

Bhagyanagar Gas Limited

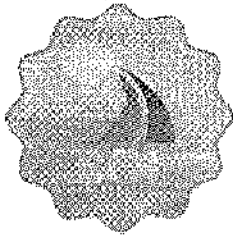


Bhagyanagar Gas Ltd.

A Joint Venture of GAIL (India) Ltd. & Hindustan Petroleum Corporation Ltd.



13th Annual Report 2015-16



Mysore Gas Ltd.

**13th Annual Report
2015-2016**

Corporate Information

BOARD OF DIRECTOR

Mr. M. Ravindran, Chairman
Mr. Anil Pande, Director
Mr. P.A.B.Raju, Independent Director
Mr. A.K. Das, Managing Director
Mr. Shiv Dayal Akheramka, Director Commercial cum C.F.O

NOMINATION & REMUNERATION COMMITTEE

Mr. Anil Pande, Chairman
Mr. M.Ravindran, Member
Mr. P.A.B.Raju, Member

AUDIT COMMITTEE

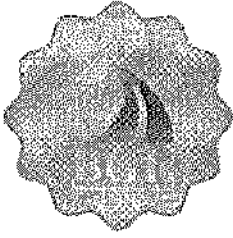
Mr. P.A.B.Raju, Chairman
Mr. A.K. Das, Member
Mr. Shiv Dayal Akheramka, Member

CSR COMMITTEE

Mr. P.A.B.Raju, Chairman
Mr. A.K. Das, Member
Mr. Shiv Dayal Akheramka, Member

COMPANY SECRETARY

Mrs. Malleswari.G



Bhagyanagar Gas Ltd.

13th Annual Report
2015-2016

STATUTORY AUDITORS

M/s S.Daga & Co., Chartered Accountants

INTERNAL AUDITORS

C.Ramachandram & Co., Chartered Accountants

COST AUDITORS

Nageswara Rao & Co., Cost Accountants

TAX AUDITORS

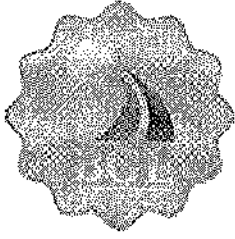
M/s S.Daga & Co., Chartered Accountants

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



Whyyenagar Gas Ltd.

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Notice of 13th Annual General Meeting
BHAGYANAGAR GAS LIMITED
(J.V. of GAIL (INDIA) LIMITED & HPCL)

REGISTERED OFFICE: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad- 500 004
Website: www.bglgas.com ; E-mail: corporatehq@bglgas.com ; Tel: 040-66566986 ; Fax: 040-66565081
(CIN : U40200TG2003 PLC041566)

NOTICE

Notice is hereby given that 13th Annual General Meeting of the Shareholders of Bhagyanagar Gas Limited will be held on Wednesday, 28th September 2016 at 10.30 A.M. at the registered 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 Financial Statements for the financial year ended 31st March, 2016 and Report of Board of Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri A.K.Das (DIN 07209092) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To authorize Board of Directors of the Company to fix the remuneration of Statutory Auditors M/s S.Daga & Co for the FY 2016-17. M/s S.Daga & Co., is appointed as Statutory Auditors of the Company by Comptroller and Auditor General of India in terms of the provisions of Section 142 of the Companies Act, 2013.

SPECIAL BUSINESS

4. Appointment of Shri Shiv Dayal Akheramka, (DIN 07511407) as Director on the Board.

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

“RESOLVED THAT, Shri Shiv Dayal Akheramka, (DIN 07511407) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 27th May 2016 and in terms of article 31 and 37 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

5. Appointment of Shri Shiv Dayal Akheramka, (DIN 07511407) as Whole Time Director on the Board.

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 Sections 196, 197, 198 and Schedule V and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby accorded to the appointment of Shri Shiv Dayal Akheramka (DIN 07511407), as Whole Time Director for a period of three years with effect from 27th May 2016 to 26th May 2019 on such terms and conditions as set out in the Explanatory Statement attached to this notice be and is hereby approved with liberty to the Board of Directors to revise the terms as to remuneration, from time to time, within the limits provided for in the said Schedule V for the time being in force.

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

6. Remuneration to Cost Auditors for financial year 2016-17.

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

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Cost Auditor(s) appointed by the Board of Directors of the Company, to conduct the audit of cost records of the Company for the financial year 2016-17.”

7. Issue of shares on preferential basis to APIIC:-

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

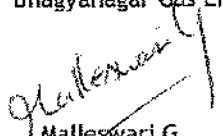
“RESOLVED THAT pursuant to the provisions of Section 62 of the Companies Act, 2013 read with rule 13 of Companies (Share Capital and Debentures) Rules 2014 and applicable provisions if any and the Memorandum and Articles of Association of the Company and subject to all other applicable laws, rules, regulations, 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 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 issue from time to time, in one or more tranches, up to an aggregate of 50,00,000 equity shares of face value of Rs. 10 each at a price of Rs. 10/- (Rupees ten only) per equity share to APIIC on a preferential basis.

RESOLVED FURTHER THAT the Shares to be issued and allotted shall rank pari passu with the existing equity shares of the Company in all respects including the dividend;

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 issue and allotment of 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 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 interest of the Company and its shareholders.”

Place: Hyderabad
Date: 01-09-2016

By Order of the Board
Bhagyanagar Gas Limited


Malleswari G
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 4 & 5:

As per the recommendations of "Nomination and Remuneration Committee", the Board of Directors have appointed Shri Shiv Dayal Akheramka, nominee of HPCL, as a Whole Time Director of Bhagyanagar Gas Limited for a period of three years with effect from 27th May 2016 to 26th May 2019 in pursuance of Article 31 and 37 of the Articles of Association of the Company and the provision of Section 161,196, 197,198 and schedule V of the Companies Act, 2013.

The Company has received a notice in writing from a shareholder signifying his intention to propose him as a Director of the Company.

Shri Shiv Dayal Akheramka is a Chartered Accountant from the Institute of Chartered Accountants of India. He has over 20 years of experience in various fields. He joined in HPCL in 1996 and handled various assignments during his tenure in HPCL with exposure of having worked at HPCL HQO, Mumbai, as well as Zones and Regional offices in Marketing SBU.

The terms and conditions of the appointment of Shri. Shiv Dayal Akheramka (Emp.No.31914060), who is on deputation to BGL are as under:-

Period

Period of appointment is 3 years w.e.f 27th May 2016 to 26th May 2019.

Salary

Basic pay per month Rs.69,890/- In addition to that he is entitled to receive variable D.A., Educational and Hostel Allowances, Professional Pursuit Allowances, Deputation Allowances and other allowances as per the rules of HPCL .

Annual Increment as per rules of HPCL

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

Housing	HRA/ Company Leased Accommodation as per applicable rules of HPCL
PF Contribution	Contribution to Provident Fund, Superannuation Benefit Fund Scheme in accordance with the Rules of HPCL.
Gratuity	Gratuity as per the applicable rules of HPCL
Convoynance	Car with driver at the place of posting, presently Hyderabad
other business expenses	Reimbursement of expenses incurred for the business of the Company
Leave	Leave as per the Rules of HPCL
Other allowances, benefits and perquisites	Other allowances, benefits and perquisites etc. as per the Rules of HPCL

Shri Shiv Dayal Akheramka is interested and concerned in the Resolution mentioned at Item No.4 & 5 of the Notice.

Other than Shri Shiv Dayal Akheramka, no other Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolutions mentioned at Item No. 4 & 5 of the Notice.

Your Directors recommend the resolution for approval of Shareholders.

ITEM NO. 6

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, consent of the shareholders was taken in the 12th Annual General Meeting, for authorizing the Board to approve the remuneration payable to the Cost Auditors M/s Nageswara Rao & Co, Cost Accountants, Hyderabad [bearing Firm Registration Number 000332] to conduct the audit of the cost records of the Company for the financial year 2015-16.

Cost auditors M/s Nageswara Rao & Co, Cost Accountants, Hyderabad [bearing Firm Registration Number 000332] to conduct the audit of the cost records of the Company for the financial year 2016-17 are appointed by the Board at their board meeting held on 1st September 2016.

Therefore, consent of the shareholders is sought for authorizing the Board to fix the remuneration payable to the Cost Auditors for the financial year 2016-17.

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 Shareholders.

ITEM No 7

(i) The objects of the issue:

At the 12th Annual General Meeting of the Company held on September 24th, 2015, consent of the shareholders was taken to issue 50,00,000 shares of Rs.10 to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) .

Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the Company.

As per Rule 13 (e) of Companies (Share capital and Debentures) Rules, 2014, the allotment of securities on a preferential basis made pursuant to Special resolution passed pursuant to sub rule (2) (b) shall be completed within a period of 12 months from the date of passing of the special resolution.

As per Rule 13 (f) of Companies (Share capital and Debentures) Rules, 2014 , if the allotment of securities is not completed within 12months from the date of passing of Special resolution another special resolution shall be passed for the company to complete such allotment thereafter.

Due to this reason a fresh proposal to issue of 50,00,000 shares @ Rs.10/-each to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and/or its successor in terms of the A.P.Reorganisation Act, 2014, is being putting to the shareholders for approval and is accordingly recommended .

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

The total number of shares is as follows:

Sr. No.	Name of the allottee	No. of shares
1	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:

APIIC has given the parcels of land to the company in the year 2009 and the price is arrived as per the valuation done on that date.

(v) Relevant date with reference to which the price has been at:

The relevant date to arrive the share price is the date the on which the parcels of land was given to the Company.

(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: 7 above is proposed to be issued to 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:

No promoters, directors or key managerial personnel interested to subscribe the offer

(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 allotment:

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 allotted parcels of land to the Company and Company has agreed to allot the shares to APIIC against that land.

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

The pre-issue share holding pattern:

Sr. No.	Name of the Shareholder	Number of Shares	Percentage of Shareholding
1	GAIL (India) Limited	2,24,99,997	49.97%
2	Hindustan Petroleum Corporation Limited	2,24,99,997	49.97%
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 G.S.V.Prasad	1	0.00%
7	Shri S.P.Gupta	1	0.00%
8	Shri S.M. Bhosekar	1	0.00%
9	Kakinada Seaports Limited	25,000	0.06%
	TOTAL	4,50,25,000	100.00%

The post -issue share holding pattern:

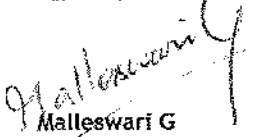
Sr. No.	Name of the Shareholder	Number of Shares	Percentage of Shareholding
1	GAIL (India) Limited	2,24,99,997	44.98%
2	Hindustan Petroleum Corporation Limited	2,24,99,997	44.98%
3	Shri N.K. Nagpal	1	0.00%
4	Shri S.P. Sharma	1	0.00%
5	Shri K.V. Viswanatham	1	0.00%
6	Shri G.S.V.Prasad	1	0.00%
7	Shri S.P.Gupta	1	0.00%
8	Shri S.M. Bhosekar	1	0.00%
9	Kakinada Seaports Limited	25,000	0.05%
10	APIIC	50,00,000	9.99%
	TOTAL	500,25,000	100.00%

Other than APIIC (and its successor in terms of the A.P. Reorganization Act, 2014), no Directors, Key Managerial Personnel or their relatives are concerned or interested in the Resolution mentioned at Item Nos. 7 of the Notice.

The Directors recommend the resolution for approval by the shareholders.

Place: Hyderabad
Date: 01-09-2016

By Order of the Board
Bhagyanagar Gas Limited


Malleswari G
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING (PROXY FORM IS ANNEXED HERewith).

Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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 a proxy for any other person or member.

A proxy form is sent herewith. Proxies submitted on behalf of the Companies must be supported by appropriate resolution.

2. Explanatory Statement pursuant to section 102 of the Companies Act, 2013 read with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the Special Business is annexed hereto.
3. Corporate members intending to send their authorized representative(s) to attend the meeting are required to send a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote on their behalf at the meeting.
4. Members/Proxies are requested to bring the attendance slips duly filled in to the meeting.

IMPORTANT COMMUNICATION TO MEMBERS

As per provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Company may give notice etc. through electronic mode i.e., by e-mail as a text or as an attachment to e-mail or as a notification providing electronic link. This year also, your Company has sent the email of notice of AGM members who are entitled to attend the same and also hosted on the website of the Company.

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

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of your company, I am happy to present the 13th Annual Report of your Company together with the audited statements for the year ended on 31st March, 2016.

FINANCIAL PERFORMANCE:

BGL summarized financial performance for the year ended 31st March 2016 is given as under:

(Rs. in Lacs)

Particulars	2015-16	2014-15
Revenue from Operations	12227.00	12187.12
Less: Excise Duty	1523.58	1508.64
Net Revenue from operations	10703.42	10678.48
Other Income	287.76	272.06
Total Revenue	10991.18	10950.54
Cost of materials consumed/purchases/ Changes in Inventories/ other expenses	7285.14	7284.31
Employee benefit expenses	372.81	346.91
Earnings Before prior period items, Depreciation, Interest and Tax	3333.23	3319.32
Depreciation	765.00	705.70
Finance Cost	1946.00	2176.08
Prior period expenses /(Income)	93.33	(10.68)
Profit before tax	528.89	437.53
Current Tax	107.83	87.541
Deferred Tax	585.19	142.01
MAT Credit Entitlements	(692.63)	-
Provision for tax for earlier years provided for/ written off	(11.13)	-
Net Profit for the year after Tax	539.63	207.97
EPS	Rs.1.20	Rs.0.75
Dilluted EPS	Rs.1.08	Rs.0.64

BUSINESS & OPERATIONS:

A) Project Highlights (As on 31st March 2016)

a) Hyderabad -

- Operating total 21 CNG stations(1 Mother Station, 17 Retail Outlets and 3 APSRTC Depots).
- Approx. 23,000 vehicles are running on CNG.(Buses, Autos and Cars).
- Cumulative 117 KMs of MDPE pipeline laid.
- As on 31st March, 2016, 1127 no's PNG-Domestic connections are provided.
- Cumulative 33.55 KMs of Steel pipeline laid (16'' and 4'').

b) Vijayawada -

- 1 Mother Station and 7 Daughter Booster Stations are in operation.
- 45 KMs of MDPE pipeline laid.
- Cumulative 34 KMs of Steel pipeline laid (12'' and 4'').
- Approx. 13,000 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31st March, 2016, 412 no's PNG-Domestic connections are provided.

c) Kakinada -

- 1 Mother Station, 1 online station and 2 Daughter Booster Stations (1 at Kakinada and 1 at Rajahmundry) are in operation.
- Approx. 1400 vehicles are running on CNG.(Autos and Cars)
- 160 KMs of MDPE pipeline laid .
- As on 31st March, 2016, 2731 no's PNG-Domestic are provided.
- Cumulative 32 Kms of Steel pipeline laid (10'' and 4'').

B) Business Activities

During the year the Company received 1,12,000 SCMD of APM Gas basis actual gas utilization. The Company did not receive any R-LNG for supply to Industrial and Commercial segments during the year. As a result, the size of operations was limited to the said extent of APM allocations for domestic and CNG segments.

Given below is the status of business line wise:

a) CNG

During the FY 2015-16, your company operated 21 CNG stations in Hyderabad (1 Mother Station, 17 Retail Outlets and 3 APSRTC depots), 8 CNG stations in Vijayawada (1 Mother Station, 4 Retail outlets and 3 APSRTC Depots) and 4 CNG stations in Kakinada (1 Mother station and 3 Retail Outlets).

CNG as an alternate fuel concept has gained acceptance gradually with over 37,000 vehicles (autos, cars and buses) operating to CNG. The sales volumes of CNG during 2015-16 in Hyderabad, Vijayawada, Kakinada and Rajahmundry (including RTC -26,584 Kgs/day) touched an average of 75,205kgs/ day. The Average sale of CNG was 70,764 Kgs/day during 2014-15.

In Vijayawada, RTC is operating 330 buses on CNG, whereas in Hyderabad 130 RTC buses are running on CNG. During the year, the CNG Sales to RTC is Rs. 41.11 crore. For the year 2014-15 the sales to APSRTC was Rs.43.49 crores.

Description	Numbers		Place	Numbers	
	2014-15	2015-16		2014-15	2015-16
CNG Stations	32	33	Hyderabad	20	21
			Vijayawada	8	8
			Kakinada	3	3
			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	
	2014-15	2015-16		2014-15	2015-16
PNG Connections-Domestic	3163	4270	Hyderabad	824	1127
			Vijayawada	184	412
			Kakinada	2155	2731
PNG Connections-Commercial	46	46	Hyderabad	5	5
			Vijayawada	3	3
			Kakinada	38	38
PNG Connections-Industrial	3	3	Hyderabad	3	3
			Vijayawada	0	0
			Kakinada	0	0

C) Auto LPG

Your Company is operating 1 ALDS at Tirupati which sold 143.2 MT ALPG during the year with sales value of Rs.90.36 Lakhs.

Description	Numbers		Place
	2014-15	2015-16	
ALPG Stations	1	1	Tirupati

BORROWING & DEBT SERVICING:

Approval of the Board had been obtained for availing 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 had drawn an amount of Rs.109.77 Crores. No further drawals during the financial years 2014-15 & 2015-16 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 10.65%. During the Financial year 2015-16, BGL made repayment of 4 installments of Term Loan, as per table given below:

Date	Amount paid to Canara Bank (In Rs.)	Amount paid to Corporation Bank (In Rs.)
05.06.2015	2,86,00,000	1,71,52,000
03.09.2015	2,86,00,000	1,71,52,000
03.12.2015	2,86,00,000	1,71,52,000
03.03.2016	2,82,22,304	1,71,65,301

Total outstanding of Term Loan as on March 31, 2016 is Rs. 60.65 Crore. In addition to term loan, Rs. 150 crores of Bridge Loan (unsecured loan) has been availed towards project funding from promoters HPCL & GAIL.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

During the year under review, your Company did not have any subsidiary, associate and joint venture company.

DIVIDEND:

With a view to conserve resources, your Directors have thought it prudent not to recommend any dividend for the financial year ended on 31st March, 2016.

REVISION OF FINANCIAL STATEMENT:

There was no revision of the financial statements for the year under review.

DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013:

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial year of the Company and date of this report.

PARTICULARS OF SIGNIFICANT AND MATERIAL ORDERS:

During the year under review, there were no significant and/or material orders passed by any Regulator/ Court/ Tribunals which could impact the going concern status of your Company and its operations in future

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:

The details of transactions/contracts/arrangements entered by the Company with related party (ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in **Annexure- 1** and forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:

The Company has not provided any loans, not given any guarantees or not provided any security as per Section 186 of the Companies Act, 2013.

DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

As per the provisions of Section 152 of the Companies Act, 2013, Shri. A.K.Das (DIN:07209092) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Shri R.Sridhar (DIN:06749266), ceased to be Director on the Board with effect from closing hours of 26th May 2016 on account of resignation and repatriated to parent company i.e., HPCL.

Shri Shiv Dayal Akheramka (DIN: 07511407), was appointed as an additional director of the Company with effect from 27th May 2016 to hold office up to the date of ensuing Annual General Meeting.

The Company has been received notice as per Section 160 of the Companies Act, 2013 from one of the shareholder proposing the candidature of Shri Shiv Dayal Akheramka for appointment as Director at the ensuing Annual General Meeting.

In accordance with the provisions of the Act, the Independent Director is not liable to retire by rotation.

DECLARATIONS BY INDEPENDENT DIRECTORS:

In compliance of Section 149(6) of the Companies Act, 2013, the board received the declaration from Shri P.A.B.Raju confirming that he meet the criteria of independence as laid down under section u/s 149 (6) of the Companies Act, 2013.

BOARD MEETINGS:

Pursuant to the provisions of Section 173 of the Companies Act, 2013 and rules made thereunder, every Company shall hold a minimum of four meetings of its Board of Directors every year in such manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. During the year (from 01.04.2015 to 31.03.2016) Board of Directors met seven (7) times (i.e., 19th May 2015; 26th May 2016; 28th July 2015; 25th August 2015; 31st August 2015; 15th December 2015 and 22nd March 2016) in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

S.no	Name of the Director	Executive/Non Executive/Independent	No.of Meetings Held	No.of Meetings Attended
1	Shri M.Ravindran	Chairman & Non Executive Director	7	5
2	Shri P.K.Joshi	Non Executive Director	2	2
3	Shri A.K.Mittal	Executive Director	2	2
4	Shri R Sridhar	Executive Director	7	7
5	Shri P.A.B.Raju	Independent Director	7	5
6	Shri A.K.Das	Executive Director	5	5
7	Shri Anil Pande	Non Executive Director	4	2

- * Shri P K Joshi ceased to be director with effect from 14th July 2015
- * Shri A K Mittal ceased to be director with effect from 29th May 2015
- * Shri A.K.Das was appointed as Director with effect from 11th June 2015
- * Shri Anil Pande was appointed as Director with effect from 10th August 2015.

DIRECTORS' RESPONSIBILITY STATEMENT:

in terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March, 2016, the Board of Directors hereby confirms that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) such accounting policies have been selected and applied consistently and the Directors 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 as at 31st March, 2016 and of the profit/loss of the Company for that year;
- c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts of the Company have been prepared on a going concern basis;

NOMINATION AND REMUNERATION POLICY:

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors have approved and adopted a Remuneration Policy for its Directors, Key Managerial Personnel and other employees as required under Section 178 (3) of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND AFFIRMATIVE ACTION:

Your Company has formulated the CSR committee during the year 2014-15 and framed the CSR Policy. The company has taken initiative and identified areas include development of Kottapadu Village in vijayawada, safe drinking water facility and education etc., The implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of your Company. Your company is in the process of spending the CSR provision in identified projects.

WHISTLE BLOWER POLICY:

The Board of Directors have approved and adopted a Whistle Blower Policy as per the requirement of under Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the Whistle Blower Policy of the company is available on the Company's web-site and can be accessed in the link provided herein below: www.bgtgas.com and also attached to this Board report as Annexure-II

INTERNAL CONTROL SYSTEMS:

An adequate internal control system commensurate with the nature of the Company's business and size and complexity of its operations are in place and has been operating satisfactorily.

INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING:

Your Company has in all material respects, an adequate Internal Financial Controls system over financial Reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016 based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:

None of the managerial personnel i.e. Managing Director and Whole time Director of the Company are in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company.

AUDITORS AND REPORTS:

The matters related to Auditors and their Reports are as under:

OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2016:

The observations made by the Statutory Auditors in their report for the financial year ended 31st March 2016 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2016:

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, to obtain Secretarial Audit Report from Practicing Company Secretary, is not mandatory for BGL due to the following reasons:-

- Paid-up share capital of the company is less than Rs. Fifty Crores
- Turnover of the company is less than Rs. Two Hundred Crores.

PARTICULARS OF DEPOSITS

During the year under review, your Company has neither accepted any deposits covered under Chapter V of the Companies Act 2013 nor accepted deposits which are not in compliance with the requirements of Chapter V.

STATUTORY AUDITORS:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the statutory auditor for 2015-2016 of your Company M/s.S.DAGA & CO, Chartered Accountants, was appointed by Comptroller & Auditor General of India (CAG).

The review of your Company's Annual Accounts for the financial year ending 31st March, 2016 by CAG forms part of the Annual Report. Notes on accounts referred in the Auditors' Report are self-explanatory and therefore, does not call for any further comment.

COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors at their meeting dated 31st August 2015 appointed M/s Nageswara Rao & Co, Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the financial year 2015-16.

INTERNAL AUDITORS:

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Notifications/Circulars issued by the Ministry of Corporate Affairs from time to time, the Board of Directors at their meeting dated 15th December 2015 M/s. C. Ramachandram & Co., Chartered Accountant as the Internal Auditors of the Company for the financial year 2015-16.

OTHER DISCLOSURES:

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the financial year ended 31st March 2016 made under the provisions of Section 92(3) of the Act is attached as Annexure -III which forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc., are furnished in Annexure-IV which forms part of this Report.

HSE (HEALTH SAFETY AND ENVIRONMENT):

Your company's HSE policy is to conduct the business with a robust and integrated Health Safety and Environment (HSE) management system focused on improving harmony with the environment through sustainable development. Safety and Health of its people is of paramount importance for your company and these attributes are embedded in the core organization values of your Company. Employees and contract workers in your company are strongly encouraged to adopt safe working culture and behaviour to ensure effective implementation of the HSE Policy. Safety Audits were carried out in your Company during the year by various authorities' reputed third parties and in-house safety audit teams to evaluate implementation of safety systems.

SAFETY PERFORMANCE REPORT FOR THE YEAR 2015-2016:

Particulars	Hyderabad	Vijayawada	Kakinada
Total Safe Man hours	5,24,320	3,94,516	1,43,642
No of Minor Incidents	13	6	3
Achievements	Zero accident achieved in the year in the year 2015-16	Zero accident achieved in the year 2015-16	Zero accident achieved in the year 2015-16



PARTICULARS OF EMPLOYEES:

During the period under review, there were no employees in receipt of remuneration exceeding the limits prescribed under Rule 5 (2) of (Companies Appointment & Remuneration of Managerial Personnel) Rules, 2014.

ACKNOWLEDGEMENTS AND APPRECIATION:

Your Directors take this opportunity to thank the Government of India, Ministry of Petroleum and Natural Gas, State Govt. of Andhra Pradesh and Telangana, Petroleum Natural Gas Regulatory Board, customers, shareholders, suppliers, bankers, promoters, financial institutions, employees for their consistent support and encouragement to the Company. .

On behalf of the Board of Directors

Place: Delhi
Date : 1st September 2016

Sd/-
M. Ravindran
(Chairman)

ANNEXURE- I

Form No.AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:-

Name(s) of the related party and nature of relationship	NIL
Nature of contracts/arrangements/transactions	
Duration of the contracts / arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any	
Justification for entering into such contracts or arrangements or transactions	
Date(s) of approval by the Board	
Amount paid as advances, if any	
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:-

BGL is purchasing Auto LPG from HPCL and Natural Gas from GAIL and selling CNG to HPCL in the normal course of Business. However BGL has entered an agreement for purchase of Natural Gas with GAIL and LPG with HPCL and sale of CNG to HPCL among the others at arm's length basis.

The following transactions were entered with related parties:-

(In Rs.)

Name of the Related Party	HPCL	GAIL	RSGL	IGL
Nature of Relationship	Joint Venture	Joint Venture	GAIL JV	GAIL JV
Nature of transaction:				
Purchases :				
- Auto LPG	90,36,302	-	-	-
- Natural Gas	-	45,67,48,450	-	-
Sales - CNG	58,97,78,723	-	-	-
Manpower cost of employees on deputation	96,65,465	1,58,40,527	-	-
LC with GAIL	-	6,77,90,995	-	-
Sale of stores and spares	-	-	86,71,867	4,36,18,338
Interest on Bridge Loan	8,40,00,001	8,40,00,001	-	-

BHAGYANAGAR GAS LIMITED

(Joint Venture of GAIL & HPCL)

WHISTLE BLOWER POLICY

1. PREFACE:

1. The Company believes in conducting its business in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. As such the Company endeavors to work against corruption in all its forms including demand and acceptance of illegal gratification and abuse of official position with a view to obtain pecuniary advantage for self or any other person.
2. Towards this end the Company has framed a code of conduct for its employees, which forms part of the Human Resource Policy. The employees of the promoters i.e. GAIL and HPCL, who are on deputation to BGL are governed by the Conduct Disciplinary and Appeal rules of their respective parent Organization. Further, the vigilance dept. of the GAIL (India) Limited is looking after the vigilance matters of Bhagyanagar Gas Limited and GAIL is empowered to initiate investigations on its own and act on complaints received from public/employees, with regard to violation of Company's rules and procedures in the conduct of business.
3. Any actual or potential violation of the Company rules, regulations and policy governing the conduct of business is a matter of serious concern for the Company. The Company is therefore committed to developing a culture where it is safe for employees - officers / workmen, contractors, suppliers, consumers or any other persons to raise their concerns about instances if any, where such rules, regulations and policy are not being followed in furtherance of business.
4. The objective of this policy is to build and strengthen a culture of transparency and trust in the organization and to provide employees- officers /workmen, contractors, suppliers, consumers or any other persons with a framework/ procedure for responsible and secure reporting of improper activities (whistle blowing) and to protect employees, contractors, suppliers, consumers or any others wishing to raise a concern about improper activity / serious irregularities within the Company.
5. The policy does not absolve employees-officers/workmen, contractors, suppliers, consumers or any other persons from their duty of confidentiality in the course of their work/ duties. It is also not a route for taking up personal grievance.

2. DEFINITIONS:

“Audit Committee” means the Audit Committee constituted by the Board of Directors of the Company in accordance with Section 177 of the Companies Act, 2013.

“Competent Authority” means the Managing Director of the Company and will include any person(s) to whom he may delegate any of his powers as the Competent Authority under this policy from time to time.

“Employee” means all the employees of the Company (executive /non executive) and includes a person who is on deputation to the Company.

“Improper Activity” means any activity by an employee of the Company that is undertaken in performance of his or her official duty, whether or not that act is within the scope of his or her employment, and that is in violation of any law or , including but not limited to abuse of authority, breach of contract, manipulation of company data, pilferage of confidential / proprietary information, criminal offence, corruption, bribery, theft, conversion or misuse of the Corporation’s property, fraudulent claim, fraud or willful omission to perform the duty, or that is economically wasteful or involving gross misconduct, incompetence or gross inefficiency and any other unethical biased favoured or imprudent act.

Activities which have no nexus to the working of the Company and are purely of personal nature are specifically excluded from the definition of Improper Activity.

“Investigators” means those persons authorised, appointed by the Managing Director/ Competent Authority in connection with conducting investigation into a protected disclosure.

“Protected Disclosure” means any communication made in good faith that discloses or demonstrates information that may evidence on unethical or “Improper Activity”.

“Subject” means an employee - officer / workmen or any other person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

“Investigating machinery” means HPCL -Vigilance Department for HPCL deputationst and GAIL Vigilance Department for GAIL deputationst and BGL employees.

“Whistle Blower” means any person making a Protected Disclosure under this policy.

3. ELIGIBILITY:

Any person is eligible to make “Protected Disclosures”.

4. GUIDING PRINCIPLES:

1. Protected disclosures are acted upon in a time bound manner.
2. Complete confidentiality of the Whistle Blower is maintained
3. The Whistle Blower and / or the person(s) processing the Protected Disclosure are not subjected to victimization.

4. Evidence of the Protected Disclosure is not concealed and appropriate action including disciplinary action is taken in case of attempts to conceal or destroy evidence.
5. Subject of the Protected Disclosure i.e. person against or in relation to whom a Protected disclosure has been made, is provided an opportunity of being heard.

5. WHISTLE BLOWER - ROLE & DISQUALIFICATIONS:

A) Role

1. The Whistle Blower's role is that of a reporting party with reliable information.
2. The Whistle Blower is not required or expected to conduct any investigations on his own.
3. The Whistle Blower does not have any right to participate in investigations.
4. Protected Disclosure will be appropriately dealt with by the Competent Authority.
5. The Whistle Blower shall have a right to be informed of the disposition of his disclosure except for overriding legal or other reasons.

B) Disqualifications

1. Genuine Whistle Blowers will be accorded protection from any kind of unfair treatment /victimization. However, any abuse of this protection will warrant disciplinary action.
2. Whistle Blowers, who make any Protected Disclosures, which have been subsequently found to be motivated or malafide or malicious or frivolous, baseless or reported otherwise than in good faith, will be liable for disciplinary Action and will be disqualified from reporting further Protected Disclosure under this policy.

6. PROCEDURES - ESSENTIALS AND HANDLING OF PROTECTED DISCLOSURE:

1. The Protected Disclosure / Complaint should be attached to a letter bearing the identity of the whistle blower/ complainant i.e., his/her/ company/firm name and location) should be in a closed / secured / sealed envelope addressed to the "Competent Authority" which should be superscribed.

If the envelope is not superscribed and closed /sealed/secured, it will not be possible to provide protection to the whistle blower as specified under this policy

2. If the Whistle Blower believes that there is a conflict of interest between the Competent Authority and the whistle blower, he may send his protected disclosure directly to the Chairman of Audit Committee.
3. Anonymous or pseudonymous protected disclosure shall not be entertained.

4. Protected Disclosure should either be typed or written in legible hand writing in English, Hindi or Regional language of the place of employment of the whistleblower and should provide a clear understanding of the Improper Activity involved or issue / concern raised. The reporting should be factual and not speculative in nature. It must contain as much relevant information as possible and should help in initial assessment and investigation.
5. Protected Disclosures should be factual and not speculative or in the nature of a Conclusion and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.
6. Investigations into any improper activity which is the subject matter of an inquiry or order under the Public Servants' Inquiries Act, 1850 or under the Commissions of Inquiry Act, 1952 will not come under the purview of this policy.

7. INVESTIGATIONS AND ROLE OF INVESTIGATORS:

On receipt of Protected Disclosure, the Competent Authority shall detach the covering Letter and verify/confirm the authenticity of the Whistle Blower. On receipt of confirmation, the protected disclosure may be forwarded to the investigators for investigation.

A) Investigation:

1. Investigations will be launched only after a preliminary review by the "Competent Authority " which establishes that :
 - i) The alleged act constitutes an improper or unethical activity or conduct, and
 - ii) The allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter deserves review.
2. If the Competent Authority determines that an investigation is not warranted, reason(s) for such determination shall be recorded in writing.
3. If the Competent Authority is prima facie satisfied that the Protected Disclosure warrants investigation of the alleged improper activity, the Competent Authority will direct appropriate investigating machinery of the Company to investigate the matter.
4. The decision to conduct an investigation taken by the Competent Authority is by itself not to be construed as an accusation and is to be treated as a neutral fact finding process.
5. The identity of a Subject and the Whistle Blower will be kept confidential to the extent possible given the legitimate needs of law and the investigation.

6. Subjects will normally be informed of the allegations at the outset of a formal investigation and will be given opportunities for providing their inputs during the investigation.
7. Subjects shall have a duty to co-operate with the investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.
8. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with, and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.
9. Unless there are compelling reasons not to do so, subjects will be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.
10. Subjects have a right to be informed of the outcome of the investigation.
11. The investigation shall be completed normally within 45 days of the date of receipt of the protected disclosure or such extended period as the Investigating machinery feels necessary.

B) Role of Investigators:

- 1) Investigators are required to conduct a process towards fact-finding and analysis.
- 2) All Investigators shall perform their role in an independent and unbiased manner. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of professional standards.

8. PROTECTION:

The identity of the Whistle Blower shall be kept confidential:-

1. No unfair treatment will be meted out to a Whistle Blower by virtue of his/her having reported a Protected Disclosure under this Policy.
2. Complete protection, will be given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation of termination / suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties / functions including making further Protected Disclosure.
3. If the Whistle Blower is required to give evidence in criminal or disciplinary proceedings, arrangements will be made for the Whistle Blower to receive advice about the procedure. Expenses incurred by the Whistle Blower in connection with the above, towards travel etc. will be reimbursed as per normal entitlements.

4. A Whistle Blower may report any violation of the above clause to the Competent Authority who shall investigate into the same and take corrective action as maybe required.
5. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower.

9. ACTION:

1. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which is an offence punishable in law, Competent Authority may direct the concerned authority to take disciplinary action under the provisions of applicable Service Rules and/or initiate action under applicable statutory provisions.
2. If the Competent Authority is of the opinion that the investigation discloses the existence of improper activity which warrants disciplinary action against the subject person the Competent Authority shall take appropriate disciplinary action.
3. If the Competent Authority is satisfied that the protected disclosure is false, motivated or vexatious, the Competent Authority may take appropriate disciplinary action against the Whistle Blower.
4. The Competent Authority shall take such other remedial action as deemed fit to remedy the improper activity mentioned in the protected disclosure or to prevent the re-occurrence of such improper activity.
5. If the Competent Authority is of opinion that the investigation discloses that no further action on the protected disclosure is warranted, he shall so record in writing.

10. REPORTING AND REVIEW:

1. The Competent Authority shall submit a quarterly report of the protected disclosures, received and of the investigation conducted, and of the action taken to the Audit Committee of the Board of Directors of the Company.
2. The Audit Committee shall have power to review any action or decision taken by the Competent Authority.

11. AMENDMENTS:

This policy can be modified or repealed at any time by the Board of Directors of the Company.

ANNEXURE -III

EXTRACT OF ANNUAL RETURN
 As on financial year ended on 31st March 2016
 [Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
 (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	:	U40200TG2003PLC041566
Registration Date	:	22-08-2003
Name of the Company	:	BHAGYANAGAR GAS LIMITED
Company Category	:	COMPANY LIMITED BY SHARES
Company Sub- Category	:	INDIAN NON-GOVERNMENT COMPANY
Address of the Registered office and contact details	:	PARISHRAM BHAVAN, APIDC BUILDING, BASHEER BAGH, HYDERABAD-04
Whether listed company	:	No
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	SHARES NOT YET DE-MATED

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing the 5% of total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Income from CNG	40200	97.38%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	GAIL (INDIA) LIMITED	L40200DL1984 GOI018976	Associate Company	49.97%	Section 2(6)
2	HPCL	L23201MH1952 GOI008858	Associate Company	49.97%	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)			No. of Shares held at the end of the year (31.03.2016)			%Change +/during the year
	Demat	Physical	Total	Demat	Physical	Total	
A. Promoters							
(1) Indian							
a) Individual/HUF	0	0	0	0	0	0	0
b) Central Govt Companies							
GAIL (INDIA) LIMITED	0	2,24,99,997	2,24,99,997	0	2,24,99,997	2,24,99,997	49.97% 0%
HPCL	0	2,24,99,997	2,24,99,997	0	2,24,99,997	2,24,99,997	49.97% 0%
c) State Govt(s)	0	0	0	0	0	0	0
d) Bodies Corp (Kakinada Sea Ports Limited).	0	25,000	25,000	0	25,000	25,000	0.06% 0
f) Any other	0	6	6	0	6	6	0
Sub-total(A)(1):	0	450,25,000	450,25,000	0	450,25,000	450,25,000	100% -
(2) Foreign							
a) NRIs - Individuals	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	0	0	0	0	0	0

B. Public Shareholding																			
(1) Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
b) Banks / FI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
c) Central Govt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
d) State Govt(s)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
g) FIs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
i) Others (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-total (B)(1):	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(2) Non-Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
a) Bodies Corp.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
i) Indian	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Overseas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
b) Individuals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
c) Others (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sub-total(B)(2):	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Public Shareholding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)	0	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	450,25,000	100%	0

ii. SHAREHOLDING OF PROMOTERS:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	GAIL (INDIA) LIMITED	2,24,99,997	49.97%	0	2,24,99,997	49.97%	0	0
2	HPCL	2,24,99,997	49.97%	0	2,24,99,997	49.97%	0	0
	Total	4,49,99,994	99.94%	0	4,49,99,994	99.94%	0	0

CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1	GAIL (INDIA) LIMITED	2,24,99,997	49.97%	2,24,99,997	49.97%
2	HPCL	2,24,99,997	49.97%	2,24,99,997	49.97%
	Total	4,49,99,994	99.94%	4,49,99,994	99.94%
	At the End of the year	4,49,99,994	99.94%	4,49,99,994	99.94%

iii. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Top 10 Shareholders				
	At the beginning of the year Kakinada Seaports Limited	25000	0.06%	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	0	0	-	-
	At the End of the year (or on the date of separation, if separated during the year) Kakinada Seaports Limited	-	-	25000	0.06%

iv. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Directors and KMP				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	78,90,95,929	150,00,00,000	NIL	228,90,95,929
ii) Interest due but not paid	NIL	48,38,80,712	NIL	48,38,80,712
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	78,90,95,929	198,38,80,712	NIL	277,29,76,641
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
Reduction	18,26,43,605	NIL	NIL	18,26,43,605
Net Change	18,26,43,605	NIL	NIL	18,26,43,605
Indebtedness at the end of the financial year				
Principal Amount	60,64,52,324	150,00,00,000	NIL	210,64,52,324
ii) Interest due but not paid	NIL	63,50,80,714	NIL	63,50,80,714
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	60,64,52,324	213,50,80,714	NIL	274,15,33,038

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Shri. A.K.Mittal	Shri. A.K.Das	Shri. R. Sridhar	
		Managing Director	Managing Director	Director Commercial	
1	Gross salary	(01-4-2015 to 29-05-2015)	(11.06.2015 to 31-03-2016)	(01-04-2015 to 31-03-2016)	(01-04-2015 to 31-03-2016)
	(a) Salary and allowances	11,65,905	47,01,103	52,04,308	1,10,71,316
	(b) Transport Allowances	43,966	3,88,779	5,07,691	9,40,436

2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	12,09,871	50,89,882	57,11,999	120,11,752

B. REMUNERATION TO OTHER DIRECTORS

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri. M.Ravindran	Shri. P.K.Joshi	Shri. Anil Pande	Shri.P.A.B. Raju @	
		(01-04-2015 to 31-03-2016)	(01-04-2015 to 14-07-2015)	(10-08 -2015 to 31-03-2016)	(01-04-2015 to 31-03-2016)	
	1. Independent Directors	0	0	0	----	0
	Fee for attending board / committee meetings	0	0	0	1,35,000	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	5,000	0
	Total (1)	0	0	0	1,40,000	0
		0	0	0	0	0
	2. Other Non-Executive Directors	0	0	0	0	0
	Fee for attending board/ committee meetings	0	0	0	0	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0

@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	C.T.C	0	8,50,000/-	0	8,50,000/-
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	0	8,50,000/-	0	0

(c) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD /NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
B. DIRECTORS					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
C. OTHER OFFICERS IN DEFAULT					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

ANNEXURE IV

DISCLOSURE PURSUANT TO SECTION 134(3)(M) OF THE COMPANIES ACT 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS), RULES 2014

(A) Conservation of energy:

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	2015-16	2014-15
i) Electricity purchased		
Units consumed (kVAh)	3,30,895	5,31,080
Total Amount in Rs.	40,29,865	56,46,954
Rate / Unit (Rs. kVAh)	12.00	10.63
Demand load charges in Rs.	15,69,400	16,48,934
ii) Natural gas as fuel (kg.) consumed	10,17,145	8,81,081

Consumption per MT of production:

Particulars	2015-16	2014-15
Electricity Consumed (in kVAh)	346.00	181.46
Natural Gas as fuel (in kg.)	37.00	37.54

(B) Technology absorption:

Efforts made towards technology absorption	NIL
Benefits derived like product improvement, cost reduction, product development or import substitution	NIL
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	
Details of technology imported	NIL
Year of import	NIL
Whether the technology has been fully absorbed	NIL
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	NIL
Expenditure incurred on Research and Development	NIL

(C) Foreign exchange earnings and Outgo:

	2015-16	2014-2015
	Amount in Rs.	Amount in Rs.
Actual Foreign Exchange earnings	NIL	NIL
Actual Foreign Exchange outgo	6,49,093	NIL

S. Daga & Co.,

Chartered Accountants

Independent Auditor's Report To the Members of Bhagyanagar Gas Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Bhagyanagar Gas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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

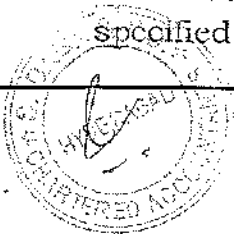
2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and Cash flows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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we



comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2016 and its Profit and its Cash Flows for the year ended on that date.

Emphasis of Matter

Without qualifying our report we refer to:

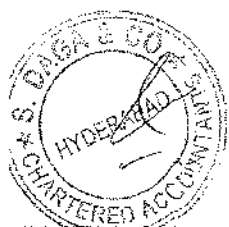
(i) The Company has less than the minimum number of Independent Directors required in terms of the provisions of the Companies Act, 2013. Pending such appointment, these financial statements have been reviewed and recommended to the Board of Directors by the Audit Committee consisting of only one Independent Director; and

(ii) Trade receivables, Trade payables, sundry balances outstanding to the debit and credit of the parties are subject to confirmation;



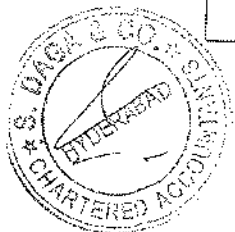
Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) on the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



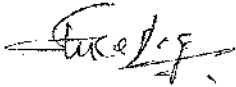
- i. the Company has disclosed under contingent liability not provided for, the possible impact of pending litigations on its financial position in its financial statement – Refer Note No. 32 to the financial statements;
 - ii. the company has contracts to receive supplies of NG (natural gas), for transportation of NG (natural gas) and to sell the CNG (compressed natural gas). These contracts are renewable. These contracts consist of penalty clauses. As represented by the company, there is no material foreseeable losses in respect of these long term contracts including derivative contracts except those disclosed in the notes to account – Refer Note no. 35 to the financial statements;
 - iii. as represented by the company, there is no amount required to be transferred to Investor Education and Protection Fund by the company.
11. As required under section 143(5) of the Companies Act, 2013, being the direction issued by the Comptroller and Auditor General for the year ended March 31, 2016, we report that:
- a) the company has clear title/lease deeds for freehold and leasehold lands respectively except in case of following where possession of lands are with the company but documents are pending for registration and as such title/ lease deed are not available:-

Sl. No.	Type of Asset	Location	Area	Survey No./Plot No.	Value (Rs.)
(i)	Land freehold	Medchal Village, R.R. District	180 Sq. Mtrs.	125 & 126	10,80,000
(ii)	Land freehold	Shamirpet Village, R.R. District	2.18 Acres	1266	2,18,00,000
(iii)	Land freehold	Sarpavaram, Vaklapudi, Kakinada	1.5 Acres	24B	1,45,68,480
(iv)	Leasehold land (Carrying Value)	APIIC Industrial Park, Kondapally, Vijayawada	4457 Sq. Mtrs.	Not available	44,02,967
(v)	Leasehold land (Carrying Value)	APIIC Industrial Park, Kondapally, Vijayawada	1200 Sq. Mtrs.	Not available	20,72,474



- b) there is no case of waiver/write-off of debts/loans/ interest etc.,
- c) as per information, explanation and record produced for verification, there are no inventories lying with third parties at the close of the year. Further no assets have been received as gift/grant(s) from the government or other authorities.

For S Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)



(Shantilal Daga)

M. No. 011617

Partner

Place: Hyderabad

Date: 12.05.2016



Annexure to the Independent Auditors' Report

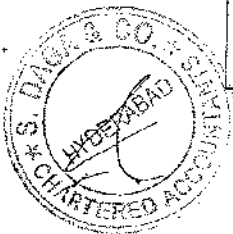
Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Bhagyanagar Gas Limited on the financial statements as of and for the year ended March 31, 2016

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) The title deeds of immovable properties, as disclosed in Note 13 on fixed assets to the financial statements, are held in the name of the company, except for leasehold lands at APIIC Industrial Park, Kondapally, Vijayawada admeasuring 4457 Sq. Mtrs and 1200 Sq. Mtrs and freehold lands acquired bearing Survey No. 125/126, 1266 and 24B which are under the possession of the company but pending documentation having a carrying value of Rs. 439.24 lacs (Pr. Year Rs.439.24 lakhs) as at March 31, 2016.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
 - (b) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records have been properly dealt with by the company.
3. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registers maintained under Section 189 of the Act. Thus, paragraph 3(iii) of the Order is not applicable.
4. The company has not granted any loan to directors or made investments, provided any guarantees and securities and paragraph 3(iv) of the Order are not applicable. As such, the non-compliance of Section 185 and 186 of the Companies Act, 2013 does not arise.



5. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of Companies Act, 2013 and the rules framed there under.
6. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) of Section 148 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 detailed examination of the records with a view to determine whether these are accurate or complete.
7. (a) According to the information and explanations given to us and the 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, value added tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it, with appropriate authorities. There are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March, 2016.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, wealth tax, service tax, customs duty and cess as at 31st March, 2016 which has not been deposited on account of a dispute except as under:

Sl. No.	Name of the Statute	Nature of Dues	Net Liability	Claim Period	Forum where the dispute is pending
(i)	Income Tax Act, 1961	Income tax assessment dues	96,85,624	2008-09	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad
(ii)	Income Tax Act, 1961	Income tax assessment dues	23,40,958	2007-08	Honourable High Court, Andhra Pradesh and Telangana, Hyderabad



					Hyderabad
(iii)	Sales Tax Act	VAT	16,72,950	2014-15	Appellate Dy. Commissioner of Commercial Taxes
(iv)	Central Excise and Service Tax	Excise Duty	37,76,758	2005-11	CESTAT
(v)	Central Excise and Service Tax	Excise Duty	50,664	2014-15	Commissioner of Customs, Excise and Service Tax (Appeals)

8. 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.
9. On the basis of our review of utilization of funds pertaining to term loans on overall basis and related information and explanations as made available to us, the term loans taken by the company has been utilized for the purpose of which they were obtained.
10. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the company or on the company its officers or employees, noticed or reported during the year, nor have we been informed by any such case by the management.
11. The company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the company.
13. The company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in



the financial statements as required under Accounting Standards (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For S. Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)



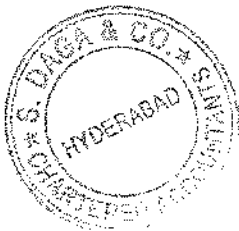
(Shantilal Daga)

M. No. 011617

Partner

Place: Hyderabad

Date: 12.05.2016



Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of Bhagyanagar Gas Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting



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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting

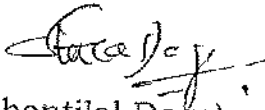


may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

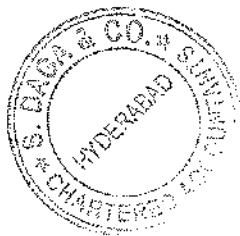
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S Daga & Co.
Chartered Accountants
(ICAI FRN: 000669S)



(Shantilal Daga)
M. No. 011617
Partner
Place: Hyderabad
Date: 12.05.2016

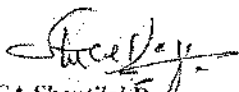


BHAGYANAGAR GAS LIMITED
Parishrama Bhavan, Basheerbagh, Hyderabad
BALANCE SHEET AS AT 31ST MARCH, 2016


	Note No.	2015-16 RUPEES	2014-15 RUPEES
I. EQUITY AND LIABILITIES			
1 Shareholders Funds			
Share Capital	3	45,02,50,000	45,02,50,000
Reserves and surplus	4	29,32,45,673	23,92,83,096
2 Share Application (Other than Cash Consideration)	3(g)	4,31,96,880	4,31,96,880
3 Non-current liabilities			
Long-term borrowings	5	42,34,44,324	60,60,87,929
Deferred tax liabilities (Net)	6	14,05,16,219	8,19,96,545
Other Long term liabilities	7	2,78,41,529	2,61,34,432
Long-term provisions	8	36,80,169	18,10,410
4 Current liabilities			
Short-term borrowings	9	1,50,00,00,000	1,50,00,00,000
Trade payables	10	4,72,66,521	2,16,36,945
Other current liabilities	11	95,48,10,335	79,33,59,868
Short-term provisions	12	6,50,360	36,98,193
TOTAL		3,88,49,02,010	3,76,74,54,298
II. ASSETS			
1 Non-current assets			
Fixed assets			
(i) Tangible assets	13	1,86,24,70,443	1,59,54,44,903
(ii) Intangible assets	13		18,566
(iii) Capital work-in-progress	14	90,82,71,245	1,11,35,58,938
Long-term loans and advances	15	15,60,50,318	18,09,90,165
Other non-current assets	16	43,68,156	52,79,738
2 Current assets			
Inventories	17	32,36,71,005	38,16,34,412
Trade receivables	18	6,58,14,525	5,06,97,218
Cash and Bank Balances	19	43,77,57,048	37,20,96,526
Short-term loans and advances	20	10,29,83,676	4,28,32,665
Other current assets	21	2,35,15,594	2,49,01,167
TOTAL		3,88,49,02,010	3,76,74,54,298
Significant accounting policies and notes form integral part of the financial statement			
1&2			

This is the Balance Sheet referred in our report
As per our Report of Even Date
For S.Daga & Co.,
Chartered Accountants
Firm Registration No. 000669S

For and on behalf of the Board of Directors



CA Shantilal Daga
Partner
M No:011617

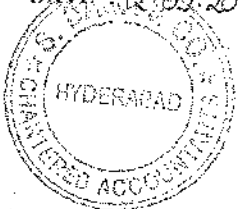

G. Mallewari
Company Secretary


R. Sridhar
Director - Commercial
-cum-CFO

PLACE: New Delhi
DATE: 12.05.2016


A. K. Das
Managing Director

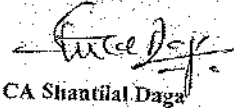

M. Ravindran
Chairman



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

	Note No.	2015-16 RUPEES	2014-15 RUPEES
I. Revenue from Operations	22	1,22,27,00,056	1,21,87,12,182
Less: Excise Duty	-	15,23,58,239	15,08,63,621
Net Revenue from Operations		1,07,03,41,817	1,06,78,48,561
II. Other income	23	2,87,75,667	2,72,05,380
III. Total Revenue (I+II)		1,09,91,17,484	1,09,50,53,941
IV. Expenses :			
a) Cost of Material Consumed	24	54,38,05,613	53,47,47,758
b) Purchases of Stock in Trade	25	90,36,302	93,83,283
c) Changes in Inventories	26	(3,41,666)	(9,951)
d) Employee benefits expenses	27	3,72,80,522	3,46,90,645
e) Finance Costs	28	19,46,00,568	21,76,08,832
f) Depreciation	13	7,65,00,280	7,05,70,310
g) Other Expenses	29	17,60,14,235	18,53,77,366
Total Expenses		1,03,68,95,854	1,05,23,68,243
V. Profit before Prior Period Items and tax (III-IV)		6,22,21,630	4,26,85,698
VI. Prior Period Expenses/ (Income)	30	93,33,109	(10,67,860)
VII. Profit before tax (V- VI)		5,28,88,521	4,37,53,558
VIII. Tax expenses			
Current tax	-	1,07,83,361	87,54,103
Deferred Tax	6	5,85,19,674	1,42,01,860
MAT Credit Entitlements (Includes Rs.5,84,80,432 of earlier years)		(6,92,63,793)	0
Provision for Tax for earlier years provided for/ written off	-	(11,13,298)	0
IX. Profit(-) Loss for the year (VII-VIII)		5,39,62,577	2,07,97,595
X. Earnings per equity share	42		
- Basic		1.20	0.75
- Diluted		1.08	0.64
Significant accounting policies and notes form integral part of the financial statement	1&2		

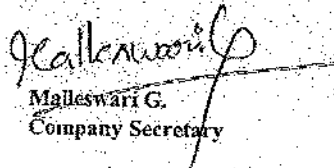
This is the Statement of Profit and Loss referred in our report
 As per our Report of Even Date
 For S.Daga & Co.,
 Chartered Accountants
 Firm Registration No. 000669S

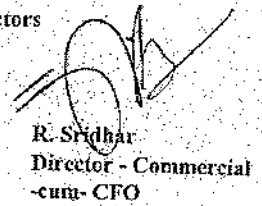

 CA Shantilal Daga
 Partner

M No:011617

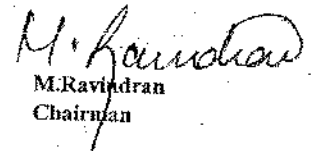
PLACE: New Delhi
 DATE : 12.05.2016

For and on behalf of the Board of Directors


 Malleswari G.
 Company Secretary


 R. Sridhar
 Director - Commercial
 -cum- CFO


 A. K. Das
 Managing Director


 M. Raviindran
 Chairman



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
CASH FLOW STATEMENTS FOR THE YEAR 2015-16

<u>Particulars</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
CASH FLOW FROM OPERATING ACTIVITY		
Net Profit before Tax, Exceptional and Extraordinary Items:	5,28,88,521	4,37,53,558
<i>Add:</i>		
Non Cash Items		
Depreciation		
Amortisation of Pre-paid Expenses and Write offs	7,65,00,280	7,05,70,310
Current Year Provision for Gratuity	3,10,15,860	5,85,16,713
Current Year Provision for Leave Salary	4,50,452	5,27,903
Foreign Exchange Fluctuation	17,03,072	8,17,386
Non Operating Expenses	14,89,452	9,91,484
Interest on Loans		
<i>Less:</i>	19,46,00,568	21,76,08,832
Non Operating Incomes		
Interest and Other Income		
Operating Profits Before Working Capital Changes	<u>(2,07,01,933)</u>	<u>(2,41,25,748)</u>
<i>Add:</i>	<u>33,79,46,272</u>	<u>36,86,60,438</u>
(Increase)/Decrease in Current Assets		
Change in Inventories		
Long-term Loans & Advances	5,79,63,407	(10,45,131)
Short-term Loans & Advances	(60,76,013)	(1,74,759)
Other Current and Non Current Assets	91,12,782	(31,948)
Trade Receivables	2,87,42,874	(11,19,97,824)
Increase/(Decrease) in Current Liabilities	(1,51,17,307)	13,58,751
Trade payable		
Other Liabilities	2,56,29,576	(2,26,98,853)
PNG customer Deposit	14,02,85,328	14,33,92,206
Cash Generated From/(Used) in Operations	<u>17,07,097</u>	<u>84,95,086</u>
<i>Less:</i>	<u>58,01,94,016</u>	<u>38,59,57,966</u>
Tax Paid		
Cash Flow Before Extraordinary Items	<u>1,99,23,416</u>	<u>(1,67,47,331)</u>
<i>Add/Less: Extraordinary Item</i>	<u>60,01,17,432</u>	<u>36,92,10,635</u>
Net Cash Flow From/Used in Operating Activities	<u>0</u>	<u>0</u>
	<u>60,01,17,432</u>	<u>36,92,10,635</u>
II CASH FLOW FROM INVESTING ACTIVITIES:		
Addition to Fixed Asset including CWIP	(13,82,19,561)	(8,06,46,935)
Creditor for Capital Goods	12,61,631	(3,29,37,328)
Accrual for Capital Goods	54,12,395	(3,58,979)
Interest and Other Income	2,07,01,933	2,41,25,748
Accrued Interest on F.D.	6,64,816	5,05,635
Net Cash Flow From/(Used) in Investing Activities	<u>(11,01,78,786)</u>	<u>(8,93,11,859)</u>



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Bashcerbagh, Hyderabad
CASH FLOW STATEMENTS FOR THE YEAR 2015-16

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
III CASH FLOW FROM FINANCING ACTIVITIES:		
Interest on Loans	(19,46,00,568)	(21,76,08,834)
Principal Repayment of Term Loan	(18,26,43,605)	(18,30,25,416)
Net Cash Flow From/(Used) in Financing Activities	(37,72,44,173)	(40,06,34,250)
IV NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (I+II+III)	11,26,94,473	(12,07,35,474)
V OPENING CASH & CASH EQUIVALENTS	10,92,98,626	23,00,34,100
VI CLOSING CASH & CASH EQUIVALENTS (V+IV)	22,19,93,099	10,92,98,626

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) Rules, 2006.
- Figures in Brackets indicates Cash Out Flow

This is the Cash Flow Statement referred in our report
 As per our Report of Even Date
 For S.Daga & Co.,
 Chartered Accountants
 Firm Registration No.000669S

(Signature)
 CA Shantilal Daga
 Partner
 M.No:011617

PLACE: New Delhi
 DATE: 12.05.2016

For and on behalf of the Board of Directors

(Signature)
 Malleswari G.
 Company Secretary

(Signature)
 R. Srihar
 Director - Commercial
 -cum- CFO

(Signature)
 A. K. Das
 Managing Director

(Signature)
 M. Ravindran
 Chairman



BHAGYANAGAR GAS LIMITED

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. BACKGROUND / OVERVIEW

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 business of storage, supply, sale, distribution and marketing of CNG and Auto LPG as fuels for vehicles, Piped Natural Gas for domestic/commercial/industrial purposes in the states of Telangana and Andhra Pradesh (erstwhile State of Andhra Pradesh).

BGL is an "Associate Company" of GAIL and HPCL within the definition of Section 2 (6) of Companies Act, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

(a) Accounting Conventions

The financial statements have been prepared under the historical cost convention on an accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards, as prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the said Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) Use of Estimates

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



(c) Fixed Assets

Tangible Assets

- i) Tangible Assets are stated at cost, net of refundable taxes, accumulated depreciation/ amortization and impairment loss, if any.
- ii) All costs relating to an asset, including borrowing cost, till commissioning of such assets are capitalized.
- iii) 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.
- iv) Machinery spares which can be used only in connection with an item of tangible asset and their use are expected to be irregular is capitalized with the cost of that tangible asset and is depreciated fully over the remaining useful life of that asset.

Intangible Assets

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

(d) Capital Work in Progress

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

(e) Borrowing cost

- i) Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to statement of Profit & Loss.

(f) Depreciation

- i) Depreciation on fixed assets is provided on straight line method, at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013.



- ii) Capital expenditure and improvements on lease hold property is amortized over the lease period or useful life of the asset, whichever is less.
- iii) Cost of licenses is amortized over the useful life or license period whichever is less

(g) Impairment of Assets

- i) 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.

(h) Foreign Currency Transactions

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

(i) Inventories

- i) Stock of Natural Gas in pipelines and cascades is valued at the lower of cost computed on First in First out (FIFO) basis or net realisable value.
- ii) Stores / spares are valued at cost or net realizable value whichever is lower.



(j) Leases

- i) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss A/c.

(k) Employee Benefits

- i) The manpower of the Company includes employees deputed from GAIL and HPCL on full-time basis. All employee benefits in case of deputationists, deputed by parent company are accounted on debit notes raised by their parent company.
- ii) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related service is rendered.
- iii) Post-employment and other long term employee benefits are recognized as an expense in the statement profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss.

(l) Revenue Recognition

- i) Revenue on sale of products is recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with delivery of goods to customers. Revenue is net of discount, includes excise duty, but excludes value added tax.
- ii) Income from deposits is recognised on a time proportion basis.
- iii) Insurance claims are accounted for on the basis of claims admitted/settled by the insurers.

(m) Taxes on Income

- i) Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.
- ii) 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.

- iii) Minimum Alternative Tax (MAT) paid in accordance with the tax laws, is considered as an asset when it is probable that the future economic benefits associated with it, will flow to the company.

(n) Recognition of Expenditure

- i) Expenses are accounted for on an accrual basis and provision is made for all known losses and liabilities.
- ii) 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.
- iii) Liquidated Damages / Price Reduction Schedule, if any are accounted for as and when recovery is effected and the matter is considered settled by the Management.

(o) Provisions, Contingent Liabilities, Contingent Assets & Commitments

- i) 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.
- ii) Contingent Assets are neither recognized nor disclosed in the financial statements.
- iii) Contingent Liabilities in respect of show cause notices are considered only when converted into demands.
- iv) Contingent liabilities exceeding Rs.1 Lakh in each case are disclosed by way of notes to accounts.
- v) Estimated amount of commitments and contracts remaining to be executed on capital accounts are disclosed in each case above Rs.1 Lakh.



BHAGYANAGAR GAS LIMITED
Parishrama Bhavan, Basheerbagh, Hyderabad
Notes forming part of Balance Sheet as at March 31, 2016

NOTE : 3

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>																
SHARE CAPITAL																		
a) Authorised : 100000000 (P.Y. 100000000) Equity Shares of Rs. 10 each	1,00,00,00,000	1,00,00,00,000																
b) Issued : 5,00,50,000 (P.Y 5,00,50,000) Equity Shares of Rs. 10 each	50,05,00,000	50,05,00,000																
ii) Subscribed and paid up : 4,50,25,000 (P.Y 4,50,25,000) Equity Shares of Rs. 10 each fully paid up	45,02,50,000	45,02,50,000																
c) Par Value per Share - Equity Shares :	Rs. 10/-	Rs. 10/-																
d) Reconciliation of No. of Shares Outstanding - Equity Shares	<u>in Nos.</u>	<u>in Nos.</u>																
Opening Balance	4,50,25,000	50,000																
Add : Issued/converted during the year	-	4,49,75,000																
Less : Buy back during the year	-	-																
Closing Balance	4,50,25,000	4,50,25,000																
e) The rights, preferences and restrictions attaching to each classes of Shares.																		
i) 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 on pro-rata basis to the equity shares held by the shareholder.																		
ii) Apart from the rights, restrictions and preferences prescribed by the Companies Act, 2013 and the Articles of Association of the company, the Shareholders' agreement also elaborately deal with the above. In brief the above referred documents provide for restrictions:																		
<input type="checkbox"/> On transfer of shares to outsiders																		
<input type="checkbox"/> On transfer of shares to the existing shareholders																		
<input type="checkbox"/> For issue of fresh equity or transfer of shares to outsiders																		
<input type="checkbox"/> Restriction on voting rights																		
<input type="checkbox"/> Appointment of directors, etc.																		
f) Shareholding pattern																		
a) Equity Shares :																		
GAIL (India) Limited																		
Hindustan Petroleum Corporation Limited																		
Kakinada Seaports Limited																		
	<table border="1"> <thead> <tr> <th>No of Shares</th> <th>%</th> <th>No of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Nos.22499997</td> <td>& 49.97%</td> <td>Nos.22499997</td> <td>& 49.97%</td> </tr> <tr> <td>Nos.22499997</td> <td>& 49.97%</td> <td>Nos.22499997</td> <td>& 49.97%</td> </tr> <tr> <td>Nos.25000</td> <td>& .06%</td> <td>Nos.25000</td> <td>& .06%</td> </tr> </tbody> </table>	No of Shares	%	No of Shares	%	Nos.22499997	& 49.97%	Nos.22499997	& 49.97%	Nos.22499997	& 49.97%	Nos.22499997	& 49.97%	Nos.25000	& .06%	Nos.25000	& .06%	
No of Shares	%	No of Shares	%															
Nos.22499997	& 49.97%	Nos.22499997	& 49.97%															
Nos.22499997	& 49.97%	Nos.22499997	& 49.97%															
Nos.25000	& .06%	Nos.25000	& .06%															
g) Share Application (Other than Cash Consideration)	4,31,96,880	4,31,96,880																

i) At the 11th Annual General Meeting of the company held on August 20, 2014, consent of the Company was accorded to the Board to create, offer, issue and allot, from time to time, one or more tranches, upto an aggregate of 5 crores equity shares of face value of Rs 10 each at a price of Rs 10 per equity share aggregating to Rs 50 crore on a preferential basis. Accordingly 2,24,87,500 shares each were issued and allotted to GAIL, and HPCL. Allotment of shares to APIIC is pending for transfer of title to the parcels of land allotted by them to the company. Aggrieved by the above decision of the Company at its General Meeting, Kakinada Seaports Ltd., one of the shareholders approached the Company Law Board (CLB), Chennai Bench, seeking various reliefs including stay of the aforesaid issue and allotment of shares.

BHAGYANAGAR GAS LIMITED
Parishrama Bhavan, Basheerbagh, Hyderabad
Notes forming part of Balance Sheet as at March 31, 2016

However the CLB dismissed the same on 14th September 2014 in favour of the company. Against this dismissal order, the aggrieved shareholder has filed an appeal in the High Court of Judicature in Hyderabad. They have also filed an application, inter alia, seeking stay of allotment of said shares. While the High Court has admitted the Appeal, it has not granted any stay against the order of the CLB. The matter is sub-judice.

ii) In line with the Memorandum of understanding, APIIC would be contributing 5% to the equity in the form of cash or land. For this purpose, at the 12th Annual General Meeting of the company held on September 24, 2015, consent of the Company was once again accorded to the Board to create, offer, issue and allot, from time to time, equity shares on a preferential basis to APIIC and/or its successor in terms of the A.P. Reorganisation Act, 2014. The company has reserved 50,00,000 shares of Rs. 10/- to be allotted to APIIC and/or its successor. In anticipation, APIIC has already allotted land at three places in the GAs of Hyderabad (Telangana), Vijayawada (Andhra Pradesh) and Kakinada (Andhra Pradesh) and the company has taken possession. The total consideration of land allotted from APIIC is Rs. 4,51,96,880. The Company has paid Rs.20,00,000 upfront. Pending of procedural formalities of documentation and the bifurcation of assets and liabilities between Telangana and Andhra Pradesh state in terms of A.P. Reorganisation Act, 2014, the balance amount of Rs. 4,31,96,880 has been shown as Share Application (Other than Cash Consideration). The said amount would be adjusted against the subscription for shares.

NOTE : 4

<u>RESERVES AND SURPLUS</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Surplus (balance in Statement of Profit & Loss)		
Opening Balance	23,92,83,096	21,84,85,501
Add : Profit / (-) Loss for the Year	5,39,62,577	2,07,97,595
Net surplus/(-)Deficit in statement of Profit & Loss	29,32,45,673	23,92,83,096

NOTE : 5

<u>LONG TERM BORROWINGS</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Secured Loans		
- Term loans from banks		
Canara Bank	26,43,44,363	37,83,66,667
Corporation Bank	15,90,99,961	22,77,21,262
	42,34,44,324	60,60,87,929

The Company has availed Term Loans and non-fund based limits from consortium of bankers, Canara Bank and Corporation Bank.

i) Rate of Interest (per annum) payable is 11.20%, 11.00%, 10.90% and 10.65% for different time period during the F.Y 2015-16

ii) Terms of Repayment:

□ The loan is repayable in 24 equal quarterly installments after a moratorium of 36 months from the Initial Drawdown Date.

iii) Particulars of Security:

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



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
 Notes forming part of Balance Sheet as at March 31, 2016

NOTE : 6

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>DEFERRED TAX LIABILITIES (NET)</u>		
<u>Deferred Tax Asset (DTA)</u>		
Provision for employee benefits	14,31,803	
Unabsorbed Depreciation	4,22,79,071	
MAT Credit		
Total (A)	4,37,10,873	6,39,14,602
<u>Deferred Tax Liability (DTL)</u>		
Depreciation	18,42,27,093	14,59,11,147
Total (B)	18,42,27,093	14,59,11,147
Deferred Tax Liability (Net) (B-A)	14,05,16,219	8,19,96,545

6.1 In the current year, MAT Credit is recognised as an asset and classified in the Balance Sheet under Short Term Loans & Advances.

NOTE : 7

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>OTHER LONG TERM LIABILITIES</u>		
PNG Customer Deposits	2,78,41,529	2,61,34,432
	2,78,41,529	2,61,34,432

NOTE : 8

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>LONG TERM PROVISIONS</u>		
Provision for Gratuity	20,02,659	18,10,410
Provision for Leave Encashment	16,77,510	0
	36,80,169	18,10,410

NOTE : 9

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>SHORT TERM BORROWINGS</u>		
Unsecured Loans		
- Bridge Loan from:		
GAIL (India) Ltd	75,00,00,000	75,00,00,000
HPCI	75,00,00,000	75,00,00,000
	1,50,00,00,000	1,50,00,00,000

The repayment of principal, along with interest bearing 10% /13%, is under reshedulement in five equal installements commencing from April 2017 and ending with August 2017, pending approval from the lenders.

NOTE : 10

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>TRADE PAYABLES</u>		
Trade payable	4,72,66,521	2,16,36,945
	4,72,66,521	2,16,36,945



BHAGYANAGAR GAS LIMITED
NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2016

DESCRIPTION	GROSS BLOCK					DEPRECIATION			NET BLOCK		[Rupees]	
	AS ON 01.04.2015 (A)	ADDITIONS (B)	DELETIONS (C)	AS ON 31.03.2016 (D=A+B-C)	UP TO 31.03.2016 (E)	FOR THE PERIOD (F)	ADJUSTMENTS		AS ON 31.03.2016 (=E+F+G+H)	AS ON 31.03.2016 (J=D-I)		AS ON 31.03.2015 (K=A-E)
							ARREARS (G)	REVERSAL (H)				
TANGIBLE ASSETS (A)												
FREE HOLD LAND	6,42,28,898	-	-	6,42,28,898	-	-	0	0	-	6,42,28,898	6,42,28,898	
LEASE HOLD LAND	77,48,400	-	-	77,48,400	10,04,016	2,38,281	0	26,337	12,72,050	64,76,441	66,04,385	
FACTORY BUILDING	9,08,43,297	-	-	9,08,43,297	1,14,38,316	30,25,234	0	3005	1,45,19,546	7,63,23,751	7,83,43,979	
BUILDINGS	1,60,43,001	-	-	1,60,43,001	20,69,806	3,48,100	0	47915	23,86,781	1,36,73,220	1,39,73,285	
ROADS & CULVERTS	59,29,481	-	-	59,29,481	38,10,401	8,47,152	0	6060	46,51,430	6,77,988	17,19,080	
PLANT & MACHINERY	1,62,12,52,593	34,87,17,636	-	1,96,99,70,229	22,37,26,678	6,87,29,072	67,21,767	1,63,94,84	29,46,38,033	1,67,34,32,156	1,39,85,23,915	
ELECTRICAL EQUIPMENT	4,17,23,839	3,17,593	-	4,20,41,132	1,45,40,787	45,77,558	0	19124	1,90,60,221	2,29,41,811	2,71,92,752	
FURNITURE & FIXTURES	64,06,818	1,78,905	-	65,85,524	35,27,381	4,67,103	0	-447	38,54,307	25,93,587	28,81,238	
OFFICE EQUIPMENT	37,27,820	12,73,920	-	50,01,740	28,22,657	3,54,208	0	1,678	30,75,387	19,28,263	9,08,183	
TOTAL (A)	1,85,75,05,746	34,84,86,954	-	2,20,59,91,800	26,20,60,843	7,80,81,714	67,21,767	17,42,967	34,35,24,357	1,86,24,70,443	1,59,54,41,903	
INTANGIBLE ASSETS (B)												
SOFTWARE	4,48,104	-	-	4,48,104	4,29,538	1,83,566	0	-	4,48,104	-	18,566	
TOTAL (B)	4,48,104	-	-	4,48,104	4,29,538	1,83,566	0	-	4,48,104	-	18,566	
TOTAL (A+B)	1,85,79,53,850	34,84,86,954	-	2,20,64,39,904	26,24,90,381	7,82,65,280	67,21,767	17,42,967	34,39,69,461	1,86,24,70,443	1,59,54,63,469	
Previous Year	1,85,72,15,344	22,87,38,505	-	1,85,79,53,850	19,19,20,071	7,95,70,310	0	0	28,24,90,381	1,58,54,63,466	1,44,52,95,273	

Note:

13.1 Freehold land at Hyderabad and Kalamnada in survey plot no. 125 and 126, 1266 and 24B admeasuring 180 Sq. Mtrs. 2.18 acres and 1.59 acres respectively amounting to Rs. 3,74,48,480/- (Previous year: Rs.3,74,48,480/-) and Lease hold land at VIA amounting to Rs. 77,48,400/- (Previous year: Rs.77,48,400/-) a loted by APHC is pending registration in favour of the company. The Company has taken the possession of these lands and disclosed the same as "Fixed Assets".

13.2 Leasehold land disclosed above of Rs. 77,48,400/- (Previous Year Rs.77,48,400/-) are for a lease period of 33 years.

13.3 During the year adjustments have been made towards arrears of depreciation of Rs. 67,21,767/- and excess depreciation written back of Rs. 17,42,967/- pertaining to previous years which has been changed to "Prior Period Expense".



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
 Notes forming part of Balance Sheet as at March 31, 2016

NOTE : 11

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>OTHER CURRENT LIABILITIES</u>		
Current Maturities of Long Term Borrowings [Refer to Note No. 5]	18,30,08,000	18,30,08,000
Statutory Liabilities	1,98,65,811	1,68,82,954
Retention Money	1,95,36,637	1,90,09,070
EMD/Security Deposits	43,57,547	68,94,068
Accruals for O&M	46,66,209	23,22,846
Accruals for Capital goods	66,08,093	11,95,698
Creditors for Capital goods	8,14,19,109	8,01,57,478
Interest on Bridge Loan Accrued and due		
GAIL (India) Ltd	31,68,43,165	24,12,43,164
HPCL	31,82,37,549	24,26,37,548
Other Liabilities	2,68,215	9,042
	<u>95,48,10,335</u>	<u>79,33,59,868</u>

NOTE : 12

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>SHORT TERM PROVISIONS</u>		
Provision for Corporate Social Responsibility [Refer to Note No. 34]	-	19,24,000
Provision for Leave Encashment	6,22,346	17,53,651
Provision for Gratuity	28,014	20,542
	<u>6,50,360</u>	<u>36,98,193</u>

NOTE: 14

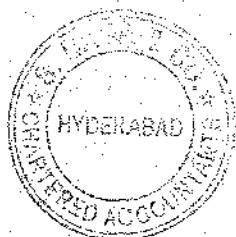
	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>CAPITAL WORK IN PROGRESS:</u>		
Opening Capital Work in Progress:	1,11,35,58,938	1,28,14,68,516
Add: Capital Expenditure	14,49,34,675	8,06,46,936
Less: Capitalised during the Year	-34,84,86,054	-22,07,38,507
Less: Charged to Profit & Loss during the Year	-3,10,282	-2,78,18,007
Less: Transferred to Prepaid Expenses	-14,26,032	0
Closing Capital Work in Progress	<u>90,82,71,245</u>	<u>1,11,35,58,938</u>

NOTE : 15

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>LONG TERM LOANS & ADVANCES</u>		
RGTEL- Security Deposit	11,10,000	11,10,000
Electricity Deposits	35,02,055	31,25,996
Others	65,46,760	16,67,510
Pre-paid Hook Up Charges	12,44,99,088	15,15,71,532
Pre-paid Railway Way leave Charges	1,98,22,001	2,35,15,127
Pre-Paid NHAI Way leave Charges	5,70,414	0
	<u>15,60,50,318</u>	<u>18,09,90,165</u>

NOTE : 16

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
<u>OTHER NON CURRENT ASSETS</u>		
Accrued Interest on Fixed Deposit	5,68,156	52,79,738
Fixed Deposits	38,00,000	0
	<u>43,68,156</u>	<u>52,79,738</u>



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
 Notes forming part of Balance Sheet as at March 31, 2016

NOTE : 17

<u>INVENTORIES</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Stores & Spares	32,10,28,845	37,90,24,955
Finished Goods	9,76,348	6,34,682
Raw Material (Natural Gas in Pipeline)	16,65,812	19,74,775
	<u>32,36,71,005</u>	<u>38,16,34,412</u>
17.1 Stores and Spares includes project machinery, equipment, spares etc. which are presently not intended for use and/or are ready for sale.	31,65,37,966	37,58,59,776

NOTE : 18

<u>TRADE RECEIVABLE (Unsecured)</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Over Six months		
Considered Good	88,13,056	69,46,458
Others		
Considered Good	5,70,01,469	4,37,50,760
	<u>6,58,14,525</u>	<u>5,06,97,218</u>

NOTE : 19

<u>CASH AND BANK BALANCES</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
I. Cash and Cash Equivalents		
(i) Cash in hand	8,26,901	6,48,011
(ii) Balances with Banks*	22,11,66,198	10,86,50,615
Sub Total (A)	<u>22,19,93,099</u>	<u>10,92,98,626</u>
II. Other Bank Balances		
(iii) Deposits - margin money with maturity more than 3 months but less than 12 months	21,57,63,949	26,27,97,900
(iv) Deposits - margin money with maturity more than 12 months	38,00,000	0
Sub Total (B)	<u>21,95,63,949</u>	<u>26,27,97,900</u>
Total (A+B)	<u>44,15,57,048</u>	<u>37,20,96,526</u>
Less: F.D. Forming Part of Other Non Current Assets disclosed under the head "Other Non-Current Assets". [Ref. Note No. 16]	-38,00,000	
	<u>43,77,57,048</u>	<u>37,20,96,526</u>

*Balances with bank includes Sweep in F.D. of Rs 17,01,58,425/-

NOTE : 20

<u>SHORT TERM LOANS & ADVANCES</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
GAIL (India) Limited	0	93,74,400
MAT Credit Entitlements	6,92,63,793	0
Pre-paid Hook Up Charges	2,70,72,444	2,70,72,444
Pre-paid Railway Way leave Charges	36,93,126	36,58,210
Pre-Paid NHAI Way leave Charges	2,85,206	0
Pre-paid Expenses	26,69,107	27,27,611
	<u>10,29,83,676</u>	<u>4,28,32,665</u>

20.1 MAT Credit Entitlement of Rs. 6,93,26,402/- includes Rs.5,84,80,432/- relating to previous years.



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
 Notes forming part of Balance Sheet as at March 31, 2016

NOTE : 21

<u>OTHER CURRENT ASSETS</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Advance to Suppliers (O&M)	72,302	70,526
PLA Deposit with Excise department	-	1,49,665
Deposit with Excise Department	3,800	0
AP VAT Deposit	2,09,119	0
Cenvat Credit	21,30,876	47,39,565
Taxes paid (Net of Provision for Tax)	1,50,75,331	1,87,77,433
AP VAT TDS Receivable	19,77,400	0
Interest Receivable	40,46,766	0
Other Advances - recoverable in cash or kind	0	11,63,978
	<u>2,35,15,594</u>	<u>2,49,01,167</u>



BHAGYANAGAR GAS LIMITED
Parishrama Bhavan, Basheerbagh, Hyderabad
Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2016

NOTE :22

<u>REVENUE FROM OPERATION</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Income from CNG		
Income from ALPG	1,20,21,77,678	1,17,09,28,391
Income from PNG	90,36,303	94,35,252
	1,14,86,075	1,83,48,539
	<u>1,22,27,00,056</u>	<u>1,21,87,12,182</u>

NOTE :23

<u>OTHER INCOME</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Interest on Fixed Deposit		
Interest - Others	1,71,36,930	1,33,93,422
Income Tax refund	35,65,003	1,07,32,326
Profit on Sale of Stores and Spares	-	26,65,860
Misc. Income	80,39,699	-
	34,035	4,13,772
	<u>2,87,75,667</u>	<u>2,72,05,380</u>

NOTE : 24

<u>COST OF MATERIALS CONSUMED:</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Opening Stock (Natural Gas)	19,74,775	14,87,269
Add: Purchases*	47,78,57,895	47,31,58,953
Add: Product transshipment Charges	6,56,38,755	6,20,76,311
Sub Total:	<u>54,54,71,425</u>	<u>53,67,22,533</u>
Less: Closing Stock	16,65,812	19,74,775
Total	<u>54,38,05,613</u>	<u>53,47,47,758</u>

* Includes MGO Charges, Overrun Charges, Gas transportation, CST@ 2%, Positive and Negative imbalances Charges.

Note : 25

<u>PURCHASES OF STOCK IN TRADE:</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Purchases of ALPG	90,36,302	89,39,727
Add: Freight Charges	-	4,43,556
	<u>90,36,302</u>	<u>93,83,283</u>

* Includes Inter State sales tax paid on purchases of ALPG

NOTE : 26

<u>CHANGES IN INVENTORIES:</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Finished Goods (CNG)		
Opening Stock	6,34,682	6,24,731
Closing Stock	9,76,348	6,34,682
(-) Increase/ Decrease of Inventory	<u>(3,41,666)</u>	<u>(9,951)</u>

Change in Accounting Policy:

26.1 There is a change in formula for valuation of Closing Stock of Finished Goods as of 31.03.2016 which has been modified vis-a-vis the one applied as of 31.03.2015. This has resulted in a higher value of the closing stock by Rs. 3,20,270/- and Profit Before Tax for the year is higher by Rs. 3,20,270/- and Reserves and Surplus is Higher by Rs. 2,54,970 (Net of Taxes of Rs. 65,300/-).



BHAGYANAGAR GAS LIMITED
 Parishrama Bhavan, Basheerbagh, Hyderabad
 Notes forming Part of Statement of Profit & Loss for the year ended 31st March, 2016

NOTE : 27

<u>EMPLOYEE BENEFITS EXPENSES</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Manpower Cost	3,16,37,362	3,06,88,704
Contribution towards Provident Fund	10,50,231	9,37,047
Gratuity Expenses	4,50,452	5,27,903
Leave Encashment Expenses	17,03,072	8,17,386
LFA Expenses	11,45,791	3,70,543
Other Welfare Expenses	12,93,614	13,49,062
	<u>3,72,80,522</u>	<u>3,46,90,645</u>

NOTE : 28

<u>FINANCE COST</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Interest on Borrowings		
- Banks	7,71,29,704	10,05,12,449
- Others	16,80,00,002	16,80,00,002
	<u>24,51,29,706</u>	<u>26,85,12,451</u>
Less: Interest apportioned to Fixed Assets and CWIP	5,05,29,138	5,09,03,619
	<u>19,46,00,568</u>	<u>21,76,08,832</u>

NOTE : 29

<u>OTHER EXPENSES</u>	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Advertisement	18,21,842	8,66,943
Business Promotion	5,02,667	4,48,957
Vehicle hire and running expenses	54,18,237	49,47,984
Power & Fuel	3,50,63,080	3,21,93,810
Insurance	16,78,186	19,64,307
Technical Assistances Services	2,23,77,388	1,98,56,905
Postage & Courier	1,47,206	1,54,544
Printing & Stationery	6,96,295	6,21,515
Rent, Rates & Taxes [Refer to Note No. 46]	89,76,054	83,73,797
Repairs & maintenance - Buildings	63,504	83,580
Repairs & maintenance - others	9,08,576	6,22,152
Repairs & maintenance - Plant & Machinery	5,24,59,737	3,93,89,107
Security Services	34,96,408	37,16,530
Telephonic Charges	10,40,253	12,07,956
Travelling Expenses	26,53,944	28,35,275
Professional Charges	19,21,596	25,13,786
Training cum Conference	54,222	6,62,005
Audit Fees [Refer to Note No. 36]	5,97,392	4,11,752
Bank Charges	22,47,321	28,80,511
Infructuous Expenditure	-	2,78,18,007
Foreign Exchange Fluctuation	14,89,452	9,91,484
Hookup Charges RGTEL - Hyderabad	2,70,72,444	2,70,72,444
Railway Way leave Charges	36,58,210	36,26,262
NHAI Way Leave Charges	2,85,206	-
Corporate Social Responsibility Expenses	-	19,24,000
Miscellaneous Expenses	13,85,015	1,93,753
	<u>17,60,14,235</u>	<u>18,53,77,366</u>

NOTE : 30

PRIOR PERIOD EXPENSES/ (INCOME)

	<u>2015-16</u> <u>RUPEES</u>	<u>2014-15</u> <u>RUPEES</u>
Depreciation and Amortisation	52,66,492	0
Finance Cost	29,80,799	0
CSR Provision FY 2014-15 Written Back	(19,24,000)	0
Interest on Electricity Deposits	(2,25,510)	0
Insurance Claims	(6,62,190)	0
Others	38,97,518	(10,67,860)
	<u>93,33,109</u>	<u>(10,67,860)</u>



31. The company has commissioned CNG Mother Station, CNG Daughter Stations, and ALPG Station and has given PNG Connections over the years as under:

Description	Numbers		Place	Numbers	
	2015-16	2014-15		2015-16	2014-15
CNG Stations	33	32	Hyderabad	21	20
			Vijayawada	8	8
			Kakinada	3	3
			Rajahmundry	1	1
ALPG Stations	1	1	Tirupathi	1	1
PNG Connections - Domestic	4270	3163	Hyderabad	1127	824
			Vijayawada	412	184
			Kakinada	2731	2155
PNG Connections - Commercial	46	46	Hyderabad	5	5
			Vijayawada	3	3
			Kakinada	38	38
PNG Connections - Industrial	3	3	Hyderabad	3	3
			Vijayawada	-	-
			Kakinada	-	-

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

32. Contingent Liabilities & Commitments:

Contingent Liabilities not provided for-

A. In respect of the following disputed demands/ claims since they are subject to appeals/ representations filed by the company		
Particulars	2015-16 Amt in Rs.	2014-15 Amt in Rs.
i. A.P. Value Added Tax	16,72,950	Nil
ii. Central Excise	38,27,422	37,76,758
iii. Andhra Pradesh State Road Transport Corporation	1,42,58,787	1,42,58,787
iv. GAIL (India) Limited	Nil	6,88,176
Total	1,97,59,159	1,87,23,721



B. In respect of appeals filed against the company		
Particulars	2015-16 Amt in Rs.	2014-15 Amt in Rs.
i. Income Tax	1,20,26,582	1,63,10,777
Total	1,20,26,582	1,63,10,777
C. Guarantees given		
Particulars	2015-16 Amt in Rs.	2014-15 Amt in Rs.
i. PNGRB- VJA, HYD and KKD	15,50,00,000	15,50,00,000
ii. NHAI	Nil	3,36,000
iii. Vijayawada Municipal Corporation	38,00,000	Nil
iv. RGTIL and GAIL	7,11,99,995	8,27,88,326
Total	22,99,99,995	23,81,24,326

Commitments -

- i) 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. The company has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also the Company has represented the matter to the concerned authorities as the delay is on account of various factors most of them being beyond the control of the company.
- ii) In respect of City Gas Distribution activities in Kakinada, PNGRB in May, 2013, invoked the PBG and claimed Rs.1,33,54,500/- for non-achievement of milestones as set out in the authorization. Challenging this, Writ Petition was filed immediately in the High Court of Andhra Pradesh, which has granted stay. The matter is sub judice.
- iii) BGL has suo moto filed writ petitions in November 2015 before the Hon'ble High Court of A.P. and Telangana against PNGRB to stay any invocation of PBGs amounting to Rs. 10,00,00,000 and Rs.4,00,00,000 issued to them for the GAs of Hyderabad and Vijayawada, respectively, on the grounds of force majeure conditions for non-performance. Interim stay has been granted and the matter is sub judice.
- iv) BGL has entered into agreements with APSRTC (Valid for the successor TSRTC) for supply of CNG of varying quantities to their buses operating out of Vidhyadharapuram, Governorpet-II and Ibrahimpatnam depots in Vijayawada as also to Medhcal, Hakimpet and Cantonment depots operating in Hyderabad.



33. Estimated amount of Contracts remaining to be executed on Capital Account not provided for

Particulars	2015-16 (Rupees)	2014-15 (Rupees)
Estimated amount of Contracts remaining to be executed on Capital Account not provided for	35,26,19,375	21,45,25,809

34. Corporate Social Responsibility (CSR)

- i) As per the provisions of the Section 135 of the Companies Act 2013 and CSR Rules 2014, the company is required to spend amount of 2% of net profits, computed as per provisions of Section 198 of the Companies Act 2013, average of the immediately preceding three financial years, on permissible CSR activities. During the year, the Company has formulated a CSR policy and has also constituted a CSR committee.
- ii) The Provision for CSR Expenditure of Rs. 19,24,000/- created in the FY 2014-15 is reversed in the current FY in terms of Para 8 of the Guidance Note issued by the Institute of Chartered Accountants of India on accounting for expenditure on Corporate Social Responsibility Activities.
- iii) The amount required to be spent by the company during the year is Rs.22,91,000/-. BGL is committed to complying with the requirements of the Companies Act on CSR and shall accordingly do the needful in the subsequent financial years.

35. Long term contracts and derivatives contract in any financial years

The company has long term contracts for supply of gas. There are no foreseeable losses on such contracts. The company does not have any derivatives contract.

36. Remuneration to Statutory Auditors:

Particulars	2015-16 (Rupees)	2014-15 (Rupees)
a. Statutory Audit	2,50,000	1,65,000
b. Tax Audit	50,000	35,000
c. Transfer Pricing Audit Fee	40,000	1,00,000
d. Out of Pocket Expenses (Previous Statutory Auditors)	3,38,822	74,672
e. Service Tax	(81,430)	37,080
Total	5,97,392	4,11,752



37. Managerial Remuneration:

Particulars	2015-16 (Rupees)	2014-15 (Rupees)
Managerial Remuneration: *		
Salary & Allowances	1,10,71,316	99,51,538
Transport cost (car)	9,40,436	7,82,285
* 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 include service tax.		

38. C.I.F Value of Imports during the Year.

Particulars	2015-16 (Rupees)	2014-15 (Rupees)
C.I.F Value of Imports during the Year.		
- Stores and Spares	6,49,093	NIL

39. Earning in Foreign Currency

Particulars	2015-16 (Rupees)	2014-15 (Rupees)
Earning in Foreign Currency		
Sale of Bid	NIL	NIL

40. Un-hedged foreign currency exposure at year end

Particulars	2015-16	2014-15
Un-hedged foreign currency exposure at year end - Payable to Suppliers in USD	3,98,026	3,98,026



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

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
	Quantity in KG	In Rupees	Quantity in KG	In Rupees
Opening Stock				
1.Natural Gas	1,16,064	19,74,775	1,15,118	14,87,269
2.CNG	27,168	6,34,682	28,526	6,24,731
3.ALPG	Nil	Nil	Nil	Nil
Total (1+2+3)	1,43,232	26,09,457	1,43,644	21,12,000
Purchases				
1.Natural Gas	2,99,55,940	47,78,57,895	2,82,98,107	47,31,58,953
2.ALPG	1,43,200	90,36,302	1,31,400	93,83,283
Total (1+2)	3,00,99,140	48,68,94,197	2,84,29,507	48,25,42,236
Sales				
1.CNG	2,74,49,585	120,21,77,678	2,58,29,052	117,09,28,391
2.PNG	3,31,106	1,14,86,075	7,29,220	3,83,48,539
3.ALPG	1,43,200	90,36,303	1,31,400	94,35,252
Total (1+2+3)	2,79,23,891	122,27,00,056	2,66,89,672	121,87,12,182
Closing Stock				
1.Natural Gas	1,18,558	16,65,812	1,16,064	19,74,775
2.CNG	29,197	9,76,348	27,168	6,34,682
3.ALPG	Nil	Nil	Nil	Nil
Total (1+2+3)	1,47,755	26,42,160	1,43,232	26,09,457

Note:

- i) Difference in Opening Stock, Purchases, sales and closing Stock of gas quantities is on account of gas distribution process losses of 21,70,726 KGs (Previous Year 17,40,247 KGs)
- ii) Natural gas is purchased in SCM and Compressed Natural Gas (CNG) is sold in KGS. Piped Natural Gas (PNG) is sold in SCM.
- iii) ALPG is purchased and sold in KGs.
- iv) Sale of CNG is net of discounts and gross of excise duty



42. Earnings per share (EPS) (AS -20)

Description	2015-16	2014-15
Net Profit / (Loss) after current and deferred tax	5,39,62,577	2,07,97,595
No. of Equity Shares of Rs 10/- each	4,50,25,000	4,50,25,000
EPS (Rs) - Basic	1.20	0.75
EPS (Rs) - Diluted	1.08	0.64

43. Details of transactions with Related Parties during the year:

Name of the Related Party	HPCL	GAIL	(in Rs.)	
			RSGL	IGL
Nature of Relationship	Joint Venture	Joint Venture	GAIL JV	GAIL JV
Nature of transaction:				
Purchases :				
- Auto LPG	90,36,302		-	-
- Natural Gas		45,67,48,450	-	-
Sales - CNG	58,97,78,723		-	-
Manpower cost of employees on deputation	96,65,465	1,58,40,527	-	-
LC with GAIL		6,77,90,995	-	-
Sale of stores and spares			86,71,867	4,36,18,338
Interest on Bridge Loan	8,40,00,001	8,40,00,001	-	-

44. Employee Benefits

i) **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.

ii) **Defined Benefit Plan** -

a) **Gratuity**

The amount recognised as an expense in respect of gratuity Rs. 4,50,452 (Previous Year Rs. 5,27,903). Disclosure under AS-15 is as under:



Particulars	2015-16 (Rupees)	2014-15 (Rupees)
1. Change in Benefit Obligations		
a. PVO at the beginning of the year	18,30,952	13,03,049
b. Interest Cost	1,36,447	1,19,750
c. Current Service Cost	5,03,464	5,65,609
d. Benefits Paid	(2,50,731)	Nil
e. Actuarial (Gain)/ Loss on obligation	(1,89,459)	(1,57,456)
f. PVO at the end of period	20,30,673	18,30,952
2. Expenses recognised in the statement of Profit and Loss.		
a. Current Service cost	5,03,464	5,65,609
b. Interest Cost	1,36,447	1,19,750
c. Net actuarial (Gain)/ Loss recognised for the period	(1,89,459)	(1,57,456)
d. Expenses recognised in the statement of P&L A/c	4,50,452	5,27,903
3. Amount recognised in the Balance Sheet Date		
a. PVO at the end of the period	20,30,673	18,30,952
b. Funded Status	(20,30,673)	(18,30,952)
c. Net Asset/ (Liability) recognised in the balance sheet	(20,30,673)	(18,30,952)
4. Changes in the Fair Value of Plan Assets		
a. Fair Value of the plan assets at the beginning of the period	-	-
b. Contributions	2,50,731	-
c. Benefits Paid	(2,50,731)	-
d. Fair Value of the plan assets at end of period.	-	-
5. Principal Actuarial Assumptions at Balance Sheet date		
Discount Rate	7.46%	8.00%
Annual Increase in Salary	10.00%	10.00%
Mortality Table Refereed	IALM (2006-08) Ult.	

b) Leave Encashment

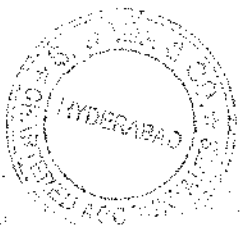
Based on the actuarial Valuation, amount recognised as an expense in the Statement of Profit or Loss is Rs.40,206 (Previous Year Rs.8,17,386). Disclosure under AS-15 is as under:



Particulars	2015-16 (Rupees)	2014-15 (Rupees)
1. Change in Benefit Obligations		
a. PVO at the beginning of the year	17,53,651	12,46,903
b. Interest Cost	94,017	1,00,317
c. Current Service Cost	8,09,663	6,54,784
d. Benefits Paid	(11,56,867)	(3,10,638)
e. Actuarial (Gain)/ Loss on obligation	(8,63,474)	62,285
f. PVO at the end of period	6,36,990	17,53,651
2. Expenses recognised in the statement of Profit and Loss.	2015-16 (Rupees)	2014-15 (Rupees)
a. Current Service cost	8,09,663	6,54,784
b. Interest Cost	94,017	1,00,317
c. Net actuarial (Gain)/ Loss recognised for the period	(8,63,474)	62,285
d. Expenses recognised in the statement of P&L A/c	40,206	8,17,386
3. Amount recognised in the Balance Sheet Date		
a. PVO at the end of the period	6,36,990	17,53,651
b. Funded Status	(6,36,990)	(17,53,651)
c. Net Asset/ (Liability) recognised in the balance sheet	(6,36,990)	(17,53,651)
4. Changes in the Fair Value of Plan Assets		
a. Fair Value of the plan assets at the beginning of the period		
b. Contributions	11,56,867	3,10,638
c. Benefits Paid	(11,56,867)	(3,10,638)
d. Fair Value of the plan assets at end of period		
5. Principal Actuarial Assumptions at Balance Sheet date		
Discount Rate	7.46%	8.00%
Annual Increase in Salary	10.00%	10.00%
Mortality Table Referred	IALM (2006-08) Ult..	

45. Segment Reporting

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



46. Operating Leases

Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, Pressure Reduction Skid (PRS), warehouse, and properties for use by the Company. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses is recognized in the Statement of Profit & Loss and forms part of Rent, Rates and Taxes.

47. 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.

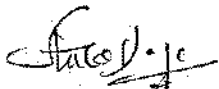
The Company does not owe any sum to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the act). Based on the details regarding the status of the suppliers, to the extent obtained, no supplier is covered under the Act. The auditors have relied upon the management representation in this regard.

48. Management has made an assessment on the impairment of assets and observed that there are no assets whose value got impaired.
49. Figures have been rounded off to nearest rupee.
50. Previous year figures have been regrouped and / or rearranged wherever necessary to confirm with current year groupings

As per our report of even date

For S. Daga & CO., For and on behalf of the Board of Directors

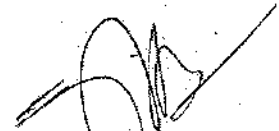
Chartered Accountants,
Firm Registration No. 0006695



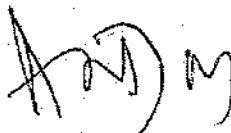
CA Shanti Lal Daga
Partner
Membership No. 011617



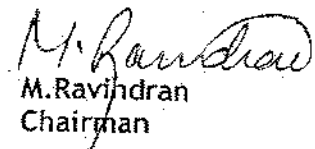
Malleswari G.
Company Secretary



R. Sridhar
Director Commercial
-cum- CFO



A.K. Das
Managing Director



M. Ravindran
Chairman

Place: New Delhi
Date: 12-05-2016

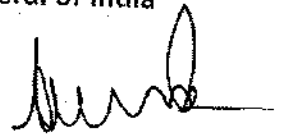


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF BHAGYANAGAR GAS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Bhagyanagar Gas Limited, Hyderabad for the year ended on 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on the independent audit in accordance with the Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 12 May 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of Bhagyanagar Gas Limited, Hyderabad for the year ended on 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report.

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



**(Arabinda Das)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad**

**Place: Hyderabad
Date: 01 July 2016**

ATTENDANCE SLIP

Bhagyanagar Gas Limited

J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad - 500 004
CIN: U40200TG2003 PLC041566 Website:www.bglgas.com E-
mail:corporatehqo@bglgas.com; Phone :040- 66566986;Fax:04066565081

Folio No/ Client Id: DP ID :

Name of the Shareholder (s):

Registered address :

E-mail Id :

I hereby record my presence at the 13th Annual General Meeting of Bhagyanagar Gas Limited at Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad - 500 004 on Wednesday, 28th September, 2016 at 10.30 A.M.

Signature of Shareholder/Proxy holder

NOTES:

1. Shareholders (s) present in person or through registered proxy shall only be entertained.
2. No gifts will be distributed at Annual General Meeting.

PROXY FORM
BHAGYANAGAR GAS LIMITED

J.V of GAIL (INDIA) LIMITED & HPCL

Regd. Office: Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad - 500 004
CIN: U40200TG2003 PLC041566 Website:www.bglgas.com E-mail:corporatehq@bglgas.com Phone :040-66566986; Fax:04066565081

Name of the Shareholder :

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 13th Annual General Meeting of the members of Bhagyanagar Gas Limited will be held on Wednesday, 28th day of September 2016 at 10.30 a.m. at registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

SN. No.	Matter of resolution	Vote	
		For	Against
Ordinary Business			
1	To receive, consider and adopt the audited Financial Statements for the financial year ended 31 st March, 2016 and Report of Board of Directors' and Auditors' Report thereon.		
2	To appoint a Director in place of Shri A.K.Das (DIN 07209092) who retires by rotation, and being eligible, offers himself for re-appointment.		

3	To authorize the Board of Directors of the Company to fix the remuneration of Statutory Auditors for the FY 2016-17 M/s S.DAGA & CO., as Statutory Auditor(s) appointed by Comptroller and Auditor General of India in terms of the provisions of Section 142 of the Companies Act, 2013.		
Special Business			
4	Appointment of Shri. Shiv Dayal Akheramka, (DIN 07511407) as Director on the Board.		
5	Appointment of Shri. Shiv Dayal Akheramka, (DIN 07511407) as Whole Time Director on the Board.		
6	Remuneration to Cost Auditors for financial year 2016-17.		
7	Issue of shares on preferential basis to APIIC:-		

Signed this.....day of..... 2016

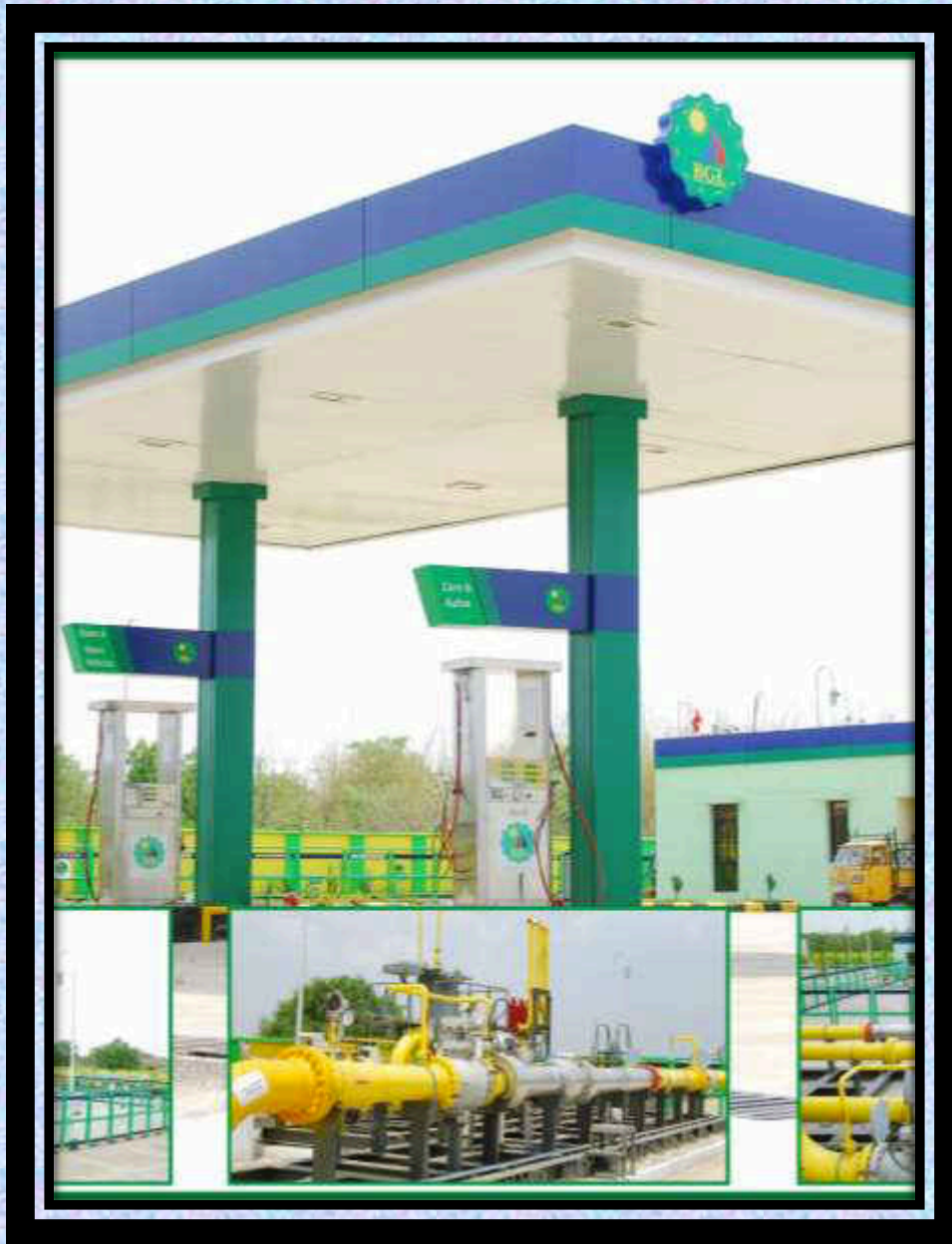
Affix revenue stamp

Signature of sharcholder :

Signature of Proxy holder(s):

Note:

1. 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.
2. The proxy form should be signed across the stamp.
3. Appointing a proxy does not prevent a member from attending the meeting in person if so wishes.



BHAGYANAGAR GAS LIMITED

13th Annual Report 2015-16