



Independent Auditor's Report

To the Members of GAIL Gas Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of GAIL Gas ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

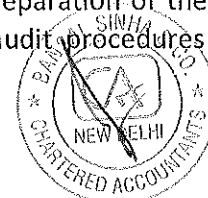
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are



appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) the company has adequate internal financial controls system in place and the such controls were found to be effective.; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements;



- ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30 to the financial statements; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143 (5) of the Companies Act 2013, on the basis of the written representations received from the management and in our opinion we report that:
- i) The Company has not been selected for disinvestment.
 - ii) There are no cases of waiver/write off of debts/loans/interest etc.
 - iii) The proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other Authorities. All quantities (including those held by third parties e.g., subscribers) were determined by actual physical that was taken under our supervision and in accordance with written instructions, as on 31.03.2015.
 - iv) The company has reviewed all the claims against the company not acknowledged as debt, including but not limiting to legal cases, and confirmed that in no case any provision is required to be created in terms of provisions of Accounting Standard 29 of the Institute of Chartered Accountants of India. We are not aware of any pending or threatened litigation, proceedings, hearings or claims or negotiations which may result in significant loss to the company. The delays in pending legal cases under arbitration are for the reasons beyond the control of the management. The company has spent Rs. 65,71,296 on legal cases and we have reviewed these expenses to ascertain the above position.

for Bansal Sinha & Co.

Chartered Accountants

Firm's registration number: 06184N

Tanupriya Gupta

Partner

Membership number: 511757

Delhi

May 22, 2015



Annexure to the Independent Auditors' Report

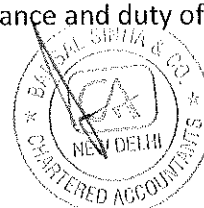
The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the committee constituted by the company during the year. In accordance with this programme, the fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The Company has a regular programme of physical verification of inventories of stores and spares except for the inventories lying with contractors and project consultants.

(b) According to the information and explanation given to us, in our opinion, the procedures for physical verification of inventories followed by the management needs strengthening in relation to the company at different locations, its size and nature of its business.

(c) According to information explanation given to us, no major discrepancy has been noticed on physical verification of stock of capital goods in hand, stores and spares when compared to book records. We have been explained that the stock of gas has been arrived at on the basis of book balances only and no reconciliation has been made with the physical balances.
- (iii) (a) The Company has not granted loans to any bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit except in respect of capitalisation of capital works in progress where some old items of CWIP have remained non capitalised pending closure of contracts.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Act, for the products sold by the company. The company has maintained proper cost records which are yet to be audited by the Cost Auditor.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.



According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of wealth tax, income tax, sales tax, service tax and value added tax duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

(c) According to the information and explanations given to us there is no amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) The Company has got outstanding dues to OIDB and Term loans from Banks and there is no default to any of these institutions during the year.
- (x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions except the Corporate Guarantee issued by the Holding Company, i.e. GAIL (India) Limited.
- (xi) The Company has utilised the proceeds of the Term Loan for the purposes the loans have been obtained.
- (xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for **Bansal Sinha & Co.**

Chartered Accountants

Firm's registration number: 06184N



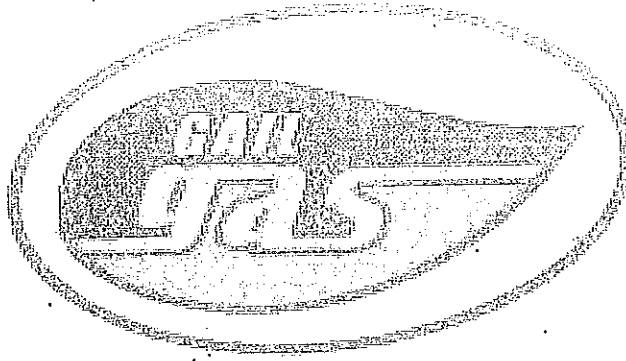
Tanupriya Gupta

Partner

Membership number: 511757

Delhi

May 22, 2015



ANNUAL ACCOUNTS
FOR THE YEAR ENDED
31.03.2015

GAIL GAS LIMITED
Balance Sheet as at 31st March, 2015


(Rs. in crore)

	Note No.		As at 31st March, 2015	As at 31st March, 2014
I. EQUITY AND LIABILITIES				
(1) Shareholder's Funds				
a) Share Capital	2	300.00		254.35
b) Reserve & Surplus	3	60.62	360.62	43.92
(2) Share Application money pending Allotment	2-A		0.00	12.00
(3) Non Current Liabilities				
a) Long Term Borrowings	4	131.11		155.14
b) Deferred Tax Liability (Net)		17.79		11.33
c) Other Long-term Liabilities	5	35.75		34.03
d) Long-term Provisions	6	-	184.65	-
(4) Current Liabilities				
a) Short Term Borrowings		-		-
b) Trade Payables	7	53.96		26.58
c) Other Current Liabilities	8	129.54		86.02
d) Short-term Provisions	9	9.77	193.27	4.13
		TOTAL	738.54	TOTAL 627.50
II. ASSETS				
(1) Non-current assets				
a) Fixed Assets	10			
(i) Tangible Assets		321.45		317.92
(ii) Intangible Assets		1.78		2.80
(iii) Capital Work in Progress	11	152.18		154.10
(iv) Intangible Assets under Development		-	475.41	-
b) Non-current Investments	12	31.98		12.57
c) Long-term loans and advances	13	2.82		2.84
d) Other non-current assets	14	-	34.80	-
(2) Current Assets				
a) Current Investments	15	-		-
b) Inventories	16	6.66		3.56
c) Trade receivables	17	58.03		38.29
d) Cash and cash equivalents	18	0.62		27.46
e) Short-term loans and advances	19	162.70		67.43
f) Other current assets	20	0.32	228.33	0.53
Significant Accounting Policies & Notes on Accounts	1		TOTAL 738.54	TOTAL 627.50

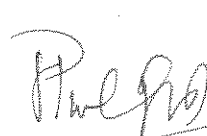
See accompanying notes to Financial Statements


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)


Jyoti Agarwal
Company Secretary
(PAN-AANPG3779M)

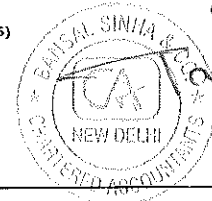

Jyoti Dua
CFO
(PAN-ACJPD62683)

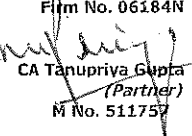

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)


Subir Purkayastha
Director
(DIN-06850526)


B C Tripathi
Chairman
(DIN-01657366)

As per our separate Report of even date
For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 06184N




CA Tanupriya Gupta
(Partner)
M No. 511757

Place: New Delhi
Dated : 22.05.2015

**GAIL GAS LIMITED****Statement of Profit & Loss for the Year ended 31st March, 2015**

	Note NO.	Year Ended 31st March, 2015	(Rs In crore) Year Ended 31st March, 2014
I. Revenue from Operations	21	1,024.59	988.28
II. Other Income	22	1.85	2.83
III Total Revenue (I+II)		1,026.44	991.11
IV Expenses			898.17
Gas consumed	23	930.26	-
Employee benefits expenses	24	-	-
Finance Cost	25	14.07	10.60
Depreciation and Amortization Expenses	26	12.23	17.70
Other Expenses	27	51.73	43.01
		1,008.29	969.48
V. Profit before exceptional and extraordinary items and tax (III-IV)		18.15	21.63
VI. Exceptional Items		0.00	-
VII. Profit(Loss) before extra ordinary items and tax (V-VI)		18.15	21.63
VIII. Extraordinary Items (Profit on Sale of Assets)		(6.49)	-
IX. Profit(Loss) before prior period items and Tax (VII-VIII)		24.64	21.63
X. Prior Period Adjustments (Net)	28	(0.24)	4.54
XI. Profit(Loss) before Tax (IX-X)		24.88	17.09
XII. Tax Expenses			
1. Current Tax	5.48		4.09
Less: MAT Credit	3.89	1.59	3.02
2. Deferred Tax		6.45	4.58
3.Excess Provision of Income Tax of earlier years written back		-	-
		16.84	11.44

Details of Earning Per Share

A. Profit after tax	16.84	11.44
B. Weighted Average No. of Equity Shares	27.76	25.41
C. Nominal Value per Equity Share (Rs.)	10/-	10/-
D. Basic and Diluted Earning Per Share (Rs.)	0.61	0.45

See accompanying notes to accounts

Preeti
Preeti Agarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti
Jyoti Dua
CFD
(PAN-ACJPD6268J)

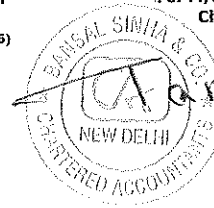
Pankaj
Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

Subir
Subir Purkayastha
Director
(DIN-06850526)

B C
B C Tripathi
Chairman
(DIN-01657366)

As per our separate Report of even date
For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 06184N

Place: New Delhi
Dated: 22.05.2015

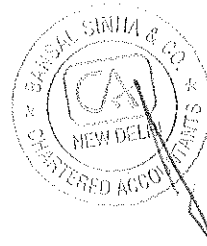


CA Tahupriya Gupta
CA Tahupriya Gupta
(Partner)
M.No. 511757

GAIL GAS LIMITED

(Rs. in crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 2: Share Capital		
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		
167334132 Equity Shares of Rs.10/-each (up to PY121685397 Equity Shares of Rs.10/- each) fully paid up in cash	167.33	121.68
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><u>300.00</u></u>	<u><u>254.35</u></u>
Par Value Per Share (in Rs) Equity Shares	10.00	10.00
Note : 2 A		
<u>Share Application Money pending Allotment</u>		
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	0.00	12.00
TOTAL	<u><u>0.00</u></u>	<u><u>12.00</u></u>
<u>Reconciliation Statement of No. of Shares Outstanding</u>		
Opening No. of Shares	254,351,265	244,351,265
Issued during the year	45,648,735	10,000,000
Forfeited during the year	-	-
Closing No. of Shares	300,000,000	254,351,265
<u>The right / Preferences/Restrictions attached during the year for shares</u>		
<u>Proposed / Intereim/Final Dividend</u>		
<u>No. of Shares of the co. held by holding Company</u>		
<u>Share holding Pattern (No. Of Shares)</u>		
Holding Co-Gail (India) Ltd.(100%)	299,999,994	254,351,259
Total	299,999,994	254,351,259
<u>Share Reserved for Issue under Options & Contracts/</u>		
<u>Commitments for Sale of Shares/Disinvestment</u>		
Terms	-	-
Amount	-	-
No.	-	-
<u>Convertible Securities in Equity/Preference Shares</u>		
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
<u>Unpaid Calls</u>		
By Directors and Officers	-	-
By Others	-	-
Forfeited Amount of Shares		

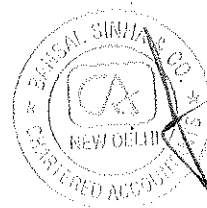




GAIL GAS LIMITED

(Rs. in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 3 : Reserves and Surplus		
Opening Balance	43.92	32.48
Less: Depreciation Adjustment	(0.13)	
Add: Current Year Profit	16.84	11.44
Less: Transfer to General Reserve	-	-
Closing Balance	<u>60.62</u>	<u>43.92</u>



	As at 31st March, 2015	As at 31st March, 2014
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Note 4 : Long Term Borrowings**SECURED****TERM LOANS****From Banks :****Union Bank of India**

78.62

74.09

(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 31.03.2015 is Rs.127 Crore as against Rs.105 Crore drawn up to 31.03.2014)

Rate of Interest on term Loan as on 31.03.2015 : 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.58 Cr drawn up to 31.03.2015, PY Rs.45.65 Cr Sanctioned & drawn up to 31.03.2014. The repayment of loan started from 24.02.2015.)

41.59

45.65

Rate of Interest (ROI) on term Loan as on 31.03.2015 :

Outstanding Loan as on 31.03.2015 (Rs in Cr)	ROI (%)
15.00	8.28
9.75	9.27
15.90	9.06
12.35	8.81

UNSECURED**From Other Parties :****Oil Industry Development Board**

10.90

35.40

(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 31.03.2015 :

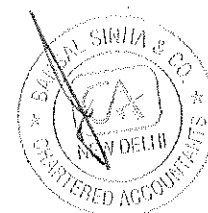
Outstanding Loan as on 31.03.2015 (Rs in Cr)	ROI (%)
2.50	7.70
2.00	7.60
6.60	7.63
3.75	8.18
3.75	8.31
10.00	8.60
5.00	8.77
6.80	9.18

Terms of Repayment

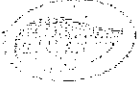
Repayable in 4 annual installments after moratorium period of 1 financial year excluding the year of drawl for each loan. The first repayment started from 09.06.2012.

131.11**155.14**

Period and Amount of Continuing default as on Balance Sheet Date in repayment of Loan and Interest

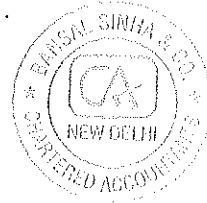


GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 5 : Other Long Term Liabilities		
Others :		
Deposits from Customers	35.75	34.03
TOTAL	<u>35.75</u>	<u>34.03</u>

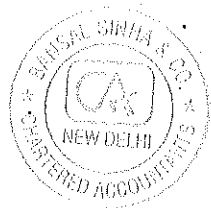


GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 6 : Long Term Provisions		
Employee related Provisions	-	-
Others	-	-
TOTAL	-	-



GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 7 : Trade Payables		
GAIL (India) Ltd- Gas Purchase	44.16	26.58
Other Payables Against O&M	9.80	2.79
TOTAL	53.96	29.37





(Rs in Crores)

	As at 31st March, 2015	As at 31st March, 2014
Note 8 : Other Current Liabilities		
SECURED		
(I) Current Maturity of Long Term Debt		
(a) Loan from Union Bank of India	17.47	13.47
(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 31.03.2015 is Rs.127.00 Cr as against Rs.105.00Cr drawn up to 31.03.2014)		
(b) Oil Industry Development Board		
(Secured against all assets of TTZ Project , Rs.58.00 Crore sanctioned against which Rs.58 Cr drawn up to 31.03.2015, PY Rs.45.65 Cr Sanctioned & drawn up to 31.03.2014. The repayment of loan started from 24.02.2015.)		
	11.41	0.00
(II) Short Term Debt		
(a) Cash Credit Facility with HDFC Bank	33.67	0.00
(Secured against Debtors & Inventories , ROI 11% as on 31.03.2015, PY NIL)		
UNSECURED		
(I) Current Maturity of Long Term Debt		
Oil Industry Development Board	29.50	34.50
(Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of Rs.118 cr pertaining to Cities of Dewas Kota Meerut & Sonapat)		
(II) Others		
Interest Accrued but not paid	0.20	0.18
Audit Fees Payable	0.03	0.03
Service Tax Payable	0.04	0.01
TDS , VAT , Excise and WCT Payable	5.77	3.79
Deposits,retention money from contractors and others	12.04	11.89
Other Payables Against Plant & Machinery (Including Provisional Liability of Rs.13.39 Crore PY Rs.10.88 Crore)	18.66	19.13
Other Liabilities	0.75	0.23
TOTAL	129.54	83.23

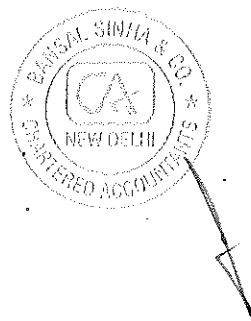


GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 9 : Short-term Provisions		
Others :		
Provision for taxation	9.77	4.13
TOTAL	<u><u>9.77</u></u>	<u><u>4.13</u></u>

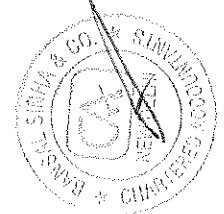


GAIL GAS LIMITED



Note -10 - Fixed Assets (Tangible / Intangible Assets)												
DESCRIPTION	GROSS BLOCK		(AT COST)		DEPRECIATION			Impairment of Assets		NET BLOCK		
	As at 01.04.2014	As at Additions	Sales / Adjustments during the year	As at 31.03.2015	Upto 31.3.2014	For the Year	Adjustments during the year	As at 31.03.2015	Upto 31.3.2014	For the Year	As at 31.3.2014	As at 31.03.2015
Tangible Assets (A)												
Land : Freehold	12.79	-		12.79	-						12.79	12.79
Leasehold	3.93		0.00	3.93	0.09	0.04	0.13				3.84	3.80
Plant and Machinery	332.71	21.90	(33.00)	321.61	33.06	9.90	(6.34)	36.62			298.65	294.99
Buildings	-	22.90		22.90	-	0.61	4.06	4.67			-	18.23
Furniture, Fixtures and other Equipments	0.95	-		0.95	0.26	0.09	0.35	0.35			0.69	0.60
Office Equipments Including Electrical Equipments	1.52	0.56		2.08	0.57	0.48	1.05	1.05			0.95	1.03
TOTAL (A)	351.90	45.36	(33.00)	364.26	33.98	11.11	(2.28)	42.82	-	-	317.92	321.45
Intangible Assets (B)												
Right of Use *	0.36	-		0.36	0.01	0.00	0.01	0.01			0.35	0.35
Softwares / Licences	5.58	0.10		5.68	3.13	1.12	4.25	4.25			2.45	1.43
Total (B)	5.94	0.10	-	6.04	3.14	1.12	4.26	4.26	-	-	2.80	1.78
TOTAL (A+B)	357.84	45.46	(33.00)	370.30	37.12	12.23	(2.28)	47.08	-	-	320.72	323.22
Previous Year	262.65	97.09	1.90	357.84	15.33	17.70	4.09	37.12			247.32	320.72

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



GAIL GAS LIMITED

(Rs in Crore)

	As at		As at	
	31st March, 2015		31st March, 2014	
Note 11 : Capital Work-in-Progress				
A. Plant & Machinery				
Linepipe Construction and related facilities excluding IEDC trf to CWIP in the Current year	80.15		51.83	
IEDC -Interest	4.95		9.15	
IEDC;Management Services	8.93		10.79	
IEDC-Other Exp	3.55		3.92	
Total	97.58		75.69	
Less : Provision for Linepipe and Related Facilities	(0.58)	97.00	-	75.69
B. ()epipes, Capital Items in Stock	52.75		75.77	
C. Capital Items in Transit	2.43		2.64	
Less : Provision for losses/obsolescence	-	55.18	-	78.41
TOTAL		152.18		154.10

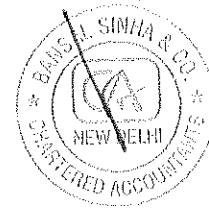


GAIL GAS LIMITED



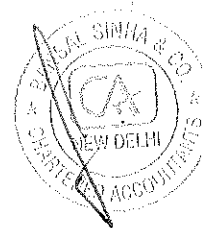
(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 12 : Non-current Investments		
1. Investments in Joint Venture		
Un-Quoted at Cost		
(a) Investments in Equity Instruments :-		
(i) In Joint Venture Companies:		
100,00,000 (Previous Year : 100,00,000) Equity Shares of Rs. 10/- each fully paid-up in APGDC Ltd	10.00	10.00
(ii) In Joint Venture Company		
119,28,000 (Previous Year : 25,20,000) Equity Shares of Rs.10/- each fully paid up in Kerala GAIL GAS Ltd as <i>deemed</i> allotment	11.93	2.52
(iii) In Joint Venture Company		
25,000 (Previous Year : 25,000) Equity Shares of Rs.10/- each fully paid up in RSGL as <i>deemed</i> allotment	0.03	0.03
(iv) In Joint Venture Company		
25,000 (Previous Year : 25,000) Equity Shares of Rs.10/- each fully paid up in Vadodara Gas Limited as <i>deemed</i> allotment	0.03	0.03
TOTAL -1	21.98	12.57
2.- Advances for Investments (Pending Allotment)		
(i) In Joint Venture Company		
100,00,000 (Previous Year : NIL) Equity Shares of Rs.10/- each fully paid up in RSGL yet to be allotted	10.00	
Total-2	10.00	0.00
Grand Total (1+2)	31.98	12.57



(Rs in Crore)

	As at		As at	
	31st March, 2015		31st March, 2014	
Note 13 : Long term Loans and Advances				
(a) Capital Advances				
(Unsecured - Considered Good)	-		-	
(Unsecured - Considered Doubtful)	-		-	
Less : Provision for Doubtful Advances	-	-	-	-
(b) Security Deposits				
- Unsecured, Considered Good-Govt	6.34		6.34	
- Unsecured, Considered Good-Non Govt	0.02		0.04	
- Unsecured, Considered Doubtful	-		-	
	<u>6.36</u>		<u>6.38</u>	
Less : Provision for doubtful claims	(3.54)	2.82	(3.54)	2.84
(c) Loans and Advances to related Parties (Unsecured, Considered Good)				
(d) Other Loans and Advances				
TOTAL		<u><u>2.82</u></u>		<u><u>2.84</u></u>

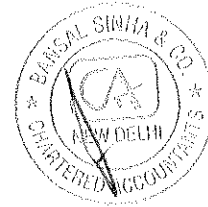


GAIL GAS LIMITED



(Rs. in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 14 : Other Non Current Assets		
Long Term Trade Receivables	-	-
Others		
Interest Accrued on Employees Loans secured & considered good (including dues from Directors Rs. Nil (Previous Year :Nil)).	-	-
TOTAL	-	-

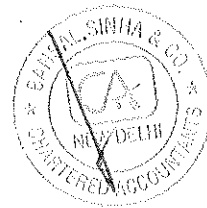


GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 15 : Current Investments		
Current Investments	-	-
Associate Companies	-	-
TOTAL	<u>-</u>	<u>-</u>

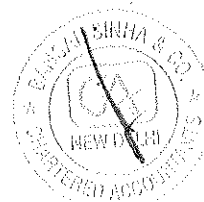


GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 16 : Inventories		
(a) Finished Goods		
Compressed Natural Gas	0.05	0.05
(Valued at Cost or Net Realisable Value whichever is lower)		
(b) Stock-in-trade		
Stock of Gas*	0.43	0.42
*after adjustment of calorific value		
(Valued at Cost or Net Realisable Value whichever is lower)		
(c) Stores and Spares		
(As taken, valued and certified by the Management)		
Stores and Spares	6.18	3.09
Less : Provision for Losses/Obsolescence	<u>-</u>	<u>-</u>
	6.18	3.09
Construction Surplus - Capital / Stores	-	-
Less : Provision for Losses/Obsolescence	<u>-</u>	<u>-</u>
(Valued at Cost or Net Realisable Value whichever is lower)		
TOTAL	<u><u>6.66</u></u>	<u><u>3.56</u></u>





(Rs in Crore)

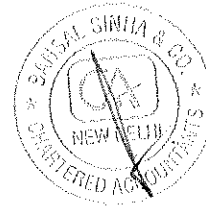
	As at 31st March, 2015	As at 31st March, 2014
Note 17 : Trade Receivables		
(i) Debts outstanding for a period exceeding six months		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	3.20	2.47
- Unsecured, Considered Doubtful	-	-
	<u>3.20</u>	<u>2.47</u>
(ii) Other Debts		
- Secured, Considered Good	-	-
- Unsecured, Considered Good	55.91	36.90
- Unsecured, Considered Doubtful	-	-
	<u>55.91</u>	<u>36.90</u>
Total	59.11	39.37
Less: Provision for Doubtful debts	(1.08)	(1.08)
TOTAL	<u>58.03</u>	<u>38.29</u>





(Rs in Crore)

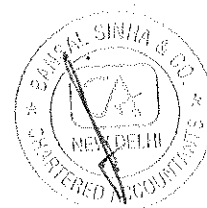
	As at 31st March, 2015	As at 31st March, 2014
Note 18 : Cash and cash equivalents		
(i) Cash and cash equivalents		
(a) Balances With Banks		
On Current Account (includes Corporate Liquid Term Deposit Rs. NIL (Previous Year : Rs. 26.60 Cr))	0.29	27.22
(b) Cheques/Drafts/Stamps in hand	-	-
(c) Cash in hand	0.33	0.24
(d) Others	0.62	27.46
TOTAL	<u>0.62</u>	<u>27.46</u>



GAIL GAS LIMITED

(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 19 : Short Term Loans and Advances		
(a) Loan to Related Parties		
Claim Recoverable from VGL	42.78	1.44
Claim Receivable from RSGL	<u>0.72</u>	<u>-</u>
	43.50	1.44
(b) Others		
Loan to Employees		
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered Good	0.31	-
- Unsecured, Considered Doubtful	-	-
Less : Provision for Doubtful Advances	-	<u>-</u>
	0.31	-
Advance Tax & TDS	25.50	17.43
Claims Recoverable-Govt		
- Unsecured, Considered Good	91.21	47.40
- Unsecured, Considered Doubtful	<u>-</u>	<u>-</u>
	91.21	47.40
Less : Provision for doubtful claims	-	<u>-</u>
	91.21	47.40
Deposits with Others		
- Unsecured, Considered Good	2.18	1.16
- Unsecured, Considered Doubtful	<u>-</u>	<u>-</u>
	2.18	1.16
Less : Provision for doubtful claims	-	<u>-</u>
	2.18	1.16
TOTAL	<u><u>162.70</u></u>	<u><u>67.43</u></u>



GAIL GAS LIMITED



(Rs in Crores)

	As at 31st March, 2015	As at 31st March, 2014
Note 20 : Other Current Assets		
Interest accrued but not due	-	0.03
Prepaid Insurance & Other Charges	0.32	0.50
TOTAL	0.32	0.53



GAIL GAS LIMITED



(Rs in Crore)

As at
31st March, 2015

As at
31st March, 2014

Note 21 : Revenue from Operations

a) Sale of Products/ Gas	995.96		961.26	
Less : Excise Duty	<u>11.67</u>	984.29	<u>10.25</u>	951.01
b) Gas transmission charges		34.31		31.91
c) Other Operating Revenues				
Application Fees - Domestic Connection	0.01		0.01	
Interest Income Customers & Others	1.60		1.16	
Misc Income - Extra Pipe line	0.09		0.21	
Misc Income After Sales Service	0.92		0.00	
MGO Receipt	<u>3.37</u>	5.99	<u>3.98</u>	5.36
TOTAL		<u>1,024.59</u>		<u>988.28</u>



GAIL GAS LIMITED

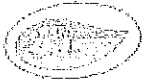


(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 22 : Other Income		
Interest Income on Bank Deposits	0.87	1.64
Interest Income -Others	<u>0.14</u>	<u>0.18</u>
Tender Fees	0.01	0.02
Liquidated Damages	0.11	0.08
Miscellaneous Receipts	0.72	0.91
TOTAL	<u>1.85</u>	<u>2.83</u>



GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 23 : Gas Consumed		
Opening Stock	0.47	0.42
Add:Purchases	937.91	902.60
Less :Gas Consumption	930.26	898.17
Less: Gas Consumed as Fuel including Abnormal Gas Loss	7.64	4.38
Closing Stock	0.48	0.47



GAIL GAS LIMITED



(Rs in Crore)

As at 31st March, 2015 As at 31st March, 2014

Note 24 : Employees Benefits

Salary Wages & Allowances	-	-
Contribution to Provident Fund	-	-
Welfare Expenses	-	-
Total	-	-
Less: Employees Benefits Transferred to IEDC	-	-
Total	-	-



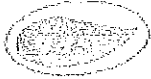
GAIL GAS LIMITED



(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 25 : Finance Cost		
Interest on Term Loans- OIBB	9.42	9.56
Interest on Term Loans- Union Bank of India	9.09	10.19
Interest on Cash Credit -HDFC Bank Ltd	0.51	0.00
Total	19.02	19.75
Less : Interest and Finance Charges transferred to Capital Work-in-Progress.	4.95	9.15
TOTAL	14.07	10.60





GAIL GAS LIMITED

(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
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Note 26 : Depreciation and Amortization Expenses

Depreciation and Amortization Expenses	12.23	17.70
TOTAL	12.23	17.70





GAIL GAS LIMITED

(Rs in Crore)

		As at 31st March, 2015	As at 31st March, 2014
Note-27 : Other Expenses			
Power & Fuel Charges			
Electricity Charges		0.58	0.84
Fuel Charges		<u>2.70</u>	<u>2.44</u>
Rent-Office & Others		5.25	3.28
Repairs and Maintenance-P&M		5.66	3.31
Repairs and Maintenance-Buildings		0.55	3.81
Insurance Charges		0.28	0.78
Rates & Taxes		0.02	0.24
Payment to Auditors			0.01
Audit Fees (incl other Certification)		0.03	0.03
Tax Audit Fee		0.00	0.00
Out of Pocket Expenses		<u>0.01</u>	<u>0.01</u>
Management Service Cost (Since all the employees posted at GAIL GAS are on the roll of GAIL(India) Ltd, the expenditure reimbursed to GAIL are shwon under other expenses in stead of Employee Cost)			
Salaries, Wages and Allowances		27.88	25.83
Contribution to Provident and Other Funds		1.58	1.38
Welfare Expenses		<u>2.39</u>	<u>2.32</u>
		31.85	29.53
Less : Management Service Cost transferred to Capital Work-in-Progress		<u>8.93</u>	<u>10.79</u>
	TOTAL	22.92	18.74
Other Misc Expenses	27 A	17.28	16.72
Less Expenditure transferred to CWIP	27B	<u>3.55</u>	<u>3.92</u>
		13.73	12.80
Net Other Expenses		<u>51.73</u>	<u>43.01</u>

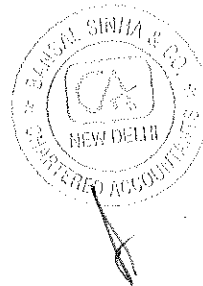




GAIL GAS LIMITED

(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note-27_A : Other Misc Expenses		
Stores & Spares Consumed	1.96	1.14
Loss/Gain (+/-) of Foreign Currency Transaction	-0.05	0.11
Water Charges	0.01	0.02
Communication Exp.	0.12	0.25
Printing & Stationery	0.21	0.12
Travelling Exp	1.69	1.32
Books & Periodicals	0.01	0
Advt & Publicity	0.40	0.77
Training Exp	0.04	0.08
Vehicle Hire & Running Exp	2.05	2.32
Consultancy & Legal Charges	1.14	1.14
Data Processing Exp	0.37	1.05
Selling & Distribution Exp	0.04	0.12
Dealer Commission	1.64	1.28
Security Exp	1.41	0.96
CSR Exp	0.03	0.03
Other Misc Exp	0.52	0.53
Provision Against Doubtful Claims	0.00	3.54
Other Exp-Abnormal Loss	4.95	1.94
Expenses on Cities Written off	0.58	0
Other Exp - Interest/Penalty Charges-Statutory	0.17	0
Total	17.23	16.72



GAIL GAS LIMITED



Note 27 B : Expenditure during Construction Period transferred to CWIP

(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
IEDC - Power, Water, Fuel Charges	-	0.15
IEDC- Security Expenses	0.34	0.41
IEDC- Rent & Warehouse Exp.	2.12	2.14
IEDC - TRAVELLING & CONV. EXP	0.70	0.84
IEDC - Vehicle Hire Charges	0.38	0.38
IEDC- Others	0.01	-
Total	3.55	3.92



GAIL GAS LIMITED



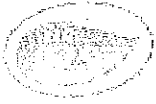
(Rs in Crore)

	As at 31st March, 2015	As at 31st March, 2014
Note 28 : Prior period Adjustment		
Advt & Publicity	0.00	0.13
Interst Paid to Supplier	0.00	0.32
Depreciation-P/f/f	0.00	4.16
Depreciation-Leasehold Land	0.00	-0.07
Prior Period Adj - Sales	0.24	0.00
Total	0.24	4.54



4

GAIL GAS LIMITED



Note 29 Contingent Liabilities

(Rs in Crore)

Sl No	Particulars	As at 31st March, 2015	As at 31st March, 2014
A	BG ISSUED	5211.70	11.49
B	COURT CASES-AGRA & Firozabadwith Allhabad High Court	21.65	0.73
D	ARBITRATION CASES-Agra & Firozabad	12.50	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	1.74
F	Share in Contingent Liability of Joint Venture	2.53	2.50
GRAND TOTAL (A+B+C+D+E)		5,250.12	29.06



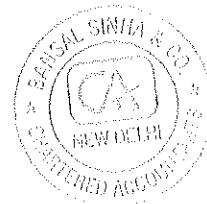
GAIL GAS LIMITED



Note 30: Material Forceable Losses

(Rs in Crore)

SI No	Particulars	As at 31st March, 2015	As at 31st March, 2014
1	Forceable Losses on Long Term Contracts including Derivative Contracts	0.00	0.00
NET Amount Payable		0.00	0.00
GRAND TOTAL (A+B+C+D+E)		#REF!	#REF!



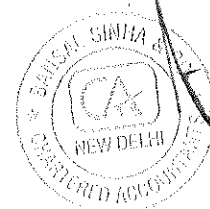
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NOTES ON ACCOUNTS

1. 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 Incidental Expenditure during the construction and charged to Profit and Loss Account in the ratio of manpower identified for project activities and operation activities respectively during the year.
2. The Incidental Expenditure during Construction amounting Rs 12.48 Crores (Previous Year Rs.14.72 Crores) have been allocated to completed Project & Capital work in progress in the ratio of direct and indirect allocated cost of assets.
3. (a) CWIP include asset under construction which are under different stage of completion, capitalization will be made after scrutiny of all cases. An amount of Rs.6.07crore held under CWIP related to Expenditure incurred for bidding conducted by PNGRB.

(b) The capital expenditure incurred to the tune of Rs.4.04 crore for one CNG Station at Mathura has been shown under Capital Work in Progress (CWIP). The permission from NHAI for laying of pipelines along the National Highway -2 is under perusal and on receipt of the same, the CNG compressor shall be commissioned.

(c) All the lands 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 Rs.16.72 crore.
4. The details of disclosure regarding share application money are as under:
 - a) Shares to be allotted to GAIL (India) Ltd at par with face value of Rs. 10 each.
 - b) The total authorized capital of the Company is Rs. 300 Cr. against which Rs. 300 Cr. has been issued as on balance sheet date.
 - c) The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board.
5. Capital Commitment Disclosure:-
 - a) The estimated amount of contracts over Rs. 5 Lac amounting to Rs. 160.75 Crores (Previous Year Rs. 94.81 Crores) are remaining to be executed on Capital Accounts and not provided for.
 - b) The Company has no uncalled liability on shares and other investments partly paid.



c) Provisional liability of Rs.13.39 crore has been made in the books of accounts as on 31.3.2015 which will be settled as per actual bills.

d) The reconciliation of accounts with parties is carried out as an ongoing process. Request for confirmation of balance have also been sent.

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

Particulars	(Rs.)	
	2014-15	2013-14
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.07 Cr.	0.12 Cr
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	1012
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	70,928	1012
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	70,928	1012
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	70,928	Nil

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

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

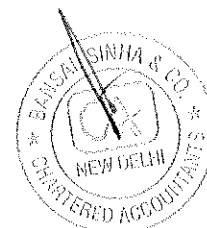
(Rs in Cr.)

I. CIF Value of Import

	2014-15	2013-14
Raw Material	0.00	0.00
Components & Spare	0.19	0.00
Capital Goods	0.00	0.44

II. Expenditure in Foreign Currency

	2014-15	2013-14
Others-Traveling	0.00	0.0



III.

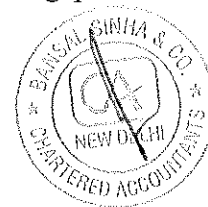
	2014-15	2013-14
Total Value of imported Raw Material, spare parts and components consumed % of total	59.47%	70.25%
Total Value of Indigenous raw materials, spare parts and Components consumed % of total	40.53%	29.75%
TOTAL % AGE	100%	100%

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

Details of Purchases	Rs in Cr.
Goods Purchased	
a. Compressed Natural Gas	6.80
	(17.86)
b. Natural Gas	851.70
	(813.91)

The figures in the brackets pertain to previous year.

9. During the year, the company has been granted authorization for laying, building, operating or expanding CGD network in the Geographical Area of Bengaluru Rural and Urban Districts (Karnataka) under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulation, 2008. Company has submitted a Performance Bank Guarantee of Rs. 5199.99 Crores issued by State Bank of India to PNGRB for which the Corporate Guarantee has been provided by the parent company i.e. GAIL (India) Ltd. The Bank Guarantee Commission of Rs 5.38 crores for one year has been paid and booked as Incidental Expenditure During Construction which would be charged off in the year of commencement of commercial operation.
10. By virtue of the Business Transfer Agreement executed between GAIL Gas Limited and Vadodara Gas Limited (VGL) for transfer of assets of Vadodara Unit amounting to Rs. 40.98 crores to VGL, VGL will issue 40983943 Equity Shares of Rs. 10/- each to GAIL Gas Limited towards purchase consideration against transfer of assets during the FY 2015-16. The transaction has resulted a gain of Rs. 6.49 Crores which is in the nature of Extra Ordinary Item.
11. Claim recoverable to be the tune of Rs. 79.86 crores represent excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas in the state of Haryana and Gujarat. The recovery of claims is being pursued and considered good.



12. Disclosure as per Accounting Standard (AS) 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".

(a) During the year 2014-15, the company has changed its accounting police :-

Previous Policy	Current Policy
Assets costing upto Rs. 5000/- are depreciated fully in the year of capitalization.	Deleted as there is no provision for depreciated on value items in schedule II of Companies Act, 2013.
Since the change is consequent upon the introduction of Companies Act 2013, the impact thereof is decrease in depreciation and increase in profit by Rs 0.01 crore.	

(b) Effective April 1, 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets. As such, depreciation and amortization expenses decreased by 5.84 Crores and accordingly profit before tax for the year increased by corresponding amount.

(c) Further pursuant to the Companies Act 2013, an amount of 0.13 Crores representing the carrying amount of assets with revised useful life as nil has been charged to the opening balance of retained earnings as on 1st April, 2014.

13 Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year was Rs.43 Lacs.

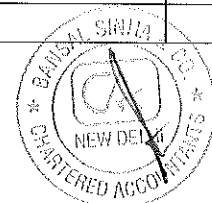
(b) Amount spent during the year on:

	In Cash	Yet to be paid cash	Total
i). Construction/acquisition of any asse	-Nil-	-Nil-	-Nil-
ii). On purposes other than (i) above	-Nil-	-Nil-	-Nil-

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

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

Particulars	(Rs in Cr.)	
	2014-15	2013-14
a. As auditor:	0.03	0.03
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	0.04	0.04

* Includes Service Tax @ 12.36%

15. Employees Benefits

All the employees posted at GAIL Gas Limited during the year are on the rolls of GAIL (India) Limited, the holding company. The Employees' benefits including salary are being prepared and disbursed and recovered by GAIL (India) Limited. All statutory compliances in this regard are being made by GAIL (India) Limited. The disclosure requirement in terms of Accounting Standard-15 (Revised) has not been considered as the same have been complied by the GAIL (India) Limited.

16. The Company has taken Term loans from OADB and from Union Bank of India 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 Accounting standard 16 "Borrowing Costs", the total Interest & Finance Charges amounting to Rs. 18.51 Cr. (Previous Year Rs. 19.75 Cr.) was incurred, out of which an amount of Rs. 4.95 Cr. (Previous Year Rs. 9.15 Cr.) was capitalized during the period.

17. The company operates in a single segment of Natural Gas business and therefore the discloser requirements as per Accounting Standard 17 "Segment Reporting" are not applicable to the Company.

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:**

- Brahmaputra Cracker & Polymer Ltd
- GAIL Global (Singapore) Pvt. Ltd.
- GAIL Global USA Inc.

iii. **Associate Company**

a. Andhra Pradesh Gas Distribution Corporation Ltd (APGDC)



- b. Rajasthan State Petro Chemicals Limited (RSPCL)
 c. Vadodara Gas Limited (VGL)
 d. Kerala GAIL Gas Limited
 e. Ratnagiri Gas & Power Pvt Ltd.
 f. Central UP Gas Ltd.

iv. Joint Venture Company

(A)

Sl No	Name of JV	Date of Incorporation	Total paid up capital 31.03.15 (Rs in Cr.)	GAIL GAS Ltd.'s Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.15 (Rs in Cr.)	% holding as on 31.03.15
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	20.00	25%	10.00	50
2	Kerala GAIL Gas Limited	22.11.2011	23.86	26%	11.93	50
3	Vadodara Gas Limited	13.09.2013	0.05	25%	0.03	50
3	Rajasthan State Gas Limited	20.09.2013	20.05*	26%	10.03*	50

* This includes application money against equity shares pending allotment.

V. Key Management Personnel:

1. Mr. Pankaj Kumar Pal (CEO)
2. Mrs. Jyoti Dua (CFO)
3. Mrs. Preeti Aggarwal (CS)

b. Related Party Transactions

(Rs. In Cr.)

Sl No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	937.91 (902.60)	0 (0)	0 (0.)	0 (0)	0 (0)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	0.06* (17.14)	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)	1.02 (0.58)	100 (100)



b.	Reimbursement of remuneration to staff	31.33 (27.70)	0 (0)	0 (0.00)	0 (0)	0 (0)	100 (100)
4	Outstanding Balance Payable	49.73 (28.46)	0 (0)	0 (0)	0.00 (0.00)	0 (0)	100 (100)
5	Outstanding Balance Receivable	0 (0)	0 (0)	43.50** (1.44)	0.04** (0.07)	0 (0)	100 (100)
6	Provision for Bad Debt	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
7	Bad Debt written off	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
8.	Guarantee & Collateral	118.00 (118.00)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
9	Corporate Guarantee given to OADB for term loan availed	118.00 (118.00)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
10	Corporate Guarantee given to SBI for BG issued on behalf of the Co.	5199.99 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
11	Investment in JV APGDC	0 (0)	0 (0)	10.00 (10.00)	0 (0)	0 (0)	50 (50)
12	Investment in JV KGGL	0 (0)	0 (0)	11.93 (2.52)	0 (0)	0 (0)	50 (52)
13	Investment in JV VGL	0 (0)	0 (0)	0.03 (0.03)	0 (0)	0 (0)	50 (26)
14	Investment in JV RSPCL	0 (0)	0 (0)	10.03 (0.03)	0 (0)	0 (0)	50 (26)

*The amount relates to Associate mentioned at III(F)

**The amount relates to Associate mentioned at III(F) Rs. 0.04 Cr. and JVC at IV(A)(3) Rs. 43.50 Cr.

Figures shown in brackets pertain to previous year.

There is no transaction with Fellow Subsidiary

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



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.

As per the information available on the balance sheet date contingent liability of Rs. 2.53 Crore has been recognized by the JV as such our share in contingent liability of Joint Venture has been disclosed in "Note No. 29 Contingent Liability."

19. Accounting Standard – 19 Lease:

(a) 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.

(b) A draft lease agreement from GAIL (India) Ltd. for hired office premises of 13th & 14th floor of GAIL Jubilee Tower, B-35 & B-36 Sector-1, Noida for GAIL Gas Limited is under the process of execution. However, the expenditure for the use of this office space is being accounted for as per mutually agreed terms.

20. Earning per Share :

Particulars	Unit	2014-15	2013-14
Profit after Tax	Rs.	168365348	114361633
Weighted Average No. of Equity Shares	Nos	277580917	254132087
Nominal Value per Share	Rs.	10.00	10.00
Earning per Share Basic	Rs.	0.61	0.45
Earning per Share Diluted	Rs.	0.61	0.45

21. 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, 2015 amounting to Rs. 17.79 crore (Previous year Rs.11.33 crore). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX		(Rs in Cr.)	
Particulars	31.03.2015		31.03.2014
Opening Balance Deferred Tax Assets/Liabilities	(11.33)		(6.75)
Deferred Tax Assets/Liabilities arising on account of Depreciation	(8.07)		(4.58)
Deferred Tax Assets on Unabsorbed Depreciation for the year	1.61		0.00
Closing Balance C/F	(17.79)		(11.33)



22 During the year the total net gas loss is Rs.3.53 Crore which is within the permissible limit considering the Company as a whole. However, there is abnormal gas loss of Rs.2.24 Crore in Meerut and Rs.2.29 Crore in Sonapat as per gas loss policy and accounted for accordingly.

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

Preeti
Preeti Aggarwal
CS
PAN-AANPG3779M

Jyoti
Jyoti Dua
CFO
PAN-ACJPD6268J

Pal
Pankaj Kumar Pal
CEO
PAN-AATPP6657M

Subir
Subir Purkayastha
Director
DIN-06850526

B.C. Tripathi
B.C. Tripathi
Chairman
DIN-01657366

As per our separate report of even date
For M/s BANSAL SINHA & CO.
Chartered Accountants
Firm No. 06184N



Tanupriya
(C A Tanupriya Gupta)
Membership No. 511757

Place: New Delhi
Date: May 22, 2015

ACCOUNTING POLICIES

1) Accounting Conventions

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and relevant provisions of the Companies Act, 2013 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

- i. Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- ii. 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.
- iii. 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.
- iv. Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- v. 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 II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).
 - (a) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
 - (b) Software / Licences are amortised in 5 years on straight line method.
 - (c) Cost of the Right of Use (ROU) is amortized considering life of RoU as 99 years.



- II. Capital assets facilities 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 II of the Companies Act, 2013.

5) **Revenue Recognition**

- i. Sales are recognised 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 in prices is accounted for in the years of such revision.
- ii. Income in respect of MGO of Natural Gas is not provided 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 Rs. 5,00,000 in each case are charged to relevant heads of account of the current year.

6) **Fixed Assets**

- i. 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.
- ii. 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**

- i. 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.
- ii. 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

- i. Transaction in foreign currency is accounted at the exchange rate prevailing on the transaction date.
- ii. 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.
- iii. 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).
- iv. 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 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 is 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) Provision Contingent Liabilities and Capital Commitments

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

16) OTHERS

- i. Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled, after capitalization of assets are charged to revenue, if below Rs. 50 lakhs in each case, otherwise adjusted in the cost of relevant assets.
- ii. Insurance claims are accounted for on the basis of claims admitted by the insurers.
- iii. Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance in principle.

Preeti
Preeti Aggarwal
CS
PAN-AANPG3779M

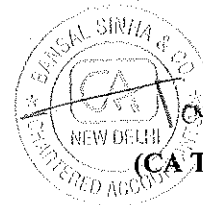
Jyoti
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Dal
Pankaj Kumar Pal
CEO
PAN-AATPP6657M

Subir
Subir Purkayastha
Director
DIN-06850526

B.C.
B.C. Tripathi
Chairman
DIN-01657366

As per our separate report of even date
For Bansal Sinha & Co.
Chartered Accountants



FRN 06184N

Tanupriya
(CA Tanupriya Gupta)
Membership No.

Place: New Delhi
Date: May22, 2015

**GAIL GAS LIMITED****CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

(Rs in Crore)

	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Net Profit After Tax and Extraordinary Items	16.84	11.44
2 ADD:		
Depreciation & Amortization Expenses	12.23	21.79
Capital Reserve for Depreciation	(0.13)	0.00
Profit on sale of Assets	(6.49)	0.00
Interest Expenditure	14.07	10.60
Interest Income	(1.01)	(1.82)
Other Provisions	0.00	(3.54)
Provision / Write off of Assets / CWIP	(0.58)	0.00
	18.09	27.03
3 Operating Profit Before Working Capital Changes (1 + 2)	34.93	38.47
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(64.67)	(18.93)
Inventories	(3.10)	1.00
Trade and Other Payables	26.80	2.90
	(40.97)	(15.03)
5 Cash Generated from Operations (3+4)	(6.04)	23.44
6 Direct Taxes Paid	4.03	8.69
NET CASH FROM OPERATING ACTIVITIES (5+6)	(2.02)	32.13
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(45.16)	(34.81)
Investment in Other Companies	(19.40)	(5.05)
Loans & Advances to Related Parties	(2.44)	(0.43)
Interest Received	1.01	1.82
Profit On sales of Fixed Assets	6.49	0.00
NET CASH FROM INVESTING ACTIVITIES	(59.49)	(38.47)
BALANCE CARRIED FORWARD	(61.51)	(6.34)
C. BALANCE BROUGHT FORWARD	(61.51)	(6.34)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity	33.65	12.00
Proceeds from Long Term Borrowings	34.35	45.65
Repayment of Long Term Borrowings	(47.98)	(43.51)
Cash Credit Facilities from HDFC Bank	33.67	0.00
Interest Paid	(19.02)	(19.74)
NET CASH FROM FINANCING ACTIVITIES	34.68	(5.60)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(26.84)	(11.94)
CASH AND CASH EQUIVALENTS AS AT 01.04.2014 (OPENING BALANCE)	27.46	39.40
CASH AND CASH EQUIVALENTS AS AT 31.03.2015 (CLOSING BALANCE)	0.62	27.46

NOTES:

1 Cash & Cash Equivalents include :		
Cash & Bank Balances As per Balance Sheet	0.62	39.40
Unrealised (Gain)/ loss on foreign Exchange	0.00	0.00
Total Cash & Cash Equivalents	0.62	39.40

2 Cash & Cash Equivalents includes CLTD balance of Rs. NIL Crores (Previous year Rs.26.60 Crore)

Preeti Agarwal
Secretary
(PAN-AANPG3779M)

Jyoti Dua
CFO
(PAN-ACJPD62683)

Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

Subir Purkayastha
Director
(DIN-06850526)

B C Tripathi
Chairman
(DIN-01657366)

As per our separate Report of even date

For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 06184N



CA Tanupriya Gupta
(Partner)
M No. 511757

Place : New Delhi
Date : May 22, 2015



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAIL GAS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GAIL GAS LIMITED (hereinafter referred to as "the Holding Company") and its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act,



the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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

Other Matters

- (a) We did not audit the financial statements / financial information of 4 jointly controlled entities, whose financial statements / financial information reflect total assets of Rs. 59.08 Crores as at 31st March, 2015, total revenues of Rs.17.32 Crores and net cash flows amounting to Rs. 4.78 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. 1.21 Crores for the year ended 31st March, 2015, as considered in the consolidated financial statements, in respect of 4 Joint Ventures, whose financial statements / financial information have not been audited by us **and out of Four Joint Venture Accounts 3 are unaudited**. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.



- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

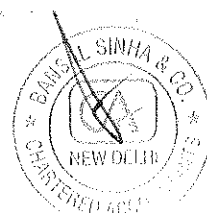
(a) We have sought and, except for the possible effect of the matter described in sub-paragraph (b) of the Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) Except for the matter described in sub-paragraph (b) of the Basis for Qualified Opinion paragraph above, the reports on the accounts of the branch offices of the Holding Company, and its subsidiaries, associate companies and jointly controlled companies incorporated in India, audited under Section 143 (8) of the Act by branch auditors have been sent to us / the other auditors, as applicable, and have been properly dealt with in preparing this report.

(d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

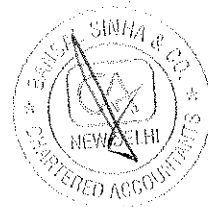
(e) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (f) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- (g) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its jointly controlled companies incorporated in India, none of the other directors of the Group's companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, there were no pending litigations which would impact the consolidated financial position of the Group, its associates and jointly controlled entities.
 - ii. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

3. As required by Section 143 (5) of the Companies Act 2013, on the basis of the written representations received from the management and in our opinion we report that:

- i) The Company has not been selected for disinvestment.
- ii) There are no cases of waiver/write off of debts/loans/interest etc.
- iii) The proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other Authorities. All quantities (including those held by third parties e.g., subscribers) were determined by actual physical that was taken under our supervision and in accordance with written instructions, as on 31.03.2015.
- iv) The company has reviewed all the claims against the company not acknowledged as debt, including but not limiting to legal cases, and confirmed that in no case any provision is required to be created in terms of provisions of Accounting Standard 29 of the Institute of Chartered Accountants of India. We are not aware of any pending or threatened litigation, proceedings, hearings or claims or negotiations which may result in significant loss to the company. The delays in pending legal cases under arbitration are for the



reasons beyond the control of the management. The company has spent Rs 65, 71,296 on legal cases and we have reviewed these expenses to ascertain the above position.

for **Bansal Sinha & Co.**

Chartered Accountants

Firm's registration number: 06184N



Tanupriya Gupta

Partner

Membership number: 511757

Delhi

May 22, 2015



**CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31.03.2015**

GAIL GAS LIMITED
Consolidated Balance Sheet as at 31st March, 2015

(Rs. In Crores)

	Note No.	AS AT 31st MARCH 2015	AS AT 31st MARCH 2014
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	300.00	254.35
b) Reserve & Surplus	2	61.36	43.44
		361.36	297.79
(2) Share Application money pending Allotment	1A	0.00	12.00
(3) Non Current Liabilities			
a) Long Term Borrowings	3	131.10	155.14
b) Deferred Tax Liability (Net)		17.75	11.33
c) Other Long-term Liabilities	4	35.75	34.03
d) Long-term Provisions	5	0.00	0.00
		184.60	200.50
(4) Current Liabilities			
a) Short Term Borrowings	6	1.54	0.00
b) Trade Payables	7	56.51	29.51
c) Other Current Liabilities	8	183.80	85.81
d) Short-term Provisions	9	9.81	4.13
		251.66	119.45
	TOTAL	797.62	629.74
II. ASSETS			
(1) Non-current assets			
a) Fixed Assets			
(i) Tangible Assets	10A	341.06	317.95
(ii) Intangible Assets	10A	36.47	2.80
(iii) Capital Work in Progress	10	162.13	156.65
		539.66	477.40
b) Non-current Investments	11	0.00	0.00
c) Long-term loans and advances	12	18.40	9.16
d) Other non-current assets	13	0.31	0.15
		18.71	9.31
(2) Current Assets			
a) Current Investments		0.00	0.00
b) Inventories	14	7.69	3.56
c) Trade receivables	15	61.73	38.29
d) Cash and cash-equivalents	16	17.15	33.53
e) Short-term loans and advances	17	152.10	67.07
f) Other current assets	18	0.58	0.57
		239.25	143.03
		797.62	629.74

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)

Preeti
Preeti Agarwal
Company Secretary
(PAN-AANPG3779M)

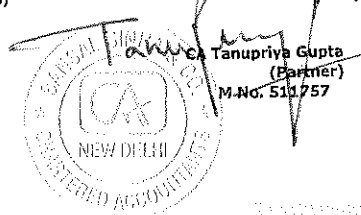
Jyoti
Jyoti Dua
CFO
(PAN-ACJPD6268J)

Pankaj
Pankaj Kumar Pal
CEO
(PAN-AATPP6657M)

Subir
Subir Purkayastha
Director
(DIN-06850526)

B C
B C Tripathi
Chairman
(DIN-01657366)

As per our separate Report of even date
For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 06184N



Place: New Delhi
Dated : 22.05.2015

	Note NO.	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014	(Rs. In Crores)
I. Revenue from Operations (Net)	19	1040.97	988.28	
II. Other Income	20	2.78	3.04	
III Total Revenue (I+II)		1043.75	991.32	
IV Expenses				
Gas Consumed	20A	941.84	898.17	
Depreciation	21	12.56	17.70	
Finance Cost	22	14.12	10.60	
Other Expenses	23	55.00	43.68	
Total Expenses		1023.52	970.15	
V. Profit before exceptional and extraordinary items and tax (III-IV)		20.24	21.17	
VI. Exceptional Items		0.00	0.00	
VII. Profit after extraordinary items and tax (V-VI)		20.24	21.17	
VIII. Extraordinary Items (Profit on Sales of Assets)		(6.49)	0.00	
IX. Profit(Loss) before Prior Period Adjustments(Net)(VII-VIII)		26.73	21.17	
X. Adjustments: Prior Period Adjustments (Net)	25	(0.24)	4.54	
XI. Profit before Tax(IX-X)		26.97	16.63	
XII. Tax Expenses				
1. Current Tax				
- Current Year		6.39	4.09	
Less: Mat Credit		3.89	3.02	
2. Deferred Tax		6.42	4.58	
Total tax expenses		8.92	5.65	
XIII. Profit after Tax (XI-XII)		18.05	10.98	
Amount available for appropriation transfer to Reserve & Surplus		18.05	10.98	

Details of Earning Per Share

A. Profit after tax (Rs. In Crores)	18.05	10.98
B. Weighted Average No. of Equity Shares (In Crores)	27.76	25.41
C. Nominal Value per Equity Share (Rs.)	10/-	10/-
D. Basic and Diluted Earning Per Share (Rs.)	0.65	0.43

See accompanying notes to accounts

Preeti
Preeti Agarwal
Company Secretary
(PAN-AANPG3779M)

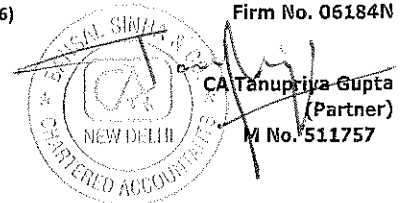
Jyoti
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Pankaj Kumar Pal
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(PAN-AATPP6657M)

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Director
(DIN-06850526)

B C
B C Tripathi
Chairman
(DIN-01657366)

As per our separate Report of even date
For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 06184N



Place: New Delhi
Dated : 22.05.2015

Schedules :

Note 1 : Share Capital

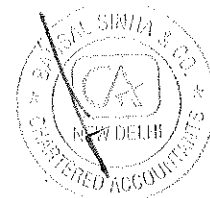
(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
AUTHORISED 30,00,00,000 (Previous Year 30,00,00,000) Equity Shares of Rs. 10/- each	300.00	300.00
ISSUED, SUBSCRIBED AND PAID-UP 167334132 Equity Shares of Rs.10/-each (up to PY121685397 Equity Shares of Rs.10/- each) fully paid up in cash 132665868 Equity Shares of Rs.10/- each (Up to PY 132665868 equity Shares) of Rs.10/- each fully paid otherwise than in cash	167.33 132.67	121.68 132.67
TOTAL	300.00	254.35
Par Value Per Share Equity Shares	10.00	10.00

Note 1A : Share Application Money Pending Allotment

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Share Application Money pending Allotment		
i) In form of Consideration other than Cash pending Allotment A/c GAIL INDIA Ltd (In form of Consideration in Cash pending Allotment A/C GAIL (India) Ltd	0.00 0.00	0.00 12.00
TOTAL	0.00	12.00
Reconciliation Statement of No. of Shares Outstanding		
Opening No. of Shares	254351265	244351265
Issued during the year	45648735	10000000
Forfeited during the year	0	0
Closing No. of Shares	300000000	254351265
The right /Preferences/Restrictions attached during the year for shares	0	0
Proposed /Interim/Final Dividend	0	0
No. of Shares of the co. held by holding Company	0	0
Share holding Pattern (No. Of Shares)	0	0
Holding Co-Gail (India) Ltd.(100%)	299999994	254351259
Total	299999994	254351259
Share Reserved for Issue under Options & Contracts/ Commitments for Sale of Shares/Disinvestment		
Terms	0	0
Amount	0	0
No.	0	0
Convertible Securities in Equity/Preference Shares	0	0
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)	0.00	132665868
Unpaid Calls		
By Directors and Officers	0.00	0.00
By Others	0.00	0.00
Forfeited Amount of Shares	0.00	0.00



Note 2: Reserves and Surplus

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Surplus in the Statement of Profit & Loss	43.44	32.46
As per Last Financial Statements	18.05	10.98
Add : Transferred from statement of Profit & Loss	0.00	0.00
Add : Adjustment due to Joint Venture Regrouping (Ref. Note 28 of Notes on Accounts)	-0.13	0.00
Less : Depreciation Adjustment		
Total	61.36	43.44

Note 3 : Long Term Borrowings

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
SECURED		
TERM LOANS		
From Banks :		
Union Bank of India (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 31.03.2015 is Rs.127 Crore as against Rs.105 Crore drawn up to 31.03.2014) Rate of Interest on term Loan as on 31.03.2015 : 10.75 % p.a Terms of Repayment payable 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	78.62	74.09
From Other Parties :		
Oil Industry Development Board (Secured against all assets of TTZ Project , Rs.58.00 Crore sanctioned against which Rs.58 Cr drawn up to 31.03.2015, PY Rs.45.65 Cr Sanctioned & drawn up to 31.03.2014. The repayment of loan started from 24.02.2015.) Rate of Interest (ROI) on term Loan as on 31.03.2015 :	41.59	45.65
Outstanding Loan as on 31.03.2015 (Rs in Cr) ROI (%)		
15 8.28		
9.75 9.27		
15.9 9.06		
12.35 8.81		
UNSECURED		
From Other Parties :		
Oil Industry Development Board (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 31.03.2015 :	10.90	35.40
Outstanding Loan as on 31.03.2015 (Rs in Cr) ROI (%)		
2.50 7.7		
2.00 7.6		
6.60 7.63		
3.75 8.18		
3.75 8.31		
10.00 8.6		
5.00 8.77		
6.80 9.18		
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	131.10	155.14
Period and Amount of Continuing default as on Balance Sheet Date in repayment of Loan and Interest	0.00	0.00



Note 4 : Other Long Term Liabilities

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Deposits from Customers	35.75	34.03
TOTAL	35.75	34.03

Note 5 : Long Term Provisions

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Provision for Employee Benefits (incl. Gratuity)	0.00	0.00
Other Provisions	0.00	0.00
TOTAL	0.00	0.00

Note 6 : Short Term Borrowings

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Secured Loans	1.54	0.00
Unsecured Loans	0.00	0.00
TOTAL	1.54	0.00

Note 7 : Trade Payables

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Trade Payables	46.71	26.72
Other Payables Against O&M	9.80	2.79
TOTAL	56.51	29.51



Note 8 : Other Current Liabilities

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
SECURED		
(I) Current Maturity of Long Term Debt		
(a) 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 31.03.2015 is Rs.127.00 Cr as against Rs.105.00Cr drawn up to 31.03.2014)	17.47	13.47
(b) Oil Industry Development Board (Secured against all assets of TTZ Project , Rs.58.00 Crore sanctioned against which Rs.58 Cr drawn up to 31.03.2015, PY Rs.45.65 Cr Sanctioned & drawn up to 31.03.2014. The repayment of loan started from 24.02.2015.)	11.41	0.00
(II) Short Term Debt	33.67	0.00
(a) Cash Credit Facility with HDFC Bank (Secured against Debtors & Inventories , ROI 11% as on 31.03.2015, PY NIL)		
UNSECURED		
(I) Current Maturity of Long Term Debt Oil Industry Development Board (Against Corporate Guarantee given by GAIL(India) Ltd) for Loan of Rs.118 cr pertaining to Cities of Dewas Kota Meerut & Sonapat)	29.50	34.50
(II) Others	0.20	0.18
Interest accrued but not Paid	4.17	0.00
Advances / Deposits from Customers	12.13	11.89
Deposits/Retention Money from Contractors and others	0.03	0.03
Audit Fees Payable	5.88	3.81
Statutory Payments(TDS, Excise, WCT & Service Tax)	0.00	2.50
Advance from shareholder		
Other Payable Against Plant & Machinery(Including Provisional liability of Rs.13.39 Crore PY Rs.10.88 Crore)	18.66	19.13
Purchase consideration Payable - GAIL (India) Ltd	19.78	0.00
Purchase consideration Payable - VMSS	30.04	0.00
Other Liabilities	0.86	0.30
TOTAL	183.80	85.81

Note 9 : Short-term Provisions

(Rs. In Crores)

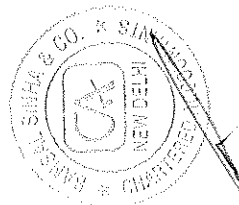
	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Others :	9.80	4.13
Provision for Taxes	0.01	0.00
Other Provisions		
TOTAL	9.81	4.13



Note 10A - Fixed Assets (Tangible / Intangibles Assets)

DESCRIPTION	GROSS BLOCK (AT COST)				Depreciation				Impairment of Assets				NET BLOCK	
	As at 01.04.2014	Additions during the year	Sales/Adjustment during the year	Value at the end as on 31.03.2015	As at 01.04.2014	For the Year	Adjustments during the year	Value at the end as on 31.03.2015	As at 01.04.2014	For the Year	As at 31.03.2015	WDV as on 31.03.2014	WDV as on 31.03.2015	
Tangible Assets														
Freehold	12.79	8.46	-	21.25	-	-	-	0.13	-	-	12.79	-	21.25	
Leasehold	3.93	0.94	0.00	4.87	0.09	0.04	-	4.73	-	-	3.84	-	4.74	
Building : Officer/Others		23.52		23.52		0.68		4.05					18.79	
Plant and Machinery		31.58	(33.00)	31.29	33.06	18.14	(6.34)	35.86			289.66		294.43	
Electrical Equipments		0.04		0.04		0.00		0.00					0.04	
Furniture, Fixtures and other Equipments	0.95	0.07		1.02	0.26	0.09		0.35			0.69		0.66	
Office Equipments	1.55	0.66		2.21	0.59	0.50		1.08			0.97		1.13	
Including Electrical Equipments														
Computers		0.02		0.02									0.02	
Total Tangible Assets	351.94	66.28	(33.00)	384.22	33.99	11.46	(2.28)	43.16			317.95		341.06	
Intangible Assets														
Right of Use	0.86			0.36	0.01			0.01				0.35	0.35	
Softwares / Licences	5.98	34.80		40.38	3.13	1.12		4.25			2.45		36.13	
Total Intangible Assets	5.94	34.80		40.74	3.14	1.12		4.26			2.80		36.47	
Grand Total	357.88	100.08	(33.00)	424.96	37.13	12.58	(2.28)	47.42			320.75		377.53	
Previous Year	262.68	97.10	(1.90)	357.88	15.33	17.70	4.09	37.13			247.35		320.75	

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



Note 10 : Capital Work-in-Progress

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
A. Plant & Machinery	80.15	51.83
Linepipe Construction and related facilities	4.95	9.15
IEDC - Interest(Refer Note-22)	8.93	10.79
IEDC - Management Services(Refer Note - 23)	3.55	3.92
IEDC - Other Exps(Refer Note -24)		
Less : Provision for Linepipe and Related Facilities	-0.58	0.00
B. Linepipes, Capital Items in Stock.	52.75	75.77
C. Capital Items in Transit	2.43	2.64
Less : Provision for losses/obsolescence	0.00	0.00
D. Others	9.95	2.55
TOTAL	162.13	156.65

Note 11 : Non-current Investments

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Trade Investments (Unquoted - At cost)	0.00	0.00
Investments in Equity Instruments :-		
In Joint Venture Companies:		
(a) 1,00,00,000 (Previous Year: 1,00,00,000) Equity Shares of Rs. 10/- each fully paid up in APGDC	0.00	0.00
(b) 119,28,000 (Previous Year : 25,20,000) Equity Shares of Rs.10/- each fully paid up in Kerala Gail Gas Limited as deemed allotment	0.00	0.00
(c) 25,000 (Previous Year : 25,000) Equity Shares of Rs.10/- each fully paid up in Vadodara Gas Limited as deemed allotment	0.00	0.00
(d) 25,000 (Previous Year : 25000) Equity Shares of Rs.10/- each fully paid up in Rajasthan State Gas Limited as deemed allotment	0.00	0.00
2) Advances for Investments (Pending Allotment)		
i) In Joint Venture Companies:		
(a) 1,00,00,000 (Previous Year : Nil) Equity Shares of Rs.10/- each fully paid up in Rajasthan State Gas Limited yet to be allotted	0.00	0.00
TOTAL	0.00	0.00



Note 12 : Long term Loans and Advances

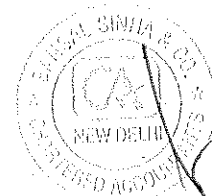
(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
(a) Capital Advances (Secured / Unsecured - Considered Good) (Unsecured - Considered Doubtful)	0.00 0.00	0.00 0.00
Less : Provision for Doubtful Advances	0.00	0.00
(b) Security Deposits (Unsecured)	6.34	6.40
- Unsecured, Considered Good-Govt	0.02	0.00
- Unsecured, Considered Good-Non Govt	0.00	0.00
Unsecured, Considered Doubtful	-3.54	-3.54
Less : Provision for Doubtful Advances		
(c) Other Loans and Advances		
Loans to Employees	0.01	0.00
- Secured, Considered Good	0.02	0.02
- Unsecured, Considered Good		
Advances to Income Tax against pending demand	0.00	0.00
(d) Loans & Advances to related Parties (Unsecured, Considered Good)	15.55	6.28
TOTAL	18.40	9.16

Note 13 : Other Non Current Assets

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Others	0.00	0.15
Pre Operative Expenses pending allocations	0.29	0.00
Capital Advances	0.02	0.00
Deposit with various parties		
TOTAL	0.31	0.15



Note 14 : Inventories

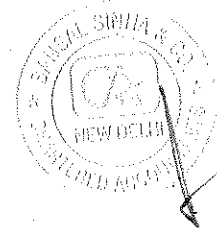
(Rs. in Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
(a) Finished Goods (incl Work-in-Progress) Compressed Natural Gas (Valued at Cost or Net Realisable Value whichever is lower)	0.05	0.05
(b) Stock in Trade Stock of Gas* *after adjustment of calorific value (Valued at Cost or Net Realisable Value whichever is lower)	0.43	0.42
(c) Stores and Spares Stores and Spares(Including Construction Surplus-Capital/Stores) (As taken, valued and certified by the Management) (Valued at Cost or Net Realisable Value whichever is lower) Less : Provision for Losses/Obsolescence	7.21	3.09
	0.00	0.00
TOTAL	7.69	3.56

Note 15 : Trade Receivables

(Rs. in Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
(i) Trade receivables outstanding for a period exceeding six months		
- Secured, Considered Good	3.70	0.00
- Unsecured, Considered Good	3.20	2.47
- Unsecured, Considered Doubtful	0.00	0.00
Others		
- Secured, Considered Good	0.00	0.00
- Unsecured, Considered Good	55.91	36.90
- Unsecured, Considered Doubtful	0.00	0.00
	62.81	39.37
Less : Provision for Doubtful debts	-1.08	-1.08
TOTAL	61.73	38.29



Note 16 : Cash and cash equivalents

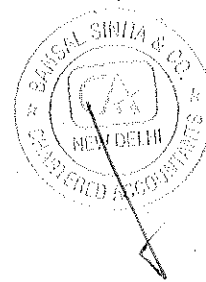
(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
BALANCES WITH BANKS		
On Current Account (includes Corporate Liquid Term Deposit Rs. NIL (Previous Year : Rs. 26.60Cr.))	5.62	27.30
On Fixed Deposit Account	11.18	5.99
Cheques/Drafts/Stamps in hand	0.00	0.00
Cash in hand	0.36	0.24
TOTAL	17.15	33.53

Note 17 : Short Term Loans and Advances

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
(a) Loan to Related Parties		
VGL	32.08	1.08
RSGL	0.53	0.00
(b) Others		
Loans / Advances to Employees	0.00	
Advances recoverable in cash or in kind or for value to be received		
Unsecured, Considered Good	0.32	0.00
- Unsecured, Considered Doubtful	0.00	0.00
Less : Provision for Doubtful Advances	0.00	0.00
Advance tax / TDS	25.67	17.43
Claims Recoverable		
- Unsecured, Considered Good	91.26	47.40
- Unsecured, Considered Doubtful	0.00	0.00
Less : Provision for doubtful claims	0.00	0.00
Deposits / Balances with Government Authorities and Others		
- Unsecured, Considered Good	2.24	1.16
- Unsecured, Considered Doubtful	0.00	0.00
Less : Provision for doubtful deposits	0.00	0.00
TOTAL	152.10	67.07



(Rs. in Crores)

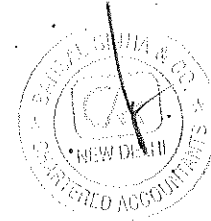
Note 18 : Other Current Assets

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Interest accrued but not due	0.18	0.06
Prepaid Insurance & Other Charges	0.34	0.00
Others	0.06	0.51
TOTAL	0.58	0.57

(Rs. in Crores)

Note 19 : Revenue from Operations

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
a) Sale of Products/ Gas	1012.35	961.26
b) Sale of Services	34.31	31.91
Gas Transmission Charges	1046.65	993.17
Less : Excise Duty	-11.67	-10.25
d) Other Operating Revenues	0.01	0.01
Application Fees - Domestic Connection	1.60	1.16
Interest Income Customers & Others	0.09	0.21
Miscellaneous Income - Extra pipe line	0.92	0.00
Misc Income After Sales Service	3.37	3.98
MGO Receipt	1040.97	988.28



(Rs. in Crores)

Note 20 : Other Income	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Interest on :	0.00	0.00
- Bonds / Debentures (Long term trade investment)	1.67	1.85
- Deposits with Banks	0.14	0.18
- Others		
Add : Transferred to Expenditure during construction period (Refer Note 27)	0.00	0.00
Tender Fees	0.01	0.02
Liquidated Damages	0.11	0.08
Miscellaneous Receipts	0.85	0.91
Add : Transferred to Expenditure during construction period (Refer Note 24)	0.00	0.00
	2.78	3.04

(Rs. In Crores)

Note 20A : Gas Consumed	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Opening Stock	0.47	0.42
Add:Purchases	949.49	902.60
Less :Gas Consumption	941.84	898.17
Less: Gas Consumed as Fuel including Closing Stock	7.64	4.38
	0.48	0.47

(Rs. In Crores)

Note 21 : Depreciation and Amortization Expenses	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Depreciation and Amortization Expenses	12.56	17.70
Impairment Loss	0.00	0.00
	12.56	17.70
Less : Depreciation & Amortization expenses transferred to Capital Work-in-Progress (refer note no. 10)	0.00	0.00
	12.56	17.70

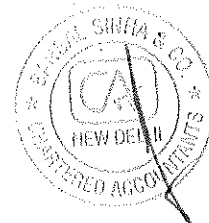
(Rs. In Crores)

Note 22 : Finance Cost	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Interest on Term Loans- OIBB	9.42	9.56
Interest on Term Loans- Union Bank of India	9.09	10.19
Interest on Cash Credit -HDFC Bank Ltd	0.51	0.00
Others	0.05	0.00
Total	19.07	19.75
Less : Interest and Finance Charges transferred to Capital Work-in-Progress (refer note no. 10)	4.95	9.15
	14.12	10.60



Note-23 : Other Expenses

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Power, Fuel and Water Charges		
Electricity Charges	0.63	0.84
Fuel & Water Charges	3.01	2.44
Management Service Cost (Since all the employees posted at GAIL GAS are on the roll of GAIL (INDIA) Ltd, the expenditure reimbursed to GAIL are shown under other expenses instead of Employee Cost)		
Salaries, Wages and Allowances	28.26	25.83
Contribution to Provident and Other Funds	1.58	1.38
Welfare Expenses	2.39	2.32
Rent	5.31	3.38
Rates and Taxes (includes entry tax on gas)	0.15	0.04
Repairs and Maintenance		
Plant and Machinery	5.67	3.81
Buildings	0.55	0.78
Others	0.03	0.00
Insurance	0.28	0.24
Payment to Auditors		
Audit Fees	0.05	0.03
Tax Audit fees	0.00	0.00
Out of Pocket Expenses	0.01	0.01
Entertainment Expenses	0.01	0.01
Consultancy Charges	0.12	0.00
Legal and Professional charges	1.38	1.23
Postage & Telephones	0.01	0.01
Bad Debts / Claims / Advances / Inventories written off	0.06	0.00
Stores & Spares Consumed	2.25	1.14
Loss/Gain (+/-) of Foreign Currency Transaction	-0.05	0.11
Water Charges	0.01	0.02
Communication Exp	0.12	0.25
Printing & Stationery	0.22	0.13
Travelling Exp	1.78	1.33
Books & Periodicals	0.01	0.00
Advt & Publicity	0.46	0.79
Training Exp	0.04	0.08
Vehicle Hire & Running Exp	2.05	2.32
Data Processing Exp	0.37	1.05
Selling & Distribution Exp	0.23	0.12
Dealer Commission	1.64	1.28
Security Exp	1.42	0.97
CSR Exp	0.03	0.03
Other Misc Exp	1.73	0.95
Provision Against Doubtful Claims	0.00	3.54
Other Exp-Abnormal Loss	4.95	1.94
Expenses on Cities Written off	0.58	0.00
Other Exp - Interest/Penalty Charges-Statutory	0.17	0.00
Less : Management Services for Employee Cost transferred to Capital-Work-in-Progress(Refer Note -10)	-8.93	-10.79
TOTAL	58.55	47.60
Less : Incidental Expenditure during construction transferred to Capital Work-in-Progress (refer note no. 24)	-3.55	-3.92
TOTAL	55.00	43.68



Note 24 : Expenditure during Construction Period

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
IEDC- Other Exps	0.01	0.00
IEDC-Power, Fuel and Water Charges	0.00	0.15
IEDC- Security Expenses	0.34	0.41
IEDC- Rent & Warehouse Exp.	2.12	2.14
IEDC- Travelling & Conv. Exp	0.70	0.84
IEDC- Vehicle Hire Charges	0.38	0.38
Total	3.55	3.92

Note 25 : Prior period Adjustment

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Advt & Publicity	0.00	0.13
Interst Paid to Supplier	0.00	0.32
Depreciation-P/M	0.00	4.16
Sales	0.24	0.00
preciation-Leasehold Land	0.00	-0.07
Total	0.24	4.54

Note 26 Contingent Liabilities

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
BG ISSUED	5211.70	11.49
COURT CASES-AGRA & Firozabadwith Allhabad High Court	21.65	0.73
ARBITRATION CASES-Agra & Firozabad	12.50	12.60
STATUTORY	1.74	1.74
Demand received from Commissioner, Central Excise, Dewas in connection with wrong filling of ER-1 for the month of Sept 2010.	2.53	2.50
SHARE IN CONTINGENT LIABILITY OF JOINT VENTURES	5250.12	29.06
Total		

Note 27: Material Forceable Losses

(Rs. In Crores)

	YEAR ENDED 31ST MARCH, 2015	YEAR ENDED 31ST MARCH, 2014
Forceable Losses on Long Term Contracts including Derivative Contracts	0.00	0.00
Total	0.00	0.00



GAIL GAS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

(Rs in Crores)

Particulars	2014-15	2013-14
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit After Tax and Extraordinary Items	18.05	10.98
Adjustments:		
Depreciation & Amortization Expenses	12.55	21.79
Capital Reserve for Depreciation	(0.13)	0.00
Profit on sale of Assets	(6.49)	0.00
Interest Expenditure	14.11	10.60
Interest Income	(1.94)	(2.03)
Other Provisions	1.02	(3.56)
Provision / Write off of Assets / CWIP	(0.58)	0.00
	18.55	26.81
3 Operating Profit Before Working Capital Changes	36.60	37.79
4 Changes in Working Capital (Excluding Cash & Bank Balances)		
Trade and Other Receivables	(68.36)	(18.96)
Inventories	(4.13)	1.00
Loans & Advances and other Current Assets	(0.33)	0.00
Current Liabilities and Provisions	80.53	5.21
	7.70	(12.75)
Direct Taxes paid	3.03	8.69
NET CASH FROM OPERATING ACTIVITIES	47.33	33.73
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sales/(Purchases) of Fixed Assets	(90.16)	(35.70)
(Increase)/Decrease in Capital WIP and Capital Advances	(7.03)	0.00
Investment in Other Companies	(14.35)	(2.52)
Pre-operative Expenses	0.00	0.00
Fixed/Other Deposits	0.00	(0.02)
(Increase)/Decrease in Loans & Advances	(1.83)	(0.07)
Profit On sales of Fixed Assets	6.49	0.00
Interest Received	1.90	2.02
NET CASH FROM INVESTING ACTIVITIES	(104.99)	(36.30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Equity	36.15	12.00
Proceeds of Long Term Borrowings	35.89	45.29
Share Application Money Recd	2.60	0.00
Repayment of Long Term Borrowings	(47.98)	(43.51)
Cash Credit Facilities from HDFC Bank	33.67	0.00
Interest Paid	(19.06)	(19.74)
NET CASH FROM FINANCING ACTIVITIES	41.28	(5.96)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(16.38)	(8.53)
CASH AND CASH EQUIVALENTS AS AT 01.04.2014 (OPENING BALANCE)	33.53	42.07
CASH AND CASH EQUIVALENTS AS AT 31.03.2015 (CLOSING BALANCE)	17.15	33.53

NOTES :

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

17.15	33.53
0.00	0.00
<u>17.15</u>	<u>33.53</u>

2 Cash & Cash Equivalents includes CLTD balance of Rs. Nil Crores
(Previous year Rs.26.60 Crore)

Preeti
Preeti Agarwal
Company Secretary
(PAN-AANPG3779M)

Jyoti
Jyoti Dua
CFO
(PAN-ACJPD6268J)

Dal
Panraj Kumar Pal
CEO
(PAN-AATPP6657M)

Subir
Subir Purkayastha
Director
(DIN-06850526)

B C
B C Tripathi
Chairman
(DIN-01657366)

AS per our separate Report of even date
For M/S Bansal Sinha & Co.
Chartered Accountants
Firm No. 061844

Tanupriya
CA Tanupriya Gupta
(Partner)
M. No. 511757

Place: New Delhi
Dated : 22.05.2015

Additional Information as required by Schedule-III of Companies Act, 2013
(for the year ending 31.03.2015)

Sr. No.	Name of the Entity	Net Assests, i.e. total assests minus total liabilities		Share in profit or loss	
		As % of Consolidated net assets	Amount (Rs. In Crs.)	As % of Consolidated profit or loss	Amount (Rs. In Crs.)
Parent	GAIL GAS LIMITED				
Subsidiaries					
Indian					
1			NIL		
Foreign					
1			NIL		
Minority Interest in all subsidiaries					
			NIL		
Associates					
Indian					
1			NIL		
Foreign					
1			NIL		
Joint Ventures					
Indian					
1	Kerala Gail Gas Ltd	1.74	6.28	0.42	0.08
2	Andhra Pradesh Gas Distribution Company Ltd	1.32	4.76	-0.51	-0.09
3	Vadodara Gas Limited	0.36	1.30	8.98	1.62
4	Rajasthan State Gas Limited	1.33	4.82	-2.17	-0.39
Foreign					
1			NIL		
Total			17.16		1.21

Note: Out of above mentioned JVs books of only Andhra Pradehs Gas Distribution Company Ltd are audited, remaining three JV companies are unaudited (Total Contribution in net assets as shown above 12.40 Crs.(3.43%)).



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 31.03.2015
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	RAJASTHAN STATE 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 & Rajasthan State 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 Rs. 59.08 Crs. and Total Liabilities of Rs. 58.34Cr. and Total Income of Rs. 17.31 Cr. and Total Expenditure of Rs. 15.23 Cr.
- 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.

6. The incidental expenditure during construction amounting Rs.12.48 Cr. (Previous Year Rs.14.72 Crore) have been allocated to completed Project & Capital work in progress in the ratio of direct allocated cost for assets.

7. (a) CWIP include asset under construction which are under different stage of completion, capitalization will be made after scrutiny of all cases. An amount of Rs.6.07crore held under CWIP related to Expenditure incurred for bidding conducted by PNGRB.

(b) The capital expenditure incurred to the tune of Rs.4.04 crore for one CNG Station at Mathura has been shown under Capital Work in Progress (CWIP). The permission from NHAI for laying of pipelines along the National Highway -2 is under perusal and on receipt of the same, the CNG compressor shall be commissioned.

(c) All the lands 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 Rs. 16.72 Crs.

(d) The expenses of Rs.3.27Crs. (Previous year Rs.2.55Crs.) incurred by the Company in relation to project development towards consultancy charges, feasibility studies, administration expenses etc ,which are directly attributable to the projects (CGD Network, FSRU Project & RGD Pipeline Project) have been treated as "Capital Work in Progress – Others" as the company hopes to derive long term economic benefits out of incurring such expenses. However, in the case of abandonment of the project such cost will have to be expensed to Profit & Loss Account. The FSRU Project is proposed to be implemented through an SPV to be formed along with GDF SUEZ LNG UK as strategic partner. The Govt. of AP has approved for the inclusion of SHEEL in the project. In that situation the capital expenditure incurred would be transferred to the proposed SPV. Amount of Rs. 0.06 Crs. incurred towards unsuccessful bidding of Ennore-Nellore pipeline project has been charged to revenue.

8. The details of disclosure regarding share application money are as under:

- a. Shares to be allotted to GAIL (India) Ltd at par with face value of Rs. 10 each.
- b. The total authorized capital of the Company is Rs. 300 Cr. against which Rs. 300 Cr. has been issued as on balance sheet date.
- c. The Company is a 100% subsidiary of GAIL (India) Ltd and the shares are issued as per the approval of Board

9. Capital Commitment Disclosure:-

a) The estimated amount of contracts over Rs. 5 Lac amounting to Rs. 180.03 Crores (Previous Year Rs. 94.89 Crores) are remaining to be executed on Capital Accounts and not provided for.

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



c) Provisional liability of Rs.13.39 crore has been made in the books of accounts as on 31.3.2015 which will be settled as per actual bills.

d) The reconciliation of accounts with parties is carried out as an ongoing process. Request for confirmation of balance have also been sent.

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

Particulars	(Rs.)	
	FY 2014-15	FY 2013-14
i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.07Cr.	0.12Cr.
ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	1,012
iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	70,928	1,012
iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	70,928	1,012
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	70,928	Nil

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

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

I. CIF Value of Import

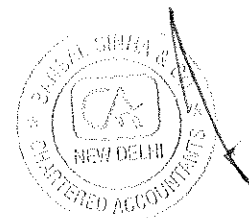
	2014-15	2013-14
Raw Material	0.00	0.00
Components & Spare	0.19	0.00
Capital Goods	0.00	0.62

II. Expenditure in Foreign Currency

	2014-15	2013-14
Others-Traveling	0.00	0.0

III.

	2014-15	2013-14
Total Value of imported Raw Material, spare parts	59.47%	70.25%



and components consumed % of total		
Total Value of Indigenous raw materials, spare parts and Components consumed % of total	40.53%	29.75%
TOTAL % AGE	100%	100%

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

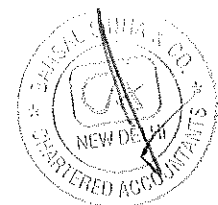
Details of Purchases	Rs in Cr.
Goods Purchased	
a. Compressed Natural Gas	6.80
	(17.86)
b. Natural Gas	851.70
	(813.91)

The figures in the brackets pertains to previous year.

13. During the year, the company has been granted authorization for laying, building, operating or expanding CGD network in the Geographical Area of Bengaluru Rural and Urban Districts (Karnataka) under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulation, 2008. Company has submitted a Performance Bank Guarantee of Rs. 5199.99 Crores issued by State Bank of India to PNGRB for which the Corporate Guarantee has been provided by the parent company i.e. GAIL (India) Ltd. The Bank Guarantee Commission of Rs 5.38 crores for one year has been paid and booked as Incidental Expenditure During Construction which would be charged off in the year of commencement of commercial operation.
14. By virtue of the Business Transfer Agreement executed between GAIL Gas Limited and Vadodara Gas Limited (VGL) for transfer of assets of Vadodara Unit amounting to Rs. 40.98 crores to VGL, VGL will issue 40983943 Equity Shares of Rs. 10/- each to GAIL Gas Limited towards purchase consideration against transfer of assets during the FY 2015-16. The transaction has resulted a gain of Rs. 6.49 Crores which is in the nature of Extra Ordinary Item.
15. Claim recoverable to be the tune of Rs. 79.86 crores represent excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas in the state of Haryana and Gujarat. The recovery of claims is being pursued and considered good.
16. Disclosure as per Accounting Standard (AS) 5 on "Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies".

(a) During the year 2014-15, the company has changed its accounting police :-

Previous Policy	Current Policy
Assets costing upto Rs. 5000/- are depreciated fully in the year of capitalization.	Deleted as there is no provision for depreciated on value items in schedule II of Companies Act, 2013.
Since the change is consequent upon the introduction of Companies Act 2013, the impact thereof is decrease in depreciation and increase in profit by Rs 0.01	



crore.

- (b) Effective April 1, 2014, the Company has revised the useful life of fixed assets based on Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets. As such, depreciation and amortization expenses decreased by 5.84 Crores and accordingly profit before tax for the year increased by corresponding amount.
- (c) Further pursuant to the Companies Act 2013, an amount of 0.13 Crores representing the carrying amount of assets with revised useful life as nil has been charged to the opening balance of retained earnings as on 1st April, 2014.

However JVs have not made such changes in Accounting Policy. Effect of these changes on consolidated amount of depreciation is not available.

17. Corporate Social Responsibility

(a) Gross amount required to be spent by the company during the year was Rs.43 Lacs.

(b) Amount spent during the year on:

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

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

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

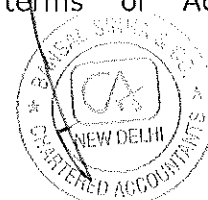
(Rs in Cr.)

Particulars	2015-14	2013-14
a. As auditor:	0.05	0.03
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	0.06	0.04

* Includes Service Tax @ 12.36%

19. Employees Benefits

All the employees posted at GAIL Gas Limited during the year are on the rolls of GAIL (India) Limited, the holding company. The Employees' benefits including salary are being prepared and disbursed and recovered by GAIL (India) Limited. All statutory compliances in this regard are being made by GAIL (India) Limited. The disclosure requirement in terms of Accounting



Standard-15 (Revised) has not been considered as the same have been complied by the GAIL (India) Limited.

20. During the year, the Company has taken loans from OIDB and from Union Bank of India 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 Accounting standard 16 "Borrowing Costs", the total Interest & Finance Charges amounting to Rs. 18.56 Cr. (Previous Year Rs. 19.75 Cr.) was incurred, out of which an amount of Rs. 4.95 Cr. (Previous Year Rs. 9.15 Cr.) was capitalized during the period.

21. Segment Reporting

The company operates in a single segment of Natural Gas business and therefore the discloser requirements as per Accounting Standard 17 "Segment Reporting" are not applicable to the Company.

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

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

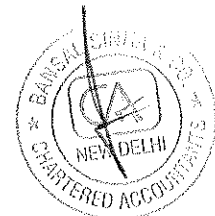
iii. Associate Company

- a) Andhra Pradesh Gas Distribution Corporation Ltd
b) Kerala Gail Gas Limited
c) Vadodara Gas Limited
d) RAJASTHAN STATE GAS LTD.
e) Ratnagiri Gas & Power Pvt Ltd.
f) Central UP Gas Ltd.

iv. Joint Venture Company

(A)

Sl No	Name of JV	Date of Incorporation	Total paid up capital 31.03.15 (Rs in Cr.)	GAIL GAS Ltd.'s Share as per JV Agreement	Amount Contributed By GAIL GAS Ltd as on 31.03.15 (Rs in Cr.)	% holding as on 31.03.15
1	Andhra Pradesh Gas Distribution Corporation Ltd	10.01.2011	20.00	25%	10.00	50
2	Kerala Gail Gas Limited	22.11.2011	23.86	26%	11.93	50
3	Vadodara Gas	13.09.2013	0.05	25%	0.03	50



	Limited					
4	RAJASTHAN STATE GAS LTD.	20.09.2013	20.05*	26%	10.03*	50

* This includes application money against equity shares pending allotment.

v. Key Management Personnel:

1. Mr. Pankaj Kumar Pal (CEO)
2. Mrs. Jyoti Dua (CFO)
3. Mrs. Preeti Aggarwal (CS)

b. Related Party Transactions

(Rs. In Cr.)

Sl No.	Particulars	Holding Company	Fellow Subsidiary	Joint Venture	Associates	Key Management Personnel	% of holding
1	Purchase of Goods	937.91 (902.60)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
2	Sales of Goods	0 (0)	0 (0)	0 (0)	0.06* (17.14)	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)	1.02 (0.58)	100 (100)
b.	Reimbursement of remuneration to staff	31.33 (27.70)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
4	Outstanding Balance Payable	49.73 (28.46)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)
5	Outstanding Balance Receivable	0 (0)	0 (0)	32.62** (1.08)	0.04** (0.07)	0 (0)	100 (0)
6	Provision for Bad Debt	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
7	Bad Debt written off	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
8	Guarantee & Collateral	118.00 (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.	Corporate Guarantee given to SBI for BG issued on behalf of the Co	5199.99 (0)	0 (0)	0 (0)	0 (0)	0 (0)	100 (100)

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

**The amount relates to Associate mentioned at (iii) (C) Rs.0.04 Cr., JVC at IV(A)(3) Rs. 32.09 Crs. And JVC at IV(A)(4) Rs. 0.53 Crs.

Figures shown in brackets pertain to previous year.



There is no transaction with Fellow Subsidiary.

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

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.

23. Accounting Standard – 19 Lease:

(a) 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.

(b) A draft lease agreement from GAIL (India) Ltd. for hired office premises of 13th & 14th floor of GAIL Jubilee Tower, B-35 & B-36 Sector-1, Noida for GAIL Gas Limited is under the process of execution. However, the expenditure for the use of this office space is being accounted for as per mutually agreed terms.

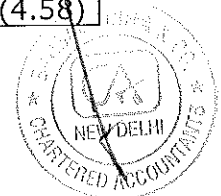
24. Earning per Share

Particulars	Unit	2014-15	2013-14
Profit after Tax	Rs.	18,04,96,570	10,97,65,961
Weighted Average No. of Equity Shares	Nos	277580917	254132087
Nominal Value per Share	Rs.	10.00	10.00
Earning per Share Basic	Rs.	0.65	0.43
Earning per Share Diluted	Rs.	0.65	0.43

25. 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, 2015 amounting to Rs. 17.75 Cr. (Previous year Rs.11.33 crore). The item-wise details of deferred tax liability/asset are as under:

DETAILS OF DEFERRED TAX		(Rs in Cr.)	
Particulars	31.03.2015		31.03.2014
Opening Balance Deferred Tax Assets/ Liabilities	(11.33)		(6.75)
Deferred Tax Assets/Liabilities arising on account of	(8.03)		(4.58)



Depreciation			
Deferred Tax Assets on Unabsorbed Depreciation for the year	1.61		0.00
Closing Balance C/F	(17.75)		(11.33)

26. In the previous year the Joint Venture/Associates were incorporated in the consolidated financial statement based on the unaudited financial statement, wherever audited financial statements were not available at the time of consolidation. Adjustment due to Joint Venture regrouping and adjustment due to Joint Venture/Associates audited statements of such Joint Venture/Associates on the Statement of Profit/(Loss) is Rs. 41,500/-[Prev. Year Figures Nil].

27. During the year the total net gas loss is Rs.3.53 Crore which is within the permissible limit considering the Company as a whole. However, there is abnormal gas loss of Rs.2.24 Crore in Meerut and Rs.2.29 Crore in Sonapat as per gas loss policy and accounted for accordingly.

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

Preeti
Preeti Aggarwal
Company
Secretary
(PAN No.AANPG3779M)

Jyoti
Jyoti Dua
CFO
(PAN No.ACJPD6268J)

Pal
Pankaj Kumar Pal
CEO
(PAN No.AATPP6657M)

Subir
Subir Purkayastha
Director
(DIN-06850526)

B.C. Tripathi
B.C. Tripathi
Chairman
(DIN-01657366)

As per our separate report of even date
For M/s BANSAL SINHA & CO.
Chartered Accountants

Firm No. 06184N



Tanupriya
(CA Tanupriya Gupta)
Membership No. 511757

Place: New Delhi
Date: 22.05.2015

ACCOUNTING POLICIES

1) Accounting Conventions

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and relevant provisions of the Companies Act, 2013 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

- i. Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- ii. 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.
- iii. 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.
- iv. Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- v. 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 II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets).
 - (a) Cost of the leasehold land not exceeding 99 years is amortised over the lease period.
 - (b) Software / Licences are amortised in 5 years on straight line method.
 - (c) Cost of the Right of Use (ROU) is amortized considering life of RoU as 99 years.



- II. Capital assets facilities 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 II of the Companies Act, 2013.

5) **Revenue Recognition**

- i. Sales are recognised 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 in prices is accounted for in the years of such revision.
- ii. Income in respect of MGO of Natural Gas is not provided 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 Rs. 5,00,000 in each case are charged to relevant heads of account of the current year.

6) **Fixed Assets**

- i. 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.
- ii. 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.

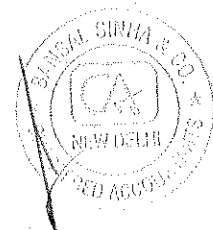
7) **Intangible Assets**

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**

- i. 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.
- ii. 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

- i. Transaction in foreign currency is accounted at the exchange rate prevailing on the transaction date.
- ii. 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.
- iii. 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).
- iv. 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

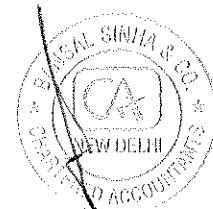
Borrowing cost of the funds specifically borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with the cost of the assets, is capitalized up to the date when the assets are ready for use after netting off any income earned on temporary investment of such funds. 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 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 is 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) Provision Contingent Liabilities and Capital Commitments


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


16) OTHERS


- i. Liquidated damages, if any, are accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled, after capitalization of assets are charged to revenue, if below Rs. 50 lakhs in each case, otherwise adjusted in the cost of relevant assets.
- ii. Insurance claims are accounted for on the basis of claims admitted by the insurers.
- iii. Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance in principle.
- iv. 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
CS
PAN-AANPG3779M

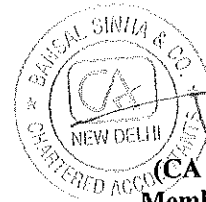

Jyoti Dua
CFO
PAN-ACJPD6268J


Pankaj Kumar Pal
CEO
PAN-AATPP6657M


Subir Purkayastha
Director
DIN-06850526


B.C. Tripathi
Chairman
DIN-01657366

As per our separate report of even date
For Bansal Sinha & Co.
Chartered Accountants



FRN 06184N


(CA Tanupriya Gupta)
Membership No. 511757

Place: New Delhi
Date: May22, 2015