

2014



Bhagyanagar Gas Ltd.



# Bhagyanagar Gas Limited



# 11<sup>th</sup> ANNUAL REPORT 2014



Committed for cleaner Environment & Health

## Corporate Information:



Mr. M. Ravindran, Chairman  
Mr. Pushp K. Joshi, 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)

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**Bhagyanagar Gas Limited**  
(CIN: U40200TG2003PLC041566)  
**Regd. Office: Parishram Bhavan, APIDC Building, Basheer Bagh**  
**Hyderabad - 500 004**

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**NOTICE FOR 11<sup>TH</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that Eleventh Annual General Meeting of the Members of Bhagyanagar Gas Limited will be held on Monday, August 11, 2014 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, 2014, audited Financial Statement for the period ending 31<sup>st</sup> March, 2014, Directors' Report and Auditors Report thereto.
2. To appoint a Director in place of Shri Arvind Kumar Mittal, 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 pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s Ford, Rhodes and Parks, Chartered Accountants (Firm Registration no. 102860W), be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.”

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 Ravindran Mathilakath (DIN: 02309551) 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 February 25, 2014 and who holds office under the said Article and pursuant to Section 161 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), only up to the date of this Annual General Meeting 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 Ordinary Resolution:

“RESOLVED THAT Shri Pushp Kumar Joshi (DIN: 05323634) 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 February 28, 2014 and who holds office under the said Article and pursuant to Section 161 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), only up to the date of this Annual General Meeting 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”.

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

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the Extraordinary General Meeting of the shareholders of the Company held on March 15, 2010 and pursuant to Section 180 (1) (c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification (s) or re-enactment thereof for the time being in force), if any, and subject to the consent of Members at a General Meeting by means of a Special Resolution, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow from time to time any sum or sums of moneys which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) shall not exceed in the aggregate at any one time, Rs. 1100 Crores (Rupees One Thousand One Hundred Crores Only) irrespective of the fact that such aggregate amount of borrowing outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.”

RESOLVED FURTHER that for the purpose of giving effect to this resolution the Managing Directors and Director Commercial be and is hereby authorized, severally or individually, to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

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

“RESOLVED THAT in supersession of the Special Resolution passed at the Extraordinary General Meeting of the shareholders of the Company held on March 15, 2010 the consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and subject to the consent of Members at a General Meeting by means of a Special Resolution, for hypothecating, charging and/ or creation of any security interest by the Board of Directors of the Company, of all the movable properties of the Company wheresoever situate, present and future, and/or conferring power, to enter upon and to take possession of assets of the Company in certain events, to or in favour of various banks/financial institutions (hereinafter referred to as the “Lenders”) to secure the financial assistance provided/to be provided by them to the Company together with

interest thereon at the stipulated rates, compound interest, additional interest, default interest, liquidated damages, upfront fee, costs, charges, expenses and other monies payable by the Company to the Lenders under the loan agreement/ letters of sanction/ in respect of the such financial assistance, provided that the principal amount of such financial assistance shall not exceed the limits specified under the shareholders resolution under section 180 (1)(c) of the Companies Act, 2013.”

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution the Managing Directors and Director Commercial be and is hereby authorized, severally or individually, to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

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

“**RESOLVED THAT** pursuant to the provisions of Section 42 and Section 62 and other applicable provisions, if any, of the Companies Act, 2013, including the rules thereunder (including any statutory modification or re-enactment thereof for the time being in force) and applicable provisions of the Companies Act, 1956, as amended, if any (without reference to the provisions thereof that have ceased to have effect upon notification of section of the Companies Act, 2013) and all the allied rules issued under the Companies Act, 2013, as applicable, the Memorandum and Articles of Association of the Company and subject to all other applicable laws, rules, regulations, circulars and guidelines and subject to such approvals, permissions, sanctions and consents as may be necessary and required under the applicable laws, rules, regulations, circulars and guidelines and on such terms and conditions (including any alterations, modifications, corrections, changes and variations, if any, that may be stipulated under such approvals, permissions, sanctions, and consents as the case may be) which may be accepted by the Board of Directors of the Company (herein referred to as “Board”) and subject to any other alterations, modifications, conditions, corrections, changes and variations that may be decided by the Board in its absolute discretion, consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, from time to time, in one or more tranches, up to an aggregate of 5 Crore (five crore ) equity shares of face value of Rs. 10 each at a price of Rs. 10 (Rupees ten only) per equity share aggregating to Rs.50 Crore (Rupees Fifty Crore only) on a preferential basis.

**RESOLVED FURTHER THAT** the Shares being offered, issued and allotted to the Investors by way of a preferential issue shall *inter alia* be subject to the following:

- (i) The Shares shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (ii) The Shares to be offered, issued and allotted shall rank *pari passu* with the existing equity shares of the Company in all respects including as to dividend;

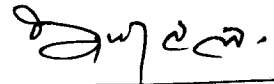
**RESOLVED FURTHER THAT** subject to the provisions of applicable laws, the Board be and is hereby authorized to decide and approve terms and conditions of the issue and allotment of the Shares and vary, modify or alter any relevant terms and conditions, including size of the preferential issue as it may deem expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation to issue clarifications on the offer, issue and allotment of the Shares, to execute all such writings and instruments and enter into arrangement/ agreements as the Board may in its absolute discretion deem necessary or desirable for purposes of this resolution, to settle all questions, difficulties or doubts that may arise in regard to the offer, issue and allotment of the Shares, take all others steps which may be incidental, consequential, relevant or ancillary in this connection and to effect any modification to the foregoing in the best interests of the Company and its shareholders.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to delegate all or any of its powers to any officer(s) or authorized signatory (ies) of the Company to give effect to this resolution including execution of any documents on behalf of the Company and to represent the Company before any governmental authorities and to appoint any merchant bankers or other professional advisors, consultants and legal advisors to give effect to the aforesaid resolution.”

Place: Hyderabad  
Date: July 21, 2014

By Order of the Board



(A.K. Mittal) 21/7/14  
Managing Director

**NOTES:**

1. Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted at a general meeting is annexed hereto,
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
3. Only Registered Members of the Company or any proxy appointed by such Registered Member may attend and vote at the Extraordinary General Meeting as provided under the provisions of the Companies Act, 2013.
4. Voting on Resolution: If any resolution at the meeting is put to vote on a poll each equity shareholder shall be entitled to one vote for every equity share held.
5. Members/ Proxies are requested to bring the attendance slips duly filled in to the Meeting.
6. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days between Monday and Friday of every week, up to and including the date of the Extraordinary General Meeting of the Company.



Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out the material facts concerning each item of special business to be transacted at annual general meeting to be held on August 11, 2014

**ITEM No 4**

Shri Ravindran Mathilakath was appointed as an Additional Director on the Board w.e.f February 25, 2014. However, in terms of Section 161 of the Companies Act, 1956 and Article 37 of the Articles of Association of the Company, he holds office upto the date of next Annual General Meeting. The Company has received a notice proposing the candidature of Shri Ravindran Mathilakath for the office of Director in terms of Section 160 of the Companies Act, 1956.

None of the Directors except Shri Ravindran Mathilakath / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 4 of the Notice

**ITEM No 5**

Shri Pushp Kumar Joshi was appointed as an Additional Director on the Board w.e.f February 28, 2014. However, in terms of Section 161 of the Companies Act, 1956 and Article 37 of the Articles of Association of the Company, he holds office upto the date of next Annual General Meeting. The Company has received a notice proposing the candidature of Shri Pushp Kumar Joshi for the office of Director in terms of Section 160 of the Companies Act, 1956.

None of the Directors except Shri Pushp Kumar Joshi / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 5 of the Notice

**ITEM No 6 & 7**

Section 180(1)(c) of the Companies Act, 2013 provides that the Board of Directors of the Company shall only with the consent of the members by a Special Resolution, borrow money where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate to its paid-up share capital and free reserves, apart from temporary course of business.

Further, as per the provisions of Section 180(1)(a) of the Companies Act, 2013, the mortgage or charge on all or any of the moveable and/or immoveable properties of the Company may be deemed as disposal of the whole or substantially the whole of the undertaking of the Company, hence requires the approval from the members of the Company by way of Special Resolution.

Accordingly, it is proposed to pass the enabling Special Resolutions in the ensuing Annual General Meeting to authorising the Board to borrow money in excess of the aggregate of the paid up share capital and free reserves up to Rs.1100 Crore and create charge on the moveable or immoveable properties of the Company.

The members may note that the provisions corresponding to Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956 (earlier in force) i.e. Section 180(1)(c) and Section 180(1)(a) of Companies Act, 2013 were notified on 12<sup>th</sup> September 2013 and based on the clarification thereof issued by Government of India, Ministry of Corporate Affairs vide General Circular no. 04/2014 dated 25<sup>th</sup> March, 2014, the Resolution(s) passed under Section 293(1)(a) and 293(1)(d) of the Companies Act, 1956 prior to 12<sup>th</sup> September, 2013 with reference to borrowings (subject to limits prescribed) and/ or creation of security on assets of the Company will be regarded as sufficient compliance of the requirements of Section 180 of the Companies Act, 2013, for a period of one year from the date of notification of Section 180 of the Companies Act, 2013. Accordingly the one year period is ends on September 11, 2014 by when a special resolution is required to pass at ensuing AGM of the Company.

The Board commends the Special Resolution set out at Item No. 6 & 7 of the Notice for approval by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 & 7 of the Notice.

#### **ITEM No 8**

##### **(i) The objects of the issue:**

To Issue shares against the advance against equity/share application money pending allotment received by way of cash from GAIL (India) Limited (GAIL), Hindustan Petroleum Corporation Limited (HPCL) and by way of land allotment from Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and/or its successor in terms of the A.P. Reorganization Act, 2014.

##### **(ii) The total number of equity shares to be issued:**

The total number of shares is as follows:

<b>Sr. No.</b>	<b>Name of the allottee</b>	<b>No. of shares</b>
1	GAIL (India) Limited	2,24,87,497
2	Hindustan Petroleum Corporation Limited	2,24,87,497
3	APIIC and/or its successor in terms of the A.P. Reorganization Act, 2014	50,00,000

##### **(iii) The price or price band at/within which the allotment is proposed:**

The price for which the allotment is proposed is Rs.10/- per equity share.

##### **(iv) Basis on which the price has been arrived at along with report of the registered Valuer.**

##### **(v) Relevant date with reference to which the price has been arrived at.**

Since the application money received before commencement of the relevant provisions of the Companies Act, 2013, therefore, it is presumed that above clauses no. (iv) and (v) is not applicable.

**(vi) The class or classes of persons to whom the allotment is proposed to be made:**

The allotment of equity shares referred to in resolution no 8 above is proposed to be issued to GAIL, HPCL and APIIC (and/or its successor in terms of the A.P. Reorganization Act, 2014)

**(vii) Intention of promoters, directors or key managerial personnel to subscribe the offer:**

GAIL, HPCL (existing promoters) and APIIC (and/or its successor in terms of the A.P. Reorganization Act, 2014) shall subscribe to the entire issue of equity shares.

**(viii) The proposed time within which the allotment shall be completed:**

The allotment of equity shares shall be completed within statutory time from the date of passing of this resolution by the shareholders.

**(ix) The change in control, if any, in the company that would occur consequent to the preferential offer:**

No

**(x) The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price.**

NIL

**(x) The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer.**

APIIC has given advance against equity in the form of Land before commencement of the relevant provisions of the Companies Act, 2013, therefore, it is presumed that above clause is not applicable.

**(xi) Pre-issue and post issue shareholding pattern of the company:**

The pre-issue share holding pattern as on June 30, 2014:

Sr. No.	Name of the Shareholder	Number of Shares held	Percentage of Shareholding (rounding off)
1	GAIL (India) Limited	12,497	25.00%
2	Hindustan Petroleum Corporation Limited	12,497	25.00%
3	Shri N.K. Nagpal	1	0.00%
4	Shri S.P. Sharma	1	0.00%
5	Shri K.V. Viswanatham	1	0.00%
6	Shri S. Jeyakrishnan	1	0.00%
7	Shri S. Bhattacharjee	1	0.00%
8	Shri S.M. Bhosekar	1	0.00%
9	Kakinada Seaports Limited	25,000	50.00%
	TOTAL	50,000	100.00%

The post offer shareholding pattern is given below:

Sr. No.	Name of the Shareholder	Number of Shares	Percentage of Shareholding
1	GAIL (India) Limited	2,24,99,997	44.98%
2	Hindustan Petroleum Corporation Limited	2,24,99,997	44.98%
3	Shri N.K. Nagpal	1	0.00%
4	Shri S.P. Sharma	1	0.00%
5	Shri K.V. Viswanatham	1	0.00%
6	Shri S. Jeyakrishnan	1	0.00%
7	Shri S. Bhattacharjee	1	0.00%
8	Shri S.M. Bhosekar	1	0.00%
9	Kakinada Seaports Limited	25,000	0.05%
10	APIIC and/or its successor in terms of the A.P. Reorganization Act, 2014	50,00,000	9.99%
	<b>TOTAL</b>	<b>5,00,25,000</b>	<b>100.00%</b>

Section 62 of the Companies Act, 2013 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section unless the shareholders in general meeting decide otherwise by passing a special resolution. Therefore, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Sections 42 and 62 and all other applicable provisions of the Companies Act, 2013

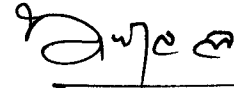
The members are, therefore, requested to accord their approval authorizing the Board to go for the proposed private placement and / or preferential issue as set out in the resolution.

No Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolution.

Your Directors recommend the resolution for approval of the members,

Place: Hyderabad  
Date: July 21, 2014

By Order of the Board



(A.K. Mittal)  
Managing Director

21/7/14

**Form No. MGT-11**

**Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

CIN : U40200TG2003PLC041566  
 Name of the company : BHAGYANAGAR GAS LIMITED  
 Registered office : Parishram Bhavan, APIDC Building, Basheer Bagh, Hyderabad - 500 004  
 Name of the member (s) :  
 Registered address :  
 E-mail Id :  
 Folio No/ Client Id: DP ID :

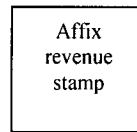
I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: .....  
 Address:  
 E-mail Id:  
 Signature:....., or failing him
2. Name: .....  
 Address:  
 E-mail Id:  
 Signature:....., or failing him
3. Name: .....  
 Address:  
 E-mail Id:  
 Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual general meeting of the company, to be held on the 11<sup>th</sup> day of August, 2014 at 11.30 a.m. at registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Matter of resolution
1	To receive, consider and adopt the audited balance sheet of the company as at 31st March, 2014 and statement of Profit & Loss of the Company for the year ended as on the date together with the Directors' Report and the Auditors Report thereon
2	To appoint a Director in place of Shri Arvind Kumar Mittal, who retires by rotation and being eligible, offers herself for reappointment
3	To appoint auditors and to fix their remuneration
4	To confirm as Director the appointment of Sri Ravindran Mathilakath who was inducted as Additional Director on 25.02.2014
5	To confirm as Director the appointment of Sri Pushp Kumar Joshi who was inducted as Additional Director on 28.02.2014
6	To delegate borrowing powers to Board of Directors
7	To delegate powers to Board of Directors to mortgage and / or charge any of its movable and / or immovable properties of the company
8	Issue of shares on preferential basis

Signed this..... day of..... 20....



Signature of shareholder

Signature of Proxy holder(s)

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.

# Bhagyanagar Gas Limited

(CIN: U40200TG2003PLC041566)

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

## DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present the 11<sup>th</sup> Annual Report together with the audited statement of accounts for the year ended on 31<sup>st</sup> March, 2014.

### FINANCIAL RESULTS

The highlights of performance of your Company during the financial year ended on 31<sup>st</sup> March, 2014, are as follows:

<i>(Rs. in Lacs)</i>		
Particulars	2013-14	2012-13
Gross Sales	11687.08	9428.13
Other Income	193.03	79.59
Depreciation	673.92	527.94
<b>Profit/(Loss) before exceptional and extraordinary items and tax</b>	<b>977.61</b>	<b>645.79</b>
Exceptional items:		-
Loss due to theft	6.41	
Refund of Pipeline Transportation charges from GAIL	1382.82	
<b>Profit/(Loss) before tax</b>	<b>2354.02</b>	<b>645.79</b>
Tax Expenses.	855.36	348.11
<b>Profit/(Loss) for the year</b>	<b>1498.66</b>	<b>297.68</b>
Transfer to Reserve & Surplus	1498.66	297.68

### 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, 2014.

### CHANGE IN CORPORATE IDENTITY NUMBER (CIN)

Your company's Corporate Identity Number (CIN) has been changed from U40200AP2003PLC041566 to U40200TG2003PLC041566 w.e.f 2<sup>nd</sup> June 2014 due to the separation of Telangana State from the State of residual Andhra Pradesh.

## IMPACT OF PROVISIONS OF NEW COMPANIES ACT, 2013

Due to notification of most of the provisions of the Companies Act, 2013, your Company needs to comply with the following

- 1) Appointment of at least two independent directors
- 2) Formation of Audit Committee
- 3) Formation of Nomination and Remuneration Committee
- 4) Formation of Corporate Social Responsibility Committee for compliance of provisions of Section 135 of the Companies Act, 2013.

However, through various clarification circulars issued by the Ministry of corporate Affairs, one year time frame has been given to comply with the above from the date of notification of the provisions, i.e., 1<sup>st</sup> April, 2014. In the meantime, your Board of Directors is making its best efforts to comply with the same within a reasonable time.

### BUSINESS & OPERATIONS

#### A) Project Highlights

##### a) Hyderabad -

- Operating total 18 CNG stations. ( 1 Mother Station, 14 Retail Outlets and 3 APSRTC Depots)
- Approx. 18,000 vehicles are running on CNG.(Buses, Autos and Cars)
- Cumulative 113 KMs of MDPE pipeline laid enabling fronts for 25,000 PNG-Domestic connections.
- As on 31<sup>st</sup> March, 2014, 443 no's PNG-Domestic connections, 2 Industrial and 4 commercial connections are operational.
- Cumulative 33.546 Kms of Steel pipeline laid (16'' and 4'').

##### b) Vijayawada -

- 1 Mother Station and 7 Daughter Booster Stations are in operation.
- 23.75 KMs of MDPE pipeline laid.
- Cumulative 29.53 Kms of Steel pipeline laid (12'' and 4'').
- Approx. 7700 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31<sup>st</sup> March, 2014, 109 no's PNG-Domestic connections, 3 commercial connections are operational.

##### c) Kakinada -

- 1 Mother Station and 2 Daughter Booster Stations (1 at Kakinada and 1 at Rajahmundry) are in operation.
- Approx. 930 vehicles are running on CNG.(Autos and Cars)
- 129 KMs of MDPE pipeline laid .
- As on 31<sup>st</sup> March, 2014, 1549 no's PNG-Domestic and 30 commercial connections are operational.
- Cumulative 32 Kms of Steel pipeline laid (10'' and 4'').



## B) Business Activities

During the year the Company received 1,00,000 SCMD of APM Gas. Company was receiving R-LNG to the tune of 12,500 SCMD through swap arrangement against GAIL's KG D6 allocation meant for their LPG plant. However w.e.f 4<sup>th</sup> June 2013, company stopped receiving R-LNG.

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 to some extent permissible overdrawals.

Given below is the status of business line wise:

### a) CNG

During the FY 2013-14, your company operated 18 CNG stations in Hyderabad (1 Mother Station, 14 Retail Outlets and 3 APSRTC depots), 8 CNG stations in Vijayawada (1 Mother Station, 4 Retail outlets and 3 APSRTC Depots) and 3 CNG stations in Kakinada (1 Mother station and 2 Retail Outlets). CNG as an alternate fuel concept has gained acceptance gradually with over 26,700 vehicles (autos, cars and buses) operating to CNG.

The sales volumes during 2013-14 in Hyderabad, Vijayawada, Kakinada and Rajahmundry (including APSRTC -24090 Kgs/day) touched an average of 67,319 kgs/day. The Average sale of CNG was 67,444 Kgs/day during 2012-13. Reasons for drop in CNG sales was non availability of R-LNG post 4<sup>th</sup> June 2013 and "Samakhya Andhra Strike " at Vijayawada from 12<sup>th</sup> August 2013 to 10<sup>th</sup> Oct 2013. During this period , there was no off-take of CNG by APSRTC at Vijayawada.

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.36.66 crore. For the year 2012-13 the sales to APSRTC was Rs.35.95 crores.

Description	Numbers		Place	Numbers	
	2012-13	2013-14		2012-13	2013-14
CNG Stations	29	29	Hyderabad	18	18
			Vijayawada	8	8
			Kakinada	2	2
			Rajahmundry	1	1

## b) PNG

Status of Domestic, Commercial and Industrial PNG supplies in Hyderabad, Vijayawada and Kakinada are given below:

Description	Numbers		Place	Numbers	
	2012-13	2013-14		2012-13	2013-14
PNG Connections-Domestic	1784	2101	Hyderabad	422	443
			Vijayawada	41	109
			Kakinada	1321	1549
PNG Connections-Commercial	14	37	Hyderabad	4	4
			Vijayawada	1	3
			Kakinada	9	30
PNG Connections-Industrial	1	2	Hyderabad	1	2
			Vijayawada	0	0
			Kakinada	0	0

## C) Auto LPG

Your Company is operating 1 ALDS at Tirupati which sold 205.160 MT ALPG during the year with sales value of Rs.159.47 Lakhs.

Description	Numbers		Place	Numbers	
	2012-13	2013-14		2012-13	2013-14
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 31<sup>st</sup> March 2011 towards term loan. No further drawals during the financial years 2013-14 has been made. For want of adequate equity to meet the debt - equity ratio of 70:30, the balance loans have been cancelled by the bankers.

Rate of Interest Payable is revised to 11.20% from 10.00% with effect from June 27, 2013.

During the Financial year 2013-14, BGL made repayment of 3 tranches of Term Loan, as per table given below:

Date	Amount paid to Canara Bank (In Rs.)	Amount paid to Corporation Bank (In Rs.)
19-09-2013	2,59,00,000	1,55,38,000
13-12-2013	2,59,00,000	1,55,38,000
15-03-2014	2,59,00,000	1,55,38,000

Total outstanding of Term Loan as on March 31, 2014 is Rs. 97.21 Crore.

In addition to term loan, Rs. 150 crores of Bridge Loan (unsecured loan) has been 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 M. Ravindran was inducted as additional director and Chairman on the Board w.e.f February, 25, 2014 and Shri Pushp Kumar Joshi was inducted as additional director on the Board w.e.f February 28, 2014.

The Board places on record its sincere appreciation for the valuable services rendered by Ms. Nishi Vasudeva and Shri P.K. Gupta during their tenure on the Board of Directors of the Company.

In accordance with the provisions of the Companies Act, 2013, the Additional Directors viz. Shri M. Ravindran and Shri Pushp Kumar Joshi shall hold office till the ensuing Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm 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.

## 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	2013-14	2012-13
i) Electricity purchased		
Units consumed (kVAh)	367414.00	341120.00
Total Amount in Rs.	4597953.37	3481933.00
Rate / Unit (Rs. kVAh)	12.51	10.21
Demand load charges in Rs.	1507102.00	1161625.00
ii) Natural gas as fuel (kg.) consumed	536787.00	807473.32

### Consumption per MT of production:

Particulars	2013-14	2012-13
Electricity Consumed (in kVAh)	240.11	295.98
Natural Gas as fuel (in kg.)	35.25	33.41

### B) Foreign exchange earnings & outgo:

- i) Foreign exchange earnings: Rs. NIL (NIL in 2013-14)  
ii) Foreign exchange outgo: Rs. NIL (Rs. 36,54,983/- in 2012-13)

## 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.

## INTERNAL AUDIT & CONTROL SYSTEM

Your company has a well defined and documented internal control system, which is adequately monitored. Checks & balances and control systems have been established to ensure that assets are safe guarded, utilized with proper authorization and recorded in the books of account. The Internal control systems are improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

## 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

**M. Ravindran**  
(Chairman)

Place: New Delhi  
Date: July 4, 2014

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

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

TELEPHONE : (91) 22 67979819  
              : (91) 22 67979823  
FAX          : (91) 22 67979822  
EMAIL       : frptax@vsnl.com

**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, 2014**

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 2014, 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.

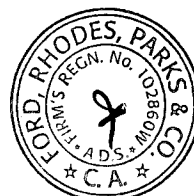
**Management's Responsibility for the Financial Statements**

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") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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



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## **FORD, RHODES, PARKS & CO.**

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 March 2014;
- 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 read with the General Circular 15/2013



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

dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and

- v. on the basis of written representations received from the directors as on 31<sup>st</sup> March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Ford, Rhodes, Parks & Co.**

**Chartered Accountants**

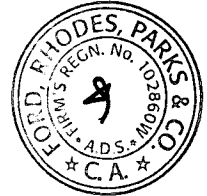
**Firm Registration No.102860W**



**A.D. Shenoy**

**Partner**

**Membership No.11549**



Place: Delhi

Date: 28<sup>th</sup> May, 2014



**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, 2014]**

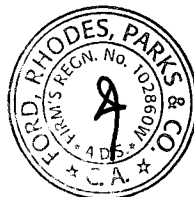
1. a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
b) Fixed Assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have 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 clauses in respect of rate of interest, terms and conditions, payment of the principal amount and interest and over due amount more than one lakh do not apply to the company.

- 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 2014 is Rs.150,00,00,000/- (Previous year Rs.150,00,00,000) and maximum amount involved during the year was Rs. 150,00,00,000/-(excluding interest outstanding)

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.

The company has not paid the installments and interest as per schedule. The company has approached the promoters for rescheduling the installment and overdue interest payment. We are informed that the request of the company is under consideration of the promoters. Refer note no 3.12 to notes to accounts.



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

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, 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 thereunder.
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.

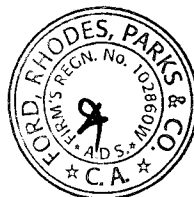
The Company has appointed independent cost auditor u/s 209 (1)(c) of the Act.

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 31<sup>st</sup> March, 2014.  
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 31<sup>st</sup> March 2014, that have not been deposited on account of a dispute, except the following:-



Sr. No	Statute	Subject Matter of dispute	Amount Rs.	Period	Forum
1	Excise Act	Valuation of Sale Price	37,76,568	C.Y. 2005 to C.Y. 2011	Commissioner Appeal

10. The Company has no accumulated losses as at 31<sup>st</sup> March, 2014 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 utilised 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.



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

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



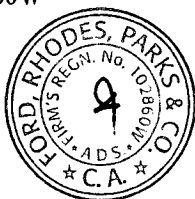
Place: Delhi  
Date: 28<sup>th</sup> May, 2014

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**BALANCE SHEET AS AT 31ST MARCH, 2014**

	Note No.	2013-14 RUPEES	2012-13 RUPEES
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders Funds</b>			
Share Capital	1	5,00,000	5,00,000
Reserves and surplus	2	21,84,85,501	6,86,19,605
<b>2 Share application money pending allotment</b>		9,95,00,000	9,95,00,000
<b>3 Non-current liabilities</b>			
Long-term borrowings	3	73,85,21,345	1,09,77,00,000
Deferred tax liabilities (Net)	4	6,77,94,685	3,99,69,288
Other Long term liabilities	5	52,57,35,710	58,52,17,286
Long-term provisions	6	12,87,817	13,83,924
<b>4 Current liabilities</b>			
Short-term borrowings	7	1,50,00,00,000	1,50,00,00,000
Trade payables	8	4,33,44,314	6,98,42,197
Other current liabilities	9	61,20,65,746	20,82,68,105
Short-term provisions	10	7,65,51,859	1,87,06,292
<b>TOTAL</b>		<b>3,88,37,86,977</b>	<b>3,68,97,06,697</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed assets			
(i) Tangible assets	11	1,44,52,95,273	1,19,93,77,064
(ii) Intangible assets		-	-
(iii) Capital work-in-progress	12	1,28,14,68,516	1,89,37,67,665
Deferred Tax Asset		-	-
Long-term loans and advances	13 (a)	56,96,798	39,54,508
Other non-current assets	14	24,23,01,392	23,78,37,268
<b>2 Current assets</b>			
Current investments		-	-
Inventories	15	38,05,89,281	51,79,026
Trade receivables	16	5,20,55,969	4,55,66,337
Cash and cash equivalents	17	37,49,52,087	24,17,71,150
Short-term loans and advances	13 (b)	93,74,400	93,74,400
Other current assets	18	9,20,53,261	5,28,79,278
<b>TOTAL</b>		<b>3,88,37,86,977</b>	<b>3,68,97,06,697</b>
Significant accounting policies and notes form integral part of the financial statement	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

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



PLACE: **DELHI**  
DATE : **MAY 28, 2014**

For and on behalf of the Board of Directors

*Rahul Gupta*  
**Rahul Gupta**  
Company Secretary

*R. Skidhar*  
**R. Skidhar**  
Director - Commercial

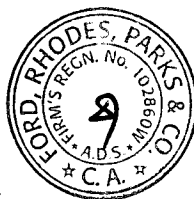
*A.K. Mittal*  
**A. K. Mittal**  
Managing Director

*M. Ravindran*  
**M. Ravindran**  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2014**

**NOTE : 1**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</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>	<b><u>in Nos.</u></b>	<b><u>in Nos.</u></b>
- 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 than 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, 2014**

**NOTE : 2**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</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	6,86,19,605	3,88,51,698
Add : Profit / (-) Loss for the Year	14,98,65,895	2,97,67,907
Add: Reversal of Provisions for Taxation of Earlier Year	-	-
<b>Net surplus/(-)Deficit in statement of Profit &amp; Loss</b>	<b><u>21,84,85,501</u></b>	<b><u>6,86,19,605</u></b>

**NOTE : 3**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>LONG TERM BORROWINGS</u></b>		
Secured Loans		
- Term loans from banks		
Canara Bank	46,11,66,667	68,61,00,000
Corporation Bank	27,73,54,678	41,16,00,000
<b>[Refer Note Number 27(3.11)]</b>	<b><u>73,85,21,345</u></b>	<b><u>1,09,77,00,000</u></b>

\* Instalment due in next 12 months are included under 'Other Current Liabilities'.

*(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.)*

**NOTE : 4**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>DEFERRED TAX LIABILITY (NET)</u></b>		
Deferred Tax Liability (Net)	6,77,94,685	3,99,69,288
<b>[Refer Note Number: 27(3.3)]</b>	<b><u>6,77,94,685</u></b>	<b><u>3,99,69,288</u></b>

**NOTE : 5**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>OTHER LONG TERM LIABILITIES</u></b>		
Creditors for Capital goods	11,54,94,806	17,62,03,997
Advance against Equity <b>[Refer Note Number: 27(3.15)]</b>		
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	15,54,677	60,54,340
PNG Customer Deposits	1,76,39,347	1,19,12,069
	<b><u>52,57,35,710</u></b>	<b><u>58,52,17,286</u></b>

**NOTE : 6**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>LONG TERM PROVISIONS</u></b>		
Provision for Gratuity	12,87,817	13,83,924
	<b><u>12,87,817</u></b>	<b><u>13,83,924</u></b>



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2014**

**NOTE : 7**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>SHORT TERM BORROWINGS</u></b>		
Unsecured Loans		
- Bridge Loan from:		
GAIL (India) Ltd	75,00,00,000	75,00,00,000
HPCL	75,00,00,000	75,00,00,000
<i>[Refer Note Number: 27(3.12)]</i>	<b>1,50,00,00,000</b>	<b>1,50,00,00,000</b>

**NOTE : 8**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>TRADE PAYABLES</u></b>		
Trade payable	4,33,44,314	6,98,42,197
	<b>4,33,44,314</b>	<b>6,98,42,197</b>

**NOTE : 9**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER CURRENT LIABILITIES</u></b>		
Statutory Liabilities	1,69,86,881	1,03,06,228
Retention Money	2,17,45,453	93,72,099
EMD/Security Deposits	22,42,385	14,21,895
Accruals for O&M	46,32,811	56,34,853
Interest on Bridge Loan Accrued and Due		
GAIL (India) Ltd	16,56,43,163	9,00,43,162
HPCL	16,70,37,547	9,14,37,546
Other Liabilities	1,77,506	52,322
Secured Loans		
- Term loans from banks		
Canara Bank	14,60,00,000	-
Corporation Bank	8,76,00,000	-
(Instalment due in next 12 months)	<b>61,20,65,746</b>	<b>20,82,68,105</b>

**NOTE : 10**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>SHORT TERM PROVISIONS</u></b>		
Provision for Income Tax	7,52,89,724	1,75,79,280
Provision for Leave Encashment	12,46,903	11,27,012
Provision for Gratuity	15,232	-
	<b>7,65,51,859</b>	<b>1,87,06,292</b>





**BHAGYANAGAR GAS LIMITED**

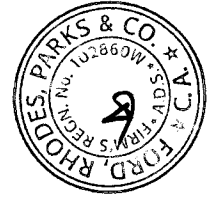
**NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014**

**NOTE 11: Fixed assets**

(Rupees)

FIXED ASSETS	GROSS BLOCK AT COST 01.04.2013 (A)	ADDITIONS DURING 2013-14 (B)	SALE / DISCARD DURING 2013-14 (C)	GROSS BLOCK COST AS AT 31.03.2014 (D=A+B-C)	ACCUMULATED DEPRECIATION AS ON 31.03.2013 (E)	DEPRECIATION FOR THE YEAR 2013-14 (F)	DEPRECIATION ON ASSETS SOLD/DISCARDED FOR THE YEAR 2013-14 (G)	TOTAL DEPRECIATION UPTO 31.03.2014 (H=E+F+G)	NET BLOCK AS AT 31.03.2014 (I=D-H)	NET BLOCK AS AT 31.03.2013 (J=A-E)
ROADS & CULVERTS	55,29,481	-	-	55,29,481	6,84,062	90,130	-	7,74,192	47,55,289	48,45,419
FACTORY BUILDING	9,05,66,892	-	-	9,05,66,892	54,48,165	30,24,938	-	84,73,103	8,20,93,789	8,51,18,727
BUILDINGS	1,45,77,719	14,65,282	-	1,60,43,001	10,19,436	2,45,896	-	12,65,332	1,47,77,669	1,35,58,283
PLANT & MACHINERY	1,09,16,50,115	31,15,80,029	-	1,40,32,30,144	10,64,25,045	6,01,03,555	-	16,65,28,600	1,23,67,01,544	98,52,25,070
FURNITURE & FIXTURES	56,22,943	2,65,264	-	58,88,207	18,86,459	5,35,776	-	24,22,235	34,65,972	37,36,484
OFFICE EQUIPMENT	41,60,492	-	-	41,60,492	22,45,746	3,48,016	-	25,93,762	15,66,730	19,14,746
ELECTRICAL EQUIPMENT	3,98,19,731	-	-	3,98,19,731	62,50,390	28,09,417	-	90,59,807	3,07,59,924	3,35,69,341
LEASE HOLD LAND	77,48,400	-	-	77,48,400	5,68,402	2,34,638	-	8,03,040	69,45,360	71,79,998
FREE HOLD LAND	6,42,28,996	-	-	6,42,28,996	-	-	-	-	6,42,28,996	6,42,28,996
<b>TOTAL</b>	<b>1,32,39,04,769</b>	<b>31,33,10,575</b>	<b>-</b>	<b>1,63,72,15,344</b>	<b>12,45,27,705</b>	<b>6,73,92,366</b>	<b>-</b>	<b>19,19,20,071</b>	<b>1,44,52,95,273</b>	<b>1,19,93,77,064</b>
Previous Year	1,05,05,23,540	27,32,81,229	-	1,32,39,04,769	7,17,33,375	5,27,94,330	-	12,45,27,705	1,19,93,77,064	97,88,90,161

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



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2014**

**NOTE: 12**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>CAPITAL WORK IN PROGRESS:</u></b>		
Opening Capital Work in Progress:	1,89,37,67,665	1,75,47,18,930
Add: Capital Expenditure	14,07,27,759	41,23,29,964
Less: Capitalised during the Year	-31,33,10,575	-27,32,81,229
Less: Transfer to Stores & Spares (Refer Note 3.20)	-43,97,16,333	-
Closing Capital Work in Progress	<u>1,28,14,68,516</u>	<u>1,89,37,67,665</u>

**NOTE : 13 (a)**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>LONG TERM LOANS &amp; ADVANCES</u></b>		
Security Deposits		
RGTEL	11,10,000	6,00,000
Electricity Deposits	30,19,448	25,77,158
Others	15,67,350	7,77,350
	<u>56,96,798</u>	<u>39,54,508</u>

**NOTE : 13 (b)**

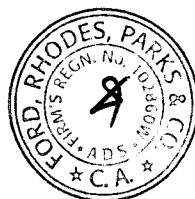
	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>SHORT TERM LOANS &amp; ADVANCES</u></b>		
GAIL (India) Limited	93,74,400	93,74,400
	<u>93,74,400</u>	<u>93,74,400</u>

**NOTE : 14**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER NON CURRENT ASSETS</u></b>		
Fixed Deposits (including accrued interest)	57,85,373	50,48,404
Pre-paid Hook Up Charges	20,57,16,420	23,27,88,864
Pre-paid Railway Way leave Charges	3,07,99,599	-
	<u>24,23,01,392</u>	<u>23,78,37,268</u>

**NOTE : 15**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>INVENTORIES</u></b>		
Stores & Spares	26,17,505	31,65,104
Stores & Spares (transferred from CWIP) (Refer Note 3.20)	37,58,59,776	-
Finished Goods	6,24,731	6,65,428
Raw Material (Natural Gas in Pipeline)	14,87,269	13,48,494
	<u>38,05,89,281</u>	<u>51,79,026</u>



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**Notes forming part of Balance Sheet as at March 31, 2014**

**NOTE : 16**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>TRADE RECEIVABLE (Unsecured)</u></b>		
<u>Over Six months</u>		
Considered Good	-	-
<u>Others</u>		
Considered Good	5,20,55,969	4,55,66,337
	<u>5,20,55,969</u>	<u>4,55,66,337</u>

**NOTE : 17**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
<u>Cash Balance -</u>		
Cash on hand	19,77,380	12,72,310
<u>Bank Balances -</u>		
Balances with Banks	22,80,56,721	9,81,49,951
Fixed Deposit with Banks *	57,85,373	50,48,404
Fixed Deposit with Banks **	14,49,17,987	14,23,48,889
	<u>38,07,37,460</u>	<u>24,68,19,554</u>
<u>Less: Forming Part of Non Current Assets</u>	<u>-57,85,373</u>	<u>-50,48,404</u>
	<u>37,49,52,087</u>	<u>24,17,71,150</u>

\* Includes interest accrued in term deposits Rs. 14,44,473 (Previous Year-Rs.10,48,404)

\* Bank deposits having more than 12 months maturity is Rs.57,85,373 (Previous year Rs.50,48,404). These FDR's are held as Margin Money with Banks for Bank Guarantees.

\*\* Includes interest accrued in term deposits Rs. 49,17,987 (Previous Year-Rs. 23,48,889)

\*\* Bank deposits having more than 6 months but less than 12 months maturity is Rs.14,49,17,987 (Previous year Rs.14,23,48,889)

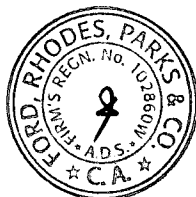
**NOTE : 18**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>OTHER CURRENT ASSETS</u></b>		
Advance to Suppliers (O&M)	-	3,63,009
Pre-paid Expenses	29,96,697	31,05,828
PLA Deposit with Excise department	3,17,366	7,21,000
Cenvat Credit	1,00,38,855	2,22,38,126
Advance Tax - income tax	7,27,69,385	2,21,55,029
Tax deducted at source Receivable	45,50,441	28,44,969
Interest Receivable	44,795	50,700
Other Advances - recoverable in cash or kind	13,35,722	14,00,617
	<u>9,20,53,261</u>	<u>5,28,79,278</u>

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



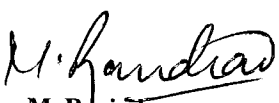
PLACE: **DELHI**  
DATE : **MAY 28, 2014**

For and on behalf of the Board of Directors

  
Rahul Gupta  
Company Secretary

  
R. Sridhar  
Director - Commercial

  
A. K. Mittal  
Managing Director

  
M. Ravindran  
Chairman

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

	<u>Note No.</u>	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
I. Revenue from Operations	19	1,16,87,08,944	94,28,12,559
Less: Excise Duty		13,81,32,988	11,42,45,886
Net Revenue from Operations		<u>1,03,05,75,956</u>	<u>82,85,66,673</u>
II. Other income	20	1,93,03,633	79,59,311
III. Total Revenue (I+II)		<u>1,04,98,79,589</u>	<u>83,65,25,984</u>
IV. Expenses :			
a) Cost of Material Consumed	21	44,71,79,206	45,34,64,383
b) Purchases of Stock in Trade	22	1,56,92,521	1,65,76,938
c) Changes in Inventories	23	40,697	1,07,323
d) Employee benefits expenses	24	2,42,36,962	1,90,39,704
e) Other Expenses	25 (a)	22,33,54,682	13,66,70,115
f) Finance Costs	25 (b)	17,42,21,855	9,32,94,515
g) Depreciation	11	6,73,92,366	5,27,94,330
Total Expenses		<u>95,21,18,289</u>	<u>77,19,47,308</u>
V. Profit/(-) Loss before exceptional and extraordinary items and tax (III-IV)		9,77,61,301	6,45,78,676
VI. Exceptional items			
Loss due to theft		6,41,196	-
Refund of Pipeline Transportation charges from GAIL		13,82,81,632	-
VII. Profit/(-) Loss before extraordinary items and tax (V - VI)		23,54,01,737	6,45,78,676
VIII. Extraordinary items		-	-
IX. Profit/(-) Loss before tax (VII-VIII)		23,54,01,737	6,45,78,676
X. Tax expenses			
Current tax	26	5,77,10,444	1,29,20,740
Deferred Tax	27(3.3)	2,78,25,397	2,18,90,029
XI Profit/(-) Loss for the year (IX-X)		<u>14,98,65,895</u>	<u>2,97,67,907</u>
XII Earnings per equity share	27(3.6)		
- Basic & Diluted		2,997	595
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


MNo:11549

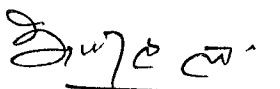
PLACE: **DELHI**


DATE : **MAY 28, 2014**

For and on behalf of the Board of Directors

  
**Rahul Gupta**  
 Company Secretary

  
**R. Sridhar**  
 Director - Commercial

  
**A. K. Mittal**  
 Managing Director

  
**M. Ravindran**  
 Chairman



**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**

Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2014

**NOTE :19**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>REVENUE FROM OPERATION</u></b>		
Income from CNG	1,06,54,32,202	88,02,67,836
Income from ALPG	1,59,46,843	1,68,14,546
Income from PNG	8,73,29,899	4,57,30,177
	<b>1,16,87,08,944</b>	<b>94,28,12,559</b>

**NOTE :20**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>OTHER INCOME</u></b>		
Misc. Income	9,08,369	4,40,578
Interest on Fixed Deposit	1,29,08,485	29,90,133
Interest -Others	54,86,779	42,15,321
Profit on sale of other items	-	3,13,279
	<b>1,93,03,633</b>	<b>79,59,311</b>

**NOTE : 21**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>COST OF MATERIALS CONSUMED:</u></b>		
Opening Stock (Natural Gas)	13,48,494	-
<u>Add:</u> Purchases*	39,18,24,355	39,82,85,216
<u>Add:</u> Product transshipment Charges	5,54,93,626	5,65,27,661
<b>Sub Total:</b>	<b>44,86,66,475</b>	<b>45,48,12,877</b>
<u>Less:</u> Closing Stock	14,87,269	13,48,494
<b>Total</b>	<b>44,71,79,206</b>	<b>45,34,64,383</b>

\* includes MGO Charges, Overrun Charges, Positive and Negative imbalances Charges.

**Note : 22**

	<u>2013-14</u>	<u>2012-13</u>
	<u>RUPEES</u>	<u>RUPEES</u>
<b><u>PURCHASES OF STOCK IN TRADE:</u></b>		
Purchases of ALPG	1,51,33,993	1,59,70,302
Add: Freight Charges	5,58,528	6,06,636
	<b>1,56,92,521</b>	<b>1,65,76,938</b>



**BHAGYANAGAR GAS LIMITED**  
Parishrama Bhavan, Basheerbagh, Hyderabad

Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2014

**NOTE : 23**

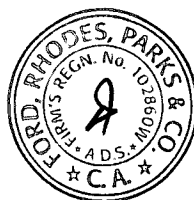
	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>CHANGES IN INVENTORIES:</u></b>		
Finished Goods		
Opening Stock	6,65,428	7,72,751
Closing Stock	6,24,731	6,65,428
<b>(-) Increase/ Decrease of Inventory</b>	<b>40,697</b>	<b>1,07,323</b>

**NOTE : 24**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>EMPLOYEE BENIFITS EXPENSES</u></b>		
Manpower Cost	2,10,80,435	1,46,44,560
Contribution towards Provident Fund	13,01,757	14,49,833
Gratuity Expenses	-80,875	4,80,629
Leave Encashment Expenses	6,71,151	5,50,000
LFA Expenses	3,54,163	5,85,000
Other Welfare Expenses	9,10,331	13,29,683
	<b>2,42,36,962</b>	<b>1,90,39,704</b>

**NOTE : 25 (a)**

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b><u>OTHER EXPENSES</u></b>		
Advertisement	11,71,578	11,47,243
Business Promotion	3,52,595	3,66,953
Vehicle hire and running expenses	39,57,815	39,88,637
Power & Fuel	3,33,75,390	2,76,75,954
Insurance	17,93,266	11,92,453
Technical Assistances Services	1,86,39,371	1,64,48,192
Postage & Courier	1,27,717	1,10,403
Printing & Stationery	6,29,119	7,38,345
Rent, Rates & Taxes	64,87,397	47,59,855
Repairs & maintenance - Buildings	46,990	20,629
Repairs & maintenance - others	4,30,259	3,71,340
Repairs & maintenance - Plant & Machinery	3,46,33,322	3,49,25,227
Security Services	52,51,170	29,41,863
Telephone Charges	11,17,478	11,93,914
Travelling Expenses	29,41,851	32,11,746
Prior Period Items [ Refer Note Number: 27(3.14)]	48,47,427	39,41,437
Professional Charges	31,44,050	21,33,768
Training cum Conference	5,04,499	2,28,473
Audit Fees [Refer Note Number: 27(3.2)(c)]	4,14,781	3,71,237
Bank Charges	23,05,036	16,79,845
Foreign Exchange Fluctuation	24,57,984	13,24,844
Expenses Written Off	-	6,59,491
Hookup Charges RGTIL - Hyderabad	2,70,72,444	2,70,72,444
Railway Way leave Charges	61,90,609	-
Diff. in Cost and Book value of Stores and Spares (Refer note No 3.20)	6,38,56,557	-
Loss on sale of other items (Net)	14,92,656	-
Miscellaneous Expenses	1,13,321	1,65,822
	<b>22,33,54,682</b>	<b>13,66,70,115</b>



**NOTE : 25 (b)**

**FINANCE COST**

Interest on Income Tax  
Interest paid on Natural Gas - GAIL  
Interest on Secured & Unsecured Loans

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
Interest on Income Tax	12,41,356	-
Interest paid on Natural Gas - GAIL	5,51,844	-
Interest on Secured & Unsecured Loans	17,24,28,655	9,32,94,515
	<u>17,42,21,855</u>	<u>9,32,94,515</u>


**NOTE : 26**

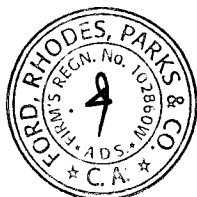
**CURRENT TAX:**

Provision for Current Taxation  
Provision for earlier years (ie. FY 2012-13)

	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
Provision for Current Taxation	5,05,92,148	1,29,20,740
Provision for earlier years (ie. FY 2012-13)	71,18,296	-
	<u>5,77,10,444</u>	<u>1,29,20,740</u>

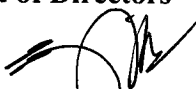
As per our Report of Even Date  
For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants  
Firm Registration No.102860W

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




For and on behalf of the Board of Directors

  
**Rahul Gupta**  
Company Secretary

  
**R. Sridhar**  
Director - Commercial

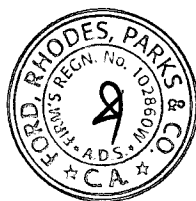
  
**A. K. Mittal**  
Managing Director

  
**M. Ravindran**  
Chairman

PLACE: DELHI  
DATE : MAY 28, 2014

**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**CASH FLOW STATEMENTS FOR THE YEAR 2013-14**

<u>Particulars</u>	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b>I CASH FLOW FROM OPERATING ACTIVITY</b>		
Net Profit before Tax, Exceptional and Extraordinary Items:	9,77,61,301	6,45,78,676
<i>Add:</i>		
Non Cash Items		
Depreciation	6,73,92,366	5,27,94,330
Expenses Written Off	9,71,19,610	2,77,31,935
Gratuity Expenses	(80,875)	4,80,629
Provision for Leave Salary/ LFA	1,35,123	1,98,287
Foreign Exchange Fluctuation	24,57,984	13,24,844
Non Operating Expenses		
Interest on Loans	17,24,28,655	9,11,10,318
Profit on Sale of Other Items	-	3,13,279
Loss due to Theft	6,41,196	-
Loss on Sale of Fixed Assets	14,92,656	-
<i>Less:</i>		
Non Operating Incomes		
Interest and Other Income	(1,83,95,264)	(72,05,454)
<b>Operating Profits Before Working Capital Changes</b>	<u>42,09,52,752</u>	<u>23,13,26,844</u>
<i>Add:</i>		
(Increase)/Decrease in Current Assets		
Change in Inventories	4,49,521	(25,61,026)
Long term Loans & Advances	(17,42,290)	88,81,250
Short term Loans & Advances	-	(93,74,400)
Other Current / Non-Current Assets	(2,38,44,363)	(89,21,593)
Trade Receivables	(64,89,632)	(2,26,99,594)
Increase/(Decrease) in Current Liabilities		
Trade payable	(2,64,97,883)	2,26,87,906
Other Liabilities	16,77,24,425	13,14,21,689
PNG customer Deposit	57,27,278	76,93,803
<b>Cash Generated From/(Used) in Operations</b>	<u>53,62,79,809</u>	<u>35,84,54,879</u>
<i>Less:</i>		
Tax Paid	(5,23,19,828)	(1,02,56,239)
<b>Cash Flow Before Extraordinary Items</b>	<u>48,39,59,981</u>	<u>34,81,98,640</u>
Add/Less: Extraordinary Item	13,76,40,436	-
<b>Net Cash Flow From/Used in Operating Activities</b>	<u><u>62,16,00,417</u></u>	<u><u>34,81,98,640</u></u>
<b>II CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Addition to Fixed Asset including CWIP	(4,19,22,244)	(12,09,67,271)
Sale of Fixed Assets	97,52,511	-
Creditor for Capital Goods	(6,07,09,191)	50,45,751
Accrual for Capital Goods	(44,99,663)	(1,28,85,392)
Interest and Other Income	1,83,95,264	68,92,175
Fixed Deposits	(7,36,969)	(14,00,00,000)
<b>Net Cash Flow From/(Used) in Investing Activities</b>	<u><u>(7,97,20,292)</u></u>	<u><u>(26,19,14,737)</u></u>






**BHAGYANAGAR GAS LIMITED**  
**Parishrama Bhavan, Basheerbagh, Hyderabad**  
**CASH FLOW STATEMENTS FOR THE YEAR 2013-14**

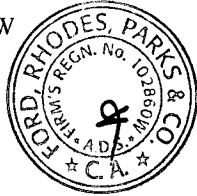
	<u>2013-14</u> <u>RUPEES</u>	<u>2012-13</u> <u>RUPEES</u>
<b>III CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest on Loans	(28,31,20,533)	(24,21,08,461)
Advance Against Equity	-	-
Term Loan from Banks	-	-
Bridge Loan	-	30,00,00,000
Principal Repayment of Term Loan	(12,55,78,655)	-
<b>Net Cash Flow From/(Used) in Financing Activities</b>	<u>(40,86,99,188)</u>	<u>5,78,91,539</u>
<b>IV NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALANTS (I+II+III)</b>	<b>13,31,80,937</b>	<b>14,41,75,442</b>
<b>V OPENING CASH &amp; CASH EQUIVALANTS</b>	<u>24,17,71,150</u>	<u>9,75,95,708</u>
<b>VI CLOSING CASH &amp; CASH EQUIVALANTS (V+IV)</b>	<u>37,49,52,087</u>	<u>24,17,71,150</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 and CWIP excludes interest capitalised amounting to Rs.11,06,91,878 /- ( PY - Rs 16,58,84,897/-) 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. 11,06,91,878/- (PY- Rs. 16,58,84,897/-)
- 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.
- Previous year figures have been regrouped to conform to current year classification.

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  
M No:11549

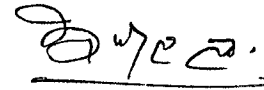


PLACE: **DELHI**  
DATE : **MAY 28, 2014**

For and on behalf of the Board of Directors

  
**Rahul Gupta**  
Company Secretary

  
**R. Sridhar**  
Director - Commercial

  
**A. K. Mittal**  
Managing Director

  
**M. Ravindrán**  
Chairman

**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') to carry on all or any businesses of storage, supply, sale, distribution and marketing of CNG and Auto LPG as fuel for vehicles, Piped Natural Gas for domestic/commercial/industrial purposes in the State of Andhra Pradesh.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The significant accounting policies are as follows:**

**2.1 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). GAAP comprises mandatory accounting standards as prescribed by the Companies Accounting Standards Rules 2006, the Companies Act 1956 & the Companies Act 2013 (to the extent applicable). The accounting policies applied by the company are consistent with those used in previous year., 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

**2.2 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.

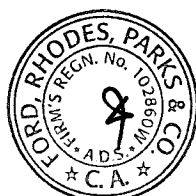
**2.3 Fixed Assets**

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.

**2.4 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.



## 2.5 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.

## 2.6 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.

## 2.7 Depreciation

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.

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

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

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

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

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.

## 2.8 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, Trade Margin. 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.

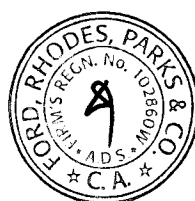
## 2.9 Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.

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.

Non Monetary items (such as Investments, Fixed Assets etc.) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).

Any gain or loss arising on account of exchange difference either on settlement of or translation is accounted for in the Statement of Profit & Loss.



## **2.10 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.

## **2.11 Retirement Benefits**

The manpower of the Company includes deputationists from GAIL and HPCL on fulltime basis. All employee benefits in case of deputationists, deputed by parent company are accounted based on debit notes raised by their parent company. The Company has not formulated any policy for Retirement benefits to its BGL employees. Pending formulation of policy on retirement benefits, The Company has provided for Gratuity liability and Leave encashment, based on actuarial valuation as per applicable accounting standard.

## **2.13 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.

## **2.14 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.

## **2.15 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.

## **2.16 General**

- a. 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.
- b. 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.
- c. Insurance claims are accounted for on the basis of claims admitted/settled by the insurers.



### 3. NOTES TO THE ACCOUNTS

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	
	2013-14	2012-13		2013-14	2012-13
CNG Stations	29	29	Hyderabad	18	18
			Vijayawada	8	8
			Kakinada	2	2
			Rajahmundry	1	1
ALPG Stations	1	1	Tirupathi	1	1
PNG Connections – Domestic	2101	1784	Hyderabad	443	422
			Vijayawada	109	41
			Kakinada	1549	1321
PNG Connections – Commercial	37	14	Hyderabad	4	4
			Vijayawada	3	1
			Kakinada	30	9
PNG Connections – Industrial	2	1	Hyderabad	2	1
			Vijayawada	-	-
			Kakinada	-	-

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

#### 3.1 Contingent Liabilities & Commitments:

##### Contingent Liabilities –

Bank Guarantees issued to PNGRB amounting to Rs. 15,50,00,000/- (Previous Year: Rs 15,51,00,000). Letter of Credit issued to GAIL (India) Ltd. and RGTIL amounting to Rs 5,68,53,277/- (Previous Year: Rs 7,56,40,378).

Contingent Liabilities in respect of show cause notices from excise authorities are considered only when converted into demands, which is Rs 37,76,758 (Previous Year: Rs 42,76,758).

In respect of income tax assessment dues of Rs Nil (Previous Year: Rs 1,63,10,777), the company has received the order dated 10th March 2014 from Income tax Appellate Tribunal, Hyderabad Bench 'A', Hyderabad in favour of BGL. Non - supply of Gas to APSRTC Rs 1,24,74,997 (Previous Year: Rs 1,24,74,997).

##### 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 from PNGRB for delays in minimum installations at various locations. The penal charges for not completing minimum number of connections as set out in the authorization, 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.



However in respect of City Gas Distribution activities in Kakinada, PNGRB on 22<sup>nd</sup> May, 2013, issued a letter to Canara Bank for invocation of the PBG and claimed Rs.1.33 Crs. for non-achievement of milestones by BGL as set out in the authorization. Meanwhile a Writ Petition dated 25<sup>th</sup> May 2013 was filed by BGL on 27<sup>th</sup> May 2013 against PNGRB in the High Court of Andhra Pradesh. The interim stay was confirmed and order dated 28<sup>th</sup> May 2013 was passed by Hon'ble High Court of AP. The interim stay continues as on date.

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

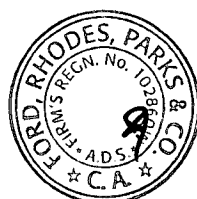
	Particulars	2013-14 (Rupees)	2012-13 (Rupees)
a.	Estimated amount of Contracts remaining to be executed on Capital Account not provided for	38,46,00,000	81,10,36,814
b.	Claims against the Company not acknowledged as debts	NIL	NIL
c.	Payments to Statutory Auditors: Audit fees (incl. Service Tax) Tax Audit fees (incl. Service Tax)	1,85,394 <u>39,326</u> <u>2,24,720</u>	1,68,540 <u>33,708</u> <u>2,02,248</u>
	Payments to Cost Auditors: Cost Audit Fee (including Service Tax)	84,270	78,652
d.	Managerial Remuneration for FY 2013-14: * 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 (All amounts mentioned including service tax.)	97,39,126 9,58,966	67,00,270 9,40,614
e.	C.I.F Value of Imports during the Year. - Capital goods	NIL	36,54,983
f.	Earning in Foreign Currency Sale of Bid	NIL	NIL
g.	Un-hedged foreign currency exposure at year end – Payable for Suppliers USD	3,98,025.65	4,20,254.45

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

(In Rs.)

Particulars	As at 31.03.2013	For the year 2013-14	As at 31.03.2014
Depreciation	(6,58,85,422)	(46316506)	(112201928)
Carried forward losses	2,59,16,134	(25916134)	-
Adjustment of MAT	-	-	-
Total Deferred Tax Liability	(3,99,69,288)	(27825397)	(67794685)

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



### 3.4 Information on each class of goods purchased, sold and closing stocks during the year:

#### ALPG:

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Auto LPG	MT	Nil	Nil	205.16	222.83	205.16	222.83	Nil	Nil
	Value	Nil	Nil	1,51,33,993	1,59,70,302	1,59,46,843	1,68,14,546	Nil	Nil

#### Vijayawada:

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
NG	SCM	Nil	Nil	17001646.83	18516534	17001646.83*	18516534*	Nil	Nil
	Value	Nil	Nil	16,00,69,583	16,83,53,930	16,00,69,583	16,83,53,930	Nil	Nil
NG	MT	9.36	11.73	12749.08	13848.86	12749.17**	13851.23**	9.27	9.36
	Value	1,67,604	4,11,553			53,02,14,657	46,37,03,059	1,89,599	1,67,604
PNG	SCM	7681	Nil	Nil	Nil	13271	3169	7967	7681
	Value	82,796	Nil	Nil	Nil	3,38,606	68,455	76,614	82,796

\*Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 456.11MT (for previous year: 595.09MT) and a volumetric conversion variation loss of 148.935MT (for previous year: 209.080MT)

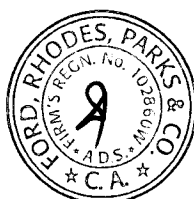
\*\*Quantity includes 1.61MT (for previous year: 1.26MT) used for internal testing and 154.86MT (for previous year: 145.51MT) operational losses.

#### Hyderabad:

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
NG	SCM	Nil	Nil	18455421.17	17083653.95	18455421.17*	17083653.95*	Nil	Nil
	Value	Nil	Nil	19,24,48,054	21,66,74,887	19,24,48,054	21,66,74,887	Nil	Nil
CNG	MT	16.62	10.51	11602.07	10864.76	11602.07**	10858.65**	16.62	16.62
	Value	4,65,279	3,54,012			49,70,54,162	39,62,96,898	3,84,030	4,65,279
PNG	SCM	66556	Nil	Nil	Nil	1669852	1098830	150638	66556
	Value	12,56,465	Nil			7,32,33,259	4,22,59,589	14,00,040	12,56,465

\* Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 352.12MT (for previous year: 308.46MT)

\*\* Quantity includes 12.36MT (for previous year: 1.82MT) used for internal testing and 479.43MT (for previous year: 540.05MT) operational losses



**Kakinada:**

		Opening stock		Purchases / Production		Sales / Consumption		Closing stock	
		2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
NG	SCM	Nil	Nil	1565671	883626	1565671*	883626*	Nil	Nil
	Value	Nil	Nil	1,56,59,994	85,03,577	1,56,59,994	85,03,577	Nil	Nil
CNG	MT	2.01	1.15	920.975	610.36	920.34**	609.50	2.65	2.01
	Value	32,544	7,186			3,81,63,383	2,02,67,879	51,102	32,544
PNG	SCM	942	Nil	Nil	Nil	390056	137088	1093	942
	Value	9,233	Nil	Nil	Nil	1,37,58,034	34,02,134	10,615	9,233

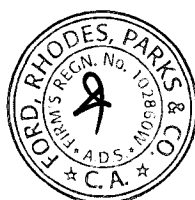
\* Consumption of Natural Gas is for conversion to CNG & PNG and includes natural gas used for internal testing purposes 1.119MT (for previous year: 27.311MT)

\*\* Quantity includes 0.44MT (for previous year: 0.12MT) used for internal testing and 24.73 MT (for previous year: 14.06MT) operational losses

**3.5 Details of transactions with Related Parties during the year:****(in Rs.)**

Name of the Related Party	HPCL	GAIL	Green Gas Ltd	Maharashtra Natural Gas Ltd	Gail Gas Ltd
<b>Nature of Relationship</b>	<b>Joint Venture</b>	<b>Joint Venture</b>	<b>GAIL JV</b>	<b>GAIL JV</b>	<b>GAIL Subsidiary</b>
<b>Nature of transaction:</b>					
Purchases :					
- Auto LPG	1,78,86,948	-	-	-	-
- Natural Gas	-	42,71,14,978	-	-	-
Sales – CNG	52,98,63,657	-	-	-	-
Manpower cost of employees on deputation	84,32,039	1,26,59,354	-	-	-
Expenditure / Payments on behalf of Related Parties	-	-	-	-	-
BG with GAIL	-	-	-	-	-
LC with GAIL	-	5,34,44,277	-	-	-
Advance against Equity	-	-	-	-	-
Sale of Other Items	-	-	78,49,090	19,80,125	1,36,956
Bridge Loan availed			-	-	-
Interest on Bridge Loan	8,40,00,001	8,40,00,001	-	-	-
Principle Repayment of Bridge Loan	-	-	-	-	-

**NOTE: The above figures are inclusive of all taxes.**





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

Description	(in Rs.)	
	2013-14	2012-13
Net Profit / (Loss) after current and deferred tax	14,98,65,895	2,97,67,907
No. of Equity Shares of Rs 10/- each	50,000	50,000
EPS (Rs) – Basic	2997	595

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 6,53,791 during the year (Previous Year: Rs 5,50,000) and Gratuity liability for an amount of Rs (80,875) during the year (Previous Year: Rs. 4,80,629) based on actuarial valuation.

### 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

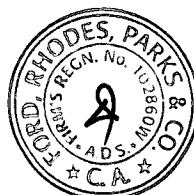
In line with the Memorandum of understanding, APIIC would be contributing 5% to the equity in the form of cash or land. With this objective APIIC has already allotted land at three places in the cities of Hyderabad, Vijayawada and Kakinada. Total amount of land allotted from APIIC is Rs. 4,51,96,880 (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.

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”

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.

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

At company's mother station in Vijayawada, there was a theft of material amounting to Rs.6, 41,196. The company has filed insurance claim for the same. The Company on a conservative basis has charged this loss to Profit and Loss for the year as at 31st March, 2014. The insurance company has not acknowledged the insurance claim.

### 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-passu* charge on all movable assets, finished goods, work in progress, raw materials and book debts.

Rate of Interest Payable is revised to 11.20% from 10.00% with effect from 27.06.2013

#### 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.

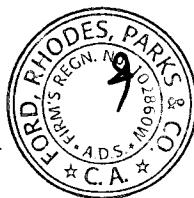
During the Financial year 2013-14, BGL made repayment of 3 tranches of Term Loan, as per table given below:

Date	Amount paid to Canara Bank (In Rs.)	Amount paid to Corporation Bank (In Rs.)
19-09-2013	2,59,00,000	1,55,38,000
13-12-2013	2,59,00,000	1,55,38,000
15-03-2014	2,59,00,000	1,55,38,000

#### 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.



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

(in Rs.)

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
Outstanding Amount as on 01 April 2013 (without outstanding interest)	75,00,00,000	75,00,00,000
3. Repayment Principal – during 2013-14	Nil	Nil
4. Repayment Schedule	In respect of overdue and unpaid interest and installments due, the company's request for rescheduling the loan installments and interest thereon is under consideration of the promoters.	
5. Rate of Interest	10% / 13%	10% / 13%
6. Outstanding Amount as on 31.03.2014 (Including Interest).	91,56,43,163	91,70,37,547

**3.13 Trade Payable to SSI Unit**

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.

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 amounting to Rs.48,47,427/- arrived at after setting off of previous year provisions.

**3.15 Advances against Equity:**

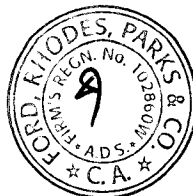
The Promoters namely GAIL (India) Ltd & HPCL have contributed Rs. 17,51,25,000 each as advance against equity. Terms of issue for allotment for equity shares are yet to be decided. APIIC has given land to the company against which the company is required to issue equity share, subject to maximum of 5% 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. 11,06,91,878/- 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.



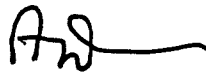
**3.20** The company has been awarded authorization for city gas distribution at various locations in Andhra Pradesh. The project work at these locations is in progress as at 31<sup>st</sup> March, 2014. During the year the company carried out a detailed review of expenditures and materials lying in CWIP account, pending completion and capitalization, and identified certain surplus stores, spares and equipments valued at Rs.43,97,16,333. The surplus stores, spares and equipments are removed from CWIP and transferred to stores and spares inventory at the year end. The surplus items transferred to inventory have been valued based on cost / estimated realisable value whichever is lower and the total value worked out to Rs. 37,58,59,776. The difference of Rs. 6,38,56,557/- is reversed and charged to profit and loss.

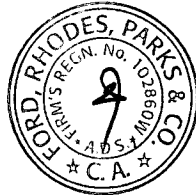
**3.21** The Petroleum and Natural Gas Regulatory Board (PNGRB) vide its order dated 10th May, 2013, fixed the KG Basin transportation charges. To give effect to the said order GAIL issued credit note for excess transportation charges recovered from the company in the earlier years. The tariff was revised with effect from November 2008. As these credit notes were not available before the approval of annual accounts for the FY 2012-13 by the Board the same could not be accounted in that year. However these credit note amounts were considered for the purpose of filing of Income Tax return for FY 2012-13. Therefore during the year the Company has accounted the excess recovery of earlier years i.e. the period between the year 2008 and 31st March 2013 amounting to Rs. 13,82,81,632. Being exceptional in nature this is included in the financial statements for current year under Exceptional items.

The credit notes pertaining to current financial year amounting to Rs. 30,70,424 has been adjusted in the purchase cost of natural gas.


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

  
R. Sridhar  
Director - Commercial

  
A.K. Mittal  
Managing Director

  
M. Ravindra  
Chairman

Place: DELHI

Date: MAY 28, 2014