GAIL Gas Limited

Audited Standalone Financial Statements

Financial Year 2019-20

H.S. AHUJA & CO.
CHARTERED ACCOUNTANTS

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Connaught Circus, New Delhi - 110 001
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Independent Auditor's Report
To the Members of Gail Gas Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Gail Gas Limited ('the Company'), which comprise the balance sheet as at 31st March 2020, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015,as amended,("Ind AS"), of the state of affairs of the Company as at 31st March, 2020, and the profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

Annexure - A to the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of **Gail Gas Limited** on the standalone financial statements for the year ended 31st March 2020.

(i) In respect of fixed assets:-

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

(b) The Company has a regular programme of physical verification of its fixed assets other than fixed assets related to the underground natural gas distribution which as per the Management cannot be physically verified, by the committee constituted by the company during the year. In accordance with this programme, certain fixed assets like Land & Building, Leasehold Land, ROU Land including warehouse and CNG stations including Natural Gas Generator, DRS Stations, Scada & its AMR systems and gas eng. comp cycl head assembly, were not verified during the year; however, no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us and on the basis of our examination the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the cases as follows:

Description of Assets	No. of Cases	Area in sq. meter	Gross block /Deemed Cost as on 31st.03.2020 (in Cr.)	Net block as on 31st.03.2020 (in Cr)
Land				
-Freehold	1	3004.42	2.05	2.05
Building & Structures	23	- -	36.60	33.49

(ii) In respect of its inventory:

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

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

H.S. AHUJA & CO.

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made and guarantees given. According to the information and explanation given to us, the Company has not granted any loan and security during the year in respect of which the provisions of section 185 and 186 are to be complied with, hence not commented upon.

(v) The Company has not accepted any deposits from the public during the year covered under directive issued by the Reserve Bank of India and under section 73 to 76 or any other relevant provision of Companies Act, 2013 and rules framed thereunder.

(vi) The Central Government has prescribed the maintenance of cost records under section 148(1) of the Companies Act,2013 for the products sold by the Company. The cost records for the year are yet to be audited as these are under preparation.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, value added tax, duty of excise, goods and service tax, cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, value added tax, duty of excise, cess and other material statutory dues were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there were no dues of provident fund or goods and service tax or cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, duty of excise and sales tax/VAT have not been deposited by the Company on account of disputes:

Name of the statute	Nature of Dues	Gross disputed amount (Rs in Crores)	Amount deposited/adjusted under protest/appeal (Rs in Crores)	Amount not deposited (Rs in Crores)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.61	1.61[1]	-	A.Y. 2015-16	ITAT Delhi
	Income Tax and Interest	3.95	2.19[2]	1.76	A.Y. 2016-17	CIT (Appeals), New Delhi
	Income Tax	2.45	-	2.45	A.Y 2017-18	CIT(Appeals) New Delhi
Central Excise Act, 1944	Excise duty & Penalty	1.74	-	1.74	F.Y. 2010-11	CESTAT, New Delhi
Sales Tax/ VAT	UP Vat Demand	0.17	0.02	0.15	F.Y. 2010-11	Sales Tax Tribunal Noida

1. Adjusted against MAT credit available.
2. IT refund of Rs.2.19 crores adjusted against the demand.

(viii) According to the information and explanations given to us by the management, the company has not defaulted in the repayment of dues to banks and financial institution. The company has not taken any loan or borrowings from government and debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (Including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purposes for which they were raised.

(x) According to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration during the year. However, we have been informed that the company is a government company and as per notification no. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Sec.197 is not applicable to the government companies, Accordingly, paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

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

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

H.S. AHUJA & CO. New Delhi Chartered Accountants

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN: 20095483AAAAEO1964
Place: New Delhi
Dated: 5th June,2020

Annexure - B to the Independent Auditors' Report

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of **Gail Gas Limited** on the standalone financial statements for the year ended 31st March 2020.

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

We have audited the internal financial controls over financial reporting of Gail Gas Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN: 20095483AAAAEO1964
Place: New Delhi
Dated: 5th June,2020

Annexure - C to the Independent Auditors' Report

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

S No.	Directions	Auditor's Remark	Impact on Financial Statements
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	On the basis of information and explanation given to us and on the basis of our examination of the records of company, the company has system in place to process all the accounting transactions through IT system i.e. SAP System. Therefore, there is no implications on the integrity of the accounts and no financial implications thereof, since there is no processing of accounting transactions outside IT system.	Nil
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the- company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	According to the information and explanations given to us and based on the examination of the records, there are no cases of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan during the year under audit. Hence no comments are made on requirement of Direction No 2.	Nil
3	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	We have been informed that no such funds have been received/receivable from central/state agencies. Hence no comments are made on requirement of Direction No 3.	Nil

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

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN: 20095483AAAAEO1964
Place: New Delhi
Dated: 5th June,2020

Emphasis of Matter

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

Note no: 31(ii) & (iii) in respect of uncertain tax positions relating to disputed tax demand.

Note no: 40 in respect of provisions for employee benefit expenses made during the year.

Note no: 43 in respect of stating of investment in joint venture entity which includes the advance made as a part of investment.

Note no: 52 regarding non-provision of penalty for not meeting of the MWP targets.

Note no: 64 Regarding short incurring of expenses for Corporate Social Responsibility (CSR) activity.
Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Provisional liability on estimation basis Provisional liability of Rs. 93.59 crore outstanding as at March 31, 2020 made on the estimation basis Refer Note No. 39 to the Standalone Financial Statements	Principal Audit Procedures We reviewed procedure on the basis of which provision has been made on the basis of past event and contractual obligation executed as on date and reliable estimation have been made of the amount of the obligation on the basis of past event and execution of work.
2	Recoverability of Indirect tax receivables As at March 31, 2020, other current assets (Non-financial) in respect of claim recoverable includes VAT recoverable amounting to Rs 16.00 crores which are pending adjudication. Refer Note 41 to the Standalone Financial Statements	Principal Audit Procedures We have reviewed the information and detail given by the management to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.

S.S. Kothari & Co. New Delhi Chartered Accountants

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises information included in the Message from the chairman, Director's report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report, Annual report on CSR activities and Comments of CAG on the annual financial statements, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibility of Management for the Standalone Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

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

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013 we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in the paragraphs 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 book.

   (c) The balance sheet, the statement of profit and loss (including the other comprehensive income), the statement of changes in equity and the statement of cash flows 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 Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules,2015 as amended

   (e) Pursuant to the Notification No. GSR 463(E) dated 5^{th} June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of the Section 164 of the Companies Act,2013, are not applicable to the Company, being a Government Company.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

   In our opinion and according to the information and explanations given to us, the Company has not paid/provided any managerial remuneration to its directors during the year. However, we have been informed that the company is a government company and as per notification no. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Sec.197 is not applicable to the government companies. Therefore, the reporting requirement whether the remuneration paid/provided is in excess of the limit laid down under the provisions of Sec. 197 of the Act, is not applicable to the company.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note no 31 to the standalone financial statements;

New Delhi

ii. The Company did not have any long-term contracts including derivative contracts for which may lead to any material foreseeable losses;

iii. There has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company.

3. As required by Section 143(5) of the Companies Act, 2013, refer "Annexure-C" attached.

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

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN:20095483AAAAEO1964
Place: New Delhi
Dated: 5th June,2020

GAIL GAS LIMITED

Standalone Balance Sheet as at 31st March 2020

(Rs in Crores)

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3A	1,194.27	975.96
(b) Right of Use Assets	3B	59.14	-
(c) Capital Work-In-Progress	3A	687.47	534.14
(d) Intangible Assets	04	7.14	9.34
(e) Financial Assets			
(i) Investments	05	320.86	173.52
(ii) Trade receivable	6A	0.90	2.32
(iii) Loans & Other Receivables	7A	4.22	1.52
(f) Non Current Tax Assets (Net)	8	1.10	4.58
(g) Other Non Current Assets (Non Financial)	9A	14.70	19.68
Total Non Current Assets (A)		**2,289.80**	**1,721.06**
Current Assets			
(a) Inventories	10	15.12	11.40
(b) Financial Assets			
(i) Trade Receivable	6B	484.65	280.47
(ii) Cash and Cash Equivalents	11	1.81	125.24
(iii) Loans & Other Receivables	7B	23.20	21.16
(iv) Other Financial Assets	12	-	0.27
(c) Other Current Assets (Non Financial)	9B	45.37	52.43
Total Current Assets (B)		**570.15**	**490.97**
TOTAL ASSETS (A+B)		**2,859.95**	**2,212.03**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	1,275.00	1,127.00
(b) Other Equity	14	432.85	293.48
Total Equity (C)		**1,707.85**	**1,420.48**
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15A	155.84	154.72
(ii) Lease Liabilities		25.80	-
(b) Deferred Tax Liabilities (Net)	16	77.34	63.24
(c) Other Non Current Liabilities	17	2.89	-
Total Non Current Liabilities (D)		**261.87**	**217.96**
Current Liabilities			
(a) Lease Liabilities		13.79	-
(b) Financial Liabilities			
(i) Trade Payables			
- Other than Micro and Small Enterprises	18	270.89	213.63
- Micro and Small Enterprises	18	6.68	16.58
(ii) Other Financial Liabilities	15B	447.91	165.54
(c) Other Current Liabilities	19	37.46	48.69
(d) Provisions	20	113.50	129.15
Total Current Liabilities (E)		**890.23**	**573.59**
TOTAL EQUITY AND LIABILITIES (C+D+E)		**2,859.95**	**2,212.03**

The accompanying Notes form an integral part of the Standalone Financial Statements. 1 to 71

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

Deepak Asija	Pankaj Walia	A K Jana	A K Tiwari	Manoj Jain
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN-07654612	DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED ★ NOIDA
H.S. AHUJA & CO. New Delhi

GAIL GAS LIMITED

Standalone Statement of Profit and Loss for the year ended 31st March 2020

(Rs in Crores)

	Particulars	Note	Year Ended 31st March 2020	Year Ended 31st March 2019
I	**INCOME**			
	Revenue from operations (Gross)	21	5,143.86	5,367.05
	Other Income	22	12.93	13.42
	Total Income		**5,156.79**	**5,380.47**
II	**EXPENSES**			
	Gas Consumed	23	4,667.09	5,007.10
	Excise Duty		45.96	37.41
	Employee Benefit Expenses	24	71.00	74.17
	Finance Cost	25	9.33	2.15
	Depreciation and Amortization Expenses	26	51.03	32.14
	Other Expenses	27	108.87	101.89
	Total Expenses		**4,953.28**	**5,254.86**
III	**Profit before Tax**		**203.51**	**125.61**
IV	**Tax Expenses**	28	**47.26**	**44.67**
	- Current tax		33.15	21.41
	- Deferred tax		(2.27)	22.43
	- Provision for MAT credit		16.51	-
	- Adjustment of tax relating to previous years		(0.13)	0.83
V	**Profit after Tax**		**156.25**	**80.94**
VI	**Other comperhensive income**			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
	- Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods :		-	-
	- Re-measurement gains/ (losses) on defined benefit plans		-	-
	- Revaluation of land and buildings		-	-
	- Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
	Other comprehensive income for the year (net of tax)		-	-
VII	**Total comprehensive income (Net of Tax) (V+VI)**		**156.25**	**80.94**
VIII	**Earning per share in (Rs.) (face value of Rs. 10 each)**	67		
	Basic (Rs.)		1.33	0.78
	Diluted (Rs.)		1.32	0.78

The accompanying Notes form an integral part of the Standalone Financial Statements. 1 to 71

There is no discontinuing operation in the above period

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

Deepak Asija	**Pankaj Walia**	**A K Jana**	**A K Tiwari**	**Manoj Jain**
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN-07654612	DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED * NOIDA

GAIL GAS LIMITED

Standalone Cash Flow Statement for the year ended 31st March 2020

(Rs in Crores)

Particulars		Year ended 31st March 2020		Year ended 31st March 2019	
A CASH FLOW FROM OPERATING ACTIVITIES					
1 **Profit before Tax**			203.51		125.61
2 **Adjustment for :**					
	Depreciation & Amortization Expenses	51.03		32.14	
	Exchange Rate Variation on foreign currency	0.01		0.01	
	Provision for Doubtful Debts	3.60		-	
	Provision for probable obligation	0.63		1.68	
	Loss / (Profit) on sale of fixed assets	0.01		(0.50)	
	Other Misc. Income	(0.13)		-	
	Dividend Income on Investments	(0.25)		-	
	Finance Cost	9.33		2.15	
	Interest Income	(11.64)		(12.08)	
			52.59		23.40
3 **Operating Profit Before Working Capital Changes (1 + 2)**			**256.10**		**149.01**
4 **Changes in Working Capital (Excluding Cash & Bank Balances)**					
	Trade and Other Receivables	(187.02)		(7.41)	
	Inventories	(3.72)		(2.73)	
	Trade and Other Payables	58.33	(132.41)	46.53	36.39
5 **Cash Generated from Operations (3 + 4)**			**123.69**		**185.40**
6 **Direct Taxes Paid**			(28.72)		(27.91)
NET CASH FROM OPERATING ACTIVITIES (5 + 6)			**94.97**		**157.49**
B CASH FLOW FROM INVESTING ACTIVITIES					
	Purchase of Fixed Assets (Net)	(431.46)		(414.76)	
	Investment in Other Companies (Net)	(145.70)		(30.00)	
	Proceeds from reduction in share capital-KGGL	-		11.92	
	Dividend received on Investments	0.25		-	
	Interest Received	11.64		12.08	
NET CASH FROM INVESTING ACTIVITIES			(565.27)		**(420.76)**
C CASH FLOW FROM FINANCING ACTIVITIES					
	Proceeds from Equity	228.70		100.00	
	Proceeds from Long Term Borrowings	22.54		36.66	
	Repayment of Long Term Borrowings	(20.06)		(15.56)	
	Net Proceeds / (Repayment) from Short Term Borrowings	148.91		-	
	Repayment of Lease Liability	(8.07)		-	
	Interest Paid	(6.65)		(2.15)	
	Dividend Tax Paid	(18.50)		-	
NET CASH FROM FINANCING ACTIVITIES			**346.87**		**118.95**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)			**(123.43)**		**(144.32)**
CASH AND CASH EQUIVALENTS AS AT 01.04.2019			**125.24**		**269.56**
CASH AND CASH EQUIVALENTS AS AT 31.03.2020			**1.81**		**125.24**

Note:

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

The accompanying Notes form an integral part of the Standalone Financial Statements. 1 to 71

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

Deepak Asija	Pankaj Walia	A K Jana	A K Tiwari	Manoj Jain
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN-07654612	DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED

Standalone Statement of changes in Equity for the year ended 31st March 2020

I. Equity Share Capital (Note 13)
Equity Share Capital issued, Subscribed & Paid Up Equity Share of Rs.10 Each

(Rs in Crores)

Particulars	Amount
As at 1st April 2019	1,127.00
Changes in equity share capital during the year	148.00
As at 31st March 2020	**1,275.00**

II. Other Equity (Note 14)

(Rs In Crores)

Particulars	Deemed Equity	Share Application money Pending allotment	Reserves and surplus	Other comprehensive Income	Total
Balance as at 1st April 2019	-	-	**293.48**	-	**293.48**
Profit for the year	-	-	156.25	-	156.25
Transfer during the year	10.92	-	-	-	10.92
Share application money received	-	80.70		-	80.70
Interim Dividend	-	-	(90.00)	-	(90.00)
Corporate Dividend Tax	-	-	(18.50)	-	(18.50)
Balance as at 31st March 2020	**10.92**	**80.70**	**341.23**	-	**432.85**

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

Deepak Asija
Company Secretary
PAN-ADRPA0983E

Pankaj Walia
CFO
PAN-AABPW1139M

A K Jana
CEO
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As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

1. Corporate Information

The company is domiciled in India with registered office in New Delhi. It is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonepat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshina Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Distrcis & Seraikela-Kharsawan Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Gujarat, Uttrakhand, Goa, Rajasthan and Assam through its Joint Venture companies

The financial statements of the company for the year ended 31st March 2020 were authorized for issue by Board of Directors on 05.06.2020

2. Basis of preparation and significant accounting policy

a) Basis of preparation

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

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

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

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

b) Summary of significant Accounting Policics

(i) Property, Plant and Equipment (PPE)

(a) Tangible Assets

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

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S.H. AHUJA & CO. New Delhi

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

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

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

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

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

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

(b) Capital Work in Progress

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

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

(ii) Intangible Assets

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

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

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

(iii) Impairment of Assets

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

(iv) Inventories

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

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

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

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

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

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

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

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

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

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

(v) Foreign Currency Transactions

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

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

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

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

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

(vi) Revenue and Other Income

Sales are recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled in exchange for those goods or services. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

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

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

(vii) Employee Benefits

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

(viii) Borrowing Costs

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

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

(ix) Leases

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

As a lessee

Identification of Lease

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

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

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

Recognition of Right of Use Asset (ROU)

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

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

Recognition of Lease Liability

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

As a lessor

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

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

(x) Taxes

(a) Current Income Tax

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

(b) Deferred Tax

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

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

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

(xi) Provisions, Contingent Liabilities, Contingent Assets and Commitments

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

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

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

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

(xii) Government Grants

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

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

(xiii) Current Versus Non-Current Classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

(xiv) Financial Instruments

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

(a) Financial Assets

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

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

Subsequent Measurement
For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortized cost**

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

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

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

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

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

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

Investment in Subsidiaries, Joint Ventures and Associates
The company has accounted for its investment in joint ventures at cost.

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

(b) Financial Liabilities

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

Initial Recognition and Measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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

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

- **Financial Liabilities at amortized cost**

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

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

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

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

De-recognition

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

(c) Offsetting of Financial Instruments

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

(xv) Others

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

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

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

(xvi) Earnings Per Share

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

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

(xvii) Significant Accounting Judgments, Estimates and Assumptions

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

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

(a) Judgments

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

Contingencies

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

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

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

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

(b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of Financial Assets

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

Leases - Estimating the incremental Borrowing Rate

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

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

(Rs in Crores)

Cost/ Valuation	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
1. Cost or deemed cost (Gross Carrying Amount)								
Balance as at 1st April 2019	18.61	7.24	959.84	50.69	1.02	13.94	1,051.34	534.14
Additions	9.68	-	240.13	9.05	0.05	4.60	263.51	417.66
Transfer to Capitalisation	-	-	-	-	-	-	-	(264.33)
Disposals	-	-	-	-	-	(0.04)	(0.04)	-
Reclassification / Adjustment	-	(7.24)	(3.03)	(0.32)	(0.02)	0.20	(10.41)	-
Balance as at 31st March 2020	28.29	-	1,196.94	59.42	1.05	18.70	1,304.40	687.47

Depreciation and impairment	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
Balance as at 1st April 2019	-	0.40	65.40	4.22	0.29	5.07	75.38	
Depreciation expense	-	-	34.51	1.65	0.10	2.08	38.34	-
Impairment	-	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	-	-	-	(0.03)	(0.03)	-
Reclassification / Adjustment	-	(0.40)	(3.02)	(0.23)	-	0.09	(3.56)	-
Balance as at 31st March 2020	-	-	96.89	5.64	0.39	7.21	110.13	-

Net Book value	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
As at 31st March 2020	28.29	-	1,100.05	53.78	0.66	11.49	1,194.27	687.47
As at 31st March 2019	18.61	6.84	894.44	46.47	0.73	8.87	975.96	534.14

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Note 3B : Right of Use Assets

(Rs in Crores)

Cost/ Valuation	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
1. Cost or deemed cost (Gross Carrying Amount)					
Balance as at 1st April 2019	9.89	4.96	4.20	-	19.05
Reclassification	17.75	-	-	-	17.75
Additions	6.71	11.01	14.58	0.12	32.42
Transfer to Capitalisation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
Other adjustment	-	-	-	-	
As at 31st March 2020	**34.35**	**15.97**	**18.78**	**0.12**	**69.22**

Depreciation and impairment	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
Balance as at 1st April 2019	0.40	-	-	-	0.40
Depreciation expense	1.78	3.01	4.85	0.04	9.68
Impairment	-	-	-	-	-
Disposal/Other adjustment	-	-	-	-	-
Transfer	-	-	-	-	-
As at 31st March 2020	**2.18**	**3.01**	**4.85**	**0.04**	**10.08**

Net Book value	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
As at 31st March 2020	**32.17**	**12.96**	**13.93**	**0.08**	**59.14**
As at 31st March 2019	**9.49**	**4.96**	**4.20**	**-**	**18.65**

Note 4 : Intangible Assets

(Rs in Crores)

Cost/Valuation	Right of use	Computer software/Licenses	Total
1. Cost or Deemed Cost (Gross Carrying Amount)			
Balance as at 1st April 2019	**0.35**	**18.87**	**19.22**
Additions	-	0.81	**0.81**
Disposals	-		-
Balance as at 31st March 2020	**0.35**	**19.68**	**20.03**

(Rs In Crores)

Accumulated amortization and impairment	Right of use	Computer software/Licenses	Total
Balance as at 1st April 2019	-	**9.88**	**9.88**
Amortization expense	-	3.01	**3.01**
Disposals			-
Balance as at 31st March 2020	**0.00**	**12.89**	**12.89**

(Rs In Crores)

Net Book Value	Right of use	Computer software/Licenses	Total
As at 31st March 2020	**0.35**	**6.79**	**7.14**
As at 31st March 2019	**0.35**	**8.99**	**9.34**

Note 5 : Investments

(Rs in Crores)

	Particulars	Nature of investment	Basis of valuation	As at 31st March 2020	As at 31st March 2019
	Non-Current Investments				
	In Joint Venture Companies:				
1	- Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) 383,70,849 Equity shares of Rs 10 each fully paid up (Previous year 325,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	38.37	32.50
2	-Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) 10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up (Previous year Nil)	Preference Shares	Cost	100.00	-
3	Deemed Investment in Andhra Pradesh Gas Distribution Corporation Limited (Ref Note. 49) (Previous year Nil)		Fair Value	1.64	-
4	- Kerala GAIL Gas Ltd (KGGL) 5,000 Equity shares of Rs 10 each fully paid up (Previous year 5,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	0.01	0.01
5	- Rajasthan State Gas Limited (RSGL) 650,00,000 Equity shares of Rs 10 each fully paid up (Previous year 650,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	65.00	65.00
6	- Vadodara Gas Limited(VGL) 4,10,08, 943 Equity shares of Rs 10 each fully paid up (Previous year 4,10,08, 943 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	41.01	41.01
7	-Haridwar Natural Gas Private Limited (HNGPL) 222,00,000 Equity shares of Rs 10 each fully paid up) (Previous year 125,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	22.20	12.50
8	-Goa Natural Gas Private Ltd (GNGPL) 175,00,000 Equity shares of Rs 10 each fully paid up (Previous Year 95,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Cost	17.50	9.50
9	-Purba Bharati Gas Private Limited 260,00,000 Equity shares of Rs 10 each fully paid up (Previous year Nil)	Equity shares	Cost	26.00	-
	Advances for Investments (Pending Allotment)				
10	-Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)	Equity shares	Cost	9.13	10.00
11	-GOA Natural Gas Limited (GOANGPL)	Equity shares	Cost	-	3.00
	Total			**320.86**	**173.52**

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Note 6A : Trade Receivables- Non Current

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables	5.16	3.85
Receivables from Related Parties	0.04	0.04
Less: Provision for Doubtful Debts	4.30	1.57
Total Trade and Other Receivables	**0.90**	**2.32**

Note 6B : Trade Receivables- Current

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables	482.41	274.63
Receivables from Related Parties	3.11	5.84
Less: Provision for Doubtful Debts	0.87	-
Total Trade and Other Receivables	**484.65**	**280.47**

Break up of Trade Receivables

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Non Current(Unsecured)		
Considered good	0.90	2.32
Considered doubtful	4.30	1.57
	5.20	**3.89**
Less: Provisions for bad and doubtful debts	4.30	1.57
	0.90	**2.32**
Current(Unsecured)		
Considered good	484.65	280.47
Considered doubtful	0.87	-
	485.52	**280.47**
Less: Provisions for bad and doubtful debts	0.87	-
	484.65	**280.47**
Total Trade and Other Receivables	**485.55**	**282.79**

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

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Other Loans & Receivables:		
- Security deposits:		
- Unsecured, Considered Good	1.52	1.52
- Unsecured, Considered Doubtful	-	3.54
Less : Provision for Doubtful Deposits	-	3.54
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good)	2.70	-
[Including Rs.1.38 Cr. and Rs.1.32 Cr (Previous year Nil) in respect of APGDCL & GNGPL respectively on account of Corporate guarantee for JV Company (Ref Note .49)]		
Total	**4.22**	**1.52**

Note 7B : Loans & Other Receivables (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good)	23.20	21.16
[including Rs.1.19 Crore (Previous year Nil) on account Finanacial Guarantee of GNGPL, JV Company - Ref Note 49]		
Total	**23.20**	**21.16**

Note 8 : Non Current Tax Assets (Net)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance tax and TDS	102.56	72.89
Less: Provision for Tax	101.46	68.31
Total	**1.10**	**4.58**

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

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Advances (Unsecured considered good)	-	19.65
Other advances recoverable in cash or in kind (Unsecured considered good)	8.45	0.03
Prepaid Expenses	6.25	-
[Including Rs.0.13 Cr, Rs.2.45 Cr and Rs.0.25 Cr. (Previous year Nil) in respect of Finanacial Guarantee of Holding Company - Ref Note 49]		
Total	**14.70**	**19.68**

Note 9B : Other Current Assets (Non Financial)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Claims recoverables: (Unsecured considered good)	24.14	43.39
Other advances recoverable in cash or in kind (Unsecured considered good)	8.48	6.43
Prepaid Expenses [including Rs.2.90 Crore (Previous year Nil) on account Finanacial Guarantee for JV Company - Ref Note 49]	12.75	2.61
Total	**45.37**	**52.43**

Note 10 : Inventories

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Stock in Trade:		
Gas	0.35	1.39
Finished Goods:		
Compressed Natural Gas	0.25	0.18
Stores and Spares:		
Stores and Spares	14.35	8.53
Material in Transit	-	1.13
Material issued on loan	0.17	0.17
Total	**15.12**	**11.40**

Note 11 : Cash and Cash Equivalents

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with banks:		
- Current accounts	0.50	2.17
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	-	72.00
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	-	48.10
Cash in hand	1.27	2.97
Cheques in hand	0.04	-
Total	**1.81**	**125.24**

Note 12 : Other Financial Assets (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest Accrued but not due	-	0.27
Total	**-**	**0.27**

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Note 13 : Equity share capital

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Share capital		
Authorised		
200,00,00,000 Equity Shares of Rs. 10 each	2,000.00	2,000.00
(Previous Year 200,00,00,000 Equity shares of Rs. 10 each)		
	2,000.00	**2,000.00**
Issued, subscribed and fully paid up		
114,23,34,132 Equity shares of Rs. 10 each (in cash)	1,142.33	994.33
(Previous Year 99,43,34,132 Equity shares of Rs. 10 each)		
132,66,5868 Equity Shares of Rs. 10 each (otherwise than in cash)	132.67	132.67
(Previous Year 132,66,5868 Equity shares of Rs. 10 each)		
Total	**1,275.00**	**1,127.00**

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

Description	31st March 2020		31st March 2019	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	1,127,000,000	1,127.00	877,000,000	877.00
Change in Equity Share during the year	148,000,000	148.00	250,000,000	250.00
Outstanding at the end of the period	**1,275,000,000**	**1,275.00**	**1,127,000,000**	**1,127.00**

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

Description	31st March 2020		31st March 2019	
	No of Share	% Holding	No of Share	% Holding
Equity share of Rs.10 Each fully Paid Up				
GAIL(India) Ltd	1,275,000,000	100%	1,127,000,000	100%

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

NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Note 14 : Other equity

(Rs In Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Deemed Equity * (Ref. Note 49)	10.92	-
Share Application Money Pending Allotment		
i) Consideration received in Cash Pending Allotment of Equity Shares from GAIL (India) Ltd	80.70	-
Retained Earnings		
Opening balance	293.48	212.54
Add:Current Period Profit	156.25	80.94
Less: Appropriation		
-Interim Dividend	90.00	-
-Corporate Dividend Tax	18.50	-
Total	**432.85**	**293.48**

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

Note 15A : Borrowings

(Rs In Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Non current borrowings		
Secured Term loans:		
- Oil Industry Development Board	133.30	154.72
Secured against all the assets of Sonepat, Meerut, TTZ, Dewas & Bengaluru Projects. Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project. Availed during 2016-17,2017-18 and 2018-19 of Rs. 87.35 crore, Rs. 35.57 and 36.66 crore respectively for Bengaluru Project. Loan is repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement, for the amount of loan disbursed till financial year 2015-16. Loan is repayable in eight equal yearly instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17onwards. Loan disbursed in installment from June 2014 to March 2019 with rate of interest from 7.00% per annum to 8.81% per annum depending on date of disbursement.		
- State Bank of India	22.54	-
"Loan is availed based on the Corporate Guarantee of the parent company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the geographical areas of Firozabad, Taj Trapezium Zone, (excluding the fixed assets at Bharatpur); Dakshin Kannada, Ganjam, Nayagarh & Puri, Giridh and Dhanbad, Sundargarh and Jharsuguda, and Dehradun. -'Loan will have a Door to Door tenor of 13 years comprising 4 year drawdown period, one year moratorium period and 8 year repayment period witb equated quarterly instalment starting from 31.12.2024 and will carry rate of interest linked to One month MCLR of SBI.		
Total	**155.84**	**154.72**

Note 15B : Other Financial Liabilities (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturity of Borrowings		
Secured Long Term loans:		
- Oil Industry Development Board	21.42	20.06
Secured against all the assets of Sonepat, Meerut Dewas, TTZ & Bengaluru project.		
Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project.		
Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project.		
These Loan are repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement.		
Loan disbursed in instalment from June 2014 to Jan 2016 with rate of interest from 7.97% to 8.81% per annum depending on date of disbursement.		
Availed during FY 2016-17 Rs 63 Crore @ 7% p.a rate of interest and Rs 24.35 Cr @ 7.20% p.a rate of interest for Bangaluru CGD project. These loans are repayable in 8 equal yearly Installments after expiry of		
Secured Short Term loans:		
- HDFC Bank	75.00	-
- Bank Overdraft - HDFC Bank	41.05	-
The short term loan from HDFC Bank secured against first hypothecation charge on current assets of the Company.		
Unsecured Short Term loans:		
- ICICI Bank	32.86	-
Deposits/Retention Money from Customers/contractors/others	180.90	139.56
Interim dividend payable (Ref Note 50)	90.00	-
Other Liabilities	6.68	5.92
Total	**447.91**	**165.54**

Note 16 : Deferred Tax Liabilities (Net)

(Rs in Crores)

Particulars	As at 31st March 2020		As at 31st March 2019	
Deferred Tax Liabilities		77.34		79.61
Less: Corporate MAT Receivable	16.51		16.37	
Less : Provision for MAT Credit	16.51	-	-	16.37
Total		**77.34**		**63.24**

Note 17 : Other Non Current Liabilities (Non Financials)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Financial Guarantee Obligation (Ref Note 49)	2.89	-
Total	**2.89**	**-**

Note 18 : Trade Payables

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade payables to related parties	248.97	166.07
Trade payable to Micro and Small Enterprises	6.68	16.58
Trade payable other than Micro and Small Enterprises	21.92	47.56
Total	**277.57**	**230.21**

Note 19 : Other Current Liabilities

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory payables		
TDS, VAT, Excise, GST and WCT payable	37.46	48.69
Total	**37.46**	**48.69**

Note 20 : Provisions

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Provisions :		
Provisional Liabilities	93.59	104.93
Provision for Employee Benefits	16.55	20.67
Provision for Probable Obligations	3.36	3.55
Total	**113.50**	**129.15**

Note : 21 Revenue from Operations (Gross)

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Sale of products/Gas	5,053.72	5,282.33
Gas Transmission charges	83.50	81.35
Other Operating Revenues:		
Service charges	3.43	0.27
Application Fees Domestic Connections	0.44	0.53
Interest Income from Customers & Others	1.57	1.14
Income from Extra Pipe Line	1.05	0.64
Income from after Sales Service	0.08	0.04
Minimum Guranteed Offtake Receipts	0.07	0.75
Total	**5,143.86**	**5,367.05**

Note : 22 Other Income

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Income	11.64	12.08
Miscellaneous Receipts [including Rs.0.13 Crore (Previous year Nil) on account Finanacial Guarantee for JV Company - Ref Note 49]	1.04	0.81
Profit on Sale of Fixed Assets(Net)	-	0.53
Dividend Income from Investments	0.25	-
Total	**12.93**	**13.42**

Note : 23 Gas Consumed

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening Stock	1.57	0.89
Add:Purchases	4,672.51	5,013.11
Less: Gas used as Fuel	6.38	5.33
Less: Closing Stock	0.61	1.57
Gas Consumed	**4,667.09**	**5,007.10**

Note : 24 Employee Benefit Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salary Wages & Allowances	71.89	62.34
Contribution to Provident Fund	7.09	4.17
Welfare Expenses	22.17	26.55
Less: Employees Benefits Transferred to IEDC	30.15	18.89
Total	**71.00**	**74.17**

Note : 25 Finance Cost

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest on Term Loan From SBI	0.12	-
Interest on Term Loan From OIDB	12.74	11.14
Interest on Working Capital /Cash Credit Facilities	2.61	0.10
Interest on Lease Liability	2.55	-
Interest on Others [including Rs.2.68 Crore (Previous year Nil) on account Finanacial Guarantee of Holding Company - Ref Note 49]	3.25	-
Less: Interest & Finance Charges transferred to IEDC	11.94	9.09
Total	**9.33**	**2.15**

Note : 26 Depreciation & Amortisation Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation & Amortisation Expenses	51.03	32.14
Total	**51.03**	**32.14**

Note : 27 Other Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Power & Fuel Charges		
-Electricity Charges	2.01	1.70
-Fuel Charges	6.38	5.33
Rent-Office & Others [1]	7.97	8.78
Repairs and Maintenance		
-Plant & Machinery	38.90	28.24
-Buildings	0.19	0.15
-Others	2.79	2.96
Insurance Charges	1.18	0.44
Rates & Taxes	0.80	0.35
Payment to Auditors		
-Audit Fees	0.05	0.05
-Tax Audit Fees	0.01	0.01
-Other Services (for issuing certificates, etc.)	0.02	0.01
-Travelling & Out of Pocket Expenses	0.02	0.02
Stores & Spares Consumed	2.71	2.60
Loss/(Gain) of Foreign Currency Transaction	0.01	0.01
Water Charges	0.02	0.02
Communication Expenses	0.23	0.20
Printing & Stationery	0.48	0.39
Travelling Expenses	4.64	3.40
Books & Periodicals	0.01	0.01
Provision for Probable Obligation	0.63	1.68
Advertisement & Publicity [2]	1.18	3.73
Training Expenses	0.56	1.91
Vehicle Hire & Running Expenses [3]	4.18	5.23
Consultancy & Legal Charges	3.13	3.18
Data Processing Expenses	6.63	3.38
Selling & Distribution Expenses	3.30	1.65
Dealer Commission	8.67	8.93
Security Expenses	4.98	4.83
CSR Expenses	1.86	1.98
Other Miscellaneous Expenses	5.22	3.05
Loss on sale of Fixed aseet	0.01	0.03
Provision for Doubtful debts	3.60	-
Business Development Expenses	0.13	9.84
Less: Expenditure transferred to CWIP		
IEDC- Rent & Warehouse Expenses	0.34	0.32
IEDC - Travelling Expenses	1.55	0.69
IEDC - Vehicle Hire Charges	1.34	1.19
IEDC - Other Misc Expenses	0.40	-
Total	**108.87**	**101.89**

Note : 1. Includes an amount of Rs.4.85 Crore on account of lease expenses.
2. Includes an amount of Rs.0.01 Crore on account of lease expenses.
3. Includes an amount of Rs.2.22 Crore on account of lease expenses.

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NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Note : 28 Tax Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current tax	33.15	21.41
Deferred Tax	(2.27)	22.43
Provision for MAT credit	16.51	-
Provision / Adjustment of Tax relating to earlier periods	(0.13)	0.83
Total	**47.26**	**44.67**

29. The Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Share Capital of the Company as on 31st March,2020 is Rs. 2000 Crores (Previous Year: Rs. 2000 crores) and issued, subscribed and paid-up equity share capital as on 31st March, 2020 is Rs.1275 Crores (Previous Year: Rs. 1127 Crores).

30. Capital Commitments:

(i) The estimated amount of contracts over Rs. 5 lacs amounting to Rs.720.87 Crores (Previous Year Rs. 446.04 Crores) are remaining to be executed on capital account and not provided for.

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

31. Contingent Liabilities:

Claims against the company not acknowledged as debts:

(i) Legal & other cases of Rs. 126.15 Crores (Previous Year: Rs.132.78 Crores) by vendors/suppliers/contractors etc.

(ii) Disputed Direct Tax Demand of Rs.8.01 Crores (Previous Year: Rs.5.56 Crores) as per the following details :

(a) <u>Assessment Year 2015-16 (Financial Year 2014-15) - Rs. 1.61 Crores.</u>

The assessment of income for the Assessment Year 2015-16 was done by the assessing officer u/s 143 (3) of the Income Tax Act,1961 vide assessment order dated 28.12.2017, by disallowing certain expenses and adjusting the Income tax demand of Rs.1.61 Crores against carry forward Minimum Alternate Tax credit (MAT) available to the company. Dissatisfied with the disallowances made, the company had filed appeal with CIT(Appeals), which was partly allowed by the Appellant Authority vide order dated 26.02.2019, received by the company on 02.04.2019. Dissatisfied with the order of CIT (Appeals), the company has filed appeal with Income Tax Appellate Tribunal, Delhi (ITAT) on 28.05.2019 and final outcome of which is pending as on 31.03.2020. Accordingly, the demand of Rs. 1.61 Crores adjusted by the Assessing Officer against MAT credit available to the company has been shown as Contingent Liability.

(b) <u>Assessment year 2016-17 (Financial Year 2015-16) - Rs. 3.95 Crores.</u>

The Assessing Officer (AO) has raised income tax demand of Rs. 2.49 Crores including interest of Rs. 0.73 Crores after adjusting income tax refund due to the company of Rs. 2.19 Crores vide its order dated 07.12.2018 for assessment year 2016-17. The company has filed an appeal against the same with CIT (Appeals) on 04.01.2019. The final outcome of which is pending as on 31.03.2020. Subsequently, Assessing Officer has rectified its order u/s 154 dated 14.01.2019 and reduced the income tax demand to Rs. 1.76 Crores including interest. Accordingly, a sum of Rs. 3.95 Crores has been shown as Contingent Liability since the sum of Rs. 2.19 Crores being the refund adjusted by AO and the demand of Rs. 1.76 Crores including interest has not been accepted by the company and appeal has been filed with CIT (Appeals).

(c) Assessment Year 2017-18 (Financial Year 2016-17) - Rs 2.45 Crores.

The assessment of income for the Assessment Year 2017-18 was done by the assessing officer u/s 143 (3) of the Income Tax Act,1961 vide assessment order dated 30.11.2019 by disallowing certain expenses and raising income tax demand of Rs. 2.45 Crores. Dissatisfied with the disallowances made, the company has filed an appeal with CIT (Appeals), final outcome of which is pending as on 31.03.2020. Accordingly, the sum of Rs. 2.45 Crores has been shown as Contingent Liability.

Subsequently, during the year, the company has decided to settle all the above disputed income tax cases under the newly introduced Direct Tax Vivad se Vishwas Act, 2020 vide Govt. of India Gazette Notification dated 18.03.2020 for which Board approval was taken on 24.04.2020. As per the said Act, the company has an option to pay the principal amount of disputed tax demand by 31.12.2020 with waiver of demand on account of penalty and interest. As per the joint certification signed on 05.03.2020 between the Company and the Income Tax Department, the demand of Rs.7.54 Crores has been agreed to be set off against the carry forward available MAT credit of Rs.16.51 Crores and waiver of interest of Rs.0.46 Crores with refund of Rs. 2.19 Crores. As on the reporting date, the company is in the process of making settlement under the Direct Tax Vivad se Vishwas Act, 2020.

(iii) Disputed Indirect Tax demand under the Excise and VAT Acts of Rs. 1.89 Crores (Previous Year: Rs. 2.03 Crores)

(iv) Bank Guarantees of Rs.7065.99 Crores as per the following details :

(a) Bank Guarantees of Rs. 7036.49 Crores (Previous year: Rs. 7090.18 Crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per the requirement of the grant of authorization of various geographical areas (GAs) awarded to the company including for the GA awarded to Goa Natural Gas Pvt. Ltd., a joint venture company.
(b) Rs. 29.50 Crores (Previous year: Rs. 7.38 Crores) in favour of Central and State Authorities and other companies for permission charges for various GAs.

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

32. During the year, the company has provided Comfort Letter (Corporate Guarantee) in favour of Andhra Bank Rs.100 Crores and in favour of Bank of Maharastra of Rs. 50 Crores in connection with sanction of long term loan of Rs.200 Crores by Andhra Bank and Rs. 100

Crores by Bank of Maharashtra to Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture Company for its Kakinada – Srikakulam Pipeline Project, based on Counter Guarantee of APGDCL and a Guarantee Commission @1% per annum on the outstanding amount of Loan on quarterly basis. Comfort Letter in favour of these banks for the balance amount of Rs. 150 Crores has been provided by other Joint Venture Partner. Against the above comfort letter, Andhra Bank has sanctioned a loan of Rs.200 Crores and balance outstanding as on 31st March, 2020 payable by APGDCL to Andhra Bank is Rs.67.38 Crores. The Loan sanction from Bank of Maharashtra is under process.

33. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities and accordingly employee expenses of such employees have been accounted for under project and operation activities respectively. Rent expenses and other expenses for on-going projects have been accounted for under project activities. The Incidental Expenditure during Construction amounting to Rs.33.78 Crores (Previous Year: Rs. 21.09 Crores) have been allocated to completed Projects and Capital Work in Progress in the ratio of allocated cost of assets.

34. Capital Work in Progress includes assets under construction which are under different stages of completion. Capitalization is done as and when asset is ready to put to use.

35. (i) Title Deeds in respect of Freehold Land of Rs.2.05 Crores (Previous Year: Rs. 2.05 Crores) measuring 3004.42 square meter is pending for execution including Rs. 0.15 Crores (Previous Year: Rs.0.15 Crores) towards registration charges provided on provisional basis]. Mutation of Freehold Lands is in process.

(ii) Title Deeds in respect of Leasehold Land at Kota, Rajasthan of Rs. 3.71 Crores (Previous Year: Rs. 3.71 Crores) is still in the name of the company, for which the physical possession of the land has been transferred to Rajasthan State Gas Ltd. (RSGL), a joint venture company on 31.07.2017 on transfer of Kota City Gas Distribution Business to RSGL and the same had been de-capitalized in the books of the company during FY 2017-18. The mutation of the land in the name of RSGL is under process.

36. Building of Rs. 59.42 Crores (Previous Year : Rs. 50.69 Crores) which includes :-

(i) Building of Rs. 10.66 Crores (Previous Year : Rs. 10.58 Crores) constructed on land provided by the holding company GAIL (India) Ltd. for which the terms and conditions are yet to be finalized.

(ii) Building of Rs.1.66 Crores (Previous Year : Rs.2.23 Crores) constructed on land measuring 2080 square meter taken from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).

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

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(iv) Building of Rs. 9.56 Crores (Previous Year : Rs. 4.98 Crores) constructed on the land measuring 12,533 square meter provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per the terms and conditions of agreement.

(v) Building of Rs. 6.38 Crores (Previous Year : Rs. 3.26 Crores) constructed on the land provided by the dealers of CNG stations, warehouse providers and land taken on rent etc.

37. Company has paid an amount of Rs. 11.00 Crores (Previous Year: Rs.9.97 Crores) for purchase of 10 numbers (Previous Year: 9 numbers) of lands measuring 18,050 square meter (Previous Year: 15,333 square meter) from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Total amount of Rs. 11.00 Crores paid to KIADB has been accounted for under Right to Use Assets during the year as per the requirement of Ind AS 116, as KIADB shall sell the said lands to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per the terms and conditions of agreement.

Company has executed Lease cum Sale Agreement of lands of Rs. 9.77 Crores (Previous Year:Rs. 9.47 Crores) including Stamp Duty and Registration Charges for 8 numbers of KIADB lands as on 31.03.2020 measuring 14,733 square meter. The Company is also required to pay Lease Charges and Maintenance Charges annually for these lands. Further, execution of Lease cum Sale Agreement of lands of Rs. 1.23 Crores (Previous Year : Rs. 0.50 Crores) is pending for remaining 2 numbers of land measuring 3,317 square meter.

38. The Board of Directors of the company in its meeting held on 27.10.2017 has approved the purchase of 5 Last Mile Connectivity Assets from the holding company, GAIL (India) Ltd. in Bengaluru City at an estimated book value of Rs. 53.39 Crores as on 30.06.2017 plus applicable taxes. The asset transfer value shall be at the book value as on the date of transfer plus any taxes (other than taxes on income) involved in the transaction including any stamp duty. Accordingly, the Company has purchased 3 Last Mile Connectivity Assets from GAIL (India) Ltd. in Bengaluru City at a book value of Rs. 27.57 Crores excluding Stamp Duty as per Pipeline Transfer Agreement dated 05.12.2018 executed with GAIL (India) Ltd. Further, during the year, remaining 2 Last Mile Connectivity Assets of Rs, 14.73 Crores excluding Stamp Duty have been purchased at the book value for GAIL (India) Ltd. A provision for liability on estimated basis on account of Stamp Duty amounting to Rs. 2.79 Crores (Previous Year : Rs. 1.82 Crores) has been provided pending registration. Process for registration of pipelines has been taken up but could not be completed due to lockdown on account of COVID 19.

39. Provisional liabilities of Rs. 93.59 Crores (Previous Year Rs. 104.93 Crores) have been created in the books of accounts as on 31.3.2020 on the basis of work done till 31.03.2020 for which invoices are yet to be received, which will be settled on submission of actual invoices by the parties.

40. Salary and Allowances of employees posted in the Company are being paid by the Company. A sum of Rs. 16.00 Crores (Previous Years : Rs. 20.41 Crores) on account of share of Employees Benefits Expenses of the employees of the company based of actuarial valuation carried out by the Holding Company GAIL(India) Limited on 31.3.2020 and debited by the Holding Company has been accounted for under Employee Benefit Expenses. No disclosure as per the requirement of Ind AS 19 has been made as the same have been complied by Holding Company including for the employees posted in the company, since all the employees are on the rolls of the Holding Company GAIL (India) Limited.

41. Claim recoverable includes an amount of Rs. 16.00 Crores (Previous Year Rs. 37.25 Crores) towards refund of VAT (excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas) in the state of Haryana and Gujarat. The refund of VAT is being pursued with concerned authorities and is considered good.

42. In compliance to Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, the company is having/has applied for PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has also applied for Factory Licenses for the Company owned CNG stations, which is in process. Further, necessary advice has been given to owners of CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain the Factory License in respect of these CNG Stations.

43. As on 31.3.2020, the company has an equity investment of Rs. 47.50 Crores (Previous Year : Rs. 42.50 Crores) in Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture (JV) company, including advance pending allotment of Rs. 9.13 Crores (Previous Year : Rs. 10.00 Crores) as per joint venture agreement. During the year, the Company has subscribed to the 9% Cumulative Compulsory Convertible Preference Shares (CCCPS) of face value of Rs.10 each at par of APGDCL amounting to Rs. 100 Crores. Further, the Board of Directors of the company during the year has given in principle approval to transfer shares held by the company in APGDCL (including shares held, subscription made against equity call, CCCPS and any further investment in APGDCL till final approval of the Board of GAIL(India) Limited is received) to GAIL(India) Limited and initiate necessary action in this regard subject to the consent of Govt. of Andhra Pradesh entities (i.e other joint venture partners of the JV company) and GAIL (India) Limited. The consent is yet to be received.

44. During the year a Joint Venture Company, Purba Bharati Gas Pvt. Ltd. has been incorporated on 19.11.2019 with a shareholding pattern in the ratio of 48%, 26% and 26% among Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd. respectively to carry on the city gas distribution (CGD) activities in the geographical areas of Kamrup and Kamrup Metropolitan Districts and geographical areas of Cachar, Hailakandi & Karimganj Districts in Assam awarded during 9th round of CGD Bidding by PNGRB for which Grant of Authorization had already been issued by PNGRB.

45. A Joint venture company, Kerala GAIL Gas Ltd. (KGGL) is in the process of voluntary winding up. No diminution in value of the balance equity investment of Rs. 0.01 Crores has been considered as the investment has been valued at cost since the assets of KGGL mainly consists of current assets in the form of deposits with Schedule Commercial Banks and there is no diminution in the value of such deposits on the reporting date.

46. During the year, the Board of Directors of the company in its meeting held on 04.04.2019 has approved the capital projects of estimated total cost of Rs.6121.28 Crores over the period of 25 years and investment of Rs.5584.65 Crores over the period of 8 years of the minimum work program (MWP) in respect of 5 numbers of Geographical areas (GAs) namely Giridh-Dhanbad Districts, Dakshina Kannada Districts, Sundergarh-Jharsuguda Districts, Ganjam-Nayagarh-Puri Districts and Dehradun Districts awarded to the company during 9th round of CGD Bidding by Petroleum and Natural Gas Regulatory Board (PNGRB) for carrying on the development of City Gas Distribution Network in these GAs subject to approval of the parent company. Subsequently, the parent company has also approved the investment in these 5 numbers of GAs of the company and the construction work of these capital projects is under progress to meet the MWP.

47. During the year, the Board of Directors of the company in its meeting held on 09.12.2019 has approved the capital projects of estimated total cost of Rs. 3699.92 Crores over the period of 25 years and investment of Rs.3284.20 Crores over the period of 8 years of the minimum work program (MWP) in respect of 4 numbers of Geographical areas (GAs) namely Seraikela – Kharsawan Districts, Mirzapur, Chandauli and Sonbhadra Districts, West Singhbhum Districts, and Raisen, Shajapur and Sehore Districts awarded to the company during 10th round of CGD Bidding by Petroleum and Natural Gas Regulatory Board (PNGRB) for carrying on the development of City Gas Distribution Network in these GAs subject to approval of the parent company. Subsequently, the parent company has also approved the investment in these 4 numbers of GAs of the company and the construction work of these capital projects is under progress to meet the MWP.

48. During the year, the company has entered into an agreement with State Bank of India (SBI) for a long term loan facility of upto Rs.1500 Crores for funding of the capital expenditure for 5 numbers of Geographical Areas (GAs) namely Giridh-Dhanbad Districts, Dakshina Kannada Districts, Sundergarh-Jharsuguda Districts, Ganjam-Nayagarh-Puri Districts and Dehradun Districts awarded to the company in the 9th PNGRB CGD Bidding round and geographical areas of Firozabad, Taj Trapezium Zone, (excluding Bharatpur).

The long term loan facility has been provided based on corporate guarantee of the Holding Company GAIL(India) Limited and security by way of first charge over the fixed assets (movable and immovable) both present and future of the above capital projects. The long term Loan facility is for a Door to Door tenor of 13 years comprising 4 years drawdown period, one year moratorium period and 8 years repayment period with equated quarterly instalment starting from 31.12.2024 and carry a floating rate of interest linked to One month marginal cost of lending rate (MCLR) of SBI. A sum of Rs.22.54 Crores is outstanding as on 31st March, 2020.

49. During the year, based on the fair valuation, the company has made the following recognition as per the provisions of Ind AS 109:-

a. In case of Corporate Guarantee of Rs. 5332.99 Crores provided by the Holding Company i.e. GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and Urban Districts GA and 4 GAs awarded under 10th PNGRB Bidding round, a sum of Rs. 5.60 Crores has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 2.68 Crores as guarantee commission expenses (Note-25) with corresponding credit of Rs. 8.28 Crores to deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

b. In case of Corporate Guarantee of Rs. 752 crore provided by the Holding Company i.e. GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB in connection with the GA awarded to the joint venture company i.e. GNGPL, a sum of Rs. 2.51 Crores has been shown as deemed receivable from the joint venture company (Note-7A & 7B) with corresponding credit of Rs. 2.51 Crores to deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

c. In case of Corporate Guarantee provided by the Holding Company i.e. GAIL (India) Ltd. for the long term loan upto Rs. 1500 Crores from SBI, a sum of Rs. 0.13 Crores has been shown as pre-paid expenses (Note-9A) with corresponding credit to deemed equity as capital contribution from the Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

d. In case of Comfort Letter (Corporate Guarantee) provided by the company to joint venture company i.e. APGDCL for raising loan upto Rs. 300 Crores from Banks, the company has recognized its share of the financial guarantee liability net of guarantee commission receivable from the JV company @1 % per annum on the amount of loan drawn by the JV company from Andhra Bank. Accordingly, based on the fair value of the corporate guarantee commission @2.1% per annum for the year with present value @ 8.56366 % of the future corporate guarantee period, deemed investment in the JV company of Rs.1.64 Crores (Note-5) and Guarantee commission receivable of Rs. 1.38 Crores (Note 7A) with corresponding credit of Rs.2.89 Crores to financial guarantee obligation (Note – 17) and Rs.0.13 Crores to deemed corporate financial guarantee miscellaneous income (Note -22) has been provided.

50. During the year, the company has declared an Interim Dividend @7.06% of the Paid up Equity Share Capital of the company amounting to Rs. 90 Crores for FY 2019-20, which has been paid on 29.04.2020.

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

52. The company is carrying on construction activities for the capital projects for the 9 numbers of GAs awarded to the company by PNGRB in the 9th and 10th PNGRB CGD bidding round to meet the MWP targets as per the grant of authorization. Keeping in view the non - availability of pipeline connectivity from the gas source in these GAs and present lock lockdown in the country from 23.3.2020 to contain the spread of COVID-19 disease, the company has requested PNGRB for deferment of the period of meeting of the MWP targets

under Regulation 12 of the PNGRB regulations and indications have been given by PNGRB for favourable consideration. Therefore, no provision has been made in respect of penalty for not meeting of the MWP targets.

53. During the year, the company has opted for the concessional income tax rate under section 115BAA introduced by the Taxation Laws (Amendment) Act, 2019 notified on 12th December,2019 by amending the Income Tax Act,1961 in this regard for which Board approval was taken on 24.04.2020. This has resulted in lower basic Income tax rate of 22% in place of basic income tax rate of 30% hitherto being considered by the company. This has resulted in decrease in income tax expense of the company for the year by Rs.26.42 Crores and increase in profit after tax of the company for the year ended 31.03.2020 to that extent, after considering the provision for available MAT Credit of Rs.8.97 Crores which is left after setting aside MAT credit for settlement under the Direct Tax Vivad se Vishwas Act,2020 of Rs 7.54 Crores as referred to in Note 31(ii), as per the provisions of section 115BAA of the Income Tax Act,1961.

54. The lockdown in the country w.e.f 23.3.2020 to contain the spread of COVID 19 disease has not resulted in any major impact on the business of the company for the year as company has assessed the overall impact of this pandemic on its business and financials including valuation of assets, liabilities and profitability for the year ended 31.03.2020. Accordingly there is no material effect in the accounts for the financial year ended 31.03.2020.

55. Information required as per Schedule III of the Companies Act, 2013 is as under:

(i) CIF Value of Import

Rs. in Crores

	2019-20	2018-19
CIF Value of Import	Nil	Nil

(ii) Expenditure in Foreign Currency

Rs. in Crores

	2019-20	2018-19
Others – Travelling	0.05	0.03

(iii) Value of Raw Materials, Stores & Spares and Components consumed during the year –

Rs. in Crores

Description	2019-20		2018-19	
	Value	%	Value	%
Consumption of Raw Material	Nil	Nil	Nil	Nil
Stores & Spares and components consumed (Indigenous)	2.71	100%	2.60	100%
Stores & Spares and components consumed (Imported)	Nil	Nil	Nil	Nil
TOTAL	2.71	100%	2.60	100%

(iv) Earning in Foreign Currency

Earning in Foreign Currency during FY 2019-20 is Nil (Previous Year – Nil)

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

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

Rs. in Crores

Statement of Profit and Loss	31st March, 2020	31st March, 2019
Current Income Tax:		
Current Income Tax Charge from ordinary activities (Continuing Operations)	33.15	21.41
Provision/Adjustment of Tax relating to earlier periods	(0.13)	0.83
Current Income Tax Charge from ordinary activities (Discontinued Operations)	-	-
Current Income Tax Charge on Gain on disposal of Discontinued Operations.	-	-
	33.02	**22.24**
Deferred Income Tax:		
Relating to origination and reversal of temporary differences (Continuing Operations)	20.00	22.43
Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations)	(22.27)	-
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	(2.27)	22.43
Provision for MAT Credit	**16.51**	-
Income Tax Expense reported in the Statement of Profit and Loss	**47.26**	**44.67**

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

Rs. in Crores

	31st March, 2020	31st March, 2019
Profit Before Income Tax	203.51	125.61
Current Tax Rate	16.23%	17.71%
Computed Effective Tax Expense	33.02	22.24
Movement in Deferred Tax Liability	(2.27)	22.43
Provision for MAT Credit	16.51	-
Income Tax charged to Statement of Profit and Loss	**47.26**	**44.67**
Effective Tax Rate	**23.22%**	**35.56%**

(iii) Recognized Deferred Tax Assets and Liabilities:

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

Rs. in Crores

Particulars	**Balance Sheet**		**Statement of Profit & Loss**	
	31st March, 2020	**31st March, 2019**	**31st March, 2020**	**31st March, 2019**
Property, Plant and Equipment	(83.36)	(84.82)	1.46	(25.21)
Provisions	6.02	5.21	0.81	2.78
Deferred Tax Assets/ (Liabilities)	**(77.34)**	**(79.61)**	**2.27**	**(22.43)**
Offsetting of Deferred Tax Assets/ (Liabilities)	-	-	-	-
Net Deferred Tax Assets /(Liabilities)	**(77.34)**	**(79.61)**	**2.27**	**(22.43)**

Re-computation of Deferred Tax Assets/Liabilities existing on 01.04.2019 due to the concessional income tax rate u/s 115BAA opted by the company during the year has resulted in reversal of Deferred Tax Liabilities (Net) by Rs.22.27 Crores. Further, the Deferred Tax Liabilities (Net) due to the temporary differences originating during the financial year 2019-20 is Rs. 20.00 Crores considering concessional income tax rate opted by the company during the year. This has resulted in reduction of Rs. 2.27 Crores in Deferred Tax Liabilities (Net).

57. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of Rs. 21.27 Crores (Previous Year: Rs. 11.24 Crores) was incurred by the company during the year, out of which an amount of Rs. 11.94 Crores (Previous Year: Rs. 9.09 Crores) has been capitalized including allocated towards Capital Work in Progress during the year.

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

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

Rs. in Crores

Provisions	Opening Balance as on 01.04.2019	Additions incl. interest during the year	Reversal / adjustment during the year	Closing Balance as on 31.03.2020
Direct Tax	68.31	33.15	-	101.46
Deferred Tax (net of MAT)	63.24	19.86	(5.76)	77.34
Legal & Arbitration Cases	132.78	10.30	(16.93)	126.15

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

Information about products and services:

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

Geographical Information:

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

Information about major customers:

One customer during the year ended 31st March, 2020 (Previous Year: one) contributed to more than 10% of the revenue individually. Revenue from this customer was Rs. 3427.62 Crores during the year ended 31st March, 2020 (Previous Year: Rs. 3469.86 Crores).

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

Sl. No.	Name of Companies (Indian Entities)	Relation	Proportion of ownership as on	
			31.03.2020	31.03.2019
1	Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)	Joint Venture	50%	50%
2	Kerala GAIL Gas Limited. (KGGL)	Joint Venture	50%	50%
3	Vadodara Gas Limited. (VGL)	Joint Venture	17.07%	17.07%
4	Rajasthan State Gas Limited. (RSGL)	Joint Venture	50%	50%
5	Haridwar Natural Gas Pvt. Ltd. (HNGPL)	Joint Venture	50%	50%
6	GOA Natural Gas Pvt. Ltd. (GNGPL)	Joint Venture	50%	50%
7	Purba Bharati Gas Pvt. Ltd. (PBGPL)	Joint Venture	26%	-

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

Rs. in Crores

Sl. No.	Description	2019-20	2018-19
A.	**Summary of Balance Sheet**		
1	**Assets**		
	Non-Current	422.50	279.69
	Current	103.92	50.03
	Total	526.42	329.72
2.	**Liabilities & Provisions**		
	Non-Current	169.48	68.07
	Current	84.84	92.42
	Total	254.32	160.49
B.	**Summary of Profit and Loss Account**		
1.	Income	74.78	62.20
2.	Expenditure	70.93	60.97
C.	**Contingent Liability**	60.09	17.65
D.	**Capital Commitment**	336.04	341.64

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

Disaggregated Revenue Information

The disaggregation of the company's revenue from contracts with customers is disclosed at Note -20.

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

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

Contract Balances

Rs. in Crores

Description	As on 31st March , 2020	As on 31st March , 2019	As on 1st April, 2018
Trade Receivables	485.55	282.79	270.50
Contract Liabilities	0.09	0.03	0.28

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

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

Rs. in Crores

Type of goods or Services	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue as per contracted price	5144.43	5367.30
Less :- Facility Charges on sale of gas	0.57	0.25
Revenue from contract with customers	5143.86	5367.05

Performance Obligation

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

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

(i) **Amounts recognised in profit and loss for the year ended 31st March, 2020**

Description	Amount (Rs. in Crores)
Amortization expense of right-of-use assets	9.68
Interest expense (included in finance cost)	2.55
Expense relating to short-term leases (Refer Note No. 2 (b) (ix))	7.07
Expense relating to low value assets leases (Refer Note No. 2 (b) (ix))	0.01

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(ii) The total cash outflow for leases during the year ended 31st March , 2020

Description	Amount (Rs. in Crores)
Principal Portion of lease liability	8.07
Interest portion of lease liability	2.55
Expense relating to short-term leases (Refer Note No. 2 (b) (ix))	7.07
Expense relating to low value assets leases (Refer Note No. 2 (b) (ix))	0.01

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

(i) As per Section 135 of the Companies Act, 2013 read with Department of Public Enterprises (DPE) guidelines, the company was required to spend Rs. 2.42 crores (Rs. 2.29 Crores for FY 2019-20 and Rs. 0.13 Crores for carry forward CSR Budget of FY 2018-19) during the FY 2019-20. The amount of CSR expenses incurred by the Company during the year was Rs. 1.86 crores (Previous Year: Rs. 1.98 Crores) and the balance committed / carry forward is as per details given below :

Rs. in Crores

Description	In Cash / liability provided	Yet to be paid in Cash and/or carried forward in FY 2020-21	Total
i). Construction/acquisition of any asset	Nil	Nil	Nil
ii). On purposes other than (i) above	1.86	0.56	2.42

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

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

Rs. in Crores

Particulars	2019-20	2018-19
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; *	Nil	Nil.
ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2016, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2016.	Nil	Nil

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

*Does not include trade payable to micro and small enterprises as on 31.03.2020 of Rs. 6.68 Crores (Previous Year : Rs. 16.58 Crores) for liabilities booked on accrual basis since there is no interest due thereon remaining unpaid to any supplier as at the end of reporting date.

66. **Related Party Disclosures:**

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

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

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

i. Holding Company - GAIL (India) Ltd.

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

iii. Other (Joint Venture Companies of Holding Company)
Indraprastha Gas Ltd.
Central UP Gas Ltd.
Green Gas Ltd.

iv. Key Management Personnel:

Chairman & Non-Executive Director:
Mr. B. C Tripathi (Upto 31.07.2019)
Dr. Ashutosh Karnatak (From 01.08.2019 till 06.05.2020)
Mr. Manoj Jain (From 06.05.2020)

Non-Executive Directors:

Mr. Gajendra Singh
Mr. A.K.Tiwari
Ms. Kiran Vasudeva (upto 27.05.2019)
Mr. Mrityunjay Jha(from 15.06.2019)
Mr. Rajeev Mathur
Mr. S B Mitra (from 04.01.2019)
Ms. Jyoti Dua (from 02.03.2020)
Chief Executive Officer: Mr. A.K. Jana

Chief Financial Officer: Mr. Pankaj Walia

Company Secretary: Mr. Deepak Asija

b. **Related Party Transactions**

Rs. in Crores

Sl No	Particulars	Holding Co.	Joint Venture & Others*	Key Management Personnel
1	Purchase of Goods and Material	4676.75 (5015.39)	- (-)	- (-)
2	Guarantee Commission received / receivable	- (-)	0.12 (-)	- (-)
3	Sales of Goods (Material and Gas) / Material Issued on Loans	- (-)	139.12 (138.84)	- (-)
4	Purchase and Sale of Fixed Assets	14.73 (27.57)	- (6.14)	- (-)
5	Reimbursement of Remuneration to Key Management personnel- Salary & Allowances	- (-)	- (-)	2.14 (2.41)
6	Reimbursement of remuneration to staff received / receivable	- (-)	15.35 (18.24)	- (-)
7	Reimbursement of Retirement Benefits payable	16.00 (20.41)	- (-)	- (-)
8	Reimbursement of Training Cost payable / receivable	0.36 (0.81)	- (0.37)	- (-)
9	Reimbursement of BG Charges received / receivable	- (-)	1.60 (1.60)	- (-)
10	Rent, Electricity, UCS Expenses and Hook-up charges, etc. paid / payable	7.73 (3.74)	- (-)	- (-)
11	Advances for Hook Up charges	9.91 (-)	- (-)	- (-)
12	Outstanding Balance Payable excluding fair valuation done as per Ind AS-109	255.31 (193.06)	0.20 (0.20)	- (-)
13	Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109	- (-)	25.36 (21.16)	- (-)
14	Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date	6084.99 (6084.99)	- (-)	- (-)
15	Comfort Letter (Corporate Guarantee) issued to Banks for availing loan by Joint Venture Companies	- (-)	150.00 (-)	- (-)
16	Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares	- (-)	138.37 (32.50)	- (-)
17	Advance to APGDCL against Equity Share pending Allotment of Share	- (-)	9.13 (10.00)	- (-)
18	Investment in KGGL as at Balance Sheet date (JV)	- (-)	0.01 (0.01)	- (-)

19	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	- (-)
20	Investment in RSGL as at Balance Sheet date (JV)	- (-)	65.00 (65.00)	- (-)
21	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	22.20 (12.50)	- (-)
22	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	17.50 (9.50)	- (-)
23	Advance to GNGPL against equity Share pending Allotment of Shares	- (-)	- (3.00)	- (-)
24	Investment in PBGPL as at Balance Sheet date (JV)	- (-)	26.00 (-)	- (-)
25	Share allotment to Holding Company	148 (250)	- (-)	- (-)
26	Advance received against Equity Share pending Allotment of Share	80.70 (-)	- (-)	- (-)

*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to Previous Year).

The company has formed seven Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and Corporates. In all these companies, it was agreed that Equity Shareholding of both the promoters will be in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the Shareholder Agreement executed amongst them. Further, Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement.

67. **Earning per Share:**

Particulars	2019-20	2018-19
Profit after Tax (Rs. in Crores)	156.25	80.94
Weighted Average No. of Equity Shares (Basic) Weighted Average No. of Equity Shares (Diluted)	117,43,38,798 118,34,67,760	103,86,43,836 -
Nominal Value per Share (in Rs.)	10.00	10.00
Basic Earning per Share (in Rs.) **Diluted Earning per Share (in Rs.)**	1.33 1.32	0.78 0.78

68. Changes in accounting policies and disclosures :-

Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. No adjustment has been made to retained earnings on the date of initial application except for prepaid/accrued lease payments.

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is as follows:

Description	Amount (Rs. in Crores)
Assets	
Right-of-use assets	36.40
Property, Plant and Equipments	(6.85)
Capital Advances	(9.97)
Other assets	(0.53)
Total assets	**19.05**
Liabilities	
Financial liabilities - Lease liabilities	19.05
Total liabilities	**19.05**

Before the adoption of Ind AS 116, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and low value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

Leases previously classified as finance leases -
The company did not change the initial carrying amounts of recognized assets at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets equal the lease assets recognized under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 1, 2019.

Leases previously accounted for as operating leases –
The company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and low value assets. The lessee recognizes a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and correspondingly measured the right-of-use asset at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

The company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
- Applied low value exemption for the leases in which underlying assets is of low value when it is new.

The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as on March 31 2019 is as follows:

Description	**Amount (Rs. in Crores)**
Assets	
Operating lease commitments as at March 31, 2019	1.94
Add: Other lease commitments as at March 31, 2019	36.36
Less:	
Commitments relating to short-term leases	7.38
Commitments relating to leases of low-value assets	-
Total Lease Commitments as at March 31, 2019	**30.92**
Discounting Operating lease commitments as at April 1, 2019	19.05
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease liabilities as at April 1, 2019	**19.05**

69. **Notes on Financial Risk Management**

Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk which the entity is exposed to and how the company manages the risk. The Company is exposed to market risk, credit risk and liquidity risk. Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's Risk Management Framework.

(i). Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

(a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a

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balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

Sensitivity analysis:

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

Rs.in Crores

Reporting period	Increase/decrease in interest rate basis points	Impact on profit before taxes
31.03.2020	+100	Nil
	-100	Nil
31.03.2019	+100	Nil
	-100	Nil

The sensitivity analysis is limited only to variable rate on loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. Further, there is loan outstanding of Rs. 22.54 Crores as on 31.03.2020 having variable rate of interest, hence, there is no impact on the Company's profit before tax during the year ended 31.03.2020.

(b) Foreign Currency Risk:

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

(ii) Liquidity risk

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

Rs.in Crores

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

Rs.in Crores

As at 31.03.2019	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	3.09	16.98	90.29	64.42	**174.78**
Trade and other payables	-	230.21	-	-	-	**230.21**
Other financial liabilities	95.01	0.89	49.59	-	-	**145.48**
Lease Liabilities	-	-	-	-	-	-

Note-1- As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

(iii) Credit Risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions. Credit exposure also exists in relation to guarantees issued by the company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment. The summary of the Company's product wise credit policy is tabulated below:

Product	Credit period
Piped Natural Gas (Domestic)	21 days
Piped Natural Gas (Industrial)	03-07 days
Piped Natural Gas (Commercial)	07 days
Compressed Natural Gas (CNG)	Cash Sales & 4-15 days
Bulk Industrial Sales	4 -30 days

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

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Rs.in Crores

Trade receivables	Neither past due nor impaired	Past due but not impaired				
		Less than 30 days	30-60 days	60-90 days	Above 90 days	Total*
31.03.2020	473.86	5.99	1.49	0.76	3.45	485.55
31.03.2019	267.42	6.99	2.47	0.68	5.22	282.79

*Net of Provision

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

Rs.in Crores

Provisions	31st March 2020	31st March 2019
Start of the year	1.57	1.57
Provision for Doubtful Debt during the year	3.60	-
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
End of year	**5.17**	**1.57**

Cash deposits:

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into Banks linked with Current Account. There is no impairment on these cash deposits as on the reporting date and comparative period.

Capital Management

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

The Company's management assesses regularly the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

Fair value measurements

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

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

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

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

As at 31.03.2020:

Rs.in Crores

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
Financial Assets at amortised cost:				
Loans and Other Receivables	27.42	-	-	-
Trade Receivables	485.55	-	-	-
Cash and Cash Equivalents	1.81	-	-	-
At Fair value through profit and loss	-	-	-	-
At Fair value through OCI	-	-	-	-
Total Financial Assets	**514.78**	-	-	-
Financial Liabilities at amortized cost				
Borrowings	326.17	-	-	-
Trade Payables	277.57	-	-	-
Other Financial Liabilities	277.58	-	-	-
At Fair value through profit and loss	-	-	-	-
Total Financial Liabilities	**881.32**	-	-	-

As at 31.03.2019:

Rs.in Crores

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
Financial Assets at amortised cost:				
Loans and Other Receivables	22.68	-	-	-
Trade Receivables	282.79	-	-	-
Cash and Cash Equivalents	125.24	-	-	-
At Fair value through profit and loss		-	-	-
At Fair value through OCI		-	-	-
Total Financial Assets	**430.71**	-	-	-
Financial Liabilities at amortized cost				
Borrowings	174.78	-	-	-
Trade Payables	230.21	-	-	-
Other Financial Liabilities	145.48	-	-	-
At Fair value through profit and loss	-	-	-	-
Total Financial Liabilities	**550.47**	-	-	-

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

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

70. Balance confirmation has been sought from vendors / contractors / authorities / joint venture companies for balances grouped under loan and advances, deposits and trade payables. However reconciliation of accounts with parties is carried out as ongoing process and balances are subject to reconciliation and consequent adjustment which in the opinion of the management are not material.

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

Deepak Asija	**Pankaj Walia**	**A.K.Jana**	**A.K.Tiwari**	**Manoj Jain**
Company Secretary	**CFO**	**CEO**	**Director**	**Chairman**
PAN-ADRPA0983E	**PAN-AABPW1139M**	**PAN-ABIPJ0467D**	**DIN 07654612**	**DIN-07556033**

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

H.S. AHUJA & CO. New Delhi Chartered Accountants

(CA Jaswant Singh)
Membership No. 095483

Place: New Delhi
Date: 05.06.2020

GAIL GAS LIMITED NOIDA

GAIL Gas Limited

Audited Consolidated Financial Statements

Financial Year 2019-20

H.S. AHUJA & CO.
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of GAIL Gas Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of GAIL Gas Limited ("the Holding Company") and its jointly controlled entities (collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at 31st March 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules,2015, as amended ("Ind AS"), of the consolidated state of affairs of the Group, as at 31st March 2020, the consolidated profit (including other comprehensive income), the consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

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

Note no : 32,(ii) & (iii) in respect of uncertain tax positions relating to disputed tax demand.

Note no : 41 in respect of provisions for employee benefit expense made during the year.

Note no : 44 in respect of stating of investment in joint venture entity which includes the advance made the part of investment.

Note no : 53 (a) & (b) regarding non-provision of penalty for not meeting of the MWP targets.

Note no : 64 regarding short incurring of expenses for Corporate Social Responsibility (CSR) activity. Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	Provisional liability on estimation basis Provisional liability of Rs. 93.59 Crores outstanding as at March 31, 2020 made on the estimation basis Refer Note No. 40 to the Consolidated Financial Statements	Principal Audit Procedures We reviewed procedure on the basis of which provision has been made on the basis of past event and contractual obligation executed as on date and reliable estimation have been made of the amount of the obligation on the basis of past event and execution of work.
2	Recoverability of Indirect tax receivables As at March 31, 2020, other current assets (Non-financial) in respect of claim recoverable includes VAT recoverable amounting to Rs 16.00 crores which are pending adjudication. Refer Note 42 to the Consolidated Financial Statements.	Principal Audit Procedures We have reviewed the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises information included in the Message from the chairman, Details of Board of Directors, Director's report, Management Discussion and Analysis, Report on Corporate Governance, Secretarial Audit Report, Annual report on CSR activities and Comments of CAG on the annual consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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; 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding Company and and its jointly controlled entities which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of Holding Company included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which has been audited by other auditor, such other auditor remains responsible for the direction, supervision and performance of the audit carried out by him. We remain solely responsible for our audit opinion.

H.S. AHUJA & CO. New Delhi

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

We communicate with those charged with governance of the Holding Company included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

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

(i)

Rs in Crores

S.NO	Name of the Company	Total Assets	Total Revenue	Net Cash Flow
01	Goa Natural Gas Private Limited	109.56	0.31	0.98

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

(ii)

Rs in Crores

S.NO	Name of the Company	Total Assets	Total Revenue	Net Cash Flow
01	Andhra Pradesh Gas Distribution Corporation Limited	478.78	15.73	17.88
02	Rajasthan State Gas Limited	153.09	63.40	(0.94)
03	Vadodra Gas Limited	377.91	194.11	1.35*
04	Kerala Gail Gas Limited	3.62	0.21	(0.48)
05	Haridwar Natural Gas Private Ltd	122.25	3.41	(0.63)
06	Purba Bharati Gas Private Limited	108.69	0.40	100.00

*Taken from the figures of the Balance sheet (Note 11) of the JV as cashflow statement was not available

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules,2015 as amended.

(e) Pursuant to the Notification No. GSR 463(E) dated 5th June ,2015 issued by the Ministry of Corporate Affairs, government of India, provisions of sub-section (2) of the Section 164 of the Companies Act,2013, are not applicable to the Gail Gas Limited (Holding Company) being a Government Company. In respect of jointly controlled entities, on the basis of the audit report of statutory auditor of one jointly controlled entity incorporated in India, none of the directors of the entity is disqualified as on 31st March,2020 from being appointed as a director in terms of section 164(2) of the Act. However, for the other six jointly controlled entities incorporated in India, the audit reports of the statutory auditors are not available as these are under audit as informed to us.

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

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and according to the information and explanations given to us, the Holding Company has not paid/provided any managerial remuneration to its directors during the year. However, we have been informed that the holding company is a government company and as per notification no. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Sec.197 is not applicable to the government companies. Therefore, the reporting requirement whether the remuneration paid/provided is in excess of the limit laid down under the provisions of Sec. 197 of the Act is not applicable to the holding company. Based on the audit report of statutory auditor of one jointly controlled entity incorporated in India, the provisions of section 197 are not applicable to the entity and the audit report of other six jointly controlled entities incorporated in India, are not available as these are under audit as informed to us.

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 32 to the consolidated financial statements;

ii. The Company did not have any long-term contracts including derivative contracts which may lead to any material foreseeable losses.

iii. There has not been any occasion where any amount is required to be transferred, to the Investor Education and Protection Fund by the Company.

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

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN:20095483AAAAEP5875
Place: New Delhi
Dated: 5th June,2020

Annexure - A to the Independent Auditors' Report

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of **Gail Gas Limited** on the consolidated financial statements for the year ended 31st March 2020.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2020.We have audited the internal financial controls over financial reporting of Gail Gas Limited (hereinafter referred to as ("Holding Company') and its jointly controlled companies which are incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

HUJA & CO. New Delhi

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far it relates to 1(One) jointly controlled entity which is incorporated in India, is based on the corresponding audit report of the statutory auditor of such company incorporated in India. The information of other 6(six) joint venture companies is not available as these are under audit.

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

Jaswant Singh

(CA Jaswant Singh)
Partner
Mem. Number: 095483
UDIN:20095483AAAAEP5875
Place: New Delhi
Dated:5th June,2020

GAIL GAS LIMITED

Consolidated Balance Sheet as at 31st March 2020

(Rs in Crores)

Particulars	Note	As at 31st March 2020	As at 31st March 2019
ASSETS			
Non Current Assets			
(a) Property, Plant and Equipment	3A	1,194.27	975.96
(b) Right of Use Assets	3B	59.14	-
(c) Capital Work-In-Progress	3A	687.47	534.14
(d) Intangible Assets	04	7.14	9.34
(e) Financial Assets			
(i) Investments	05	314.03	165.52
(ii) Trade receivable	6A	0.90	2.32
(iii) Loans & Other Receivables	7A	4.22	1.52
(f) Non Current Tax Assets (Net)	8	1.10	4.58
(g) Other Non Current Assets (Non Financial)	9A	14.70	19.68
Total Non Current Assets (A)		**2,282.97**	**1,713.06**
Current Assets			
(a) Inventories	10	15.12	11.40
(b) Financial Assets			
(i) Trade Receivable	6B	484.65	280.47
(ii) Cash and Cash Equivalents	11	1.81	125.24
(iii) Loans & Other Receivables	7B	23.20	21.16
(iv) Other Financial Assets	12	-	0.27
(c) Other Current Assets (Non Financial)	9B	45.37	52.43
Total Current Assets (B)		**570.15**	**490.97**
TOTAL ASSETS (A+B)		**2,853.12**	**2,204.03**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	1,275.00	1,127.00
(b) Other Equity	14	426.02	285.48
Total Equity (C)		**1,701.02**	**1,412.48**
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	15A	155.84	154.72
(ii) Lease Liabilities		25.80	-
(iii) Other Financial Liabilities	16	2.89	-
(b) Deferred Tax Liabilities (Net)	17	77.34	63.24
Total Non Current Liabilities (D)		**261.87**	**217.96**
Current Liabilities			
(a) Lease Liabilities		13.79	-
(b) Financial Liabilities			
(i) Trade Payables			
- Other than Micro and Small Enterprises	18	270.89	213.63
- Micro and Small Enterprises	18	6.68	16.58
(ii) Other Financial Liabilities	15B	447.91	165.54
(c) Other Current Liabilities	19	37.46	48.69
(d) Provisions	20	113.50	129.15
Total Current Liabilities (E)		**890.23**	**573.59**
TOTAL EQUITY AND LIABILITIES (C+D+E)		**2,853.12**	**2,204.03**

The accompanying Notes form an integral part of the consolidated financial statements. 1 to 72

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

Deepak Asija	Pankaj Walia	A K Jana	A K Tiwari	Manoj Jain
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN-07654612	DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March 2020

(Rs in Crores)

	Particulars	Note	Year ended 31st March 2020	Year ended 31st March 2019
I	**INCOME**			
	Revenue from operations (Gross)	21	5,143.86	5,367.05
	Other Income	22	12.93	13.42
	Total Income		**5,156.79**	**5,380.47**
II	**EXPENSES**			
	Gas Consumed	23	4,667.09	5,007.10
	Excise Duty		45.96	37.41
	Employee Benefit Expenses	24	71.00	74.17
	Finance Cost	25	9.33	2.15
	Depreciation and Amortization Expenses	26	51.03	32.14
	Other Expenses	27	108.87	101.89
	Total Expenses		**4,953.28**	**5,254.86**
III	**Profit before Share of Profit/(Loss) of Joint Ventures and Tax (I - II)**		**203.51**	**125.61**
IV	**Share of Profit/(Loss) of Joint Ventures**		**0.96**	**0.45**
V	**Profit before Tax (III+IV)**		**204.47**	**126.06**
VI	**Tax Expenses**	28	**47.26**	**44.67**
	- Current tax		33.15	21.41
	- Deferred tax		(2.27)	22.43
	- Provision for MAT credit		16.51	-
	- Adjustment of tax relating to previous years		(0.13)	0.83
VII	**Profit after Tax (V - VI)**		**157.21**	**81.39**
VIII	**Other comperhensive income**			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
	- Net other comprehensive income to be reclassified to profit or loss in subsequent		-	-
	Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		-	-
	- Re-measurement gains/ (losses) on defined benefit plans		-	-
	- Revaluation of land and buildings		-	-
	- Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
	Other comprehensive income for the year (net of tax) (VIII)		-	-
IX	**Total comprehensive income (Net of Tax) (VII+VIII)**		**157.21**	**81.39**
X	**Earning per share in (Rs.) (face value of Rs. 10 each)**	67		
	Basic (Rs.)		1.34	0.78
	Diluted (Rs.)		1.33	0.78

The accompanying Notes form an integral part of the consolidated financial statements. 1 to 72

There is no discontinuing operation in the above period

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

Deepak Asija
Company Secretary
PAN-ADRPA0983E

Pankaj Walia
CFO
PAN-AABPW1139M

A K Jana
CEO
PAN-ABIPJ0467D

A K Tiwari
Director
DIN-07654612

Manoj Jain
Chairman
DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED

Consolidated Cash Flow Statement for the year ended 31st March 2020

(Rs in Crores)

Particulars		Year ended 31st March 2020		Year ended 31st March 2019	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
1	**Profit before Tax**		204.47		126.06
2	**Adjustment for :**				
	Depreciation & Amortization Expenses	51.03		32.14	
	Exchange Rate Variation on foreign currency	0.01		0.01	
	Provision for Doubtful Debts	3.60		-	
	Provision for probable obligation	0.63		1.68	
	Loss / (Profit) on sale of fixed assets	0.01		(0.50)	
	Excess provision written off	-		-	
	Other Misc. Income	(0.13)			
	Dividend Income on Investments	(0.25)		-	
	Finance Cost	9.33		2.15	
	Interest Income	(11.64)		(12.08)	
	Share of (Profit)/Loss of Joint Ventures	(0.96)		(0.45)	
			51.63		22.95
3	**Operating Profit Before Working Capital Changes (1 + 2)**		**256.10**		**149.01**
4	**Changes in Working Capital (Excluding Cash & Bank Balances)**				
	Trade and Other Receivables	(187.02)		(7.41)	
	Inventories	(3.72)		(2.73)	
	Trade and Other Payables	58.33	(132.41)	46.53	36.39
5	**Cash Generated from Operations (3 + 4)**		**123.69**		**185.40**
6	**Direct Taxes Paid**		(28.72)		(27.91)
	NET CASH FROM OPERATING ACTIVITIES (5 + 6)		**94.97**		**157.49**
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets (Net)	(431.46)		(414.76)	
	Investment in Other Companies (Net)	(145.70)		(30.00)	
	Proceeds from reduction in share capital-KGGL	-		11.92	
	Dividend received on Investments	0.25		-	
	Interest Received	11.64		12.08	
	NET CASH FROM INVESTING ACTIVITIES		**(565.27)**		**(420.76)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Equity	228.70		100.00	
	Proceeds from Long Term Borrowings	22.54		36.66	
	Repayment of Long Term Borrowings	(20.06)		(15.56)	
	Net Proceeds / (Repayment) from Short Term Borrowings	148.91		-	
	Repayment of Lease Liability	(8.07)			
	Interest Paid	(6.65)		(2.15)	
	Dividend & Dividend Tax Paid	(18.50)		-	
	NET CASH FROM FINANCING ACTIVITIES		**346.87**		**118.95**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(123.43)**		**(144.32)**
	CASH AND CASH EQUIVALENTS AS AT 01.04.2019		**125.24**		**269.56**
	CASH AND CASH EQUIVALENTS AS AT 31.03.2020		**1.81**		**125.24**

Note:

1 Cash Flow Statement has been prepared using Indirect Method as per Ind AS 7-Statement of Cash Flows

2 Refer Note 11 for Cash and Cash equivalents

3 Previous year's figures have been regrouped wherever necessary to correspond with current year's classification/disclosure

The accompanying Notes form an integral part of the consolidated financial statements. 1 to 72

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

Deepak Asija	**Pankaj Walia**	**A K Jana**	**A K Tiwari**	**Manoj Jain**
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN-07654612	DIN-07556033

As per our report of even date attached

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

H.S. AHUJA & CO. New Delhi Chartered Accountants

GAIL GAS LIMITED NOIDA

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

GAIL GAS LIMITED

Consolidated Statement of changes in Equity for the Year ended 31st March 2020

I. Equity Share Capital (Note 13)

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

(Rs in Crores)

Particulars	Amount
As at 1st April 2019	1,127.00
Changes in equity share capital during the year	148.00
As at 31st March 2020	**1,275.00**

II. Other Equity (Note 14)

(Rs In Crores)

Particulars	Deemed Equity	Share Application money Pending allotment	Reserves and surplus	Other comprehensive Income	Total
Balance as at 1st April 2019	-	-	**285.48**	-	**285.48**
Profit for the year	-	-	157.21	-	157.21
Adjustment in Retained Earnings	-	-	0.21	-	0.21
Transfer during the year	10.92	-	-	-	10.92
Share application money received	-	80.70	-	-	80.70
Interim Dividend	-	-	(90.00)	-	(90.00)
Corporate Dividend Tax	-	-	(18.50)	-	(18.50)
Balance as at 31st March 2020	**10.92**	**80.70**	**334.39**	-	**426.01**

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

Deepak Asija
Company Secretary
PAN-ADRPA0983E

Pankaj Walia
CFO
PAN-AABPW1139M

A K Jana
CEO
PAN-ABIPJ0467D

A K Tiwari
Director
DIN-07654612

Manoj Jain
Chairman
DIN-07556033

As per our report of even date attached

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

CA Jaswant Singh
Partner
Membership No: 095483

Place: New Delhi
Dated: 05-06-2020

1. Corporate Information

The company is domiciled in India with registered office in New Delhi. It is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonepat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshina Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Distrcis & Seraikela-Kharsawan Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Kerala, Andhra Pradesh, Gujarat, Uttrakhand, North Goa and Rajasthan through its Joint Ventures.

The financial statements of the company for the year ended 31st March 2020 were authorized for issue by Board of Directors on 05.06.2020

2. Basis of preparation and significant accounting policy

a) Basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

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

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

b) Summary of significant Accounting Policies

(i) Property, Plant and Equipment (PPE)

(a) Tangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Impairment of assets

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

(iv) Inventories

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

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

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

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

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

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

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

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

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

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

(v) Foreign Currency Transactions

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

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

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

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

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

(vi) Revenue and Other Income

Sales are recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled in exchange for those goods or services. Sales include excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

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

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

(vii) Employee Benefits

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

(viii) Borrowing Costs

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

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

(ix) Leases -

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

As a lessee

Identification of Lease

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

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

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

Recognition of Right of Use Asset (ROU)

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

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

Recognition of Lease Liability

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

As a lessor

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

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

(x) Taxes

(a) Current Income Tax

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

(b) Deferred Tax

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

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

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

(xi) Provisions, Contingent Liabilities, Contingent Assets and Commitments

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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

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

(xii) Government Grants

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

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

(xiii) Current versus Non-Current Classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

(xiv) Financial Instruments

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

(a) Financial Assets

Classification

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

Initial Recognition and Measurement

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

Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

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

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

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

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

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

Derecognition

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

Investment in Subsidiaries, Joint Ventures and Associates
The company has accounted for its investment in joint ventures at cost.

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

(b) Financial Liabilities

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

Initial Recognition and Measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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

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

- **Financial Liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

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

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

Derecognition

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

(c) Offsetting of Financial Instruments

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

(xv) Others

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

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

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

(xvi) Earnings Per Share

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

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

(xvii) Significant Accounting Judgments, Estimates and Assumptions

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

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

(a) Judgments

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

Contingencies

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

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

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

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

(b) Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of Financial Assets

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

Leases - Estimating the incremental Borrowing Rate

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

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

(Rs in Crores)

Cost/ Valuation	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
1. Cost or deemed cost (Gross Carrying Amount)								
Balance as at 1st April 2019	18.61	7.24	959.84	50.69	1.02	13.94	1,051.34	534.14
Additions	9.68	-	240.13	9.05	0.05	4.60	263.51	417.66
Transfer to Capitalisation	-	-	-	-	-	-	-	(264.33)
Disposals	-	-	-	-	-	(0.04)	(0.04)	-
Reclassification / Adjustment	-	(7.24)	(3.03)	(0.32)	(0.02)	0.20	(10.41)	-
Balance as at 31st March 2020	28.29	-	1,196.94	59.42	1.05	18.70	1,304.40	687.47

Depreciation and impairment	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
Balance as at 1st April 2019	-	0.40	65.40	4.22	0.29	5.07	75.38	
Depreciation expense	-	-	34.51	1.65	0.10	2.08	38.34	-
Impairment	-	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	-	-	-	(0.03)	(0.03)	-
Reclassification / Adjustment	-	(0.40)	(3.02)	(0.23)	-	0.09	(3.56)	-
Balance as at 31st March 2020	-	-	96.89	5.64	0.39	7.21	110.13	-

Net Book value	Freehold Land	Leasehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progess
As at 31st March 2020	28.29	-	1,100.05	53.78	0.66	11.49	1,194.27	687.47
As at 31st March 2019	18.61	6.84	894.44	46.47	0.73	8.87	975.96	534.14

GAIL GAS LIMITED NOIDA नोएडा गेल गैस लिमिटेड

H.S. AHUJA & CO. New Delhi

Note 3B : Right of Use Assets

(Rs in Crores)

Cost/ Valuation	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
1. Cost or deemed cost (Gross Carrying Amount)					
Balance as at 1st April 2019	**9.89**	**4.96**	4.20	-	**19.05**
Reclassification	17.75	-	-	-	**17.75**
Additions	6.71	11.01	14.58	0.12	**32.42**
Transfer to Capitalisation	-	-	-	-	-
Disposals	-	-	-	-	-
Transfer	-	-	-	-	-
Other adjustment	-	-	-	-	
As at 31st March 2020	**34.35**	**15.97**	**18.78**	**0.12**	**69.22**

Depreciation and impairment	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
Balance as at 1st April 2019	0.40	-	-	-	**0.40**
Depreciation expense	1.78	3.01	4.85	0.04	9.68
Impairment	-	-	-	-	-
Disposal/Other adjustment	-	-	-	-	-
Transfer	-	-	-	-	-
As at 31st March 2020	**2.18**	**3.01**	**4.85**	**0.04**	**10.08**

Net Book value	Leasehold Land	Buildings	Vehicle	Office Equipment	Total
As at 31st March 2020	**32.17**	**12.96**	**13.93**	**0.08**	**59.14**
As at 31st March 2019	**9.49**	**4.96**	**4.20**	-	**18.65**

Note 4 : Intangible Assets

(Rs in Crores)

Cost/Valuation	Right of use	Computer software/Licenses	Total
1. Cost or Deemed Cost (Gross Carrying Amount)			
Balance as at 1st April 2019	**0.35**	**18.87**	**19.22**
Additions	-	0.81	**0.81**
Disposals	-		**-**
Balance as at 31st March 2020	**0.35**	**19.68**	**20.03**

(Rs In Crores)

Accumulated amortization and impairment	Right of use	Computer software/Licenses	Total
Balauce as at 1st April 2019	-	**9.88**	**9.88**
Amortization expense	-	3.01	**3.01**
Disposals			**-**
Balance as at 31st March 2020	**0.00**	**12.89**	**12.89**

(Rs In Crores)

Net Book Value	Right of use	Computer software/Licenses	Total
As at 31st March 2020	**0.35**	**6.79**	**7.14**
As at 31st March 2019	**0.35**	**8.99**	**9.34**

Note 5 : Investments

(Rs in Crores)

	Particulars	Nature of investment	Basis of valuation	As at 31st March 2020	Consolidation adjustments for the period			As at 31st March 2019
					Adjustment in Profit & Loss	Adjustment in Retained Earnings	Adjustment in Investment	
	Non-Current Investments In Joint Venture Companies:							
1	- Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) 383,70,849 Equity shares of Rs 10 each fully paid up (Previous year 325,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	31.59	(2.36)	0.09	5.87	27.99
2	-Andhra Pradesh Gas Distribution Corporation Limited (APGDCL) 10,00,00,000 9% Cumulative compulsory Convertible Preference share of Rs 10 each fully paid up (Previous year Nil)	Preference Shares	Cost	100.00	-	-	100.00	-
3	Deemed Investment in Andhra Pradesh Gas Distribution Corporation Limited (Ref Note. 50) (Previous year Nil)		Fair Value	1.64	-	-	-	-
4	- Kerala GAIL Gas Ltd (KGGL) 5,000 Equity shares of Rs 10 each fully paid up (Previous year 5,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	2.12	0.04	-	-	2.08
5	- Rajasthan State Gas Limited (RSGL) 650,00,000 Equity shares of Rs 10 each fully paid up (Previous year 650,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	62.82	6.31	-	-	56.51
6	- Vadodara Gas Limited(VGL) 4,10,08, 943 Equity shares of Rs 10 each fully paid up (Previous year 4,10,08, 943 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	46.41	0.53	0.12	-	45.76
7	-Haridwar Natural Gas Private Limited (HNGPL) 222,00,000 Equity shares of Rs 10 each fully paid up) (Previous year 125,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	19.83	(0.98)	-	9.70	11.11
8	-Goa Natural Gas Private Ltd (GNGPL) 175,00,000 Equity shares of Rs 10 each fully paid up (Previous Year 95,00,000 Equity shares of Rs 10 each fully paid up)	Equity shares	Equity Method	15.05	(2.02)	-	8.00	9.07
9	-Purba Bharati Gas Private Limited 260,00,000 Equity shares of Rs 10 each fully paid up (Previous year Nil)	Equity shares	Equity Method	25.44	(0.56)	-	26.00	-
	Advances for Investments (Pending Allotment)							
10	-Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)	Equity shares	Cost	9.13	-	-	(0.87)	10.00
11	-GOA Natural Gas Limited (GOANGPL)	Equity shares	Cost	-	-	-	(3.00)	3.00
	Total			**314.03**	**0.96**	**0.21**	**145.70**	**165.52**

Note 6A : Trade Receivables- Non Current

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables	5.16	3.85
Receivables from Related Parties	0.04	0.04
Less: Provision for Doubtful Debts	4.30	1.57
Total Trade and Other Receivables	**0.90**	**2.32**

Note 6B : Trade Receivables- Current

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade Receivables	482.41	274.63
Receivables from Related Parties	3.11	5.84
Less: Provision for Doubtful Debts	0.87	-
Total Trade and Other Receivables	**484.65**	**280.47**

Break up of Trade Receivables

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Non Current(Unsecured)		
Considered good	0.90	2.32
Considered doubtful	4.30	1.57
	5.20	**3.89**
Less: Provisions for bad and doubtful debts	4.30	1.57
	0.90	**2.32**
Current(Unsecured)		
Considered good	484.65	280.47
Considered doubtful	0.87	-
	485.52	**280.47**
Less: Provisions for bad and doubtful debts	0.87	-
	484.65	**280.47**
Total Trade and Other Receivables	**485.55**	**282.79**

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

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Other Loans & Receivables:		
- Security deposits:		
- Unsecured, Considered Good	1.52	1.52
- Unsecured, Considered Doubtful	-	3.54
Less : Provision for Doubtful Deposits	-	3.54
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good) [Including Rs.1.38 Cr. and Rs.1.32 Cr (Previous year Nil) in respect of APGDCL & GNGPL respectively on account of Corporate guarantee for JV Company (Ref Note .50)]	2.70	-
Total	**4.22**	**1.52**

Note 7B : Loans & Other Receivables (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good) [including Rs.1.19 Crore (Previous year Nil) on account Finanacial Guarantee of GNGPL, JV Company - Ref Note 50]	23.20	21.16
Total	**23.20**	**21.16**

Note 8 : Non Current Tax Assets (Net)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Advance tax and TDS	102.56	72.89
Less: Provision for Tax	101.46	68.31
Total	**1.10**	**4.58**

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

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Capital Advances (Unsecured considered good)	-	19.65
Other advances recoverable in cash or in kind (Unsecured considered good)	8.45	0.03
Prepaid Expenses [including Rs.2.90 Crore (Previous year Nil) on account Finanacial Guarantee of Holding Company - Ref Note 50]	6.25	-
Total	**14.70**	**19.68**

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Note 9B : Other Current Assets (Non Financial)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Claims recoverables:	24.15	43.39
(Unsecured considered good)		
Other advances recoverable in cash or in kind	8.48	6.43
(Unsecured considered good)		
Prepaid Expenses	12.75	2.61
[including Rs.2.90 Crore (Previous year Nil) on account Finanacial Guarantee for JV Company - Ref Note 50]		
Total	**45.37**	**52.43**

Note 10 : Inventories

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Stock in Trade:		
Gas	0.35	1.39
Finished Goods:		
Compressed Natural Gas	0.25	0.18
Stores and Spares:		
Stores and Spares	14.35	8.53
Material in Transit	-	1.13
Material issued on loan	0.17	0.17
Total	**15.12**	**11.40**

Note 11 : Cash and Cash Equivalents

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Balances with banks:		
- Current accounts	0.50	2.17
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	-	72.00
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	-	48.10
Cash in hand	1.27	2.97
Cheques in hand	0.04	-
Total	**1.81**	**125.24**

Note 12 : Other Financial Assets (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Interest Accrued but not due	-	0.27
Total	**-**	**0.27**

Note 13 : Equity share capital

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Share capital		
Authorised		
200,00,00,000 Equity Shares of Rs. 10 each	2,000.00	2,000.00
(Previous Year 200,00,00,000 Equity shares of Rs. 10 each)		
	2,000.00	**2,000.00**
Issued, subscribed and fully paid up		
114,23,34,132 Equity shares of Rs. 10 each (in cash)	1,142.33	994.33
(Previous Year 99,43,34,132 Equity shares of Rs. 10 each)		
132,66,5868 Equity Shares of Rs. 10 each (otherwise than in cash).	132.67	132.67
(Previous Year 132,66,5868 Equity shares of Rs. 10 each)		
Total	**1,275.00**	**1,127.00**

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

Description	31st March 2020		31st March 2019	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	1,127,000,000	1,127.00	877,000,000	877.00
Change in Equity Share during the year	148,000,000	148.00	250,000,000	250.00
Outstanding at the end of the period	**1,275,000,000**	**1,275.00**	**1,127,000,000**	**1,127.00**

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

Description	31st March 2020		31st March 2019	
	No of Share	% Holding	No of Share	% Holding
Equity share of Rs.10 Each fully Paid Up GAIL(India) Ltd	1,275,000,000	100%	1,127,000,000	100%

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

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Note 14 : Other equity

(Rs In Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Deemed Equity * (Ref. Note 50)	10.92	-
Share Application Money Pending Allotment		
i) Consideration received in Cash Pending Allotment of Equity Shares from GAIL (India) Ltd	80.70	-
Retained Earnings		
Opening balance	285.48	204.41
Adjustment in Retained Earnings	0.21	(0.32)
Add:Current Period Profit	157.21	81.39
Less: Appropriation		
-Interim Dividend	90.00	-
-Corporate Dividend Tax	18.50	-
Total	**426.02**	**285.48**

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

Note 15A : Borrowings

(Rs In Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Non current borrowings		
Secured Term loans:		
- Oil Industry Development Board	133.30	154.72
Secured against all the assets of Sonepat, Meerut, TTZ, Dewas & Bengaluru Projects.		
Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project.		
Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project.		
Availed during 2016-17,2017-18 and 2018-19 of Rs. 87.35 crore, Rs. 35.57 and 36.66 crore respectively for Bengaluru Project.		
Loan is repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement, for the amount of loan disbursed till financial year 2015-16.		
Loan is repayable in eight equal yearly instalments after expiry of moratorium of two years from the date of disbursement, for the amount of loan disbursed from financial year 2016-17onwards.		
Loan disbursed in instalment from June 2014 to March 2019 with rate of interest from 7.00% per annum to 8.81% per annum depending on date of disbursement.		
- State Bank of India	22.54	-
"Loan is availed based on the Corporate Guarantee of the parent company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the geographical areas of Firozabad, Taj Trapezium Zone, (excluding the fixed assets at Bharatpur); Dakshin Kannada, Ganjam, Nayagarh & Puri, Giridh and Dhanbad, Sundargarh and Jharsuguda, and Dehradun.		
-'Loan will have a Door to Door tenor of 13 years comprising 4 year drawdown period, one year moratorium period and 8 year repayment period with equated quarterly instalment starting from 31.12.2024 and will carry rate of interest linked to One month MCLR of SBI.		
Total	**155.84**	**154.72**

Note 15B : Other Financial Liabilities (Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Current maturity of Borrowings		
Secured Long Term loans:		
- Oil Industry Development Board	21.42	20.06
Secured against all the assets of Sonepat, Meerut Dewas, TTZ & Bengaluru project. Availed up to 31.03.2015 of Rs. 58 crore for TTZ Project. Availed during 2015-16 of Rs. 24.23 crore for Sonepat, Meerut and Dewas Project. These Loan are repayable in four equal yearly instalments after expiry of moratorium of one year from the date of disbursement. Loan disbursed in instalment from June 2014 to Jan 2016 with rate of interest from 7.97% to 8.81% per annum depending on date of disbursement. Availed during FY 2016-17 Rs 63 Crore @ 7% p.a rate of interest and Rs 24.35 Cr @ 7.20% p.a rate of interest for Bangaluru CGD project. These loans are repayable in 8 equal yearly Installments after expiry of 2 years monatorium period.		
Secured Short Term loans:		
- HDFC Bank	75.00	-
- Bank Overdraft Facility - HDFC Bank	41.05	-
The short term loan availed from HDFC Bank secured against first hypothecation charge on current assets of the Company.		
Unsecured Short Term loans:		
- ICICI Bank	32.86	-
Deposits/Retention Money from Customers/contractors/others	180.90	139.56
Interim dividend payable (Ref Note 51)	90.00	-
Other Liabilities	6.68	5.92
Total	**447.91**	**165.54**

Note 16 : Deferred Tax Liabilities (Net)

(Rs in Crores)

Particulars	As at 31st March 2020		As at 31st March 2019	
Deferred Tax Liabilities		77.34		79.61
Less: Corporate MAT Receivable	16.51		16.37	
Less : Provision for MAT Credit	16.51	-	-	16.37
Total		**77.34**		**63.24**

Note 17 : Other Financial Liabilities (Non Current)

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Fiuancial Guarantee Obligation (Ref Note 50)	2.89	-
Total	**2.89**	**-**

Note 18 : Trade Payables

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Trade payables to related parties	248.97	166.07
Trade payable to Micro and Small Enterprises	6.68	16.58
Trade payable other than Micro and Small Enterprises	21.92	47.56
Total	**277.57**	**230.21**

Note 19 : Other Current Liabilities

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Statutory payables		
TDS, VAT, Excise, GST and WCT payable	37.46	48.69
Total	**37.46**	**48.69**

Note 20 : Provisions

(Rs in Crores)

Particulars	As at 31st March 2020	As at 31st March 2019
Provisions :		
Provisional Liabilities	93.59	104.93
Provision for Employee Benefits	16.55	20.67
Provision for Probable Obligations	3.36	3.55
Total	**113.50**	**129.15**

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Note : 21 Revenue from Operations (Gross)

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Sale of products/Gas	5,053.72	5,282.33
Gas Transmission charges	83.50	81.35
Other Operating Revenues:		
Service charges	3.43	0.27
Application Fees Domestic Connections	0.44	0.53
Interest Income from Customers & Others	1.57	1.14
Income from Extra Pipe Line	1.05	0.64
Income from after Sales Service	0.08	0.04
Minimum Guranteed Offtake Receipts	0.07	0.75
Total	**5,143.86**	**5,367.05**

Note : 22 Other Income

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest Income	11.64	12.08
Miscellaneous Receipts [including Rs.0.13 Crore (Previous year Nil) on account Finanacial Guarantee for JV Company - Ref Note 50]	1.04	0.81
Profit on Sale of Fixed Assets(Net)	-	0.53
Dividend Income from Investments	0.25	-
Total	**12.93**	**13.42**

Note : 23 Gas Consumed

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Opening Stock	1.57	0.89
Add:Purchases	4,672.51	5,013.11
Less: Gas used as Fuel	6.38	5.33
Less: Closing Stock	0.61	1.57
Gas Consumed	**4,667.09**	**5,007.10**

Note : 24 Employee Benefit Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Salary Wages & Allowances	71.89	62.34
Contribution to Provident Fund	7.09	4.17
Welfare Expenses	22.17	26.55
Less: Employees Benefits Transferred to IEDC	30.15	18.89
Total	**71.00**	**74.17**

Note : 25 Finance Cost

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Interest on Term Loan From SBI	0.12	-
Interest on Term Loan From OIDB	12.74	11.14
Interest on Working Capital /Cash Credit Facilities	2.61	0.10
Interest on Lease Liability	2.55	-
Interest on Others [including Rs.2.68 Crore (Previous year Nil) on account Finanacial Guarantee of Holding Company - Ref Note 50]	3.25	-
Less: Interest & Finance Charges transferred to IEDC	11.94	9.09
Total	**9.33**	**2.15**

Note : 26 Depreciation & Amortisation Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Depreciation & Amortisation Expenses	51.03	32.14
Total	**51.03**	**32.14**

Note : 27 Other Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Power & Fuel Charges		
-Electricity Charges	2.01	1.70
-Fuel Charges	6.38	5.33
Rent-Office & Others [1]	7.97	8.78
Repairs and Maintenance		
-Plant & Machinery	38.90	28.24
-Buildings	0.19	0.15
-Others	2.79	2.96
Insurance Charges	1.18	0.44
Rates & Taxes	0.80	0.35
Payment to Auditors		
-Audit Fees	0.05	0.05
-Tax Audit Fees	0.01	0.01
-Other Services (for issuing certificates, etc.)	0.02	0.01
-Travelling & Out of Pocket Expenses	0.02	0.02
Stores & Spares Consumed	2.71	2.60
Loss/(Gain) of Foreign Currency Transaction	0.01	0.01
Water Charges	0.02	0.02
Communication Expenses	0.23	0.20
Printing & Stationery	0.48	0.39
Travelling Expenses	4.64	3.40
Books & Periodicals	0.01	0.01
Provision for Probable Obligation	0.63	1.68
Advertisement & Publicity [2]	1.18	3.73
Training Expenses	0.56	1.91
Vehicle Hire & Running Expenses [3]	4.18	5.23
Consultancy & Legal Charges	3.13	3.18
Data Processing Expenses	6.63	3.38
Selling & Distribution Expenses	3.30	1.65
Dealer Commission	8.67	8.93
Security Expenses	4.98	4.83
CSR Expenses	1.86	1.98
Other Miscellaneous Expenses	5.22	3.05
Loss on sale of Fixed aseet	0.01	0.03
Provision for Doubtful debts	3.60	-
Business Development Expenses	0.13	9.84
Less: Expenditure transferred to CWIP		
IEDC- Rent & Warehouse Expenses	0.34	0.32
IEDC - Travelling Expenses	1.55	0.69
IEDC - Vehicle Hire Charges	1.34	1.19
IEDC - Other Misc Expenses	0.40	-
Total	**108.87**	**101.89**

Note : 1. Includes an amount of Rs.4.85 Crore on account of lease expenses.

2. Includes an amount of Rs.0.01 Crore on account of lease expenses.

3. Includes an amount of Rs.2.22 Crore on account of lease expenses.

Note : 28 Tax Expenses

(Rs in Crores)

Particulars	Year ended 31st March 2020	Year ended 31st March 2019
Current tax	33.15	21.41
Deferred Tax	(2.27)	22.43
Provision for MAT credit	16.51	-
Provision / Adjustment of Tax relating to earlier periods	(0.13)	0.83
Total	**47.26**	**44.67**

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29. Basis of Preparation

The Consolidated Financial Statements of the Company along with its Joint Ventures have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. The consolidated financial statements comprise the financial statements of the company and its joint ventures as at 31st March, 2020.

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

Basis of Consolidation

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

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

30. The Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Share Capital of the Company as on 31st March,2020 is Rs. 2000 Crores (Previous Year: Rs. 2000 crores) and issued, subscribed and paid-up equity share capital as on 31st March, 2020 is Rs.1275 Crores (Previous Year: Rs. 1127 Crores).

31. Capital Commitments:

(i) The estimated amount of contracts over Rs. 5 lacs amounting to Rs.720.87 Crores (Previous Year Rs. 446.04 Crores) are remaining to be executed on capital account and not provided for.
(ii) The Company has no uncalled liability on shares and other investments partly paid-up.
(iii) Company's Share in estimated amount of contracts remaining to be executed on capital accounts and not provided for in JV Companies based on audited / unaudited financial statements is Rs. 336.04 Crores (Previous Year : Rs. 341.64 Crores)

32. Contingent Liabilities:

Claims against the company not acknowledged as debts:

(i) Legal & other cases of Rs. 126.15 Crores (Previous Year: Rs.132.78 Crores) by vendors/suppliers/contractors etc.

(ii) Disputed Direct Tax Demand of Rs.8.01 Crores (Previous Year: Rs.5.56 Crores) as per the following details :

(a) Assessment Year 2015-16 (Financial Year 2014-15) - Rs. 1.61 Crores.

The assessment of income for the Assessment Year 2015-16 was done by the assessing officer u/s 143 (3) of the Income Tax Act,1961 vide assessment order dated 28.12.2017, by disallowing certain expenses and adjusting the Income tax demand of Rs.1.61 Crores against carry forward Minimum Alternate Tax credit (MAT) available to the company. Dissatisfied with the disallowances made, the company had filed appeal with CIT(Appeals), which was partly allowed by the Appellant Authority vide order dated 26.02.2019, received by the company on 02.04.2019. Dissatisfied with the order of CIT (Appeals), the company has filed appeal with Income Tax Appellate Tribunal, Delhi (ITAT) on 28.05.2019 and final outcome of which is pending as on 31.03.2020. Accordingly, the demand of Rs. 1.61 Crores adjusted by the Assessing Officer against MAT credit available to the company has been shown as Contingent Liability.

(b) Assessment year 2016-17 (Financial Year 2015-16) - Rs. 3.95 Crores.

The Assessing Officer (AO) has raised income tax demand of Rs. 2.49 Crores including interest of Rs. 0.73 Crores after adjusting income tax refund due to the company of Rs. 2.19 Crores vide its order dated 07.12.2018 for assessment year 2016-17. The company has filed an appeal against the same with CIT (Appeals) on 04.01.2019. The final outcome of which is pending as on 31.03.2020. Subsequently, Assessing Officer has rectified its order u/s 154 dated 14.01.2019 and reduced the income tax demand to Rs. 1.76 Crores including interest. Accordingly, a sum of Rs. 3.95 Crores has been shown as Contingent Liability since the sum of Rs. 2.19 Crores being the refund adjusted by AO and the demand of Rs. 1.76 Crores including interest has not been accepted by the company and appeal has been filed with CIT (Appeals).

(c) Assessment Year 2017-18 (Financial Year 2016-17) - Rs 2.45 Crores.

The assessment of income for the Assessment Year 2017-18 was done by the assessing officer u/s 143 (3) of the Income Tax Act,1961 vide assessment order dated 30.11.2019 by disallowing certain expenses and raising income tax demand of Rs. 2.45 Crores. Dissatisfied with the disallowances made, the company has filed an appeal with CIT (Appeals), final outcome of which is pending as on 31.03.2020. Accordingly, the sum of Rs. 2.45 Crores has been shown as Contingent Liability.

Subsequently, during the year, the company has decided to settle all the above disputed income tax cases under the newly introduced Direct Tax Vivad se Vishwas Act, 2020 vide Govt. of India Gazette Notification dated 18.03.2020 for which Board approval was taken on 24.04.2020. As per the said Act, the company has an option to pay the principal amount of disputed tax demand by 31.12.2020 with waiver of demand on account of penalty and interest. As per the joint certification signed on 05.03.2020 between the Company and the Income Tax Department, the demand of Rs.7.54 Crores has been agreed to be set off against the carry forward available MAT credit of Rs.16.51 Crores and waiver of interest of Rs.0.46 Crores with refund of Rs. 2.19 Crores. As on the reporting date, the company is in the process of making settlement under the Direct Tax Vivad se Vishwas Act, 2020.

(iii) Disputed Indirect Tax demand under the Excise and VAT Acts of Rs. 1.89 Crores (Previous Year: Rs. 2.03 Crores)

(iv) Bank Guarantees of Rs.7065.99 Crores as per the following details :

(a) Bank Guarantees of Rs. 7036.49 Crores (Previous year: Rs. 7090.18 Crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per the requirement of the grant of authorization of various geographical areas (GAs) awarded to the company including for the GA awarded to Goa Natural Gas Pvt. Ltd., a joint venture company.

(b) Rs. 29.50 Crores (Previous year: Rs. 7.38 Crores) in favour of Central and State Authorities and other companies for permission charges for various GAs.

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

(v).Share in Contingent Liabilities in JV Companies based on audited / unaudited financial statements is Rs.60.09 Crores (previous Year : Rs. 17.65 Crores)

33. During the year, the company has provided Comfort Letter (Corporate Guarantee) in favour of Andhra Bank Rs.100 Crores and in favour of Bank of Maharastra of Rs. 50 Crores in connection with sanction of long term loan of Rs.200 Crores by Andhra Bank and Rs. 100 Crores by Bank of Maharashtra to Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture Company for its Kakinada – Srikakulam Pipeline Project, based on Counter Guarantee of APGDCL and a Guarantee Commission @1% per annum on the outstanding amount of Loan on quarterly basis. Comfort Letter in favour of these banks for the balance amount of Rs. 150 Crores has been provided by other Joint Venture Partner. Against the above comfort letter, Andhra Bank has sanctioned a loan of Rs.200 Crores and balance outstanding as on 31st March, 2020 payable by APGDCL to Andhra Bank is Rs.67.38 Crores. The Loan sanction from Bank of Maharashtra is under process.

34. The employees working in the various disciplines have been identified as working for (a) project activities and (b) operation activities and accordingly employee expenses of such employees have been accounted for under project and operation activities respectively. Rent expenses and other expenses for on-going projects have been accounted for under project activities. The Incidental Expenditure during Construction amounting to Rs.33.78 Crores (Previous Year: Rs. 21.09 Crores) have been allocated to completed Projects and Capital Work in Progress in the ratio of allocated cost of assets.

35. Capital Work in Progress includes assets under construction which are under different stages of completion. Capitalization is done as and when asset is ready to put to use.

36. (i) Title Deeds in respect of Freehold Land of Rs.2.05 Crores (Previous Year: Rs. 2.05 Crores) measuring 3004.42 square meter is pending for execution including Rs. 0.15 Crores (Previous Year: Rs.0.15 Crores) towards registration charges provided on provisional basis]. Mutation of Freehold Lands is in process.

(ii) Title Deeds in respect of Leasehold Land at Kota, Rajasthan of Rs. 3.71 Crores (Previous Year: Rs. 3.71 Crores) is still in the name of the company, for which the physical possession of the land has been transferred to Rajasthan State Gas Ltd. (RSGL), a joint venture company on 31.07.2017 on transfer of Kota City Gas Distribution Business to RSGL and the same had been de-capitalized in the books of the company during FY 2017-18. The mutation of the land in the name of RSGL is under process.

37. Building of Rs. 59.42 Crores (Previous Year : Rs. 50.69 Crores) which includes :-

(i) Building of Rs. 10.66 Crores (Previous Year : Rs. 10.58 Crores) constructed on land provided by the holding company GAIL (India) Ltd. for which the terms and conditions are yet to be finalized.

(ii) Building of Rs.1.66 Crores (Previous Year : Rs.2.23 Crores) constructed on land measuring 2080 square meter taken from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).

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

(iv) Building of Rs. 9.56 Crores (Previous Year : Rs. 4.98 Crores) constructed on the land measuring 12,533 square meter provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years of the extended period, if any, on implementation of the project and satisfactory utilization of land as per the terms and conditions of agreement.

(v) Building of Rs. 6.38 Crores (Previous Year : Rs. 3.26 Crores) constructed on the land provided by the dealers of CNG stations, warehouse providers and land taken on rent etc.

38. Company has paid an amount of Rs. 11.00 Crores (Previous Year: Rs.9.97 Crores) for purchase of 10 numbers (Previous Year: 9 numbers) of lands measuring 18,050 square meter (Previous Year: 15,333 square meter) from Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Total amount of Rs. 11.00 Crores paid to KIADB has been accounted for under Right to Use Assets during the year as per the requirement of Ind AS 116, as KIADB shall sell the said lands to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per the terms and conditions of agreement.

Company has executed Lease cum Sale Agreement of lands of Rs. 9.77 Crores (Previous Year:Rs. 9.47 Crores) including Stamp Duty and Registration Charges for 8 numbers of KIADB lands as on 31.03.2020 measuring 14,733 square meter. The Company is also required to pay Lease Charges and Maintenance Charges annually for these lands. Further, execution of Lease cum Sale Agreement of lands of Rs. 1.23 Crores (Previous Year : Rs. 0.50 Crores) is pending for remaining 2 numbers of land measuring 3,317 square meter.

39. The Board of Directors of the company in its meeting held on 27.10.2017 has approved the purchase of 5 Last Mile Connectivity Assets from the holding company, GAIL (India) Ltd. in Bengaluru City at an estimated book value of Rs. 53.39 Crores as on 30.06.2017 plus applicable taxes. The asset transfer value shall be at the book value as on the date of transfer plus any taxes (other than taxes on income) involved in the transaction including any stamp duty. Accordingly, the Company has purchased 3 Last Mile Connectivity Assets from GAIL (India) Ltd. in Bengaluru City at a book value of Rs. 27.57 Crores excluding Stamp Duty as per Pipeline Transfer Agreement dated 05.12.2018 executed with GAIL (India) Ltd. Further, during the year, remaining 2 Last Mile Connectivity Assets of Rs, 14.73 Crores excluding Stamp Duty have been purchased at the book value for GAIL (India) Ltd. A provision for liability on estimated basis on account of Stamp Duty amounting to Rs. 2.79 Crores (Previous Year : Rs. 1.82 Crores) has been provided pending registration. Process for registration of pipelines has been taken up but could not be completed due to lockdown on account of COVID 19.

40. Provisional liabilities of Rs. 93.59 Crores (Previous Year Rs. 104.93 Crores) have been created in the books of accounts as on 31.3.2020 on the basis of work done till 31.03.2020 for which invoices are yet to be received, which will be settled on submission of actual invoices by the parties.

41. Salary and Allowances of employees posted in the Company are being paid by the Company. A sum of Rs. 16.00 Crores (Previous Years : Rs. 20.41 Crores) on account of share of Employees Benefits Expenses of the employees of the company based of actuarial

valuation carried out by the Holding Company GAIL(India) Limited on 31.3.2020 and debited by the Holding Company has been accounted for under Employee Benefit Expenses. No disclosure as per the requirement of Ind AS 19 has been made as the same have been complied by holding company including for the employees posted in the company, since all the employees are on the rolls of the Holding Company GAIL (India) Limited.

42. Claim recoverable includes an amount of Rs. 16.00 Crores (Previous Year Rs. 37.25 Crores) towards refund of VAT (excess of VAT paid on purchase of gas over the amount of VAT recovered on sale of gas) in the state of Haryana and Gujarat. The refund of VAT is being pursued with concerned authorities and is considered good.

43. In compliance to Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, the company is having/has applied for PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has also applied for Factory Licenses for the Company owned CNG stations, which is in process. Further, necessary advice has been given to owners of CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain the Factory License in respect of these CNG Stations.

44. As on 31.3.2020, the company has an equity investment of Rs. 47.50 Crores (Previous Year : Rs. 42.50 Crores) in Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL), a Joint Venture (JV) company, including advance pending allotment of Rs. 9.13 Crores (Previous Year : Rs. 10.00 Crores) as per joint venture agreement. During the year, the Company has subscribed to the 9% Cumulative Compulsory Convertible Preference Shares (CCCPS) of face value of Rs.10 each at par of APGDCL amounting to Rs. 100 Crores. Further, the Board of Directors of the company during the year has given in principle approval to transfer shares held by the company in APGDCL (including shares held, subscription made against equity call, CCCPS and any further investment in APGDCL till final approval of the Board of GAIL(India) Limited is received) to GAIL(India) Limited and initiate necessary action in this regard subject to the consent of Govt. of Andhra Pradesh entities (i.e other joint venture partners of the JV company) and GAIL (India) Limited. The consent is yet to be received.

45. During the year a Joint Venture Company, Purba Bharati Gas Pvt. Ltd. has been incorporated on 19.11.2019 with a shareholding pattern in the ratio of 48%, 26% and 26% among Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd. respectively to carry on the city gas distribution (CGD) activities in the geographical areas of Kamrup and Kamrup Metropolitan Districts and geographical areas of Cachar, Hailakandi & Karimganj Districts in Assam awarded during 9th round of CGD Bidding by PNGRB for which Grant of Authorization had already been issued by PNGRB.

46. A Joint venture company, Kerala GAIL Gas Ltd. (KGGL) is in the process of voluntary winding up. No diminution in value of the balance equity investment of Rs. 0.01 Crores has been considered as the investment has been valued at cost since the assets of KGGL mainly consists of current assets in the form of deposits with Schedule Commercial Banks and there is no diminution in the value of such deposits on the reporting date.

47. During the year, the Board of Directors of the company in its meeting held on 04.04.2019 has approved the capital projects of estimated total cost of Rs.6121.28 Crores over the period of 25 years and investment of Rs.5584.65 Crores over the period of 8 years of the minimum work program (MWP) in respect of 5 numbers of Geographical areas (GAs) namely Giridh-Dhanbad Districts, Dakshina Kannada Districts, Sundergarh-Jharsuguda Districts, Ganjam-Nayagarh-Puri Districts and Dehradun Districts awarded to the company during 9th round of CGD Bidding by Petroleum and Natural Gas Regulatory Board (PNGRB) for carrying on the development of City Gas Distribution Network in these GAs subject to approval of the parent company. Subsequently, the parent company has also approved the investment in these 5 numbers of GAs of the company and the construction work of these capital projects is under progress to meet the MWP.

48. During the year, the Board of Directors of the company in its meeting held on 09.12.2019 has approved the capital projects of estimated total cost of Rs. 3699.92 Crores over the period of 25 years and investment of Rs.3284.20 Crores over the period of 8 years of the minimum work program (MWP) in respect of 4 numbers of Geographical areas (GAs) namely Seraikela – Kharsawan Districts, Mirzapur, Chandauli and Sonbhadra Districts, West Singhbhum Districts, and Raisen, Shajapur and Sehore Districts awarded to the company during 10th round of CGD Bidding by Petroleum and Natural Gas Regulatory Board (PNGRB) for carrying on the development of City Gas Distribution Network in these GAs subject to approval of the parent company. Subsequently, the parent company has also approved the investment in these 4 numbers of GAs of the company and the construction work of these capital projects is under progress to meet the MWP.

49. During the year, the company has entered into an agreement with State Bank of India (SBI) for a long term loan facility of upto Rs.1500 Crores for funding of the capital expenditure for 5 numbers of Geographical Areas (GAs) namely Giridh-Dhanbad Districts, Dakshina Kannada Districts, Sundergarh-Jharsuguda Districts, Ganjam-Nayagarh-Puri Districts and Dehradun Districts awarded to the company in the 9th PNGRB CGD Bidding round and geographical areas of Firozabad, Taj Trapezium Zone, (excluding Bharatpur).

The long term loan facility has been provided based on corporate guarantee of the Holding Company GAIL(India) Limited and security by way of first charge over the fixed assets (movable and immovable) both present and future of the above capital projects. The long term Loan facility is for a Door to Door tenor of 13 years comprising 4 years drawdown period, one year moratorium period and 8 years repayment period with equated quarterly installment starting from 31.12.2024 and carry a floating rate of interest linked to One month marginal cost of lending rate (MCLR) of SBI. A sum of Rs.22.54 Crores is outstanding as on 31st March, 2020.

50. During the year, based on the fair valuation, the company has made the following recognition as per the provisions of Ind AS 109:-

a. In case of Corporate Guarantee of Rs. 5332.99 Crores provided by the Holding Company i.e. GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and

Urban Districts GA and 4 GAs awarded under 10th PNGRB Bidding round, a sum of Rs. 5.60 Crores has been shown as pre-paid expenses (Note-9A & 9B) and Rs. 2.68 Crores as guarantee commission expenses (Note-25) with corresponding credit of Rs. 8.28 Crores to deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

b. In case of Corporate Guarantee of Rs. 752 crore provided by the Holding Company i.e. GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB in connection with the GA awarded to the joint venture company i.e. GNGPL, a sum of Rs. 2.51 Crores has been shown as deemed receivable from the joint venture company (Note-7A & 7B) with corresponding credit of Rs. 2.51 Crores to deemed equity as capital contribution from Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

c. In case of Corporate Guarantee provided by the Holding Company i.e. GAIL (India) Ltd. for the long term loan upto Rs. 1500 Crores from SBI, a sum of Rs. 0.13 Crores has been shown as pre-paid expenses (Note-9A) with corresponding credit to deemed equity as capital contribution from the Holding Company (Note-14) based on the intimation and the fair valuation done by the Holding Company.

d. In case of Comfort Letter (Corporate Guarantee) provided by the company to joint venture company i.e. APGDCL for raising loan upto Rs. 300 Crores from Banks, the company has recognized its share of the financial guarantee liability net of guarantee commission receivable from the JV company @1 % per annum on the amount of loan drawn by the JV company from Andhra Bank. Accordingly, based on the fair value of the corporate guarantee commission @2.1% per annum for the year with present value @ 8.56366 % of the future corporate guarantee period, deemed investment in the JV company of Rs.1.64 Crores (Note-5) and Guarantee commission receivable of Rs. 1.38 Crores (Note 7A) with corresponding credit of Rs.2.89 Crores to financial guarantee obligation (Note – 17) and Rs.0.13 Crores to deemed corporate financial guarantee miscellaneous income (Note -22) has been provided.

51. During the year, the company has declared an Interim Dividend @7.06% of the Paid up Equity Share Capital of the company amounting to Rs. 90 Crores for FY 2019-20, which has been paid on 29.04.2020.

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

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53. a. The company is carrying on construction activities for the capital projects for the 9 numbers of GAs awarded to the company by PNGRB in the 9th and 10th PNGRB CGD bidding round to meet the MWP targets as per the grant of authorization. Keeping in view the non -availability of pipeline connectivity from the gas source in these GAs and present lock lockdown in the country from 23.3.2020 to contain the spread of COVID-19 disease, the company has requested PNGRB for deferment of the period of meeting of the MWP targets under Regulation 12 of the PNGRB regulations and indications have been given by PNGRB for favourable consideration. Therefore, no provision has been made in respect of penalty for not meeting of the MWP targets.

b. In case of Rajasthan State Gas Ltd., the company is carrying on construction activities for the capital projects for the 1 GA awarded to the company by PNGRB in the 10th PNGRB CGD bidding round to meet the MWP targets as per the grant of authorization. However, the work has been hampered due to present lockdown in the country from 23.3.2020, to contain the spread of COVID-19 disease. The company will request PNGRB for deferment of the MWP targets considering the non-availability of Pipeline connectivity from the Gas source (from GAIL) in most of these GAs and present lockdown in the country w.e.f. 23.3.2020 and accordingly no provision has been made in respect of meeting of the MWP targets at Gwalior Sheopur and also for Kota.

54. During the year, the company has opted for the concessional income tax rate under section 115BAA introduced by the Taxation Laws (Amendment) Act, 2019 notified on 12th December,2019 by amending the Income Tax Act,1961 in this regard for which Board approval was taken on 24.04.2020. This has resulted in lower basic Income tax rate of 22% in place of basic income tax rate of 30% hitherto being considered by the company. This has resulted in decrease in income tax expense of the company for the year by Rs.26.42 Crores and increase in profit after tax of the company for the year ended 31.03.2020 to that extent, after considering the provision for available MAT Credit of Rs.8.97 Crores which is left after setting aside MAT credit for settlement under the Direct Tax Vivad se Vishwas Act,2020 of Rs 7.54 Crores as referred to in Note 32 (ii), as per the provisions of section 115BAA of the Income Tax Act,1961.

55. The lockdown in the country w.e.f 23.3.2020 to contain the spread of COVID 19 disease has not resulted in any major impact on the business of the company for the year as company has assessed the overall impact of this pandemic on its business and financials including valuation of assets, liabilities and profitability for the year ended 31.03.2020. Accordingly there is no material effect in the accounts for the financial year ended 31.03.2020.

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

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

Rs. in Crores

Statement of Profit and Loss	31st March, 2020	31st March, 2019
Current Income Tax:		
Current Income Tax Charge from ordinary activities (Continuing Operations)	33.15	21.41
Provision/Adjustment of Tax relating to earlier periods	(0.13)	0.83
Current Income Tax Charge from ordinary activities (Discontinued Operations)	-	-
Current Income Tax Charge on Gain on disposal of Discontinued Operations.	-	-
	33.02	**22.24**
Deferred Income Tax:		
Relating to origination and reversal of temporary differences (Continuing Operations)	20.00	22.43
Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations)	(22.27)	-
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	(2.27)	22.43
Provision for MAT Credit	**16.51**	-
Income Tax Expense reported in the Statement of Profit and Loss	**47.26**	**44.67**

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

Rs. in Crores

	31st March, 2020	31st March, 2019
Profit Before Income Tax	203.51	125.61
Current Tax Rate	16.23%	17.71%
Computed Effective Tax Expense	33.02	22.24
Movement in Deferred Tax Liability Provision for MAT Credit	(2.27) 16.51	22.43 -
Income Tax charged to Statement of Profit and Loss	**47.26**	**44.67**
Effective Tax Rate	**23.22%**	**35.56%**

(iii) Recognized Deferred Tax Assets and Liabilities:

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

Rs. in Crores

Particulars	**Balance Sheet**		**Statement of Profit & Loss**	
	31st March, 2020	**31st March, 2019**	**31st March, 2020**	**31st March, 2019**
Property, Plant and Equipment	(83.36)	(84.82)	1.46	(25.21)
Provisions	6.02	5.21	0.81	2.78
Deferred Tax Assets/ (Liabilities)	**(77.34)**	**(79.61)**	**2.27**	**(22.43)**
Offsetting of Deferred Tax Assets/ (Liabilities)	-	-	-	-
Net Deferred Tax Assets /(Liabilities)	**(77.34)**	**(79.61)**	**2.27**	**(22.43)**

Re-computation of Deferred Tax Assets/Liabilities existing on 01.04.2019 due to the concessional income tax rate u/s 115BAA opted by the company during the year has resulted in reversal of Deferred Tax Liabilities (Net) by Rs.22.27 Crores. Further, the Deferred Tax Liabilities (Net) due to the temporary differences originating during the financial year 2019-20 is Rs. 20.00 Crores considering concessional income tax rate opted by the company during the year. This has resulted in reduction of Rs. 2.27 Crores in Deferred Tax Liabilities (Net).

57. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of Rs. 21.27 Crores (Previous Year: Rs. 11.24 Crores) was incurred by the company during the year, out of which an amount of Rs. 11.94 Crores (Previous Year: Rs. 9.09 Crores) has been capitalized including allocated towards Capital Work in Progress during the year.

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

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

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Rs. in Crores

Provisions	Opening Balance as on 01.04.2019	Additions incl. interest during the year	Reversal / adjustment during the year	Closing Balance as on 31.03.2020
Direct Tax	68.31	33.15	-	101.46
Deferred Tax (net of MAT)	63.24	19.86	(5.76)	77.34
Legal & Arbitration Cases	132.78	10.30	(16.93)	126.15

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

Information about products and services:

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

Geographical Information:

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

Information about major customers:

One customer during the year ended 31st March, 2020 (Previous Year: one) contributed to more than 10% of the revenue individually. Revenue from this customer was Rs. 3427.62 Crores during the year ended 31st March, 2020 (Previous Year: Rs. 3469.86 Crores).

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

Sl. No.	Name of Companies (Indian Entities)	Relation	Proportion of ownership as on	
			31.03.2020	31.03.2019
1	Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)	Joint Venture	50%	50%
2	Kerala GAIL Gas Limited. (KGGL)	Joint Venture	50%	50%
3	Vadodara Gas Limited. (VGL)	Joint Venture	17.07%	17.07%
4	Rajasthan State Gas Limited. (RSGL)	Joint Venture	50%	50%
5	Haridwar Natural Gas Pvt. Ltd. (HNGPL)	Joint Venture	50%	50%
6	GOA Natural Gas Pvt. Ltd. (GNGPL)	Joint Venture	50%	50%
7	Purba Bharati Gas Pvt. Ltd. (PBGPL)	Joint Venture	26%	-

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

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

Rs. in Crores

Sl. No.	Description	2019-20	2018-19
A.	**Summary of Balance Sheet**		
1	**Assets**		
	Non-Current	422.50	279.69
	Current	103.92	50.03
	Total	526.42	329.72
2.	**Liabilities & Provisions**		
	Non-Current	169.48	68.07
	Current	84.84	92.42
	Total	254.32	160.49
B.	**Summary of Profit and Loss Account**		
1.	Income	74.78	62.20
2.	Expenditure	70.93	60.97

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

Disaggregated Revenue Information

The disaggregation of the company's revenue from contracts with customers is disclosed at Note -20.

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

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

Contract Balances

Rs. in Crores

Description	As on 31st March , 2020	As on 31st March , 2019	As on 1st April, 2018
Trade Receivables	485.55	282.79	270.50
Contract Liabilities	0.09	0.03	0.28

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

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

Rs. in Crores

Type of goods or Services	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Revenue as per contracted price	5144.43	5367.30
Less :- Facility Charges on sale of gas	0.57	0.25
Revenue from contract with customers	5143.86	5367.05

Performance Obligation

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

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

a. **Amounts recognised in profit and loss for the year ended 31st March, 2020**

Description	Amount (Rs. in Crores)
Amortization expense of right-of-use assets	9.68
Interest expense (included in finance cost)	2.55
Expense relating to short-term leases (Refer Note No. 2 (b) (ix))	7.07
Expense relating to low value assets leases (Refer Note No. 2 (b) (ix))	0.01

b. **The total cash outflow for leases during the year ended 31st March , 2020**

Description	Amount (Rs. in Crores)
Principal Portion of lease liability	8.07
Interest portion of lease liability	2.55
Expense relating to short-term leases (Refer Note No. 2 (b) (ix))	7.07
Expense relating to low value assets leases (Refer Note No. 2 (b) (ix))	0.01

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

a. As per Section 135 of the Companies Act, 2013 read with Department of Public Enterprises (DPE) guidelines, the company was required to spend Rs. 2.42 crores (Rs. 2.29 Crores for FY 2019-20 and Rs. 0.13 Crores for carry forward CSR Budget of FY 2018-19) during the FY 2019-20. The amount of CSR expenses incurred by the Company during the year was

Rs. 1.86 crores (Previous Year: Rs. 1.98 Crores) and the balance committed / carry forward is as per details given below :

Rs. in Crores

Description	In Cash / liability provided	Yet to be paid in Cash and/or carried forward in FY 2020-21	Total
i). Construction/acquisition of any asset	Nil	Nil	Nil
ii). On purposes other than (i) above	1.86	0.56	2.42

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

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

Rs. in Crores

Particulars	2019-20	2018-19
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year; *	Nil	Nil.
ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2016, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2016.	Nil	Nil

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

*Does not include trade payable to micro and small enterprises as on 31.03.2020 of Rs. 6.68 Crores (Previous Year : Rs. 16.58 Crores) for liabilities booked on accrual basis since there is no interest due thereon remaining unpaid to any supplier as at the end of reporting date.

66. **Related Party Disclosures:**

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

B. Related Party Disclosures as per Ind AS 24.

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

i. Holding Company - GAIL (India) Ltd.

ii. Indian Joint Venture Companies

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

iii. Other (Joint Venture Companies of Holding Company)

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

iv. Key Management Personnel:

Chairman & Non-Executive Director:

Mr. B. C Tripathi (Upto 31.07.2019)
Dr. Ashutosh Karnatak (From 01.08.2019 till 06.05.2020)
Mr. Manoj Jain (From 06.05.2020)

Non-Executive Directors:

Mr. Gajendra Singh
Mr. A.K.Tiwari
Ms. Kiran Vasudeva (upto 27.05.2019)
Mr. Mrityunjay Jha(from 15.06.2019)
Mr. Rajeev Mathur
Mr. S B Mitra (from 04.01.2019)
Ms. Jyoti Dua (from 02.03.2020)

Chief Executive Officer: Mr. A.K. Jana

Chief Financial Officer: Mr. Pankaj Walia

Company Secretary: Mr. Deepak Asija

b. **Related Party Transactions**

Rs. in Crores

Sl No	Particulars	Holding Co.	Joint Venture & Others*	Key Management Personnel
1	Purchase of Goods and Material	4676.75 (5015.39)	- (-)	- (-)
2	Guarantee Commission received / receivable	- (-)	0.12 (-)	- (-)
3	Sales of Goods (Material and Gas) / Material Issued on Loans	- (-)	139.12 (138.84)	- (-)
4	Purchase and Sale of Fixed Assets	14.73 (27.57)	- (6.14)	- (-)
5	Reimbursement of Remuneration to Key Management personnel- Salary & Allowances	- (-)	- (-)	2.14 (2.41)
6	Reimbursement of remuneration to staff received / receivable	- (-)	15.35 (18.24)	- (-)
7	Reimbursement of Retirement Benefits payable	16.00 (20.41)	- (-)	- (-)
8	Reimbursement of Training Cost payable / receivable	0.36 (0.81)	- (0.37)	- (-)
9	Reimbursement of BG Charges received / receivable	- (-)	1.60 (1.60)	- (-)
10	Rent, Electricity, UCS Expenses and Hook-up charges, etc. paid / payable	7.73 (3.74)	- (-)	- (-)
11	Advances for Hook Up charges	9.91 (-)	- (-)	- (-)
12	Outstanding Balance Payable excluding fair valuation done as per Ind AS-109	255.31 (193.06)	0.20 (0.20)	- (-)
13	Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109	- (-)	25.36 (21.16)	- (-)
14	Corporate Guarantee given to Banks for BG issued on behalf of the Company as at Balance Sheet date	6084.99 (6084.99)	- (-)	- (-)
15	Comfort Letter (Corporate Guarantee) issued to Banks for availing loan by Joint Venture Companies	- (-)	150.00 (-)	- (-)
16	Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares	- (-)	138.37 (32.50)	- (-)
17	Advance to APGDCL against Equity Share pending Allotment of Share	- (-)	9.13 (10.00)	- (-)

18	Investment in KGGL as at Balance Sheet date (JV)	- (-)	0.01 (0.01)	- (-)
19	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	- (-)
20	Investment in RSGL as at Balance Sheet date (JV)	- (-)	65.00 (65.00)	- (-)
21	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	22.20 (12.50)	- (-)
22	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	17.50 (9.50)	- (-)
23	Advance to GNGPL against equity Share pending Allotment of Shares	- (-)	- (3.00)	- (-)
24	Investment in PBGPL as at Balance Sheet date (JV)	- (-)	26.00 (-)	- (-)
25	Share allotment to Holding Company	148 (250)	- (-)	- (-)
26	Advance received against Equity Share pending Allotment of Share	80.70 (-)	- (-)	- (-)

*Others include joint venture companies of Holding Company.

(Figure shown in brackets pertains to Previous Year).

The company has formed seven Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and Corporates. In all these companies, it was agreed that Equity Shareholding of both the promoters will be in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the Shareholder Agreement executed amongst them. Further, Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement.

67. Earning per Share:

Particulars	2019-20	2018-19
Profit after Tax (Rs. in Crores)	157.21	80.94
Weighted Average No. of Equity Shares (Basic) Weighted Average No. of Equity Shares (Diluted)	117,43,38,798 118,34,67,760	103,86,43,836 -
Nominal Value per Share (in Rs.)	10.00	10.00
Basic Earning per Share (in Rs.) **Diluted Earning per Share (in Rs.)**	1.34 1.33	0.78 0.78

68. Changes in accounting policies and disclosures :-

Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. No adjustment has been made to retained earnings on the date of initial application except for prepaid/accrued lease payments.

The effect of adoption Ind AS 116 as at April 1, 2019 (increase/(decrease)) is as follows:

Description	**Amount (Rs. in Crores)**
Assets	
Right-of-use assets	36.40
Property, Plant and Equipments	(6.85)
Capital Advances	(9.97)
Other assets	(0.53)
Total assets	**19.05**
Liabilities	
Financial liabilities - Lease liabilities	19.05
Total liabilities	**19.05**

Before the adoption of Ind AS 116, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. Upon adoption of Ind AS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and low value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

Leases previously classified as finance leases -
The company did not change the initial carrying amounts of recognized assets at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets equal the lease assets recognized under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 1, 2019.

Leases previously accounted for as operating leases –
The company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and low value assets. The lessee recognizes a lease liability measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and correspondingly measured the right-of-use asset at an amount equal to the lease liability, adjusted for previously recognized prepaid or accrued lease payments.

The company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
- Applied low value exemption for the leases in which underlying assets is of low value when it is new.

The lease liabilities as at April 1, 2019 can be reconciled to the operating lease commitments as on March 31 2019 is as follows:

Description	**Amount (Rs. in Crores)**
Assets	
Operating lease commitments as at March 31, 2019	1.94
Add: Other lease commitments as at March 31, 2019	36.36
Less:	
Commitments relating to short-term leases	7.38
Commitments relating to leases of low-value assets	-
Total Lease Commitments as at March 31, 2019	**30.92**
Discounting Operating lease commitments as at April 1, 2019	19.05
Add:	
Commitments relating to leases previously classified as finance leases	-
Lease liabilities as at April 1, 2019	**19.05**

69. Notes on Financial Risk Management

Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk which the entity is exposed to and how the company manages the risk. The Company is exposed to market risk, credit risk and liquidity risk. Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's Risk Management Framework.

(i). Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

(a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

Sensitivity analysis:

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

Rs.in Crores

Reporting period	Increase/decrease in interest rate basis points	Impact on profit before taxes
31.03.2020	+100	Nil
	-100	Nil
31.03.2019	+100	Nil
	-100	Nil

The sensitivity analysis is limited only to variable rate on loans and borrowings and is conducted with all other variables held constant. The analysis is prepared with the assumption that the amount of variable rate liability outstanding at the balance sheet date was outstanding for the whole year. Further, there is loan outstanding of Rs. 22.54 Crores as on 31.03.2020 having variable rate of interest, hence, there is no impact on the Company's profit before tax during the year ended 31.03.2020.

(b) Foreign Currency Risk:

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

(ii) Liquidity risk

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

Rs.in Crores

As at 31.03.2020	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	148.91	21.43	102.33	53.50	**326.17**

Trade and other payables		277.57				**277.57**
Other financial liabilities	105.21	90.96	81.41	-	-	**277.58**
Lease Liabilities (Note-1)	-	4.22	12.26	22.87	15.70	**55.05**

Rs.in Crores

As at 31.03.2019	**On demand**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
Interest-bearing loans and borrowings	-	3.09	16.98	90.29	64.42	**174.78**
Trade and other payables	-	230.21	-	-	-	**230.21**
Other financial liabilities	95.01	0.89	49.59	-	-	**145.48**
Lease Liabilities	-	-	-	-	-	-

Note-1- As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

(iii) Credit Risk

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions. Credit exposure also exists in relation to guarantees issued by the company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment. The summary of the Company's product wise credit policy is tabulated below:

Product	**Credit period**
Piped Natural Gas (Domestic)	21 days
Piped Natural Gas (Industrial)	03-07 days
Piped Natural Gas (Commercial)	07 days
Compressed Natural Gas (CNG)	Cash Sales & 4-15 days
Bulk Industrial Sales	4 -30 days

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

Rs.in Crores

Trade receivables	Neither past due nor impaired	Past due but not impaired				
		Less than 30 days	30-60 days	60-90 days	Above 90 days	Total*
31.03.2020	473.86	5.99	1.49	0.76	3.45	485.55
31.03.2019	267.42	6.99	2.47	0.68	5.22	282.79

*Net of Provision

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

Rs.in Crores

Provisions	31st March 2020	31st March 2019
Start of the year	1.57	1.57
Provision for Doubtful Debt during the year	3.60	-
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
End of year	**5.17**	**1.57**

Cash deposits:

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into Banks linked with Current Account. There is no impairment on these cash deposits as on the reporting date and comparative period.

Capital Management

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

The Company's management assesses regularly the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

Fair value measurements

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

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

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

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

As at 31.03.2020:

Rs.in Crores

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
Financial Assets at amortised cost:				
Loans and Other Receivables	27.42	-	-	-
Trade Receivables	485.55	-	-	-
Cash and Cash Equivalents	1.81	-	-	-
At Fair value through profit and loss	-	-	-	-
At Fair value through OCI	-	-	-	-
Total Financial Assets	**514.78**	-	-	-
Financial Liabilities at amortized cost				
Borrowings	326.17	-	-	-
Trade Payables	277.57	-	-	-
Other Financial Liabilities	227.58	-	-	-
At Fair value through profit and loss	-	-	-	-
Total Financial Liabilities	**881.32**	-	-	-

As at 31.03.2019:

Rs.in Crores

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
Financial Assets at amortised cost:				
Loans and Other Receivables	22.68	-	-	-
Trade Receivables	282.79	-	-	-
Cash and Cash Equivalents	125.24	-	-	-
At Fair value through profit and loss		-	-	-
At Fair value through OCI		-	-	-
Total Financial Assets	**430.71**	-	-	-
Financial Liabilities at amortized cost				
Borrowings	174.78	-	-	-
Trade Payables	230.21	-	-	-
Other Financial Liabilities	145.48	-	-	-
At Fair value through profit and loss	-	-	-	-
Total Financial Liabilities	**550.47**	-	-	-

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

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H.S. ... & CO. New Delhi Chartered Accountants

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

70. Consolidation has been done of the Standalone Finaneial Statements of the company and its 7 joint venture companies considering un-audited accounts of all the joint venture companies excluding GNGPL which is audited. Further, based upon the fair valuation of the guarantee expenses as per Ind AS 109, adjustment to the extent of Rs. 1.10 Crores has been made in the profit after tax as per the audited financial statement of the GNGPL resulting in reduction in profit after tax to that extent, based on the intimation and fair valuation done by the Holding Company after the completion of audit of the accounts of GNGPL (JVC)

71. Balance confirmation has been sought from vendors / contractors / authorities / joint venture companies for balances grouped under loan and advances, deposits and trade payables. However reconciliation of accounts with parties is carried out as ongoing process and balances are subject to reconciliation and consequent adjustment which in the opinion of the management are not material.

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

Deepak Asija	Pankaj Walia	A.K.Jana	A.K.Tiwari	Manoj Jain
Company Secretary	CFO	CEO	Director	Chairman
PAN-ADRPA0983E	PAN-AABPW1139M	PAN-ABIPJ0467D	DIN 07654612	DIN-07556033

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

H.S. AHUJA & CO. New Delhi Chartered Accountants

(CA Jaswant Singh)
Membership No. 095483

Place: New Delhi
Date: 05.06.2020

GAIL GAS LIMITED NOIDA