans- Union Bank of India	10.19	5.956
TOTAL	19.75	15.244
Less: Interest and Finance Charges transferred to Capital Work-in-Progress (refer Note no. 10)	9.15	9.43
TOTAL	10.60	5.814

Note-23 : Other Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Power, Fuel and Water Charges		
Electricity Charges	0.84	0.55
Fuel & Water Charges	2.44	1.61
Salaries, Wages and Allowances	25.83	22.82
Contribution to Provident and Other Funds	1.38	1.19
Welfare Expenses	2.32	1.95
Rent	3.38	3.01
Rates and Taxes (includes entry tax on gas)	0.04	0.5
Repairs and Maintenance		
Plant and Machinery	3.81	2.75
Buildings	0.78	0.19
Others	-	0
Insurance	0.24	0.26
Payment to Auditors		
Audit Fees	0.04	0.04
Tax Audit fees	-	0
Company Law Matters	-	0
Management Services	-	0
Out of Pocket Expenses	0.01	0.01
Entertainment Expenses	0.01	0
Recruitment and Training Expenses	-	0
Legal and Professional charges	0.09	0
Postage & Telephones	0.01	0
Net Loss on Foreign currency transaction and translation / Exchange Fluctuation	-	0
Other Misc Expenses(refer Note-23A)	17.17	13.03
Less: Management Services for Employee Cost transferred to Capital Work-in-Progress(Refer Note -10)	(10.79)	-11.86
TOTAL	47.60	36.1
Less: Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer Note no. 24)	(3.92)	-2.97
TOTAL	43.68	33.09

Note-23 A : Other Misc Expenses

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Stores & Spares Consumed	1.14	2.65
Loss/Gain (+/-) of Foreign Currency Transaction	0.11	0.02
Water Charges	0.02	0.02
Communication Exp	0.25	0.2
Printing & Stationery	0.13	0.12
Travelling Exp	1.33	1.26
Books & Periodicals	0.00	0.01
Advt & Publicity	0.79	0.41
Training Exp	0.08	0.02
Vehicle Hire & Running Exp	2.32	1.8
Consultancy & Legal Charges	1.13	2.51
Data Processing Exp	1.05	0.69
Selling & Distribution Exp	0.12	0.07
Dealer Commission	1.28	0.98
Security Exp	0.97	0.73
CSR Exp	0.03	0.06
Other Misc Exp	0.95	1.45
Provision Against Doubtful Claims	3.54	0
Other Exp-Abnormal Loss	1.94	0.03
Total	17.17	13.03

Note 24: Expenditure during Construction Period

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
IEDC- Insurance	-	0.00
IEDC- Misc Exps	-	0.00
IEDC-Power, Fuel and Water Charges	0.15	0.12
IEDC-Printing & Stationery Expenses	-	0.00
IEDC- Security Expenses	0.41	0.25
IEDC- Rent & Warehouse Exp.	2.14	1.82
IEDC - Travelling & Conv. Exp	0.84	0.49
IEDC - Vehicle Hire Charges	0.38	0.28
TOTAL	3.92	2.97

Note 25 : Prior Period Adjustment

(₹ in Crores)

	As at 31 st March, 2014	As at 31 st March, 2013
Purchase of Gas*	-	-0.16
Advt & Publicity	0.13	
Interst Paid to Supplier	0.32	
Depreciation-P/M	4.16	
Depreciation-Leasehold Land	(0.07)	
TOTAL	4.54	-0.16

*(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 26 Contingent Liabilities

(₹. in Crores)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
BG ISSUED	11.49	12.10
SHARE IN CONTINGENT LIABILITY OF JOINT VENTURES	2.50	0.00
COURT CASES-AGRA with Allhabad High Court	0.71	0.71
COURT CASES-AGRA with Firozabad District Court	0.02	0.02
ARBITRATION CASES-Agra Customers	12.60	12.60
STATUTORY	1.74	0.00
Demand received from Commissioner, Central Excise, Dewas in connection with wrong filling of ER-1 for the month of Sept 2010.		
TOTAL	29.06	25.43



Consolidated Cash Flow Statement for the Financial Year ended 31st March, 2014 (₹ in Crores)

	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit After Tax and Extraordinary Items	10.98	26.98
2 Adjustments :		
Depreciation	21.79	9.22
Interest Expenditure	10.60	5.81
Interest Income	(2.03)	(1.72)
Other Provisions	(3.56)	0.03
	26.81	13.34
3 Operating Profit Before Working Capital Changes (1 + 2)	37.79	40.32
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(18.96)	(32.25)
Inventories	1.00	0.60
Trade and Other Payables	5.21	1.33
	(12.75)	(30.32)
5 Direct Taxes paid	8.69	11.00
NET CASH FROM OPERATING ACTIVITIES (5+6)	33.73	20.99
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(35.70)	(69.65)
Investment in Other Companies	(2.52)	(2.49)
Pre-operative Expenses	0.00	(0.15)
Other Deposits	(0.02)	0.00
Loans & Advances to Related Parties	(0.07)	(1.01)
Interest Received	2.02	1.71
NET CASH FROM INVESTING ACTIVITIES	(36.30)	(71.59)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity	12.00	33.32
Proceeds of Long Term Borrowings	45.29	76.56
Repayment of Long Term Borrowings	(43.51)	(23.60)
Interest Paid	(19.74)	(15.24)
NET CASH FROM FINANCING ACTIVITIES	(5.96)	71.04
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(8.53)	20.45
CASH AND CASH EQUIVALENTS AS AT 01.04.2013 (OPENING BALANCE)	42.07	21.63
CASH AND CASH EQUIVALENTS AS AT 31.03.2014 (CLOSING BALANCE)	33.53	42.07

NOTES :

1 Cash & Cash Equivalents include :		
Cash & Bank Balances As per Balance Sheet	33.53	42.07
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	33.53	42.07
2 Cash & Cash Equivalents includes CLTD balance of ₹ 26.60 Crores (Previous year ₹ 17.70 Crore)		

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

PK Gupta
Director
(DIN-01237706)

PK Jain
Director
(DIN-02145534)

For M/S A.K.G. & Associates
Chartered Accountants
Firm No. 002688N

Place : New Delhi
Dated : May 22, 2014

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 the 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. 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.

4. Depreciation/Amortisation

- (I) 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.
 - d) Oil and Gas pipelines including other related facilities are depreciated @ 3.17% per annum on SLM basis based on useful life of 30 years.

- e) Cost of the ROU is amortized considering life of ROU as 99 years.

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

5. Revenue Recognition

- (i) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the deliver of goods to customers. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the year of such revision.
- (ii) 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.
- (iii) Claims (including interest on delayed realization from customers) are accounted for, when there is no significant uncertainty that the claims are realizable.
- (iv) 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.

6. Fixed Assets

- a. 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.
- b. 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.

7. 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.

8. Capital Work-in-Progress

- a. 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/services etc. received at site for use in the projects.

- b. Pre-Project expenditure relating to Projects which are considered unviable/closed will be charged off to Revenue in the year of declaration/closure.

9. 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.

10. Foreign Currency Translation**

- a) Transactions in foreign currency are initially 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.

11. Investments

Investments are classified into current and non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

12. 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.

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 profit 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. 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.

15. Provisions Contingent Liabilities and Capital Commitments

- a) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5 lacs in each case are disclosed by way of notes to accounts.
- b) Estimated amount of contracts remaining to be executed on capital account are disclosed in each case above ₹ 5 lakhs.

16. OTHERS

1. Liquidated Damages (Price Reduction Schedule), if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated Damages (Price Reduction Schedule), 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.
2. Insurance claims are accounted for on the basis of claims admitted by the insurers.
3. Custom duty and other claims (including interest on delayed payments) are accounted for on acceptance in principle.
4. 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-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268.)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

PK Gupta
Director
(DIN-01237706)

PK Jain
Director
(DIN-02145534)

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

Place : New Delhi
Dated : 22.05.2014

Sd/-
C A Harvinder Singh
MNo. 87889

Notes on Accounts

Basis of Preparation

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

Principles of Consolidation

- The consolidated Financial Statements have been prepared in accordance with the applicable Accounting Standards on the following basis:

The Financial Statements of the joint venture Company have been combined by applying proportionate consolidation method on 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 interest in Joint Ventures" as notified under Companies Accounting Standard Rules, 2006.

The consolidated Financial Statements are prepared using uniform 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 Consolidated Financial Statements represent consolidation of accounts of the Company (GAIL GAS LIMITED), its Joint Venture Companies and associates as detailed below:

Sl No	Name of JV	Country of Incorporation	Relation	Proportion of Ownership Interest as on 31.3.2014
1	Andhra Pradesh Gas Distribution Corporation Ltd	India	Joint Venture	25%
2.	Kerala GAIL Gas Limited	India	Joint Venture	26%
3.	Vadodara Gas Limited	India	Joint Venture	25%
4.	RSPCL-GAIL Gas Ltd.	India	Joint Venture	26%

- Audited/Unaudited financial statements of the joint venture- Andhra Pradesh Gas Distribution Corporation Ltd, Kerala GAIL Gas Limited, Vadodara Gas Limited & RSPCL-GAIL Gas Ltd. have been included in consolidation. The figures included in the consolidated financial statements relating to these audited/unaudited joint venture companies are as under:

Total Assets of ₹ 2.23 Cr. and Total Liabilities of ₹ 2.23 Cr. and Total Income of ₹ 0.21 Cr. and Total Expenditure of ₹ 0.67 Cr.

- 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 ₹ 14.72 Cr. (Previous Year ₹ 14.83 Crore) 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 ₹ 254.35 Cr. has been issued as on balance sheet date. The share application money pending allotment ₹ 12.00 Cr has to be allotted. GAIL Gas has been receiving advance against equity from the parent company from time to time for which shares are allotted at par. The shares will be issued at par before 31.05.2014. No interest on advance against equity is payable to the parent company.
 - 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 ₹ 94.89 Cr. (Previous Year ₹ 198.25 Cr.) are remaining to be executed on Capital Accounts and not provided for.
- To the extent information available with the Company, amount due to Medium & Small Scale Industry is ₹ 0.12 Cr. including interest of ₹ 1012/- (Previous Year ₹ 0.21 Cr.).
- 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.

13. Employees Benefits

Employees Benefits in terms of AS-15 (Revised) have not been considered by GAIL Gas Ltd & Joint Ventures as all the employees posted at GAIL Gas Ltd & Joint Ventures are on the rolls of GAIL (India) Ltd.

14. Information required as per Schedule VI of the Companies Act, 1956

(₹ in Crores)

	2013-14	2012-13
I. CIF Value of Import Capital Goods	0.62	0.33
II. Expenditure in Foreign Currency- Others- Travelling	0	0.03

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

a) Details of finished goods for the year 2013-14 (₹. in Crores)

Manufactured Goods	Sales Value	Closing Inventory	Opening Inventory
Compressed Natural Gas	69.51 (50.34)	0.05 (0.04)	0.04 (0.02)
Total	69.51 (50.34)	0.05 (0.04)	0.04 (0.02)
Traded Goods			
a. Compressed Natural Gas	23.74 (13.81)	0 0	0 0
b. Natural Gas	895.03 (661.95)	0.42 (0.39)	0.39 (0.23)
Total	918.77 (675.76)	0.42 (0.38)	0.38 (0.23)

The sales as shown above for current year is exclusive of Excise Duty of ₹10.25 Cr.

The sales as shown above for previous year was exclusive of Excise Duty of ₹7.33 Cr.

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

Details of Purchases	₹ in Cr.
Goods Purchased	
a. Compressed Natural Gas	17.86 (10.48)
b. Natural Gas	813.91 (636.75)

The figures in the brackets pertains to previous year.

16. Disclosure on Change in Accounting Policies

During the year 2013-14, the company has changed its accounting policy in respect of amortization of Right of Use of land for laying pipelines being intangible assets upto the financial year 2012-13, the ROU of land was being treated as perpetual in nature in view of its non-perennial nature of use and accordingly no amortization was provided. Based on the opinion from Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI), accordingly, during the year 2013-14, an amount of ₹ 0.90 lac (out of which ₹ 0.50 lac pertaining upto financial year 2012-13) has been charged to Statement of Profit and Loss under Depreciation & Amortization account.

17. Deferred Tax

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 net deferred tax Liability in respect of timing difference as on 31st March, 2014 amounting to ₹ 11.33 Cr. (Previous year ₹ 6.75 crore). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX

(₹. in Crores)

Particulars	31.03.2014	31.03.2013
Opening Balance Deferred Tax Assets/ Liabilities	(6.75)	(0.58)
Deferred Tax Assets/Liabilities arising on account of Depreciation	(4.58)	(6.17)
Closing Balance C/F	(11.33)	(6.75)

18. During the year, the Company has been disbursed a Term loan from OIIB ₹ 25.65 Cr. (Previous Year ₹ 20.00 Cr.) and from Union Bank of India ₹ 20.00 Cr. (Previous Year ₹ 55.00 Cr.) to finance the project activities in the TTZ and cities of Dewas, Kota, Meerut and Sonapat. Wherever the expenditure on the projects was incurred post disbursement of loan, the borrowing cost on the same was appropriately capitalized and in respect of projects completed out of the opening capital work in progress is assumed to be funded by equity. In terms of AS 16, the total Interest & Finance Charges amounting to ₹ 19.74 Cr. (Previous Year Rs. 15.24 Cr.) was incurred, out of which an amount of ₹ 9.15 Cr. (Previous Year ₹ 9.43 Cr.) was capitalized during the period. During the year the company has repaid ₹ 29.50 Cr. to OIIB (Previous Year ₹ 18.60 Cr.) and ₹ 14.00 Cr. to Union Bank of India (Previous Year ₹ 3.44 Cr.) as per the term loan agreement.

19. 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 2013-14

(₹. in Crores)

SL NO	SEGMENTS	NG	CNG	Unallocable	TOTAL
1	REVENUE				
	Segment Revenue	895.03	93.25	3.04	991.32
2	EXPENDITURE	829.52	101.42	43.75	974.69
3	RESULTS	65.51	-8.17	-40.71	16.63
4	OTHER INFORMATION				
a	Segment Assets	320.45	82.02	70.62	473.09
b	Segment Liabilities	71.99	6.13	226.37	304.49
c	Capital Expenditure	124.35	18.68	13.62	156.65
d	Depreciation	7.54	12.51	1.74	21.79
e	Non Cash expenses other than Depreciation	3.56	-	-	3.56

B. INFORMATION ABOUT BUSINESS SEGMENTS FOR FINANCIAL YEAR 2012-13

(₹. in Crores)

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	-	-	-	-

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.

20. 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.

21. Earning per Share:

Particulars	Unit	2013-14	2012-13
Profit after Tax	₹	109765961	269358447
Weighted Average No. of Equity Shares	Nos	254132087	202633477
Nominal Value per Share	₹	10.00	10.00
Earning per Share Basic	₹	0.43	1.33
Earning per Share Diluted	₹	0.43	1.33

22. 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.
- 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 31.03.14 (₹ in Cr.)	GAIL GAS Ltd's Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.14 (₹ in Cr.)	% holding as on 31.03.14
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	20.00	25%	10.00	50
2	Kerala GAIL Gas Limited	22.11.2011	4.85	26%	2.52	52
3	Vadodara Gas Limited	13.09.2013	0.05	25%	0.025	50
4	RSPCL -GAIL Gas LTD.	07.06.2006	0.05	26%	0.025	50

Due to short participation by the other Joint Venture partners there is difference between the % of ownership as per the joint venture agreement and actual % of share capital currently held by the company i.e. GAIL Gas Limited. 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 the 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 ₹ 6.28 crore (Previous Year ₹ 3.76 crore) is included in the Long Term Loans & Advances.

(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.

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

b. Related Party Transactions

(₹. in Crores)

Sl No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	902.60 (647.23)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	17.14* (22.84)	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)	0.58 (0.44)	100 (100)
b.	Reimbursement of remuneration to staff	27.70 (24.37)	0 (0)	0 (1.00)	0 (0)	0 (0)	100 (100)
4.	Outstanding Balance Payable	28.46 (25.61)	0 (0)	0 (0)	0 (0.60)	0 (0)	100 (100)
5.	Outstanding Balance Receivable	0 (0)	0 (0)	1.08 (0)	0.07** (1.15)	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	118.0 (118.00)	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 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
9.	Finance						
a.	Share Application money received pending allotment in cash	12.00 (10.00)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
b.	Share Application money received pending allotment in kind.	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
c.	Share Application money towards value of Assets transferred.	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)

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

**The amount relates to Associate mentioned at (iii) (f) ₹ 0.07 Cr. and JVC at IV(A)(3) ₹ 1.08 Cr.

Figures shown in brackets pertain to previous year.
There is no transaction with Fellow Subsidiary

23. Leases:

The agreement with HHEC was signed on 28.9.2012 for the office premises for a period upto 31.8.2013 which was further renewed for a period of one year upto 31.8.2014. The termination notice was issued to M/s HHEC on 31.1.2014 and as such the agreement was not registered by the lessor. Further the lease deed for the office premises at Dewas was executed on 17.5.2013.

24. Pre-paid expenses and prior period expenses/income up to ₹ 5.00 lacs in each case are charged to relevant heads of accounts of the current year.

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

(₹. in Crores)

Particulars	2013-14	2012-13
a. As auditor:	0.04	0.04
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
TOTAL	0.05	0.05

* Includes Service Tax @ 12.36%

26. Out of total payable of ₹ 21.92 Crore (including provisional liability of Rs. 11.25 crore), Vendor account to the tune of ₹ 1.27 crore has not been reconciled as on balance sheet date.

27. All the lands as appearing in the books are procured from various government agencies. However, till balance sheet date mutation has not been done in favour of GAIL Gas Limited to the tune of ₹ 16.72 crore.

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

Preeti Aggarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

P K Gupta
Director
(DIN-01237706)

P K Jain
Director
(DIN-02145534)

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

Place : New Delhi
Dated : 22.05.2014

Sd/-
CA Harvinder Singh
M No. 87889



GAIL Gas Limited

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

Registered Office :

16, Bhikaiji Cama Place, R. K. Puram, New Delhi-110066, India

Phone +91-11-26172580

Corporate Office :

13th & 14th Floor, GAIL Jubilee Tower, B-35 & 36,

Sector-1, NOIDA-201301, India Phone : +91-120-2446400 Fax : +91-11-26185941

Website : www.gailgas.com

CIN : U40200DL2008G0178614