



Bhagyanagar Gas Ltd.

# 10<sup>th</sup> ANNUAL REPORT

## 2012-13



# **Bhagyanagar Gas Limited**

**(A Joint Venture Company of GAIL and HPCL)**

**Committed for cleaner Environment & Health**



Bhagyanagar Gas Ltd.

10<sup>th</sup> Annual Report 2012-13

## **Corporate Information:**

### **BOARD OF DIRECTORS**

Ms. Nishi Vasudeva, Chairperson  
Mr. P.K. Gupta, Director  
Mr. A.K. Mittal, Managing Director  
Mr. R. Sridhar, Director Commercial

### **STATUTORY AUDITORS**

M/s Ford, Rhodes, Parks & Co.  
Chartered Accountants

### **INTERNAL AUDITORS**

C. Ramachandram & Co.

### **BANKERS**

Canara Bank  
Corporation Bank  
State Bank of India  
HDFC Bank Limited

### **REGISTERED OFFICE**

Second Floor, Parisrama Bhawan, APDIC Building,  
Basheer Bagh, Hyderabad – 500 004

**Tel:** 040 – 66566986 **Fax:** 040 66565081

**Website:** [www.bglgas.com](http://www.bglgas.com)



Bhagyanagar Gas Ltd.

10<sup>th</sup> Annual Report 2012-13

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# **Bhagyanagar Gas Limited**

*Regd. Office: Parishram Bhavan, APIDC Building, Basheer Bagh  
Hyderabad – 500 004*

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## **NOTICE FOR 10<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that Tenth Annual General Meeting of the Members of Bhagyanagar Gas Limited will be held on Monday, September 23, 2013 at 11.30 A.M. at the Regd. Office of the company at Second Floor, Parisrama Bhawan, APIDC Building, Basheer Bagh, Hyderabad – 500 004 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013, audited Financial Statement for the period ending 31<sup>st</sup> March, 2013, Directors' Report and Auditors Report thereto.
2. To appoint a Director in place of Shri P.K Gupta, who retires from office by rotation and being eligible, offers himself for re-appointment
3. To appoint Statutory Auditors and to pass the following Resolution as Special Resolution with or without modification(s).

**“RESOLVED THAT** M/s Ford, Rhodes and Parks, Chartered Accountants (Firm Registration no. 102860W), the retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company in terms of provisions of Section 224 A of the Companies Act, 1956 till the conclusion of next Annual General Meeting.

**RESOLVED FURTHER THAT** Board of Directors be and are hereby authorised to fix remuneration payable to the Statutory Auditors.”

### **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** Shri Arvind Kumar Mittal who was appointed as an Additional Director of the Company by the Board of Directors under Article 37 of the Articles of Association of the Company with effect from April 18, 2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting, and who is eligible for re-appointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

5. To consider, and, if thought fit, to pass with or without modification (s), the following resolution as Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 198,269,309, 311 and 317 and other applicable provisions, if any, of the Companies Act,1956, read with Schedule XIII thereto and subject to such approvals, if any, as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri Arvind Kumar Mittal as Managing Director from April 18, 2013 to May 31, 2015 on such terms and conditions as set out in the Explanatory Statement attached to this Notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**“RESOLVED THAT** Mr. R. Sridhar who was appointed as an Additional Director of the Company by the Board of Directors under Article 37 of the Articles of Association of the Company with effect from May 23, 2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 only up to the date of this Annual General Meeting, and who is eligible for re-appointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

7. To consider, and, if thought fit, to pass with or without modification (s), the following resolution as Special Resolution:

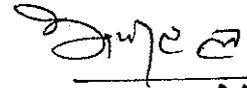
**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto and subject to such approvals, if any, as may be necessary, consent of the Company be and is hereby accorded to the appointment of Shri R. Sridhar as Director Commercial for a period of three years w.e.f May 23, 2013 on such terms and conditions as set out in the Explanatory Statement attached to this Notice and hereby approved, with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule XIII or any amendment thereof for the time being in force.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the foregoing resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

**Place:** Hyderabad

**Date:** August 23, 2013

**By Order of the Board**



(A.K. Mittal)  
Managing Director

23/8/13

**Notes:**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a Member. Proxies to be valid shall be lodged duly stamped and completed with the Company not less than 48 hours before the Meeting.
2. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
3. Explanatory statement pursuant to Section 173 (2) of The Companies Act, 1956 in respect of the Item no. 3 to 7 of the notice is annexed herewith.

## Annexure to the Notice

### Explanatory Statement Pursuant To Section 173 (2) of the Companies Act, 1956

#### **ITEM No 3**

In terms of provisions of Section 224 A, in case of a Company in which not less than 25% of the subscribed share capital is held whether singly or in any combination, by -

- (a) a public financial institution or a Government Company or Central Government or any State Government, or
- (b) any financial or other institution established by any provisional or State Act in which a State Government holds not less than 51% of the subscribed share capital, or
- (c) a nationalized bank or an insurance company carrying on general insurance business,

the appointment or reappointment at each Annual General Meeting of an Auditor or Auditors shall be made by a special resolution.

In Bhagyanagar Gas Limited more than 25% of the paid up and subscribed capital is being held by Hindustan Petroleum Corporation Limited (“HPCL”) and GAIL (India) Limited (“GAIL”), the Government Companies. In view of this, your Directors recommend the resolution for approval as Special Resolution by the Members of the Company.

None of the Directors are concerned or interested in the resolution.

#### **ITEM No 4**

Shri Arvind Kumar Mittal was appointed as an Additional Director on the Board w.e.f April 18, 2013 to hold office upto May 31, 2015. However, in terms of Section 260 of the Companies Act, 1956 and Article 37 of the Articles of Association of the Company, he holds office upto the May 31, 2015 or date of next Annual General Meeting, whichever is earlier and is eligible for re-appointment. The Company has received a notice proposing the candidature of Shri A.K. Mittal for the office of Director in terms of Section 257 of the Companies Act, 1956.

None of the Directors other than Shri Arvind Kumar Mittal is interested in the resolution.

#### **ITEM No 5**

The Board of Directors has appointed Shri Arvind Kumar Mittal, nominee of GAIL (India) Limited, as Managing Director of Bhagyanagar Gas Limited from April 18, 2013 to May 31, 2015 in pursuance of Article 31 of Articles of Association of the Company and provision of Section 198, 269, 310, 311, 317 Schedule XIII of the Companies Act. Shri Arvind Kumar Mittal is actively involved in the business policy decisions of the Company. He is a M. Tech in Chem. Engineering from IT, BHU and also holds an MBA degree from IGNOU. He has a vast experience of over 33 years in Operation & Maintenance of Fertilizer Plant, Petrochemical Plant, LPG Pipeline and Marketing of Petrochemical & Natural Gas, can advantageously be availed of by the Company to its benefit.

The terms and condition of the appointment of Shri Arvind Kumar Mittal who is on deputation to BGL are as under:

**Period**

Period of appointment from 18.04.2013 to 31.05.2015

**Salary**

Basic pay per month Rs. 75,190/- . PP Stagnation per month Rs.2190/-

In addition he is entitled to variable D.A., deputation allowance and other allowances which are as per rules of GAIL (India) Ltd.

**Annual Increment**

As per rules of GAIL (India) Limited

In addition to salary, the following perquisites will be provided as per relevant applicable rules of GAIL (India) Limited:

1	Housing	HRA/ Company Leased Accommodation as per applicable rules of GAIL (India) Ltd
2	PF Contribution	Contribution to Provident Fund, Superannuation Benefit Fund Scheme in accordance with the Rules of GAIL (India) Ltd.
3	Gratuity	Gratuity as per the applicable rules of GAIL (India) Ltd
4	Conveyance	Conveyance and re-imburement of Drivers Salary as per the applicable rules of GAIL (India) Ltd.
5	Entertainment expenses and other business expenses	Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company.
6	Leave	Leave as per the Rules of GAIL (India) Ltd
7	Other allowances, benefits and perquisites	Other allowances, benefits and perquisites etc. as per the Rules of GAIL (India) Ltd.

None of the Directors other than Shri Arvind Kumar Mittal is interested in the resolution.

**ITEM No 6**

Shri R. Sridhar was appointed as an Additional Director on the Board for a period of 3 years w.e.f May 23, 2013. However, in terms of Section 260 of the Companies Act, 1956 and Article 37 of the Articles of Association of the Company, he holds office upto the 3 years w.e.f May 23, 2013 or date of next Annual General Meeting, whichever is earlier and is eligible for re-appointment. The Company has received a notice proposing the candidature of Shri R. Sridhar for the office of Director in terms of Section 257 of the Companies Act, 1956.

None of the Directors other than Shri R. Sridhar is interested in the resolution.

#### **ITEM No 7**

The Board of Directors has appointed Shri R. Sridhar, nominee of HPCL, as Director-Commercial of Bhagyanagar Gas Limited for a period of 3 years from 23.05.2013 in pursuance of Article 31 of Articles of Association of the Company and provision of Section 198, 269, 310, 311, Schedule XIII of the Companies Act. Shri R. Sridhar is actively involved in the business policy decisions of the Company.

He is a B.Com from University of Madras and an Associate Member of the Institute of Chartered Accountants of India (ICAI). His wide and varied experience of over 26 years in various finance functions including indirect taxation and audit can advantageously be availed of by the Company to its benefits.

The terms and conditions of the appointment of Shri R. Sridhar, who is on deputation to BGL are as under:

#### **Period**

Period of appointment is for 3 years w.e.f 23.05.2013.

#### **Salary**

Basic per month Rs.73,000/-

In addition he is entitled to variable D.A., deputation allowance and other allowances, as per rules of HPCL.

#### **Annual Increment**

As per rules of HPCL

In addition to salary, the following perquisites will be provided as per relevant applicable rules of HPCL:

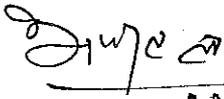
1	Housing	HRA/ Company Leased Accommodation as per applicable rules of HPCL
2	PF Contribution	Contribution to Provident Fund, Superannuation Benefit Fund Scheme in accordance with the Rules of HPCL.
3	Gratuity	Gratuity as per the applicable rules of HPCL
4	Conveyance	Car with driver at the place of posting, presently Hyderabad
5	Entertainment expenses and other business expenses	Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company.
6	Leave	Leave as per the Rules of HPCL
7	Other allowances, benefits and perquisites	Other allowances, benefits and perquisites etc. as per the Rules of HPCL

None of the Directors other than Shri R. Sridhar is interested in the resolution.

**Place:** Hyderabad

**Date:** August 23, 2013

**By Order of the Board**

  
\_\_\_\_\_  
(A.K. Mittal) 23/8/13  
Managing Director

# Bhagyanagar Gas Limited

Regd. Office: Parishram Bhavan, APIDC Building, Basheer Bagh  
Hyderabad – 500 004

## PROXY FORM

I/We.....of.....  
..... being a member/members of the above mentioned company hereby  
appoint.....of.....as  
my/our proxy to vote for me/us, on my/our behalf at the 10<sup>th</sup> Annual General Meeting of the  
Company will be held on Monday, September 23, 2013 at 11.30 AM and at any  
adjournment thereof.

Signed this.....day of .....2013:

ONE  
RUPEE  
REVENUE  
STAMP

### Notes:

1. This instrument of proxy shall be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before the holding of the meeting.
2. The Proxy need not be a member.
3. Particulars to be filled by the member, before submitting the Proxy Form.

Regd. Folio No..... Number of Shares.....

Share certificate(s)No..... Distinctive No.s.....

**Bhagyanagar Gas Limited**  
*Regd. Office: Parishram Bhavan, APIDC Building, Basheer Bagh*  
*Hyderabad – 500 004*

**DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present the 10<sup>th</sup> Annual Report together with the audited statement of accounts for the year ended on 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS**

The highlights of performance of your Company during the financial year ended on 31<sup>st</sup> March, 2013, are as follows:

Particulars	<i>(Rs. in Lacs)</i>	
	2012-13	2011-12
Gross Sales	9428.13	4775.41
Other Income	79.59	26.95
Depreciation	527.94	217.89
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>	<b>645.79</b>	<b>(66.22)</b>
Exceptional items: Loss on sale of Fixed Assets	-	48.07
<b>Profit/(Loss) before tax</b>	<b>645.79</b>	<b>(114.29)</b>
Tax Expenses.	348.11	25.82
<b>Profit/(Loss) for the year</b>	<b>297.68</b>	<b>(88.47)</b>
Transfer to Reserve & Surplus	297.68	(88.10)

**DIVIDEND**

Your directors do not consider it appropriate to recommend any dividend on equity shares for the financial year ended on 31<sup>st</sup> March, 2013.

**BUSINESS & OPERATIONS**

**A) Project Highlights**

**a) Hyderabad -**

- Added 5 CNG Stations ( 4 HPCL Retail Outlets and 1 IOCL retail outlet) during 2012-13, taking total tally to 18 CNG stations.( 1 Mother Station, 14 Retail Outlets and 3 APSRTC Depots)
- Approx. 12,500 vehicles are running on CNG.(Buses, Autos and Cars)
- Cumulative 106 KMs of MDPE pipeline laid enabling fronts for 25,000 PNG-Domestic connections.

- As on 31<sup>st</sup> March, 2013, 422 no's PNG-Domestic connections, 1 Industrial and 4 commercial connections are operational.
- Cumulative 33.24 Kms of Steel pipeline laid (16'' and 4'').
- Daily NG consumption is 57,500 SCMD

**b) Vijayawada –**

- 1 Mother Station and 7 Daughter Booster Stations are in operation.
- 18.5 KMs of MDPE pipeline laid.
- Cumulative 29.46 Kms of Steel pipeline laid (12'' and 4'').
- Approx. 7500 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31<sup>st</sup> March, 2013 41 no's PNG-Domestic connections, 1 commercial connections are operational.
- Daily NG off take is 51,000 SCMD.

**c) Kakinada –**

- 1 Mother Station and 2 Daughter Booster Stations (1 at Kakinada and 1 at Rajahmundry) are in operation.
- Approx. 850 vehicles are running on CNG.(Autos and Cars)
- 109 KMs of MDPE pipeline laid enabling fronts for 25,000 PNG-Domestic connections.
- As on 31<sup>st</sup> March, 2013, 1321 no's PNG-Domestic and 9 commercial connections are operational.
- Cumulative 32 Kms of Steel pipeline laid (10'' and 4'').
- Daily NG consumption is 4000 SCMD.

**B) Business Activities**

During the year the Company received 100,000 SCMD of APM Gas. It also made swap arrangement with GAIL's LPG plant for upto 20,000 SCMD of RLNG. Out of this about 12,500 was being purchased.

The Company did not receive any gas out of the firm and fall-back allocation from KG D6 field. As a result the size of operations was limited to the said extent of APM and RLNG gases.

**a) CNG**

During the FY 2012-13, 5 additional Retail outlets are commissioned in Hyderabad. In addition to the Mother Station at Vidyadharapuram- Vijayawada, Shamirpet- Hyderabad and Vakalpudi-Kakinada, your company operates 14 CNG daughter booster stations (DBS) and 3 APSRTC depots in Hyderabad, 4 CNG daughter stations, 3 APSRTC Depot in Vijayawada and 1 CNG daughter station in Rajahmundry, Kakinada each. CNG as an alternate fuel concept has gained acceptance gradually with over 20,850 vehicles (autos, cars and buses) operating to CNG.

Your company has performed well with the sales volumes during 2012-13 in Hyderabad, Vijayawada, Kakinada and Rajahmundry (including APSRTC –28231 Kgs/day) touching an average of 67,445 kgs/day (growth of 51.8 % over the previous year). The Average sale of CNG was 44,430 Kgs/day during 2011-12.

In Vijayawada, APSRTC is operating 330 buses on CNG whereas in Hyderabad 150 RTC buses are running on CNG. During the year, the CNG Sales to APSRTC is Rs.35.95 crore. For the year 2011-12 the sales to APSRTC was Rs.21.98 crores.

Description	Numbers		Place	Numbers	
	2011-12	2012-13		2011-12	2012-13
CNG Stations	24	29	Hyderabad	13	18
			Vijayawada	8	8
			Kakinada	2	2
			Rajahmundry	1	1

#### b) PNG

Apart from CNG sales, your company has started Domestic, Commercial and Industrial PNG supplies in Hyderabad, Vijayawada and Kakinada.

Description	Numbers		Place	Numbers	
	2011-12	2012-13		2011-12	2012-13
PNG Connections-Domestic	35	1784	Hyderabad	35	422
			Vijayawada	0	41
			Kakinada	0	1321
PNG Connections-Commercial	0	14	Hyderabad	0	4
			Vijayawada	0	1
			Kakinada	0	9
PNG Connections-Industrial	1	1	Hyderabad	1	1
			Vijayawada	0	0
			Kakinada	0	0

#### c) Auto LPG

Your Company is operating 1 ALDS at Tirupati which sold 222.83 MT ALPG during the year with sales value of Rs.168 Lakhs.

Description	Numbers		Place	Numbers	
	2011-12	2012-13		2011-12	2012-13
ALPG Stations	1	1	Tirupati	1	1

### BORROWING & DEBT SERVICING

Approval of the Board has been obtained for availing a Term Loan from consortium of Bankers i.e., from Canara Bank (Lead Bank) for Rs.500 Crores and Corporation Bank for Rs.300 Crores totaling to Rs.800 Crores for a period of 6 years. Out of this the company has drawn an amount of Rs.109.77 Crores till 31st March 2011 towards term loan. No further draws during the financial years 2012-13 has been made.

In addition of term loan, Rs. 150 crores of Bridge Loan (unsecured loan) availed towards project funding from promoters HPCL & GAIL.

## **REGULATORY REGIME**

Petroleum & Natural Gas Regulatory Board (PNGRB) Act was notified and came into effect from October 1, 2007. PNGRB was constituted effective October 1, 2007. All the activities relating to the conducting of business of City Gas Distribution Network are being regulated by PNGRB.

## **DEPOSITS**

Your Company has not accepted any deposits from the public.

## **DIRECTORS**

Shri A.K. Mittal was inducted as additional director and Managing Director on the Board w.e.f April, 18, 2013. Shri R. Sridhar was inducted as additional director and Director Commercial on the Board w.e.f May 23, 2013.

Shri N.K Agarwal, Managing Director was repatriated to his parent company GAIL w.e.f from April 18, 2013 and Shri S. Sreenivasulu, Director Commercial was repatriated to his parent company HPCL w.e.f May 23, 2013. The Board places on record its sincere appreciation for the valuable services rendered by Shri N.K Agarwal and Shri S. Sreenivasulu during their tenure on the Board of Directors of the Company.

In accordance with the provisions of Section 260 of the Companies Act, 1956, the Additional Directors viz. Shri A.K. Mittal and Shri R. Sridhar shall hold office till the ensuing Annual General Meeting.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors' give hereunder the Directors' Responsibility Statement pertaining to the accounts of the Company, that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures;
- b) the accounting policies selected by them have been applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The accounts have been prepared on a going concern basis.

## AUDITORS

The Statutory Auditors of your Company, M/s Ford, Rhodes, Parks & Co., Chartered Accountants, are due to retire at the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. In terms of requirements under Section 224 (1B) of the Companies Act, 1956 the retiring Auditors have given a certificate regarding their eligibility for re-appointment as statutory auditors of the Company.

## PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

### I) Particulars with respect to conservation of energy, technology absorption and foreign exchange earning/ outgo as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the following information is provided:

- A) All the energy conservation measures have been included in the plant design of CNG Mother Station as well the Daughter stations commissioned in Vijayawada, Rajahmundry, Kakinada and Hyderabad. The details relating to energy consumption in Mother Station and energy consumption per unit of production is given below:

#### Power & Fuel Consumption:

Particulars	2012-13*	2011-12**
i) Electricity purchased		
Units consumed (kWh/kVAh)	341120.00	330048.00
Total Amount in Rs.	3481933.00	1728108.00
Rate / Unit (Rs. / kWh/kVAh)	10.21	5.24
Demand load charges in Rs.	1161625.00	1174400.00
ii) Natural gas as fuel (kg.) consumed	807473.32	611645.00

#### Consumption per MT of production:

Particulars	2012-13	2011-12
Electricity Consumed (in kWh/kVAh)	295.98	281.20
Natural Gas as fuel (in kg.)	33.41	40.65

\* for 2012-13 UOM of electricity is kVAh

\*\* for 2011-12 UOM of electricity is kWh

B) Foreign exchange earnings & outgo:

- i) Foreign exchange earnings: Rs. NIL (Rs.9,592/- in 2011-12)
- ii) Foreign exchange outgo: Rs. 36,54,983/- (Rs. 15,43,18,332/- in 2011-12)

**II) Particulars of Employees**

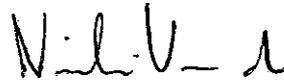
During the period under review, there were no employees in receipt of remuneration exceeding the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**ACKNOWLEDGEMENTS**

Your Directors gratefully acknowledge the valuable guidance and support extended by the Government of India, Ministry of Petroleum and Natural Gas, State Govt. of Andhra Pradesh, PNGRB, other Government Authorities, Customers, Banks, Vendor & Suppliers, Promoters Hindustan Petroleum Corporation Ltd., GAIL (India) Ltd., and Kakinada Seaports Ltd.

Your Directors also wish to place on record their appreciation for the zeal and dedication shown by all the employees including the employees on deputation from HPCL and GAIL.

On behalf of the Board of Directors



Nishi Vasudeva  
(Chairperson)

Place: Mumbai

Date: August 5, 2013

**FORD, RHODES, PARKS & CO.**  
CHARTERED ACCOUNTANTS

SAI COMMERCIAL BUILDING  
312/313, 3RD FLOOR  
BKS DEVSHI MARG  
GOVANDI (EAST)  
MUMBAI-400 088

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**Independent Auditor's Report**  
**to the members of BHAGYANAGAR GAS LIMITED, HYDERABAD**

**Report on the Financial Statements for the year ended 31<sup>st</sup> March, 2013**

We have audited the accompanying financial statements of Bhagyanagar Gas Limited ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

**Auditor's Responsibility**

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

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

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



### Opinion

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

- i. in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- ii. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

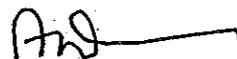
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - i. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - iv. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and on the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - v. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No.102860W



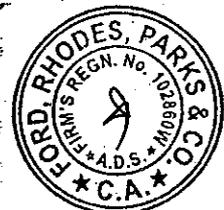
A.D. Shenoy

Partner

Membership No.11549

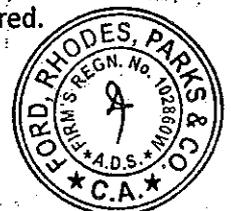
Place: Mumbai

Date: 16<sup>th</sup> May, 2013



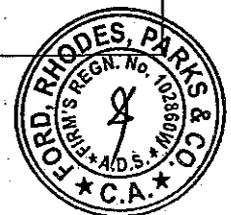
**Annexure to the Auditors' Report**  
**[Referred to in paragraph pertaining to "Report on Other Legal and Regulatory Requirement" of**  
**our Report of even date to the members of**  
**Bhagyanagar Gas Limited on the financial statements for the year ended 31<sup>st</sup> March, 2013]**

1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Fixed Assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.  
c) In our opinion and according to the information and explanations given to us a substantial part of Fixed Assets has not been disposed off by the Company during the year.
2. a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.  
b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been dealt with by the company.
3. a) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As there are no loans granted, the sub clauses b, c & d do not apply.  
b) The Company has taken loan from parties covered in the register maintained under section 301 of the Companies Act, 1956, the number of parties are 2 (Previous year 2) and amount outstanding as on 31<sup>st</sup> March 2013 is Rs.150,00,00,000/- (Previous year Rs.1,20,00,00,000) and maximum amount involved during the year was Rs. 150,00,00,000/-  
c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loan taken are not prima facie prejudicial to the interest of the Company.  
d) The Company is regular in payment of principal amount and interest as stipulated.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed asset and for sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
5. a) In our opinion and according to the information and explanations given to us , the transactions made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.



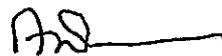
- b) In our opinion and according to the information given to us and having regard to our comments in clause 4 above, each of the transactions has been made at price which is reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. The Company has appointed an Independent Chartered Accountant firm to carry out internal audit. In our opinion, the internal audit system is commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
9. a) According to the information and explanations given to us and records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and any other material statutory dues as applicable with the appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2013.
- b) in our opinion and according to the information and explanations given to us, there are no dues outstanding of Sales tax, Income tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and Cess as at 31st March 2013, that have not been deposited on account of a dispute, except the following:-

Sr. No.	Statute	Subject Matter of dispute	Amount in Rs.	Period	Forum
1	Excise Act	Valuation of Sale Price	42,76,758	C.Y. 2005 to C.Y. 2011	Appeal filed with CESTAT
2a.	Income Tax Act	Assessment Dues (of the disputed amount the company has paid Rs.38,74,250/-)	NIL	FY 2008-09	Demand Rs.96,85,624/- Tribunal decision received in favour of the Company. Department is yet to give effect
2b.	Income Tax Act	Assessment Dues	66,25,153	FY 2009-10	Appeal pending at CIT(A)



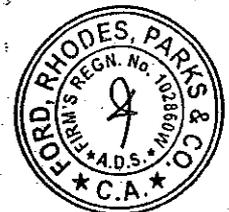
10. The Company has no accumulated losses as at 31st March, 2013 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the information and explanations given to us and records of the Company examined by us the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
12. According to the information and explanations given to us the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund and nidhi /mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investment.
15. According to the information and explanations given to us the Company has not given any guarantees for loans taken by others from banks or financial institution during the year.
16. On the basis of review of utilization of the funds pertaining to the term loans on overall basis and related information given to us, the term loans taken by the company have been utilized for the purpose for which they are obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to information and explanations given to us, we report that no funds obtained on short – term basis have been used by the company for long term investments.
18. The Company has not made any preferential allotment of shares to any parties or companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. On the basis of records made available to us, the company has not issued any debentures.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that we have not come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For Ford, Rhodes, Parks & Co.  
Chartered Accountants  
Firm Registration No.102860W



A.D. Shenoy  
Partner  
Membership No.11549

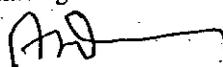
Place: Mumbai  
Date: 16<sup>th</sup> May, 2013



**BHAGYANAGAR GAS LIMITED**  
Parishrama Bhavan, Basheerbagh, Hyderabad  
**BALANCE SHEET AS AT 31ST MARCH, 2013**

	<u>Note No.</u>	<u>2012-13</u> <u>RUPEES</u>	<u>2011-12</u> <u>RUPEES</u>
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders Funds</b>			
(a) Share Capital	1	5,00,000	5,00,000
(b) Reserves and surplus	2	6,86,19,605	3,88,51,698
(c) Money received against share warrants		-	-
<b>2 Share application money pending allotment</b>		9,95,00,000	9,95,00,000
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	3	1,09,77,00,000	1,09,77,00,000
(b) Deferred tax liabilities (Net)	4	3,99,69,288	1,80,79,259
(c) Other Long term liabilities	5	58,52,17,286	58,53,63,124
(d) Long-term provisions	6	13,83,924	9,03,295
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	1,50,00,00,000	1,20,00,00,000
(b) Trade payables	8	6,98,42,197	4,71,54,290
(c) Other current liabilities	9	20,82,68,105	7,68,46,416
(d) Short-term provisions	10	1,87,06,292	55,87,265
<b>TOTAL</b>		<b>3,68,97,06,697</b>	<b>3,17,04,85,347</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	1,19,93,77,064	97,88,90,161
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	12	1,89,37,67,665	1,75,47,18,930
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred Tax Asset		-	-
(d) Long-term loans and advances	13 (a)	39,54,508	1,28,35,758
(e) Other non-current assets	14	23,78,37,268	26,45,40,298
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories	15	51,79,026	26,18,000
(c) Trade receivables	16	4,55,66,337	2,28,66,743
(d) Cash and cash equivalents	17	24,17,71,150	9,75,95,708
(e) Short-term loans and advances	13 (b)	93,74,400	-
(f) Other current assets	18	5,28,79,278	3,64,19,749
<b>TOTAL</b>		<b>3,68,97,06,697</b>	<b>3,17,04,85,347</b>
<b>Significant accounting policies and notes form integral part of the financial statement</b>		27	

This is the Balance Sheet referred in our report  
As per our Report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

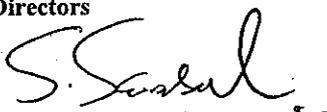
  
**CA A.D. SHENOY**  
Partner  
M No:11549

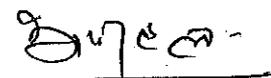


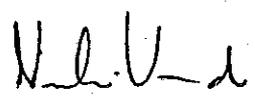
PLACE: Hyderabad  
DATE : 16/5/2013

For and on behalf of the Board of Directors

  
**Rahul Gupta**  
Company Secretary

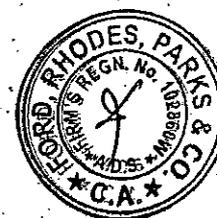
  
**S. Sreenivasulu**  
Director - Commercial

  
**A. K. Mittal**  
Managing Director

  
**Nishi Vasudeva**  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2013**

	<u>2012-13</u> <u>RUPEES</u>	<u>NOTE : 1</u> <u>2011-12</u> <u>RUPEES</u>
<b><u>SHARE CAPITAL</u></b>		
a) <b>Authorised :</b>		
10,00,00,000 Equity Shares of Rs. 10 each	1,00,00,00,000	1,00,00,00,000
	1,00,00,00,000	1,00,00,00,000
b) <b>i) Issued :</b>		
50,000 Equity Shares of Rs. 10 each	5,00,000	5,00,000
	5,00,000	5,00,000
<b>ii) Subscribed and paid up :</b>		
50,000 Equity Shares of Rs. 10 each fully paid up	5,00,000	5,00,000
	5,00,000	5,00,000
c) <b>Par Value per Share</b>		
- Equity Shares :	Rs. 10/-	Rs. 10/-
d) <b>Reconciliation of No. of Shares Outstanding</b>	<u>in Nos.</u>	<u>in Nos.</u>
- Equity Shares		
Opening Balance	50,000	50,000
Add : Issued/converted during the year	-	-
Less : Buy back during the year	-	-
Closing Balance	50,000	50,000
e) <b>The rights, preferences and restrictions attaching to each classes of Shares.</b> <i>[Refer to Note Number 27(3.9)]</i>		
f) <b>Shares held by holding Company</b>	Nil	Nil
g) <b>Shareholding pattern (in %)</b>		
a) <b>Equity Shares :</b>		
Kakinada Seaports limited	50.00%	50.00%
GAIL (India) Limited	24.99%	24.99%
Hindustan Petroleum Corporation Limited	24.99%	24.99%
h) <b>Shares Reserved</b>	Nil	Nil
i) <b>Details of Shares issued for other then cash consideration and bought back in last 5 year</b>	Nil	Nil
j) <b>Terms of any securities convertible in to Equity/ Preference</b>	Nil	Nil
k) <b>Calls unpaid</b>	Nil	Nil



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2013**

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>RESERVES AND SURPLUS</u></b>		
i) Capital Reserve	-	-
ii) Capital Redemption Reserve	-	-
iii) Securities Premium Reserve	-	-
iv) Debenture Redemption Reserve	-	-
v) Revaluation Reserve	-	-
vi) Share Options Outstanding Account	-	-
vii) Surplus (balance in statement of Profit & Loss)		
Opening Balance	3,88,51,698	4,76,61,699
Add : Profit / (-)Loss for the Year	2,97,67,907	-88,46,606
Add: Reversal of Provisions for Taxation of Earlier Year	-	36,605
Net surplus/(-)Deficit in statement of Profit & Loss	<b>6,86,19,605</b>	<b>3,88,51,698</b>

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>LONG TERM BORROWINGS</u></b>		
Secured Loans		
- Term loans from banks		
Canara Bank	68,61,00,000	68,61,00,000
Corporation Bank	41,16,00,000	41,16,00,000
[Refer Note Number 27(3.11)]	<b>1,09,77,00,000</b>	<b>1,09,77,00,000</b>

*(Under consortium agreement - Secured by first ranking pari passu charge by way of hypothecation on all the plant and machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles, intangible assets including but not limited to the goodwill, uncalled capital and all other movable assets, both present and future, in relation to the project.)*

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>DEFERRED TAX LIABILITY (NET)</u></b>		
Deferred Tax Liability (Net)	3,99,69,288	1,80,79,259
	<b>3,99,69,288</b>	<b>1,80,79,259</b>

[Refer Note Number: 27(3.3)]

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER LONG TERM LIABILITIES</u></b>		
Creditors for Capital goods	17,62,03,997	17,11,58,246
Advance against Equity [Refer Note Number: 27(3.15)]		
from GAIL (India) Ltd	17,51,25,000	17,51,25,000
from HPCL	17,51,25,000	17,51,25,000
from Andhra Pradesh Industrial Infrastructure Corporation Ltd	4,07,96,880	4,07,96,880
Accruals for Capital goods	60,54,340	1,89,39,732
PNG Customer Deposits	1,19,12,069	42,18,266
	<b>58,52,17,286</b>	<b>58,53,63,124</b>

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>LONG TERM PROVISIONS</u></b>		
Provision for Gratuity	13,83,924	9,03,295
	<b>13,83,924</b>	<b>9,03,295</b>



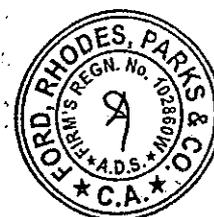
**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2013**

	<u>2012-13</u>	<u>NOTE : 7</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>SHORT TERM BORROWINGS</u></b>		
Unsecured Loans		
- Bridge Loan from:		
GAIL (India) Ltd	75,00,00,000	60,00,00,000
HPCL	75,00,00,000	60,00,00,000
[Refer Note Number: 27(3.12)]	<b>1,50,00,00,000</b>	<b>1,20,00,00,000</b>

	<u>2012-13</u>	<u>NOTE : 8</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>TRADE PAYABLES</u></b>		
Trade payable	6,98,42,197	4,71,54,290
	<b>6,98,42,197</b>	<b>4,71,54,290</b>

	<u>2012-13</u>	<u>NOTE : 9</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>OTHER CURRENT LIABILITIES</u></b>		
Statutory Liabilities	1,03,06,228	1,21,45,224
Retention Money	93,72,099	1,04,89,756
EMD/Security Deposits	14,21,895	16,05,343
Accruals for O&M	56,34,853	34,82,733
Interest on Bridge Loan Accrued and Due		
GAIL (India) Ltd	9,00,43,162	2,42,73,187
HPCL	9,14,37,546	2,48,50,173
Other Liabilities	52,322	-
	<b>20,82,68,105</b>	<b>7,68,46,416</b>

	<u>2012-13</u>	<u>NOTE : 10</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>SHORT TERM PROVISIONS</u></b>		
Provision for Income Tax	1,75,79,280	46,58,540
Provision for Leave Encashment	11,27,012	9,28,725
Provision for LFA	-	-
	<b>1,87,06,292</b>	<b>55,87,265</b>



**BHAGYANAGAR GAS LIMITED**

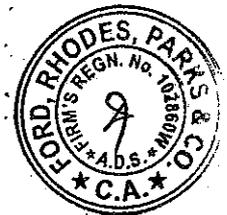
**NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013**

(Rupees)

**NOTE 11: Fixed assets**

FIXED ASSETS	GROSS BLOCK AT COST 01.04.2012	ADDITIONS DURING 2012-13	SALE / DISCARD DURING 2012-13	GROSS BLOCK COST AS AT 31.03.2013	ACCUMULATED DEPRECIATION FOR THE YEAR 2012-13	DEPRECIATION ON ASSETS SOLD/DISCARDED FOR THE YEAR 2012-13	TOTAL DEPRECIATION UPTO 31.03.2013	NET BLOCK AS AT 31.03.2013	NET BLOCK AS AT 31.03.2012
	(A)	(B)	(C)	(D=A+B-C)	(E)	(F)	(H=E+F-G)	(I=D-H)	(J=A-E)
ROADS & CULVERTS	55,29,481	-	-	55,29,481	5,93,932	90,130	6,84,062	48,45,419	49,35,549
FACTORY BUILDING	8,81,97,311	23,69,581	-	9,05,66,892	24,23,227	30,24,938	54,48,165	8,51,18,727	8,57,74,084
BUILDINGS	1,45,77,719	-	-	1,45,77,719	7,81,820	2,37,616	10,19,436	1,35,58,283	1,37,95,899
PLANT & MACHINERY	83,28,02,980	25,88,47,135	-	1,09,16,50,115	6,05,92,703	4,58,32,342	10,64,25,045	98,52,25,070	77,22,10,277
FURNITURE & FIXTURES	51,64,502	4,58,441	-	56,22,943	13,98,002	4,88,457	18,86,459	37,36,484	37,66,496
OFFICE EQUIPMENT	40,86,250	74,242	-	41,60,492	19,03,799	3,41,947	22,45,746	19,14,746	21,82,451
ELECTRICAL EQUIPMENT	2,82,87,901	1,15,31,830	-	3,98,19,731	37,06,128	25,44,262	62,50,390	3,35,69,341	2,45,81,773
LEASE HOLD LAND	77,48,400	-	-	77,48,400	3,33,764	2,34,638	5,68,402	71,79,998	74,14,636
FREE HOLD LAND	6,42,28,996	-	-	6,42,28,996	-	-	-	6,42,28,996	6,42,28,996
<b>TOTAL</b>	<b>1,05,06,23,540</b>	<b>27,32,81,229</b>	<b>-</b>	<b>1,32,39,04,769</b>	<b>7,17,33,375</b>	<b>5,27,94,330</b>	<b>12,45,27,705</b>	<b>1,19,93,77,064</b>	<b>97,88,90,161</b>
Previous Year	33,23,69,537	73,22,98,672	1,40,44,669	1,05,06,23,540	5,36,04,608	2,17,89,188	7,17,33,379	97,88,90,161	27,87,54,929

Note : In respect of Leasehold Land, registration of Lease Agreement in favour of the company is pending for completion of statutory formalities.



[RS]

**BHAGYANAGAR GAS LIMITED**  
 Parishrama Bhavan, Basheerbagh, Hyderabad  
 Notes forming part of Balance Sheet as at March 31, 2013

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>CAPITAL WORK IN PROGRESS:</u></b>		
Opening Capital Work in Progress:	1,75,47,18,930	1,49,94,50,946
Add: Capital Expenditure	41,23,29,964	98,75,66,656
Less: Capitalised During the Year	-27,32,81,229	-73,22,98,672
Closing Capital Work in Progress	<u>1,89,37,67,665</u>	<u>1,75,47,18,930</u>
<b>NOTE : 13 (a)</b>		
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>LONG TERM LOANS &amp; ADVANCES</u></b>		
Capital Advance	-	-
Mobilisation Advance	-	-
Security Deposits	-	-
RGTEL	6,00,000	6,00,000
Electricity Deposits	25,77,158	20,04,008
GAIL (India) Limited	-	93,74,400
Others	7,77,350	8,57,350
	<u>39,54,508</u>	<u>1,28,35,758</u>
<b>NOTE : 13 (b)</b>		
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>		
GAIL (India) Limited	93,74,400	-
	<u>93,74,400</u>	<u>-</u>
<b>NOTE : 14</b>		
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER NON CURRENT ASSETS</u></b>		
Fixed Deposits (including accrued interest)	50,48,404	46,78,990
Pre-paid Hook Up Charges	23,27,88,864	25,98,61,308
	<u>23,78,37,268</u>	<u>26,45,40,298</u>
<b>NOTE : 15</b>		
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>INVENTORIES</u></b>		
Stores & Spares	31,65,104	18,45,249
Finished Goods	6,65,428	7,72,751
Raw Material (Natural Gas in Pipeline)	13,48,494	-
	<u>51,79,026</u>	<u>26,18,000</u>



**BHAGYANAGAR GAS LIMITED**  
Parishrama Bhavan, Basheerbagh, Hyderabad  
Notes forming part of Balance Sheet as at March 31, 2013

	<u>2012-13</u>	<u>NOTE : 16</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>TRADE RECEIVABLE (Unsecured)</u></b>		
<u>Over Six months</u>		
Considered Good	-	-
<u>Others</u>		
Considered Good	4,55,66,337	2,28,66,743
	<u>4,55,66,337</u>	<u>2,28,66,743</u>

	<u>2012-13</u>	<u>NOTE : 17</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
<u>Cash Balance -</u>		
Cash on hand	12,72,310	3,79,723
<u>Bank Balances -</u>		
Balances with Banks	9,81,49,951	9,72,15,985
Fixed Deposit with Banks *	50,48,404	46,78,990
Fixed Deposit with Banks **	14,23,48,889	-
	<u>24,68,19,554</u>	<u>10,22,74,698</u>
<u>Less: Forming Part of Non Current Assets</u>	-50,48,404	-4678990
	<u>24,17,71,150</u>	<u>9,75,95,708</u>

\* Includes interest accrued in term deposits Rs. 10,48,404 (Previous Year-Rs.6,78,990)

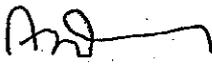
\* Bank deposits having more than 12 months maturity is Rs.50,48,404 (Previous year Rs.46,78,990). These FDR's are held as Margin Money with Banks for Bank Guarantees.

\*\* Includes interest accrued in term deposits Rs. 23,48,889 (Previous Year-Rs.NIL)

\*\* Bank deposits having more than 6 months but less than 12 months maturity is Rs.14,23,48,889 (Previous year Rs.NIL).

	<u>2012-13</u>	<u>NOTE : 18</u>
	<u>RUPEES</u>	<u>2011-12</u>
		<u>RUPEES</u>
<b><u>OTHER CURRENT ASSETS</u></b>		
Advance to Suppliers (O&M)	3,63,009	4,45,425
Pre-paid Expenses	31,05,828	9,43,511
PLA Deposit with Excise department	7,21,000	3,93,258
Cenvat Credit	2,22,38,126	1,88,37,277
Advance Tax - income tax	2,21,55,029	1,25,48,529
Tax deducted at source Receivable	28,44,969	21,95,230
Intrest Receivable	50,700	20,534
Other Advances - recoverable in cash or kind	14,00,617	10,35,985
	<u>5,28,79,278</u>	<u>3,64,19,749</u>

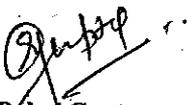
As per our Report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

  
CA A.D. SHENOY  
Partner  
MNo:11549

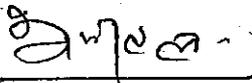


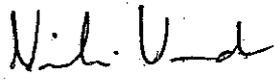
PLACE: HYDERABAD  
DATE: 16/5/2013

For and on behalf of the Board of Directors

  
Rahul Gupta  
Company Secretary

  
S. Sreenivasulu  
Director - Commercial

  
A. K. Mittal  
Managing Director

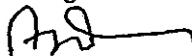
  
Nishi Vasudeva  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013**

	Note No.	2012-13 RUPEES	2011-12 RUPEES
I. Revenue from Operations	19	94,28,12,559	47,75,40,692
Less: Excise Duty		11,42,45,886	6,00,52,852
Net Revenue from Operations		<u>82,85,66,673</u>	<u>41,74,87,840</u>
II. Other income	20	79,59,311	26,95,312
III. Total Revenue (I+II)		<u>83,65,25,984</u>	<u>42,01,83,152</u>
IV. Expenses :			
a) Cost of Material Consumed	21	45,34,64,383	27,69,78,475
b) Purchases of Stock in Trade	22	1,65,76,938	1,21,77,122
c) Changes in Inventories	23	1,07,323	-2,94,269
d) Employee benefits expenses	24	1,90,39,704	1,53,89,419
e) Other Expenses	25	13,66,70,115	7,72,94,385
f) Finance Costs		9,32,94,515	2,34,70,427
g) Depreciation	11	5,27,94,330	2,17,89,188
Total Expenses		<u>77,19,47,308</u>	<u>42,68,04,747</u>
V. Profit/(-) Loss before exceptional and extraordinary items and tax (III-IV)		6,45,78,676	-66,21,595
VI. Exceptional items			
Loss on Sale of Fixed Assets		-	48,07,101
VII. Profit/(-) Loss before extraordinary items and tax (V - VI)		6,45,78,676	-1,14,28,696
VIII. Extraordinary items		-	-
IX. Profit/(-) Loss before tax (VII-VIII)		6,45,78,676	-1,14,28,696
X. Tax expenses			
(1) Current tax	26	1,29,20,740	-
(2) Deferred Tax	27(3.3)	2,18,90,029	25,82,090
XI Profit/(Loss) for the period from continuing operations (IX-X)		<u>2,97,67,907</u>	<u>-88,46,606</u>
XII Profit/(Loss) from discontinuing operations		-	-
XIII Tax expenses of discontinuing operations		-	-
XIV Profit/(Loss) from discontinuing operations (after tax)(XII-XIII)		-	-
XV Profit / (-) Loss for the period (XI-XIV)		<u>2,97,67,907</u>	<u>-88,46,606</u>
XII Earnings per equity share	27(3.6)		
- Basic & Diluted		595	-176
Significant accounting policies and notes form integral part of the financial statement	27		

This is the Statement of Profit and Loss referred in our report

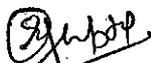
As per our Report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

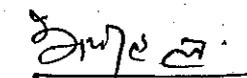
  
**CA A.D. SHENOY**  
Partner  
M No:11549

PLACE: Hyderabad  
DATE : 16/5/2013



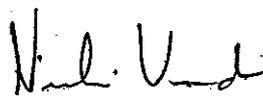
For and on behalf of the Board of Directors

  
**Rahul Gupta**  
Company Secretary

  
**A. K. Mittal**  
Managing Director

[28]

  
**S. Sreenivasulu**  
Director - Commercial

  
**Nishi Vasudeva**  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2013**

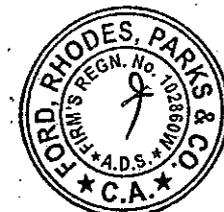
	<b>NOTE :19</b>	
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>REVENUE FROM OPERATION</u></b>		
Income from CNG	88,02,67,836	46,42,50,760
Income from ALPG	1,68,14,546	1,24,11,508
Income from PNG	4,57,30,177	8,78,424
	<u>94,28,12,559</u>	<u>47,75,40,692</u>

	<b>NOTE :20</b>	
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER INCOME</u></b>		
Misc. Income	4,40,578	4,31,970
Interest on Fixed Deposit	29,90,133	13,73,651
Interest on mobilisation advance	-	8,71,717
Interest -Others	42,15,321	17,974
Profit on sale of other items	3,13,279	-
	<u>79,59,311</u>	<u>26,95,312</u>

	<b>NOTE : 21</b>	
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>COST OF MATERIALS CONSUMED:</u></b>		
Opening Stock (Natural Gas)		
<u>Add: Purchases*</u>	39,82,85,216	22,45,75,478
<u>Add: Product transshipment Charges</u>	5,65,27,661	5,24,02,997
<b>Sub Total:</b>	<u>45,48,12,877</u>	<u>27,69,78,475</u>
<u>Less: Closing Stock</u>	13,48,494	-
<b>Total</b>	<u>45,34,64,383</u>	<u>27,69,78,475</u>

\* includes MGO Charges, Overrun Charges, Positive and Negative imbalances Charges FY 2012-13

	<b>Note : 22</b>	
	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>PURCHASES OF STOCK IN TRADE:</u></b>		
Purchases of ALPG	1,59,70,302	1,16,82,822
<u>Add: Frieght Charges</u>	6,06,636	4,94,300
	<u>1,65,76,938</u>	<u>1,21,77,122</u>



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2013**

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>CHANGES IN INVENTORIES:</u></b>		
Finished Goods		
Opening Stock	7,72,751	4,78,482
Closing Stock	6,65,428	7,72,751
(-) Increase/ Decrease of Inventory	1,07,323	-2,94,269

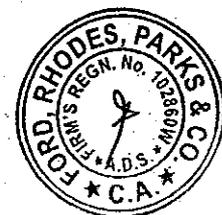
**NOTE : 23**

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>EMPLOYEE BENIFITS EXPENSES</u></b>		
Manpower Cost	1,46,44,560	1,31,02,029
Contribution towards Provident Fund	14,49,833	11,76,514
Gratuity Expences	4,80,629	3,33,862
Leave Encashment Expences	5,50,000	-
LFA Expences	5,85,000	-
Other Welfare Expences	13,29,683	7,77,014
	1,90,39,704	1,53,89,419

**NOTE : 24**

	<u>2012-13</u>	<u>2011-12</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER EXPENSES</u></b>		
Advertisement	11,47,243	31,96,316
Business Promotion	3,66,953	8,68,507
Vehicle hire and running expenses	39,88,637	29,19,104
Power & Fuel	2,76,75,954	1,24,57,885
Insurance	11,92,453	13,37,228
Technical Assistances Services	1,64,48,192	1,10,68,353
Postage & Courier	1,10,403	1,10,971
Printing & Stationery	7,38,345	8,09,046
Rent, Rates & Taxes	47,59,855	33,93,231
Repairs & maintenance - Buildings	20,629	61,017
Repairs & maintenance - others	3,71,340	4,07,690
Repairs & maintenance - Plant & Machinery	3,49,25,227	2,59,12,357
Security Services	29,41,863	18,27,888
Telephone Charges	11,93,914	8,27,481
Travelling Expenses	32,11,746	36,06,371
Prior Period Items [ Refer Note Number: 27(3.14)]	39,41,437	22,88,326
Professional Charges	21,33,768	22,84,375
Training cum Conference	2,28,473	-
Audit Fees [Refer Note Number: 27(3.4)(c)]	3,71,237	2,98,030
Bank Charges	16,79,845	8,66,123
Expenses Written Off	6,59,491	-
Foreign Exchange Fluctuation	13,24,844	14,84,685
Hookup Charges RGTEL - Hyderabad	2,70,72,444	4,46,692
Miscellaneous Expenses	1,65,822	8,22,709
	13,66,70,115	7,72,94,385

**NOTE : 25**



7

NOTE : 26

2012-13

2011-12

RUPEES

RUPEES

**CURRENT TAX:**

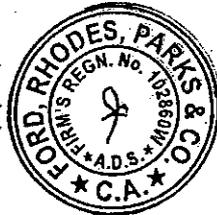
Provision for Current Taxation

1,29,20,740

-

As per our Report of Even Date  
For FORD, RHODES, PARKS & CO.  
Chartered Accountants  
Firm Registration No.102860W

  
CA A.D. SHENOY  
Partner  
M No:11549

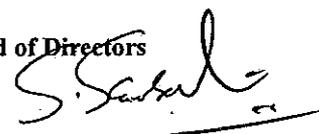


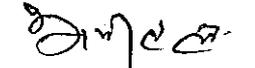
PLACE: Hyderabad

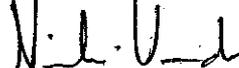
DATE : 16/5/2013

For and on behalf of the Board of Directors

  
Rahul Gupta  
Company Secretary

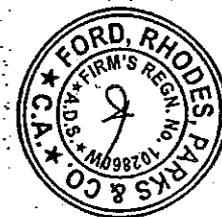
  
S. Sreenivasulu  
Director - Commercial

  
A. K. Mittal  
Managing Director

  
Nishi Vasudeva  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**CASH FLOW STATEMENTS FOR THE YEAR 2012-13**

<u>Paticulars</u>	<u>2012-13</u> <u>RUPEES</u>	<u>2011-12</u> <u>RUPEES</u>
<b>I CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit befor Tax and Extraordinary Items:	6,45,78,676	(1,14,28,696)
<i>Add:</i>		
Non Cash Items		
Deprication	5,27,94,330	2,17,89,188
Expences Written Off	2,77,31,935	4,46,692
Gratuity Expences	4,80,629	3,33,862
Provision for Leave Salary/ LFA	1,98,287	(92,121)
Foreign Exchange Fluctuation	13,24,844	14,84,685
Non Operating Expenses		
Interest on Loans	9,11,10,318	2,34,70,427
Profit on Sale of Other Items	3,13,279	-
Loss on Sale of Fixed Assets	-	48,07,101
<i>Less:</i>		
Non Operating Incomes		
Interest and Other Income	(72,05,454)	(22,63,342)
<b>Operating Profits Before Working Capital Changes</b>	<b>23,13,26,844</b>	<b>73,85,47,796</b>
<i>Add:</i>		
(Increase)/Decrease in Current Assets		
Change in Inventories	(25,61,026)	15,78,289
Long term Loans & Advances	88,81,250	98,87,227
Short term Loans & Advances	(93,74,400)	-
Other Current Assets	(89,21,593)	(1,64,79,948)
Trade Receivables	(2,26,99,594)	(1,09,67,488)
Increase/(Decrease) in Current Liabilities		
Trade payable	2,26,87,906	93,80,633
Other Liabilities	13,14,21,689	4,52,09,714
PNG customer Deposit	76,93,803	42,18,266
<b>Cash Generated From/(Used) in Operations</b>	<b>35,84,54,879</b>	<b>8,13,74,490</b>
<i>Less:</i>		
Tax Paid	(1,02,56,239)	(64,02,003)
<b>Cash Flow Before Extraordinary Items</b>	<b>34,81,98,640</b>	<b>7,49,72,487</b>
<i>Add/Less: Extraordinary Item</i>		
<b>Net Cash Flow From/Used in Operating Activities</b>	<b>34,81,98,640</b>	<b>7,49,72,487</b>
<b>II CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Addition to Fixed Asset including CWIP	(12,09,67,271)	(83,00,72,090)
Sale of Fixed Assets	-	55,77,156
Creditor for Capital Goods	50,45,751	(5,02,44,751)
Accural for Capital Goods	(1,28,85,392)	(6,95,73,891)
Interest and Other Income	68,92,175	22,63,342
Fixed Deposits	(14,00,00,000)	-
Hookup Charges Paid during the year	-	(13,45,66,000)
<b>Net Cash Flow From/(Used) in Investing Activities</b>	<b>(26,19,14,737)</b>	<b>(1,07,66,16,234)</b>



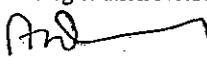
**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**CASH FLOW STATEMENTS FOR THE YEAR 2012-13**

	<u>2012-13</u> <u>RUPEES</u>	<u>2011-12</u> <u>RUPEES</u>
<b>III CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest on Loans	(24,21,08,461)	(18,82,03,435)
Advance Against Equity	-	1,51,25,000
Term Loan from Banks	-	-
Bridge Loan	30,00,00,000	1,50,00,00,000
Principal Repayment of Term Loan	-	(30,00,00,000)
<b>Net Cash Flow From/(Used) in Financing Activities</b>	<u>5,78,91,539</u>	<u>1,02,69,21,565</u>
<b>IV NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALANTS (I+II+III)</b>	<u>14,41,75,442</u>	<u>2,52,77,818</u>
<b>V OPENING CASH &amp; CASH EQUIVALANTS</b>	<u>9,75,95,708</u>	<u>7,23,17,890</u>
<b>VI CLOSING CASH &amp; CASH EQUIVALANTS (V+IV)</b>	<u>24,17,71,150</u>	<u>9,75,95,708</u>

Notes:

- Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard-3 as per the Companies(Accounting Standards) Rule, 2006.
- Additions to fixed assets including CWIP excludes interest capitalised amounting to Rs. 16,58,84,897/- (PY - Rs 16,47,33,008) but includes consideration for land to be discharged by issue of shares to APIIC amounting to Rs. 4,07,96,880 (PY - Rs 4,07,96,880), whereas it is pending completion of formalities.
- Interest Paid includes Interest on Term Loans & Bridge Loans which is Capitalised amounting to Rs. 16,58,84,897/- (PY- Rs. 16,47,33,008)
- Fixed Deposit with bank having more than 12 months maturity are not included in cash and cash equivalentes
- Figures in Brackets indicates Cash Out Flow

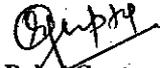
This is the Cash Flow Statement referred in our report  
As per our Report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

  
**CA A.D. SHENOY**  
Partner  
MNo:11549

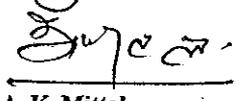


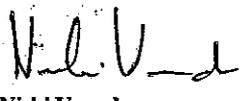
PLACE: Hyderabad  
DATE : 16/5/2013

For and on behalf of the Board of Directors

  
**Rahul Gupta**  
Company Secretary

  
**S. Sreenivasulu**  
Director - Commercial

  
**A. K. Mittal**  
Managing Director

  
**Nishi Vasudeva**  
Chairman

# BHAGYANAGAR GAS LIMITED

Note: 27

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### 1. **BACKGROUND**

BGL was promoted as a joint venture company between Hindustan Petroleum Corporation Limited ('HPCL'), and GAIL (India) Limited ('GAIL') for the distribution and marketing in the State of Andhra Pradesh, of CNG, Auto LPG, PNG, Natural Gas and any other Gaseous fuels that may be used in future.

### 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are as follows:

#### (a) **Accounting Conventions**

The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards and other relevant provisions of the Companies Act, 1956. The Company has prepared and presented financial statements in Revised Schedule VI. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year

#### (b) **Use of Estimates**

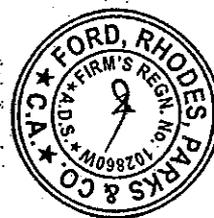
The preparations of the financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or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

#### (c) **Fixed Assets**

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

#### (d) **Intangible Assets**

Cost of Software directly identified with hardware is capitalized along with the cost of hardware. Application software is capitalized as Intangible Asset.



Cost of licenses and right to use, including sharing with other entities, which are expected to provide future enduring economic benefits are capitalized as intangible assets.

**(e) Capital Work in Progress**

The capital work in progress includes material in transit / value of materials / equipment etc. received at site for use in the projects.

All revenue expenditure incurred during the year, which is attributable to acquisition / construction of fixed assets/projects, is capitalized at the time of commissioning of such assets.

**(f) Borrowing cost**

Borrowing cost of funds specially borrowed for the purpose of obtaining qualifying assets and eligible for capitalization along with cost of assets, is capitalized up to the date when the asset is ready for use.

**(g) Depreciation**

i) Depreciation on Fixed Assets is provided on straight line method, at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged pro rata basis.

ii) Cost of leasehold land not exceeding 99 years is amortized over the lease period.

iii) No depreciation is being charged on ROU being perpetual in nature.

iv) Cost of licenses is amortized over the useful life or license period whichever is less.

v) All assets costing up to Rs. 5,000/- are fully depreciated in the year of capitalization.

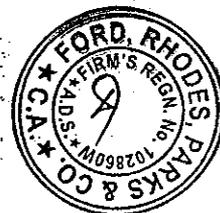
vi) Application software capitalized as Intangible Asset is normally amortized over a period of four years or over its useful life before it becomes obsolete, whichever is earlier.

**(h) Inventories**

Finished products are valued at cost or at net realizable value, whichever is lower. For CNG, cost is calculated at selling price less VAT, Dealer Commission and Margins. Finished goods include excise duty wherever applicable.

Raw Materials are valued at cost or net realizable value whichever is lower.

Stores / spares are valued at cost or net realizable value whichever is lower.



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

**(i) Foreign Currency Transactions**

- i) Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- ii) Monetary items (such as Cash, Receivables, Loans, Payable etc.) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates prevailing at year end.
- iii) Non Monetary items (such as Investments, Fixed Assets etc.) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- iv) Any gain or loss arising on account of exchange difference either on settlement of on translation is accounted for in the Statement of Profit & Loss.

**(j) Sale of Products**

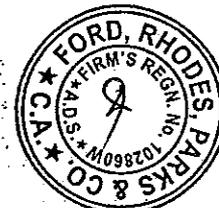
Sales are net of discount, include applicable excise duty, surcharge and other elements which are allowed to be recovered as part of the price but excludes sales tax.

**(k) Retirement Benefits**

The manpower of the Company includes deputationists from GAIL and HPCL on fulltime basis. The Company has not formulated any policy for Retirement benefits to its BGL employees. Pending formulation of policy on retirement benefits and encashment of **earned leave**, the Company has provided for Gratuity liability based on actuarial valuation as per applicable accounting standard. The provision for leave encashment is made on estimated basis and balance as at 31<sup>st</sup> March is at Rs. 11.27 lakhs as against actuarial valuation of Rs. 19.47 Lakhs.

**(l) Taxes on Income**

Current Tax represents the amount of tax payable in respect of taxable income for the period. Deferred Tax Asset / Liability resulting from timing difference between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantially enacted on the balance sheet date and are capable of reversal in one or more subsequent periods. Deferred Tax Asset, if any is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.



### **(m) Impairment of Assets**

At each balance sheet date an assessment is made of whether there is any indication of impairment of assets. An impairment loss is recognized whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount. After impairment of the assets, if any, depreciation is provided on the revised carrying amount of the asset on SLM over its remaining useful life.

### **(n) Provisions, Contingent Liabilities, Contingent Assets & Commitments**

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is capable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

Contingent Liabilities in respect of show cause notices are considered only when converted into demands. Contingent liabilities exceeding Rs.1 Lakh in each case are disclosed by way of notes to accounts.

Estimated amount of commitments and contracts remaining to be executed on capital accounts are disclosed in each case above Rs.1 Lakh.

### **(o) General**

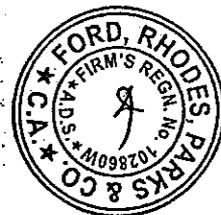
Prepaid expenses and prior period expenses / income upto Rs.1 Lakh in each case are charged to relevant heads of account of the current year.

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/settled by the insurers.

## **3. NOTES TO THE ACCOUNTS**

- 3.1 The company has commissioned CNG Mother Station, CNG Daughter Stations, and ALPG Stations and has given PNG Connections over the years as under;



Description	Numbers		Place	Numbers	
	2012-13	2011-12		2012-13	2011-12
CNG Stations	29	24	Hyderabad	18	13
			Vijayawada	8	8
			Kakinada	2	2
			Rajahmundry	1	1
ALPG Stations	1	1	Tirupathi	1	1
PNG Connections - Domestic	1784	35	Hyderabad	422	35
			Vijayawada	41	-
			Kakinada	1321	-
PNG Connections - Commercial	14	-	Hyderabad	4	-
			Vijayawada	1	-
			Kakinada	9	-
PNG Connections - Industrial	1	1	Hyderabad	1	1
			Vijayawada	-	-
			Kakinada	-	-

Project Work in respect of three CGD Projects Hyderabad, Vijayawada and Kakinada, are in progress.

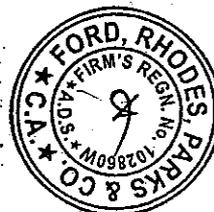
### 3.2 Contingent Liabilities & Commitments:

#### Contingent Liabilities -

Bank Guarantees issued to PNGRB, NHAI etc amounting to Rs. 15,51,00,000 (Previous Year: Rs 29,33,46,300) and Letter of Credit issued to GAIL(India) Ltd. amounting to Rs 7,56,40,378 (Previous Year: Rs 6,22,44,277). Contingent Liabilities in respect of show cause notices from excise authorities are considered only when converted into demands, which is Rs 42,76,758 (Previous Year: Rs 37,76,758). In respect of income tax assessment dues of Rs 1,63,10,777 (Previous Year: Rs 96,85,624) the company is in the process of filing appeal with the CIT (Appeals). In respect of Sales Tax Show cause Notice Rs 1,35,000 for the FY:2005-2006 to 2011-2012 (Previous Year :NIL) Non - supply of Gas to APSRTC Rs 1,24,74,997 and GAIL: Ship or Pay Rs 28,44,862 & Interest on late payment Rs 69,233 .

#### Commitments -

The company is required to complete minimum residential connections for piped gas under the terms of contract awarded by PNGRB failing to complete the minimum number of connections would make the Company liable for penal consequences, against which the company has submitted bank guarantees to PNGRB and other authorities. The company has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also the Company has represented the matter to the concerned authorities as the delay is on account of various factors most of them are beyond the control of the company. The management is confident of getting time limit extended and consequent relief in the matter.



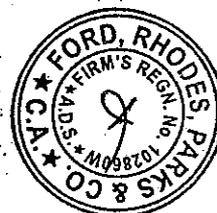
3.3 Deferred Tax Asset / (Liability) arising due to timing difference

	As at 31.03.2012	For the year 12-13	As at 31.03.2013
Depreciation	(3,79,24,460)	(2,79,60,962)	(6,58,85,422)
Carried forward losses	1,98,45,201	60,70,933	2,59,16,134
Adjustment of MAT	-	-	-
Total Deferred Tax Liability	(1,80,79,259)	(2,18,90,029)	(3,99,69,288)

Deferred tax has been considered in the accounts as per the provisions of Accounting Standard 22 (AS 22). In the management's judgement, there will be virtual certainty of sufficient future taxable income available against which deferred tax asset can be realized.

3.4 Information as required to be given as per Schedule VI of Companies Act:

		2012-13 (Rupees)	2011-12 (Rupees)
A	Estimated amount of Contracts remaining to be executed on Capital Account not provided for	81,10,36,814	1,05,45,36,546
B	Claims against the Company not acknowledged as debts	NIL	NIL
C	Payments to Statutory Auditors: Audit fees (incl. Service Tax) Tax Audit fees (incl. Service Tax)	1,68,540 33,708 <u>2,02,248</u>	1,40,450 22,472 <u>1,62,922</u>
	Payments to Cost Auditors: Cost Audit Fee (including Service Tax)	78,652	44,944
D	Managerial Remuneration: * Salary & Allowances Transport cost (car) * Managing Director and Director-Commercial are on deputation from GAIL/HPCL. The amount represents remuneration paid by GAIL/HPCL and debited to the company. The salary includes salary, company contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. (Prior period Expenses on MD and DC if any, are not considered) (All amounts mentioned excluding service tax.)	67,00,270 9,40,614	69,73,130 8,34,615
E	C.I.F Value of Imports during the Year. - Capital goods	36,54,983	15,43,18,332
F	Earning in Foreign Currency Sale of Bid	NIL	9,592
G	Un-hedged foreign currency exposure at year end - Payable for Suppliers USD	4,20,254.45	4,12,996.45



I. Information on each class of goods purchased, sold and closing stocks during the year

**ALPG:**

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Auto LPG	MT	Nil	Nil	222.83	182.48	222.83	182.48	Nil	Nil
	Value	Nil	Nil	1,59,70,302	1,16,82,822	1,68,14,546	1,24,11,508	Nil	Nil

**Vijayawada:**

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
NG	SCM	Nil	Nil	18516534	19051654	18516534*	19051654*	Nil	Nil
	Value	Nil	Nil	16,83,53,930	18,37,74,395	16,83,53,930	18,37,74,395	Nil	Nil
CNG	MT	11.73	19.83	13848.86	13851.22	13851.23**	13859.32**	9.36	11.73
	Value	4,11,553	4,78,482			46,37,03,059	38,55,01,375	1,67,604	4,11,553
PNG	SCM	Nil	Nil		Nil	3169	Nil	7681	Nil
	Value	Nil	Nil		Nil	68,455	Nil	82,796	Nil

\* Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 595.09MT (for previous year: 555.21MT) and a volumetric conversion variation loss of (209.080 MT) (for previous year: 97.09 MT)

\*\* Quantity includes 1.26MT (for previous year: 0.60 MT) used for internal testing and 145.51MT (for previous year: 199.14 MT) operational losses.

**Hyderabad:**

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
NG	SCM	Nil	Nil	17083653.95	3579863.99	17083653.95*	3579863.99*	Nil	Nil
	Value	Nil	Nil	21,66,74,887	4,07,98,457	21,66,74,887	4,07,98,457	Nil	Nil
CNG	MT	10.51	Nil	10864.76	2368.13	10858.65**	2357.62**	16.62	Nil
	Value	3,54,012	Nil			39,62,96,898	7,87,49,385	4,65,279	Nil
PNG	SCM	Nil	Nil	Nil	Nil	1098830	25192	66556	Nil
	Value	Nil	Nil			4,22,59,589	8,78,424	12,56,465	Nil

\* Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 308.46MT (for previous year: 102.21MT)

\*\* Quantity includes 1.82MT (for previous year: 7.45MT) used for internal testing and 540.05MT (for previous year: 142.65MT) operational losses



**Kakinada:**

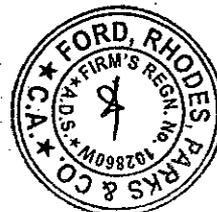
		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
NG	SCM	Nil	Nil	883626*	357	883626*	357*	Nil	Nil
	Value	Nil	Nil	85,03,577	2,626	85,03,577	2,626	Nil	Nil
CNG	MT	1.15	Nil	610.36	1.15	609.50**	Nil	2.01	1.15
	Value	7,186	Nil			2,02,67,879	Nil	32,544	7,186
PNG	SCM	Nil	Nil		Nil	137088	Nil	942	Nil
	Value	Nil	Nil		Nil	34,02,134	Nil	9,233	Nil

\* Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 27.311MT (for previous year: NIL)

\*\* Quantity includes 0.12MT (for previous year: NIL) used for internal testing and 14.06 MT (for previous year: NIL) operational losses

3.5 Details of transactions with Related Parties during the year:

Name of the Related Party	HPCL	GAIL	IGL
Nature of Relationship	Joint Venture	Joint Venture	GAIL JV
<b>Nature of transaction:</b>			
i) Purchases :			
- Auto LPG	1,65,76,938	-	-
- Natural Gas	-	39,82,85,216	-
ii) Sales – CNG (including VAT)	42,49,37,082	-	-
iii) Manpower cost of employees on deputation	68,38,432	1,52,20,205	-
iv) Expenditure / Payments on behalf of Related Parties	-	-	-
v) BG with GAIL	-	-	-
vi) LC with GAIL	-	7,56,40,378	-
vii) Advance against Equity	-	-	-
viii) Sale of Other Items (including VAT)	-	-	7627333
ix) Bridge Loan availed	15,00,00,000	15,00,00,000	-
x) Interest on Bridge Loan	8,05,27,408	7,96,19,188	-
xi) Principle Repayment of Bridge Loan	-	-	-



### 3.6 Earnings per share (EPS) (AS -20)

Description	2012-13	2011-12
Net Profit / (Loss) after current and deferred tax	2,97,67,907	-88,46,606
No. of Equity Shares of Rs 10/- each	50,000	50,000
EPS (Rs) – Basic	595	-176

*EPS (Rs) – Diluted EPS is not calculated:* As the Company is yet to decide on terms of issue of shares against the Share Application Money pending Allotment.

### 3.7 Employee Benefits

**a. Defined Contribution Plan** - The Company pays fixed contribution to Provident Fund at pre-determined rates. The contribution to the fund for the period is recognized as expense and is charged to the Profit & Loss A/c.

**b. Defined Benefit Plan** – The Company has not formulated any policy for Retirement benefits to its BGL employees. Pending formulation of policy on retirement benefits and encashment of earned leave, the Company has provided for encashment of earned leave for an amount of Rs 5,50,000 during the year (Previous Year: Rs 1,62,273) and Gratuity liability for an amount of Rs 4,80,629 during the year (Previous Year: Rs. 3,33,862) based on actuarial valuation in respect of Gratuity and on estimated basis in respect of Leave Salary. In compliance with the notified Gratuity Rules, the Company is in the process of formulating the scheme.

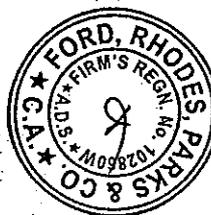
### 3.8 Segment Reporting

The company is engaged in the business of gaseous fuel. This being a single segment no separate figures are given.

There are no geographical segments for reporting purpose.

### 3.9 Share capital

- i) In line with the Memorandum of understanding, APIIC would be contributing 5% to the equity in the form of cash or land. With this objective APIIC has already allotted land at three places in the cities of Hyderabad, Vijayawada and Kakinada. Total amount of land allotted from APIIC is Rs. 4,51,96,880 (Rs.20,00,000 paid upfront fees) out of which Rs. 4,07,96,880 has been shown as “Advance against Equity” due to pending of procedural formalities, balance of Rs 24,00,000 as payable to APIIC.
- ii) Freehold Land amounting to Rs. 3,74,48,480 and Leasehold Land at Vijayawada amounting to Rs.77,48,400 allotted by APIIC is shown under “Fixed Assets – Gross Block”
- iii) Equity shares of the Company have a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company the holder of equity shares will be entitled to receive remaining assets (if



any) after distribution of all preferential accounts. The distribution will be in pro-rata basis to the equity shares held by the shareholder.

- iv) Apart from the rights, restrictions and preferences prescribed by the Companies Act 1956 and the Articles of Association of the company the Share holders' agreement also elaborately deal with the above. The reader is requested to refer to the respective documents for details. In brief the above referred documents provide for restrictions:
- > On transfer of shares to outsiders
  - > On transfer of shares to the existing shareholders
  - > For issue fresh equity or transfer of shares to outsiders
  - > Appointment of directors etc.,

### 3.10 Insurance Claim

There were no claims filed during the year. All insurance claims are accounted on acceptance / settlement.

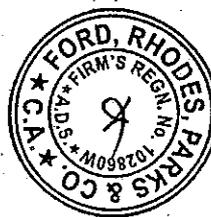
### 3.11 Secured Loans

The Company has availed Term Loans and non-fund based limits from consortium of bankers, secured by way of a first pari-pasu charge on all movable assets, finished goods, work in progress, raw materials and book debts.

- i) Rate of Interest Payable is 10.0%
- ii) Terms of Repayment:
  - > The Facility will be disbursed in 6 separate Tranches, each Tranche will be made available in each Availability Period commencing from 2010-2012 and ending in 2015 – 2017. The disbursement by the lender will be in the proportion to the funds deployed by the Company/ Promoters by way of Equity so as to ensure that the debt to equity ratio is 70:30
  - > The Company shall repay the Loan disbursed under each Tranche of the facility to the respective Lenders in 24 equal quarterly installments after a moratorium of 36 months after the Initial Drawdown Date from a Tranche.
- iii) Particulars of Security:
  - > Under consortium agreement - Secured by first ranking pari-passu charge by way of hypothecation on all the plant and machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles, intangible assets including but not limited to the goodwill, uncalled capital and all other movable assets, both present and future, in relation to the project.

Pending formalization of infusion of funds by the way of equity during the current year, there has been no release during the year out of the above sanctioned facilities.

Under the current repayment terms, installments amounting to Rs. 12.45 crores are due for repayment to the Banks during the year 2013-14. The entire loan is classified under long term as the company has requested for rescheduling of the installments considering that the amounts disbursed is lower than the sanctioned amount and that the company has already provided for the requisite margin money.



**3.12 Unsecured Loans – Particulars of Bridge Loan availed from Promoters is as under;**

Particulars	GAIL (India) Ltd	HPCL
1. Sanctioned Amount	90,00,00,000	90,00,00,000
2. Availed Amount	90,00,00,000	90,00,00,000
3. Repayment Principal	15,00,00,000	15,00,00,000
4. Repayment Schedule	Maximum 5 equal monthly installments of Rs. 15,00,00,000 each (along with interest) starting from 31 <sup>st</sup> August, 2013 and ending by 31 <sup>st</sup> December, 2013.	
5. Rate of Interest	10% / 13%	10% / 13%
6. Outstanding Amount As On 31.03.2013 (Including Interest).	84,00,43,162	84,14,37,546

**3.13 Trade Payable to SSI Unit**

- i) The Company does not owe any sum to Small Scale Industrial Unit as defined in clause (j) of Section 3 of the Industrial (Development & Regulation) Act, 1951. Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act. The auditors have relied upon the management representation in this regard.
- ii) The Company does not owe any sum to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act. The auditors have relied upon the management representation in this regard.

**3.14 Prior Period Items:**

Prior Period Items include the Advertisement cost and other items amounting to Rs.39,41,437/- arrived at after setting off of previous year provisions.

**3.15 Advances against Equity:**

The Promoters namely GAIL (India) Ltd & HPCL have contributed Rs. 17,51,25,000 each as advance against equity. Terms of issue for allotment for equity shares are yet to be decided. APIIC has given land to the company against which the company is required to issue equity share, subject to maximum of 5.0% of the Capital.

3.16 Management has made an assessment on the impairment of assets and observed that there are no assets whose value got impaired.

3.17 During the year interest on term loan / bridge loan amounting to Rs. 16, 58, 84,897/- has been apportioned to Fixed Assets & Capital Work in Progress.



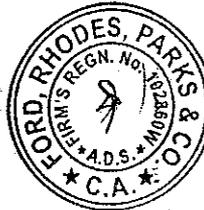
3.18 Figures have been rounded off to nearest rupee.

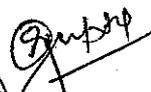
3.19 Previous year figures have been regrouped and / or rearranged wherever necessary to confirm with current year groupings.

**As per our report of even date**

**For FORD, RHODES, PARKS & CO., For and on behalf of the Board of Directors**  
Chartered Accountants,  
Firm Registration No. 102860W

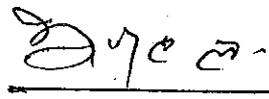
  
**CA A.D. SHENOY**  
Partner  
Membership No. 11549

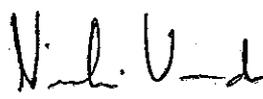


  
**Rahul Gupta**  
Company Secretary

  
**S. Sreenivastu**  
Director - Commercial

**Place: Hyderabad**  
**Date: 16/5/2013**

  
**A.K. Mittal**  
Managing Director

  
**Nishi Vasudeva**  
Chairman