



Bhagyanagar Gas Ltd.

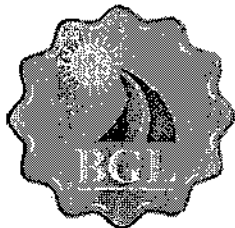
# Bhagyanagar Gas Limited

A Joint Venture of GAIL & HPCL



Bhagyanagar Gas Ltd.

**14<sup>th</sup> Annual Report  
2017**



Bhagyanagar Gas Ltd.

**14<sup>th</sup> Annual Report  
2016-2017**

## **CORPORATE INFORMATION**

### **PRESENT BOARD OF DIRECTORS**

Mr. S.P.Gupta, Chairman  
Mr. Narendra Kumar, Director  
Mr. P.A.B.Raju, Independent Director  
Mr. Rajesh Ved Vyas, Independent Director  
Mr. A.K. Das, Managing Director  
Mr. Sanjiv Gujral, Director Commercial cum C.F.O

### **NOMINATION & REMUNERATION COMMITTEE**

Mr. Narendra Kumar, Chairman  
Mr. S.P.Gupta, Member  
Mr. P.A.B.Raju, Member

### **AUDIT COMMITTEE**

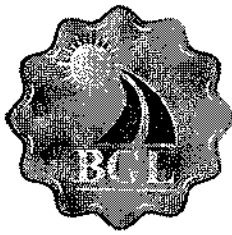
Mr. P.A.B.Raju, Chairman  
Mr. A.K. Das, Member  
Mr. Sanjiv Gujral, Member

### **CSR COMMITTEE**

Mr. P.A.B.Raju, Chairman  
Mr. A.K. Das, Member  
Mr. Sanjiv Gujral, Member

### **COMPANY SECRETARY**

Mrs. Malleswari.G



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## **STATUTORY AUDITORS**

M/s S.DAGA & CO ., Chartered Accountants

## **INTERNAL AUDITORS**

M/s C.Ramachandram & Co., Chartered Accountants

## **COST AUDITORS**

M/s 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

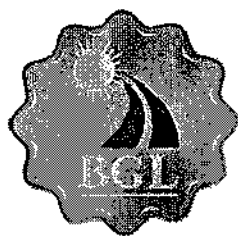
## **REGISTERED OFFICE**

Second Floor, Parisrama Bhawan, APDIC Building,  
Basheer Bagh, Hyderabad - 500 004  
Tel: 040 - 66566986 Fax: 040 66565081  
Website: [www.bglgas.com](http://www.bglgas.com)

## **REGISTRAR & TRANSFER AGENT:**

### **KARVY COMPUTERSHARE PRIVATE LIMITED**

Karvy Selenium Tower B, Plot No 31 & 32  
Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 032.  
Tel No. 040-67162222 E-mail : [einward.ris@karvy.com](mailto:einward.ris@karvy.com) Web Site : [www.karvy.com](http://www.karvy.com)  
Regd. Office: Karvy House 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034.



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

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**NOTICE OF 14<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that 14<sup>th</sup> Annual General Meeting of the Members of Bhagyanagar Gas Limited will be held on Friday, 22<sup>nd</sup> September 2017 at 11.30 A.M. at the Registered Office of the Company situated 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 prepared on IND AS basis for the financial year ended 31<sup>st</sup> March, 2017 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 remuneration of Statutory Auditors for the FY 2017-18 the Statutory Auditor(s) to be 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 Dr. Narendra Kumar (DIN 0006571708) as Director on the Board.

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

"RESOLVED THAT, Shri Narendra Kumar (DIN 0006571708) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 18<sup>th</sup> January 2017 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. Appointment of Shri Satya Prakash Gupta (DIN 0007236361) as Director on the Board.

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

"RESOLVED THAT, Shri Satya Prakash Gupta (DIN 0007236361) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 5<sup>th</sup> April 2017 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. Appointment of Shri Sanjiv Gujral (DIN 07808552) as Director on the Board.

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

"RESOLVED THAT, Shri Sanjiv Gujral, (DIN 0007808552) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 29<sup>th</sup> April 2017 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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**7. Appointment of Shri Sanjiv Gujral ( DIN 07808552) as Whole Time Director on the Board.**

To consider, and if thought fit, to pass with or without modification(s), the following resolutions 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 Sanjiv Gujral ( DIN 07808552) as, as Whole Time Director designated him as Director Commercial cum C.F.O for a period of three years with effect from 29<sup>th</sup> April 2017 to 28<sup>th</sup> April 2020 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."

**8. Appointment of Shri Rajesh Vedvyas (DIN 000 2283035) as Director on the Board.**

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

"RESOLVED THAT, Shri Rajesh Vedvyas (DIN 000 2283035) who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 12<sup>th</sup> June 2017 and in terms of section 161 of the Companies Act, 2013, and who holds office up to the date of this Annual General Meeting and is eligible for appointment in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

**9. Appointment of Shri Rajesh Vedvyas (DIN 000 2283035) 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 pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules framed there under read with Schedule IV to the Act, as amended from time to time, Shri Rajesh Vedvyas (DIN 000 2283035) a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, with effect from 12<sup>th</sup> June 2017 up to 11<sup>th</sup> June 2020."



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**10. Remuneration to Cost Auditors for the financial year 2017-18.**

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 authorised to fix the remuneration to Cost Auditor (s) to be appointed by the BOD of the Company, to conduct the Audit of cost records of the various units of the Company for the financial year 2017-18."

**11. 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 at agreed price of face value of Rs. 10/- (Rupees ten only) per equity share to APIIC on a preferential basis.

**RESOLVED FURTHER THAT** the Shares to be offered, 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 interests of the Company and its shareholders."

**12. Alteration of Article 5 (1), 6 and 38 in the Articles of Association of the Company:-**

To consider and if deemed fit to pass, with or without modification, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 the existing Article 5 (1), 6 and 38 of the Articles of association of the company be and is here by altered by substituting the new Articles 5 (1), 6 and 38 in the place of old Articles 5 (1), 6 and 38 in following manner:-

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New Article 5 (1):- Except as permitted in these Articles, the Equity Shares shall at all times be held by each of the Shareholders in the following proportions, provided that, to the extent Government of Andhra Pradesh has not subscribed to 05.0% of the Paid-Up Capital, each of the Sponsors shall subscribe equally to such unsubscribed portion of the Equity Shares:

- (a) GAIL : Up to a maximum 50% of the Paid-Up Capital along with its Affiliates.
- (b) HPCL : Up to a maximum of 50% of the Paid-Up Capital along with its Affiliates.

In case Government of Andhra Pradesh does not subscribe, either full of part, to the Equity capital of the Company, such unsubscribed percentage of Shares offered to Government of Andhra Pradesh, shall be subscribed to equally by GAIL and HPCL. Similarly, out of the maximum 49% of the shareholding offered to Strategic Investors/Public/Financial Institutions, private parties and/or the public, no single investor along with its affiliate shall hold more than 10% of the Equity of the Company. Except as otherwise agreed to herein, none of the Shareholders, directly or indirectly (whether or not through their Affiliates), shall (i) own (legally or beneficially), or acquire voting rights with respect to, any Equity Shares in excess of the percentages specified above; or (ii) enter into any agreement, arrangement or understanding that obligates it to vote the Equity Shares owned by it in any specific manner with respect to any matter.

**New Article 6:**

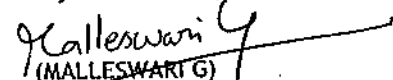
The Board may (in the manner provided in Article 42 hereof and as agreed to by the Parties in writing) from time to time, make a right issue, preferential issue, ESOPS, SWEAT Equity, any other mode issue of shares in accordance with Section 62 of the Act, 2013 provided that (i) the Sponsors shall, always collectively or jointly hold not less than 26% of the Paid-Up Capital; and (ii) the renunciation of Equity Shares and/or the disposition of Equity Shares not subscribed to by the Shareholders/renounces shall not be made to any Third Party that is engaged, directly or indirectly in any business activity that is similar to or competitive with the business or in a manner whereby the Company would become a Government Company or a Company subject to the provisions of Section 2(45) of the Companies Act, 2013.

**New Article 38:**

The Directors may meet as a Board for the dispatch of business from time to time, and hold a minimum number of 4 meetings every year in such manner that not more than 120 days shall intervene between two consecutive Board Meetings as per Companies Act 2013, as amended from time to time. The Directors may adjourn and otherwise regulate their meetings as they think fit."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Mr. A.K.Das , Managing Director or Mr. Sanjiv Gujral, Director Commercial cum C.F.O and Ms. Malleswari G, Company Secretary of the Company be and is hereby severally authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Ministry of Corporate Affairs.

"By order of the Board

  
(MALLESWARI G)  
COMPANY SECRETARY

Registered Office:  
2 nd Floor, Parishram Bhavan,  
APIDC Building,  
Basheerbagh, Hyderabad -500 004  
CIN: U40200TG2003PLC041566  
Web:www.bglgas.com  
Phone :040-66566986  
Date: 24.08.2017  
Place: Hyderabad



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**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.
5. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.

**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.

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

**ITEM NO 4**

Dr. Narendra Kumar (0006571708) was appointed as an Additional Director by the Board of Directors with effect from 18<sup>th</sup> January 2017 in accordance with the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company.

Dr. Narendra Kumar is a Ph.D scholar and an Electrical Engineering Graduate possesses a rich and diverse experience encompassing over 35 years in Hydrocarbon & Fertilizer industry in the areas of Projects, O&M, Gas Pipeline Integrity Management and City Gas Business, out of which for last 10 years have been working independently, as Officer-In-charge in GAIL and MD in IGL.

Dr. Kumar has been involved in Projects, Operations & Maintenance of pipeline infrastructure for 25 years at various locations spread across the country. He has had the experience of looking after the operations & maintenance of GAIL's prestigious first Cross Country natural gas pipeline Hazira - Vijapur - Jagdishpur pipeline and also of KG basin pipelines apart from construction work of new pipelines.

A specialist in the field of Corrosion Control of underground pipeline, Dr. Kumar has many achievements to his credit. He was the convener of the committee which formulated various BIS standards and OISD Standards for cross country pipelines on corrosion control, Cathodic Protection and Coatings.

Dr. Kumar has published umpteen numbers of papers at National & International conferences, worked as Faculty member for NACE and GTI. He is President, North Zone of NACE International.

He also won "Corrosion Award" and "Meritorious Award". Apart from being an avid reader and writer, he is a complete sports enthusiast having keen interest in 'Golf' Swimming and 'Marathon Running'.

Dr. Narendra Kumar is interested in this resolution to the extent of his appointment as a Director. The relatives of Dr. Narendra Kumar may be deemed to be interested in the resolution set out at Item No. 4 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualification	Electrical Engineering
Experience	35 years
Date of first appointment	18.01.2017
Relationship with other Key Managerial Personnel (KMPs) and Directors	No Relationship with other Key Managerial Personnel (KMPs) and Directors
Shareholding in the Company	NIL
Other director ships & membership in committees in other Boards	NIL
No. of Meetings of the Board attended from the 01-04-2016 to 31-03-2017 after from the date of his appointment.	3

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No other 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 members.

The Directors recommend the resolution for approval by the shareholders as an Ordinary Resolution.

**ITEM NO 5**

Shri Satya Prakash Gupta, was appointed as an Additional Director by the Board of Directors with effect from 5<sup>th</sup> April 2017 in accordance with the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company.

Shri Satya Prakash Gupta is a Chartered Accountant from the Institute of Chartered Accountants of India and posses a rich and diverse experience over 35 years in various fields in HPCL.

Shri Satya Prakash Gupta is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Satya Prakash Gupta may be deemed to be interested in the resolution set out at Item No. 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualification	Chartered Accountant
Experience	30 years
Date of first appointment	05.04.2017
Relationship with other Key Managerial Personnel (KMPs) and Directors	No Relationship with other Key Managerial Personnel (KMPs) and Directors
Shareholding in the Company	NIL
Other director ships	1. CREDA-HPCL Biofuel Ltd 2. Godavari Gas Private Limited 3. Petronet India Ltd 4. Petronet MHB Ltd
No. of Meetings of the Board attended from the 01-04-2016 to 31-03-2017 after from the date of his appointment.	Nil, His appointment date is 5 <sup>th</sup> April 2017

No other 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 members.

The Directors recommend the resolution for approval by the Shareholders as an Ordinary Resolution.

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**ITEM NO 6 & 7**

As per the recommendations of "Nomination and Remuneration Committee" Board of Directors have appointed Shri Sanjiv Gujral, nominee of HPCL, as Whole Time Director and designated him as Director Commercial cum C.F.O of Bhagyanagar Gas Limited for a period of three years with effect from 29<sup>th</sup> April 2017 to 28<sup>th</sup> April 2020 in pursuance of Article 31 of the Articles of Association of the Company and the provision of Section 196, 197, 198 and schedule V of the Companies Act, 2013.

In this regard, the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company.

Shri Sanjiv Gujral, is a Chartered Accountant. He has over 27 years of experience in various fields. He joined in HPCL in 1990 and handled various assignments during his tenure in HPCL with exposure of having worked at Budget & MIS at HPCL HQO, LPG Projects, Internal Audit, Zonal Finance and OCC/PPAC.

The terms and conditions of the appointment of Shri Sanjiv Gujral (Emp.No.31903770) of HPCL, who is on deputation to BGL appointed as Whole Time Director and Designated him as Director Commercial cum C.F.O are as under:-

**PERIOD:**

3 years w.e.f., 29<sup>th</sup> April 2017 to 28<sup>th</sup> April 2020.

**REMUNERATION:-**

Basic Salary per month Rs.73,000/-

In addition he is entitled to variable D.A., Professional Pursuit Allowances, House maintenance/up keeping allowances and other allowances, as per rules of HPCL. (Latest payslip attached as Annexure I)

Annual Increment : As per rules of HPCL

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

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

As per Section 197 (1) of the Companies Act, 2013 the total managerial remuneration payable by public company, to its directors, including Managing Director and Whole Time Director and its manager in respect of any financial year shall not exceed 11% of net profits of the Company.

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However, as per Section 197(3) of the Companies Act, 2013 if any financial year, company has no profits or its profits are inadequate, managerial remuneration payable to managing director and whole time director shall be as per the limits specified in Section II of Part II of Schedule V of the Companies Act, 2013.

Shri Sanjiv Gujral is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Sanjiv Gujral may be deemed to be interested in the resolution set out at Item No6&7 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualification	Chartered Accountant
Experience	27 years
Date of first appointment	29. 05.2017
Relationship with other Key Managerial Personnel (KMPs) and Directors	No Relationship with other Key Managerial Personnel (KMPs) and Directors
Shareholding in the Company	NIL
Other director ships	NIL
No. of Meetings of the Board attended from the 01-04-2016 to 31-03-2017 after from the date of his appointment.	Nil, His appointment date is 29 <sup>th</sup> May 2017

No other Directors, Key Managerial Personnel and/or their relatives, is/are interested or concerned, financially or otherwise in the resolutions 6 &7 of the Notice.

Your Directors recommend the resolution for approval of Shareholders as a Special Resolution.

**ITEM NO. 8 & 9**

Shri Rajesh Ved Vyas , was appointed as an Additional Director by the Board of Directors with effect from 12<sup>th</sup> June 2017 in accordance with the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and he holds office up to the date of the ensuing Annual General Meeting.

In this regard, the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from him proposing candidature of himself for appointment as Director.

Shri Rajesh Ved Vyas is Engineer in Electronics and Communication and posses a rich and diverse experience over 37 years experience in Oil and Gas Industry. 26 years worked in GAIL in Various departments as Head of Unit/Project/Business of important projects in the midstream(Transmission Pipelines) and downstream(City gas Distribution), Head of Telecom the new Venture and Business Vertical, Regional Marketing Head in South(Hyderabad) of all businesses of GAIL, held important portfolio of international gas sourcing, Head of Joint Venture group in the GAIL's Corporate office and 3 years as Managing Director of Indraprastha Gas Limited (IGL), a billion dollar Private company based in national capital in field of city gas distribution & pioneer in CNG and 8 years in Indian Oil Corporation in Corporate Project planning and execution of telecom and SCADA projects along the Crude oil and product pipelines before superannuating Executive Director as Head-International Gas Sourcing & Head- Joint Ventures in GAIL.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act"), an Independent Director shall hold office for a term up to three consecutive years on the Board of a Company and is not liable to retire by rotation. Shri. Shri Rajesh Ved Vyas has given a declaration to the Board that he meets the criteria of independence as provided under Section 149 (6) of the Act.

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

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In the opinion of the Board, Shri Rajesh Ved Vyas fulfills the conditions specified in the Act and the Rules made there under for appointment as Independent Director and he is independent of the management. It would be in the interests of the Company to appoint Shri Rajesh Ved Vyas, Director as an Independent Director of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri. Shri Rajesh Ved Vyas as an Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

Shri Rajesh Ved Vyas is interested in this resolution to the extent of his appointment as a Director. The relatives of Shri Rajesh Ved Vyas may be deemed to be interested in the resolution set out at Item No.8 & 9 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Qualification	Engineer in Electronics and Communication
Experience	37 years
Date of first appointment	12.06.2017
Relationship with other Key Managerial Personnel (KMPs) and Directors	No Relationship with other Key Managerial Personnel (KMPs) and Directors
Shareholding in the Company	NIL
Other director ships	NIL
No. of Meetings of the Board attended from the 01-04-2016 to 31-03-2017 after from the date of his appointment.	Nil, His appointment date is 12 <sup>th</sup> June 2017

No other 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 members.

The Directors recommend the resolution for approval by the Shareholders as an Ordinary Resolution.

**ITEM NO. 10 :**

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 members taken in the 13<sup>th</sup> Annual General Meeting, for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2016-17.

The Board of Directors of the Company passed a resolution for appointment and remuneration payable to 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.

Cost auditors for FY 2017-18 are yet to be appointed by the Board, therefore, consent of the members is sought for authorizing the Board to approve the remuneration payable to the Cost Auditors for the financial year 2017-18.

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 as an ordinary Resolution.

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**ITEM No 11**

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

At the 13<sup>th</sup> Annual General Meeting of the Company held on September 28<sup>th</sup>, 2017, 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 12 months 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 50,00,000 shares of Rs.10/- to Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) and/or its successor in terms of the A.P.Reorganization Act, 2014, is being putting to the members 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, as per the understanding between APIIC and BGL and based on land allocation given to BGL in the year 2009

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

APIIC has given the parcel of lands 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 parcel of lands were 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:8 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:**



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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 H.K. Garg Jointly with GAIL	1	0.00%
4	Shri Kishore Kumar jointly with GAIL	1	0.00%
5	Shri Balasubramanian jointly with GAIL	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%
	<b>TOTAL</b>	<b>4,50,25,000</b>	<b>100.00%</b>

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 H.K. Garg Jointly with GAIL	1	0.00%
4	Shri Kishore Kumar jointly with GAIL	1	0.00%
5	Shri Balasubramanian jointly with GAIL	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%
	<b>TOTAL</b>	<b>500,25,000</b>	<b>100.00%</b>

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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. 11 of the Notice.

The Directors recommend the resolution for approval by the shareholders as a Special Resolution.

**ITEM NO. 12 :**

GAIL and HPCL agreed to invest upto 50% along with other affiliates in this JV Company, to comply this decision and also to comply the provisions of the Companies Act, 2013, the relevant articles Article 5 (1), 6 and 38 are proposed to be altered.

As per the Companies Act, 2013, for alteration of Articles, require the approval of the Shareholders.

The copies of Memorandum and Articles of Association of the company with the proposed changes are available for inspection for the members during the business hours of the Company at its registered office.

None of the Directors / Key Managerial Personnel is, in any way, concerned or interested in the proposed resolution.

The Directors recommend the resolutions for item no 12 for approval by the members as a Special Resolution.

By order of the Board

  
(MALLESWARI G)  
COMPANY SECRETARY

Registered Office:  
2 nd Floor, Parishram Bhavan,  
APIDC Building,  
Basheerbagh, Hyderabad -500 004  
CIN: U40200TG2003PLC041566  
Web:www.bglgas.com  
Phone :040-66566986

Date: 24.08.2017  
Place: Hyderabad

**Bhagyanagar Gas Limited**  
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**Hyderabad - 500 004**

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**DIRECTORS' REPORT**

**DEAR SHAREHOLDERS,**

On behalf of the Board of Directors of your company, I am happy to present the 14<sup>th</sup> Annual Report of your Company together with the audited statements for the year ended on 31<sup>st</sup> March, 2017.

**FINANCIAL PERFORMANCE:-**

BGL summarized financial performance for the year ended 31<sup>st</sup> March 2017 (Financial prepared Ind AS) is given as under:

Particulars	2016-17 IND AS	2015-16 IND AS
Revenue from Operations	13,121.42	12,227.00
Other Income	360.30	287.76
Total Revenue	13,481.72	12,514.76
Cost of materials consumed/purchases/others	8,677.53	8,800.66
Employee benefit expenses	387.66	361.67
Earnings Before Depreciation, Interest and Tax	4,416.53	3,352.43
Depreciation	822.09	763.20
Finance Cost	1,758.29	1,965.49
Profit before tax	1,836.15	623.74
Current Tax	397.76	96.70
Deferred Tax	128.32	52.17
Net Profit for the year after Tax	1,310.06	474.87

## **FINANCIALS PREPARED IN COMPLIANCE WITH Ind AS FOR THE FINANCIAL YEAR 2015-16; 2016-17:-**

Ministry of Corporate Affairs, vide Gazette Notification GSR 111(E) dated 16<sup>th</sup> February 2015 has notified Companies (Indian Accounting Standards) Rules, 2015. BGL has prepared the financials in compliance with Ind AS for the year 2015-16 and 2016-17.

## **DEMATERILATION OF COMPANY EQUITY SHARES:-**

Your company has obtained ISIN: INE781W01011, vide Circular No: NSDL/ PI/2017/ 0483, Dated: February 21, 2017 from NSDL for dematerialisation of fully paid up Equity Shares. The share holders who are willing to dematerialize their equity shares can do it by approaching the **KARVY COMPUTERSHARE PRIVATE LIMITED** KARVY Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 032. Tel No. 040-67162222 E-mail : einward.ris@karvy.com Web Site [www.karvy.com](http://www.karvy.com) Regd. Office: Karvy House 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034

## **BUSINESS & OPERATIONS:-**

**Hyderabad:** In Hyderabad, BGL has laid 40 KMs steel pipeline out of which 34 KM has been commissioned. Presently, Steel pipeline works for 12"- 14 Km are under progress out of which 6 km pipeline has been already laid. The pipeline will pass through core areas like Chintal, Balanagar, Balkampet & Kukatpally which will open up huge potential for CNG and PNG connections. Further, 30 Km of Steel Pipeline is planned in this year to reach core areas like Alwal, Bolarum, Fathenagar, Hitech City, Gachhibowli, Towlichowki, Mehdipatnam, Masab tank, Banjarahills, Patny, Shaik pet, Madinaguda, Balkampet, Nizampet, Pragatinagar. It is proposed to add Domestic, Commercial and Industrial customers in the vicinity of network already laid and planned in this year. It is planned to complete 17 Kms of PE network laid in patches in Alwal area as well as to extend further for giving PNG Connections. It is planned to add Mass Flow meters at unloading point in DBS and Custody Check Flow meter in Mother Station for the current flow rate.

**Vijayawada:** In Vijayawada, BGL has completed laying up 34 KMs steel pipeline network. In FY 2016-17, about 1.5 Km pipeline works awarded in January, 2017 and 0.5 Km pipeline is completed. The pipeline will connect two existing retail outlet to online stations. In FY 2017-18, the capex sought is mainly towards steel pipeline about 20 Km, 11 CNG stations, 15 commercial stations, also, MDPE grid of 497 Km and 10,000 PNG Domestic connections are planned to meet the demand in the vicinity of the pipeline network. It is also proposed to develop APIIC allotted land at Kondapally and storage of inventory materials.

**Kakinada:** In Kakinada, BGL has laid 33.5 KMs steel pipeline network. Balance pipeline works are in progress to commission 35 Km pipeline already laid and also to provide connectivity to M/s Aparna ceramics. In FY 2017-18, the capex sought is mainly towards steel network about 12 Km for Peddapuramtown and Jagannaikpuram. Five more outlets are planned in the city. Also, MDPE grid of 405 Km and 15000 PNG Domestic connections are planned to meet the demand in the vicinity of the pipeline network. It is also proposed to develop APIIC allotted land to BGL at Peddapuram IDA for providing industrial connections and storage of inventory materials.

### **PROJECT HIGHLIGHTS (AS ON 31<sup>st</sup> MARCH 2017)**

#### **a) Hyderabad -**

- Operating total 26 CNG stations.( 1 Mother Station, 22 Retail Outlets and 3 APSRTC Depots).
- Approx. 23,000 vehicles are running on CNG.(Buses, Autos and Cars).
- Cumulative 121 KMs of MDPE pipeline laid.
- As on 31<sup>st</sup> March, 2017, 2706 no's PNG-Domestic connections are provided.
- Cumulative 40 KMs of Steel pipeline laid (16'' and 4'').

#### **b) Vijayawada -**

- 1 Mother Station and 3 online and 6 Daughter Booster Stations are in operation.
- 45 KMs of MDPE pipeline laid.
- Cumulative 34 KMs of Steel pipeline laid (12'' and 4'').
- Approx. 14,000 vehicles are running on CNG (Buses, Autos and Cars).
- As on 31<sup>st</sup> March, 2017, 752 no's PNG-Domestic connections are provided.

#### **c) Kakinada -**

- 1 Mother Station, 1 online station and 3 Daughter Booster Stations (2 at Kakinada and 1 at Rajahmundry) are in operation.
- Approx. 1500 vehicles are running on CNG.(Autos and Cars)
- 170 KMs of MDPE pipeline laid .
- As on 31<sup>st</sup> March, 2017, 3150 no's PNG-Domestic are provided.
- Cumulative 33.5Kms of Steel pipeline laid (10'' and 4'').

### **BUSINESS ACTIVITIES**

During the year the Company received 1,13,000 SCMD of APM Gas basis actual gas utilization. The Company started receiving R-LNG for supply to Industrial and Commercial segments during the year in the month of August 2016. As a result, the size of operations was enhanced and nearly 12500 SCMD of industrial and commercial segment volume was added to business.

Given below is the status of business line wise:

**a) CNG**

During the FY 2016-17, your company operated 26 CNG stations in Hyderabad (1 Mother Station, 22 Retail Outlets and 3 APSRTC depots), 10 CNG stations in Vijayawada (1 Mother Station, 6 Retail outlets and 3 APSRTC Depots) and 5 CNG stations in Kakinada (1 Mother station and 4 Retail Outlets).

CNG as an alternate fuel concept has gained acceptance gradually with over 39,000 vehicles (autos, cars and buses) operating to CNG. The sales volumes of CNG during 2016-17 in Hyderabad, Vijayawada, Kakinada and Rajahmundry (including RTC -37,359 Kgs/day) touched an average of 78,035 kgs/ day.

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.

Description	Numbers		Place	Numbers	
	2015-16	2016-17		2015-16	2016-17
CNG Stations	33	41	Hyderabad	21	26
			Vijayawada	8	10
			Kakinada	3	4
			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	
	2015-16	2016-17		2015-16	2016-17
PNG Connections-Domestic	4270	6608	Hyderabad	1127	2706
			Vijayawada	412	752
			Kakinada	2731	3150

PNG Connections- Commercial	46	46	Hyderabad	5	5
			Vijayawada	3	3
			Kakinada	38	38
PNG Connections- Industrial	3	5	Hyderabad	3	5
			Vijayawada	0	0
			Kakinada	0	0

### C) Auto LPG

Your Company is operating 1 ALDS at Tirupati which sold 210.12 MT ALPG during the year with sales value of Rs. 127.61 Lakhs.

Description	Numbers		Place
	2015-16	2016-17	
ALPG Stations	1	1	Tirupati

### BORROWING & DEBT SERVICING:-

Bhagyanagar Gas Limited (BGL) obtained Term Loan from consortium of Bankers i.e., from Canara Bank (Lead Bank) and Corporation Bank and had drawn Rs.109.77 Crores till 31<sup>st</sup> March 2011. No further drawls were made during the later financial years. Rate of Interest on Term Loan from consortium of Bankers, was revised from 10.65%. to 9.85% from June 2016. Total outstanding of Term Loan as on March 31, 2017 is Rs. 42.37 Crore.

### 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 companies.

### DIVIDEND:-

The Company business is yet to expand to reach the various cities in Hyderabad, Vijayawada and Kakinada and the company requires fund for laying pipelines. Hence your Directors have thought it prudent not to recommend any dividend for the financial year ended on 31<sup>st</sup> March, 2017.



### **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- I 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.

### **BOARD OF DIRECTORS:-**

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, offer himself for re-appointment.

Shri Shiv Dayal Akheramka (DIN: 07511407), ceased to be Director on the Board with effect from closing hours of 27<sup>th</sup> April 2017 on account of resignation and repatriated to parent company i.e., HPCL.

Shri Shiv Dayal Akheramka (PAN: ABXPA7948P), ceased to be Chief Financial Officer of the Company with effect from closing hours of 27<sup>th</sup> April 2017 on account of resignation and repatriated to parent company i.e., HPCL.

Shri Sanjiv Gujral (DIN:07808552) was appointed as an additional director of the Company with effect from 29<sup>th</sup> April 2017 to hold office up to the date of ensuing Annual General Meeting.

Shri Sanjiv Gujral (PAN: AAAPG0548F), was appointed as Chief Financial Officer of the Company with effect from 29<sup>th</sup> April 2017 as per Section 203 (iii) of the Companies Act, 2013.

Shri Narendra Kumar (DIN: 06571708) was appointed as an additional director of the Company with effect from 18<sup>th</sup> January 2017 to hold office up to the date of ensuing Annual General Meeting.

Shri M.Ravindran (DIN:02309551) ceased to be Director on the Board with effect from closing hours of 17<sup>th</sup> January 2017 on account of superannuation and repatriated to parent company i.e., GAIL.

Shri Anil Pande (DIN: 07259801), ceased to be Director on the Board with effect from closing hours of 5<sup>th</sup> April 2017 on account of resignation and repatriated to parent company i.e., HPCL.

Shri P.A.B.Raju (DIN:0007141438) was appointed as director of the Company with effect from 01<sup>st</sup> April 2015 for a period of 3 years.

Shri Satya Prakash Gupta (DIN: 07209092) was appointed as an additional director of the Company with effect from 5<sup>th</sup> April 2017 to hold office up to the date of ensuing Annual General Meeting.

Shri Rajesh Ved Vyas (DIN: 02283035) was appointed as an additional director of the Company with effect from 12<sup>th</sup> June 2017 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 shareholders proposing the candidature of Shri Sanjiv Gujral (DIN: 07808552), Shri Satya Prakash Gupta (DIN: 07209092), Shri Narendra Kumar (DIN: 6571708) for appointing them as Director at the ensuing Annual General Meeting.

The Company has also been received notice from Shri Rajesh Ved Vyas (DIN: 02283035) as per section 160 of the Companies Act, 2013 for appointing him as Director at the ensuing Annual General Meeting.

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

#### **DECLARATIONS BY INDEPENDENT DIRECTORS:-**

In compliance of Section 149(6) of the Companies Act, 2013, BGL has received the declaration from Shri P.A.B.Raju and Shri Rajesh Ved Vyas confirming that they meet the criteria of independence as laid down under section u/s 149 (6) of the Companies Act, 2013.

**BOARD MEETINGS:-**

During the year, Board of Directors have met Nine(9) times (i.e., 12<sup>th</sup> May 2016; 27<sup>th</sup> May 2016; 7<sup>th</sup> July 2016; 1<sup>st</sup> September 2016; 28<sup>th</sup> September 2016; 9<sup>th</sup> December 2016, 3<sup>rd</sup> February 2017, 15<sup>th</sup> February 2017 and 29<sup>th</sup> March 2017).

S.no	Name of the Director	Executive/Non Executive/Independent	No.of Meetings Held in their period	No.of Meetings Attended
1	Shri M.Ravindran	Chairman & Non Executive Director	6	5
2	Shri Narendra Kumar	Chairman & Non Executive Director	3	3
3	Shri Anil Pande	Non-Executive Director	9	9
4	Shri P.A.B.Raju	Independent Director	9	7
5	Shri A.K.Das	Executive Director	9	9
6	Shri R Sridhar	Executive Director	1	1
7	Shri Shiv Dayal Akheramka	Executive Director	8	8

- ✓ Shri R .Sridhar ceased to be director with effect from 26<sup>th</sup> May 2016.
- ✓ Shri Shiv Dayal Akheramka appointed as director w.e.f 27<sup>th</sup> May 2016.
- ✓ Shri M.Ravindran ceased to be director with effect from 17<sup>th</sup> January 2017
- ✓ Shri Narendra Kumar appointed as director with effect from 18<sup>th</sup> January 2017

**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 31<sup>st</sup> March, 2017, the Board of Directors hereby confirm 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 31<sup>st</sup> March, 2017 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;
- e) the company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **NOMINATION & REMUNERATION COMMITTEE:-**

The Composition of the Nomination & Remuneration Committee as on 31<sup>st</sup> March 2017 are Shri Anil Pande, Chairman, Shri Narendra Kumar, Member and Shri P.A.B.Raju member and during the financial year members of Nomination and Remuneration Committee the committee met Five (5) times on 12<sup>th</sup> May 2016, 27<sup>th</sup> May 2016, 1<sup>st</sup> September 2016, 29<sup>th</sup> November 2016 and 29<sup>th</sup> March 2017 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

#### **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.

#### **OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017: -**

The observations made by the Statutory Auditors in their report for the financial year ended 31<sup>st</sup> March 2017 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 31<sup>st</sup> MARCH 2017: -**

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.

#### **PARTICULARS OF DEPOSITS:-**

Your company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### **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 2016-2017 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, 2017 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 1<sup>st</sup> September 2016 appointed M/s Nageswara Rao & Co, Cost Accountants, Hyderabad, as the Cost Auditors of the Company for the financial year 2016-17.

#### **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 12<sup>th</sup> May 2016 appointed M/s. C. Ramachandram & Co., Chartered Accountant as the Internal Auditor s of the Company for the financial year 2016-17.

#### **INTERNAL FINANCIAL CONTROLS:-**

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 31<sup>st</sup> March 2017 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.

#### **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 31<sup>st</sup> March 2017 made under the provisions of Section 92(3) of the Act is attached as Annexure -II 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-III which forms part of this Report.

#### **RISK MANAGEMENT POLICY OF BGL:-**

Bhagyanagar Gas Limited, a joint venture of GAIL (India) Limited and HPCL, was incorporated as a City Gas Distribution company for distribution and marketing of Compressed Natural Gas (CNG) and distribution of Piped Natural Gas (PNG) to Domestic, Commercial and Industrial Sectors in the states of Telangana and Andhra Pradesh. BGL is authorized by the Central Government to Lay, build, operate and expand city gas distribution project in Hyderabad, Vijayawada and Kakinada. It is studying the risks in various areas and is in the process of formulating the Risk Management Policy.

#### **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 in-house safety audit teams to evaluate implementation of safety systems from time to time.

#### **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.

**SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 :-**

BGL is in the process of formulating the Policy on Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

**ESTABLISHMENT OF VIGIL MECHANISM:-**

The Board of Directors have approved and adopted a Whistle Blower Policy on 7<sup>th</sup> July 2016 as per the requirements of under Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of the Board and its Powers) rules, 2014 and the Policy of the Company is available on company website and can be accessed in the link provided herein below: [www.bglgas.com](http://www.bglgas.com) and was also given as annexure in the Directors Report -2015-16.

**CORPORATE SOCIAL RESPONSIBILITY:-**

The Composition of the Corporate Social Responsibility Committee as on 31<sup>st</sup> March 2017 are Shri P.A.B. Raju, Chairman, Shri A.K.Das, Member and Shri Shiv Dayal Akheramka member and the Board of Directors of the Company as per the recommendations of CSR Committee has approved the CSR policy on 25<sup>th</sup> August 2015 and the same is disclosed in the website of BGL and was also given as annexure in the Directors Report -2014-15.

BGL being a responsible corporate citizen, has spent an amount of Rs.10.75 Lacks, for the development of Kotapadhu Village -Vijayawada under CSR Projects, through Government of Andhra Pradesh and for spending the remaining cumulative balance amount, BGL is in the process of identifying the projects.

For your ready reference the CSR policy and other disclosures as required pursuant to Section 135, read with CSR rules, 2014 were attached as Annexure -VI.

**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 Director  
(Bhagyanagar Gas Limited)



S.P.GUPTA  
CHAIRMAN

Place: Hyderabad  
Date : 24<sup>th</sup> August 2017



## **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:-

(Rs. in Lakhs)

Name of the Related Party	HPCL	GAIL	HPCL	GAIL
Nature of Relationship	Joint Venture	Joint Venture	Joint Venture	Joint Venture
Year	2016-17		2015-16	
Nature of transaction:				
(i) Purchases : - Auto LPG - Natural Gas	127.61 -	- 4197.42	90.36 -	- 4,567.48
(ii) Sales - CNG	5,788.21	-	5,897.79	-
(iii) Inland Letter of Credit	-	554.04	-	-
(iv) Interest on Bridge Loan	840.00	840.00	840.00	840.00
(v) Manpower cost- deputation	130.51	188.51	96.65	158.41

### 3. Transactions with Key Managerial Personnel:-

Managing Director and Director Commercial are on deputation from GAIL and HPCL. The remuneration of MD is paid by GAIL and debited to BGL. The remuneration of D.C is paid by HPCL and debited to BGL. The remuneration of Company Secretary is paid by BGL.

Particulars	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2016
		(Rs. in Lakhs)
1. Salary & Allowances	111.82	119.21
2. Transport Cost (CAR)	7.69	9.40
Total	119.51	128.62

**ANNEXURE -II****EXTRACT OF ANNUAL RETURN**As on financial year ended on 31<sup>st</sup> March 2017

[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:	:	KARVY COMPUTER SHARE PVT LTD. KARVY HOUSE, 46, AVENUE 4, STREET NO.1, BANJARA HILLS, HYDERABAD, TELANGANA , Pin: 500 038 .Tel: 040 - 23312454, Fax: 040 - 23311968

**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	97.33%

**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)

**(i) Category-wise Share Holding:**

**Total shareholding of Promoter (A) = (A)(1)+(A)(2)**

B. Public Shareholding																					
(1) Institutions	0	0	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	0	0	
b) Banks / FI	0	0	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	0	0	
d) State Govt(s)	0	0	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	0	0	
f)Insurance Companies	0	0	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	0	0	
i) Others (specify)	0	0	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	0	0	
(2)Non-Institutions	0	0	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	0	0	
i) Indian	0	0	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	0	0	
b) Individuals	0	0	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	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	0	0	
c) Others(specify)	0	0	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	0	0	
Total Public Shareholding	0	0	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	0	0	
Grand Total (A+B+C)	0	450,25,000	450,25,000	450,25,000	100%	0	450,25,000	100%	0	450,25,000	450,25,000	100%	0	450,25,000	450,25,000	100%	0	0	0	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	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)	-	-	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	60,32,62,560	150,00,00,000	NIL	210,32,62,560
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)	60,32,62,560	213,50,80,714	NIL	273,83,43,274
Change in Indebtedness during the financial year				
Addition	NIL	30,00,00,000	NIL	30,00,00,000
Reduction	18,11,38,732	NIL	NIL	18,11,38,732
Net Change	18,11,38,732	NIL	NIL	11,88,61,268
Indebtedness at the end of the financial year				
Principal Amount	42,21,23,828	180,00,00,000	NIL	222,21,23,828
ii) Interest due but not paid	NIL	78,62,80,716	NIL	78,62,80,716
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	42,21,23,828	258,62,80,716	NIL	300,84,04,544

**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.Das	Shri R.Sridhar	Shri Shiv Dayal Akheramka	
		Managing Director	Director Commercial	Director Commercial	
1	Gross salary	(01-4-2017 to 31-03-2017)	(01-04-2017 to 27-05-2017)	(27-05-2016 to 31-03-2017)	
	(a) Salary and allowances	50,62,555	9,02,459	38,87,880	98,52,895
	(b) Allowances	-	-	4,78,620	4,78,620

	(c ) Car hire charges	2,42,250	92,198	4,34,911	7,69,359
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	53,04,805	9,94,657	48,01,411	1,11,00,874

#### **B. REMUNERATION TO OTHER DIRECTORS**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri M.Ravindran	Shri Narendra Kumar	Shri Anil Pande	Shri P.A.B. Raju @	
		(01-04-2016 to 17-01-2017)	(18-01-2017 to 31-03-2017)	(01-04-2016 to 31-03-2017)	(01-04-2016 to 31-03-2017)	
	1. Independent Directors	0	0	0	----	0
	Fee for attending board / committee meetings	0	0	0	2,05,000	2,05,000
	Commission	0	0	0	0	0
	Others, please specify	0	0	0		0
	Total (1)	0	0	0	2,05,000	2,05,000
		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	2,05,000	2,05,000

**@ Excluding the arrangement of Flight Tickets for attending the Board /Committee Meetings and re-imbursement of out of pocket expenses if any.**

**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	8,92,500/-	0	8,92,500/-
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	8,92,500/-	0	8,92,500/-

**VII. 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)
<b>A. COMPANY</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>B. DIRECTORS</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

### ANNEXURE III

#### 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, 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	2016-17	2015-16
i) Electricity purchased		
Units consumed (kVAh)	2,88,348	3,30,895
Total Amount in Rs.	41,08,780	40,29,865
Rate / Unit (Rs. kVAh)	14.25	12.00
Demand load charges in Rs.	16,21,428	15,69,400
ii) Natural gas as fuel (kg.) consumed	10,85,931	10,17,145

##### Consumption per MT of production:

Particulars	2016-17	2015-16
CNG Production (Total/MT)	29,007.70	28,201.64
Electric Driven Production (MT)	3,511.06	957.26
Gas Driven Production (MT)	25,496.64	27,244.39
Electricity Consumed (in kVAh)	82.13	346.00
Natural Gas as fuel (in kg.)	42.59	37.00

**(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:**

	2016-17	2015-16
	Amount in Rs.	Amount in Rs.
Actual Foreign Exchange earnings	NIL	NIL
Actual Foreign Exchange outgo	1,10,91,315 (1,66124.69 USD)	6,49,093 (9808.40 USD)

## ANNEXURE IV

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR ) ACTIVITIES:-

1. A brief outline of the company's CSR policy , including overview of projects or programs proposed to be undertaken and reference to the web link to the CSR policy and projects or programmes:-

BGL recognises its responsibility toward the community and has contributed over the years towards the goal of achieving sustainable development. As per companies Act, 2013 we have our CSR policy and guidelines in Place and the highlights of the same are as below:

- In every financial year, 2% of the Average net profits of the company made during the immediately 3 financial years will be earmarked for undertaking CSR activities.
- We have CSR Committee of the Board headed by Independent Director
- The company takes the CSR projects only the areas specified only in the Schedule VII of the Companies Act 2013 and which were covered in company CSR policy.

The details of the CSR policy is available in the website of the company [www.bglgas.com](http://www.bglgas.com)

2. Composition of CSR Committee : The CSR committee of the Board comprises:-

1. Shri P.A.B. Raju - Chairman- Independent Director
2. Shri A.K. Das - Managing Director - Gail Deputed.
3. Shri Sanjiv Gujral- Director Commercial- HPCL Deputed.

3. Average Net profits of the Company  
For the last 3 financial years : Rs.1106.82 Lacs

4. Prescribed CSR expenditure : Rs. 22. 13 Lacs

5. Details of CSR spent during the financial year : 2016-17:

a) Total amount to be spent (including previous years) : Rs.64.28 Lacs

(b) Total amount unspent (including previous years) : Rs.53.53 Lacs

(c) Total amount spent during the financial year : Rs.10.75 Lacs

An amount of Rs.10.75 Lacs spent for the development of Kotapadhu Village -  
Vijayawada under CSR Projects, through Government of Andhra Pradesh.

6. In case the company has failed to spend the two per cent of the Average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report-

The Company is in the process of identifying the projects, once identified projects through proper channel will spend the amount.

7. Responsibility Statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and Policy of the Company:-

We here by affirm that the CSR policy, as approved by Board, has been implemented and expended amount an activities is in compliance with CSR objectives.

# **S. Daga & Co.,**

## **Chartered Accountants**

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### **Independent Auditor's Report**

**To the Members of  
Bhagyanagar Gas Limited**

#### **Report on the Ind AS Financial Statements**

1. We have audited the accompanying Ind AS financial statements of Bhagyanagar Gas Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

#### **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 of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

3. 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

4. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.



5. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

6. 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 Ind AS financial statements are free from material misstatement.

7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

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

### **Opinion**

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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;
- (ii) Trade receivables, Trade payables, sundry balances outstanding to the debit and credit of the parties are subject to confirmation; and
- (iii) The transition date opening balance sheet as at 1<sup>st</sup> April 2015 prepared in accordance with Ind AS included in these Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor on the opening balance sheet dated 19<sup>th</sup> May 2015 expressed an unmodified opinion.

## **Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

11. 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, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;



- (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 41 to the Ind AS financial statements;
    - iii. there was no requirement to transfer any amount to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;
12. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 40 to the Ind AS financial statements ; and
13. 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, 2017, we report that:

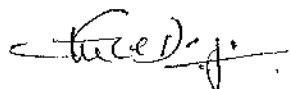


- a) the company has clear title/lease deeds for freehold and leasehold lands respectively except in case of following where possession of lands are with the company but documents are pending for registration and as such title/ lease deed are not available:-

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)



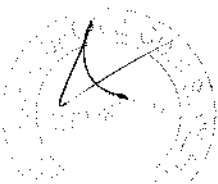
(Shantilal Daga)  
M. No. 011617  
Partner  
Place: Hyderabad  
Date: 26.04.2017



## **Annexure-A to the Independent Auditors' Report**

Referred to in paragraph 10 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, 2017.

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 14 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, 2017.
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 31<sup>st</sup> March, 2017.
- (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 31<sup>st</sup> March, 2017 which has not been deposited on account of a dispute except as under:

Sl. No.	Name of the Statute	Nature of Dues	Amount involved in Rs.	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,



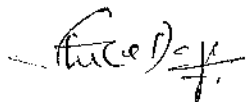
					Hyderabad
(iii)	Sales Tax Act	VAT	16,72,950	2014-15	Sales Tax Appellate Tribunal of A.P, Vizag
(iv)	Central Excise and Service Tax	Excise Duty	60,66,219	2005-11	CESTAT
(v)	Central Excise and Service Tax	Excise Duty	50,664	2014-15	Commissioner of Customs, Excise and Service Tax (Appeals)
(vi)	Central Excise and Service Tax	Excise Duty	1,31,04,333	2016-17	CESTAT

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: 26.04.2017





## **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 2017 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.

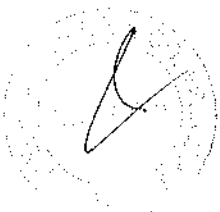
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the 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

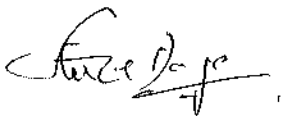


because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **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, 2017, 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: 26.04.2017



**BHAGYANAGAR GAS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2017**

All amount in INR lakhs, otherwise stated

Particulars	Note No.	31st March 2017	31st March 2016	1st April 2015
<b>Assets</b>				
<b>(1) Non-current assets</b>				
Property, plant and equipment	14	21,833.49	18,607.98	15,837.74
Capital work-in-progress	14	10,425.91	12,199.52	14,843.17
Financial assets				
Other financial assets	15	65.00	149.59	59.04
Other tax assets (Net)	16	24.53	150.75	163.61
Other non-current assets	17	1,317.27	1,619.71	1,921.80
<b>Total non-current assets</b>		<b>33,666.20</b>	<b>32,727.54</b>	<b>32,825.36</b>
<b>(2) Current assets</b>				
Inventories	18	66.87	71.33	57.75
Financial assets				
(i) Trade receivables	19	1,442.15	658.15	506.83
(ii) Cash and cash equivalents	20	4,444.08	2,219.93	1,092.99
(iii) Other bank balances	21	2,195.64	2,157.64	2,627.98
(iv) Other financial assets	22	56.92	46.15	55.05
Other current assets	23	257.02	70.63	175.43
<b>Total current assets</b>		<b>8,462.68</b>	<b>5,223.82</b>	<b>4,516.02</b>
<b>Total assets</b>		<b>42,128.88</b>	<b>37,951.37</b>	<b>37,341.38</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	24	4,502.50	4,502.50	4,502.50
Other equity				
(i) Share application pending allotment	25	431.97	431.97	431.97
(ii) Retained earnings		4,086.75	2,776.49	2,300.35
<b>Total equity</b>		<b>9,021.22</b>	<b>7,710.95</b>	<b>7,234.82</b>
<b>Liabilities</b>				
<b>(1) Non-current liabilities</b>				
Financial liabilities				
Borrowings	26	5,394.60	4,205.98	6,013.14
Provisions	27	31.41	36.80	35.25
Deferred tax liabilities (Net)	28	823.80	695.38	642.58
<b>Total non-current liabilities</b>		<b>6,249.81</b>	<b>4,938.16</b>	<b>6,690.97</b>
<b>(2) Current liabilities</b>				
Financial liabilities				
(i) Borrowings	26	15,000.00	15,000.00	15,000.00
(ii) Trade payables	29	605.66	472.67	216.37
(iii) Other financial liabilities	30	10,960.79	9,575.08	7,993.44
Other current liabilities	31	277.63	248.00	192.15
Provisions	32	13.78	6.50	13.62
<b>Total current liabilities</b>		<b>26,857.86</b>	<b>25,302.26</b>	<b>23,415.58</b>
<b>Total liabilities</b>		<b>33,107.67</b>	<b>30,240.41</b>	<b>30,106.56</b>
<b>Total equity and liabilities</b>		<b>42,128.88</b>	<b>37,951.37</b>	<b>37,341.38</b>

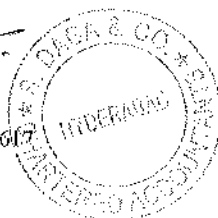
Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,  
Chartered Accountants  
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Shantilal Daga  
Partner  
Membership No.: 0116067



Shiv Dayal Akheramka  
Director - Commercial-cum-CFO  
DIN No.: 07511407

G. Malleswari  
Company Secretary  
Membership No.: F6574

Place: Hyderabad  
Date: 26th April 2017

A. K. Das  
Managing Director  
DIN No.: 07209092

S.P. Gupta  
Chairman  
DIN No.: 07236361

**BHAGYANAGAR GAS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017**

All amount in INR lakhs, otherwise stated

Particulars	Note No.	31st March 2017	31st March 2016
I Revenue from operations	4	13,121.42	12,227.00
II Other income	5	360.30	287.76
III <b>Total income</b>		<b>13,481.72</b>	<b>12,514.76</b>
IV <b>Expenses</b>			
Cost of materials consumed	6	5,099.59	5,438.06
Purchases of stock-in-trade	7	127.61	90.36
Changes in inventories	8	(0.78)	(3.42)
Excise duty		1,524.06	1,523.58
Employee benefits expense	9	387.66	361.67
Finance costs	10	1,758.29	1,965.49
Depreciation	11	822.09	763.20
Other expenses	12	1,927.04	1,752.08
<b>Total expenses</b>		<b>11,645.57</b>	<b>11,891.02</b>
V <b>Profit before income tax</b>		<b>1,836.15</b>	<b>623.74</b>
VI Tax expense			
Current tax		397.76	96.70
Deferred tax		128.32	52.17
Income tax expense	13	<b>526.08</b>	<b>148.87</b>
VII <b>Profit for the year</b>		<b>1,310.06</b>	<b>474.87</b>
VIII <b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Measurements of defined benefit liability (asset)	33	(0.30)	(1.89)
Income tax relating to items that will not be reclassified to profit or loss		0.10	0.63
<b>Other Comprehensive Income for the year, net of income tax</b>		<b>(0.20)</b>	<b>(1.27)</b>
IX <b>Total Comprehensive Income for the year</b>		<b>1,310.26</b>	<b>476.13</b>
X Earnings Per Share			
(1) Basic		2.91	1.05
(2) Diluted		2.62	0.95

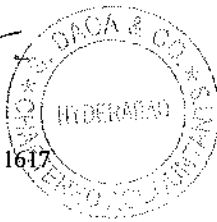
Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,  
Chartered Accountants  
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Shantilal Daga  
Partner  
Membership No.: 011617



Shiv Dayal Akheramka  
Director - Commercial-cum-CFO  
DIN No.: 07511407

G.Malleswari  
Company Secretary  
Membership No.: F6574

Place: Hyderabad  
Date: 26th April 2017

A. K. Das  
Managing Director  
DIN No.: 07209092

S.P. Gupta  
Chairman  
DIN No.: 07236361

**BHAGYANAGAR GAS LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

All amount in INR lakhs, otherwise stated

**A. Equity share capital**

Particulars	Note	
Balance as at 1st April 2015		4,502.50
Changes in equity share capital during 2015-16	24	-
Balance as at the 31st March 2016		4,502.50
Changes in equity share capital during 2016-17	24	-
<b>Balance as at 31st March 2017</b>		<b>4,502.50</b>

**B. Other equity**

Particulars	Reserves and surplus		Total other equity
	Share application pending allotment	Retained earnings	
<b>Balance at 1st April 2015</b>	<b>431.97</b>	<b>2,300.35</b>	<b>2,732.32</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	474.87	474.87
Other Comprehensive Income for the year, net of income tax	-	1.27	1.27
<b>Balance at 31st March 2016</b>	<b>431.97</b>	<b>2,776.49</b>	<b>3,208.45</b>
<b>Total comprehensive income for the year</b>			
Profit for the year	-	1,310.06	1,310.06
Other Comprehensive Income for the year, net of income tax	-	0.20	0.20
<b>Balance as at 31st March 2017</b>	<b>431.97</b>	<b>4,086.75</b>	<b>4,518.72</b>

Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,  
Chartered Accountants  
FR No: 000669S

For and on behalf of Bhagyanagar Gas Limited

Shantilal Daga  
Partner  
Membership No.: 011617

Shiv Dayal Akheramka  
Director - Commercial-cum-CFO  
DIN No.: 07511407

G.Malleswari  
Company Secretary  
Membership No.: F6574

Place: Hyderabad  
Date: 26th April 2017

A. K. Das  
Managing Director  
DIN No.: 07209092

S.P. Gupta  
Chairman  
DIN No.: 07236361

BHAGYANAGAR GAS LIMITED		
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 <sup>st</sup> MARCH 2017		
All amount in INR lakhs, otherwise stated		
Particulars	31st March 2017	31st March 2016
<b>Cash flow from operating activities</b>		
Profit for the year	1,310.26	476.13
<b>Adjustments for</b>		
Depreciation of property, plant and equipment	822.09	763.46
Gain on sale of property, plant and equipment	-	(80.40)
Current year provision related to post-employment defined benefit plans	6.87	6.40
Current year provision related to compensated absences	1.43	4.00
Amortisation of processing fee relating to term loans	15.26	-
Net foreign exchange differences	(5.95)	14.89
Finance income	(298.43)	(207.02)
Finance costs	2,247.23	1,965.49
	<b>4,098.77</b>	<b>2,942.96</b>
<b>Working capital adjustments</b>		
Decrease / (increase) in inventories	4.46	(13.58)
Increase in trade receivables	(784.01)	(151.32)
Decrease / (increase) in other financial assets- non current	84.59	(90.55)
(Increase) / decrease in other financial assets- current	(10.77)	8.90
(Increase) / decrease in other current assets	(186.39)	104.81
Decrease in proceeds from other non-current assets	302.44	302.09
(Increase) / decrease in other bank balances	(38.00)	470.34
Increase in trade payables	132.99	256.30
Increase in other financial liabilities- current	1,385.71	1,581.64
Increase other current liabilities	29.63	55.85
Increase in other non-current liabilities	5.95	(14.89)
(Decrease)/ increase in provisions- non current	(5.39)	1.55
Decrease in provisions- current	(1.02)	(17.52)
	<b>920.18</b>	<b>2,493.61</b>
Income tax paid	254.64	65.65
<b>Net cash flows from operating activities</b>	<b>5,273.58</b>	<b>5,502.22</b>
<b>Cash flow from investing activities</b>		
Payment for property, plant and equipment	(4,047.60)	(3,453.30)
Proceeds from capital work-in-progress	1,773.61	2,643.65
Interest received	298.43	207.02
<b>Net cash flows from investing activities</b>	<b>(1,975.56)</b>	<b>(602.63)</b>
<b>Cash flow from financing activities</b>		
Increase / (decrease) in borrowings	1,173.36	(1,807.17)
Finance charges paid	(2,247.23)	(1,965.49)
<b>Net cash flows from financing activities</b>	<b>(1,073.87)</b>	<b>(3,772.65)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,224.15</b>	<b>1,126.94</b>
Cash and cash equivalents at the beginning of the year	2,219.93	1,092.99
<b>Cash and cash equivalents at the end of the year</b>	<b>4,444.08</b>	<b>2,219.93</b>

Accompanying notes form integral part of the financial statement.

As per our report on standalone financial statements of even date attached

For S.Daga & Co.,  
Chartered Accountants  
FR No: 000669S

Shantilal Daga  
Partner  
Membership No.: 011617



For and on behalf of Bhagyanagar Gas Limited

Shiv Dayal Akheramka  
Director - Commercial- cum- CFO  
DIN No.: 07511407

G. Malleswari  
Company Secretary  
Membership No.: F6574

Place: Hyderabad  
Date: 26th April 2017

A. K. Das  
Managing Director  
DIN No.: 07209092

S.P. Gupta  
Chairman  
DIN No.: 07236361

## **BHAGYANAGAR GAS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017.**

#### **1. Reporting Entity**

Bhagyanagar Gas Limited (the "Company") is a company domiciled in India with registered office, in Hyderabad, Telangana.

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).

#### **2. Basis of preparation of financial statement**

##### **(a) Statement of compliance**

- i) The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
- ii) These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101 First-time Adoption of Ind AS has been applied. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Sec133 of the Act, read with Rule7 of the Companies(Accounts) Rules,2014 (IGAAP), which was the previous GAAP. An explanation of how the transition to Ind-ASs has affected the reported balance sheet, statement of profit and loss of the Company is provided in Note 46.
- iii) 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.
- iv) The financial statements were authorised for issue by the Board of Directors on 26th April 2017.





**(b) Functional and presentation currency**

- i) These financial statements are presented in INR, which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs.

**(c) Use of estimates and judgements**

- i) The preparation of the financial statements in conformity with Ind ASs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- ii) Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.
- iii) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the notes: Note 32 – Measurement of defined benefit obligations.

**3. Significant accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS balance sheet as at 1<sup>st</sup> April 2015 for the purposes of the transition to Ind ASs, unless otherwise indicated.

**(a) Inventories**

- i) Inventories are measured at the lower of cost and net realisable value.
- ii) The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.
- iii) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(b) Income Tax**

- i) Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of profit and loss except relating to items recognised directly in equity or in other comprehensive income.
- ii) Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years:



- iii) Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
- iv) Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.
- v) Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
- vi) A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(c) Property, Plant and Equipment**

#### **• Recognition and measurement**

- i) Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The Company has elected to apply the optional exemption to use this previous GAAP value as deemed cost at 1 April 2015, the date of transition.
- ii) Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.
- iii) When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
- iv) Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria of Ind AS 16 are capitalized as property, plant and equipment.
- v) Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the statement of profit and loss.
- vi) The capital work in progress includes material in transit / value of materials / equipment etc. received at site for use in the projects.



- vii) 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.

• **Subsequent Costs**

- i) The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

• **Depreciation**

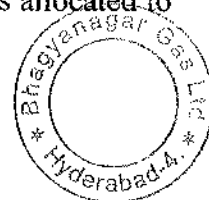
- i) Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.
- ii) Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.
- iii) The estimated useful lives for the current and comparative periods are determined with reference to Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate

**(d) Leased Assets**

- i) Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
- ii) Other leases are operating leases and the leased assets are not recognised in the Company's balance sheet.

**(e) Lease payments**

- i) Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.
- ii) Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to



each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

- iii) Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### **(f) Revenue**

##### **• Goods Sold**

- i) Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.
- ii) The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale, which generally coincides with the delivery of goods to the customers.

##### **• Others**

- i) Insurance claims are accounted for on the basis of claims admitted/settled by the insurers.

#### **(g) Employee Benefits**

##### **• Defined contribution plans**

- i) A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value

##### **• Defined Benefit Plans**

- i) A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs



and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

- ii) To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of profit and loss. The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

- **Other long-term employee benefits**

- i) The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains/ losses are recognised in the statement of profit and loss in the period in which they arise.

- **Short term employee benefits**

- i) Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(h) Foreign currency**

- i) Transactions in foreign currencies are translated to functional currencies of Company at exchange rates at the dates of the transactions.
- ii) Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.
- iii) Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.
- iv) Foreign currency differences arising on retranslation are recognised in the statement of profit and loss.



- v) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction

**(i) Provisions**

- i) A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(j) Impairment**

• **Financial assets (including receivables)**

- i) A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
- ii) Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.
- iii) In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables
- iv) The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables
- v) ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected in a separate line in the statement of profit and loss as an impairment gain or loss.

• **Non-Financial Assets**

- i) The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated each year at the same time.
- ii) The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from



continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

- iii) The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.
- iv) An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.
- v) An impairment loss in respect of assets, impairment losses recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **(k) Financial Instruments**

##### **• Financial Assets**

- i) The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- iii) They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.
- iv) The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.



- **Financial Liabilities**

- i) The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.
- ii) The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.
- iii) Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
- iv) The Company has the following financial liabilities:

Loans and borrowings and trade and other payables: Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

- (l) **Share Capital**

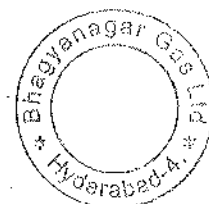
- i) Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

- (m) **Finance Income and Finance Costs**

- i) Finance income comprises interest income on funds invested, dividend income. Interest income is recognised as it accrues in the statement of profit and loss, using the effective interest method.
- ii) Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

- (n) **Earnings per share**

- i) The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.
- ii) Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.





- iii) Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise of shares to be issued to APIIC as a consideration for land given to the Company.

**(o) Non-Current Assets Held for Sale**

- i) Non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on re measurement are recognised in the statement of profit and loss. Gains are not recognised in excess of any cumulative impairment loss.

**(p) New standards and interpretations not yet adopted**

- i) A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2017, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the financial statements of the Company.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**  
**All amount in INR lakhs, otherwise stated**

**4 Revenue from operations (including excise duty)**

	31st March 2017	31st March 2016
Sale of CNG	12,185.64	12,021.78
Sale of ALPG	127.61	90.36
Sale of PNG	808.17	114.86
	<b>13,121.42</b>	<b>12,227.00</b>

**5 Other income**

	31st March 2017	31st March 2016
Interest on fixed deposits	151.38	171.37
Interest - others	147.05	34.38
Interest on income tax refund	9.71	1.27
Miscellaneous income	52.16	0.34
Profit on sale of stores and spares	-	80.40
	<b>360.30</b>	<b>287.76</b>

**6 Cost of materials consumed**

	31st March 2017	31st March 2016
Opening stock (natural gas)	16.66	19.75
Add: Purchases*	4,391.65	4,778.58
Add: Product transshipment charges	704.84	656.39
	<b>5,113.14</b>	<b>5,454.71</b>
Less: Closing stock (natural gas)	(13.55)	(16.66)
	<b>5,099.59</b>	<b>5,438.06</b>

Note: Includes gas transportation, CST@ 2%, positive and negative imbalances charges.

**7 Purchases of stock-in-trade**

	31st March 2017	31st March 2016
Purchases of ALPG**	127.61	90.36
	<b>127.61</b>	<b>90.36</b>

Note: Includes inter state sales tax paid on purchases of ALPG

**8 Changes in inventories**

	31st March 2017	31st March 2016
Opening stock	9.76	6.35
Closing stock	(10.55)	(9.76)
	<b>(0.78)</b>	<b>(3.42)</b>

**9 Employee benefits expense**

	31st March 2017	31st March 2016
Salary, wages and bonus	367.14	327.83
Contribution to provident fund	10.38	10.50
Expenses related to post-employment defined benefit plans	6.87	6.40
Expenses related to compensated absences	1.43	4.00
Staff welfare expenses	1.84	12.94
	<b>387.66</b>	<b>361.67</b>

**10 Finance costs**

	31st March 2017	31st March 2016
Interest on borrowings		
- Banks	567.23	771.30
- Others	1,680.00	1,680.00
Interest expense on financial liabilities measured at amortised cost	15.26	19.48
	<b>2,262.49</b>	<b>2,470.78</b>
Interest apportioned to fixed assets and capital work-in-progress	(504.20)	(505.29)
	<b>1,758.29</b>	<b>1,965.49</b>

**11 Depreciation**

	31st March 2017	31st March 2016
Depreciation on property, plant and equipment	822.09	763.20
	<b>822.09</b>	<b>763.20</b>



**12 Other expenses**

	31st March 2017	31st March 2016
Advertisement	13.35	18.22
Business promotion	7.07	5.03
Vehicle hire and running expenses	55.21	54.18
Power & fuel	361.34	350.63
Insurance	17.74	16.78
Technical assistances services	246.28	223.77
Postage & courier	2.66	1.47
Printing & stationery	7.56	6.96
Rent, rates & taxes	90.92	92.11
Repairs & maintenance - buildings	16.58	0.64
Repairs & maintenance - others	10.88	9.09
Repairs & maintenance - plant & machinery	554.89	524.60
Security services	43.48	34.96
Telephone charges	12.49	10.40
Travelling expenses	47.58	26.54
Professional charges	55.82	19.22
Training cum conference	0.47	0.54
Audit fees (refer note 12(a) below)	3.93	5.97
Bank charges	30.79	22.47
Foreign exchange fluctuation	(5.95)	14.89
Hook-up charges RGTEL - Hyderabad	260.31	260.31
Railway way leave charges	36.93	36.58
NHAI way leave charges	2.85	2.85
Corporate social responsibility expenses (refer note 12(b) below)	10.75	-
General expenses	6.40	4.83
Directors fees	2.34	0.93
Miscellaneous expenses	34.36	8.09
	<b>1,927.04</b>	<b>1,752.08</b>

**12 (a) Audit fees**

	31st March 2017	31st March 2016
<b>As auditor</b>		
Statutory audit	3.03	2.50
Tax audit (including transfer pricing audit and documentation)	0.91	0.90
Reimbursement of expenses	-	2.57
	<b>3.93</b>	<b>5.97</b>

**12 (b) Corporate social responsibility**

	31st March 2017	31st March 2016
(a) Amount required to be spent by the company during the year	22.14	22.91
(b) Amount spent during the year (in cash)	-	-
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	10.75	-
	<b>10.75</b>	<b>-</b>

**13 Income tax expense**

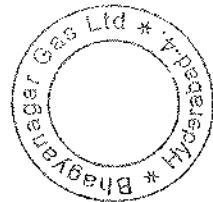
	31st March 2017	31st March 2016
<b>A. Amounts recognised in profit and loss</b>		
<b>Current tax</b>		
Current period (a)	393.91	107.83
Adjustments in respect of current income tax of previous year (b)	3.85	(11.13)
<b>Deferred tax</b>		
Attributable to		
Relating to origination and reversal of temporary differences (c)	128.32	52.17
<b>Income tax expense (a+b+c)</b>	<b>526.08</b>	<b>148.87</b>

	31st March 2017	31st March 2016
<b>B. Income tax recognised in other comprehensive income</b>		
Net loss/ (gain) on re-measurement of defined benefit plans	0.10	0.63
<b>Income tax charges to other comprehensive income</b>	<b>0.10</b>	<b>0.63</b>

	31st March 2017	31st March 2016
<b>C. Reconciliation of effective tax rate</b>		
Profit before tax	1,836.44	623.74
Effective tax rate	21.34%	20.39%
Computed effective tax expense (MAT)	391.93	127.17
Effect of Ind AS adjustments	-	(19.34)
Effect of tax deductible expense	(5.41)	-
Effect of interest for short and deferment of advance tax	7.40	-
Changes in estimates related to prior periods	3.85	(11.13)
Movement in deferred tax liability (including MAT credit entitlements)	128.42	52.80
<b>Income tax expense charged to SoPL and OCI</b>	<b>28.65% 526.18</b>	<b>23.97% 149.50</b>



14 Property, plant and equipment											
All amount in INR lakhs, otherwise stated											
A. Reconciliation of carrying amount											
Particulars	Freehold land	Factory building	Buildings	Roads and culverts	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Total (A)	Capital work-in-progress (B)	Total (A+B)
1. Cost or deemed cost (gross carrying amount)											
Balance at 1 April 2015	642.29	793.44	139.73	17.19	13,935.21	271.83	28.81	9.24	15,837.74	14,843.17	30,680.91
Additions	-	-	-	-	3,515.75	3.18	1.77	12.74	3,533.43	-	3,533.43
Disposals/ Transfer	-	-	-	-	-	-	-	-	-	(2,643.65)	(2,643.65)
Balance at 31 March 2016	642.29	793.44	139.73	17.19	17,450.96	275.00	30.58	21.98	19,371.17	12,199.52	31,570.69
Balance at 1 April 2016	642.29	793.44	139.73	17.19	17,450.96	275.00	30.58	21.98	19,371.17	12,199.52	31,570.69
Additions	-	-	-	-	4,002.82	41.35	2.58	0.85	4,047.60	2,273.99	6,321.59
Disposals	-	-	-	-	-	-	-	-	-	(4,047.60)	(4,047.60)
Balance at 31 March 2017	642.29	793.44	139.73	17.19	21,453.78	316.36	33.16	22.83	23,418.77	10,425.91	33,844.68
2. Accumulated depreciation											
Depreciation for the year	-	30.23	3.48	8.47	667.84	45.78	4.67	2.73	763.20	-	763.20
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2016	-	30.23	3.48	8.47	667.84	45.78	4.67	2.73	763.20	-	763.20
Balance at 1 April 2016	-	30.23	3.48	8.47	667.84	45.78	4.67	2.73	763.20	-	763.20
Depreciation for the year	-	30.23	3.48	3.38	735.89	40.58	4.48	4.04	822.09	-	822.09
Disposals	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2017	-	60.46	6.96	11.86	1,403.72	86.36	9.15	6.77	1,585.28	-	1,585.28
3. Carrying amounts (net)											
At 1 April 2015	642.29	793.44	139.73	17.19	13,935.21	271.83	28.81	9.24	15,837.74	14,843.17	30,680.91
At 31 March 2016/1 April 2016	642.29	763.21	136.25	8.72	16,783.12	229.23	25.91	19.25	18,607.98	12,199.52	30,807.50
At 31 March 2017	642.29	732.98	132.77	5.33	20,050.05	230.00	24.01	16.06	21,833.49	10,425.91	32,259.40
B. Capital work-in-progress											
The capital work in progress includes payments made to contractors for execution of projects, material in transit / value of materials / equipment / etc. received at site for use in the projects. Besides, it also includes borrowing cost allocated to qualifying assets/ projects.											
C. Security											
1 As at 31st March 2017, the whole of the borrowers Property, Plant and Equipment are subject to first charge to secured bank loans from the consortium of lenders comprising of Canara and Corporation Bank.											
D. Sale deed in respect of the following land has not yet been executed											
1 Land at mother station, Shamirpet, Hyderabad admeasuring 2.18 acres allotted by APJC INR 218 lakhs.											
2 Land at Medical Village, R.R. Dist. Hyderabad admeasuring 180 Sq. Mtrs allotted by APJC INR 10.80 lakhs.											
3 Land at mother Station, Sarpavaram, Vakkapudi, Kakimada admeasuring 1.50 acres allotted by APJC INR 145.68 lakhs.											
E. Others											
1 The Net block of Plant and Machinery disclosed above is arrived after adjusting arrears of depreciation for the FY 2012-13 and 2013-14, provided in the FY 2015-16 @ 3.33% p.a. considering life of 30 years. The incremental impact of arrears of depreciation is INR 3.20 lakhs if the depreciation was calculated @ 4.75% in terms of Schedule XIV of the Companies Act, 1956 instead of 3.33% p.a. in terms of Schedule II of Companies Act, 2013.											
2 In the current year addition made to plant and machinery includes capitalisation of pipe line laying works in Hyderabad relating to FY 2015-16 to the tune of INR 48.57 lakhs. The arrears of depreciation on the same being INR 0.55 lakhs is adjusted to retained earnings and included in the accumulated depreciation disclosed above.											



**15 Other financial assets**

	31st March 2017	31st March 2016	1st April 2015
RGTEL-Security deposit	11.10	11.10	11.10
Electricity deposits	35.18	35.02	31.26
Others	18.73	65.47	16.68
Deposits with banks maturity beyond 12 months	-	38.00	-
	<b>65.00</b>	<b>149.59</b>	<b>59.04</b>

RGTEL: Reliance Gas Transportation Infrastructure Limited (RGTEL)

**16 Other tax assets (Net)**

	31st March 2017	31st March 2016	1st April 2015
Advance income tax	963.55	787.93	955.97
TDS	68.65	64.12	48.07
Less: Provision for taxation	(1,007.67)	(701.30)	(840.44)
	<b>24.53</b>	<b>150.75</b>	<b>163.61</b>

**17 Other non-current assets**

	31st March 2017	31st March 2016	1st April 2015
RGTEL hook-up charges	1,051.34	1,311.65	1,571.96
Railway way leave charges	198.22	235.15	271.73
NHAI way leave charges	5.70	8.56	11.41
Leased land with APIC	62.00	64.35	66.70
	<b>1,317.27</b>	<b>1,619.71</b>	<b>1,921.80</b>

NHAI: National Highway Authority of India

APIC: Andhra Pradesh Industrial Investment Corporation

**18 Inventories**

	31st March 2017	31st March 2016	1st April 2015
Surplus stores and spares	-	-	3,758.60
Raw material (natural gas in pipeline)	13.55	16.66	19.75
Finished goods	10.55	9.76	6.35
Stores and spares	42.77	44.91	31.65
	<b>66.87</b>	<b>71.33</b>	<b>3,816.34</b>
Less: Surplus stores and spares transferred to capital work-in-progress	-	-	(3,758.60)
	<b>66.87</b>	<b>71.33</b>	<b>57.75</b>

Note: On the date of transition to Ind As i.e., 1st April 2015, surplus stores and spares mentioned above has been transferred to capital work-in-progress for use in the projects of the company.

**19 Trade receivables**

	31st March 2017	31st March 2016	1st April 2015
Unsecured, considered good	1,442.15	658.15	506.83
Doubtful	-	-	-
	<b>1,442.15</b>	<b>658.15</b>	<b>506.83</b>

**20 Cash and cash equivalents**

	31st March 2017	31st March 2016	1st April 2015
(i) Bank balances			
Current accounts	3,200.67	504.48	498.01
Deposits with maturity less than 3 months	1,230.19	1,701.58	427.99
(ii) Cheques, drafts on hand	5.50	5.60	160.51
(iii) Cash on hand	7.72	8.27	6.48
	<b>4,444.08</b>	<b>2,219.93</b>	<b>1,092.99</b>

**21 Other bank balances**

	31st March 2017	31st March 2016	1st April 2015
Deposits with banks with maturity beyond 3 months but less than 12 mon	2195.64	2157.64	2627.98
	<b>2195.64</b>	<b>2157.64</b>	<b>2627.98</b>

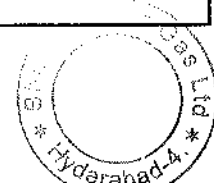
\*The above deposits includes FD in Debt Service Reserve Account. Further, also includes other FDs with maturity more than 3 months and less than 12 months held as margin money against the guarantees and LC's issued by the company.

**22 Other financial assets**

	31st March 2017	31st March 2016	1st April 2015
Interest accrued on deposits	56.92	46.15	55.05
	<b>56.92</b>	<b>46.15</b>	<b>55.05</b>

**23 Other current assets**

	31st March 2017	31st March 2016	1st April 2015
(A) Advance other than capital advances			
(a) Advances to related parties GAIL (India) Limited	-	-	93.74
(b) Advances to suppliers	-	0.72	0.71
(c) Pre-paid expenses	23.42	26.69	27.28
(d) Other advances	-	-	5.56
(B) Others			
(a) VAT, CENVAT and others	233.60	43.21	48.15
	<b>257.02</b>	<b>70.63</b>	<b>175.43</b>



## 24 Equity share capital

	31st March 2017	31st March 2016	1st April 2015
(i) Authorised capital 100,000,000 Equity shares of INR 10/- each	10,000.00	10,000.00	10,000.00
(ii) Issued capital 5,00,25,000 Equity shares of INR 10/- each	5,002.50	5,002.50	5,002.50
(iii) Subscribed and paid up 4,50,25,000 Equity shares of INR 10/- each	4,502.50	4,502.50	4,502.50

(iv) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

### Number of shares in lakhs

Shares outstanding at the beginning of the year	450.25	450.25	450.25
Add: Issued and allotted during the year	-	-	-
Shares outstanding at the end of the year	450.25	450.25	450.25

(v) Rights, preferences and restrictions attached to the equity shares:

(a) The Company has only one class of equity shares having par value of INR 10 each. Each shareholder is eligible for one vote per share held.

(b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.

(c) 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:

- ☐ On transfer of shares to outsiders
- ☐ On transfer of shares to the existing shareholders
- ☐ For issue of fresh equity or transfer of shares to outsiders
- ☐ Restriction on voting rights
- ☐ Appointment of directors, etc.

(vi) The details of shareholders holding more than 5% shares in the Company:

	31st March 2017	31st March 2016	1st April 2015
(a) Equity Shares			
GAIL (India) Limited :			
Number of equity shares in lakhs	225.00	225.00	225.00
% of holding	49.97%	49.97%	49.97%
Hindustan Petroleum Corporation Limited			
Number of equity shares in lakhs	225.00	225.00	225.00
% of holding	49.97%	49.97%	49.97%

(vii) 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, up to an aggregate of 5 crores equity shares of face value of INR 10 each at a price of INR 10 per equity share aggregating to INR 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, 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 which was dismissed by CLB 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 and also an application, inter alia, seeking stay of allotment of said shares. The High Court has admitted the Appeal, it has not granted any stay against the order of the CLB. The matter is sub-judice.

## 25 Share based payments

	31st March 2017	31st March 2016	1st April 2015
Share application money (Other than cash consideration)	431.97	431.97	431.97

### (Equity Settled share based payment arrangements)

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 13th Annual General Meeting of the company held on September 28th, 2016, 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 INR 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 INR 4,51,96,880. The Company has paid INR 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 INR 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.



## 26 Borrowings

	31st March 2017	31st March 2016	1st April 2015
<b>A. Non-current borrowings</b>			
Term loans from banks (secured)	2,394.60	4,205.98	6,013.14
Loans from related parties (unsecured)			
GAIL (India) Ltd	3,000.00	-	-
	5,394.60	4,205.98	6,013.14
<b>B. Current borrowings</b>			
Term loans from banks (secured)*	1,826.64	1,826.65	1,826.44
Loans from related parties (unsecured)			
GAIL (India) Ltd	7,500.00	7,500.00	7,500.00
HPCL	7,500.00	7,500.00	7,500.00
	16,826.64	16,826.65	16,826.44
Amount included under other financial liabilities	(1,826.64)	(1,826.65)	(1,826.44)
<b>Total current borrowings</b>	<b>15,000.00</b>	<b>15,000.00</b>	<b>15,000.00</b>

\* current portion of long term borrowings

## C. Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	31st March 2017	31st March 2016	1st April 2015
<b>1. Secured bank loan in INR</b>			
Consortium of bankers comprising of Canara and Corporation Bank			
- Effective interest rate 10.33%	4,221.24	6,032.63	7,839.58
<b>2. Un-secured bridge loan from related party</b>			
(a) GAIL (India) Limited			
(i) Loan at simple interest			
- Interest rate @ 10% p.a	4,500.00	4,500.00	4,500.00
- Interest rate @ 13% p.a	3,000.00	3,000.00	3,000.00
(ii) Loan at compounding interest			
- Interest rate @ 10% p.a	3,000.00	-	-
(a) HPCL			
(i) Loan at simple interest			
- Interest rate @ 10% p.a	4,500.00	4,500.00	4,500.00
- Interest rate @ 13% p.a	3,000.00	3,000.00	3,000.00
<b>Total borrowings</b>	<b>22,221.24</b>	<b>21,032.63</b>	<b>22,839.58</b>

3. Repayment of secured bank loan borrowed from consortium of bankers comprising of Canara and Corporation bank

The loan is repayable in 24 equal quarterly instalments after a moratorium of 36 months from the initial drawdown date. The year of maturity of the term loan is March 2020.

4. Repayment of unsecured Bridge loan borrowed from related parties GAIL (India) Limited and HPCL

1. Bridge loan borrowed at simple interest rate is to be repaid along with interest in five equal monthly instalments commencing from 30.04.2017 and ending with 31.08.2017 or upon conversion of debt into equity, whichever is earlier.

2. Bridge loan borrowed at compounding interest rate is to be repaid after a moratorium period of 2 years, in maximum two instalments.

## D. Security for bank loans

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

## 27 Provisions

	31st March 2017	31st March 2016	1st April 2015
(a) Provision related to post-employment defined benefit plans	25.32	20.03	18.10
(b) Provision related to compensated absences	6.09	16.78	17.15
	<b>31.41</b>	<b>36.80</b>	<b>35.25</b>

## 28 Deferred tax liabilities (Net)

	31st March 2017	31st March 2016	1st April 2015
<b>(i) Deferred tax assets</b>			
Indexation of freehold land	34.69	30.96	26.13
Leasehold land	-	0.10	-
Provision related to post-employment defined benefit plans	8.42	6.71	5.94
Provision related to compensated absences	6.52	7.60	9.92
Un absorbed depreciation	317.04	422.79	-
MAT credit entitlements	1,080.16	692.64	639.15
Others	-	-	69.59
Sub total (A)	1,446.83	1,160.80	750.72
<b>(ii) Deferred tax liabilities</b>			
Tangible assets	2,265.12	1,842.19	1,376.63
Term loans from banks	5.50	10.55	16.67
Others	-	3.44	-
Sub total (B)	2,270.63	1,856.18	1,393.30
<b>(iii) Deferred tax liabilities (Net) B-A</b>	<b>823.80</b>	<b>695.38</b>	<b>642.58</b>



**29 Trade payables**

	31st March 2017	31st March 2016	1st April 2015
Trade payables to related parties	227.19	193.93	25.34
Other trade payables	378.47	278.74	191.03
	<b>605.66</b>	<b>472.67</b>	<b>216.37</b>

1. 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.

2. 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.

**30 Other financial liabilities**

	31st March 2017	31st March 2016	1st April 2015
(i) Current maturities of long-term debt			
(a) Term loans from banks, secured	1,826.64	1,826.65	1,826.44
(ii) Interest accrued on bridge loan, but not due -			
(a) GAIL (India) Ltd	3,924.43	3,168.43	2,412.43
(b) HPCL	3,938.38	3,182.38	2,426.38
(ii) Others -			
(a) Retention money	51.23	195.37	190.09
(b) EMD / security deposits	84.34	43.58	68.94
(c) Creditors for capital goods	748.07	880.27	813.53
(d) PNG customer deposits	387.70	278.42	255.64
	<b>10,960.79</b>	<b>9,575.08</b>	<b>7,993.44</b>

**31 Other current liabilities**

	31st March 2017	31st March 2016	1st April 2015
Statutory liabilities	237.26	198.66	168.83
Accruals	37.23	46.66	23.23
Other liabilities	3.14	2.68	0.09
	<b>277.63</b>	<b>248.00</b>	<b>192.15</b>

**32 Provisions**

	31st March 2017	31st March 2016	1st April 2015
(a) Provision related to post-employment defined benefit plans	0.14	0.28	0.21
(b) Provision related to compensated absences	13.63	6.22	13.42
	<b>13.78</b>	<b>6.50</b>	<b>13.62</b>

**33 Assets and Liabilities relating to employee benefits**

	31st March 2017	31st March 2016
<b>A. Gratuity</b>		
1. Changes in Present Value of Obligations (PVO)		
PVO at beginning of period	20.31	18.31
Interest cost	1.46	1.36
Current service cost	5.41	5.03
Benefits paid	(1.41)	(2.51)
Actuarial (gain)/loss on obligation	(0.30)	(1.89)
PVO at end of period	<b>25.46</b>	<b>20.31</b>
2. Interest expenses		
Interest cost	<b>1.46</b>	<b>1.36</b>
3. Fair value of plan assets		
Fair value of plan assets at the beginning	-	-
Interest income	-	-
4. Net liability		
PVO at beginning of period	20.31	18.31
Fair value of the assets at beginning report	-	-
Net liability	<b>20.31</b>	<b>18.31</b>
5. Net interest		
Interest expenses	1.46	1.36
Interest income	-	-
Net interest	<b>1.46</b>	<b>1.36</b>
6. Actual return on plan assets	-	-
Less Interest income included above	-	-
Return on plan assets excluding interest income	-	-
7. Actuarial (gain)/loss on obligation		
Due to demographic assumption	-	-
Due to financial assumption	3.90	2.21
Due to experience	(4.20)	(4.10)
Total actuarial (gain)/loss	<b>(0.30)</b>	<b>(1.89)</b>





8. Fair value of plan assets		
Opening fair value of plan asset	-	-
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	-	-
Interest income	1.41	2.51
Contributions by employer	-	-
Contributions by employee	-	-
Benefits paid	(1.41)	(2.51)
Fair value of plan assets at end	-	-
9. Past service cost recognised	-	-
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised past service cost- non vested benefits	-	-
Recognised past service cost- vested benefits	-	-
Unrecognised past service cost- non vested benefits	-	-
10. Amounts to be recognized in the balance sheet and statement of Profit & loss account		
PVO at end of period	25.46	20.31
Fair value of plan assets at end of period	-	-
Funded status	(25.46)	(20.31)
Net asset/(liability) recognized in the balance sheet	(25.46)	(20.31)
11. Expense recognized in the statement of profit & loss account		
Current service cost	5.41	5.03
Net interest	1.46	1.36
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Curtailment effect	-	-
Settlement effect	-	-
Expense recognized in the statement of profit & loss account	6.87	6.40
12. Other Comprehensive Income (OCI)		
Actuarial (gain)/loss recognized for the period	(0.30)	(1.89)
Asset limit effect	-	-
Return on plan assets excluding net interest	-	-
Unrecognized actuarial (gain)/loss from previous period	-	-
Total actuarial (gain)/loss recognized in (OCI)	(0.30)	(1.89)
13. Movements in the liability recognized in balance Sheet		
Opening net liability	20.31	18.31
Adjustment to opening balance	-	-
Expenses as above	6.87	6.40
Contribution paid	(1.41)	(2.51)
Other comprehensive income	(0.30)	(1.89)
Closing net liability	25.46	20.31
14. Schedule III of The Companies Act 2013		
Current liability	0.14	0.28
Non-current liability	25.32	20.03
15. Projected service cost 31 Mar 2018	5.43	-
16. Asset Information		
Cash and cash equivalents	100%	-
Gratuity fund (LIC)	-	-
Debt security - government bond	-	-
Equity securities - corporate debt securities	-	-
Other insurance contracts	-	-
Property	-	-
Total itemized assets	100%	-
17. Assumptions as at reporting date		
Mortality	IALM (2006-08) UH	IALM (2006-08) UL
Interest / discount rate	6.69%	7.46%
Rate of increase in compensation	10.00%	10.00%
Annual increase in healthcare costs	-	-
Future changes in maximum state healthcare benefits	-	-
Expected average remaining service	23.50	-
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : 0%	PS: 1 to 5 : 4% PS: 5 to 42 : 0%
18. Sensitivity analysis		
	DR: Discount Rate	ER: Salary Escalation Rate
	PVO DR +1% PVO DR -1%	PVO ER +1% PVO ER -1%
PVO	20.54 31.82	28.38 22.33



**B. Leave Encashment****1. Changes in present value of obligations**

PVO at beginning of period	6.37	17.54
Interest cost	0.30	0.94
Current service cost	10.75	8.10
Benefits paid	(4.70)	(11.57)
Actuarial (gain)/loss on obligation	(6.60)	(8.63)
PVO at end of period	6.12	6.37

**2. Interest expenses**

Interest cost	0.30	0.94
---------------	------	------

**3. Fair value of plan assets**

Fair value of plan assets at the beginning	-	-
Interest income	-	-

**4. Net liability**

PVO at beginning of period	6.37	17.54
Fair value of the assets at beginning report	-	-
Net liability	6.37	17.54

**5. Net interest**

Interest expense	0.30	0.94
Interest income	-	-
Net interest	0.30	0.94

**6. Actual return on plan assets**

Less Interest income included above	-	-
Return on plan assets excluding interest income	-	-

**7. Actuarial (gain)/loss on obligation**

Due to demographic assumption	-	-
Due to financial assumption	1.01	0.74
Due to experience	(7.61)	(9.37)
Total actuarial (gain)/loss	(6.60)	(8.63)

**8. Fair value of plan assets**

Opening fair value of plan asset	-	-
Adjustment to opening fair value of plan asset	-	-
Return on plan assets excl. interest income	-	-
Interest income	-	-
Contributions by employer	4.70	11.57
Contributions by employee	-	-
Benefits paid	(4.70)	(11.57)
Fair value of plan assets at end	-	-

**9. Past service cost recognised**

Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Average remaining future service till vesting of the benefit	-	-
Recognised past service cost- non vested benefits	-	-
Recognised past service cost- vested benefits	-	-
Unrecognised past service cost- non vested benefits	-	-

**10. Amounts to be recognized in the balance sheet and statement of profit & loss account**

Fair value of plan assets at end of period	6.12	6.37
Funded status	-	-
Net asset/(liability) recognized in the balance sheet	(6.12)	(6.37)
	(6.12)	(6.37)

**11. Expense recognized in the statement of profit & loss account**

Current service cost	10.75	8.10
Net interest	0.30	0.94
Past service cost- (non vested benefits)	-	-
Past service cost -(vested benefits)	-	-
Curtailment effect	-	-
Settlement effect	-	-
Actuarial (gain)/loss recognized for the period	(6.60)	(8.63)
Expense recognized in the statement of profit & loss account	4.46	0.40

**12. Movements in the liability recognized in balance sheet**

Opening net liability	6.37	17.54
Adjustment to opening balance	-	-
Expenses as above	4.46	0.40
Contribution paid	(4.70)	(11.57)
Closing net liability	6.12	6.37



13. Schedule III of The Companies Act 2013	-	-
Current liability	13.63	16.78
Non-current liability	6.09	6.22
14. Short term compensated absence liability	-	-
Valuation date	0.43	0.42
No of days	0.01	0.01
Amount *	13.60	16.63
15. Projected service cost 31 Mar 2018	13.12	-
16. Asset information	-	-
Cash and cash equivalents	-	-
Leave encashment scheme	-	-
Debt security - government bond	-	-
Equity securities - corporate debt securities	-	-
Other insurance contracts	-	-
Property	-	-
Total itemized assets	-	-
17. Assumptions	IALM (2006-08)	IALM (2006-08)
Mortality	Ult.	Ult.
Interest / discount rate	6.69%	7.46%
Rate of increase in compensation	10.00%	10.00%
Annual increase in healthcare costs	-	-
Future changes in maximum state healthcare benefits	-	-
Expected average remaining service	23.50	-
Employee attrition rate(past service (PS))	PS: 1 to 5 : 4% PS: 5 to 42 : 0%	PS: 1 to 5 : 4% PS: 5 to 42 : 0%
18. Sensitivity analysis	DR: Discount Rate	ER: Salary Escalation Rate
PVO	PVO DR +1% 4.85	PVO ER +1% 7.74
	PVO DR +1% 7.81	PVO ER -1% 4.87

#### 34 Capital Management

- The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.
- The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position
- The Company's adjusted net debt to equity ratio is as follows:

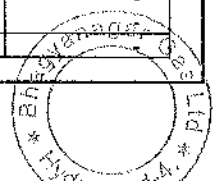
	31st March 2017	31st March 2016	1st April 2015
Total Liabilities	33,107.67	30,240.41	30,106.56
Less: Cash and Cash Equivalents	4,444.08	2,219.93	1,092.99
Adjusted Net Debt	28,663.58	28,020.48	29,013.57
Total Equity	9,021.22	7,710.95	7,234.82
Adjusted Net Debt to Equity Ratio	3.18	3.63	4.01

#### 35 Financial instruments

##### 1. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:  
31st March 2017

	Carrying Amount			Fair Value		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	-	-	-	-	-	-
Security deposits	65.00	-	65.00	-	-	-
Accrued interest	56.92	-	56.92	-	-	-
Trade receivables	1,442.15	-	1,442.15	-	-	-
Cash and cash equivalents	4,444.08	-	4,444.08	-	-	-
	6,008.16	-	6,008.16	-	-	-
<b>Financial liabilities not measured at fair value</b>	-	-	-	-	-	-
Secured bank loans	-	4,221.24	4,221.24	-	4,221.24	-
Loans from related parties	-	18,000.00	18,000.00	-	-	-
Trade payables	-	605.66	605.66	-	-	-
Capital creditors	-	748.07	748.07	-	-	-
Security deposits received	-	472.04	472.04	-	-	-
Accrued interest	-	7,862.81	7,862.81	-	-	-
Retention money	-	51.23	51.23	-	-	-
	-	31,961.05	31,961.05	-	4,221.24	-



31st March 2016

	Carrying Amount			Fair Value		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	-	-	-	-	-	-
Security deposits	111.59	-	111.59	-	-	-
Fixed deposit	38.00	-	-	-	-	-
Accrued interest	46.15	-	46.15	-	-	-
Trade receivables	658.15	-	658.15	-	-	-
Cash and cash equivalents	2,219.93	-	2,219.93	-	-	-
	<b>3,073.81</b>	-	<b>3,035.81</b>	-	-	-
<b>Financial liabilities not measured at fair value</b>	-	-	-	-	-	-
Secured bank loans	-	6,032.63	6,032.63	-	6,032.63	-
Loans from related parties	-	15,000.00	15,000.00	-	-	-
Trade payables	-	472.67	472.67	-	-	-
Capital creditors	-	880.27	880.27	-	-	-
Security deposits received	-	321.99	321.99	-	-	-
Accrued interest	-	6,350.81	6,350.81	-	-	-
Retention money	-	195.37	195.37	-	-	-
	-	<b>29,253.73</b>	<b>29,253.73</b>	-	<b>6,032.63</b>	-

1st April 2015

	Carrying Amount			Fair Value		
	Other financial assets - amortised cost	Other financial liabilities - amortised cost	Total carrying amount	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>	-	-	-	-	-	-
<b>Financial assets not measured at fair value</b>	-	-	-	-	-	-
Security deposits	59.04	-	59.04	-	-	-
Accrued interest	55.05	-	55.05	-	-	-
Trade receivables	506.83	-	506.83	-	-	-
Cash and cash equivalents	1,092.99	-	1,092.99	-	-	-
	<b>1,713.90</b>	-	<b>1,713.90</b>	-	-	-
<b>Financial liabilities not measured at fair value</b>	-	-	-	-	-	-
Secured bank loans	-	7,839.58	7,839.58	-	7,839.58	-
Loans from related parties	-	15,000.00	15,000.00	-	-	-
Trade payables	-	216.37	216.37	-	-	-
Capital creditors	-	813.53	813.53	-	-	-
Security deposits received	-	324.58	324.58	-	-	-
Accrued interest	-	4,838.81	4,838.81	-	-	-
Retention money	-	190.09	190.09	-	-	-
	-	<b>29,222.96</b>	<b>29,222.96</b>	-	<b>7,839.58</b>	-

### 36 Financial risk management

#### 1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

#### Risk management framework:

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

#### • Credit risk

1. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amounts of financial assets represents the maximum credit exposure. There is no impairment losses on financial assets to be recognised in statement of profit and loss as on 31st March 2017 and for the comparative period as on 31st March 2016.



2. Trade and other receivables: The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management does not expect any significant credit risk out of exposure to trade and other receivables, as the major part of the revenue is contributed by either through cash sales or sales to government owned oil marketing companies like HPCL, IOCL and State transport corporation of A.P. and Telangana with a credit period ranging from 3 days to 25 days. Accordingly company does not expect any impairment loss on trade receivables.

3. The Board has established Credit Policy under which each customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The summary of the company's product wise Credit Period is tabulated below:

Product	Credit Period
1. Compressed Natural Gas (CNG)	
(a) Oil Marketing Companies like HPCL, IOCL Etc.,	15 Days from the Invoice Receipt date
(b) Road Transport Corporation like APSRTC, TSRTC Etc.,	Weekly Advance, followed by 25 Days for monthly Settlement upon receipt of Invoice
(c) Others	Cash and Carry Basis
2. Piped Natural Gas (Domestic)	21 Days from the Invoice date
3. Piped Natural Gas (Industrial)	3 Days from the Invoice Receipt date
4. Piped Natural Gas (Commercial)	7 Days from the Invoice Receipt date

4. Cash and cash equivalents: The company held cash and cash equivalents of INR 4,444.05 lakhs as at 31 March 2017 (31st March 2016: INR 2,219.93 lakhs and 1st April 2015: INR 1,092.99 Lakhs). The cash and cash equivalents are held with public sector banks and leading private sector Bank. There is no impairment on cash and cash equivalents as on the reporting date and the comparative period.

#### • Liquidity risk

1. Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

2. The company aims to maintain the level of its cash and cash equivalents and investments at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The company also monitors the level of level of expected cash inflows on trade receivables and loans together with expected cash outflows on trade payables and other financial liabilities. This excludes potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

#### 3. Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

#### 31st March 2017

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 2 years
Borrowings- secured	4,221.24	913.32	913.32	2,394.60	-	-
Borrowings- un-secured	18,000.00	15,000.00	-	-	3,000.00	-
Trade payables	605.66	605.66	-	-	-	-
Other financial liabilities	9,134.15	7,998.38	1,135.77	-	-	-
	<b>31,961.05</b>	<b>24,517.36</b>	<b>2,049.09</b>	<b>2,394.60</b>	<b>3,000.00</b>	<b>-</b>

#### 31st March 2016

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 2 years
Borrowings- secured	6,032.63	913.32	913.33	1,826.64	2,379.34	-
Borrowings- un-secured	15,000.00	-	15,000.00	-	-	-
Trade payables	472.67	472.67	-	-	-	-
Other financial liabilities	7,748.44	238.94	7,509.49	-	-	-
	<b>29,253.73</b>	<b>1,624.93</b>	<b>23,422.82</b>	<b>1,826.64</b>	<b>2,379.34</b>	<b>-</b>

#### 1st April 2015

	Carrying amount	6 months or less	6-12 months	1-2 years	2-5 years	More than 2 years
Borrowings- secured	7,839.58	915.04	911.40	1,826.65	4,186.50	-
Borrowings- un-secured	15,000.00	-	15,000.00	-	-	-
Trade payables	216.37	216.37	-	-	-	-
Other financial liabilities	6,167.01	259.03	5,907.98	-	-	-
	<b>29,222.96</b>	<b>1,390.44</b>	<b>21,819.37</b>	<b>1,826.65</b>	<b>4,186.50</b>	<b>-</b>

#### • Market Risk

1. Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

2. Currency Risk: The company does not have significant exposure in currency other than INR.

3. Interest rate Risk : The company manages its credit risk by entering into borrowing arrangements which are fixed/ floating and investing in fixed interest instruments.



#### Sensitivity analysis:

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased or decreased profit or loss by INR 53.66 Lakhs (31st March 2016: INR 70.81 Lakhs). This analysis assumes that all other variables remain constant

	100 bp increase		100 bp decrease	
	31st March 2017	31st March 2016	31st March 2017	31st March 2016
Interest on Secured Bank Loan- Variable Interest rate- Effect on Profit/	53.66	70.81	(53.66)	(70.81)
Cash flow sensitivity	(53.66)	(70.81)	53.66	70.81

#### • Operational Risk

1. Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations

2. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

3. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective.

4. Compliance with Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and Board of the Company.

#### 37 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, lease hold land allotted by APJC in Vijayawada 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.

#### 38 Contingent liabilities and commitments

##### 1. Contingent liabilities not provided for-

	31st March 2017	31st March 2016
A. In respect of the following disputed demands/ claims since they are subject to appeals/ representations filed by the company		
i. A.P. Value Added Tax- Restriction of ITC	16.73	16.73
ii. Central Excise- Valuation of excisable goods (CNG) and restriction of CENVAT credit	192.21	61.17
iii. Andhra Pradesh State Road Transport Corporation- Claims against supply of CNG	142.59	142.59
B. In respect of appeals filed against the company		
i. Income Tax- Disallowance of expenditure	120.27	120.27
C. Guarantees given		
i. PNGRB- VJA, HYD and KKD- BG's issued for operating CGD business.	1,550.00	1,550.00
ii. Vijayawada Municipal Corporation- Performance BG for Pipe line laying in Vijayawada	38.00	38.00
iii. Others- Performance BG for Pipe line laying in Vijayawada.	5.05	-

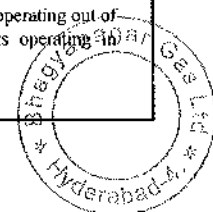
##### 2. Commitments

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 Medhal, Hakimpet and Cantonment depots operating in Hyderabad.



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

	31st March 2017	31st March 2016
Estimated amount of Contracts remaining to be executed on Capital Account not provided for	5,988.09	3,526.19

### 39 Related parties

#### A. Parent and ultimate controlling party

Bhagyanagar Gas Limited ("BGL" for short) is promoted as a Joint Venture company of GAIL (India) Limited and Hindustan Petroleum Corporation Limited (HPCL). The promoters GAIL and HPCL each holds 49.97% of equity share capital in BGL as on reporting date. Hence, treated as Related Parties of BGL

#### B. Transactions with key management personnel

Managing Director and Director-Commercial are on deputation from GAIL/HPCL. The amount mentioned below represents remuneration paid by GAIL/HPCL and debited to the company. The salary includes salary, employer's contribution to PF, LTA, bonus, medical benefits, gratuity & leave encashment. All amounts mentioned below are inclusive of service tax. The MD, DC and Company Secretary are regarded as Key Management Personnel in terms of Companies Act, 2013.

	31st March 2017	31st March 2016
1. Salary & Allowances	111.82	119.21
2. Transport cost (car)	7.69	9.40
	119.51	128.62

#### C. Transactions with related parties other than KMPs

1. Name of the Related Party	HPCL	GAIL	HPCL	GAIL	RSGL	IGL
2. Nature of Relationship	Joint Venture	Joint Venture	Joint Venture	Joint Venture	GAIL JV	GAIL JV
3. Nature of transaction:						
	31st March 2017			31st March 2016		
(i) Purchases						
(a) Auto LPG	127.61	-	90.36	-	-	-
(b) Natural Gas	-	4,197.42	-	4,567.48	-	-
(ii) Sales - CNG	5,788.21	-	5,897.79	-	-	-
(iii) Inland Letter of Credit	-	554.04	-	677.91	-	-
(iv) Interest on Bridge Loan	840.00	840.00	840.00	840.00	-	-
(vi) Manpower Cost- Deputation	130.51	188.51	96.65	158.41	-	-
(v) Sale of stores and spares	-	-	-	-	86.72	436.18

### 40 Earnings per share

#### A. Basic Earnings Per Share

The calculation of basic earnings per share at 31 March 2017 was based on the profit attributable to ordinary shareholders of INR 1312.39 lakhs (2016: INR 474.87 lakhs), and a weighted average number of ordinary shares outstanding of 450.25 lakhs (2016: 450.25 lakhs).

	31st March 2017	31st March 2016
1. Profit attributable to ordinary shareholders	1,310.06	474.87
2. Weighted average number of ordinary shares for the year	450.25	450.25
3. Basic EPS	2.91	1.05

#### B. Diluted Earnings Per Share

The calculation of diluted earnings per share at 31 March 2017 was based on profit attributable to ordinary shareholders of INR 1312.39 lakhs (2016: INR 474.87 lakhs), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 500.25 lakhs (2016: 500.25 lakhs)

	31st March 2017	31st March 2016
1. Profit attributable to ordinary shareholders	1,310.06	474.87
2. Weighted average number of ordinary shares (diluted) for the year	500.25	500.25
3. Diluted EPS	2.62	0.95

#### C. Weighted average number of ordinary shares (diluted)

	31st March 2017	31st March 2016
Weighted average number of ordinary shares (basic)	450.25	450.25
Effect of shares to be issued to APIC for purchase of land	50.00	50.00
	500.25	500.25



**41 Details of Specified Bank Notes (SBN) held and transacted during the period 8th Nov 2016 to 30th December 2016**

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November 2016	7.81	0.10	7.91
Add: Permitted receipts	166.28	174.87	341.15
Less: Permitted payments	-	-	0.00
Less: Amount deposited into bank	174.09	168.72	342.81
Closing cash in hand as on 30th December 2016	0.00	6.25	6.25

**42 Long term contracts and derivatives contract in any financial years**

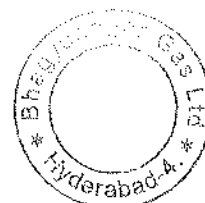
The company has long term contracts for supply of gas. There are no foreseeable losses on such contracts. The company does not have any derivatives

**43 Subsequent events**

They were no subsequent events post the year end.

**44 Operating Segments**

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

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

All amount in INR lakhs, otherwise stated

### 46 Explanation of transition to Ind AS

As stated in Note 2, these are the Company's first standalone financial statements prepared in accordance with Ind AS. For the year ended 31st March 2016, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP").

The accounting policies set out in Note 3 have been applied in preparing these standalone financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing the Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory

##### A. Optional exemptions availed

###### 1. Property plant and equipment, capital work-in-progress and intangible assets

As per Ind AS 101 an entity may elect to:

i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to

- fair value,

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of capital work-in-progress and intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities.

##### B. Mandatory exceptions

###### 1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).



The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

- a) Determination of the discounted value for financial instruments carried at amortised cost.
- b) Impairment of financial assets based on the expected credit loss model.

## **2. Derecognition of financial assets and liabilities**

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively as reliable information was not available at the time of initially accounting for these transactions.

## **3. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017**

All amount in INR lakhs, otherwise stated

**C. Reconciliation of equity**

	Notes	As at date of transition 1st April 2015			As at 31st March 2016		
		Previous GAAP	Adjustment on transition to Ind AS	Ind AS	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	a	15,954.63	(116.90)	15,837.74	18,624.70	(16.73)	18,607.97
Capital work in progress	b	11,135.59	3,707.58	14,843.17	9,082.71	3,116.81	12,199.52
<b>Financial assets</b>							
Loans	c	2,058.17	(2,058.17)	-	1,759.42	(1,759.42)	-
Other financial assets		59.04	-	59.04	111.59	38.00	149.59
Other tax assets, net	a	-	163.61	163.61	-	150.75	150.75
Other non-current assets	d	52.80	1,869.00	1,921.80	43.68	1,576.02	1,619.70
<b>Total non-current assets</b>		<b>29,260.23</b>	<b>3,565.13</b>	<b>32,825.36</b>	<b>29,622.10</b>	<b>3,105.43</b>	<b>32,727.53</b>
<b>Current assets</b>							
Inventories	b	3,816.34	(3,758.60)	57.75	3,236.71	(3,165.38)	71.33
<b>Financial assets</b>							
Trade receivables	a	506.97	(0.15)	506.83	658.15	-	658.15
Cash and cash equivalents	c	3,720.97	(2,627.98)	1,092.99	4,377.57	(2,157.64)	2,219.93
Other bank balances	c	-	2,627.98	2,627.98	-	2,157.64	2,157.64
Loans	c	121.02	(121.02)	-	719.33	(719.33)	-
Other financial assets	c	-	55.05	55.05	-	46.15	46.15
Other current assets	d	1,089.45	(914.02)	175.43	235.16	(164.53)	70.63
<b>Total current assets</b>		<b>9,254.75</b>	<b>(4,738.73)</b>	<b>4,516.02</b>	<b>9,226.92</b>	<b>(4,003.09)</b>	<b>5,223.83</b>
<b>Total assets</b>		<b>38,514.98</b>	<b>(1,173.60)</b>	<b>37,341.38</b>	<b>38,849.02</b>	<b>(897.66)</b>	<b>37,951.36</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Equity share capital		4,502.50	-	4,502.50	4,502.50	-	4,502.50
Other equity							
Reserves and surplus	F	2,392.83	(92.48)	2,300.35	2,932.46	(155.97)	2,776.49
Share application money pending allotment		431.97	-	431.97	431.97	-	431.97
<b>Total equity</b>		<b>7,327.30</b>	<b>(92.48)</b>	<b>7,234.82</b>	<b>7,866.93</b>	<b>(155.97)</b>	<b>7,710.96</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
<b>Financial liabilities</b>							
Borrowings	f	6,060.88	(47.74)	6,013.14	4,234.44	(28.47)	4,205.97
Provisions	a	18.10	17.15	35.25	36.80	-	36.80
Deferred tax liabilities (net)	g	819.97	(177.39)	642.58	1,405.16	(709.79)	695.37
Other non-current liabilities	c	1,074.88	(1,074.88)	-	278.42	(278.42)	-
<b>Total non-current liabilities</b>		<b>7,973.82</b>	<b>(1,282.85)</b>	<b>6,690.97</b>	<b>5,954.82</b>	<b>(1,016.67)</b>	<b>4,938.15</b>
<b>Current liabilities</b>							
<b>Financial liabilities</b>							
Borrowings		15,000.00	-	15,000.00	15,000.00	-	15,000.00
Trade and other payables		216.37	-	216.37	472.67	-	472.67
Other financial liabilities	c	-	7,993.44	7,993.44	-	9,575.09	9,575.09
Provisions		877.42	(863.80)	13.62	6.50	-	6.50
Other current liabilities	c	7,120.07	(6,927.92)	192.15	9,548.10	(9,300.10)	248.00
<b>Total current liabilities</b>		<b>23,213.86</b>	<b>201.73</b>	<b>23,415.58</b>	<b>25,027.27</b>	<b>274.99</b>	<b>25,302.26</b>
<b>Total liabilities</b>		<b>31,187.68</b>	<b>(1,081.12)</b>	<b>30,106.56</b>	<b>30,982.09</b>	<b>(741.69)</b>	<b>30,240.40</b>
<b>Total equity and liabilities</b>		<b>38,514.98</b>	<b>(1,173.60)</b>	<b>37,341.38</b>	<b>38,849.02</b>	<b>(897.66)</b>	<b>37,951.36</b>



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

All amount in INR lakhs, otherwise stated

## D. Reconciliation of total comprehensive income for the year ended 31st March 2016

	Notes	For the year ended 31st March 2016		
		Previous GAAP	Adjustment on transition to Ind AS	Ind AS
<b>Revenue</b>				
Revenue from operations	h	10,703.42	1,523.58	12,227.00
Other income		287.76	-	287.76
<b>Total income</b>		<b>10,991.18</b>	<b>1,523.58</b>	<b>12,514.76</b>
<b>Expenses</b>				
Cost of materials consumed		5,438.06		5,438.06
Purchases of stock-in-trade		90.36	-	90.36
Changes in inventories		(3.42)	-	(3.42)
Excise duty	h	-	1,523.58	1,523.58
Employee benefits expense	e	372.81	(11.13)	361.68
Finance costs	f	1,946.01	19.48	1,965.49
Depreciation	a	765.00	(1.54)	763.46
Other expenses	a	1,760.14	(8.33)	1,751.81
<b>Total expenses</b>		<b>10,368.96</b>	<b>1,522.06</b>	<b>11,891.02</b>
<b>Profit before prior-period items and tax</b>		<b>622.22</b>	<b>1.52</b>	<b>623.74</b>
Prior-period item	a	93.33	(93.33)	-
<b>Profit before tax</b>		<b>528.89</b>	<b>94.85</b>	<b>623.74</b>
Current tax		96.70	-	96.70
Deferred tax	g	(107.44)	159.61	52.17
<b>Income tax expense</b>		<b>(10.74)</b>	<b>159.61</b>	<b>148.87</b>
<b>Profit for the year</b>		<b>539.63</b>	<b>(64.76)</b>	<b>474.87</b>
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of defined benefit liability (asset)	e	-	1.89	1.89
Income tax relating to items that will not be reclassified to profit or loss		-	(0.63)	(0.63)
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>1.27</b>	<b>1.27</b>
<b>Total comprehensive income for the year</b>		<b>539.63</b>	<b>(63.49)</b>	<b>476.14</b>



**BHAGYANAGAR GAS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017**

**All amount in INR Lakhs, otherwise stated**

**E. Notes for Balance sheet and profit and loss**

**a Restatement of prior period items**

Under Ind AS, the Company is required to retrospectively present the material prior period errors identified by : a) restating the comparative amounts for the prior period(s) presented in which the error occurred; b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Under the previous GAAP, prior period items were recognised in the statement of profit and loss in the year in which identified.

**b Item of CWIP previously classified as inventory has been re classified as CWIP.**

**c. Re-classification of financial assets and liabilities**

Under Ind AS, all financial assets and liabilities are to be disclosed separately on the face of the Balance Sheet. Under previous GAAP, there was no such requirement. Thus, all the assets and liabilities meeting the recognition criteria of financial asset or liability as per Ind AS 32 and Ind AS 109 have been re-classified and shown separately on the face of the Balance Sheet.

**d Leasehold land considered as part of tangible assets has been reclassified as operating lease as per the requirements of Ind AS 17.**

**e Actuarial gain and loss**

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

**f Borrowings at amortised cost**

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

**g Deferred tax**

The above Ind AS adjustments has resulted in changes in the deferred tax liability.

**h Excise duty**

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2016. The total comprehensive income for the year ended and equity as at 31 March 2016 has remained unchanged.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017**

All amount in INR lakhs, otherwise stated

**F. Reconciliation of Equity**

	Note	31st March 2016	1st April 2015
<b>Total equity as per GAAP</b>		<b>7866.93</b>	<b>7327.30</b>
<b><u>Adjustments on account of Ind AS</u></b>			
Impact of amortized cost adjustment for borrowings	a	31.90	51.38
Leasehold land adjusted	b	(0.95)	(0.14)
Deferred tax asset recognised on freehold land	c	30.96	26.12
Deferred tax on above Ind AS adjustments	c	(10.37)	(16.75)
<b><u>Adjustments on account of prior period errors</u></b>			
Prior period item adjusted	d	-	(93.59)
Provision for leave encashment	d	-	(13.03)
Accounting adjustment for prepaid hook up charges	e	(204.06)	(214.48)
Deferred tax adjustments	f	(3.44)	168.01
<b>Total equity under Ind AS</b>		<b>7710.96</b>	<b>7234.82</b>

**F. Notes to equity reconciliation****a) Borrowing cost**

1. Under Previous GAAP, the borrowings were carried at their transaction price. The transaction costs in relation to the borrowings were charged to the statement of profit and loss as and when incurred.
2. Under Ind AS, Borrowings have to be classified as financial liabilities carried at amortised cost and measured using the effective interest rate method.
3. This has resulted in increase in equity by INR 31.90 lakhs, INR 51.38 lakhs as on 31 March 2016 and 1 April 2015 respectively.

**b) Leasehold land**

1. Under Previous GAAP, leasehold land had been capitalised as part of fixed assets and the same was depreciated over the lease term.
2. Under Ind AS, leasehold land needs to be assessed as finance lease or operating lease. The leased land has been reclassified as operating lease.
3. This has resulted in decrease in equity by INR 0.95 Lakhs, INR 0.14 lakhs as on 31 March 2016 and 1 April 2015 respectively.

**c) Deferred taxes**

1. Under Previous GAAP, Deferred taxes are computed for timing differences between accounting income and taxable income for the year i.e. using the 'Income Statement Approach'.
2. Under Ind AS, Deferred taxes are computed for temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its Tax Base. This is referred to as the 'Balance Sheet Approach'. Based on this approach, additional deferred taxes have to be recognised by the Company on all Ind AS adjustments as the same would create temporary differences between the books and tax accounts. Also, deferred taxes need to be created on freehold land
3. This has resulted in increase in equity by INR 20.59 Lakhs, INR 9.37 lakhs as on 31 March 2016 and 1 April 2015 respectively.



**d) Prior period errors**

1. Under Previous GAAP, Prepaid expenses and prior period expenses / income up to Rs.1 Lakh in each case were charged to relevant heads of account of the current year.

2. Under Ind AS, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by : a)restating the comparative amounts for the prior period(s) presented in which the error occurred; or b)if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

3. This has resulted in decrease in equity by INR Nil and INR 106.62 lakhs as on 31 March 2016 and 1 April 2015 respectively.

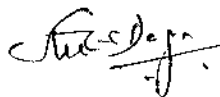
**e) Prepaid hookup charges**

1. Straight lining impact of RGTIL Hook up charges. This has resulted in decrease in equity by INR 204.06 Lakhs, INR 214.48 lakhs as on 31 March 2016 and 1 April 2015 respectively.

**f) Deferred tax adjustments on prior period items**

As per our report on standalone financial statements of even date

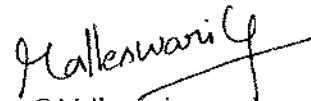
For S.Daga & Co.,  
Chartered Accountants  
FR No: 000669S



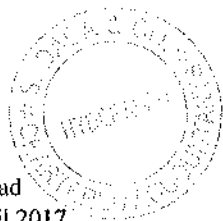
Shantilal Daga  
Partner  
Membership No.: 011617



Shiv Dayal Akheranka  
Director-Commercial-cum-CFO  
DIN No.: 07511407



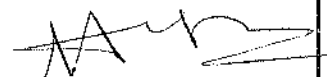
G. Malleswari  
Company Secretary  
Membership No. F6574



Place: Hyderabad  
Date: 26th April 2017



A. K. Das  
Managing Director  
DIN No.: 07209092



S.P. Gupta  
Chairman  
DIN No.: 07236361

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BHAGYANAGAR GAS LIMITED, HYDERABAD FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of financial statements of Bhagyanagar Gas Limited, Hyderabad for the year ended 31 March 2017 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 the 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 26 April 2017.

I, on 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 31 March 2017. 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 behalf of the  
Comptroller and Auditor General of India**



**(L. Tochhawng)**

**Director General of Commercial Audit &  
Ex-Officio Member, Audit Board,  
Hyderabad**

**Place: Hyderabad  
Date: 12 July 2017**



## 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:corporatehq@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 14<sup>th</sup> Annual General Meeting of Bhagyanagar Gas Limited at Parishram Bhavan, APIDC Building, Basheerbagh, Hyderabad - 500 004 on Friday, 22<sup>nd</sup> September, 2017 at 11.30 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:** corporatehqs@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 14<sup>th</sup> Annual General Meeting of the members of Bhagyanagar Gas Limited will be held on Friday, 22<sup>nd</sup> day of September 2017 at 11.30 a.m. at registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

SN. No.	Matter of resolution	Vote	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Financial Statements prepared on IND AS basis for the financial year ended 31 <sup>st</sup> March, 2017 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 remuneration of Statutory Auditors for the FY 2017-18 the Statutory Auditor(s) to be 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 Dr. Narendra Kumar (DIN 0006571708) as Director on the Board		
5.	Appointment of Shri Satya Prakash Gupta (DIN 0007236361) as Director on the Board.		
6.	Appointment of Shri Sanjiv Gujral ( DIN 07808552) as Director on the Board.		
7.	Appointment of Shri Sanjiv Gujral ( DIN 07808552) as Whole Time Director on the Board.		
8.	Appointment of Shri Rajesh Vedvyas (DIN 000 2283035) as Director on the Board.		
9.	Appointment of Shri Rajesh Vedvyas (DIN 000 2283035) as Independent Director on the Board.		
10.	Remuneration to Cost Auditors for the financial year 2017-18		
11.	Issue of shares on preferential basis to APIIC.		
12.	Alteration of Article 5 (1), 6 and 38 in the Articles of Association of the Company:-		

Signed this.....day of..... 2017

Affix revenue  
stamp

Signature of shareholder :

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 Ltd.

# Bhagyanagar Gas Limited

A Joint Venture of GAIL & HPCL



14<sup>th</sup> Annual Report  
2017