**Gujarat State Petronet Ltd.**
**GSPL Bhavan,**
**E-18, GIDC Electronics Estate, Nr. K-7 Circle,**
**Sector-26, Gandhinagar-382028.**
**Tel.: +91-79-23268500/600 Fax : +91-79-23268506**
**Website : www.gspcgroup.com**

Ref: GSPL/S&L/2018-19

Date: 31st August, 2018

To
The Manager (Listing)
**The Stock Exchange, Mumbai**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.
Fax No. 022-22722037-22723121-
Company Code: 532702

To
The Manager (Listing)
**The National Stock Exchange of India Ltd.**
"Exchange Plaza", Bandra-Kurla
Complex, Bandra (E), Mumbai – 400 051,
Fax No. : 022-26598237/38
Company Code: GSPL

Dear Sir,

**Sub: 20th Annual General Meeting and Book Closure.**

This is to inform you that the 20th Annual General Meeting of the Company is scheduled to be held on Friday, 28th September, 2018. Copy of the Annual Report 2017 – 18 along with the Notice convening the 20th Annual General Meeting is enclosed herewith.

Further, the Register of Members and Share Transfer Books of the Company will remain closed for the period from Saturday, 22nd September, 2018 to Friday, 28th September, 2018 (both days inclusive) for the purpose of payment of Dividend for the Financial Year 2017 - 2018 and Annual General Meeting.

The Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid on or after Friday, 5th October, 2018 to those

Members whose names appear in the Register of Members as at the close of business hours on 21st September, 2018.

We would further like to inform you that the Company has fixed 21st September, 2018 as the cut-off date for the purpose of e-voting, for ascertaining the names of the Shareholders holding Shares either in physical form or in dematerialized form, who will be entitled to cast their votes electronically in respect of the businesses to be transacted at the 20th Annual General Meeting of the Company scheduled to be held on 28th September, 2018. The e-voting period commences on 25th September, 2018 to 27th September, 2018. During this period, the Members of the Company as on the cut-off date, being 21st September, 2018, may cast their vote by electronic means.

This is for your record and reference.

Thanking you.

Yours faithfully,

**For Gujarat State Petronet Limited,**

Reena Desai

**Company Secretary**

GUJARAT STATE PETRONET LTD. GP GANDHINAGAR

C/C to:

1. National Securities Depositories Limited, Mumbai
2. Central Securities Depositories Limited, Mumbai
3. M/s Karvy Computershare Private limited, Hyderabad

Gujarat State Petronet Limited

The Energy Lifeline of Gujarat

# ANNUAL REPORT

2017-2018

## Board of Directors

| | |
|---|---|
| Shri M M Srivastava, IAS (Retd.) | *Chairman* |
| Shri Arvind Agarwal, IAS (w.e.f. 14th June, 2018) | |
| Shri Anil Mukim, IAS (upto 7th March, 2018) | |
| Shri Raj Gopal, IAS (w.e.f. 8th August, 2018) | |
| Shri Sujit Gulati, IAS (upto 16th July, 2018) | |
| Smt. Shridevi Shukla | |
| Dr. R Vaidyanathan | |
| Prof. Yogesh Singh | |
| Dr. Bakul Dholakia | |
| Dr. Sudhir Kumar Jain | |
| Shri Bhadresh Mehta | |
| Shri Bimal N Patel | |
| Dr. T Natarajan, IAS | *Joint Managing Director* |
| Dr. J N Singh, IAS | *Managing Director* |

## Company Secretary

Ms. Reena Desai

## Subsidiary Companies

GSPL India Gasnet Limited
GSPL India Transco Limited
Gujarat Gas Limited

## Registrar & Share Transfer Agent

Karvy Computershare Private Limited, Hyderabad

## Statutory Auditors

M/s V V Patel & Co.,
Chartered Accountants
Ahmedabad

## Associate Companies

Sabarmati Gas Limited

## Internal Auditors

M/s K C Mehta & Co.,
Chartered Accountants
Ahmedabad

## Secretarial Auditors

M/s Manoj Hurkat & Associates
Practising Company Secretaries,
Ahmedabad

## Cost Auditors

M/s N D Birla & Co.,
Cost Accountants, Ahmedabad

## Registered Office

GSPC Bhavan, Behind Udyog Bhavan
Sector-11, Gandhinagar-382010, Gujarat

## Corporate Office

GSPL Bhavan, E-18, GIDC Electronic Estate, Sector-26, Gandhinagar-382028
Gujarat

## Bankers

Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Corporation Bank
Central Bank of India
DCB Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
IDBI Bank Ltd.
IDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce
Punjab & Sind Bank
RBL Bank Ltd.
State Bank of India
The Karur Vysya Bank Ltd.
The South Indian Bank Ltd.
Union Bank of India
Yes Bank Ltd.

## Contents

# Board of Directors

## Shri M M Srivastava, IAS (Retd.), *Chairman*

Shri M M Srivastava, IAS, (Retd.) has graduated in Science from Delhi University and has completed his Masters in Physics from Delhi University. He has also done MBA (Marketing) from University of Ljubljana, Slovenia. He has wide administrative and corporate experience. He has held various positions in Government Departments prior to his retirement including Member (Finance), Gujarat Electricity Board, Managing Director of Gujarat Agro Industries Corporation, Secretary in Finance Department, Commissioner of Commercial Tax Department, Principal Secretary to Energy and Petrochemicals Department and Additional Chief Secretary to Finance Department, Government of Gujarat.

## Shri Arvind Agarwal, IAS, *Non - Executive (Additional) Director*

Shri Arvind Agarwal, IAS, is a very Senior IAS Officer of Government of Gujarat. He has done Post Graduation in Commerce. He has very rich and varied experience of around 33 years and has held distinguished positions in Government of Gujarat viz. District Development Officer and Collector - Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary, Education, Industries & Mines Departments, Government of Gujarat. He was Managing Director, Gujarat State Financial Corporation Limited, Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration. He has authored a Book in Gujarati viz. "Panchayat Parichay". He was awarded as "Best Collector" during his posting in Bharuch. Presently, he is Additional Chief Secretary, Finance Department, Government of Gujarat.

## Shri Raj Gopal, IAS, *Non - Executive (Additional) Director*

Shri Raj Gopal, IAS is a Senior IAS officer having varied and rich experience of more than 30 years and has held key positions in various Departments of the Govt. of Gujarat viz. Revenue, Agriculture, Corporation, Tourism, Urban Development, Sales Tax, Rural Development, Geology and Mines, Road Transport and Energy. Presently he is Principal Secretary to Energy and Petrochemicals Department, Govt. of Gujarat. Shri Raj Gopal, IAS has done M.A. (German), LL.B, MBA (Distinction) from the University of Hull, U.K. and P.G. Diploma in Ecology & Environment.

## Smt. Shridevi Shukla, *Non - Executive Woman Director*

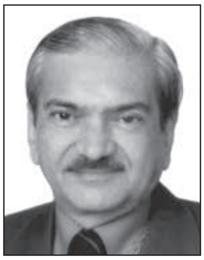
Smt. Shridevi Shukla has done B.A in Economics. She has wide administrative and corporate experience. She has held various senior level positions in Government of Gujarat Departments prior to her retirement including Joint Secretary (Industries and Mines) and Appellate Authority (Mines), Industries and Mines Department, Deputy Secretary (Services), Finance Department, Deputy Secretary (ARTD), General Administration Department, Deputy Secretary, (Biotechnology), Science and Technology Department. Subsequent to her retirement, she was appointed as Officer on Special Duty (Industries and Mines) and Appellate Authority (Mines), Industries and Mines Department from September, 2010 to February, 2014. Thereafter, she was appointed as State Information Commissioner, Gujarat Information Commission from May, 2014 to February, 2015.

## Dr. R Vaidyanathan, *Independent Director*

Dr. R Vaidyanathan is a retired Professor of Finance at IIM - Bangalore. He is two times Fulbright scholar and a Fellow of ICSSR-Visiting Faculty at various universities in USA/UK. He has been selected by Business Today as one of the ten best professors at all IIMS. He has the rare privilege of being in various committees of regulators like SEBI/RBI/IRDA/PFRDA. He is consultant to many organizations and is on the Board of many Corporates. His book India Uninc--Role of Non-corporate sectors in India which focus on Indian/Asian value systems has been well received by planners and policy makers. His recent book on Black money and Tax Havens has been acclaimed by experts. He is working on a book – Caste as social Capital. He is on the Advisory council of ViF and also Honorary Dean of Economic studies. Currently, he is Cho S Ramaswamy Chair Professor in Public Policy at Sastra University.

**Prof. Yogesh Singh,** *Independent Director*

Prof. Yogesh Singh holds M. Tech. and Ph.D (Computer Engineering) degrees from National Institute of Technology, Kurukshetra, Haryana. Presently, he is Vice Chancellor, Delhi Technological University. Prior to the same he was Director, Netaji Subhash Institute of Technology (NSIT), New Delhi. He had also held position of Vice Chancellor, The Maharaja Sayajirao University of Baroda, Vadodara. Prof. Singh has a sustained track record of quality teaching, innovation and excellent research contributions in the field of Software Engineering. He has to his credit 285 publications in reputed National/International Journals and Conferences with 'h' index of 27 as reported by Google Scholar and produced 23 Ph.D scholars. He is an author of a book on 'Software Testing' which is published by Cambridge University Press, England. He is the Chairman of the Central Regional Committee, All India Council of Technical Education (AICTE), Bhopal, covering areas like Madhya Pradesh, Chhattisgarh and Gujarat.



**Dr. Bakul Dholakia,** *Independent Director*

Dr. Bakul Dholakia holds degree of M.A. (Economics), Gold Medalist and has done Ph.D. (Economics) from MS University, Baroda. Dr. Bakul Dholakia served as Director General of International Management Institute (IMI) of Delhi. Prior to joining IMI, he was the Director of Adani Institute of Infrastructure Management & Gujarat Adani Institute of Medical Sciences, Bhuj. He has more than 47 years of professional experience including 33 years at IIM, Ahmedabad. During the course of his long tenure at IIM Ahmedabad, Dr. Bakul Dholakia occupied the Reserve Bank of India Chair from 1992 to 1999, served as the Dean from 1998 to 2001 and as the Director of IIMA from 2002 to 2007. Dr. Dholakia was the Chairman of the National Board of Accreditation for Technical Education in India from 2005 to 2008. He has guided 20 Ph.D. students specializing in Economics, Finance, Business Policy and Public Systems. Dr. Dholakia is the author of 12 books, 28 monographs and more than 50 research papers published in professional journals in India & abroad. In 2007, Dr. Dholakia was awarded Padma Shri by the Government of India in recognition of his distinguished services in the field of education. In 2008, Dr. Dholakia was conferred the coveted Bharat Asmita National Award by the Honorable Chief Justice of India. In 2017, Dr. Dholakia received the prestigious AIMA Academic Leadership Award for his outstanding contribution to management education in India. Over the last two decades, Dr. Dholakia has worked on numerous government committees. He has also been a member of the jury for various Corporate Excellence Awards and Selection Committees for CEOs. The Competition Commission of India has appointed Dr. Dholakia as a member of the Eminent Person Advisory Group. He has been a consultant to various national and international organisation.

**Dr. Sudhir Kumar Jain,** *Independent Director*

Dr. Sudhir Kumar Jain is an active academic and a passionate academic administrator. He has been on the faculty of IIT Kanpur (IITK) since 1984 from where he is currently on leave to the new Indian Institute of Technology Gandhinagar (IITGN) in Ahmedabad to shoulder the responsibilities of its Director. Dr. Jain holds a Bachelor of Engineering from the University of Roorkee, and Masters and Doctoral degrees from the California Institute of Technology, Pasadena. He was elected to the Board of Directors of the International Association for Earthquake Engineering in 2000, and is currently its President. He also served on the Board of Directors of the World Seismic Safety Initiative from 2002 to 2009. He was elected Fellow of the Indian National Academy of Engineering in 2003, and was conferred Life Membership by the New Zealand Society for Earthquake Engineering (NZSEE) in 2013.

**Shri Bhadresh Mehta,** *Independent Director*

Shri Bhadresh Mehta is Chartered Accountant, Company Secretary and Cost Accountant by qualification. He holds professionally qualified senior managerial experience with a proven success of over 21 years in steering finance and audit functions of reputed business groups. His areas of specialization are strategic planning, financial management, auditing, risk assessment and management.

**Shri Bimal N Patel,** *Independent Director*

Shri Bimal N Patel, Ph.D (International Law - Leiden, the Netherlands), Ph.D (International Law - Jaipur), LLM, MA, BSc, is a Professor of Public International Law and the current Director of the Gujarat National Law University, Gandhinagar. He is also a Member of the Law Commission of India, National Security Advisory Board and Advisor, Financial Sector Regulatory Appointments Search Committee, Insolvency and Bankruptcy Board of India Regulations Committee, Government of India. He has been involved in drafting several national and state primary and secondary legislations, regulations, rules. A former United Nations civil servant, scholar and academician of international law, international relations and diplomacy, Professor Patel possesses 26 years experience in public international law, law of the sea, maritime laws, international relations, international courts and tribunals. Professor Patel is a member or advisor on committees of various governmental and academic institutions and agencies. Professor Patel is author / editor of 15 books and more than 50 research papers / articles published in leading international and national peer-reviewed journals.

**Dr. T Natarajan, IAS,** *Joint Managing Director*

Dr. T Natarajan, IAS holds a B.E. (Mining Engineering) and an MBA (Finance & Marketing). He also holds Doctorate in Management. Dr. T Natarajan, IAS served as Joint Managing Director of Gujarat Narmada Valley Fertilizers & Chemicals Limited. He has worked in Industrial Finance Corporation for 2 years and has also held distinguished positions in the Govt. of Gujarat including Commissioner, Technical Education, Commissioner, Geology & Mining as well as Secretary, Economic Affairs, Finance Department.

**Dr. J N Singh, IAS,** *Managing Director*

Dr. J N Singh, IAS has done M.A. (International Studies, JNU), MDM (AIM, Manila), Ph.D from M S University. He has wide experience of working in various Government Departments and Public Sector Undertakings. He has held various key positions like Additional Chief Secretary (Finance Department) Govt. of Gujarat, Principal Secretary (Science and Technology Department), Textile Commissioner, Mumbai, Member (Fin), NHAI, Delhi, Managing Director, Sardar Sarovar Narmada Nigam Ltd. He has served largely in Infrastructure and Finance Sector having handled Industrial Infrastructure, Power, Telecom, Highways and water. His Ph.D in Political Economy examined the tripartite relationship of Power Sector, Ground Water Resources and Agriculturists in the context of Gujarat. At present, he is Chief Secretary, Govt. of Gujarat.

# QUALITY, HEALTH, SAFETY AND ENVIRONMENT POLICY

GSPL commits a high level of QHSE performance to ensure effective and efficient management of Operation and Maintenance of Natural Gas Grid with continual improvements so as to provide reliable natural gas transmission in a safe working environment.

**GSPL is committed to:**

- Maintain an organizational culture of Occupational Health, Safety & Environmental and Quality excellence by conducting its business in a manner that will promote consistent development.
- Safe work, resource conservation, waste management to reduce pollution and emergency response measures for continual improvement in QHSE performance.
- Design, construct, operate & maintain its facilities while assuring the best material and service quality and operate in a way that mitigates and minimizes risks and hazards.
- Prevention of ill-health and injuries by adopting best occupational health and safety practices, carrying out periodic risk assessments, audits, reviews, inspections and providing awareness to employees and concerned stakeholders.
- Comply with legal, regulatory and other requirements applicable for natural gas transportation business as a responsible corporate.
- Provide appropriate resources and PPEs to its employees.
- Focusing on teamwork and stakeholder satisfaction, adopting new technologies in O & M activities, maintaining availability of Gas Grid to meet customer requirements and reviewing of process and performance of QMS on regular basis.
- Encourage associates and stakeholders to demonstrate commitment for continuous improvement in HSE performance and HSE objective setting process.
- Ensure compliance with the Policy through a process of training and competence, review and audit leading to commitment towards Occupational Health, Safety and Environmental protection.
- Communicate openly with Government agencies, employees, contractors and the general public on Occupational Health, Safety and Environmental management issues.
- Delegate power to employees to implement the Company's Policy on Occupational Health, Safety and Environment.

# NOTICE

Notice is hereby given that 20th Annual General Meeting of the Members of Gujarat State Petronet Limited will be held on Friday, the 28th day of September, 2018 at 3.30 P.M. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector – 11, Gandhinagar – 382010 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements *(Standalone & Consolidated)* of the Company for the Financial Year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon.

2. To declare Dividend on Equity Shares.

3. To appoint a Director in place of Dr. T Natarajan, IAS [DIN: 00396367] who retires by rotation and being eligible offers himself for re-appointment and to pass the following Resolution as an Ordinary Resolution:
   **"RESOLVED THAT** Dr. T Natarajan, IAS [DIN: 00396367], who pursuant to the applicable provisions of the Companies Act, 2013 and Articles of Association of the Company was appointed as Joint Managing Director of the Company (not liable to retire by rotation) w.e.f. 4th August, 2016, has after considering the compliance requirement of provisions of the Section 152 of the Companies Act, 2013 for Rotational/Non – Rotational Directors, offered himself to retire by rotation and being eligible has further offered himself for re-appointment, be and is hereby re-appointed as Director (with continuity in his position as Joint Managing Director) of the Company, not liable to retire by rotation unless the constitution of the Board requires otherwise."

4. To authorize the Board of Directors to fix remuneration of M/s Anoop Agarwal & Co. Chartered Accountants, Ahmedabad, Statutory Auditors of the Company in terms of the provisions of Section 142 of the Companies Act, 2013 and to pass the following Resolution as an Ordinary Resolution:
   **"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of M/s Anoop Agarwal & Co. Chartered Accountants, Ahmedabad, Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2018 - 19."

## SPECIAL BUSINESS

5. **To regularize appointment of Shri Arvind Agarwal, IAS [DIN: 00122921] as a Director of the Company.**

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

   **"RESOLVED THAT** Shri Arvind Agarwal, IAS [DIN: 00122921], who was appointed as an Additional Director pursuant to provisions of Sections 149, 152, 161 of the Companies Act, 2013 read with the Companies [Appointment and Qualification of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **To regularize appointment of Shri Raj Gopal, IAS [DIN: 02252358] as a Director of the Company.**

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

   **"RESOLVED THAT** Shri Raj Gopal, IAS [DIN: 02252358], who was appointed as an Additional Director pursuant to provisions of Sections 149, 152, 161 of the Companies Act, 2013 read with the Companies [Appointment and Qualification of Directors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof for the time being in force] and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. **To ratify the remuneration payable to M/s N D Birla & Co., Cost Auditors of the Company for the Financial Year ending 31st March, 2019.**

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

   **"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies [Audit and Auditors] Rules, 2014 [including any statutory modification(s) or re-enactment thereof, for the time being in force], M/s N D Birla & Co., Cost Accountants, Ahmedabad, the Cost Auditors appointed by the Board of Directors of the Company, to conduct the Audit of the cost records of the Company for the Financial Year ending 31st March, 2019 be paid the remuneration of ₹ 1,00,000/- [Rupees One Lac Only] plus applicable taxes and reimbursement of out of pocket expenses incurred by them during the course of Audit.

   **RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such actions as may be necessary for implementing the above Resolution."

**8. To approve payment of remuneration to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman, [DIN: 02190050].**

**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 applicable provisions of the Companies Act, 2013 [including any statutory modification(s) or re-enactment thereof for the time being in force] and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company hereby accords its approval to the payment of monthly remuneration derived on the basis of "last pay drawn minus pension" as stipulated vide Resolution No. GPC-10-2010-110000-E of Govt. of Gujarat dated 10th May, 2013 and letter dated 29th June, 2018 to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman [DIN: 02190050] w.e.f. 24th August, 2018 for the period of one year or till further orders by Govt. of Gujarat, whichever is earlier.

**RESOLVED FURTHER THAT** Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman [DIN: 02190050] shall also be entitled to perquisites/benefits/allowances as stipulated in the said GOG Resolutions.

**RESOLVED FURTHER THAT** the Company hereby accords its approval and authorizes the Board of Directors of the Company to agree to any revision/increase, variation, modification or amendment as may be decided from time to time by the Govt. of Gujarat in the terms and conditions of payment of remuneration including perquisites to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman [DIN: 02190050] in accordance with applicable provisions under the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to the above Resolutions."

Date: 29th August, 2018
Place: Gandhinagar

**For Gujarat State Petronet Limited**

**Registered Office**
GSPC Bhavan, Sector - 11,
Gandhinagar - 382 010.

**Reena Desai**
*Company Secretary*

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY TO BE VALID AND EFFECTIVE MUST REACH TO THE CORPORATE OFFICE OF THE COMPANY SITUATED AT GSPL BHAVAN, E-18, GIDC ELECTRONIC ESTATE, SECTOR-26, GANDHINAGAR-382028 MINIMUM 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

   **A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN 10% [TEN PERCENT] OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN 10% [TEN PERCENT] OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. Members / Proxies/Authorized Representatives are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

4. The Attendance Slip and Proxy Form are annexed elsewhere in the Annual Report.

5. Members desirous of getting any information related to accounts or operations of the Company are requested to send in their queries so as to reach the Company's Corporate Office situated at GSPL Bhavan, E-18, GIDC Electronic Estate, Sector-26, Gandhinagar-382028 atleast 7 days in advance before the date of Meeting to enable the management to keep the information ready.

6. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 22$^{nd}$ September, 2018 to Friday, 28$^{th}$ September, 2018 (both days inclusive) for the purpose of payment of the Dividend. The Dividend, if declared at the ensuing Annual General Meeting shall be paid, on Friday, 5$^{th}$ October, 2018 to those Members of the Company whose names appear (a) as beneficial owners as at the close of business hours on 21$^{st}$ September, 2018 as per the list to be furnished by the Depositories in respect of the Shares held in Demat Form; and (b) as Members in the Register of Members of the Company as at the close of business hours on 21$^{st}$ September, 2018, after giving effect to all valid Share Transfers in Physical Form received on or before 21$^{st}$ September, 2018.

7. All transfer deeds, requests for change of address, bank particulars /mandates/ECS mandates, PAN should be lodged with the Company's Registrar and Share Transfer Agent (R&TA), Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 008, in case of Shares held in Physical Form on or before 21$^{st}$ September, 2018. The above details in respect of the Shares held in Demat Form should be sent to the respective Depository Participants by the Members well in time.

8. Members are requested to furnish the R&TA / Depository Participants, the name and address of the branch of the bank, MICR code of the branch, type of account and account number to enable the Company to distribute Dividend through National Electronic Clearing Services (NECS). In the absence of NECS facility with the Member's bank, the bank account details will be printed on the Dividend Warrants, if available.

9. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding Shares in Demat Form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their Demat accounts. Members holding Shares in Physical Form can submit their PAN details to Karvy Computershare Private Limited.

10. Recently, SEBI with an objective to streamline and strengthen the procedures and processes with regard to handling and maintenance of records, transfer of Securities etc. issued Guidelines, wherein, it requires companies to take special efforts to collect copy of PAN and bank account details of the Shareholders holding Securities in Physical. Accordingly, the said Shareholders are requested to provide/ submit the self attested copy of PAN Card, Original Cheque leaf duly cancelled with name of 1$^{st}$ holder/sole holder (if name is not printed, self-attested copy of the pass book first page) and first and last page of recently updated Pass Book of 1$^{st}$ holder to the R&TA.

11. Attention is sought of all the Shareholders holding Shares in Physical Form to convert their holding into Demat Form as soon as possible pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on mandatory dematerialization for transfer of Securities. Accordingly, transfer of Securities will be allowed only in Demat Form w.e.f. 5$^{th}$ December, 2018 and transfer of Shares held in Physical Form will not be allowed.

12. As stipulated under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Secretarial Standard on General Meetings, profile of Directors seeking re-appointment / appointment or whose remumuneration is being propose for approval is separately annexed herewith.

13. In accordance with Section 20 of the Companies Act, 2013, service of documents on Members by a Company is allowed through electronic mode. Accordingly, soft copy of the Annual Report is being sent to all the Members whose E-mail IDs are registered with the Company/R&TA/Depository Participants unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail address, physical copies of the Annual Report is being sent in the permitted mode.

14. To promote green initiative, Members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the Shares in Physical Form may register their e-mail addresses through the R&TA, giving reference of their Folio Number.

15. Members also note that the Annual Report for Financial Year 2017 - 18 will also be available on the Company's website www.gspcgroup.com for their download.

16. Adhering to the various requirements set out in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 [IEPF Rules], the Company in the month of December 2017 has transferred, 1,02,368 Equity Shares corresponding to the Dividend declared by the Company for the Financial Year 2009 – 2010 which remained unclaimed to the demat account held by IEPF Authority after following the due procedure prescribed under the Companies Act, 2013 and the IEPF Rules.

17. Members may note that they can claim back the Shares as well as unclaimed Dividends transferred to the IEPF Authority. Concerned Members/Investors are advised to visit the weblink viz. http://iepf.gov.in/IEPFA/refund.html. or contact Karvy for lodging claim for refund of Shares and/or Dividend from the IEPF Authority.

18. Further, in respect of unclaimed/unpaid Dividends for the Financial Year 2010 – 11 which is due for transfer to IEPF on 22nd October, 2018, the Company has sent Notices to all the concerned Shareholders and has also published newspaper advertisements for Members to claim their Dividends, failing which the Shares corresponding to the same shall be transferred to the IEPF Authority.

    The Company urges all the Shareholders to encash / claim their respective Dividends. Members are requested to contact Karvy Computershare Private Limited for encashing the unclaimed Dividends standing to the credit of their account. The detailed Dividend history and due dates for transfer to IEPF are available on 'Investor Relations' page on the website of the Company viz. www.gspcgroup.com and on Ministry of Corporate Affairs' website viz. www.iepf.gov.in.

**19. Voting through Electronic Means:**

I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide facility to the Members to exercise their right to vote by electronic means in respect of the Resolution(s) contained in this Notice. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the Authorised Agency to provide remote e-voting facility (i.e. the facility of casting votes by a Member by using an electronic voting system from a place other than the venue of a General Meeting).

II. The Company shall also provide facility for voting through polling paper which shall be available at the Meeting and Members attending the Meeting who have not already casted their vote by remote e-voting shall be able to exercise their right to vote at the Meeting.

III. The cut-off date for the purpose of voting (including remote e-voting) is 21st September, 2018. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories at the close of business hours on 21st September, 2018 shall be entitled to avail the facility of voting through remote e-voting/polling paper. The voting rights of the Members shall be in proportion to the paid-up value of their Shares in the Equity Capital of the Company as on the cut-off date for the purpose of voting.

IV. The Members who have casted their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

V. The Board of Directors have appointed M/s K K Patel & Associates, Practising Company Secretary, as the Scrutinizer, for conducting the voting / poll and remote e-voting process in a fair and transparent manner.

VI. The remote e-voting facility will be available during the following period after which the portal shall forthwith be blocked and shall not be available:

| | |
|---|---|
| Commencement of remote e-voting | 09.00 A.M. (IST) on 25th September, 2018 |
| End of remote e-voting | 05.00 P.M. (IST) on 27th September, 2018 |

The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure and instructions for e-voting given hereinafter:

i. The Shareholders should log on to the e-voting website **www.evotingindia.com**

ii. Click on "Shareholders" tab to cast your votes.

iii. Now Enter your User ID:

a. For CDSL: 16 digits beneficiary ID

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID

c. Members holding Shares in Physical Form should enter Folio Number registered with the Company

iv. Next enter the image verification as displayed and click on Login.

v. If you are holding Shares in Demat Form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.

vi. If you are a first time user, follow the steps given below:

| | For Members holding Shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both Demat Shareholders as well as Physical Shareholders)<br>• Members who have not updated their PAN with the R&TA / Depository Participant are requested to use the first two letters of their name (In Capital) and the 8 digits of the sequence number in the PAN field. The sequence number is printed on address label/sticker affixed on the back page of the Annual Report.<br>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name (In CAPITAL).<br>Eg. If your name is Jay Kumar with sequence number 1 then enter JA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Please enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the R&TA records in order to Login.<br>• If both the details are not recorded with the Depository or R&TA, please enter the User ID / Folio Number in the Dividend Bank details field as mentioned in instruction (iii) |

vii. After entering these details appropriately, click on "SUBMIT" tab.

viii. Members holding Shares in Physical Form will then directly reach to the Company selection screen. However, Members holding Shares in Demat Form will now reach "PASSWORD CREATION" menu, wherein, they are required to mandatorily enter their Login Password in the new Password field. Kindly note that this Password can be used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your Password with any other person and take utmost care to keep your Password confidential.

ix. For Members holding Shares in Physical Form, the details can be used only for e-voting on the Resolutions contained in this Notice.

x. Click/Select "EVENT" of "Gujarat State Petronet Limited" to vote on the same.

xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES /NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.

xiii. After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiv. Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

xv. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

xvi. If Demat account holder has forgotten the Password then enter the User ID and the image verification code and click on "FORGOT PASSWORD" & enter the details as prompted by the system.

xvii. Shareholder can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone user can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xviii. Note for Non - Individual Shareholders and Custodians:

- Non-Individual Shareholders (i.e. other than Individuals, HUF and NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.**evoting@cdslindia.com**.
- After receiving the Login details a compliance user should be created using the Admin Login and Password. The compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.

xix. A scanned copy of the certified Board Resolution/ Power of Attorney (POA)/ Authority Letter etc. together with attested specimen signature(s) of the duly authorized representative(s), as issued should be emailed to the Scrutinizer at **scrutinizergspl@gmail.com** and the same should also be uploaded in PDF format in the system for the verification by the Scrutinizer.

xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com**, under help section or write an email to **helpdesk.evoting@cdslindia.com.**

**Poll at the Meeting:**

VII. After the items of the Notice have been discussed, the Chairman will order poll in respect of the items. Poll will be conducted under the supervision of the Scrutinizer appointed for remote e-voting and Poll as stated above. A person, whose name is recorded in the Register of Members or in Register of Beneficial Owners maintained by the Depositories as at the close of the business hours on the cut-off date of 21st September, 2018 and who have not casted their vote by remote e-voting, and being present in the AGM, either personally or through proxy, only shall be entitled to vote at the AGM.

VIII. The Scrutinizer shall after the conclusion of voting at the General Meeting, first count the votes cast at the Meeting, and thereafter unblock the vote cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and will make, on or before 30th September, 2018, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company, who shall countersign the same and the Chairman, or in his absence the Managing Director, shall declare the result forthwith.

IX. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website **www.gspcgroup.com** and on the website of Central Depository Services (India) Limited immediately after the result is declared and shall be simultaneously communicated to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) where the Shares of the Company are Listed.

X. The Resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of requisite number of votes in favour of the Resolutions.

XI. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office and Corporate Office of the Company during normal business hours (10.30 A.M. to 6.30 P.M.) on all working days up to and including the date of Annual General Meeting of the Company.

Date: 29th August, 2018
Place: Gandhinagar

**Registered Office**
GSPC Bhavan, Sector -11,
Gandhinagar - 382 010.

**For Gujarat State Petronet Limited**

**Reena Desai**
*Company Secretary*

# ANNEXURE TO THE NOTICE

## Explanatory Statement Pursuant To Section 102 Of The Companies Act, 2013

### Item No. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Shri Arvind Agarwal, IAS [DIN: 00122921] as an Additional Director of the Company under Section 161 of the Companies Act, 2013 read with Articles of Association of the Company with effect from 14$^{th}$ June, 2018. Shri Arvind Agarwal, IAS holds office upto the date of this Annual General Meeting.

The Company has received a Notice under Section 160 of the Companies Act, 2013 from a Member in writing proposing the candidature of Shri Arvind Agarwal, IAS for appointment as Director of the Company.

A brief profile of Shri Arvind Agarwal, IAS, the nature of his expertise in specific functional areas, names of companies in which he hold Directorship, Committee Memberships/ Chairmanships, his shareholding etc., are separately annexed hereto.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs, except Shri Arvind Agarwal, IAS, is concerned or interested in the Resolution at Item No. 5 of the Notice. Shri Arvind Agarwal, IAS and his relatives are interested or concerned in the Resolution concerning his appointment proposed at Agenda Item No. 5.

The Board recommends the Resolution for approval of the Members. Members are requested to approve the Resolution.

### Item No. 6

Based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Shri Raj Gopal, IAS [DIN: 02252358] as an Additional Director of the Company under Section 161 of the Companies Act, 2013 read with Articles of Association of the Company with effect from 8$^{th}$ August, 2018. Shri Raj Gopal, IAS holds office upto the date of this Annual General Meeting.

The Company has received a Notice under Section 160 of the Companies Act, 2013 from a Member in writing proposing the candidature of Shri Raj Gopal, IAS for appointment as Director of the Company.

A brief profile of Shri Raj Gopal, IAS, the nature of his expertise in specific functional areas, names of companies in which he hold Directorship, Committee Memberships/ Chairmanships, his shareholding etc., are separately annexed hereto.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs, except Shri Raj Gopal, IAS, is concerned or interested in the Resolution at Item No. 6 of the Notice. Shri Raj Gopal, IAS and his relatives are interested or concerned in the Resolution concerning his appointment proposed at Agenda Item No. 6.

The Board recommends the Resolution for approval of the Members. Members are requested to approve the Resolution.

### Item No. 7

The Board of Directors at its Meeting held on 21$^{st}$ May, 2018, on the recommendation of the Audit Committee, has approved appointment of M/s N D Birla & Co., as Cost Auditors to conduct the Audit of the cost records maintained by the Company for the Financial Year 2018 - 19 at the remuneration of ₹ 1,00,000/- [Rupees One Lac Only] plus applicable taxes and reimbursement of out of pocket expenses incurred by them during the course of Audit.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 7 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year 2018 - 19.

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

The Board recommends the Resolution for approval of the Members. Members are requested to approve the Resolution.

### Item No. 8:

The Members at its 18$^{th}$ Annual General Meeting approved payment of monthly remuneration to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman [DIN: 02190050] for the period of two years from 24$^{th}$ August, 2016 to 23$^{rd}$ August, 2018. The total approx annual remuneration approved was ₹ 16.83/- Lacs.

The Government of Gujarat has vide Resolution No. GPC-10-2010-110000-E dated 10$^{th}$ May, 2013 approved terms and conditions in respect of payment of remuneration to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman. He shall be entitled to monthly salary, allowances, perquisites etc. as follows:

1) Monthly salary derived on the basis of “Last Pay drawn minus Pension”.
2) Dearness Allowance on the Last Pay drawn by him immediately before his retirement and shall not be entitled to get any Temporary Increase on monthly pension.

3) Car with driver for discharging official duties.

4) Travelling Allowance, Daily Allowance and other allowances received by him at the time of retirement and shall not be entitled for any Transport Allowance.

5) Medical facility/ reimbursement, accommodation, perquisites, facilities, allowances as stipulated in the GoG Resolution No. GPC-10-2010-110000-E dated 10th May, 2013.

6) He shall also be entitled to other facilities received by him at the time of retirement as ACS to Government of Gujarat, Finance Department.

Pursuant to the applicable provisions of the Companies Act, 2013 [including any statutory modification(s) or re-enactment thereof for the time being force] and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has recommended remuneration for the period from 24th August, 2018 to 23rd August, 2019, or till further orders by Govt. of Gujarat, whichever is earlier to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman pursuant to Govt. of Gujarat Resolutions dated 10th May, 2013 and letter dated 29th June, 2018 for approval of the Members at the ensuing Annual General Meeting and the total approx annual remuneration will be ₹ 16.83 Lacs.

It is, therefore, proposed to approve payment of monthly remuneration to Shri M. M. Srivastava, IAS (Retd.), Non-Executive Chairman of the Company effective from 24th August, 2018, more particularly prescribed in GoG Resolution dated 10th May, 2013 and letter dated 29th June, 2018. The said GoG Resolution and letter will be available for inspection without any fee by the Members at the Registered Office and Corporate Office of the Company during normal business hours on any working day.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs, except Shri M M Srivastava, IAS (Retd.), is concerned or interested financially or otherwise, in the Resolution set out at Item No. 8 of the Notice. Shri M M Srivastava, IAS (Retd.) and his relatives, if any, are interested or concerned to the extent of their shareholding in the Resolution concerning his remuneration proposed at Agenda Item No. 8.

The Board recommends the Resolution for approval of the Members. Members are requested to approve the Resolution.

Date: 29th August, 2018
Place: Gandhinagar

**For Gujarat State Petronet Limited**

**Reena Desai**
*Company Secretary*

**Registered Office**
GSPC Bhavan, Sector -11,
Gandhinagar - 382 010.

## DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT OR WHOSE REMUNERATION IS BEING PROPOSED FOR APPROVAL AS SET OUT IN NOTICE

| **Name of the Director** | **Dr. T Natarajan, IAS** | **Shri Arvind Agarwal, IAS** | **Shri Raj Gopal, IAS** | **Shri M M Srivastava, IAS (Retd.)** |
|---|---|---|---|---|
| **Date of Birth** | 5th May, 1971 | 23rd April, 1960 | 29th January, 1959 | 23rd July, 1952 |
| **Date of first Appointment** | 4th August, 2016 | 14th June, 2018 | 8th August, 2018 | 24th August, 2012 |
| **Terms and Conditions of Appointment** | Dr. T Natarajan, IAS has been nominated by Gujarat State Petroleum Corporation Limited (GSPC). He shall hold office till further intimation in this regard by GSPC. | Shri Arvind Agarwal, IAS has been nominated by Gujarat State Petroleum Corporation Limited (GSPC). He shall hold office till further intimation in this regard by GSPC. | Shri Raj Gopal, IAS has been nominated by Gujarat State Petroleum Corporation Limited (GSPC). He shall hold office till further intimation in this regard by GSPC. | Shri M M Srivastava, IAS (Retd.) has been nominated by Gujarat State Petroleum Corporation Limited (GSPC). He shall hold office till further intimation in this regard by GSPC. |
| **Details of Remuneration** | Dr. T Natarajan, IAS shall not draw remuneration and sitting fees from the Company. | Shri Arvind Agarwal, IAS shall not draw remuneration from the Company except Sitting Fees and Out of Pocket Expenses. Further, Sitting Fees paid to IAS Officer is deposited in Govt. Treasury. | Shri Raj Gopal, IAS shall not draw remuneration from the Company except Sitting Fees and Out of Pocket Expenses. Further, Sitting Fees paid to IAS Officer is deposited in Govt. Treasury. | Shri M M Srivastava, IAS (Retd.) shall be paid remuneration as stipulated in the Resolution dated 10th May, 2013 of Govt. of Gujarat and letter dated 29th June, 2018. |
| **Qualifications & Expertise** | Dr. T Natarajan, IAS holds a B.E. (Mining Engineering) and an MBA (Finance & Marketing). He also holds Doctorate in Management. Dr. T Natarajan, IAS served as Joint Managing Director of Gujarat Narmada Valley Fertilizers & Chemicals Limited. He has worked in Industrial Finance Corporation for 2 years and has also held distinguished positions in the Govt. of Gujarat including Commissioner, Technical Education, Commissioner, Geology & Mining as well as Secretary, Economic Affairs, Finance Department. | Shri Arvind Agarwal, IAS is a very Senior IAS Officer of Government of Gujarat. He has done Post Graduation in Commerce. He has very rich and varied experience of around 33 years and has held distinguished positions in Government of Gujarat viz. District Development Officer and Collector – Bharuch, Labour Commissioner, Industries Commissioner, Additional Chief Secretary, Education, Industries & Mines Departments, Government of Gujarat. He was Managing Director, Gujarat State Financial Corporation Limited, Vice Chairman & Managing Director, Gujarat Industrial Development Corporation (GIDC). He has rich experience in the field of Finance, Management and Administration. He has authored a Book in Gujarati viz. "Panchayat Parichay". He was awarded as "Best Collector" during his posting in Bharuch. Presently, he is Additional Chief Secretary, Finance Department, Government of Gujarat. | Shri Raj Gopal, IAS is a Senior IAS officer having varied and rich experience of more than 30 years and has held key positions in various Departments of the Govt. of Gujarat viz. Revenue, Agriculture, Corporation, Tourism, Urban Development, Sales Tax, Rural Development, Geology and Mines, Road Transport and Energy. Presently he is Principal Secretary to Energy and Petrochemicals Department, Govt. of Gujarat. Shri Raj Gopal, IAS has done M.A. (German), LL.B, MBA (Distinction) from the University of Hull, U.K. and P.G. Diploma in Ecology & Environment. | Shri M M Srivastava, IAS, (Retd.) has graduated in Science from Delhi University and has completed his Masters in Physics from Delhi University. He has also done MBA (Marketing) from University of Ljubljana, Slovenia. He has wide administrative and corporate experience. He has held various positions in Government Departments prior to his retirement including Member (Finance), Gujarat Electricity Board, Managing Director of Gujarat Agro Industries Corporation, Secretary in Finance Department, Commissioner of Commercial Tax Department, Principal Secretary to Energy and Petrochemicals Department and Additional Chief Secretary to Finance Department, Government of Gujarat. |

| | | | | |
|---|---|---|---|---|
| **Directorship held in other Companies (excluding foreign Companies)** | 1. Gujarat State Petroleum Corporation Limited<br>2. Gujarat State Energy Generation Limited<br>3. GSPC Pipavav Power Company Limited<br>4. Sabarmati Gas Limited<br>5. Gujarat Gas Limited<br>6. Guj Info Petro Limited<br>7. GSPL India Gasnet Limited<br>8. GSPL India Transco Limited<br>9. Petronet LNG Limited | 1. Gujarat State Fertilizers & Chemicals Limited<br>2. Gujarat State Petroleum Corporation Limited<br>3. Sardar Sarovar Narmada Nigam Limited<br>4. Gujarat State Investments Limited<br>5. Gujarat Alkalies and Chemicals Limited<br>6. Gujarat State Financial Services Limited<br>7. Gujarat International Finance Tec-City Company Limited<br>8. Goods And Services Tax Network<br>9. Metro Link Express for Gandhinagar Ahmedabad (MEGA) Company Limited | 1. Gujarat Urja Vikas Nigam Limited<br>2. Gujarat Energy Transmission Corporation Ltd.<br>3. Gujarat State Electricity Corporation Ltd.<br>4. Gujarat Power Corporation Limited<br>5. Gujarat State Petroleum Corporation Ltd.<br>6. Gujarat State Fertilizers & Chemicals Ltd.<br>7. Gujarat Gas Ltd.<br>8. GSPC LNG Ltd.<br>9. Gujarat Industries Power Company Ltd. | Gujarat State Petroleum Corporation Limited |
| **Chairman/ Member of the Committees of other Companies (excluding foreign Companies)** | **Gujarat Gas Limited**<br>1. Member: Audit Committee<br>2. Member: HR Committee<br>3. Chairman: Project Committee<br>4. Member: Nomination and Remuneration Committee<br>**Gujarat State Petroleum Corporation Limited**<br>1. Member: Audit Committee<br>2. Member: Project Committee<br>3. Member: HR Committee<br>4. Member: Committee for KG Block<br>5. Member : Committee for Blocks other than KG<br>**Guj Info Petro Limited**<br>1. Chairman: CSR Committee | **Gujarat State Financial Services Limited**<br>1. Member: Audit Committee<br>2. Member: CSR Committee<br>**Gujarat State Petroleum Corporation Limited**<br>1. Member: Audit Committee<br>2. Member: Committee for KG Block<br>3. Member: Committee for Blocks other than KG<br>4. Member: Project Committee<br>5. Member: HR Committee<br>**Gujarat State Fertilizers & Chemicals Limited**<br>1. Member: Audit Committee<br>2. Member: CSR Committee | **Gujarat State Petroleum Corporation Limited**<br>1. Project Committee<br>2. Nomination & Remuneration Committee<br>3. CSR Committee<br>4. Committee of Directors for Financial Restructuring<br>5. Committee for Onshore Block<br>6. HR Committee<br>**Gujarat State Fertilizers & Chemicals Ltd.**<br>1. Nomination & Remuneration Committee<br>2. Stakeholders Relationship Committee<br>3. CSR Committee<br>**Gujarat Power Corporation Limited**<br>1. Personnel Committee<br>**Gujarat Industries Power Company Ltd.**<br>1. Project Committee<br>**Gujarat Energy Transmission Corporation Ltd.**<br>1. Project & Procurement Committee<br>**Gujarat State Electricity Corporation Ltd.**<br>1. Project & Procurement Committee | **Gujarat State Petroleum Corporation Limited**<br>1. Chairman: HR Committee<br>2. Member: Committee for KG Block<br>3. Member: Committee for Blocks other than KG |
| **No. of Meetings of the Board attended during the Financial Year (2017 – 18)** | 6 | N.A. | N.A. | 6 |
| **Shareholding of Directors** | Nil | Nil | Nil | Nil |
| **Relationship between Directors inter-se** | Nil | Nil | Nil | Nil |

# DIRECTORS' REPORT

To,
The Members
**Gujarat State Petronet Limited**

The Directors take pleasure in presenting the 20th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2018.

## FINANCIAL HIGHLIGHTS

Your Company has excelled in most of the performance parameters.

Major Highlights of the Company are summarized below:

(₹ in Crore)

| Particulars (Standalone Accounts) | 2017-18 | 2016-17 |
|---|---|---|
| **Total Income** | **1405.21** | **1115.76** |
| Employee Benefit Expenses | 43.20 | 38.84 |
| Other Expenses | 140.75 | 100.41 |
| **Total Expenses** | **183.95** | **139.25** |
| **PBDITA** | **1221.26** | **976.51** |
| Finance Cost | 35.41 | 59.58 |
| Depreciation & Amortisation | 175.04 | 179.14 |
| **Profit Before Tax** | **1010.81** | **737.79** |
| Tax including Deferred Tax | 342.38 | 241.15 |
| **Profit After Tax** | **668.43** | **496.64** |
| **Appropriations** | | |
| Transfer to General Reserves | NIL | NIL |

## PERFORMANCE HIGHLIGHTS

- 100% Pipeline grid availability and "accident free" year of operations.
- Development of CGD networks in Geographical Area of Amritsar and Bhatinda is commenced.
- It is expected that in FY 2018-19, PNGRB shall determine final tariffs of your Company's Pipeline Network.
- Total Income stood at ₹ 1405.21 Crore, as compared to ₹ 1115.76 Crore and PBT was ₹ 1010.81 Crore as compared to ₹ 737.79 Crore over Previous Year.
- The Company has acquired additional 28.40% equity stake in Gujarat Gas Limited (GGL) during the year resulting in to total equity stake of 54.17% of the Company in GGL.

## CAPITAL

During the year, the Board has approved allotment of 2,45,860 Shares to the eligible employees under ESOP – 2010 Scheme of the Company upon exercise of Options by them, consequent to which the paid up Share Capital of the Company has increased to ₹ 563.83 Crore.

## DIVIDEND

As per the provisions of the Regulation 43 (A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company adopted a Dividend Policy which is broadly based on the same policy as has been followed by the Company since long. Keeping in view the various factors including the fund requirements for expansion of projects and subsidiaries as mentioned in the Policy, the Board of Directors of the Company is pleased to recommend Dividend of ₹ 1.75 (i.e. @ 17.5 %) per Equity Share of the face value of ₹ 10 each for the Financial Year 2017-18 subject to the approval of Shareholders in the ensuing Annual General Meeting. The total cash outflow on account of the proposed Dividend (including Dividend Distribution Tax after considering the credit of Dividend receivable from Subsidiary companies) for the year 2017-18 would be approx ₹ 112.82 Crore.

## GAS GRID PROJECT

Government of Gujarat has always played a pro-active role in the development of the energy value chain in the State. Gujarat is the first State to plan and execute a State-wide Gas Grid on an Open Access principle.

The pipeline grid has been designed as per the highest international standards with inbuilt flexibility to cater to varying loads.

The pipeline grid map of GSPL for Gujarat is enclosed herewith as Annexure - IX.

The map showing the Cross-Country Natural Gas Transmission Pipelines being implemented through special purpose vehicles is enclosed herewith as Annexure – X.

***Projects Commissioned:***

During the year under review, the Company has successfully completed commissioning of Dabhan Thasara Pipeline and provided natural gas connectivity to various customer(s) (connectivity projects) namely Sanand GIDC ring network, Dahej – PCPIR, Dahej SEZ-II network, IRM Energy and Panchmahal Dairy.

The grid operations account for approx 2518 Kms as on 31st March, 2018. Gas is flowing from Hazira / Dahej / Vapi to various industries and City Gas Distribution ("CGD") Networks located in various Districts of Gujarat including Surat, Bharuch, Narmada, Baroda, Anand, Ahmedabad, Dahod, Gandhinagar, Sabarkantha, Panchamahal, Patan, Bhavnagar, Mehsana, Banaskantha, Surendranagar, Botad, Rajkot, Morbi, Jamnagar, Navsari, Kutch, Kheda, Valsad, Amreli, Gir & Somnath.

***Projects under execution:***

Your Directors are pleased to inform that the Company continues to develop additional pipeline infrastructure in the State of Gujarat. The Company has also started laying Anjar-Mundra Pipeline connecting GSPC LNG Terminal at Mundra to GSPL's Gas Grid Network. Additionally, the Company is also installing Gas Compressor Station at Gana which is under construction.

The Company is a co-developer in Dahej SEZ and is developing pipeline infrastructure therein. Several customers have started receiving gas in Dahej SEZ through Company's network with more getting connected on regular basis.

## WIND POWER PROJECT

Your Company being committed to promote clean and green energy has set up Wind Power Project of 52.5 MW in the areas of

Maliya Miyana, Rajkot and Gorsar & Adodar, Porbandar. During the year, the Company has sold 10,59,85,160 KWH of electricity generated through Windmill.

## FUTURE PLANS

The Company is working on future expansion projects based on the demand in various regions around the gas grid. The Company is also gearing up its pipeline by developing connectivity with new terminals that are being developed in Gujarat to ensure connectivity with all sources in Gujarat. The Company is also authorised to develop the City Gas Distribution (CGD) Network in the Geographical Area (GA) of Amritsar District (Punjab) and Bhatinda GA (Punjab). Company has already started necessary activities in relation to the development of the CGD Network in both these GAs and gas supply is expected to be commenced in the coming Financial Year.

## OPERATION & MAINTENANCE ACTIVITIES

The Company has transported 11511 MMSCM of gas during the Financial Year 2017 - 18 (Previous year: 9071 MMSCM).

To safeguard pipeline assets and optimize utilization of the pipeline system, the Company is giving utmost importance to efficient operations and preventive maintenance. The Company is in the process of implementing Pipeline Integrity Management System in line with PNGRB guidelines to safeguard the pipeline assets.

## SUBSIDIARY, ASSOCIATE & JOINT VENTURE COMPANIES

***Subsidiary Companies:***

Your Company has following three Subsidiary companies within the meaning of the Section 2(87) of The Companies Act, 2013:

1) GSPL India Gasnet Limited (GIGL) for development of Mehsana – Bhatinda (approx 1670 Kms) and Bhatinda - Jammu - Srinagar (approx 740 Kms) Pipeline Projects;

2) GSPL India Transco Limited (GITL) for development of Mallavaram - Bhopal – Bhilwara – Vijaipur (approx. 1881 Kms) Pipeline Project.

3) Gujarat Gas Limited (GGL) - w.e.f. 28th March, 2018 Gujarat Gas Limited is India's largest city gas distribution player with presence spread across 22 Districts in the State of Gujarat and Union Territory of Dadra Nagar Haveli and Thane GA which includes Palghar District of Maharashtra.

***Associate Company:***

As on 31st March, 2018, your Company has one Associate Company viz. Sabarmati Gas Limited.

To avoid duplication between the Directors' Report and Management Discussion and Analysis Report, the performance highlights/summary of the Subsidiary companies/Joint Venture companies /Associate companies of GSPL is given in Management Discussion and Analysis Report.

**Accounts of Subsidiary, Associate & Joint Venture companies:**

Pursuant to notification dated 16th February, 2015 of Ministry of Corporate Affairs notifying the Companies (Indian Accounting Standard) Rules, 2015, the Company, its Associate, Subsidiary and Joint Venture Companies have adopted Ind AS w.e.f. 1st April, 2016.

Consequently, though as per provision of Section 2 (87) (ii) of The Companies Act 2013, GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) fall within the meaning of Subsidiary Company, as per guidance of Indian Accounting Standards [Ind AS], GIGL and GITL fall within the criteria of Joint Venture and accordingly they have been considered as Joint Venture for the purpose of disclosures and compliances in relation to the Financial Statements of the Company for the Financial Year 2017-18.

Pursuant to provisions of Section 129 (3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement in prescribed Form AOC - 1 containing salient features of the financial statement of Subsidiary, Associate & Joint Venture Companies is provided in the Annual Report.

Further, the audited annual accounts and related information of GIGL, GITL and GGL will be made available to any Member upon request. The annual accounts of GIGL, GITL and GGL will also be kept open for inspection at the Registered Office of the Company and that of the respective companies. The same are also made available on the website of the Company viz. **www.gspcgroup.com.**

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Ind AS - 28 on Investment in Associates and Joint Ventures read with Ind AS – 110 on Consolidated Financial Statements and Ind AS – 111 on Joint Arrangement, the Audited Consolidated Financial Statements are provided in the Annual Report.

## HEALTH, SAFETY AND ENVIRONMENT

The Company, in order to fulfill its commitment towards Health, Safety and Environment, has taken active steps towards establishment of Safety Management Systems. Environment and safety features have been integrated into design, construction and O&M operations of the Company for ensuring utmost safety for the facilities, local community and the environment. The same is also being reflected in the QHSE policy of the Company. The Company is expanding and managing its operations in a manner which is safe and environmentally sustainable.

For developing effectiveness of Safety Management Systems, training of all employees across the Company is ensured through various training programs. The same is being monitored through internal audit teams and delegation of safety management up to the local level. Contractors' adherence to Company's QHSE policy is also assured through regular site visits and external audits. Regular site visits ensure the enhancement of safety culture which also facilitates safe commissioning of the new projects. The Company is proud to maintain its target of 'zero accident' year with full commitment of its employees and management.

The Company is re-certified to Integrated Management Systems (ISO 9001:2015, ISO 14001:2015 & OHSAS 18001:2007) with validity till 30th October, 2020. Effectiveness of these certifications is being assured through planned audits of the system. Continuous improvement is visible in various O&M systems. Preventive Maintenance schedules are being adhered to with updating of records. Further, Emergency Response and Disaster Management Plan (ERDMP) of GSPL was re-accredited by Disaster Management Institute, Bhopal as per the requirement of ERDMP Regulations, 2010 under PNGRB Act, 2006. ERDMP is being reviewed and updated regularly. All conditions of Accreditation are being adhered to. Effectiveness of ERDMP is verified through regular mock drills as per specified intervals as identified by respective work bases.

## DEPOSITS

During the year, the Company has not accepted Deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, loans made, guarantees given or securities provided or investment made by a company providing infrastructure facilities are exempted from compliance with Section 186 of the Companies Act, 2013 except sub Section (1). Accordingly, your Company being engaged in the Gas Transportation business is exempted from aforesaid compliance. However, the details of Loans, Guarantees, Securities and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188 (1) OF THE COMPANIES ACT, 2013

All Related Party Transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business.

Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseeable and repetitive nature and further would be executed on arm's length basis and in the ordinary course of business. Further, a statement giving details of all Transactions executed with Related Parties is placed before the Audit Committee on a quarterly basis for its approval/ ratification as the case may be.

The Policy on Materiality of Related Party Transactions and Dealing with Related Party Transactions as approved by the Board is uploaded on the Company's Website.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The particulars of contracts or arrangements with Related Parties referred to in Section 188 (1) of the Companies Act, 2013, as prescribed in Form AOC – 2 of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - III to this Report.

## CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014. Pursuant to provisions of Section 135 of the Companies Act, 2013, the Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at http://gspcgroup.com/gspl/csr.

Your Company being committed in fulfilling its Corporate Social Responsibility has been engaged in various social initiatives through its intervention in the areas of education, promoting healthcare/ eradication of hunger, poverty & malnutrition, conservation of natural resources like water/energy, etc. in accordance with the Corporate Social Responsibility Policy of the Company.

The Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed herewith as Annexure - IV to this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Since last Directors' Report, Shri Anil Mukim, IAS & Shri Sujit Gulati, IAS ceased to be Directors of the Company consequent to their resignation as Directors from the Board of the Company.

Your Directors wish to place on record appreciation for the services rendered by Shri Anil Mukim, IAS & Shri Sujit Gulati, IAS as Directors of the Company.

Further, Shri Manish Seth, Chief Financial Officer of the Company has resigned from the Company w.e.f. 8$^{th}$ August, 2018.

Shri Arvind Agarwal, IAS and Shri Raj Gopal, IAS have been appointed as Additional Directors to hold office till the ensuing Annual General Meeting. It is proposed to regularize their appointment in the 20$^{th}$ Annual General Meeting.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Dr. T Natarajan, IAS, Joint Managing Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as Director (with continuity in his position as Joint Managing Director) not liable to retire by rotation, unless the constitution of the Board requires otherwise.

A brief resume of the Directors retiring by rotation/seeking appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and details regarding the companies in which they hold directorship, membership/ chairmanship of committees of the Board is annexed to the Notice.

**Directors' Independence:**

Pursuant to the provisions of Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company have given confirmation/ declaration to the Board that they meet with the criteria of Independence and are Independent in terms of Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors have carried out an annual performance evaluation of Chairman, Non-Independent Directors and the Board as a whole. Further, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of the various Committees of Directors of the Company.

The performance evaluation of individual Directors was carried out based on the various parameters after taking into consideration inputs received from the Directors and also parameters set out in the Policy for Evaluation of Performance of Directors, Committees & Board such as active participation & contributions in the Meetings, balance of knowledge, expertise and experience, safeguarding the interest of the Company and its Stakeholders etc. The performance evaluation of the Board as a whole and various Committees of Directors of the Company was carried out considering various parameters such as adequacy of the composition of the Board and its Committees, discharge of key functions and responsibilities prescribed under law, corporate governance practice etc. and the overall performance assessment was discussed in detail by the Board members.

**Meetings:**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the Meetings. However, in case of a special and urgent business need, the approval is taken by passing resolutions through circulation to the Directors, as permitted by law, which are noted in the subsequent Board/Committee Meetings.

During the year, six (6) Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## AUDITORS

**Statutory & C&AG Audit:**

As your Company is a Government Company, the Statutory Auditors are appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, the C&AG has appointed M/s V V Patel & Co., Chartered Accountants as Statutory Auditors of the Company for the Financial Year 2017 - 18.

The C&AG has given NIL Comment Report on the Standalone and Consolidated Financial Statements of the Company for the Financial Year 2017 - 18. The NIL Comment Report has been provided before the Standalone & Consolidated Financial Statements respectively.

**Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s Manoj Hurkat & Associates, Practising Company Secretaries, to conduct the Secretarial Audit of the Company for the Financial Year 2017 - 18.

The Report of Secretarial Auditor on Company's Secretarial Audit for the Financial Year 2017 - 18 is enclosed herewith as Annexure - V to this Report.

**Cost Auditors:**

Your Company is required to get the Cost Audit carried out for "Gas Transportation" business as well as "Generation of Electricity through Windmill" business pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014. The Company is maintaining the Cost Accounts and Records as specified by the Central Government under sub Section (1) of Section 148 of the Companies, Act, 2013.

Accordingly, your Company has got the Cost Audit carried out for the said business of the Company for the Financial Year 2017- 18 through the Cost Auditor M/s N D Birla & Co. The Cost Audit Report 2017-18 will be submitted to the Central Government in the prescribed format within stipulated time period.

Further, your Directors has, on the recommendation of the Audit Committee, appointed M/s N D Birla & Co., Cost Accountants as Cost Auditor to audit the cost accounts of the Company for the Financial Year 2018-19 at a remuneration of ₹ 1,00,000/- plus applicable taxes and reimbursement of out of pocket expenses incurred by them during the course of Audit. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s N D Birla & Co., Cost Auditors for the Financial Year 2018-19 is included in the Notice convening the Annual General Meeting.

## AUDIT COMMITTEE

Audit Committee of Directors of the Company at its Meeting held on 21st May, 2018 approved the Annual Accounts for the Financial Year ended on 31st March, 2018 and recommended the same for approval of the Board.

## RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

**Risk Management:**

The Company has a well-defined risk management framework. The Board of Directors of the Company has adopted a Risk Management Policy.

**Internal Control System:**

The Company has a proper and adequate system of Internal Controls commensurate with its size of operations and nature of business. These are routinely tested and certified by Statutory as well as Internal Auditors. Significant audit observations and follow up actions thereon are reported to the Audit Committee.

The details about the identification of elements of Risk and Internal Control Systems are provided in detail in the Management Discussion & Analysis Report forming part of this Directors' Report.

## VIGIL MECHANISM

The Company has established a Vigil Mechanism for Directors and Employees to report their genuine concerns, details of which have been given in the Corporate Governance Report forming part of this Directors' Report

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Companies Act, 2013:

a. that in the preparation of the Annual Financial Statements for the year ended 31$^{st}$ March, 2018, the applicable accounting standards have been followed and no material departures have been made from the same;

b. that accounting policies have been selected and applied consistently and judgment and estimates have been made 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$^{st}$ March, 2018 and of the profit & loss of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the Annual Financial Statements have been prepared on a going concern basis;

e. that proper Internal Financial Controls were in place and that the financial controls were adequate and were operating effectively;

f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## MANAGEMENT DISCUSSION & ANALYSIS

This Annual Report contains a separate section (Annexure–I) on the Management Discussion & Analysis, which forms part of this Directors' Report.

## CORPORATE GOVERNANCE

Corporate Governance denotes the framework for companies to conduct their business in an ethical and responsible manner. It is determined primarily by the approach that a Company has towards its stakeholders as well as to the environment in which it operates. It stems from the belief and realization that corporate citizenship has a set of responsibilities, which must be fulfilled for a Company to progress and succeed over the long term.

The Company believes that good governance alone can deliver continuous good business performance. A Report on Corporate Governance as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is incorporated as a part of this Directors' Report (Annexure – II). A Compliance Certificate by the Practising Company Secretary is also attached to this Directors' Report.

## COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

## ANNUAL RETURN

The draft Annual Return of the Company for the Financial Year 2017-18 in the Form MGT – 7 is available on the website of the Company at http://gspcgroup.com/GSPL/annual-returns.

## GSPL EMPLOYEES STOCK OPTION PLAN ("ESOP")

GSPL Employees Stock Option Plan – 2010 (ESOP – 2010) was instituted as incentives to attract, retain and reward the employees, and to enable them to participate in the future growth and success of the Company.

Under the said ESOP - 2010, each such Option has conferred a right upon the employee to apply for one Equity Share of the Company.

Auditors of the Company have certified that the Scheme is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and the resolution passed by the Members. The Certificate would be placed at the Annual General Meeting for inspection by Members.

Statutory disclosure regarding ESOP – 2010 is enclosed at Annexure – VI .

Further, the Disclosure regarding ESOP – 2010 pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014 has been made on the website of the Company at http:// gspcgroup.com / GSPL/disclosures.aspx.

## PARTICULARS OF EMPLOYEES

Your Company being a Government Company is exempted from disclosing the information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company pursuant to Ministry of Corporate Affairs Notification dated 5$^{th}$ June, 2015.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed that appropriate standard of conduct should be maintained by the employees in their conduct and that there should be a safe, indiscriminatory and harassment free (including sexual harassment) work environment for every individual working in the Company. The Company has in place a Policy on Prevention of Sexual Harassment at workplace as a part of its Human Resource Policy. It aims at prevention of harassment of employees and lays down the guidelines for reporting and prevention of sexual harassment.

The Company has constituted an Internal Complaints Committee (ICC) as required under the Act which is responsible for redressal of complaints related to sexual harassment.

During the year ended 31$^{st}$ March, 2018, no complaint has been received by the ICC pertaining to sexual harassment.

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

Information required to be disclosed pursuant to provisions of the Companies Act, 2013 read with Rules thereto with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo are furnished in Annexure - VIII to this Report.

## BUSINESS RESPONSIBILITY REPORT

Your Company has always given the highest importance to the environment, health and safety. The same is also reflected in the business practices of the Company e.g. Company has implemented practices towards preservation of natural resources, Green Gas emission reduction, lowering costs, etc. over these years. The Company is also conscious of its responsibility towards its various stakeholders and is determined to increase its contribution to the society to bring positive social impact.

The Business Responsibility Report in the prescribed format describing the initiatives taken by the Company from an environmental, social and governance perspective among other things is enclosed as Annexure-VII to this Report

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations during the year.

## ACKNOWLEDGEMENTS

The Directors appreciate the continued support received from the valued customers and look forward to this mutually supportive relationship in future.

The Directors place on record their deep appreciation to employees of the Company at all levels for their hard work, dedication and commitment without whose contribution the excellent performance of the Company would not have been possible.

The Directors are extremely grateful for all the support given by the Government of Gujarat at all levels. Their guidance, encouragement and moral support have enabled the Company to expand the pipeline network in a professional manner.

The Directors also wish to place on record the sincere thanks to PNGRB and other regulatory authorities at Central and State level for the continuous support extended to the Company.

The Directors place on record their sincere thanks to the Promoters, Shareholders and Lenders for their valuable support, trust and confidence reposed in the Company.

**For and on behalf of the Board of Directors**

**Dr. J N Singh, IAS**
*Managing Director*

**Dr. T Natarajan, IAS**
*Joint Managing Director*

**Date:** 29th August, 2018
**Place:** Gandhinagar

# ANNEXURE - I

## Management's Discussion and Analysis forming part of the Directors' Report for the year ended on 31st March, 2018

## A. INDUSTRY OVERVIEW

India's GDP grew 7.2% in Q3 FY 2017-18 on the back of a rebound in industrial activity, especially manufacturing and construction and an expansion in agriculture. All leading agencies such as IMF, World Bank, ADB are predicting India will grow between 7-8% in 2019 and 2020.

The importance of India on the global energy scene cannot be overstated. Since 2000, India has provided access to electricity to half a billion people, reaching 82% of the population, compared with 43% in 2000. With the Government's focus on providing electrification to more regions and other policy initiatives, India will be the fastest growing energy market in the next two decades[1]. According to BP[2], by the middle of the next decade, the incremental energy consumption in India will surpass even that of China.

Several reports have indicated that India is rebalancing its energy mix with a focus on natural gas and renewables. With natural gas accounting for just about 6% of its overall energy mix, the Government has been working diligently to improve the investment climate for gas exploration & production to increase the domestic production and supply to end users.

For the first time in six years, India's natural gas production grew in 2017-18. Gas output grew 2.35% to 32,649 Million Standard Cubic Meter (MMSCM) primarily due to production from onshore blocks offsetting a decline in production from offshore blocks. The reversal in the six-year declining trend assumes significance coming at a time when our Government is targeting a quick ramp up in the share of natural gas in the overall energy basket, arrest a consistent declining trend in its domestic crude oil production and reduce its mounting crude oil import bill. Gas production from onshore blocks including Coal Bed Methane (CBM) also grew at 8% as compared to previous fiscal.

The increase in production after years of a consistent decline is a major relief for the domestic economy. In fact, it is expected that domestic gas production shall increase by around 20 MMSCMD over the next 5 years. This will come from the ongoing development of new fields by ONGC, OIL, Cairn and RIL-BP, besides some increase in CBM production.

Moreover, over the next few years several players including players, like ONGC, RIL-BP, Focus Energy and Cairns are expected to bring in gas from new domestic sources including ONGC's Vashishta and S-1 fields in KG offshore, ONGC's Daman, ONGC's Kutch Offshore, RIL – BP's R-series fields in KG Basin, Cairn India Ltd.'s Raageshwari Deep Gas (RDG) field and Focus Energy Ltd.'s block in Rajasthan. All these gas sources would contribute significantly towards volume upside from domestic fields.

As the economy grows, it is inevitable that requirements for natural gas will also grow at a much faster rate than domestic production. Accordingly, India's LNG sector is undergoing a major transformation as it is set to occupy a crucial part in the Country's energy portfolio in future.

Currently, India is world's 4th largest LNG Buyer and with China pacing towards its goal to produce 20% of its electricity from renewables by 2030, India may become the 3rd largest LNG Buyer in the world.

India witnessed impressive LNG imports of 72.4 MMSCMD[3] during 2017-18, an increase of almost 7.1% on year-on-year basis and LNG import for FY 2017-18 was the highest ever import of LNG and a drop in LNG prices led to LNG imports being over 50% of the total gas consumed in India.

Central Government's announcement of policy intentions for setting up of a trading hub to set Indian gas benchmark would also provide a fillip to the upstream activities. Setting up of a gas trading hub requires policy efforts on various fronts that would set the right environment for a trading hub to seamlessly operate and one of it shall also be the boost it shall give Pan-India pipeline development projects. In order to ensure success of a hub, connectivity to several demand and supply centres shall become a pre-requisite and your Company strongly believes that such a policy initiative shall act as a huge positive for gas transmission pipeline developers.

In view of its objective of increasing the share of gas in India's energy basket, the Central Government has been focusing on development of infrastructure and establishment of a vibrant transparent gas market.

Earlier in the year, Central Government provided fiscal and demand support to the 2655 Km long Jagdishpur – Haldia – Bokaro – Dhamra (JHBDPL) Project, also known as Pradhan Mantri Urja Ganga Project. This Project has not only ushered in hopes of industrial development in eastern part of India but also given a positive signal to other pipeline developers in the Country in terms of support from the Central Government for gas pipeline projects.

## B. REGULATORY FRAMEWORK

It is expected that in FY 2018-19, PNGRB shall determine final tariffs of your Company's pipelines.

PNGRB has been reconstituted some months back and it is believed that under the aegis of current Board quite a few areas of dispute, between the Board and entities shall be resolved. Many new proposals and initiatives have been taken by PNGRB in the recent months which seem to be a positive for the gas industry.

PNGRB has stated that it is working out a model which encourages new investment in trunk lines and also trying to fix ways to avoid the transporter being burdened with volume risk thereby enabling it to raise low cost funds.

Further, PNGRB has invited bids for CGD network development across 86 Cities and Districts in its 9th round of bidding. The bidding process is almost complete and PNGRB has already announced winning bids for 78 Geographical Areas (GAs).

PNGRB is also currently in the process of devising regulations for establishing a Natural Gas Trading Exchange. PNGRB will act as the market regulator for the upcoming natural gas trading platform. The plan to establish a natural gas trading platform is a part of a larger effort by the Government to build a vibrant and transparent gas market in India.

[1] & [2] BP Energy Outlook Country and Regionalinsights-India 2018
[3] Petroleum Planning & Analysis Cell (PPAC)

## C. OPPORTUNITIES AND CHALLENGES

Keeping up with the growth trend of past 3 years, your Company saw a growth in transmission volumes this year, as well. However, the growth this year was quite significant, i.e. more than 25% (y-o-y), owing to a steady growth in demand from all consuming sectors.

The biggest reason for growth in volumes for your Company was the competitiveness of gas vis-à-vis other fuels. This year major demand contributors were Refineries, Petrochemical plants, Independent Power Producers (IPPs) and CGDs in Gujarat.

Your Company's biggest strength is its connectivity with all the major demand centres and supply sources in the State and your Company has very pro-actively leveraged on this asset. Your Company has ensured connectivity of industrial clusters enroute its network, thereby promoting the usage of environment friendly fuel in the State.

In the past year, your Company achieved connectivity with several customers in existing industrial clusters / zones. Your Company provided last mile connectivity to several CGD entities in newer areas like Patan, Palitana and Banaskantha thereby facilitating supply of gas to several household customers and SME units.

A new LNG terminal is expected to be commissioned in Gujarat this year, with another one to follow by mid-2020. Your Company has been developing pipeline connectivity with new terminals to ensure connectivity with all sources in Gujarat for providing choice of source to its consumers.

Development of CGD networks in Geographical Area of Amritsar and Bhatinda is in full swing and it is expected that gas supply in Amritsar & Bhatinda GA shall commence in the coming Financial Year.

Your Company bought an additional 28.40% stake in Gujarat Gas Ltd., thereby raising its holding to about 54.17% and making Gujarat Gas Ltd. a Subsidiary Company. Such acquisition of shares is in view of the direct synergy of gas transmission and gas distribution businesses as Gas Distribution Network provides last mile connectivity to the end users of the gas.

## D. OPERATIONS AND FUTURE OUTLOOK

Your Company owns and operates the largest gas transmission network in Gujarat totalling to approximately 2518 Kms (as on $31^{st}$ March 2018). The gas grid of the Company has reached 25 of 33 Districts in Gujarat.

**Performance highlights of Subsidiary, Associate & Joint Venture Companies:**

**GSPL India Gasnet Limited (GIGL) & GSPL India Transco Limited (GITL):**

GIGL has achieved considerable progress and is in advanced stages of completion & commissioning of its awarded sections for achieving connectivity with GSPL's Gujarat Gas Grid, Cairn's fields in Rajasthan and connectivity for Amritsar CGD Project.

Further, activities have been initiated for tendering of the balance sections of Gas grid for its construction.

Upon commissioning of these sections, GIGL shall have attained the distinction of commissioning a part of GoI's vision of National Gas Grid. Commencement of gas supplies through these sections shall provide an impetus for development of balance sections of these pan-India pipelines to ensure availability of gas across several states.

Connectivity with Cairns gas field in Rajasthan shall also lead to monetization of critical natural resources and further improve availability of gas in the Country. In fact, GIGL shall achieve connectivity of gas fields in Rajasthan with the National Gas Grid through GSPL.

GITL has awarded the contract for construction of 362 Km section of pipeline from Andhra Pradesh to Ramagundam Fertilizers and Chemicals Ltd., as part of Phase-1 implementation of MBBVPL Project.

This section of MBBVPL Pipeline will facilitate transportation of natural gas to the gas based plant of Ramagundam Fertilizers and Chemicals Limited in Telangana, which is part of Govt of India plan to revive closed units of FCIL for increasing domestic urea production in the Country.

Additionally, GIGL and GITL have consistently been seeking support from GoI for improvement of viability and development of their pipeline projects, in line with support provided by GoI to Pradhan Mantri Urja Ganga project.

The MBPL, BJPL and MBBVPL Project pipelines, once commissioned, shall lead to optimum utilization of GSPLs' Network and be synergistic with your Company's foray into CGD Network Development also.

**Gujarat Gas Limited:**

Gujarat Gas Limited is the largest City Gas Distribution Company with its presence spread across various Districts in the State of Gujarat, Union Territory of Dadra and Nagar Haveli and the State of Maharashtra distributing natural gas to various retail, industrial, commercial and domestic residential segment customers. Further, it is also engaged in the business of distribution of CNG to transport segment customers through CNG filling stations.

Gujarat Gas Limited has been continuously growing and expanding its horizon by venturing into new geographic areas and is committed to reach every possible natural gas users across its licensed expanse of around 96,000 square kilometres through its ever growing pipeline network spread across 22 Districts.

Gujarat Gas Limited has aggressively rolled out the expansion plans to develop networks to tap the unexplored CGD potential in new geographies within its operational areas. GGL has total 18 CGD licenses spread across 22 Districts which accounts to almost 20% of total CGD licenses issued by PNGRB in India and 1 pipeline license.

Gujarat Gas Limited is supplying natural gas to more than 12.5 Lakh residential, over 13,440 commercial and non-commercial segments and around 3,300 industrial customers as on $31^{st}$ March, 2018.

Gujarat Gas Limited also supplies natural gas in the form of Compressed Natural Gas (CNG) through 291 CNG stations catering to the automotive sector in the operational areas.

Your Company has a total shareholding of 54.17% in Gujarat Gas Limited as on $31^{st}$ March, 2018.

During the year ending $31^{st}$ March 2018, Gujarat Gas Limited contributed to approx 16.47% of total transmission revenues of your Company.

**Sabarmati Gas Limited:**

Sabarmati Gas Limited (SGL) is engaged in the business of development of City Gas Distribution networks in Gandhinagar, Sabarkantha and Mehsana Districts of North Gujarat. SGL has also been granted authorization by PNGRB for undertaking CGD Business activity in GA of Patan District and accordingly the Company has initiated activities to develop CGD Network in Patan District. The sales volumes of the Sabarmati Gas Limited from all the segments have increased to 8.25 Lakh SCMD during the Financial Year 2017-18 as compared to 7.12 Lakh SCMD during the previous Financial Year. SGL has network of 384 Kms of steel pipeline and 3,830 Kms of MDPE pipeline and customer base of 1,26,763 domestic customers, 281 industrial customers and 558 commercial customers as well as 70 CNG stations as on 31st March, 2018.

Your Company has a total shareholding of 27.47% in Sabarmati Gas Limited as on 31st March, 2018.

During the year ending 31st March 2018, Sabarmati Gas Limited contributed to approx 2.34% of total transmission revenues of your Company.

## E. PERFORMANCE PROFILE

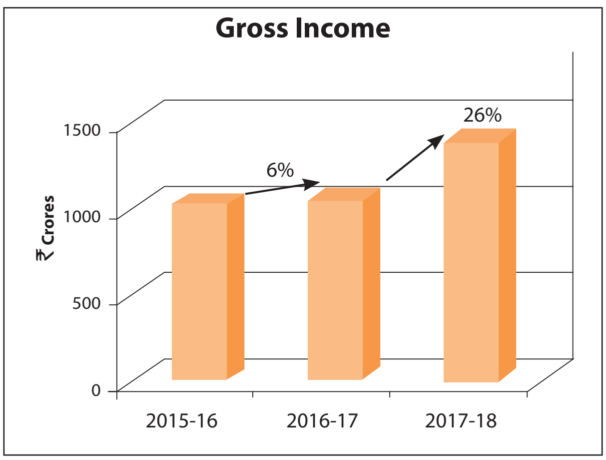
The Company continues to expand its gas grid to reach new markets and connect to new supply sources.

The infrastructure developed by the Company enabled the flow of LNG and domestic gas from various sources, including KG Basin, to reach various regions of Gujarat.

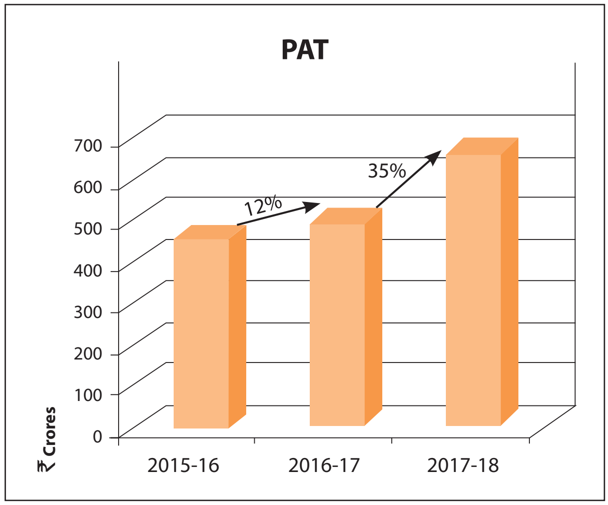
The Company has managed with a lean manpower strength on account of its well thought out strategy of developing major pipeline projects on EPC (Engineering, Procurement and Construction) Model.

The Company transported 11511 MMSCM of natural gas during the year, an increase of 26.90% over last year's volumes transportation of 9071 MMSCM.

Income from transportation of gas for the year was ₹ 1286.73 Crore, increase of 31.72% over last year's figure of ₹ 976.89 Crore. Gross Income has increased by 26%.




Profit After Tax for the year was ₹. 668.43 Crore as compared to ₹ 496.64 Crore in the previous year, recording an increase of 34.59%.




The Net Worth of the Company has increased from ₹ 4495.97 Crore to ₹ 5065.04 Crore. During the year, Gross Block of Assets increased from ₹ 3527.70 Crore to ₹ 3651.20 Crore.

The Company continues to have a healthy Debt Equity Ratio of less than 1.

**Wind Power Project:**

Your Company believes that renewable energy sources can offer enormous economic, social and environmental benefits and India has the highest potential for effective use of the renewable energy sources like wind power.

Considering the cost benefit which a Wind Power Project can offer, your Company ventured into and has successfully completed commissioning of the Wind Power Project of 52.5 MW at Maliya Miyana, Rajkot and Gorsar & Adodar, Porbandar in the State of Gujarat.

The Company has generated 10,59,85,160 units of power from the same which resulted in the revenue of approx ₹ 37.28 Crores in the year.

## F. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

**Risk Management:**

Your Company is in the process of adopting a comprehensive Risk Management System which identifies and documents business risks as well as provides for appropriate controls to mitigate these risks to the best extent possible across all aspects of the Company's business.

The said Risk Management System is based on the principle by which risks are currently managed across the Company. All functional teams address risks relevant to the assets, projects or functions and also work towards identifying appropriate mitigation strategies. Moreover, the Company has always focused on developing a "risk culture" that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

Based on the current economic scenario affecting the Oil & Gas sector and the prevalent regulatory regime, these are the major risks being faced by your Company:

**1. Affordability and Availability of Natural Gas**

Current estimates and outlooks for natural gas availability are positive and the likelihood of over-supply is nil. However, for an emerging economy like India, affordability of natural gas vis-á-vis other fuels, especially in the wake of rising oil prices is definitely a concern. In fact, the biggest risk for gas is its affordability in key demand sectors, such as Industries and Power. It is believed that rebalancing of global oil prices could also reduce the attractiveness of LNG usage by these sectors.

Moreover, considerable investments by upstream players in further developing gas fields shall also need consistent support from the Centre in form of fiscal / tax incentives. Decline in domestic gas production can adversely affect the gas market.

**2. Regulatory Risk**

The Petroleum and Natural Gas Regulatory Board (PNGRB) constituted in 2007, regulates midstream and downstream activities in the petroleum and natural gas sector. It protects the interests of consumers and entities engaged in the specified activities and ensures uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country to promote competitive markets.

In September 2017, PNGRB issued a Public Consultation Paper regarding views of stakeholders on an entity's request for unified / pooled tariff for all its inter-connected cross country pipelines. The basic premise of this proposal was to ensure competitiveness of end-products or services of customers located further away along the pipelines.

Having a comprehensive approach, rather than a piece-meal one, would aid development of infrastructure on pan-India basis. PNGRB is also in the process of working out a tariff model which encourages new investment in trunk lines. Your Company believes that it is important that all such critical issues are addressed in a way that it does not lead to market distortion in favour of a dominant player. It is expected that improved regulatory scenario would ensure more investments in the sector.

**3. Safety and Operational Risk**

The changing technologies and the natural ageing of existing facilities like Pipelines and stations pose a risk as aged Pipelines are prone to unplanned shutdowns, increased maintenance and operating costs. Deployment of new technologies in line with Pipeline Integrity Management Systems and ongoing maintenance processes are the key to enhance the reliability of operations and reduction in operating costs as well as for maximising the life of assets while improving the safety of operating conditions. Pipeline system's safety is also a major challenge and even minor operational issue and safety issues may cause major safety hazards, disrupt operations at large levels, pose danger to life, property and safety of people and penalties from statutory/regulatory bodies and reputation of the organisation may also be at stake.

**Internal Control Systems:**

The Company has a proper and adequate system of internal controls commensurate with its size of operations and nature of business. The Company's internal control systems are further supplemented by extensive programs of audits, i.e. internal audit, proprietary audit by the Comptroller & Auditor General of India (C&AG) and statutory audit by Statutory Auditors appointed by the C&AG. The internal control system is designed to ensure that all financials and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets and compliance with statutory requirements.

The Company has mapped a number of business processes on to SAP system, thereby leading to significant improved controls & transparency. Your Company also continues to invest in Information Technology to support various business processes.

## G. HUMAN RESOURCES

During the year, the Company did not experience any strikes or lockouts.

The increasing human capital aspirations and the competitive environment are a major challenge for the Company in terms of attracting and retaining the human talent. In order to remain competitive, it is imperative that Company has to hire and retain sufficient number of skilled talent so as to strengthen its technical and project management skills.

The Company employed 221 employees as on 31st March, 2018 (Previous year: 228 employees).

The Company believes that training and personnel development is of vital importance to create a climate where people maximize their technical skills and inner potential which can help the Company in capitalizing the emerging business opportunities through their involvement. During the year, employees were sent for various training programs and seminars in line with the Annual Training Calendar to enhance employee skills/knowledge.

The Company has in place an attractive policy of performance linked incentive to encourage and reward employee performance.

**Forward Looking Statements:**

*This Annual Report contains forward-looking statements, which may be identified by words like will, believes, plans, expects, intends, estimates or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth and market position are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that the assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or event.*

# ANNEXURE - II
## Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Gujarat State Petronet Limited (GSPL) is committed to do business in an efficient, responsible, honest and ethical manner. The core values of the Company's Governance process include independence, integrity, accountability, transparency, responsibility and fairness. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increase long-term shareholders' value.

## 2. BOARD OF DIRECTORS

**A. Composition of the Board:**

As per requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Structure of the Company maintains an optimum combination of Executive, Non Executive Directors with at least one Woman Director and half of the Board of Directors comprising of Independent Directors. The Composition of the Board is in conformity with the Listing requirements. The detailed composition of the Board of Directors as on 31$^{st}$ March, 2018, category of Directorship and their Directorship in the companies and Membership/Chairmanship in the Committees of the Board are given below:

| Sr. No. | Name of the Director | Position /Category++ | * Number of Directorship as on 31.03.2018 including GSPL | ** Number of Membership/ Chairmanship in Board Committee as on 31.03.2018 including GSPL | |
|---|---|---|---|---|---|
| | | | | Membership+ | Chairmanship |
| 1. | Shri M M Srivastava, IAS (Retd.) | Non Executive Chairman (GSPC[1] Nominee) | 2 | 0 | 0 |
| 2. | Shri Sujit Gulati, IAS | Non Executive Director (GSPC[1] Nominee) | 10 | 2 | 0 |
| 3. | Smt. Shridevi Shukla | Non Executive Woman Director (GSPC[1] Nominee) | 1 | 0 | 0 |
| 4. | Dr. R Vaidyanathan | Independent Director | 6 | 3 | 1 |
| 5. | Prof. Yogesh Singh | Independent Director | 4 | 2 | 1 |
| 6. | Dr. Bakul Dholakia | Independent Director | 4 | 2 | 2 |
| 7. | Dr. Sudhir Kumar Jain | Independent Director | 5 | 1 | 0 |
| 8. | Shri Bhadresh Mehta | Independent Director | 3 | 1 | 2 |
| 9. | Shri Bimal N Patel | Independent Director | 1 | 0 | 0 |
| 10. | Dr. T Natarajan, IAS | Joint Managing Director (GSPC[1] Nominee) | 10 | 4 | 0 |
| 11. | Dr. J N Singh, IAS | Managing Director (GSPC[1] Nominee) | 9 | 0 | 2 |

*1. Gujarat State Petroleum Corporation Limited.*
*+ Membership excludes Chairmanship.*
** Excluding Directorship held in Foreign Companies.*
*** Indicates Membership/Chairmanship in the Audit Committee and Stakeholders Relationship Committee (excluding Private Limited Companies, Foreign Companies and Section 8 Companies).*
*++ None of the Directors of the Company are related inter-se.*

**B. Board Meetings held during the year 2017 - 2018:**

The Board meets at regular intervals to discuss and decide on various issues including strategy related matters pertaining to the business/ company. The tentative calendar of Board Meetings is circulated to the Directors in advance to facilitate them and to ensure their active participation in the Meetings of the Company. Apart from this, the Meetings of the Board are also convened or the approval of the Board is obtained through circulation of resolution to all the Directors in case some urgent/special situation arises. Such circular resolution is also noted in the next Board Meeting. Further, when it is not possible to attend meeting physically, option to attend the Meeting through Video Conferencing is made available to the Directors to enable their participation.

Agenda papers containing all necessary information / documents are made available to the Board in advance to enable the Board to take informed decisions and to discharge its functions effectively. Where it is not practicable to attach the relevant information as a part of agenda papers, the same are tabled at the Meeting or / and the presentations are made by the concerned persons to the Board. Further, officials/representatives who can give additional insight in to the items being discussed are invited during the Meeting.

During the year 2017 - 2018, the Board met 6 (Six) times. Details of these Meetings are as follows:

| Sr. No. | Date of Meeting |
|---|---|
| 1 | 25th May, 2017 |
| 2 | 11th August, 2017 |
| 3 | 28th September, 2017 |
| 4 | 13th November, 2017 |
| 5 | 8th February, 2018 |
| 6 | 19th March, 2018 |

**C. Attendance of each Director at the Board Meeting during the year 2017 – 2018 and at last AGM was as follows:**

| Sr. No. | Name of the Director | Number of Board Meetings held during their tenure as Director | Number of Board Meetings attended | Attendance at last AGM held on 28th September, 2017 |
|---|---|---|---|---|
| 1 | Shri M M Srivastava, IAS (Retd.) | 6 | 6 | Yes |
| 2 | Shri Sujit Gulati, IAS | 6 | 6 | No |
| 3 | Shri Anil Mukim, IAS (upto 7th March, 2018) | 5 | 5 | No |
| 4 | Smt. Shridevi Shukla | 6 | 6 | Yes |
| 5 | Dr. R Vaidyanathan | 6 | 6 | Yes |
| 6 | Prof. Yogesh Singh | 6 | 6 | Yes |
| 7 | Dr. Bakul Dholakia | 6 | 3 | No |
| 8 | Dr. Sudhirkumar Jain | 6 | 4 | Yes |
| 9 | Shri Bhadresh Mehta | 6 | 6 | Yes |
| 10 | Shri Bimal N Patel | 6 | 4 | No |
| 11 | Dr. T Natarajan, IAS | 6 | 6 | Yes |
| 12 | Dr. J N Singh, IAS | 6 | 6 | No |

*Note: The Directors were granted the leave of absence for non attendance at the Meeting of the Board of Directors of the Company.*

## 3. AUDIT COMMITTEE

The composition of the Audit Committee as on 31st March, 2018 is as follows:

1. Prof. Yogesh Singh - Chairman
2. Dr. R Vaidyanathan - Member
3. Dr. Bakul Dholakia - Member
4. Dr. Sudhir Kumar Jain - Member
5. Shri Bhadresh Mehta - Member
6. Dr. T Natarajan, IAS - Member

Ms. Reena Desai, Company Secretary acts as a Secretary to the Audit Committee.

**Note:** At least two third members of the Audit Committee are Independent Directors with Chairman of the Audit Committee being an Independent Director and having financial and accounting knowledge.

The powers of the Audit Committee as conferred by the Board of Directors in accordance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are:

• To investigate any activity within its terms of reference.

• To seek information from any employee.

• To obtain outside legal or other professional advice.

• To secure attendance of outsiders with relevant expertise, if it considers necessary.

The role of the Audit Committee includes the overview of the Company's financial reporting process and related disclosures to ensure that the financials are correct, sufficient and credible. The Committee will also undertake the review, with our management, of our annual and quarterly financial statements before submission to the Board for approval. The Committee shall also review the adequacy of our internal control systems, internal audit functions and discuss any significant findings of the internal auditors. The Committee shall also discuss with our statutory auditors prior to their commencement of audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. The Audit Committee shall examine the reasons for substantial defaults in the payments by the Company to depositors, debenture holders, shareholders (in case of non - payment of declared dividends) and creditors. The Committee shall also review the functioning of whistle blower mechanism.

During the year 2017 - 2018, the Audit Committee met 6 (Six) times. Details of these Meetings are as follows:

| Sr. No. | Date of Meeting |
|---|---|
| 1 | 25$^{th}$ May, 2017 |
| 2 | 11$^{th}$ August, 2017 |
| 3 | 28$^{th}$ September, 2017 |
| 4 | 13$^{th}$ November, 2017 |
| 5 | 8$^{th}$ February, 2018 |
| 6 | 19$^{th}$ March, 2018 |

The attendance of the Members at the Audit Committee Meetings during the year 2017 - 2018 was as follows:

| Sr No. | Name of the Audit Committee Members | Number of Audit Committee Meetings held while holding the office | Number of Audit Committee Meetings attended |
|---|---|---|---|
| 1 | Prof. Yogesh Singh | 6 | 6 |
| 2 | Dr. R Vaidyanathan | 6 | 6 |
| 3 | Dr. Bakul Dholakia | 6 | 3 |
| 4 | Dr. Sudhir Kumar Jain | 6 | 4 |
| 5 | Shri Bhadresh Mehta (w.e.f. 13$^{th}$ November, 2017) | 2 | 2 |
| 6 | Shri Anil Mukim, IAS (upto 7$^{th}$ March,2018) | 5 | 5 |
| 7 | Dr. T Natarajan, IAS | 6 | 6 |

The Chairman of the Audit Committee remained present at the Annual General Meeting of the Company held on 28$^{th}$ September, 2017 to answer shareholder queries.

## 4. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee as on 31$^{st}$ March, 2018 is as follows:

1. Prof. Yogesh Singh - Chairman
2. Shri M M Srivastava, IAS (Retd.) - Member
3. Dr. R Vaidyanathan - Member

The role of the Nomination and Remuneration Committee inter alia includes the following:

a. Formulation of criteria for determining qualifications, positive attributes and independence of a director.

b. Formulation of criteria for evaluation of Independent Directors and the Board.

c. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

d. To devise a Policy on Board Diversity.

e. Formulate and recommend to the Board a Policy relating to the remuneration for the directors, key managerial personnel and other employees.

f. To formulate, administer and monitor detailed terms and conditions of the Employees' Stock Option Scheme(s) of the Company.

g. To carry out any other function as delegated by the Board from time to time and / or required by any statutory notification, amendment or modification, as may be applicable.

During the year 2017 - 2018, no Meeting of Nomination and Remuneration Committee was held.

The details on performance evaluation criteria for Directors including Independent Directors are already provided under the head "Board Evaluation" in the Director's Report.

## 5. REMUNERATION/SITTING FEES TO DIRECTORS

**i) Remuneration to Directors:**

During the Financial Year 2017 - 18, the Company has paid remuneration of approx ₹ 16.83 /- Lacs to Shri M M Srivastava, IAS (Retd.), Non - Executive Chairman pursuant to approval of Members at the 18th Annual General Meeting held on 22nd September, 2016 for payment of remuneration for the period from 24th August, 2016 to 23rd August, 2018. The payment of remuneration & perquisites to Shri M M Srivastava, IAS (Retd.) is as per the terms and conditions stipulated by the Govt. of Gujarat in its Resolution dated 10th May, 2013. Further, as Shri M M Srivastava, IAS (Retd.) has been nominated as Non-Executive Chairman by Gujarat State Petroleum Corporation Limited, the Notice Period and Severance Fees are not applicable.

Further, the Board of Directors of the Company has recommended payment of remuneration to Shri M M Srivastava, IAS (Retd.) for one year w.e.f. 24th August, 2018 pursuant to Govt. of Gujarat Resolution dated 10th May, 2013 and letter dated 29th June, 2018 for approval of the Members at the ensuing Annual General Meeting under the applicable provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The total approx remuneration will be ₹ 16.83 Lacs per annum.

**ii) Sitting Fees to Directors:**

The Sitting Fees paid to the Directors who are IAS Officers is deposited in government treasury. No Director is entitled to any benefit upon termination of his Directorship/Employment in the Company.

At present, Company pays ₹ 7500/- per Meeting as Sitting Fees to the Directors (except Managing Director and Joint Managing Director) for attending Board/ Committee Meeting.

During the year 2017 - 2018, the Company has paid ₹ 7,27,500/- in aggregate towards Sitting Fees of the Directors.

**iii) Stock Options granted to Directors:**

**ESOP - 2010:**

Presently, the Company has not granted Stock Option to the Directors under ESOP - 2010.

Except Dr. Bakul Dholakia who holds 3500 Equity Shares, no other Director holds any Share in the Company.

Further, apart from Shri M M Srivastava, IAS (Retd.) who is in receipt of remuneration, none of the Non-Executive Directors has any other pecuniary interest in the Company.

**iv) Terms of appointment of Managing Director:**

Dr. J N Singh, IAS has been appointed as Managing Director of the Company w.e.f. 16th April, 2016 and Dr. T Natarajan, IAS has been appointed as Joint Managing Director w.e.f. 4th August, 2016. No remuneration is paid by the Company to Dr. J N Singh, IAS and Dr. T Natarajan, IAS during the year. They will hold their office till further intimation by Gujarat State Petroleum Corporation Limited.

## 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee as on 31st March, 2018 is as follows:-

1. Dr. R Vaidyanathan - Chairman
2. Shri Sujit Gulati, IAS - Member
3. Dr. T Natarajan, IAS - Member

During the year 2017 – 2018, the Stakeholders Relationship Committee met 2 (Two) times. Details of the Meetings are as follows:-

| Sr. No. | Date of Meeting |
|---|---|
| 1 | 25th May, 2017 |
| 2 | 19th March, 2018 |

The attendance of the Members at the Stakeholders Relationship Committee Meetings during the year 2017 - 2018 was as follows:

| Sr No. | Name of the Stakeholders Relationship Committee Members | Number of Stakeholders Relationship Committee Meetings held while holding the office | Number of Stakeholders Relationship Committee Meetings attended |
|---|---|---|---|
| 1 | Dr. R Vaidyanathan | 2 | 2 |
| 2 | Shri Sujit Gulati, IAS | 2 | 2 |
| 3 | Dr. T Natarajan, IAS | 2 | 2 |

The status of Shareholders complaint as on 31$^{st}$ March, 2018 is as follows:-

| Particulars | Opening as on 01.04.2017 | Received* during the year | Disposed during the year | Balance as on 31.03.2018 |
|---|---|---|---|---|
| No. of complaints | NIL | 274 | 274 | NIL |

** The Complaints received were mainly in the nature of non-receipt of Dividend Warrants, requests for duplicate/revalidation of Dividend Warrants etc.*

Number of complaints received during the year as a percentage of total number of Members as on 31$^{st}$ March, 2018 is 0.21%.

Ms Reena Desai, Company Secretary acts as Compliance Officer of the Company.

## 7. ATTENDANCE OF EACH DIRECTOR AT THE COMMITTEE MEETING OTHER THAN THOSE STATED ABOVE AND CONVENED DURING THE FINANCIAL YEAR 2017 – 2018

### 1. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year 2017 - 2018, the Corporate Social Responsibility Committee met 3 (Three) time. Details of the Meetings are as follows:

| Sr. No. | Date |
|---|---|
| 1 | 25$^{th}$ May, 2017 |
| 2 | 11$^{th}$ August, 2017 |
| 3 | 8$^{th}$ February, 2018 |

The attendance of the Members at the Corporate Social Responsibility Committee Meetings during the year 2017 - 2018 was as follows:

| Sr No. | Name of the Corporate Social Responsibility Committee Members | Number of Corporate Social Responsibility Committee Meetings held while holding the office | Number of Corporate Social Responsibility Committee Meetings attended |
|---|---|---|---|
| 1 | Shri M M Srivastava, IAS (Retd.) | 3 | 3 |
| 2 | Prof. Yogesh Singh | 3 | 3 |
| 3 | Dr. T Natarajan, IAS | 3 | 3 |

### 2. PROJECT MANAGEMENT COMMITTEE

During the year 2017 - 2018, the Project Management Committee met 1 (one) time. Details of the Meeting is as follows:

| Sr. No. | Date |
|---|---|
| 1 | 11th August, 2017 |

The attendance of the Members at the Project Management Committee Meetings during the year 2017 - 2018 was as follows:

| Sr No. | Name of the Project Management Committee Members | Number of Project Management Committee Meetings held while holding the office | Number of Project Management Committee Meetings attended |
|---|---|---|---|
| 1 | Shri M M Srivastava, IAS (Retd.) | 1 | 1 |
| 2 | Dr. J N Singh, IAS | 1 | 1 |
| 3 | Dr. Bakul Dholakia | 1 | 0 |
| 4 | Shri Sujit Gulati, IAS | 1 | 1 |
| 5 | Shri Anil Mukim, IAS (upto 7th March, 2018) | 1 | 1 |
| 6 | Dr. T Natarajan, IAS | 1 | 1 |

### 3. PERSONNEL COMMITTEE

During the year 2017 - 2018, the Personnel Committee met 2 (Two) time. Details of the Meetings are as follows:

| Sr. No. | Date |
|---|---|
| 1 | 13th December, 2017 |
| 2 | 4th January, 2018 |

The attendance of the Members at the Personnel Committee Meetings during the year 2017 - 2018 was as follows:

| Sr No. | Name of the Personnel Committee Members | Number of Personnel Committee Meetings held while holding the office | Number of Personnel Committee Meetings attended |
|---|---|---|---|
| 1 | Shri M M Srivastava, IAS (Retd.) | 2 | 2 |
| 2 | Shri Sujit Gulati, IAS | 2 | 2 |
| 3 | Dr. R Vaidyanathan | 2 | 2 |
| 4 | Dr. T. Natarajan, IAS | 2 | 2 |
| 5 | Managing Director | 2 | 2 |

## 8. GENERAL BODY MEETINGS

**A. Schedule of the last three Annual General Meetings of the Company is presented below:**

| Year | Date & Time of AGM | Venue | Special Resolutions passed |
|---|---|---|---|
| 2016 - 17 | 28th September, 2017, 3.30 P.M. | Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010 | No |
| 2015 - 16 | 22nd September, 2016, 3.00 P.M. | Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010 | No |
| 2014 – 15 | 24th September, 2015, 3.00 P.M | Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382010 | No |

**B. Postal Ballot:**

During the year, no resolution was passed through postal ballot.

## 9. DISCLOSURES

There are certain transactions with related parties which have been disclosed at the relevant place in the Notes to the Annual Accounts. No such related party transactions may have potential conflict with the interests of the Company at large.

There is no non compliance on any capital market related matter since the listing of Company's security on Stock Exchanges. Further, no penalty has been imposed either by SEBI or Stock Exchanges or any Statutory Authority on any capital market related matter during the last three years.

## 10. MEANS OF COMMUNICATION

The Financial Results of the Company are normally published in one National news paper in English (in one or more news papers like Business Standard/Financial Express/Mint/Economic Times/The Hindu/ Business Line) and one Regional news paper (in one or more news papers like Gujarat Samachar/Divya Bhaskar/Sandesh/Gandhinagar Samachar). These Results can also be viewed from the Company's website www.gspcgroup.com. Further, the Financial Results and other required filings of the Company can also be viewed on the website of The National Stock Exchange of India Limited (www.nseindia.com) and The Bombay Stock Exchange Limited (www.bseindia.com).

## 11. CODE OF CONDUCT

**Code of Conduct for Directors and Senior Management:**

The Board of Directors of the Company has adopted a Code of Conduct and made it applicable to the Board Members and Senior Management of the Company. The same has also been posted on the website of the Company.

The Board and Senior Management of the Company have affirmed compliance with the Code. The declaration by Managing Director to this effect has been made elsewhere in this Annual Report.

**Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders:**

Pursuant to the requirements of The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders and the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. Company Secretary acts as the Compliance Officer. This Code of Conduct is applicable to the Designated Person(s), employees and the Immediate Relative(s) of such Designated Persons and employees of the Company who can have access to Unpublished Price Sensitive Information relating to the Company.

## 12. ETHICAL BEHAVIOR AND VIGIL MECHANISM

Pursuant to Section 177 (9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has an Ethical Behavior and Vigil Mechanism for Directors and employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Code of Conduct of GSPL and/or GSPC Group. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The Management affirms that no employee of the Company was denied access to the Chairman of Audit Committee. The Company has provided the details of the said Policy on the website of the Company at http://gspcgroup.com/documents/pagecontent/Vigil-Mechanism-Policy.pdf

## 13. POLICY FOR MATERIAL SUBSIDIARIES

As required under Regulation 16 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy for determining "Material" Subsidiaries. The Policy is available on the website of the Company at http://gspcgroup.com/documents/pagecontent/Policy-for-determining-Material-Subsidiaries.pdf

## 14. POLICY ON MATERIALITY OF RELATED PARTY TRANSACTIONS AND DEALING WITH RELATED PARTY TRANSACTIONS

As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Related Party Transactions Policy. The Policy is available on the website of the Company at http://gspcgroup.com/documents/pagecontent/Policy-on-Materiality-of-Related-Party-Transactions-and-dealing-with-Related-Party-Transactions.pdf

## 15. DIVIDEND DISTRIBUTION POLICY

The Company has adopted Dividend Distribution Policy in terms of the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is available on the website of the Company at http://gspcgroup.com/documents/pagecontent/Dividend-Distribution-Policy.pdf. The Dividend Distribution Policy forms a part of this Report.

## 16. APPOINTMENT OF INDEPENDENT DIRECTORS

The Company has issued formal letter of appointment to Independent Directors in the manner as provided in the Companies Act, 2013 and the applicable Corporate Governance requirements. The terms and conditions of appointment have also been disclosed on the website of the Company at http://gspcgroup.com/documents/pagecontent/GSPL-Terms-and-Conditions-of-Letter-of-Appointment-to-Independent-Director.pdf

## 17. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

Pursuant to provisions of Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Familiarization Programme for Independent Directors. The Programme aims to familiarize Independent Directors with activities of the Company so as to enable them to make effective contribution and to assist them in discharging their functions as a Board Member. The Company's Policy on Familiarization Programme for Independent Directors has been disclosed on the website of the Company at http://gspcgroup.com/documents/pagecontent/Policy-on-Familiarization-Programme-for-Independent-Directors.pdf

## 18. GENERAL SHAREHOLDERS INFORMATION

**A. Schedule & Venue of the 20th Annual General Meeting of the Company:**

Date & Day : 28th September, 2018, Friday
Time : 3.30 P.M.
Venue : Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11, Gandhinagar - 382010.

**B. Financial Year and Calendar:**

The Financial Year of the Company starts on 1st April and ends on 31st March every year.

Financial Calendar for 2018 - 2019 (Tentative Schedule) for adoption of quarterly results for:

| | |
|---|---|
| Quarter ending 30th June, 2018 | 30th July, 2018 |
| Quarter ending 30th September, 2018 | Before 14th November, 2018 |
| Quarter ending 31st December, 2018 | Before 14th February, 2019 |
| Quarter & Year ending 31st March , 2019 (Audited) | Before 30th May, 2019 |

**C. Book Closure Date:**
Saturday, 22nd September, 2018, to Friday, 28th September, 2018 (both days inclusive).

**D. Dividend Payment:**
The Dividend, if approved by the Shareholders will be paid on or after Friday, the 5th October, 2018.

**Unclaimed Dividends/Shares**

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 read with Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority. The new IEPF Rules also mandates companies to transfer Shares of Shareholders whose Dividends remain unpaid / unclaimed for a continuous period of seven years to the Demat Account of IEPF Authority. Further, the Shareholders whose Dividend / Shares are transferred to the IEPF Authority can claim it from the Authority after following the necessary procedure.

In accordance with the said IEPF Rules, the Company in the month of December 2017 has transferred, 1,02,368 Equity Shares corresponding to the Dividend declared by the Company for the Financial Year 2009 - 2010 with remained unclaimed to the Demat Account held by IEPF Authority after following the due procedure prescribed under the Companies Act, 2013 and the IEPF Rules.

The Unclaimed Dividends in respect of the Financial Year 2010 - 2011 is due for transfer to IEPF on 22nd October, 2018. Further, the Company has sent Notice to all Shareholders whose Shares are due to be transferred to the IEPF Authority and has also published requisite advertisements in the newspapers. In view of this, the Members of the Company, who have not yet encashed their Dividend Warrant(s)/ claimed their Dividend(s) declared by the Company are requested to claim the same from the Company alongwith necessary documentary proof.

Further, in terms of the IEPF Rules your Company has uploaded the Unclaimed Dividend details in respect of the Dividends declared by the Company for the Financial Years 2010 - 2011 onwards on the Company's website www.gspcgroup.com under separate dedicated section 'Investors". The said details of Unclaimed Dividend are updated by the Company on Company's Website on a half yearly basis.

In accordance with Regulation 39 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 750 Equity Shares (previous year: 32065 Equity Shares) issued to 3 Shareholders (previous year: 124 Shareholders) of the face value of ₹ 10 each are lying in the "GSPL Unclaimed Shares Demat Suspense Account" maintained by the Company. The voting rights on the Shares outstanding in the suspense account as on 31st March, 2018 shall remain frozen till the rightful owner of such Shares claims the Shares.

Due Dates for Transfer of Unclaimed Dividend to IEPF:

| Year | Dividend rate per share (₹) | Date of Declaration of Dividend by the Shareholders in AGM | Unclaimed Dividend Amount (₹) | Due Date |
|---|---|---|---|---|
| 2010 – 2011 | 1.00 (i.e. 10%) | 23rd September, 2011 | 870631.00 | 22nd October, 2018 |
| 2011 - 2012 | 1.00 (i.e. 10%) | 25th September, 2012 | 1545099.00 | 24th October, 2019 |
| 2012 - 2013 | 1.00 (i.e. 10%) | 27th September, 2013 | 974647.00 | 26th October, 2020 |
| 2013 – 2014 | 1.00 (i.e. 10%) | 25th September, 2014 | 1257112.00 | 24th October, 2021 |
| 2014 - 2015 | 1.20 (i.e. 12%) | 24th September, 2015 | 1034274.00 | 23rd October, 2022 |
| 2015 - 2016 | 1.50(i.e. 15%) | 22nd September,2016 | 1195596.00 | 21st October, 2023 |
| 2016 - 2017 | 1.50(i.e. 15%) | 28th September, 2017 | 1123140.00 | 27th October, 2024 |

**E. Listing on Stock Exchanges and Scrip Codes:**

| Name of Stock Exchanges | Scrip Code |
|---|---|
| 1. The Bombay Stock Exchange Limited (BSE)<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 | 532702 |
| 2. The National Stock Exchange of India Limited (NSE)<br>Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 | GSPL |

The Company has also entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN no. for Company's securities is INE246F01010.

*Note:*
*1. The necessary listing fees has already been paid to both the Stock Exchanges.*

**F. Stock Market Data:**

Market Price Data in BSE and NSE is as follows:

| Month | BSE Sensex | | Company's Share price on BSE | | NSE Nifty | | Company's Share price on NSE | |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | High | Low |
| April 2017 | 30184.22 | 29241.48 | 204.00 | 158.30 | 9367.15 | 9075.15 | 204.30 | 158.70 |
| May | 31255.28 | 29804.12 | 188.65 | 169.20 | 9649.60 | 9269.90 | 188.15 | 169.10 |
| June | 31522.87 | 30680.66 | 181.55 | 154.00 | 9709.30 | 9448.75 | 181.40 | 156.10 |
| July | 32672.66 | 31017.11 | 197.60 | 165.00 | 10085.90 | 9543.55 | 197.75 | 154.75 |
| August | 32686.48 | 31128.02 | 198.90 | 174.05 | 10137.85 | 9685.55 | 199.00 | 174.25 |
| September | 32524.11 | 31081.83 | 211.45 | 185.20 | 10178.95 | 9687.55 | 212.00 | 185.45 |
| October | 33340.17 | 31440.48 | 214.95 | 192.55 | 10384.50 | 9831.05 | 214.90 | 192.00 |
| November | 33865.95 | 32683.59 | 223.05 | 200.00 | 10490.45 | 10094.00 | 223.00 | 200.00 |
| December | 34137.97 | 32565.16 | 235.50 | 198.00 | 10552.40 | 10033.35 | 235.80 | 197.25 |
| January 2018 | 36443.98 | 33703.37 | 229.55 | 200.70 | 11171.55 | 10404.65 | 229.80 | 200.50 |
| February | 36256.83 | 33482.81 | 210.40 | 177.70 | 11117.35 | 10276.30 | 210.75 | 177.35 |
| March | 34278.63 | 32483.84 | 209.40 | 173.10 | 10525.50 | 9951.90 | 209.55 | 173.65 |

**G. Registrar and Share Transfer Agent and Share Transfer System:**

The Company has appointed Karvy Computershare Private Limited as the Registrar and Share Transfer Agent of the Company for both Physical as well as Demat mode.

The Company has entrusted Karvy Computershare Private Limited with the responsibility of ensuring effective resolution and disposal of all kinds of investor grievances such as Demat, Remat, non receipt of Dividend, etc.

Investors may contact our Registrar and Share Transfer Agent at the following address for their queries:-

**Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli, Financial District,
Nanakramguda, Serilingampally, Hyderabad – 500 008, Andhra Pradesh, India
**Tel:** +91-40-67161518 | **Fax:** +91-40-23420814
**Email:** mailmanager@karvy.com | **Website:** www.karvycomputershare.com
**Contact person:** Mr. Suresh Babu D

**H. Distribution of Shareholding:**

Distribution of shareholding as on 31st March, 2018 is given below:

| Category (Amount of Shares) | No. of Shareholders | % of Shareholders | No. of Shares held | % of Shareholding |
|---|---|---|---|---|
| 1-5000 | 119336 | 90.30 | 20,709,897 | 3.67 |
| 5001-10000 | 7600 | 05.75 | 5,793,870 | 1.03 |
| 10001-20000 | 2751 | 02.09 | 4,068,075 | 0.72 |
| 20001-30000 | 822 | 00.62 | 2,087,258 | 0.37 |
| 30001-40000 | 341 | 00.26 | 1,226,740 | 0.22 |
| 40001-50000 | 322 | 00.24 | 1,518,407 | 0.27 |
| 50001-100000 | 442 | 00.33 | 3,166,043 | 0.56 |
| 100001 & above | 546 | 00.41 | 525,263,302 | 93.16 |
| **Total** | **132160** | **100.00** | **563,833,592** | **100.00** |

**I. Dematerialization of Shares and its liquidity:**
558,309,630 Equity Shares representing 99.02% of the total Equity Shares of the Company are held in Dematerialized Form and balance 5,523,962 Equity Shares representing 0.98% are in Physical Form as on 31st March, 2018.

**J. Plant Locations:**
The Company is developing pipeline infrastructure for transportation of gas. Presently, the Company has commissioned pipeline projects covering various locations in the State of Gujarat. The required details of these locations are specified in Directors' Report which forms part of this Annual Report. The Company has also set up wind power project of 52.5 MW in the areas of Maliya Miyana, Rajkot and Gorsar & Adodar, Porbandar.

**K. Address for correspondence with the Company:**
The address for correspondence with the Company is given below:-

**Gujarat State Petronet Limited**
GSPL Bhavan, E-18, GIDC Electronic Estate, Sector - 26, Nr. K-7 Circle, Gandhinagar - 382028.
**Ph.:** +91-79-23268500 | **Fax:** +91-79-23268506
**Website:** www.gujpetronet.com | **Email:** investors.gspl@gspc.in

**L. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversions date and likely impact on Equity:**
The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

**M. Non-Mandatory Requirements:**

**The Company has complied with the following Non-Mandatory Requirements:**

**1. Audit Qualifications**
There are no qualifications in the Auditors' Report on the financial statements to the Shareholders of the Company.

**2. Separate posts of Chairman and Managing Director**
The positions of the Chairman and Managing Director are separate.

**3. Reporting of Internal Auditor**
The Internal Auditor has access and may report directly to the Audit Committee.

**For and on behalf of the Board of Directors**

**Date:** 29th August, 2018
**Place:** Gandhinagar

**Dr. J N Singh, IAS**
*Managing Director*

**Dr. T Natarajan, IAS**
*Joint Managing Director*

# Declaration by Managing Director in terms of Regulation 26 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I confirm that all the Board Members and Senior Management have affirmed their compliance with the Code of Conduct for the year ended 31st March, 2018.

**Date:** 21st May, 2018
**Place:** Gandhinagar

**Dr. J N Singh, IAS**
*Managing Director*

# CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
GUJARAT STATE PETRONET LIMITED
GSPC Bhavan, Behind Udyog Bhavan,
Sector - 11, Gandhinagar – 382 010

We have examined all relevant records of **GUJARAT STATE PETRONET LIMITED** ("Company") for the purpose of certifying compliance of the conditions of Corporate Governance as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for the financial year ended 31st March, 2018. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure and implementation thereof.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the Corporate Governance, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and Paragraphs C, D and E of Schedule V of the Listing Regulations, during the year ended 31st March, 2018.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **MANOJ HURKAT & ASSOCIATES**
*Company Secretaries*

**Manoj R Hurkat**
*Partner*
Membership No.: FCS 4287
Certificate of Practice No.: CP - 2574

**Date:** 29th August, 2018
**Place:** Ahmedabad

# ANNEXURE - III
# 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: NIL**

2. **Details of material contracts or arrangement or transactions at arm's length basis:**
   (a) Duration of the contracts/arrangements/transactions: Ongoing/Recurring
   (b) Date of approval by the Board: NA

| Nature of Contract/Transactions & Name of the Related Party | Nature of relationship | Salient terms of the contracts or arrangements or transactions including the value of the transaction in FY 2017 - 18 (in ₹), if any * | Amount paid as advances, if any |
|---|---|---|---|
| **Reimbursement made/received like for Employee salary/benefits, RoU, electricity Expenses etc** | | | |
| Gujarat Gas Limited | Subsidiary | 62,26,009 | NIL |
| Gujarat State Petroleum Corporation Limited | Holding | 3,26,60,656 | NIL |
| **Purchase/sale of goods, Availing/Rendering Services** | | | |
| Gujarat Gas Limited | Subsidiary | 6,05,97,664 | NIL |
| Gujarat State Petroleum Corporation Limited | Holding | 4,87,48,149 | NIL |
| **Refundable deposits received/paid in relation to the Pipeline crossings** | | | |
| Gujarat Gas Limited | Subsidiary | 88,00,000 | NIL |
| **Gas Transportation Income** | | | |
| Gujarat Gas Limited | Subsidiary | 2,42,28,53,485 | NIL |
| Gujarat State Petroleum Corporation Limited | Holding | 1,19,04,30,458 | NIL |
| **Misc Receipts/payments towards business transactions** | | | |
| Gujarat Gas Limited | Subsidiary | 10,694 | NIL |
| Gujarat State Petroleum Corporation Limited | Holding | 6,96,886 | |

*All the Transactions are in the ordinary course of business and have been entered on Arm's Length Principle. Further, the threshold for determining the Material Related Party Transactions has been considered as per the terms defined in Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The transactions between two Govt. Companies do not require approval of shareholders under provisions of the Listing Regulations.*

**For and on behalf of the Board of Directors**

**Date:** 29th August, 2018
**Place:** Gandhinagar

**Dr. J N Singh, IAS**
*Managing Director*

**Dr. T Natarajan, IAS**
*Joint Managing Director*

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

1. **The brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:**

   The Corporate Social Responsibility Policy of the Company is available on the website of the Company viz. www.gspcgroup.com.

2. **Composition of the CSR Committee:**

   Shri M M Srivastava, IAS (Retd.) - Chairman

   Prof. Yogesh Singh - Member

   Dr. T Natarajan, IAS - Member

3. **Average Net Profit of the Company for last three Financial Years:**

   ₹ 679.89 Crores (FY 2014 – 15 to FY 2016 – 17).

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above):**

   ₹ 13.60 Crores

5. **Details of CSR spent during the Financial Year:**

   (a) Total amount spent for the Financial Year: approx ₹ 11.57 Crores
   (b) Amount unspent, if any: approx ₹ 2.03 Crores
   (c) Manner in which the amount spent during the financial year is detailed below:

| Sr. No. | CSR Project or Activity identified | Sector in which the Project is covered | Projects or programmes (1) Local Area or other (2) Specify the state and district where projects or programmes were undertaken | Amount outlay (Budget) projects or programmes wise | Amount spent on the project or programmes | | Cumulative expenditure up to the reporting period | Amount spent : Directly or Through Implementing Agency |
|---|---|---|---|---|---|---|---|---|
| | | | | | Direct expenditure on programmes or projects | Overheads | | |
| 1 | Distribution of Food packets/ drinking water in Banaskantha flood affected areas | Promoting health care / eradication of hunger, poverty and malnutrition and for sanitation and making available safe drinking water | Banaskantha & Palanpur - Abu Road | ₹ 10,10,00,000/- | ₹ 8,02,994.20/- | - | ₹ 8,02,994.20/- | Direct |
| 2 | Chief Ministers Relief Fund (in relation to disaster relief activities in flood affected areas of North Gujarat) | | Areas of North Gujarat | | ₹ 10,00,00,000/- | - | ₹ 10,00,00,000/- | Implementing Agency |
| 3 | Akshay Patra Foundation | Promoting Education and Promoting health care / eradication of hunger, poverty and malnutrition and for sanitation and making available safe drinking water | Ahmedabad, Gandhinagar, Vadodara & Surat locations | ₹ 1,09,00,000/- | ₹. 84,00,000/- | - | ₹ 84,00,000/- | Implementing Agency |

| Sr. No. | CSR Project or Activity identified | Sector in which the Project is covered | Projects or programmes (1) Local Area or other (2) Specify the state and district where projects or programmes were undertaken | Amount outlay (Budget) projects or programmes wise | Amount spent on the project or programmes | | Cumulative expenditure up to the reporting period | Amount spent : Directly or Through Implementing Agency |
|---|---|---|---|---|---|---|---|---|
| | | | | | Direct expenditure on programmes or projects | Overheads | | |
| 4 | Jan Aushadhi Stores | Promoting health care / eradication of hunger, poverty and malnutrition and for sanitation and making available safe drinking water | Bharuch, Mudra & Surat locations | ₹ 1,50,00,000/- | ₹ 35,23,333/- | -- | ₹ 35,23,333/- | Implementing Agency |
| 5 | Rural Development of Villages | Rural Development | Anjar – Mundra Taluka | ₹ 41,00,000/- | ₹ 30,00,000/- | -- | ₹ 30,00,000/- | Implementing Agency |
| 6 | - | Ensuring Environmental Sustainability, conservation of natural resources and maintaining quality of soil, air and water etc. | - | ₹ 50,00,000/- | - | - | - | - |
| | **Total** | | | **₹ 13,60,00,000/-** | **₹ 11,57,26,327.20/-** | | **₹ 11,57,26,327.20/-** | |

6. **In case the Company has failed to spend two percent 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 intended to utilize an amount of approx ₹ 2.03 Crores towards CSR Activities for the Pradhan Mantri Jan Aushadhi Yojana Stores and Water conservation. However, the amount could not be utilised as the necessary approvals in relation to the same are being obtained.

7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

**For Gujarat State Petronet Limited**

**Dr. J N Singh, IAS**
*Managing Director*

**For and on behalf of the Corporate Social Responsibility Committee of Gujarat State Petronet Limited**

**M M Srivastava, IAS (Retd.)**
*Chairman of the Corporate Social Responsibility Committee*

# ANNEXURE - V

## FORM NO. MR-3

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2018

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members
**GUJARAT STATE PETRONET LIMITED**
GSPC Bhavan,
Sector 11, Behind Udyog Bhavan,
Gandhinagar - 382 010

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GUJARAT STATE PETRONET LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2018 according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

   I. Secretarial Standards issued by The Institute of Company Secretaries of India.
   II. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

VI. We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

   a) Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962
   b) Gujarat Water and Gas Pipelines (Acquisition of Right of User in Land) Act, 2000
   c) The Petroleum and Natural Gas Regulatory Board Act, 2006

d) The Petroleum Act, 1934

e) The Explosives Act, 1884

f) The Electricity Act, 2003

We further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate notice is given to all Directors to schedule the Board Meetings at least seven days in advance. Agenda and detailed notes on agenda were also sent to all Directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the following event/action has taken place, which have major bearing on the affairs of the Company:

1. The Company has further acquired/purchased 3,91,06,328 Equity Shares (i.e. 28.40% of the fully Paid-Up Equity Share Capital) of Gujarat Gas Limited (GGL) from Gujarat State Petroleum Corporation Limited (GSPC), by way of an inter-se promoter transfer in accordance with Regulation 10(1)(a)(iii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

   Subsequent to the same, the Company now holds 54.17% of the fully paid-up Equity Share Capital of GGL and accordingly in terms of the provisions of Section 2(87) of the Companies Act, 2013 GGL has become Subsidiary Company of the Company.

Barring this, during the audit period, no other events/actions has taken place which have major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

**Place:** Ahmedabad
**Date:** 20th July, 2018

**For MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries

MANOJ R HURKAT
Partner
**FCS No.:** 4287
**C P No :** 2574

Note :This Report is to be read with our letter of even date which is annexed as Annexure A and form an integral part of this Report.

# Annexure - A

To,
The Members
GUJARAT STATE PETRONET LIMITED
GSPC Bhavan,
Sector 11, Behind Udyog Bhavan,
Gandhinagar - 382 010

**Our report of even date is to be read along with this letter:**

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts and cost records of the Company.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, secretarial records and other factual position which cannot be otherwise verified etc. wherever required or necessary.
5. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of the same on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place:** Ahmedabad
**Date:** 20th July, 2018

**For MANOJ HURKAT AND ASSOCIATES**
Practicing Company Secretaries

MANOJ R HURKAT
Partner
**FCS No.:** 4287
**C P No :** 2574

# ANNEXURE - VI

## DISCLOSURE REGARDING GSPL EMPLOYEES STOCK OPTION PLAN - 2010

| Disclosure for the Financial Year 2017 - 18 | | | |
|---|---|---|---|
| **Sr. No** | **Particulars** | **ESOP 2010 – Type A** | **ESOP 2010 – Type B** |
| 1 | Options granted during the year | Nil | Nil |
| 2 | Options Vested during the year | Nil | Nil |
| 3 | Options exercised during the year | 238807 | 7053 |
| 4 | The total number of Shares arising as a result of exercise of Options during the respective financial year | 238807 | 7053 |
| 5 | Options lapsed during the year | 2408 | Nil |
| 6 | The exercise Price | ₹ 75/- | ₹ 75/- |
| 7 | Variation in terms of Options | Nil | Nil |
| 8 | Money realized by exercise of Options during the respective Financial Year | 17910525 | 528975 |
| 9 | Total Number of Options in force as on 31st March of the respective financial year | 373425 | 14533 |
| 10 | Employee wise details of Options granted during the year to: | | |
| | (i) Key Managerial Personnel: Shri Manish Seth | Nil | Nil |
| | (ii) Any other employee who received grant in any one year of Options amounting to five percent or more of Options granted during that year | N.A | N.A |
| | (iii) Identified employees who were granted Option during any one year, equal to or exceeding 1% of issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant | N.A | N.A |

# Annexure - VII

## BUSINESS RESPONSIBILITY REPORT 2017 - 18

**Section A: General Information about the Company**

1. **Corporate Identity Number (CIN) of the Company:** L40200GJ1998SGC035188
2. **Name of the company:** Gujarat State Petronet Limited
3. **Registered Address:** GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar-382 010, Gujarat, INDIA.
4. **Website:** www.gspcgroup.com
5. **E-mail ID:** investors.gspl@gspc.in
6. **Financial year reported:** 2017-18
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

   Natural Gas Transmission [493-Transport via pipeline], Generation of Electricity through Wind mill [351- Electric power generation, transmission and distribution] and City Gas Distribution [352 - distribution of gaseous fuels through mains].
8. **List three key products/services that the Company manufactures/provides:**

   Transmission of Natural Gas

   Generation and Sale of Electricity through wind power mills

   City Gas Distribution Business
9. **Number of locations where business activities are undertaken by the Company:**
   1) Total number of International locations : Nil
   2) Total number of National locations: i) The Natural Gas Pipeline Network of the Company is spread across various locations in the State of Gujarat in India. ii) The City Gas Distribution Network Project awarded by PNGRB to implement, operate and/ or expand the CGD Network in Amritsar and Bhatinda is in the Development Stage.

   The offices and major operation sites are as under:
   1. **Registered office:** Gandhinagar
   2. **Corporate Office:** Gandhinagar
   3. **Office:** Delhi
   4. **Base Locations/SV Stations:** Surat, Vadodara, Bharuch, Rajkot and Bibipura
10. **Markets served by the Company Local/State/National/International**

    Local and State.

    The Company transports gas to various Customers including Refineries, Steel Plants, Fertilizer Plants, Petrochemical Plants, Power Plants, Glass industries, Textiles, Chemical, City Gas Distribution (CGD) Companies and other miscellaneous industries.

**Section B: Financial Details of the Company**

| | | |
|---|---|---|
| 1. | Paid Up Capital (INR) | : ₹ 563.83 Crores |
| 2. | Total Turnover (INR) | : ₹ 1405.21 Crores |
| 3. | Total Profit after Taxes (INR) | : ₹ 668.43 Crores |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%) | : 1.70 % i.e. ₹ 11.57 Crores |

5. List of activities in which the expenditure in 4 above has been incurred.

   a. Promoting health care/eradication of hunger, poverty and malnutrition and for sanitation and making available safe drinking water: Approx 11.27 Crores

   b. Rural development: Approx 0.30 Crores

**Section C: Other Details**

1. **Does the Company have any Subsidiary Company/Companies?**

   Yes. Company has 3 subsidiaries, GSPL India Gasnet Limited, GSPL India Transco Limited and Gujarat Gas Limited.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)?**

   Gujarat Gas Limited is a Listed Public Limited Company and it does observe the Principles of BRR. GSPL and GGL are exploring options/opportunities, wherein, companies can work together on common BRR initiatives. Further, as GIGL & GITL have not started their commercial operations, currently they do not participate in the BR initiatives of GSPL. However, they do participate in various activities such as tree plantations, safety awareness programs etc.
3. **Do any other entity / entities (e.g Supplier, Distributor etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes indicate the percentage of such entities? (Less than 30%, 30 – 60% and More than 60%.)**

   Less than 30%. We encourage our suppliers and vendors to participate in the BR initiatives undertaken by the Company.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR:

| a) Details of the Director/Director responsible for implementation of the Business Responsibility policy/policies | | |
|---|---|---|
| **Name** | **DIN Number** | **Designation** |
| Shri M M Srivastava, IAS (Retd) | 02190050 | Chairman |
| Prof. Yogesh Singh | 06600055 | Member |
| Dr. T Natarajan, IAS | 00396367 | Member |

| b) Details of the Business Responsibility Head | |
|---|---|
| DIN Number (if applicable) | 00396367 |
| Name | Dr. T Natarajan, IAS |
| Designation | Joint Managing Director |
| Telephone number | 079-66701203 |
| e-mail id | investors.gspl@gspc.in |

### 2. Principle-wise (as per NVGs) BR Policy/Policies:

### a) Details of compliance (Reply in Y/N)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have policy/policies for… | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | P1: Code of Conduct for Directors and Senior Management, Vigil Mechanism, Procurement Policy<br>P2: QHSE Policy, Responsible Business Policy<br>P3: Internal HR Policies; Responsible Business Policy<br>P4: CSR Policy<br>P5: Responsible Business Policy<br>P6: QHSE Policy, CSR Policy<br>P7: Responsible Business Policy<br>P8: CSR Policy<br>P9: Responsible Business Policy | | | | | | | | |
| 2, | Has the policy been formulated in consultation with relevant stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | All the policies have been formulated in consultation with the Management of the Company and are approved by the Board | | | | | | | | |
| 3. | Does the policy conform to any national /international standards? If yes, specify? (50 words) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | The policies are in – line with the applicable national and international standards and compliant with the principles of the National Voluntary Guidelines (NVG). | | | | | | | | |
| 4. | Has the policy been approved by the Board? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | If yes, has it been signed by the MD/owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 5. | Does the Company have a specified Committee of the Board/ Director/Official to oversee the implementation of the policy? | The CSR Committee is responsible to oversee the implementation of the BR policies and performance. | | | | | | | | |
| 6. | Indicate the link to view the policy online? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| | | Code of Conduct for Senior Management Directors: http://gspcgroup.com/GSPL/code-of-conduct<br>Vigil Mechanism: http://gspcgroup.com/documents/pagecontent/Vigil-Mechanism-Policy.pdf<br>QHSE: http://gspcgroup.com/documents/pagecontent/gspl-qhse-policy.pdf<br>CSR: http://gspcgroup.com/gspl/csr<br>Responsible Business Policy: http://gspcgroup.com/documents/pagecontent/Responsible-Business-Policy.pdf<br>Procurement Policy : Internal policy of the Company- is made available on request<br>HR Policy: It is internal to the Company | | | | | | | | |

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 8. | Does the Company have in-house structure to implement its policy/ policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to policy/policies? | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 10. | Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | Y | Y | Y | Y | Y | Y | Y | Y | Y |

**b) If answer against any principle, is 'No', please explain why: (Tick up to 2 options):**

**NA**

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The company has not understood the principles | | | | | | | | | |
| 2 | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3 | The company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4 | It is planned to be done in the next 6 months | | | | | | | | | |
| 5 | It is planned to be done in the next year | | | | | | | | | |
| 6 | Any other reason (please specify) | | | | | | | | | |

3. **Governance related to BR**

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

   The CSR committee would meet atleast on an annual basis to review, monitor and update the BR performance to the Board.

b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently it is published?**

   The first Business Responsibility Report of the Company was published as a part of the Annual Report 2016 – 17. The same can be viewed from below link:

   http://gspcgroup.com/GSPL/annual-reports

**Section E: Principle Wise Performance**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **Does the Policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   GSPL has developed a Code of Conduct in line with the guiding principles of our Group for Directors and Senior Management. The aforesaid Codes provide guidance to pursue highest standards of ethical conduct and foster a culture of honesty and accountability and further avoiding conflicts of interest and advancing and protecting the Company's interest independent of outside influences.

   These polices/codes conveys guidelines to our valued employees, business associates and other stakeholders on behavior, discipline and approach to be followed for being aligned with Company's culture.

2. **How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the Management? If so, provide details thereof, in about 50 words or so.**

   At GSPL, we have laid down a structured process for reporting on any complaints related to violation of Code of Conduct of the Company. Through our Whistle Blower Mechanism, all the complaints are addressed to the Chairman of ethics compliance committee for investigation. In case of dissatisfaction related to resolution process, these complaints can be escalated directly to the Chairman of the Audit Committee.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. **List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

   GSPL is into the business of laying of the gas transmission pipeline and is pioneer in developing natural gas transportation infrastructure in Gujarat thereby connecting natural gas supply sources including LNG terminals to growing markets. The Company currently has customers in Industrial, Domestic and Commercial segments.

2. **For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product.**

(i) **Reduction of sourcing/production/distribution achieved since the previous year throughout the value chain?**

   GSPL has developed a state of art transmission network and performs regular checkups to get updated status on loss of gas and other physical damages to transmission lines. The Company has installed smart energy monitoring devices at all its gas terminals thereby enabling monitoring of electricity consumption remotely. Operating behaviors of these equipments will be analyzed over a period of time and suitable replacements would be adopted to ensure energy savings.

(ii) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   GSPL provides Natural gas to its customers which is often called as the cleanest fossil fuel as it results in lesser Green House Gas emissions (GHG) compared to other fuels. GSPL's pipeline infrastructure facilitates transmission of natural gas through pipeline thereby minimizing impact on the air pollutions as compared to transmission of natural gas through vehicular mode.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Provide details thereof, in about 50 words or so.**

   GSPL has incorporated HSE guidelines for all its contractors and suppliers intending to engage with responsible business associates. The Company follows an online vendor registration process to provide open access to all aspirant vendors. The Company has developed a detailed SOP for vendor selection which sets stringent process and procedures to be followed before onboarding the supplier/vendor.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The procurements activities of the Company are being carried out in accordance with the Procurement Policy of the Company. Further the Company, has also developed SOPs for procurement process including process for evaluation of vendors/bidders and the bids. The vendor selection is based on the compliance of the bidder with the applicable technical and commercial criteria laid down by GSPL. Any bidder meeting specified qualification criteria of particular tender is eligible for participation in the tendering process. The procurement is generally based on tendering process wherein participation is open for all the bidders as per the tender requirements and awarding a project to vendor is solely based on its merits.

5. **Does the Company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?**

   In line with the Company's HSE Policy, we are committed to resource conservation, waste management for continual improvement in QHSE performance. The nature of our business is such that we do not generate any significant quantity of waste which is required to be recycled. GSPL however proactively ensures proper disposal of waste whenever necessary.

**Principle 3: Businesses should promote the wellbeing of all employees**

1. **Please indicate the total number of employees- 221**
2. **Please indicate the total number of employees hired on temporary/ contractual/casual basis during the year – 0**
3. **Please indicate the number of permanent women employees – 19**
4. **Please indicate the number of permanent employees with disability - 0**
5. **Do you have an employee association that is recognized by management? No**
6. **What percentage of your permanent employees are a member of this recognized employee association? Not applicable**
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. NIL**
8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

| Trainings | Permanent employees attended the training | Permanent Women employees attended the training | Casual/ Temporary/ Contractual employees attended the training | Permanent employees with disabilities attended the training |
|---|---|---|---|---|
| Safety | 21% | 0 | 0 | Nil |
| Skill upgradation | 70% | 2% | 0 | |

**Principle 4: Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantage vulnerable, and marginalized.**

1. **Has the company mapped its internal and external stakeholders? Yes/No**

   Yes, GSPL has identified all its key internal and external stakeholders which comprises of;

   a) Directors
   b) Senior Management
   c) Employees
   d) Shareholders
   e) Investors/Financers
   f) Customers
   g) Government Authorities/Regulators
   h) Vendors/Supplier/Contractors
   i) Communities

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   The Company has mapped its disadvantaged, vulnerable and marginalized stakeholders, and is actively working with them for their betterment.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   Yes, GSPL is committed and engaged in various social initiatives through its intervention in the areas of education, eradication of hunger & poverty, providing preventive health care etc.

**Principle 5: Businesses should respect and promote human rights**

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?**

   Yes, the Company has developed a Responsible Business Policy which is applicable to all relevant internal and external stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company has set up mechanisms to report on stakeholder complaints related to Human Rights violations. The complaints are resolved on timely basis and feedback is provided to the stakeholder.

**Principle 6: Business should respect, protect, and make efforts to restore the environment**

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/others.**

   Yes. GSPL has a Policy on "Quality, Health, Safety & Environment" (QHSE) and "Responsible Business Policy" which is applicable to all its employees, suppliers, contractors and vendors.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc?**

   **Y/N. If yes, please give hyperlink for webpage etc.**

   GSPL encourages environment protection in its activities and operations. The transport of natural gas through underground pipelines helps us reduce the consumption of fossil fuel which ultimately reduces the emission of GHG in atmosphere. The Company has also contributed towards energy generation from renewable energy project by installation of 52.5 MW wind power plant.

   For more details on our certifications and commitments please visit http://gspcgroup.com/GSPL/qhse-policy

3. **Does the Company identify and assess potential environmental risks? Y/N**

   Yes GSPL has a detailed risk assessment framework in place covering various parameters. Our risks can be categorized in;

   • Fire and explosion as Natural Gas is highly flammable

   • Natural Gas Leakage

   • Other risks such as physical, chemical, biological, psychological and ergonomical

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Yes. GSPL has implemented the 52.5 MW wind power project under which 35 wind mills are operated by the Company at Maliya Miyana, Rajkot and Gorsar & Adodar, Porbandar. The said Project of the Company is registered by UNFCCC as CDM Project in the Financial year 2012-13. All the required environmental/regulatory clearances have been obtained for the project.

**5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, GSPL is aware of its environmental footprint and is taking proactive steps to mitigate impact of its operations. In this regard, The Company has taken various initiatives for conservation of energy, same are mentioned below;

a. As a continuous effort towards environment protection, the Company has initiated a drive to start paperless communication with all shippers. In lieu of the same, the Company has initiated web based communication for daily gas business with its customers and suppliers.

b. Solar based lighting system is installed in tap off of GSPL pipeline.

c. Implemented water harvesting at few terminals of Gas grid and going forward the company has planned to implement such systems at other stations/terminals.

d. Installed smart energy monitoring devices at all its gas terminals and has enabled monitoring of electricity consumption remotely.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?**

Yes, GSPL's emissions/waste generated during the reporting period were within the permissible limits.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

GSPL has not received any show cause /legal notices from CPCB/SPCB in the reporting period.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

No. GSPL is not the member of any business chambers association or industrial associations. Though as and when opportunity arises, our senior management engages in various discussion with these associations and chambers through its programmes/conferences etc.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if Yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

GSPL and its Sr. Management actively participates and present its view in public consultation process carried out by the industry associations/regulatory authorities in relation to making of policies/regulations or any amendments thereto of which certain suggestions were in relation to achieving positive impact on environment, the public at large etc. Further, as the gas transmission business of the Company is regulated by PNGRB, GSPL regularly meets the PNGRB/MOPNG etc and conveys its view point on various industry related issues.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If Yes, details thereof.**

GSPL has developed its CSR Policy demonstrating its efforts towards social and economic development. GSPL's community development initiatives focuses on parameters mentioned below;

a) Eradicating Hunger, Poverty and Malnutrition from society
b) Health Care and Sanitation
c) Education for Children, Women, Elderly and Differently Abled
d) Promoting gender equality, Women empowerment
e) Environmental Sustainability
f) Protection of National Heritage
g) Rural Development
h) Slum Area Development

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   GSPL undertakes CSR programmes/projects directly, through its internal CSR Committee or through any other trust or agencies and entities as it deems suitable.

3. **Have you done any impact assessment of your initiative?**

   Yes, GSPL performs a need assessment study with help of its cross functional team at the local level to identify a suitable project for the location which is followed by interactions with local representatives and Civic bodies.

4. **What is your Company's direct contribution to community development projects amount in INR and the details of the projects undertaken.**

   During the Financial Year, GSPL has contributed approx ₹ 10.08 Crores towards disaster relief activities in the flood affected areas of Gujarat. The Company has also made contributions of approx ₹ 1.49 Crores in the areas of eradication of poverty, rural development, promoting education etc. The total contribution made by the Company in various community development projects is approx INR. 11.57 Crores.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The CSR Committee has incorporated a monitoring mechanism for all its initiatives. This mechanism keeps a track on all projects and its progress.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. **What percentage of customer complaints/consumer cases are pending as on the end of Financial Year.**

   GSPL has a Standard Operating Procedure (SOP) on handling customer complaints. Customers evaluate performance of GSPL on various parameters on annual basis. Customer can also give any suggestion / recommendation / complaints related to any matters within or outside the survey parameters. Customer views are reviewed internally and further action is implemented.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   GSPL deals primarily with Natural Gas transportation through pipelines, hence product information & labelling is not applicable to our service portfolio. However, we abide to all laws applicable to product handling, branding and distribution as stipulated by Petroleum & Natural Gas Regulatory Board (PNGRB).

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of Financial Year. If so, provide details thereof, in about 50 words or so.**

   No.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Yes, GSPL cares for its customers and always takes feedback from them to improve its services and systems. The Company provides its customers with feedback form to assess customer satisfaction on technical and operational aspects.

   The Company also has a SOP related to customer satisfaction. An annual customer feedback assessment is conducted to understand the level of satisfaction of our customers. The assessment is performed on the parameters covered in this SOP such as Quality, Services, Technical and Operational aspects. The assessment is used for implementation of corrective or improvement actions.

# ANNEXURE - VIII
# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

**[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]**

***Conservation of Energy***

i. The Company has taken following initiatives for Conservation of Energy, utilizing source of energy:

a. As a continuous effort for environment protection, Company had initiated a drive to start paperless communication with all shippers, in lieu of the same, the Company has initiated web based communication for daily gas business with all its customers and suppliers.

A software has connected all GSPL Suppliers and customer to Master Control Room for carrying out daily gas business communication on web portal, it has also enabled customers to send their gas nominations to GSPL and receive daily gas allocations through this software.

Due to this application, GSPL has moved to total paperless and error free communication with all its shippers.

b. All critical documentation is digitized.

c. Solar based lighting system is installed in tap offs' of GSPL Pipeline.

d. Implemented water harvesting at few terminals of Gas Grid.

In addition to this, GSPL has installed and commissioned total 35 Nos of Wind Mills with total capacity of 52.5 MW at Adodar & Gorsar, Porbandar and Maliya Miyana, Rajkot in the year 2011. GSPL has invested approx ₹ 320 Crore for installation of Wind Mill.

***Technology Absorption***

i) GSPL has sought approval for implementation of Pipeline Intrusion Detection System for approx 123 Kms of Pipeline section for advance monitoring of any kind of third party activity and leakage detection of buried pipelines in RoU/RoW.

ii) GSPL has upgraded SCADA and Telecom System for new spur lines and adopted latest technology of VOIP and TCP/IPV4 based Telecommunication and SCADA System. (This is implemented on six Nos. of new Spur Gas Pipeline Projects and for MBPL Project it is under progress).

iii) GSPL has implemented SCADA and Telecommunication System and with timely upgradations major benefits derived are:

**Product improvement:**

- Equipments upgraded to latest feasible technology at all upcoming new terminals enabling any future addition of voice and data to be "plug and play" type with more security.
- Number of SCADA and Telecom components has reduced in comparison to traditional established system, which in turn reduced costs of project substantially.

The above has led not only to cost reduction but also safety and reliability of the network is improved significantly.

**High speed communication:**

- GSPL has also upgraded bandwidth of Optical fiber based Telecommunication WAN from 20 Mbps to 100 Mbps, this has improved data exchange speed and additional data load handling capacity of Master Control Room located at Gandhinagar and Standby Control Room located at Surat.
- In order to improve availability of customer data at Master Control Room (M.C.R) Company is implementing Backup Communication Link between Master Control Room and various strategic locations distributed across gas grid. It will help MCR to fetch remote data of pipeline even if Optical Fiber break occurs.
- GSPL is also in process of implementation of I.P camera based security and surveillance system at major terminals of gird with centralized monitoring from MCR.

With this system Company will be able to get live visuals of all critical gas terminals on real-time basis. This will improve safety and security system of GSPL terminals spread across pipeline.

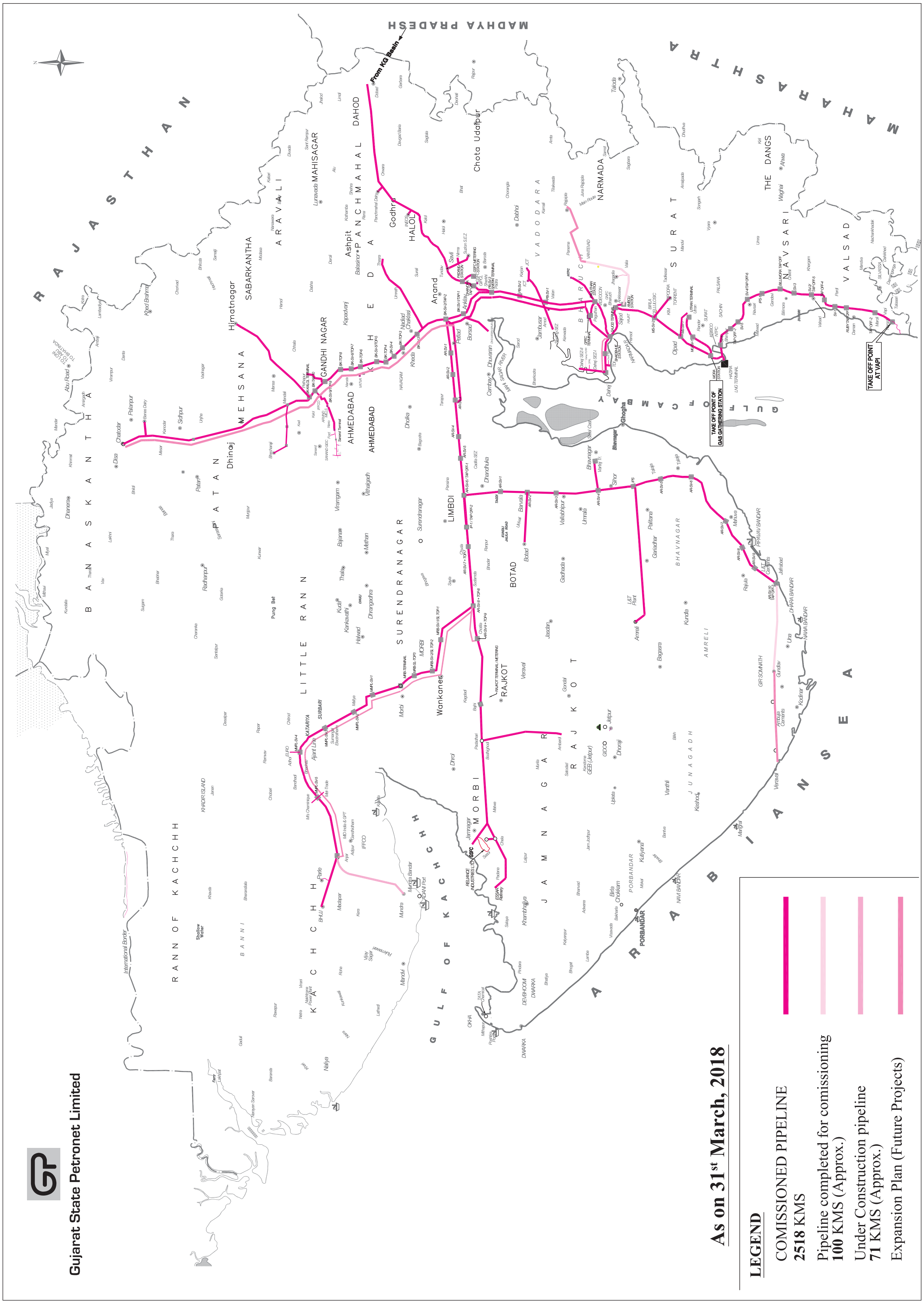
iv) The Company has not imported any technology. However, the Company has engaged consultants/ of international repute to make available latest technology for project implementation and Operations & Maintenance.

The expenditure incurred on Research and Development – NIL

***Foreign Exchange Earnings & Outgo***

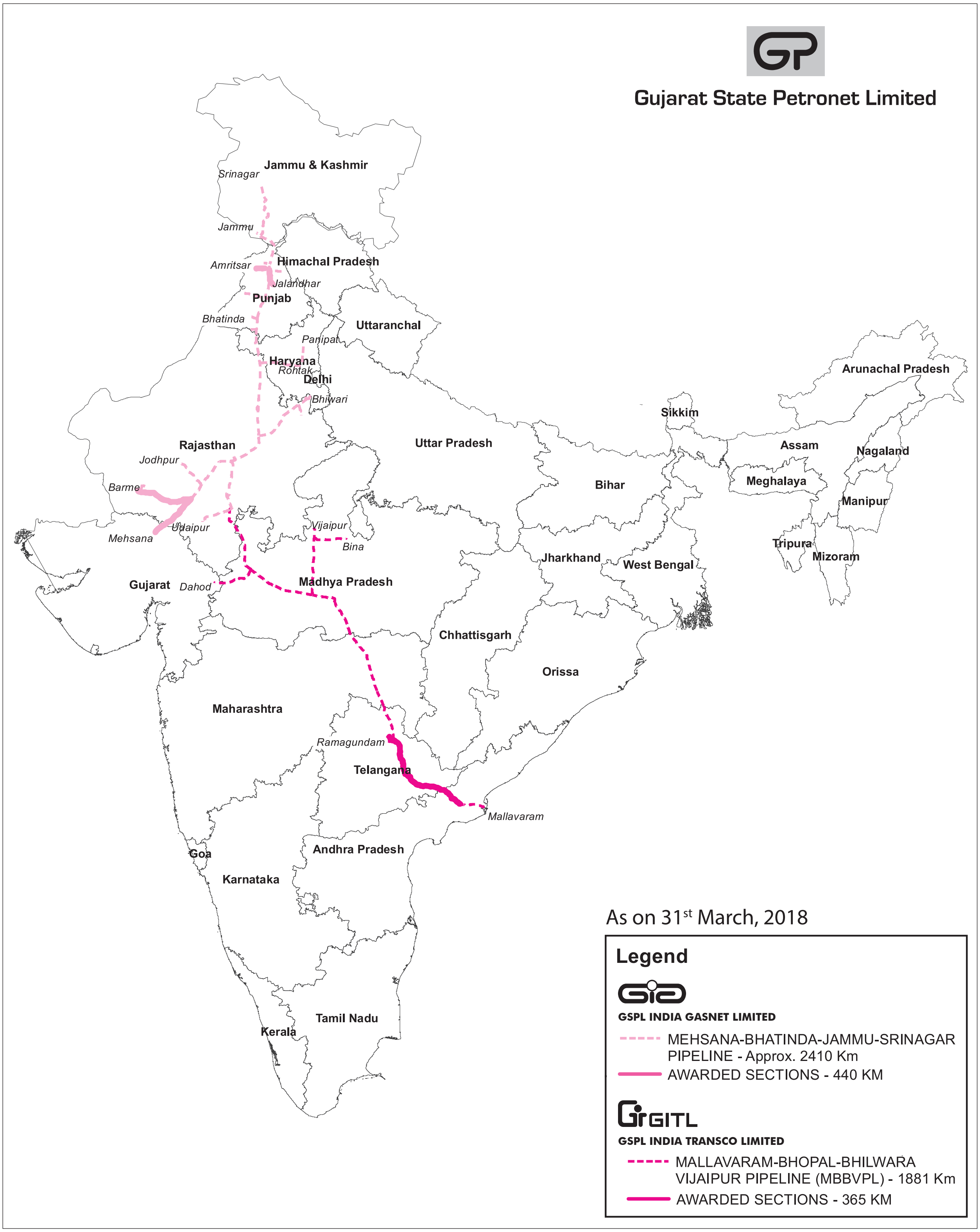
The Company has incurred Expenditure in Foreign Exchange to the extent of ₹ 2271.34 Lacs during the year under review. Foreign Exchange Earnings during the year were Rs. NIL.

# Annexure - IX
## GSPL Gas Grid Map



# Annexure - X

## Cross Country Natural Gas Transmission Pipelines to be implemented by GIGL / GITL



# GSPL DIVIDEND DISTRIBUTION POLICY

## I. PREFACE:

The Board of Directors of Gujarat State Petronet Limited ("the Company") has adopted the GSPL Dividend Distribution Policy ("the Policy") on Dividend Distribution pursuant to the requirement of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

## II. OBJECTIVE OF THE POLICY:

The Policy reflects the intent of the Company to reward its Shareholders by sharing portion of its profit after retaining sufficient funds for growth of the Company. The Company would ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. The Board of Directors will refer to the Policy while declaring/ recommending Dividends on behalf of the Company. Through this Policy, the Company would endeavor to maintain a consistent approach to Dividend pay-out plans.

The declaration of Dividend on the basis of the parameters in addition to the one enumerated below or resulting to amendment of any parameter or the Policy will be regarded as deviation. Any such deviation in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

## III. PARAMETERS FOR DECLARATION OF DIVIDEND:

- **The circumstances under which the Shareholders of the listed entities may or may not expect Dividend:**

The decision regarding Dividend payout is a crucial decision as it determines the amount of profit to be distributed among Shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding Shareholders through Dividends and retaining profits in order to fund the growth plans of business.

Final Dividend is declared at the Annual General Meeting (AGM) of the Shareholders on the basis of recommendations of the Board.

The Company has been consistently paying out Dividends to its Shareholders and can be reasonably expected to continue declaring in future as well unless the Company is restrained to declare Dividends under following circumstances:

- In cases where the Company undertakes or proposes to undertake a significant expansion of the business requiring higher allocation capital.
- If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare Dividend for that financial year.

- **The financial parameters that shall be considered while declaring Dividend:**

The Company stands committed to deliver sustainable value to all its Stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the Shareholders, in the form of Dividend.

**Subject to the applicable provisions of the Companies Act and other statutory requirements, the Dividend will be declared or paid only out of:**

**(i) Current Financial Year's Profit:**

(a) After providing for depreciation in accordance with law

(b) After transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

**(ii) The profits of any previous Financial Year(s):**

(a) After providing for depreciation in accordance with law

(b) Remaining undistributed or

**(iii) Out of (i) & (ii) both.**

For the purpose of computing the Profits After Tax (PAT) for purposes of determining the Dividend, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary charges (ii) exceptional charges (iii) one off charges on account of change in law or rules or accounting policies or accounting standards (iv) provisions or write offs on account of impairment in investments (long term or short term) (v) non- cash charges pertaining to amortisation or ESoP or resulting from change in accounting policies or accounting standards.

- **Internal and External factors that shall be considered for declaration of Dividend:**

**External Factors:**

- Taxation and other regulatory concern: i) Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of Dividend. ii) Any restrictions on payment of Dividends by virtue of any statutory provisions or regulations as may be applicable to the Company at the time of declaration of Dividend.

- Economic conditions, Industry Outlook and Regulatory commitment
- Cost of borrowing as well as the return on the investments by the company
- Any other factor as the Board deemed fit to take in to consideration.

**Internal Factors:**

- Future expansion plans: The Company's growth oriented decision to conserve cash in the Company for its expansion plans including plan for diversification of business, merger, acquisition etc.
- Capital expenditure requirements
- Likely fund requirements of Subsidiaries/associate companies.
- Outstanding debts and its repayment terms: The Company should be able to repay its debt obligations without much difficulty over a period of time. The volume of such obligations and time period of repayment shall be considered while taking decision on declaration of Dividend.
- Contingent Liabilities
- Cash Flow position: If the Company cannot generate adequate operating cash flow, it may need to rely on outside funding to meet its financial obligations and sometimes such funding arrangements might have to be made to run the day-to-day operations. The Board will consider the cash flow position and such eventualities before its decision whether to declare Dividend or retain its profits.
- Profit after Tax
- Past Dividend trends/reputation of the Company: The trend of the performance/reputation of the Company that has been during the past years determines the expectations of the Shareholders.
- Any other factor as the Board deemed fit to take in to consideration.

▪ **Policy as to how the retained earnings shall be utilized:**

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Strategic and long term business plans
- Diversification of business
- financial ratios required to be maintained for availment of the fund/non fund based facilities by the company and its subsidiaries
- Any other criteria as the Board may consider appropriate

▪ **Parameters that shall be adopted with regard to various classes of shares:**

Presently, Authorized Capital of the Company comprises of only Equity Shares.

If required, the policy may be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

## IV. INTERIM DIVIDEND:

The Board may, at its discretion declare an Interim Dividend and such declaration of the Interim Dividend, if any, shall be in compliance with the applicable provisions of the Companies Act, 2013 and other statutory requirements.

## V. AMENDMENT TO THE POLICY:

This Policy is framed based on the provisions of the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In case of any subsequent changes in the provisions of the Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable Regulations which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with the Regulations.

The Policy shall be reviewed and amended by the Board from time to time as and when any changes are to be incorporated in the Policy as may be felt appropriate by the Board.

## VI. DISSEMINATION OF POLICY:

The Company shall make appropriate disclosures in compliance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GUJARAT STATE PETRONET LIMITED FOR THE YEAR ENDED 31ST MARCH, 2018

The preparation of standalone financial statements of **Gujarat State Petronet Limited** for the year ended 31st March, 2018 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 Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with 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 21st May, 2018.

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 **Gujarat State Petronet Limited** for the year ended 31st March, 2018. 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 Auditors 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**

**Place:** Ahmedabad
**Date:** 3rd August, 2018

**(H. K. Dharmadarshi)**
Pr. Accountant General (E&RSA), Gujarat

# INDEPENDENT AUDITOR'S REPORT

**To,**
**The Members**
**Gujarat State Petronet Limited**
**Gandhinagar**

## Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Gujarat State Petronet Limited ('the Company'), which comprise the balance sheet as at 31st March, 2018, the statement of profit and loss, including other comprehensive income, and the cash flow statement and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred as "the standalone Ind AS financial Statements").

## Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 (Indian GAAPs), including the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. 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 and the order issued under section 143(11) of the Act, 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 standalone Ind AS financial statements are free from material misstatements.

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Ind AS, of the financial position of the Company as at 31st March, 2018, its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance sheet, the Statement of Profit and loss including other comprehensive income, cash flow Statement 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 Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
   e) As the Company is a Government Company in terms of notification number: G.S.R. 463(E) Dated 5th June, 2015, issued by Ministry of Corporate Affairs the sub section (2) of section 164 of the Act is not applicable.
   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 financial statements – Refer Note 30 to the financial statements.
      ii) The Company has made provisions as at 31st March, 2018, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by section 143 (5) of the Act, we give in "Annexure C", A statement on matters specified by the Comptroller and Auditor – General of India for the Company.

**For, V.V. Patel & Co.**
Chartered Accountants
F. R. No. 118124W

**CA Swapnil K. Bhatt**
Partner
M. No. 128864

**Place:** Gandhinagar
**Date :** 21st May, 2018

# ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Standalone Ind AS financial statements for the year ended 31st March 2018, we report that:

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

   (b) The Company has a regular programme of physical verification of its Property, Plant and Equipment in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. (a) The management has conducted the physical verification of inventory at reasonable intervals.

   (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.

3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Therefore, the provisions of Clause 3 (a) (b) and (c) of the said order are not applicable to the company.

4. According to the information and explanations given to us, the Company has granted Corporate Guarantees of ₹ 6500.00 Lakhs in respect of its two joint venture namely GSPL India Gasnet Limited and GSPL India Transco Limited.

5. The Company has not accepted any deposits from the Public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government of India for the maintenance of cost records under section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have not, however, carried out a detailed examination of the records to ascertain whether they are accurate or complete.

7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed Statutory dues including Provident fund, income-tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

   According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us, particulars of dues on, income tax, duties of excise and service tax as at 31st March 2018 which have not been deposited on account of dispute are as follows :

| Nature of Statute | Nature of Dues | Amount (₹ in Lakhs) | Period to which the amount Relates | Forum where the dispute is pending. |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Interest on TDS | 14.16 | 2009-10 | The honourable high court of Gujarat. |
| | Assessment Disallowances | 6.75 | 2013-14 | CIT (Appeals) |
| The Finance Act, 1994 | Denial of Cenvat Credit | 735.04 | 2005-08, 2008-09 & 2010-11 | Supreme Court. |
| | Denial of Cenvat Credit | 14,414.99 | 2005-08, 2008-09 & 2010-11 | Gujarat High Court |

| Nature of Statute | Nature of Dues | Amount (₹ in Lakhs) | Period to which the amount Relates | Forum where the dispute is pending. |
|---|---|---|---|---|
| The Finance Act, 1994 | Liability of Company under reverse charge mechanism | 101.91 | 2002-03, 2003-04, 2004-05 & 2006-11 | Custom Excise & Service Tax Appellate Tribunal. |
| | Denial of Cenvat Credit | 9,468.15 | 2009-10 2010-11 2011-12 2012-13 | Custom Excise & Service Tax Appellate Tribunal. |
| | Denial of Cenvat Credit | 3,692.00 | 2010-11 2012-13 2014-15 2015-16 2016-17 | Commissioner/ Asst. Commissioner |
| | Service tax on Liquidated damages | 480.65 | July 2012 to June 2017 | Commissioner DGGI Ahmedabad |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions. As per information and explanation and from verification of records, Company has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments. The term loans were applied for the purposes for which those are raised.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
11. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid /provided for managerial remuneration.
12. The Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records given by the management of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the notes to the financial statements as required by under Indian Accounting Standard (AS) 24, Related Party Disclosures.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the order is not applicable to the company.
15. As informed, the provision of Section 197 managerial remuneration are not applicable to the Company, being a Government Company, in terms of MCA Notification No: G.S.R. 463 (E) dated 5th June, 2015.
16. The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For, V.V. Patel & Co.**
Chartered Accountants
Firm Regn. No. 118124W

**CA Swapnil K. Bhatt**
Partner
Membership No. 128864

**Place:** Gandhinagar
**Date :** 21st May, 2018

# ANNEXURE - B TO THE INDEPENDENT AUDITOR'S 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 Gujarat State Petronet Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018.

## Management's Responsibility for Internal Financial Controls

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

## Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 31st March, 2018, 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 V.V. Patel & Co.**
Chartered Accountants
Firm Regn. No. 118124W

**CA Swapnil K. Bhatt**
Partner
Membership No. 128864

**Place:** Gandhinagar
**Date :** 21st May, 2018

# ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT PURSUANT TO DIRECTIONS UNDER SECTION 143(5) OF COMPANIES ACT 2013 APPLICABLE FOR THE YEAR 2017 -18

In the continuation of our Independent Audit Report on Standalone Ind AS financial Statements of **Gujarat State Petronet Limited** ("The Company"), dated 21st May 2018 & pursuant to directions under section 143 (5) Companies Act 2013 applicable for the year 2017-18.

1. Whether the company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?

   **As per information and explanation given to us, the Company has clear title / lease deeds for freehold and leasehold respectively.**
2. Whether there are any cases of waiver / write off of debts / loans / interest / etc. If yes, the reason there for and the amount involved.

   **There are no such cases of waiver of debts / loan / interest etc.**
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant (s) from the Govt. or other authorities.

   **Company does not own any inventory which is lying with third party. Further company has not received any asset as gift from Govt. or other authorities.**

## Sub-directions under section 143 (5) of Companies Act, 2013

1. Whether the Company has taken adequate measures to prevent encroachment of idle land owned by it. Whether any land of the Company is encroached, under litigation, not put to use or declared surplus? Details may be provided.

   **As per information and explanation given to us, the Company has taken adequate measures to prevent encroachment and there is no encroachment to the land owned by the company.**
2. Whether the system in vogue for identification of projects to be taken up under Public Private Partnership is in line with the guideline / policies of the Government? Comment on deviation if any?

   **The Company does not have any project to be taken up under Public Private Partnership.**
3. Whether system the monitoring the execution of works vis-a-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation. If any, revenues/losses from contracts etc. have been properly accounted for in the books..

   **System for monitoring the execution of works vis-à-vis the milestones stipulated in the agreement is in existence and the impact of cost escalation, if any revenues/ losses from contracts etc., have been properly accounted for in the books.**
4. Whether funds received/ receivable for specific schemes from central/ State agencies were properly accounted for/utilized? List the cases of deviations..

   **The Company does not have received/ receivable any fund for specific schemes from central/ State agencies.**
5. Whether the bank guarantees have been revalidated in time?

   **Bank guarantees have been revalidated in a timely manner.**
6. Comment on the confirmation of balances of trade receivables, trade payables, term deposits, bank accounts and cash obtained.

   **Balance Confirmation has been received in respect of term deposits, bank accounts & Cash. Separate disclosure has been made for trade receivables & trade payables- kindly refer note 36 to notes to accounts.**
7. The cost incurred on abandoned projects may be quantified and the amount actually written-off shall be mentioned.
   **During the year 2016-17 the Company has not abandoned any projects.**

**Trading under Service sector**

(i) Whether the Company has an effective system for the recovery of dues in respect of its sales activities and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?

**Not Applicable**

(ii) Whether the Company has an effective system for physical verification valuation of stock, treatment of non moving items and accounting the effect of shortage/excess noticed during physical verification?

**Not Applicable**

(iii) The effectiveness of the system followed in recovery of dues in respect of sales activities may be examined and reported.
**Not Applicable**

**For, V.V. Patel & Co.**
Chartered Accountants
Firm Regn. No. 118124W

**CA Swapnil K. Bhatt**
Partner
Membership No. 128864

**Place:** Gandhinagar
**Date :** 21st May, 2018

# STANDALONE BALANCE SHEET
# AS AT 31ST MARCH, 2018

(₹ in Lacs)

| Particulars | Notes | As At 31st March, 2018 | As At 31st March, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 3 | 2,97,304.34 | 3,02,858.68 |
| Capital Work-In-Progress | 3 | 89,591.60 | 68,637.33 |
| Intangible Assets | 4 | 14,112.85 | 13,709.32 |
| Financial Assets | | | |
| Investment in Subsidiaries, Joint Venture and Associate | 5 | 4,14,630.61 | 73,065.14 |
| Investments | 6 | 3,505.36 | 3,484.41 |
| Loans | 7 | 1,166.61 | 1,182.96 |
| Other Financial Assets | 8 | 1,315.51 | 1,801.36 |
| Other Non-Current Assets | 9 | 10,150.75 | 10,868.01 |
| **Total Non-Current Assets** | | **8,31,777.63** | **4,75,607.21** |
| **Current Assets** | | | |
| Inventories | 10 | 12,346.45 | 11,233.96 |
| Financial Assets | | | |
| Trade Receivables | 11 | 12,351.51 | 11,893.25 |
| Cash and Cash Equivalents | 12 | 2,250.76 | 1,517.61 |
| Other Bank Balances | 12 | 34,201.88 | 78,745.92 |
| Loans | 7 | 149.04 | 173.80 |
| Other Financial Assets | 8 | 550.52 | 800.44 |
| Other Current Assets | 9 | 1,224.90 | 3,364.96 |
| **Total Current Assets** | | **63,075.06** | **1,07,729.94** |
| **Total Assets** | | **8,94,852.69** | **5,83,337.15** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity Share Capital | 13 | 56,383.36 | 56,358.77 |
| Other Equity | 14 | 4,50,120.66 | 3,93,238.56 |
| **Total Equity** | | **5,06,504.02** | **4,49,597.33** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 15 | 1,75,948.10 | 50,118.08 |
| Other Financial Liabilities | 16 | 1,499.62 | 1,394.95 |
| Provisions | 17 | 1,277.08 | 1,127.35 |
| Deferred Tax Liabilities (Net) | 18 | 49,842.22 | 47,189.10 |
| Other Non-Current Liabilities | 19 | 1,485.76 | 1,549.01 |
| **Total Non-Current Liabilities** | | **2,30,052.78** | **1,01,378.50** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Trade Payables | 20 | 1,854.78 | 1,378.66 |
| Other Financial Liabilities | 16 | 1,44,439.74 | 22,545.59 |
| Other Current Liabilities | 19 | 11,898.15 | 8,325.50 |
| Provisions | 17 | 103.22 | 111.57 |
| **Total Current Liabilities** | | **1,58,295.89** | **32,361.32** |
| **Total Liabilities** | | **3,88,348.67** | **1,33,739.82** |
| **Total Equity and Liabilities** | | **8,94,852.69** | **5,83,337.15** |
| Significant Accounting Policies | 2 | | |

The accompanying notes are integral part of the Financial Statements.

**As per our Report of even date attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors**,

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# STANDALONE STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2018

(₹ in Lacs)

| Particulars | Notes | 2017-18 | 2016-17 |
|---|---|---|---|
| **INCOME :** | | | |
| Revenue from Operations | 21 | 1,33,174.79 | 1,02,755.44 |
| Other Income | 22 | 7,346.60 | 8,820.19 |
| **Total Income (A)** | | **1,40,521.39** | **1,11,575.63** |
| **EXPENSES :** | | | |
| Employee Benefit Expenses | 23 | 4,320.22 | 3,884.16 |
| Finance Costs | 24 | 3,541.35 | 5,957.87 |
| Depreciation and Amortisation Expenses | 25 | 17,503.87 | 17,913.87 |
| Other Expenses | 26 | 14,074.75 | 10,040.92 |
| **Total Expenses (B)** | | **39,440.19** | **37,796.82** |
| **Profit Before Tax (A-B)** | | **1,01,081.20** | **73,778.81** |
| **Tax Expenses** | 27 | | |
| Current Tax | | 32,474.66 | 22,150.52 |
| (Excess)/Short Provision of Tax - Earlier Years | | (911.48) | (1,080.99) |
| Deferred Tax | | 2,675.13 | 3,045.32 |
| **Profit After Tax for the Period** | | **66,842.89** | **49,663.96** |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Changes in fair value of FVOCI equity instruments | | 20.08 | (20.69) |
| Remeasurements of post-employment benefit obligations | | 16.53 | (68.38) |
| Income tax relating to these items | | 22.01 | 66.29 |
| **Other Comprehensive Income for the Period, net of tax** | | **58.62** | **(22.78)** |
| **Total Comprehensive Income for the Period** | | **66,901.51** | **49,641.17** |
| **Earning per Equity Share (EPS) for Profit for the Period (Face Value of ₹ 10)** | | | |
| Basic (₹) | 28 | 11.86 | 8.81 |
| Diluted (₹) | 28 | 11.85 | 8.81 |
| Significant Accounting Policies | 2 | | |

The accompanying Notes are integral part of the Financial Statements.

**As per our Report of even date attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31$^{ST}$ MARCH, 2018

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **A. Cash Flow from Operating Activities** | | |
| Profit Before Taxes | 1,01,081.20 | 73,778.80 |
| Adjustments for: | | |
| Depreciation & amortisation | 17,503.87 | 17,913.87 |
| ESOP Compensation Expense | (1.13) | - |
| Provision for decommissioning obligations | - | 24.89 |
| Employee benefit expenses | 163.26 | 16.74 |
| (Profit)/Loss on sale of Assets | (512.60) | 4.84 |
| Dividend Income | (1,173.92) | (941.64) |
| Interest Income | (5,054.54) | (6,901.19) |
| Other Non-cash Items | (140.07) | - |
| Finance cost | 3,541.35 | 7,402.19 |
| **Operating Profit before Working Capital Changes** | **1,15,407.42** | **91,298.50** |
| **Changes in Working Capital** | | |
| (Increase)/Decrease in Inventory | (1,112.49) | 538.59 |
| (Increase)/Decrease in Trade Receivable | (458.26) | 3,282.14 |
| (Increase)/Decrease in Loans | 41.11 | 78.29 |
| (Increase)/Decrease in Other Financial Assets | 169.86 | (240.83) |
| (Increase)/Decrease in Other Assets | 2,343.35 | 22,269.61 |
| Increase/(Decrease) in Trade payable | 476.12 | (122.45) |
| Increase/(Decrease) in Other Financial Liabilities | 96.86 | (446.60) |
| Increase/(Decrease) in Net Employee Benefit Liabilities | 93.56 | (188.50) |
| Increase/(Decrease) in Other Liabilities | 3,431.87 | 169.95 |
| **Cash generated from Operations** | **1,20,489.40** | **1,16,638.69** |
| Taxes Paid | (31,052.06) | (22,277.96) |
| **Net Cash Flow from Operating Activities (A)** | **89,437.34** | **94,360.73** |
| **B. Cash Flow from Investing Activities** | | |
| Acquisition of investments | (3,41,566.34) | (3,460.00) |
| Interest Received | 6,312.61 | 6,051.40 |
| Dividend Received | 1,173.92 | 941.64 |
| Changes in earmarked Fixed Deposits & Current Account | 43,639.60 | (29,768.43) |
| Proceeds from sale of Assets | 2,037.11 | 17.82 |
| Acquisition of Fixed Assets and Change in Capital Work in Progress | (28,949.41) | (10,540.28) |
| **Net Cash Flow from Investing Activities (B)** | **(3,17,352.51)** | **(36,757.85)** |
| **C. Cash Flow from Financing Activities** | | |
| Proceeds from issue of Equity Share Capital including Share Premium | 184.40 | 185.74 |
| Proceeds from non-current borrowing | 2,81,700.00 | 3,500.00 |
| Repayment of non-current borrowings | (39,310.89) | (46,791.67) |
| Dividend (Including Corporate Dividend Tax) Paid | (10,178.06) | (10,172.63) |
| Interest & Financial Charges paid | (3,747.13) | (10,385.03) |
| **Net Cash Flow from Financing Activities (C)** | **2,28,648.32** | **(63,663.59)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)** | **733.15** | **(6,060.71)** |
| **Cash and Cash Equivalents at the beginning of the period** | **1,517.61** | **7,578.32** |
| **Cash and Cash Equivalents at the end of the period** | **2,250.76** | **1,517.61** |
| **Notes to Statement of Cash Flows** | | |
| **Cash and cash equivalent includes-** | | |
| Cash and Cheques on Hand | 0.55 | 0.45 |
| Balances with Scheduled Banks | | |
| in Current Accounts | 2,250.21 | 1,016.82 |
| in Deposit Accounts | - | 500.34 |
| | **2,250.76** | **1,517.61** |

Refer note 29 for reconciliation for financing activities.

Previous period's figures have been rearranged/regrouped wherever necessary, to confirm to this year's classification.

**As per our Report of even date attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors**,

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Manish Seth**
*Chief Financial Officer*

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE PERIOD ENDED ON 31ST MARCH 2018

**A. Equity Share Capital**

| Particulars | Notes | Number of Shares | Amount ₹ in Lacs |
|---|---|---|---|
| **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**<br>Equity Shares of ₹ 10/- each fully paid up | | | |
| **As at 1st April, 2016** | | **56,33,40,064** | **56,334.00** |
| Add: Equity Shares allotted pursuant to Employee Stock Option Plan | 43 | 2,47,668 | 24.77 |
| **As at 31st March, 2017** | | **56,35,87,732** | **56,358.77** |
| Add: Equity Shares allotted pursuant to Employee Stock Option Plan | 43 | 2,45,860 | 24.59 |
| **As at 31st March, 2018** | | **56,38,33,592** | **56,383.36** |

**B. Other Equity** (₹ in Lacs)

| Particulars | Reserves & Surplus | | | | Equity Instruments through Other Comprehensive Income | Total Other Equity |
|---|---|---|---|---|---|---|
| | Security Premium | General reserve | Employees Stock Options Outstanding | Retained earnings | | |
| **Balance at 1st April, 2016** | **40,784.88** | **272.30** | **502.36** | **3,08,866.88** | **157.76** | **3,50,584.17** |
| Profit for the year excluding prior period items | - | - | - | 49,663.96 | - | 49,663.96 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | 21.94 | 21.94 |
| *Items of OCI recognised directly in retained earnings* | | | | | | |
| Remeasurements of post-employment benefit obligation (net of tax) | - | - | - | (44.72) | - | (44.72) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **49,619.24** | **21.94** | **49,641.17** |
| Transferred to Securities Premium on exercise of ESOPs (Note 43) | - | - | (116.53) | - | - | (116.53) |
| Dividends (Note 13) | - | - | - | (8,452.00) | - | (8,452.00) |
| Dividend Distribution Tax (DDT) | - | - | - | (1,720.63) | - | (1,720.63) |
| Issue of Equity Shares | 277.51 | - | - | - | - | 277.51 |
| Tax adjustments of earlier years | - | - | - | 3,024.85 | - | 3,024.85 |
| **Balance at 31st March, 2017** | **41,062.39** | **272.30** | **385.83** | **3,51,338.35** | **179.70** | **3,93,238.56** |
| Profit for the year | - | - | - | 66,842.89 | - | 66,842.89 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | 47.87 | 47.87 |
| Items of OCI recognised directly in retained earnings | | | | | | |
| *Remeasurements of post-employment benefit obligation (net of tax)* | - | - | - | 10.75 | - | 10.75 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **66,853.64** | **47.87** | **66,901.51** |
| Transferred to Securities Premium on exercise of ESOPs (Note 43) | - | - | (115.68) | - | - | (115.68) |
| ESOP Lapsed / Cancelled (Note 43) | - | - | (1.13) | - | - | (1.13) |
| Dividends (Note 13) | - | - | - | (8,456.51) | - | (8,456.51) |
| Dividend Distribution Tax (DDT) | - | - | - | (1,721.55) | - | (1,721.55) |
| Issue of Equity Shares | 275.49 | - | - | - | - | 275.49 |
| Tax adjustments of earlier years | - | - | - | - | - | - |
| **Balance at 31st March, 2018** | **41,337.88** | **272.30** | **269.01** | **4,08,013.90** | **227.57** | **4,50,120.66** |

**As per our Report of even date attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

## 1 CORPORATE INFORMATION

Gujarat State Petronet Limited (GSPL, "The Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPL is a Government Company u/s 2(45) of Companies Act, 2013. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The Company is primarily engaged in transmission of natural gas through pipeline on an open access basis from supply points to demand centers. Further, it is also engaged in generation of electricity through Windmills.

**Authorization of financial statements**

The Standalone Financial Statements were authorized for issue in accordance with a resolution passed in Board of Directors meeting held on 21st May, 2018.

## 2.1 Significant Accounting Policies

### (a) Basis of preparation

(i) The standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Act (as amended from time to time).

These financial statement have been prepared on accrual basis of accounting using historical cost convention except certain financial assets, financial liabilities and share based payment measured at fair value.

(ii) The preparation & presentation of financial statements requires management to make certain judgments, estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Useful lives of property, plant and equipment and intangible assets
- Measurement of Defined Benefit Obligations
- Provisions and contingencies
- Expected credit loss for receivables
- Fair valuation of investments in equity instruments of unlisted companies
- Identification of investment properties
- Current tax and Deferred tax asset / liabilities recognition

(iii) All values are rounded to the nearest rupees in Lacs, except where otherwise indicated.

### (b) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

The cost of Property, Plant and Equipment comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and borrowing costs for assets that necessarily take a substantial period of time to get ready for their intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Capital Work-in-progress (CWIP) includes expenditure that is directly attributable to the acquisition/construction of assets, which are yet to be commissioned, and project inventory.

On transition to Ind AS, the Company had elected to carry forward the previous GAAP net carrying value of all its property, plant and equipment recognized as at 1st April, 2015 as the deemed cost.

### (c) Intangible Assets

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

Intangible assets like software, licenses, Right-of-Use of land (ROU) and Right of Way (ROW) permissions which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

On transition to Ind AS, the Company had elected to carry forward the previous GAAP net carrying value of all its intangible assets recognized as at 1st April, 2015 as the deemed cost.

**(d) Investment properties**

Investment properties comprise portions of free hold or lease hold land and office buildings that are held for rental or for capital appreciation or both. An Investment property generates cash flow largely independently of the other assets held by an entity.

Property used in production or supply of goods or services and also held to earn rentals / capital appreciation is accounted separately as investment property only if portion of property held to earn rental / capital appreciation can be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Further property with provision of ancillary services to the occupants is treated as investment property if the services are insignificant to the arrangement as a whole. Investment property shall be recognised as an asset when and only when: (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and (b) the cost of the investment property can be measured reliably.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed as and when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

**(e) Depreciation and Amortisation**

Depreciation on gas transmission pipeline(s) is provided using straight line method (SLM) and on other items of property, plant and equipment using written down value method (WDV) based on the useful life prescribed in Schedule II to the Companies Act 2013.

The residual values are not more than 5% of the original cost of the item of property, plant and equipment.

Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Assets costing up to ₹5,000/- and Books are depreciated fully in the year of purchase / capitalization.

Cost of lease-hold land is amortized equally over the period of lease.

In case of Intangible Assets, software is amortized at 40% on written down value method.

Right of Use is indefinite in nature hence it is not amortised. However, the same is tested for impairment annually. Right of Way (ROW) is amortised over 30 years on straight line method as the same is inextricably linked and dependent on useful life of gas transmission pipeline(s).

**(f) Investments in subsidiaries, joint venture and associates**

Investments in subsidiaries, joint venture and associates are carried at cost less accumulated impairment losses, if any. Cost includes the purchase price and other costs directly attributable to the acquisition of investments. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss. Further, under Ind AS 101, while transitioning to Ind AS for previous GAAP, the Company had elected to measure its existing investments in joint ventures and associates on the date of transition at the previous GAAP carrying value.

**(g) Financial instruments**

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

**Financial assets**

***Initial recognition and measurement***

A financial asset is recognised in the balance sheet when the Company becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

***Subsequent measurement***

For purpose of subsequent measurement, financial assets are classified into:

**A.** Financial assets measured at amortised cost;

**B.** Financial assets measured at fair value through other comprehensive income (FVTOCI); and

**C.** Financial assets measured at fair value through profit or loss (FVTPL); and

The Company classifies its financial assets in the above mentioned categories based on:

(i) The Company's business model for managing the financial assets, and
(ii) The contractual cash flows characteristics of the financial asset.

*A. Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

*B. Financial assets measured at fair value through other comprehensive income (FVTOCI)*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(i) The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and

(ii) The asset's contractual cash flows represent SPPI.

*C. Financial assets measured at fair value through profit or loss (FVTPL)*

FVTPL is a residual category. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company has opted for an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

A. The contractual rights to the cash flows from the financial asset have expired, or

B. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through 'arrangement; and either

a. The Company has transferred substantially all the risks and rewards of the asset, or

b. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Impairment of financial assets***

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) Trade receivables

(iii) Lease Receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date adjusted appropriately to reflect the estimated expected losses.

**Financial Liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

***Subsequent measurement***

A. Financial liabilities measured at amortised cost

B. Financial liabilities subsequently measured at fair value through profit or loss (FVTPL)

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

***Loan and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses on EIR amortisation and derecognition are recognised in profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

***Derivatives***

The Company uses derivative financial instruments such as cross currency interest rate swaps to hedge its foreign currency risks and interest rate risk. Such derivative financial instruments are initially recognised at fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

***Trade and other payables***

These amounts represent liability for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

***Derecognition***

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

***Offsetting financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, there is a legally enforceable right to offset the recognised amount and there is intention either to settle on net basis or to realise the assets and to settle the liabilities simultaneously

**(h) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(i) Inventories**

Inventories including stock of stores, spares, consumables, gas for trading and line pack gas not meant for sale in ordinary course of business are valued at weighted moving average cost.

**(j) Employee Benefits**

***Short term employee benefits obligations:***

Short-term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which related services are rendered.

***Post-employment benefits and other long term employee benefits:***

The Company has participated in- Group Gratuity scheme of Life Insurance Corporation of India. The liability in respect of gratuity benefits being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using projected unit credit method as on the balance sheet date and actuarial gains/(losses) after adjustment of planned assets are charged to the Other Comprehensive Income for the year. Moreover, the liability in respect of leave encashment being other long term employee benefits, payable in future, are also determined by actuarial valuation carried out using projected unit credit method as on the balance sheet date and actuarial gains/(losses) are charged as employee benefit expenses in the Statement of Profit and Loss for the year.

Retirement benefits in the form of provident fund and defined superannuation fund which are defined contribution schemes are accrued in accordance with statutes and deposited with respective authority/agency and charged to the Statement of Profit and Loss account for the year, in which the contributions to the respective funds accrue.

***Share-based payments***

Share-based compensation benefits are provided to employees via GSPL Employee Stock Option Scheme. The fair value of options granted under the GSPL Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) including any market performance conditions (e.g. entity's share price)

(ii) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specific time period); and

(iii) Including the impact of any non-vesting conditions (e.g. the requirements for employees to save or holding shares for specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

**(k) Borrowing Cost**

The Company is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale For borrowing cost capitalisation, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the borrowing cost for the relevant period is added to the capital cost till the particular project is capitalised and thereafter the interest is charged to the Statement of Profit and Loss. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the Statement of Profit and Loss.

**(l) Foreign Currency Transactions**

***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian rupee (INR), which is GSPL's functional and presentation currency.

***Transactions and balances***

Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing at the time of transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are reported at exchange rate prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the time of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

**(m) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from transmission of gas through pipeline is recognized net of service tax/GST on fortnight basis when it can be reliably measured and it is reasonable to expect ultimate collection.

Revenue from sale of electricity is recognized on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection.

All other revenues are recognised when it can be reliably measured and it is reasonable to expect ultimate collection. Interest income is recognised using effective interest rate (EIR) method.

**(n) Taxation**

***Income taxes***

Provision for current tax is calculated on the basis of the Income tax law enacted or substantively enacted at the end of the reporting period.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Deferred Taxes***

Deferred tax is provided, on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in standalone financial statements, using tax rates & laws that have been enacted or substantially enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise the same.

Deferred tax is not recognised for all taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is probable that the differences will not reverse in the foreseeable future.

Any tax credit available including Minimum Alternative Tax (MAT) under the provision of the Income Tax Act, 1961 is recognised as deferred tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the statement of profit and loss and shown under the head deferred tax asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the same and when the balances relate to the same taxation authority.

Current and deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deferred tax asset. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will available to utilized the deferred tax asset.

**(o) Impairment of non-financial assets**

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**(p) Earnings per Share**

Basic EPS is computed by dividing net profit after taxes for the year by weighted average number of equity shares outstanding during the financial year, adjusted for bonus share elements in equity shares issued during the year and excluding treasure shares, if any.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(q) Provisions, Contingent Liabilities and Contingent Assets**

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

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not recognized in the financial statements but are disclosed by way of notes to accounts unless the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognized in financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

**(r) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

**As a lessee**

***Finance lease***

Leases are classified as finance leases (including those for land), if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

At the commencement of the lease term, the Company recognises finance leases as assets and liabilities in its balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum ease payments, each determined at the inception of the lease. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Any indirect costs of the Company are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

***Operating lease***

Leases (including those for land) which are not classified as finance leases are considered as operating lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

B. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**As a lessor**

***Finance lease***

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

The Company a scheme of providing certain assets viz mobiles, laptops, vehicles to their employees. Under the said scheme, the company initially purchases the asset which is transferred to an employee after a specified period at book value on that date. As this arrangement has element of finance lease, the Company, has derecognised the items of PPE given to employees & reclassified it as finance lease. The difference between the cost of the asset and present value or (absolute value if the present value is not material) of the consideration to be received from the employee over the lease term and at the time of transfer of ownership in the future is recognised as an employee cost over the period.

***Operating lease***

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognised in the statement of profit or loss on a straight-line basis over the lease term, unless either:

A. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the Company are not on that basis; or

B. The payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases. If payments to the Company vary because of factors other than general inflation, then this condition is not met.

**(s) Segment Reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

The Board of Directors (BoD) of the Company assesses the financial performance and position of the Company, and makes strategic decisions; hence the Board of Directors are CODM. Refer note 38 for segment information presented.

**(t) Cash and cash Equivalents**

Cash and cash equivalents comprise cash and deposits with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**(u) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

In line with the amendments to Ind AS 7 Statement of Cash flows (effective from 1st April, 2017), the Company has provided disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of amendment did not have any material impact on the financial statements.

**(v) Dividends**

The Company recognises a liability for dividends to equity holders of the Company when the dividend is authorized and the dividend is no longer at the discretion of the Company. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(w) Event Occurring after Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the reporting date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the reporting date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

**(x) Standard issued not yet effective**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on 28th March, 2018) which are effective for annual periods beginning after 1st April 2018. The Company intends to adopt these standards or amendments from the effective date.

Ind AS 115 Revenue from contract with customers

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ins AS 11 Construction Contracts. The core principle of the new standard that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This Standard permits two possible methods of transition i.e. retrospective approach and modified retrospective method.

Based on the preliminary assessment, the company does not expect any significant impacts on transition to Ind AS 115. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options to be considered.

**Amendments to existing Ind AS**

The following amended standards are not expected to have a significant impact on the Company's standalone financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company when it will adopt the respective standards.

- Ind AS 40 - Investment Property – The amendment lays down the principle regarding the transfer of asset to, or from, investment property.
- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates – The amendment lays down principles to determine the date of transaction when a company recognizes a non-monetary prepayment asset or deferred income liability.
- Ind AS 12 – Income Taxes – The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps.

## 3 PROPERTY, PLANT AND EQUIPMENT

**Property, plant and equipment as at 31st March 2018**

(₹ in Lacs)

| Particulars | Gross Carrying Amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | Balance As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | As on 31-Mar-18 | As on 31-Mar-17 |
| Land- Free Hold | 9,755.95 | 206.31 | - | 9,962.26 | - | - | - | - | 9,962.26 | 9,755.95 |
| Land- Lease Hold (Refer (i)) | 1,923.44 | - | - | 1,923.44 | 42.18 | 21.09 | - | 63.27 | 1,860.17 | 1,881.26 |
| Building | 16,631.04 | 1,504.78 | 12.81 | 18,123.02 | 2,450.93 | 1,284.57 | 1.34 | 3,734.16 | 14,388.86 | 14,180.12 |
| Plant & Equipment | 2,97,193.80 | 9,167.45 | - | 3,06,361.25 | 28,204.86 | 14,079.35 | - | 42,288.16 | 2,64,073.09 | 2,68,988.94 |
| Communication Equipment | 5,084.26 | 184.07 | - | 5,268.32 | 1,715.59 | 677.97 | - | 2,393.62 | 2,874.70 | 3,368.67 |
| Electrical Installation & Equipment | 7,123.61 | 676.89 | - | 7,800.50 | 2,970.53 | 1,121.35 | - | 4,091.89 | 3,708.61 | 4,153.08 |
| Computers | 204.38 | 34.48 | - | 238.85 | 101.61 | 47.42 | - | 148.99 | 89.86 | 102.77 |
| Furniture & Fittings | 564.83 | 4.77 | - | 569.61 | 234.19 | 84.65 | - | 318.84 | 250.77 | 330.64 |
| Office Equipment | 57.09 | 9.55 | 1.41 | 65.23 | 35.69 | 10.68 | 0.86 | 45.51 | 19.72 | 21.40 |
| Vehicles | 130.41 | 35.64 | 8.13 | 157.92 | 58.54 | 30.55 | 4.31 | 84.78 | 73.14 | 71.87 |
| Books | 23.40 | 0.19 | - | 23.59 | 23.40 | 0.19 | - | 23.59 | - | - |
| Ship / Boat | 6.33 | - | - | 6.33 | 2.35 | 0.82 | - | 3.17 | 3.16 | 3.98 |
| **Total Property, Plant and Equipment** | **3,38,698.54** | **11,824.13** | **22.35** | **3,50,500.32** | **35,839.87** | **17,358.64** | **6.51** | **53,195.98** | **2,97,304.34** | **3,02,858.68** |
| Capital Work In Progress | - | - | - | - | - | - | - | - | 89,591.60 | 68,637.33 |
| **Total** | **3,38,698.54** | **11,824.13** | **22.35** | **3,50,500.32** | **35,839.87** | **17,358.64** | **6.51** | **53,195.98** | **3,86,895.94** | **3,71,496.01** |
| **Previous Year** | **3,17,176.02** | **21,530.76** | **8.23** | **3,38,698.54** | **18,107.21** | **17,734.25** | **1.59** | **35,839.86** | **3,71,496.01** | **3,75,859.92** |

## 4 INTANGIBLE ASSETS

(₹ in Lacs)

| Particulars | Gross Carrying Amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | Balance As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | As on 31-Mar-18 | As on 31-Mar-17 |
| Computer software | 216.28 | 52.01 | - | 268.29 | 125.56 | 44.27 | - | 169.83 | 98.46 | 90.72 |
| Right of use / Right of way* | 13,854.95 | 496.75 | - | 14,351.70 | 236.35 | 100.96 | - | 337.31 | 14,014.39 | 13,618.60 |
| Total Intangible Assets | 14,071.23 | 548.76 | - | 14,619.99 | 361.91 | 145.23 | - | 507.14 | 14,112.85 | 13,709.32 |
| Previous Year | 13,420.25 | 651.71 | 0.72 | 14,071.24 | 182.75 | 179.62 | 0.45 | 361.92 | 13,709.32 | 13,237.50 |

**(i) Leased Assets**

The land is obtained under finance lease and the lease term in respect of assets acquired under finance leases is generally more than 50 years.

**(ii) Contractual Obligations**

Refer Note 31 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**(iii) Right of Use**

"Right of Use (RoU) in land is a right acquired under the law and the Company has unrestricted right of entry for laying, operation and maintenance of the pipeline for indefinite period. Hence, Right of Use has an indefinite life and hence it is not amortised; however, the same is tested for impairment annually. Moreover, Right of Way (ROW) is amortised over 30 years on straight line method as the same is inextricably linked and dependent on useful life of gas transmission pipeline(s).

*Includes RoU of ₹ 9,661.33 Lacs (31st March 2017: ₹ 9,434.02 Lacs)"

## 5. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Non-Current | | |
| **Quoted** | | |
| **Investment in equity shares of subsidiary companies** | | |
| 7,45,74,799 (31st March, 2017: Nil) Fully Paid Up Equity Shares of ₹ 10 each of Gujarat Gas Limited (Note (i)) | 3,67,953.90 | - |
| **Investment in equity shares of associate companies** | | |
| Nil (31st March, 2017: 3,54,68,471) Fully Paid Up Equity Shares of ₹ 10 each of Gujarat Gas Limited | - | 41,260.44 |
| **Unquoted** | | |
| **Investments in equity shares of joint venture companies** | | |
| 20,12,50,060 (31st March, 2017: 14,40,50,060) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Gasnet Limited | 20,125.01 | 14,405.01 |
| 19,81,20,000 (31st March, 2017: 10,66,00,000) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Transco Limited | 19,812.00 | 10,660.00 |
| Investment in equity shares of associate companies | | |
| 54,93,070 (31st March, 2017: 54,93,070) Fully Paid Up Equity Shares of ₹ 10 each of Sabarmati Gas Limited | 6,739.70 | 6,739.70 |
| **Total** | **4,14,630.61** | **73,065.14** |
| **Aggregate value of quoted investments** | **3,67,953.90** | **41,260.44** |
| **Market value of quoted investment** | **6,19,119.98** | **2,72,663.87** |
| **Aggregate value of unquoted investments** | **46,676.71** | **31,804.71** |

(i) The Board of Directors of the Company, in their Board meeting held on 19th March, 2018, approved the acquisition of 39,106,328 equity shares (28.40% equity stake) of Gujarat Gas Limited (GGL) held by Gujarat State Petroleum Corporation Limited (GSPC). The acquisition was completed on 28th March, 2018 through a block deal at the recognised stock exchange at the prevailing market price in compliance with the relevant regulatory provisions. Consequent to the acquisition, GSPL holds 54.17% equity shares and voting rights in GGL. Accordingly, investment in equity shares of GGL has been reclassified and disclosed as an investment in subsidiary.

## 6. INVESTMENTS

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| **Investment in unquoted equity shares of other companies measured at fair value through other comprehensive income (FVOCI)*** | | |
| 2,50,00,000 (31st March, 2017: 2,50,00,000) Fully Paid Up Equity Shares of ₹ 10 each of GSPC LNG Limited | 2,843.94 | 2,843.94 |
| 62,50,000 (31st March, 2017: 62,50,000) Fully Paid Up Equity Shares of ₹ 10 each of Gujarat State Energy Generation Limited | 660.55 | 640.47 |
| 8,730 (31st March, 2017: Nil) Fully Paid Up Equity Shares of ₹ 10/- each of Swan LNG Private Limited | 0.87 | - |
| **Total Non-Current Investments** | **3,505.36** | **3,484.41** |

(i) Investments measured at fair value through Other Comprehensive Income (FVOCI) reflect investments in unquoted equity securities and debt securities. Refer Note 40 for determination of their fair values.

* Refer note 40 - Financial instruments, fair values and risk measurement for fair valuation methodology.

## 7. LOANS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Housing building advance to employees | | |
| Secured, considered good | 1,121.69 | 1,133.32 |
| Other loans and advances to employees | | |
| Unsecured, considered good | 44.92 | 49.64 |
| **Total Non-Current Loans** | **1,166.61** | **1,182.96** |
| **Current** | | |
| Housing building advance to employees | | |
| Secured, considered good | 85.45 | 90.91 |
| Other loans and advances to employees | | |
| Unsecured, considered good | 63.59 | 82.89 |
| **Total Current Loans** | **149.04** | **173.80** |

* Refer note 40 - Financial instruments, fair values and risk measurement

## 8. OTHER FINANCIAL ASSETS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Balance in escrow A/c-PNGRB [Incl. TD] | - | 339.55 |
| Fixed deposits with original maturity of more than 12 month | - | 14.07 |
| Security deposit given (Unsecured - considered good) | 1,234.01 | 1,434.21 |
| Receivable from employees (Unsecured - considered good) | 81.50 | 13.53 |
| **Total Non-Current Other Financial Assets** | **1,315.51** | **1,801.36** |
| **Current** | | |
| Security deposit given (Unsecured - considered good) | 58.84 | 61.63 |
| Receivable from employees (Unsecured - considered good) | 21.03 | 7.61 |
| Derivative asset (i) | 23.96 | 309.97 |
| Advances for grauity | 68.47 | - |
| Others | 378.22 | 421.23 |
| **Total Current Other Financial Assets** | **550.52** | **800.44** |

* Refer note 40 - Financial instruments, fair values and risk measurement

**(i) Derivative assets**

The Company has entered into cross currency interest rate swap to hedge against interest rate risk and exchange rate risk. Refer Note 40 for details.

## 9. OTHER ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Capital advances | 221.32 | 654.92 |
| Balances with Government Authorities | 6,892.39 | 6,892.39 |
| Advance income tax and TDS (net of provision) | 1,239.08 | 2,289.05 |
| Payment under protest | 1,124.12 | 585.27 |
| Prepaid expenses | 345.73 | 382.61 |
| Deferred employee cost | 328.11 | 63.77 |
| **Total Non-Current Assets** | **10,150.75** | **10,868.01** |
| **Current** | | |
| Balances with Government Authorities | 278.30 | 2,700.32 |
| Prepaid expenses | 182.62 | 153.16 |
| Other advances | 536.36 | 450.27 |
| Deferred employee cost | 227.62 | 61.21 |
| **Total Current Assets** | **1,224.90** | **3,364.96** |

## 10. INVENTORIES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Stores & spares | 1,948.47 | 1,492.02 |
| Gas for trading | 0.36 | - |
| Line pack gas | 10,397.62 | 9,741.94 |
| **Total Inventories** | **12,346.45** | **11,233.96** |

***For mode of valuation, refer note 2 (i) of significant accounting policies**

## 11. TRADE RECEIVABLES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Current** | | |
| Unsecured, considered good | 12,351.51 | 11,893.25 |
| Unsecured, considered doubtful | 268.10 | 268.10 |
| Less: Provision for doubtful debts | (268.10) | (268.10) |
| **Total Trade Receivables** | **12,351.51** | **11,893.25** |

* Refer note 40 - Financial instruments, fair values and risk measurement

**(i) Trade receivables from related parties:** (₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Trade receivables from related parties (Refer Note 39 ) | 1,807.69 | 1,717.04 |

## 12. CASH AND OTHER BANK BALANCES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| Balances with banks | | |
| In current accounts | 2,250.21 | 1,016.82 |
| Fixed deposit with original maturity of less than 3 months | - | 500.34 |
| Cash on hand | 0.55 | 0.45 |
| **Total Cash and Cash Equivalents** | **2,250.76** | **1,517.61** |
| **Other Bank Balances** | | |
| Earmarked balances with banks | | |
| Unpaid dividend account | 85.38 | 83.05 |
| Balance in escrow A/c-PNGRB [Incl. TD] | 4,017.27 | 3,576.10 |
| Fixed Deposit | | |
| Margin money deposit - bank guarantee / letter of credit | 25,876.66 | - |
| With original maturity of more than 12 months | 15.02 | 3,870.55 |
| With original maturity of more than 3 months but less than 12 months | 4,207.55 | 71,216.22 |
| **Total Bank Balance other than Cash and Cash Equivalents** | **34,201.88** | **78,745.92** |

* Refer note 40 - Financial instruments, fair values and risk measurement

## 13. EQUITY SHARE CAPITAL

| Particulars | Number of Shares | Amount ₹ in Lacs |
|---|---|---|
| **AUTHORISED SHARE CAPITAL** | | |
| Equity shares of ₹ 10/- each | | |
| **As at 1st April, 2016** | **70,00,00,000** | **70,000.00** |
| Increase/(decrease) during the year | - | - |
| **As at 31st March, 2017** | **70,00,00,000** | **70,000.00** |
| Increase/(decrease) during the year | - | - |
| **As at 31st March, 2018** | **70,00,00,000** | **70,000.00** |

| Particulars | Notes | Number of Shares | Amount ₹ in Lacs |
|---|---|---|---|
| **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** | | | |
| Equity shares of ₹ 10/- each fully paid up | | | |
| **As at 1st April, 2016** | | **56,33,40,064** | **56,334.00** |
| Add: Equity shares allotted pursuant to Employee Stock Option Plan (ESOP) | 43 | 2,47,668 | 24.77 |
| **As at 31st March, 2017** | | **56,35,87,732** | **56,358.77** |
| Add: Equity shares allotted pursuant to Employee Stock Option Plan (ESOP) | 43 | 2,45,860 | 24.59 |
| **As at 31st March, 2018** | | **56,38,33,592** | **56,383.36** |

**Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2018, the amount of dividend per share recognised as distribution to equity shareholders is ₹ 1.5 per share (31st March, 2017: ₹ 1.5 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shares held by parent company and ultimate parent company and their subsidiaries / associates:** (₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| 21,23,05,270/- Equity Shares held by parent company - Gujarat State Petroleum Corporation Ltd. (As at 31st March, 2017: 21,23,05,270/-)" | 21,230.53 | 21,230.53 |

**Details of shareholder(s) holding more than 5% equity shares**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Number of Equity Shares** | | |
| Gujarat State Petroleum Corporation Limited | 21,23,05,270 | 21,23,05,270 |
| Gujarat Maritime Board | 3,70,88,000 | 3,70,88,000 |
| **% Holding in Equity Shares** | | |
| Gujarat State Petroleum Corporation Limited | 37.65% | 37.67% |
| Gujarat Maritime Board | 6.58% | 6.58% |

**Detail of shares reserved for issue under Employee Stock Option Plan (ESOP)**

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) 2005 and 2010 of GSPL, please refer Note 43.

## 14. OTHER EQUITY

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Securities Premium Reserve | 41,337.88 | 41,062.39 |
| General Reserve | 272.30 | 272.30 |
| Employees Stock Options Outstanding (Net) | 269.01 | 385.82 |
| Retained Earnings | 4,08,013.90 | 3,51,338.35 |
| Reserves representing unrealized gains/losses | 227.57 | 179.70 |
| **Total Other Equity** | **4,50,120.66** | **3,93,238.56** |

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Securities Premium Reserve** | | |
| Opening balance | 41,062.39 | 40,784.88 |
| Add: Addition during the Year | 275.49 | 277.51 |
| **Closing balance** | **41,337.88** | **41,062.39** |
| Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act. | | |
| **General Reserve** | | |
| Opening balance | 272.30 | 272.30 |
| Add: Addition during the Year | - | - |
| **Closing balance** | **272.30** | **272.30** |

General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Employees Stock Options Outstanding (Net)** | | |
| Gross compensation for ESOPs granted | 1,125.94 | 1,125.94 |
| Less: Transferred to securities premium on exercise of ESOPs | 511.82 | 396.14 |
| Less: ESOP lapsed / cancelled | 345.11 | 343.98 |
| **Closing balance** | **269.01** | **385.82** |

Refer Note 43 for details.

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Retained Earnings** | | |
| Opening balance | 3,51,338.35 | 3,08,866.88 |
| **Add:** | | |
| Profit during the period | 66,842.89 | 49,663.96 |
| Tax adjustment of earlier years | - | 3,024.85 |
| Remeasurement of post employment benefit obligation, net of tax | 10.75 | (44.72) |
| **Less:** | | |
| Equity dividend | (8,456.51) | (8,450.10) |
| Difference in dividend on equity share | - | (1.90) |
| Tax on dividend | (1,721.55) | (1,720.24) |
| Difference in tax on dividend for equity share | - | (0.39) |
| **Closing balance** | **4,08,013.90** | **3,51,338.35** |

The amount that can be distributed by the Company as dividends to its equity shareholders out of accumulated reserves is determined considering the requirements of the Companies Act, 2013. Thus, the closing balance amounts reported above are not distributable in entirety.

**Reserves representing unrealized gains/losses**

**FVOCI - Equity Investments**

| | | |
|---|---|---|
| Opening balance | 179.70 | 157.76 |
| Increase/(decrease) fair value of FVOCI equity instruments | 20.08 | (20.69) |
| Income tax on net fair value gain or loss | 27.79 | 42.63 |
| **Closing Balance** | **227.57** | **179.70** |

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves.

## 15. BORROWINGS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Secured** | | |
| Term loan from banks | 13,141.52 | 48,183.22 |
| Term loan from financial institutions | 12,071.31 | 14,869.43 |
| **Unsecured** | | |
| Term loan from financial institutions | 2,80,569.59 | - |
| **Total Borrowings (A)** | **3,05,782.42** | **63,052.65** |
| **Current Maturities of Borrowings**** | | |
| **Secured** | | |
| Term loan from banks | 2,957.16 | 9,998.20 |
| Term loan from financial institutions | 2,974.24 | 2,936.37 |
| **Unsecured** | | |
| Term loan from financial institutions | 1,23,902.92 | - |
| **Current Maturities of Borrowings (B)** | **1,29,834.32** | **12,934.57** |
| **Non-Current Borrowings (A-B)** | **1,75,948.10** | **50,118.08** |

* Refer note 40 - Financial instruments, fair values and risk measurement

** Disclosed under 'Other Current Financial Liabilities' (Refer Note 16)

Term loan from banks and financial institutions are secured by first pari-passu charge on all Intangible and Tangible assets (except 36" pipeline from Hazira to Mora), Capital Work in Progress, operating cash flows, Book Debts and Other Movables of the Company.

For foreign currency loan, the Company has entered in to cross currency swap and interest rate swap in order to hedge its foreign currency risks in full.

**Maturity Profile and Rate of Interest of Term Loans[1]**

(₹ in Lacs)

| Rate of Interest | No. of Installment | Outstanding at 31st March 2018 | 2018-19 | 2018-2027 |
|---|---|---|---|---|
| 7.86% | 17 | 12,071.31 | 2,812.50 | 9,140.63 |
| 1 Year GSEC + 2.175% | 5 | 2,984.25 | 1,206.55 | 1,809.82 |
| 1 Year MCLR | 36 | 10,157.27 | 1,666.67 | 13,333.33 |
| 8.25% | 3 | 2,80,569.59 | 1,23,333.33 | 2,26,666.67 |
| **Grand Total** | | **3,05,782.42** | **1,29,019.05** | **2,50,950.45** |

**1 Repayment schedule includes amount of loan sanctioned but to be drawn**

## 16. OTHER FINANCIAL LIABILITIES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Security deposit from customers | 1,499.62 | 1,394.95 |
| **Total Non-Current Other Financial Liabilities** | **1,499.62** | **1,394.95** |
| **Current** | | |
| Current maturities of non-current borrowings | 1,29,834.32 | 12,934.57 |
| Other payables (including for capital goods and services) | 9,322.09 | 5,020.55 |
| Earnest money deposit | 108.40 | 26.25 |
| Security deposit from customers | 1,468.37 | 1,213.42 |
| Dividend payable / unclaimed | 85.38 | 83.05 |
| Imbalance, overrun & other charges - PNGRB | 3,621.18 | 3,267.75 |
| **Total Current Other Financial Liabilities** | **1,44,439.74** | **22,545.59** |

*** Refer note 40 - Financial instruments, fair values and risk measurement**

**(i) Security deposit from customers**

The Company obtained security deposits from the customers under contractual terms which are repayable after fixed contract tenure.

## 17. PROVISIONS

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| **Provision for employee benefits** | | |
| Provision for leave salary | 893.25 | 791.34 |
| **Other Provision** | | |
| Provision for decommissioning obligations | 383.83 | 336.01 |
| **Total Non-Current Provisions** | **1,277.08** | **1,127.35** |
| **Current** | | |
| **Provision for employee benefits** | | |
| Provision for gratuity | - | 45.81 |
| Provision for leave salary | 64.81 | 29.85 |
| Provision for leave travel allowance | 38.41 | 35.91 |
| **Total Current Provisions** | **103.22** | **111.57** |

**(i) Movements in Other Provisions**

| Particulars | Provision for decommissioning obligations | Total |
|---|---|---|
| At 1st April, 2017 | 336.01 | 336.01 |
| Add: Unwinding of discounts (accounted as finance cost) | 47.82 | 47.82 |
| **At 31st March, 2018** | **383.83** | **383.83** |

For movements in provisions for employee benefits, refer Note 42.

**(ii) Provision for Decommissioning Obligations**

Refer accounting policies 2 (q)

## 18 DEFERRED TAX LIABILITIES (Net)

(₹ in Lacs)

Deferred tax assets and liabilities are attributable to the following:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| Property, plant and equipment | 50,494.19 | 47,901.59 |
| Financial liabilities measured at amortised cost | 596.04 | 619.21 |
| **Total Deferred Tax Liabilities (A)** | **51,090.23** | **48,520.80** |
| **Deferred Tax Assets** | | |
| Provisions for employee benefits | 334.78 | 300.05 |
| Financial liabilities measured at amortised cost | 462.34 | 431.06 |
| Investments in equity instruments measured at FVOCI | 223.08 | 195.29 |
| Provision for decommissioning obligations | 134.12 | 116.29 |
| Provisions - Others | 93.69 | 289.01 |
| **Total Deferred Tax Assets (B)** | **1,248.01** | **1,331.70** |
| **Net Deferred Tax Liabilities (A-B)** | **49,842.22** | **47,189.10** |

**(i) Movements in Deferred Tax Liabilities (net)**

| Particulars | Property, plant and equipment | Financial liabilities measured at amortised cost | Provisions for employee benefits | Investments in equity instruments measured at FVOCI | Provision for decommissioning obligations | Provisions - Others | Net Deferred Tax Liabilities |
|---|---|---|---|---|---|---|---|
| **At 1 April 2016** | **48,015.04** | **228.82** | **(365.64)** | **(152.67)** | **(104.92)** | **(385.71)** | **47,234.92** |
| Charged/(credited) | | | | | | | |
| - to profit or loss | 2,911.40 | (40.67) | 89.26 | - | (11.37) | 96.70 | 3,045.32 |
| - to directly in equity | (3,024.85) | - | - | - | - | - | (3,024.85) |
| - to other comprehensive income | - | - | (23.67) | (42.62) | - | - | (66.29) |
| **At 31 March 2017** | **47,901.59** | **188.15** | **(300.05)** | **(195.29)** | **(116.29)** | **(289.01)** | **47,189.10** |
| Charged/(credited) | | | | | | | |
| - to profit or loss | 2,592.60 | (54.45) | (40.51) | - | (17.83) | 195.32 | 2,675.13 |
| - to other comprehensive income | - | - | 5.78 | (27.79) | - | - | (22.01) |
| **At 31 March 2018** | **50,494.19** | **133.70** | **(334.78)** | **(223.08)** | **(134.12)** | **(93.69)** | **49,842.22** |

**(ii) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:**

**(₹ in Lacs)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Accounting Profit before income tax expenses | 1,01,081.20 | 73,778.81 |
| **Tax expenses at statutory tax rate of 34.608% (2016-17 - 34.608%)** | **34,982.18** | **25,533.37** |
| **Tax effect of amounts which are not deductible(taxable) in calculating taxable income:** | | |
| Items having no tax consequences / others | 1,347.40 | 839.82 |
| Tax exempt income | (406.27) | (325.88) |
| Chapter VI deductions | (1,254.93) | (851.47) |
| Change in tax rate | 481.41 | - |
| Short/(Excess) provisions of tax - earlier years | (911.48) | (1,080.99) |
| **Tax Expenses at effective income tax rate of 33.872% (2016-17: 32.685%)** | **34,238.31** | **24,114.85** |

**(iii) Items of Other Comprehensive Income**

**(₹ in Lacs)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Deferred tax related to items recognised in OCI during the year:** | | |
| Unrealised gain/(loss) on FVOCI equity securities | (27.79) | (23.67) |
| Net (loss)/gain on remeasurements of defined benefit plans | 5.78 | (42.62) |
| **Income tax charged to OCI** | **(22.01)** | **(66.29)** |

## 19. OTHER LIABILITIES

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Revenue received in advance | 1,151.92 | 1,073.42 |
| Others | 333.84 | 475.59 |
| **Total Non-Current Liabilities** | **1,485.76** | **1,549.01** |
| **Current** | | |
| Revenue received in advance | 198.91 | 198.51 |
| Statutory taxes payable | 711.41 | 210.30 |
| Other Liabilities | 10,987.83 | 7,916.69 |
| **Total Current Liabilities** | **11,898.15** | **8,325.50** |

## 20. TRADE PAYABLES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Current** | | |
| Total outstanding dues of micro enterprises and small enterprises | 1,502.69 | 431.14 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 352.09 | 947.52 |
| **Total Trade Payables** | **1,854.78** | **1,378.66** |

* Refer note 40 - Financial instruments, fair values and risk measurement

## 21. REVENUE FROM OPERATIONS

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Revenue from transportation of gas (net) | 1,28,673.00 | 97,688.99 |
| Revenue from sale of electricity (net) | 3,728.29 | 3,998.14 |
| Other operating revenues | | |
| Connectivity charges | 773.50 | 1,068.31 |
| **Total Revenue from Operations** | **1,33,174.79** | **1,02,755.44** |

## 22. OTHER INCOME

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Dividend income | 1,173.92 | 941.64 |
| Other non-operating income | 1,118.14 | 578.40 |
| Interest income | | |
| Fixed deposits with banks | 4,880.73 | 5,677.34 |
| Optionally convertible debentures | - | 34.85 |
| Other interest income | 173.81 | 1,587.96 |
| **Total Other Income** | **7,346.60** | **8,820.19** |

## 23. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Salaries and wages | | |
| Salaries and allowances | 3,492.86 | 3,099.35 |
| Leave salary | 159.23 | 178.01 |
| Contribution to provident and other funds | | |
| Contribution to provident fund | 216.39 | 206.77 |
| Contribution to super annuation scheme | 83.92 | 86.04 |
| Group gratuity expenses | 195.48 | 132.06 |
| ESOP compensation expenses | (1.13) | - |
| Staff welfare expenses | 173.47 | 181.93 |
| **Total Employee Benefit Expenses** | **4,320.22** | **3,884.16** |

## 24. FINANCE COSTS

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Interest on borrowings | 3,152.62 | 5,690.83 |
| Unwinding of discount on provisions | 28.43 | 24.89 |
| Unwinding of transaction costs incurred on borrowings | 183.57 | 90.08 |
| Other borrowing costs (includes bank charges, etc.) | 176.73 | 152.07 |
| **Total Finance Costs** | **3,541.35** | **5,957.87** |

The borrowing cost is capitalized at rate(s) applicable to specific loan(s) used for specific project(s). The weighted avg. rate of borrowings used for projects is 8.90% for FY 2017-18 [P.Y. : 9.74%]

## 25. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Depreciation for property, plant and equipment | 17,358.64 | 17,734.25 |
| Amortisation for intangible assets | 145.23 | 179.62 |
| **Total Depreciation and Amortisation Expenses** | **17,503.87** | **17,913.87** |

## 26. OTHER EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Operation & Maintenance Expenses** | | |
| Maintenance contracts | 1,879.23 | 1,486.45 |
| Payment to outsourced persons | 647.90 | 570.19 |
| Security service charges | 1,076.65 | 1,028.81 |
| Land revenue | 7.02 | 8.71 |
| Power & fuel | 794.40 | 781.00 |
| Consumption of stores & spare parts | 209.06 | 369.74 |
| System usage gas | (202.77) | 2,182.45 |
| Repairs & maintenance - building | 55.20 | 24.44 |
| Repairs & maintenance - machinery | 303.62 | 153.02 |
| Other O&M expenses | 554.69 | 465.06 |
| O&M expenses - windmill | 468.71 | 446.28 |
| Gas Transportation Charges | 4,776.08 | - |
| **(A)** | **10,569.79** | **7,516.15** |
| **Other Office & Administrative Expenses** | | |
| Advertisement & publicity expenses | 96.04 | 81.86 |
| Bandwidth & website maintenance charges | 28.35 | 21.51 |
| Business promotion | 27.53 | 77.82 |
| Statutory audit fees | 2.73 | 2.67 |

| | | | |
|---|---|---|---|
| Donation & contributions | | 1,157.26 | 38.00 |
| Legal & professional expenses | | 528.17 | 480.80 |
| Rent | | 172.24 | 230.42 |
| Rate & taxes | | 55.96 | 45.11 |
| Recruitment & training | | 49.89 | 66.79 |
| Seminar & conference | | 16.77 | 16.58 |
| Stationery & printing | | 28.44 | 25.18 |
| Travelling expenses - directors | | 12.01 | 5.95 |
| Travelling expenses - others | | 103.79 | 77.23 |
| Postage, telephone & courier expenses | | 37.07 | 45.84 |
| HSE expenses | | 100.44 | 105.05 |
| Listing fee | | 15.80 | 14.40 |
| Insurance expenses | | 298.19 | 349.63 |
| Other administrative exp. | | 774.28 | 839.93 |
| | **(B)** | **3,504.96** | **2,524.77** |
| **Total Other Expenses** | **(A+B)** | **14,074.75** | **10,040.92** |

**(i) Payment to Auditors*** **(₹ in Lacs)**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| For statutory audit | 2.40 | 2.40 |
| For other services | 2.26 | 2.25 |
| For reimbursement of expenses | 0.39 | 0.26 |
| **Total** | **5.05** | **4.91** |

***Excluding applicable taxes.**

**(ii) Corporate Social Responsibility Expenses** **(₹ in Lacs)**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| Gross amount required to be spent by the Company during the year | 1,586.46 | 1,310.03 |
| Amount spent during the year on (paid in cash) : | | |
| Construction /acquisition of any asset | 12.50 | 23.00 |
| On purpose other than above | 1,144.76 | 15.00 |
| Amount spent during the year on (yet to be paid in cash) : | | |
| Construction /acquisition of any asset | - | - |
| On purpose other than above | - | - |
| **Total** | **1,157.26** | **38.00** |

## 27. INCOME TAX EXPENSES

**(₹ in Lacs)**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| **Current Tax Expenses** | | |
| Current tax on profits for the year | 32,474.66 | 22,150.52 |
| Adjustments for the current tax of prior periods | (911.48) | (1,080.99) |
| **Total Current Tax Expenses** | **31,563.18** | **21,069.54** |
| **Deferred Tax Expenses** | | |
| Decrease/(Increase) in deferred tax assets | 105.70 | 174.59 |
| (Decrease)/Increase in deferred tax liabilities | 2,569.43 | 2,870.73 |
| **Total Deferred Tax Expenses** | **2,675.13** | **3,045.32** |
| **Income Tax Expenses** | **34,238.31** | **24,114.85** |

**Tax Items of Other Comprehensive Income** **(₹ in Lacs)**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year: | | |
| Unrealised gain/(loss) on FVOCI equity securities | (27.79) | (23.67) |
| Net (loss)/gain on remeasurements of defined benefit plans | 5.78 | (42.62) |
| **Income tax charged to OCI** | **(22.01)** | **(66.29)** |

## 28 EARNING PER SHARE

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Profit attributable to equity holders for (₹ in Lacs):** | | |
| Basic earnings | 66,842.89 | 49,663.96 |
| Adjusted for the effect of dilution | 66,842.89 | 49,663.96 |
| **Weighted average number of Equity Shares for:** | | |
| Basic EPS | 56,37,44,897 | 56,34,53,705 |
| Adjusted for the effect of dilution | 56,39,81,524 | 56,37,63,818 |
| **Earnings Per Share (₹):** | | |
| Basic | 11.86 | 8.81 |
| Diluted | 11.85 | 8.81 |

## 29. RECONCILIATION OF MOVEMENTS OF CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(₹ in Lacs)

| Particulars | Liabilities | Equity | | | | |
|---|---|---|---|---|---|---|
| | Borrowings | Share Capital | Security Premium Reserve | Employees Stock Options Outstanding | Retained earnings | Total |
| **Balance as at 1st April, 2017** | **63,052.65** | **56,358.77** | **41,062.39** | **385.82** | **3,51,338.35** | **5,12,197.98** |
| Cash Flow from Financing Activities | | | | | | |
| Proceeds from issue of Equity Share Capital including Share Premium | - | 24.59 | 275.49 | (115.68) | - | 184.40 |
| Proceeds from Long Term Borrowing | 2,81,700.00 | - | - | - | - | 2,81,700.00 |
| Repayment of Long Term Borrowings | (39,310.89) | - | - | - | - | (39,310.89) |
| Dividend (Including Corporate Dividend Tax) Paid | - | - | - | - | (10,178.06) | (10,178.06) |
| Interest & Financial Charges paid | (3,747.13) | - | - | - | - | (3,747.13) |
| **Total Cash Flow from Financing Activities** | **2,38,641.98** | **24.59** | **275.49** | **(115.68)** | **(10,178.06)** | **2,28,648.32** |
| Liability realted other changes | 4,087.79 | - | - | - | - | 4,087.79 |
| Equity realted other changes | - | - | - | (1.13) | 66,853.64 | 66,852.51 |
| **Balance as at 31st March, 2018** | **3,05,782.42** | **56,383.36** | **41,337.88** | **269.01** | **4,08,013.90** | **8,11,786.60** |

## 30. CONTINGENT LIABILITIES & CONTINGENT ASSETS (₹ in Lacs)

| Sr No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| A | **Claims against company not acknowledged as debts** | | |
| 1 | By land owners seeking enhancement of compensation in respect of RoU acquired by the Company | 2,178.59 | 2,269.22 |
| 2 | By other parties including contractual disputes | 22,628.09 | 7,094.78 |
| 3 | Central Excise and Service Tax matters, the matters lying before: Applicable interest & penalty has also been demanded by Department. | 35,785.14 | 34,113.14 |
| 4 | Income tax matters: | 306.92 | 317.17 |
| The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required, while rest are disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. | | | |
| B | **Guarantees excluding financial guarantees** | | |
| | Outstanding Bank Guarantees / Letter of Credits | 2,82,109.20 | 2,25,729.45 |

**C.** Imbalance and overrun charges as per the 'Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipeline) Regulations, 2008' issued by PNGRB on 7th March 2011, collected for the period prior to 1st April 2011 amounting to ₹ 226.02 Lacs (net of taxes) has been deposited in Escrow Account under protest. However, the same is not recognised as liability as these guidelines are applicable w.e.f. 1st April 2011.

**Contingent Assets**

The Company is having certain claims, realisation of which is dependent on outcome of legal process being pursued. The management believe that probable outcome in all such claims are uncertain. Hence, the disclosure of such claims is not required in the financial statements.

## 31. COMMITMENTS (₹ in Lacs)

| Sr No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| A | **Capital Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,197.31 | 46,871.34 |
| B | **Other Commitments** | | |
| | Investments in joint venture and other entities | 1,82,407.12 | 1,88,534.99 |

## 32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

For the year 2017-18, the Board of Director has recommended a final dividend of ₹ 1.75/- per share (P.Y.: ₹ 1.50/- per share). The same is subject to approval of shareholders in the ensuing annual general meeting.

33. Previous year figures have been reclassified or regrouped wherever necessary.

## 34. BORROWING COSTS CAPITALIZATION (₹ in Lacs)

**As per Indian Accounting Standard -23 "Borrowing Costs", the Company has capitalised the borrowing costs amounting to:**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Borrowing costs capitalised | 975.23 | 3,513.72 |

35 There are no whole time / executive directors on the Board except Managing Director and joint Managing Director. They are not drawing any remuneration from the Company.

36 The balances of sundry debtors, creditors, loans & advances and deposits are subject to confirmation. Provision for all liabilities is adequate in opinion of the Company.

37 Information in respect Micro, Small and Medium Enterprises Development Act, 2006; Company had sought confirmation from the vendors whether they fall in the category of Micro/Small/Medium Enterprises. Based on the information available, the required disclosures are given below:

**(₹ in Lacs)**

| **Particulars** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---:|---:|
| Principal amount remaining unpaid | 1,502.69 | 431.14 |
| **Interest due thereon** | - | - |
| Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| Interest accrued and remaining unpaid | - | - |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | - | - |

## 38. SEGMENT INFORMATION

**(a) Description of segment and principal activities**

The Company's Board of Directors monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified two reportable segments of its business:

**1. Gas Transportation -** The Company's principal business comprising transportation of Gas through pipeline.

**2. Windmill -** Generation of electricity through windmills.

**(b) Segment revenue and expenses**

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

**(c) Segment assets and liabilities**

Segment assets include all operating assets in respective segments comprising of net fixed assets, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

**(d) Information about geographical areas**

The Company does not have geographical distribution of revenue hence this disclosure is not applicable to the Company. All the customers are located within India.

**(e) Information about major customers**

Revenues of ₹ 75,187.37 Lacs (P.Y.: ₹ 50,565.41 Lacs) are derived from multiple major customers (accounting for 10% or more of the Company's revenue individually). These revenue are attributable to gas transportation segment.

**(f) Information about product and services**

The Company's revenue from external customers for each product is same as that disclosed below under "segment revenue".

(₹ in Lacs)

| Particulars | 2017-18 | | | | 2016-17 | | | |
|---|---|---|---|---|---|---|---|---|
| | Gas Transportation | Windmill | Unallocated | Total | Gas Transportation | Windmill | Unallocated | Total |
| **Segment Revenues** | | | | | | | | |
| External Revenue* | 1,29,858.68 | 3,728.29 | - | 1,33,586.97 | 1,00,596.68 | 3,998.14 | - | 1,04,594.82 |
| Inter Segment Revenue | - | - | - | - | - | - | - | - |
| **Total Segment Revenue** | **1,29,858.68** | **3,728.29** | **-** | **1,33,586.97** | **1,00,596.68** | **3,998.14** | **-** | **1,04,594.82** |
| **Segment Results** | | | | | | | | |
| **Profit/(Loss)** | 1,00,741.58 | 1,703.42 | - | 1,02,445.00 | 73,978.77 | 1,805.58 | - | 75,784.35 |
| Unallocated other income | - | - | 6,934.47 | 6,934.47 | - | - | 6,980.94 | 6,980.94 |
| Unallocated expenses and finance cost | - | - | (8,298.27) | (8,298.27) | - | - | (8,986.49) | (8,986.49) |
| **Profit before tax** | **1,00,741.58** | **1,703.42** | **(1,363.80)** | **1,01,081.20** | **73,978.77** | **1,805.58** | **(2,005.55)** | **73,778.81** |
| Income tax- Current | - | - | (32,474.66) | (32,474.66) | - | - | (22,150.52) | (22,150.52) |
| Excess/short provision of income tax | - | - | 911.48 | 911.48 | - | - | 1,080.99 | 1,080.99 |
| Deferred tax | - | - | (2,675.13) | (2,675.13) | - | - | (3,045.32) | (3,045.32) |
| **Profit after tax** | **1,00,741.58** | **1,703.42** | **(35,602.11)** | **66,842.89** | **73,978.77** | **1,805.58** | **(26,120.40)** | **49,663.96** |
| **Other information** | | | | | | | | |
| Depreciation and amortisation | 15,483.16 | 1,461.66 | 559.06 | 17,503.87 | 15,664.61 | 1,653.14 | 596.11 | 17,913.86 |
| Cost to acquire Fixed Assets (incl.CWIP) | 3,44,234.12 | - | 35,082.83 | 3,79,316.95 | 17,203.81 | - | 831.24 | 18,035.05 |
| Net Additions to non-current assets | 3,44,212.60 | - | 34,935.86 | 3,79,148.46 | 17,221.09 | - | (15,169.13) | 2,051.96 |
| Non-Cash Expenses other than depreciation and amortisation | - | - | 5.16 | 5.16 | 281.68 | 32.84 | 5.16 | 319.68 |

* Segment Revenue includes other income which is directly attributable to each segment.

(₹ in Lacs)

| **Segments Assets**** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---|---|
| Gas Transportation | 3,90,891.61 | 4,03,836.47 |
| Windmill | 10,799.20 | 12,590.60 |
| Unallocated | 4,93,161.88 | 1,66,910.08 |
| **Total** | **8,94,852.69** | **5,83,337.15** |

(₹ in Lacs)

| **Segments Liabilities**** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---|---|
| Gas Transportation | 28,509.07 | 20,225.07 |
| Windmill | 1,068.94 | 1,137.98 |
| Unallocated | 3,58,770.66 | 1,12,376.77 |
| **Total** | **3,88,348.67** | **1,33,739.82** |

** Segment assets and liabilities are measured in same way as in the financial statements. They are allocated based on the operations of the segment.

## 39 RELATED PARTY DISCLOSURES

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Company are as follows.

**(a) Parent Entity**

Gujarat State Petroleum Corporation Limited

**(b) Subsidiary/Associate**

| Name of the entity# | Type |
|---|---|
| GSPL India Gasnet Limited | Joint Venture |
| GSPL India Transco Limited | Joint Venture |
| Gujarat Gas Limited ('GGL') | Subsidiary* |
| Sabarmati Gas Limited | Associate |
| Gujarat State Energy Generation Limited | Entities over which parent company exercise significant influence |
| GSPC LNG Limited | |
| Gujarat Pipavav Power Company Limited | Entities controlled by the parent company |
| Gujarat Info Petro Limited | |

**# List of parties having transactions during the year**

* The Board of Directors of the Company, in their Board meeting held on 19th March, 2018, approved the acquisition of 39,106,328 equity shares (28.40% equity stake) of Gujarat Gas Limited (GGL) held by Gujarat State Petroleum Corporation Limited (GSPC). The acquisition was completed on 28th March, 2018 through a block deal at the recognised stock exchange at the prevailing market price in compliance with the relevant regulatory provisions. Consequent to the acquisition, GSPL holds 54.17% equity shares and voting rights in GGL. Accordingly, investment in equity shares of GGL has been reclassified and disclosed as an investment in subsidiary.

### (c) Transactions with related parties:

(₹ in Lacs)

| Particulars | Parent | | Subsidiary | | Joint Venture | | Associate | | Others/Key Managerial Pesonnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Gas Transportation Income | 11,904.30 | 9,340.78 | 1,191.95 | - | 177.00 | - | 26,796.88 | 25,077.63 | 903.36 | 1,130.89 | 40,973.49 | 35,549.30 |
| Other Income | - | - | 1.99 | - | 189.02 | 181.93 | 201.60 | 182.64 | 0.15 | 0.01 | 392.76 | 364.58 |
| Interest on Investment | - | - | - | - | - | - | - | 34.85 | - | - | - | 34.85 |
| Dividend income | - | - | - | - | - | - | 1,173.92 | 941.64 | - | - | 1,173.92 | 941.64 |
| Services received | 10.35 | 3.64 | 0.74 | - | 0.38 | - | 12.24 | 13.18 | 58.60 | 88.50 | 82.31 | 105.32 |
| Reimbursement made for expenses | 917.69 | 70.39 | - | - | 248.21 | 319.65 | 8.48 | 6.36 | 2.63 | 1.19 | 1,177.01 | 397.59 |
| Reimbursement received for expenses | 22.72 | 46.39 | 10.83 | - | 260.83 | 230.95 | 43.74 | 71.55 | 28.80 | 27.77 | 366.92 | 376.66 |
| Purchase of Line Pack Gas | 473.73 | 1,911.50 | - | - | - | - | - | - | - | - | 473.73 | 1,911.50 |
| Dividend Paid | 3,184.58 | 3,184.58 | - | - | - | - | - | - | - | - | 3,184.58 | 3,184.58 |
| Acquistion of additional equity stake in GGL | 3,25,669.99 | - | - | - | 14,872.00 | 5,460.00 | - | - | - | - | 3,40,541.99 | 5,460.00 |
| Redemption of Optionally Convertible Debentures | - | - | - | - | - | - | - | 2,000.00 | - | - | - | 2,000.00 |
| Purchase of Assets | - | - | 152.58 | - | - | - | - | - | - | - | 152.58 | - |
| Sale of Assets | - | 1.79 | - | - | 1.04 | - | - | - | - | - | 1.04 | 1.79 |
| Sale of Materials | - | - | - | - | 0.29 | - | 30.81 | - | - | - | 31.10 | - |
| Security deposits paid/released | - | - | - | - | - | - | 32.00 | 90.00 | - | - | 32.00 | 90.00 |
| Security deposits Received | - | - | - | - | - | - | 84.00 | 88.23 | - | - | 84.00 | 88.23 |
| Refundable Rent Deposit | 3.41 | - | - | - | - | - | - | - | - | - | 3.41 | - |
| Short term employee benefits | - | - | - | - | - | - | - | - | 24.31 | 24.27 | 24.31 | 24.27 |
| Contribution made to Superannuation Trust | - | - | - | - | - | - | - | - | 84.16 | 86.04 | 84.16 | 86.04 |
| Contribution made to Gratuity Trust | - | - | - | - | - | - | - | - | 297.72 | 535.09 | 297.72 | 535.09 |
| Purchase of trading gas | - | - | 0.36 | - | - | - | - | - | - | - | 0.36 | - |
| **Outstanding balances arising from sales/purchases of goods/services** | | | | | | | | | | | | |
| Corporate guarantee given | - | - | - | - | 6,500.00 | 6,500.00 | - | - | - | - | 6,500.00 | 6,500.00 |
| Account Payable as at year end | 751.15 | 367.57 | 361.63 | - | 13.43 | 21.92 | 120.79 | 1.26 | 45.30 | 52.83 | 1,292.30 | 443.58 |
| Account Receivable as at year end | 424.25 | 518.36 | 1,187.28 | - | 42.52 | 38.44 | - | 932.98 | 153.64 | 227.26 | 1,807.69 | 1,717.04 |

* The above transactions are inclusive of all taxes, wherever applicable.

### (d) Terms and conditions

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All outstanding balances are unsecured. Apart from the above transactions, the Company has also entered into certain transactions in ordinary course of business with Government related entities. These are transacted at arm's length prices based on the agreed contractual terms.

## 40. FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS

(₹ in Lacs)

A. Financial instruments by category and their fair value

| As at 31st March, 2018 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amotised Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Investments | | | | | | | | |
| - Equity Shares - Unquoted | - | 3,505.36 | - | 3,505.36 | - | - | 3,505.36 | 3,505.36 |
| Loan | | | | | | | | |
| - Non-current | - | - | 1,166.61 | 1,166.61 | - | - | - | - |
| - Current | - | - | 149.04 | 149.04 | - | - | - | - |
| Trade Receivables | - | - | 12,351.51 | 12,351.51 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 2,250.76 | 2,250.76 | - | - | - | - |
| Other Bank Balances | - | - | 34,201.88 | 34,201.88 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 1,315.51 | 1,315.51 | - | - | - | - |
| - Current | 23.96 | - | 526.56 | 550.52 | - | 23.96 | - | 23.96 |
| **Total financial assets** | **23.96** | **3,505.36** | **51,961.87** | **55,491.19** | **-** | **23.96** | **3,505.36** | **3,529.32** |
| Financial liabilities | | | | | | | | |
| Non-current Borrowings | - | - | 1,75,948.10 | 1,75,948.10 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non-current | - | - | 1,499.62 | 1,499.62 | - | - | - | - |
| - Current | - | - | 1,44,439.74 | 1,44,439.74 | - | - | - | - |
| Trade Payables | - | - | 1,854.78 | 1,854.78 | - | - | - | - |
| **Total financial liabilities** | **-** | **-** | **3,23,742.24** | **3,23,742.24** | **-** | **-** | **-** | **-** |

(₹ in Lacs)

| As at 31st March, 2017 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amotised Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Investments | | | | | | | | |
| - Equity Shares - Unquoted | - | 3,484.41 | - | 3,484.41 | - | - | 3,484.41 | 3,484.41 |
| Loan | | | | | | | | |
| - Non-current | - | - | 1,182.96 | 1,182.96 | - | - | - | - |
| - Current | - | - | 173.80 | 173.80 | - | - | - | - |
| Trade Receivables | - | - | 11,893.25 | 11,893.25 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 1,517.61 | 1,517.61 | - | - | - | - |
| Other Bank Balances | - | - | 78,745.92 | 78,745.92 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 1,801.36 | 1,801.36 | - | - | - | - |
| - Current | 309.97 | - | 490.47 | 800.44 | - | 309.97 | - | 309.97 |
| **Total financial assets** | **309.97** | **3,484.41** | **95,805.37** | **99,599.75** | **-** | **309.97** | **3,484.41** | **3,794.38** |
| Financial liabilities | | | | | | | | |
| Non-current Borrowings | - | - | 50,118.08 | 50,118.08 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non-current | - | - | 1,394.95 | 1,394.95 | - | - | - | - |
| - Current | - | - | 22,545.59 | 22,545.59 | - | - | - | - |
| Trade Payables | - | - | 1,378.66 | 1,378.66 | - | - | - | - |
| **Total financial liabilities** | **-** | **-** | **75,437.28** | **75,437.28** | **-** | **-** | **-** | **-** |

*Investments in equity accounted investees and subsidiaries are carried at amortised cost.

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

**Types of inputs for determining fair value are as under:**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

**B. Measurement of fair values**

**i) Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

| | |
|---|---|
| **FVOCI in unquoted equity shares** | **Valuation techniques:**<br>Such investments are fair valued using appropriate valuation techniques as permitted under Ind AS 113. These have been summarised below:<br>• Investment in equity shares of Gujarat State Energy Generation Limited has been fair valued using the Discounted Cash Flow method (DCF).<br>• Investment in equity shares of GSPC LNG Limited were fair valued using the DCF method in the previous year. Since no additional investment has been made during the year and the company's operations have not commenced, management does not expect there to be a significant change in the fair value determined as at the previous reporting date.<br>• Further, the investment was made in the equity shares of Swan LNG Pvt Ltd. in February 2018. Payments will be made based on the agreed milestones as and when they are due. Management believes that there is no significant change in value of the investments. Accordingly, the investment is disclosed at the transaction price represented by the cash payment made on the date of acquisition.<br>**Significant unobservable inputs**<br>Highest priority is given to unadjusted quoted price of listed entities and lowest priority to non-market linked inputs such as future cash flows used in income approach, market values / replacement values of assets of the investee companies, bare minimum fixed cost reimbursement, escalation in opex etc.<br>**Inter-relationship between significant unobservable inputs and fair value measurement**<br>The estimated fair value would increase (decrease) if there is a change in estimated cash flows and discount rate used to determine the fair value and change in pricing multiple owing to change in earnings of the entity. |
| **Cross Currency Interest Rate Swaps** | This instrument is valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve. |

**ii) Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods

**iii) Level 3 fair values**

Movements in the values of unquoted equity instruments for the period ended 31st March, 18 and 31st March, 2017 is as below:

**(₹ in Lacs)**

| Particulars | Amount |
|---|---:|
| **As at 1st April, 2016** | **3,505.10** |
| Acquisitions/ (disposals) | - |
| Gains/ (losses) recognised in other comprehensive income | (20.69) |
| Gains/ (losses) recognised in statement of profit or loss | - |
| **As at 31st March, 2017** | **3,484.41** |
| Acquisitions/ (disposals) | 0.87 |
| Gains/ (losses) recognised in other comprehensive income | 20.08 |
| Gains/ (losses) recognised in statement of profit or loss | - |
| **As at 31st March, 2018** | **3,505.36** |

**Transfer out of Level 3**

There were no movement in level 3 in either directions during the financial year ending on 31st March, 2018 and 31st March, 2017.

**Sensitivity analysis**
**Gujarat State Energy Generation Limited (GSEG)**

A sensitivity analysis has been carried out to determine the impact on equity valuation of GSEG. The impact on account of change in inputs is as under:

| Variation | Impact on other comprehensive income (₹ in Lacs) | |
|---|---|---|
| | 2017-18 | 2016-17 |
| Change in adjusted net assets (+5%) | 33.03 | - |
| Change in continuation of bare minimum fixed cost for one additional year | - | 32.00 |

**GSPC LNG Limited**

A sensitivity analysis has been carried out to determine the impact of escalation in Opex of GSPC LNG Limited on the valuation. The impact on account of change in inputs is as under:

| Variation | Impact on other comprehensive income (₹ in Lacs) | |
|---|---|---|
| | 2017-18 | 2016-17 |
| Increase in total Opex by 5% | 91.00 | 91.00 |

**C. Financial risk management**

The Company has a well-defined risk management framework. The Board of Directors of the Company has adopted a Risk Management Policy. The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**(i) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the company. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the company along with relevant mitigation procedures adopted have been enumerated below:

**Trade and other receivables**

The Company's exposure to credit Risk is the exposure that Company has on account of services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Company's customer base are Industrial and Commercial.

Services are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the company's receivables are secured. The Company provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

**Age of Receivables**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---:|---:|
| **Not Due** | 6,969.45 | 5,006.90 |
| **0-3 Months** | - | 1,980.39 |
| **3-6 Months** | - | - |
| **6-12 Months** | 0.29 | 0.02 |
| **1-3 years** | 58.52 | 1,398.74 |
| **> 3 years** | 5,591.35 | 3,775.30 |

The above receivables which are past due but not impaired are assessed on case-to-case basis. The instances pertain to third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. Consequently, no additional provision has been created on account of expected credit loss on the receivables. There are no other classes of financial assets that are past due but not impaired. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. The concentration of credit risk is limited due to fact that the customer base is large and unrelated.

**Movements in Expected Credit Loss Allowance**

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---:|---:|
| Balance at the beginning of the year | 268.10 | 268.10 |
| Movements in allowance | - | - |
| **Closing balance** | **268.10** | **268.10** |

The maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

(₹ in Lacs)

| Particulars | Carrying amount | |
|---|---:|---:|
| | 31st March, 18 | 31st March, 17 |
| India | 12,351.51 | 11,893.25 |
| Other regions | - | - |
| **Total** | **12,351.51** | **11,893.25** |

**Other financial assets**

Other financial assets includes loan to employees, security deposits, investments, cash and cash equivalents, other bank balance, derivative asset, advances to employees etc.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating.
- Investments are made in credit worthy companies.
- Derivative instrument comprises cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.
- Company has given security deposit to various government authorities (like Municipal corporation, Nagarpalika, Grampanchayat, Road & building division and Irrigation department -of Government of Gujarat, credit worthy companies etc.) for the permission related to work of executing / laying pipeline network in their premises / jurisdiction. Being government authorities, the Company does not have exposure to any credit risk.
- Loan and advances to employees (for housing advances) are majorly secured in nature and hence the Company does not have exposure to any credit risk.

**(iii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Company's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

**Financing arrangement**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

**(₹ in Lacs)**

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|---|---|
| **Floating rate** | | |
| Expiring within one year (bank overdraft and other facilities) | 74,900.00 | 13,800.00 |
| **Total** | **74,900.00** | **13,800.00** |

Further, the Company has also tied-up additional sources of liquidity to meet the liabilities during the respective annual years which has ensured that the Company has a clean track record with no adverse events pertaining to liquidity risk.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

**(₹ in Lacs)**

| 31st March, 2018 | Carrying amount | Contractual maturities | | |
|---|---|---|---|---|
| | | Total | Less than 12 months | More than 12 months |
| **Non-derivative financial liabilities** | | | | |
| Non current borrowings | 1,75,948.10 | 3,79,969.50 | 1,29,019.05 | 2,50,950.45 |
| Non current financial liabilities | 1,499.62 | 3,022.91 | - | 3,022.91 |
| Current financial liabilities | 1,44,439.74 | 1,44,439.74 | 1,44,439.74 | - |
| Trade payables | 1,854.78 | 1,854.78 | 1,854.78 | - |
| **Total** | **3,23,742.24** | **5,29,286.93** | **2,75,313.57** | **2,53,973.36** |

**(₹ in Lacs)**

| 31st March, 2017 | Carrying amount | Contractual maturities | | |
|---|---|---|---|---|
| | | Total | Less than 12 months | More than 12 months |
| **Non-derivative financial liabilities** | | | | |
| Non current borrowings | 50,118.08 | 76,480.39 | 12,616.64 | 63,863.75 |
| Non current financial liabilities | 1,394.95 | 2,821.20 | - | 2,821.20 |
| Current financial liabilities | 22,545.59 | 22,545.59 | 22,545.59 | - |
| Trade payables | 1,378.66 | 1,378.66 | 1,378.66 | - |
| **Total** | **75,437.28** | **1,03,225.84** | **36,540.89** | **66,684.95** |

**(iv) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments.

**Currency risk**

The functional currency of the company is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising on the LIBOR linked floating rate external commercial borrowing (ECB) denominated in Japanese Yen. The ECB has been fully hedged using a pay fixed - receive floating cross currency interest rate swap with all critical terms mirroring the underlying ECB. Accordingly, the foreign currency exposure and interest rate exposure has been completely hedged.

This aside, the Company does not have any derivative instruments used for trading or speculative purposes.

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions. Further as disclosed above, The interest rate exposure on floating rate ECB has been fully hedged through a pay fixed – receive floating cross currency interest rate swap.

(₹ in Lacs)

| Variable-rate instruments | 31st March,18 | 31st March,17 |
|---|---|---|
| Non current - Borrowings | 1,66,851.03 | 38,185.03 |
| Current portion of Long term borrowings | 1,26,860.08 | 9,998.20 |
| **Total** | **2,93,711.11** | **48,183.23** |
| **Fixed-rate instruments** | **31st March,18** | **31st March,17** |
| Non current - Borrowings | 9,097.07 | 11,933.06 |
| Current portion of Long term borrowings | 2,974.24 | 2,936.37 |
| **Total** | **12,071.31** | **14,869.43** |

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. Since no interest rate exposure is perceived on fixed rate loans and ECB, the same have been excluded from the sensitivity analysis. A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amount shown below:

(₹ in Lacs)

| Particulars | Profit or (Loss) | | Equity (net of tax) | |
|---|---|---|---|---|
| **31st March, 2018** | **50 bp Increase** | **50 bp decrease** | **50 bp Increase** | **50 bp decrease** |
| Non current - Borrowings | (834.26) | 834.26 | (545.54) | 545.54 |
| Current portion of Long term borrowings | (634.30) | 634.30 | (414.78) | 414.78 |
| **Total** | **(1468.56)** | **1468.56** | **(960.32)** | **960.32** |
| **31st March, 2017** | | | | |
| Non current - Borrowings | (162.61) | 162.61 | (106.33) | 106.33 |
| Current portion of Long term borrowings | (43.96) | 43.96 | (28.75) | 28.75 |
| **Total** | **(206.57)** | **206.57** | **(135.08)** | **135.08** |

## 41. CAPITAL MANAGEMENT

"The Company defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company (which is the Company's net asset value). The primary objective of the Company's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio was as follows.

(₹ in Lacs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Total Non-current liabilities | 2,30,052.78 | 1,01,378.50 |
| Less : Cash and bank balances | 36,452.64 | 80,263.53 |
| **Adjusted net debt** | **1,93,600.14** | **21,114.97** |
| Borrowings | 3,05,782.42 | 63,052.65 |
| **Total equity** | **5,06,504.02** | **4,49,597.33** |
| **Adjusted net debt to adjusted equity ratio** | **0.38** | **0.05** |
| **Debt equity considering only borrowings as debt** | **0.60** | **0.14** |

## 42 DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19

The Company has participated in Group Gratuity scheme of Life Insurance Corporation of India. The liability in respect of gratuity benefits & leave salary being defined benefit schemes, payable in future, are determined by actuarial valuation as on balance sheet date.

In arriving at the valuation for gratuity & leave salaries following assumptions were used:

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Mortality | Indian Assured Lives Mortality (2006-08) Ult. | | Indian Assured Lives Mortality (2006-08) Ult. | |
| Withdrawal rate | 5% at younger age reducing to 1% at old age | | 5% at younger age reducing to 1% at old age | |
| Retirement Age | 60 years | | 60 years | |
| Discount Rate | 7.60% | 7.60% | 7.40% | 7.40% |
| Rate of Return on Plan Assets | **7.60%** | **0.00%** | **7.40%** | **0.00%** |
| Salary escalation | **7.00%** | **7.00%** | **7.00%** | **7.00%** |

The following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on "Employee Benefit".

**(₹ in Lacs)**

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| **Table showing change in benefit obligation** | | | | |
| Opening defined benefit obligation | 1,017.22 | 821.19 | 830.34 | 669.38 |
| Transfer in obligation | 2.13 | - | - | - |
| Interest Cost | 73.65 | 59.66 | 65.71 | 53.11 |
| Current Service Cost | 120.10 | 54.39 | 104.94 | 46.77 |
| Benefit Paid | (33.88) | (22.36) | (54.29) | (26.19) |
| Past service cost | 72.13 | - | - | - |
| Actuarial Loss / (gain) on Obligations | 18.74 | 45.18 | 70.52 | 78.12 |
| **Liability at the end of the period** | **1,270.09** | **958.06** | **1,017.22** | **821.19** |

| | | | | |
|---|---|---|---|---|
| **Table showing change in Fair Value of Plan Assets** | | | | |
| Fair Value of Plan Assets at the beginning | 971.41 | - | 443.20 | - |
| Transfer in/(out) plan assets | 2.13 | - | - | - |
| Adjustment to Opening fund | - | - | - | - |
| Expected Return on Plan Assets | 70.26 | - | 38.60 | - |
| Contributions | 297.85 | - | 535.09 | - |
| Benefit Paid | (38.36) | - | (47.62) | - |
| **Actuarial gain /(loss) on Plan Assets** | **35.27** | **-** | **2.14** | **-** |
| **Fair Value of Plan Assets at the end of the period** | **1,338.56** | **-** | **971.41** | **-** |

(₹ in Lacs)

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| **Acturial (Gain) / loss recognized** | | | | |
| Actuarial (gain) / loss on obligations | 18.74 | 45.18 | 70.52 | 78.12 |
| Actuarial (gain) / loss on Plan Assets | (35.27) | - | (2.14) | - |
| **Net Actuarial (gain) / loss recognized during year** | **(16.53)** | **45.18** | **68.38** | **78.12** |
| **Amount recognized in Balance Sheet** | | | | |
| Liability at the end of the period | 1,270.09 | 958.06 | 1,017.22 | 821.19 |
| Fair Value of Plan Asset at the end of the period | 1,338.56 | - | 971.41 | - |
| **Net (Asset)/ Liability recognized in Balance Sheet** | **(68.47)** | **958.06** | **45.81** | **821.19** |
| **Expense recognized** | | | | |
| Current Service cost | 120.10 | 54.39 | 104.94 | 46.77 |
| Interest cost | 73.65 | 59.66 | 65.71 | 53.11 |
| Expected return on Plan Asset | (70.26) | - | (38.60) | - |
| Net Actuarial Loss / (gain) to be recognized | (16.53) | 45.18 | 68.38 | 78.12 |
| Past Service Costs | 72.13 | - | - | - |
| **Net Expense recognized** | **179.09** | **159.23** | **200.43** | **178.00** |

**Sensitivity Analysis:**
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Lacs)

| Gratuity | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate - 0.5% (PY: 0.5%) | 1,197.30 | 1,349.54 | 958.44 | 1,081.53 |
| Withdrawal rate - 10% (PY: 0%) | 1,276.86 | 1,262.68 | - | - |
| Salary growth rate - 0.5% (PY: 0.5%) | 1,328.49 | 1,214.00 | 1,063.27 | 971.27 |
| **Leave salary** | **2017-18** | | **2016-17** | |
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate - 0.5% (PY: 0.5%) | 900.91 | 1,020.78 | 768.77 | 878.88 |
| Withdrawal rate - 10% (PY: 0%) | 960.01 | 956.02 | - | - |
| Salary growth rate - 0.5% (PY: 0.5%) | 1,020.84 | 900.34 | 878.82 | 768.34 |

## 43 EMPLOYEE STOCK OPTION PLANS

**ESOP 2010 Scheme:**

During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the plan in the meeting held on 23rd August, 2010 and 27th October, 2010 respectively, which provides for the issue of 21,28,925 equity shares to the employees of the company. The Compensation Committee administers ESOP-2010. These ESOPs are granted at an exercise price of ₹75 per share to be vested over the period of five years and to be exercised within a period of ten years from the date of Grant. Set out below is a summary of options granted under the plan:

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|---|---|---|---|---|
| | Avg Exercise Price per share option (₹) | Number of options | Avg Exercise Price per share option (₹) | Number of options |
| **Opening Balance** | **75.00** | **6,36,226** | **75.00** | **8,83,894** |
| Granted during the year | 75.00 | - | 75.00 | - |
| Exercised during the year | 75.00 | (2,45,860) | 75.00 | (2,47,668) |
| Lapsed/cancelled during the year | 75.00 | (2,408) | 75.00 | - |
| **Closing balance** | | **3,87,958** | | **6,36,226** |

**Fair value of options granted**

The fair value at grant date of options granted during the year ended 31st March, 2018 was ₹ 72.45 per option (31st March, 2017 - ₹ 72.45). The fair value at grant date is determined using the Binomial Model which takes into account the exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

**Expenses arising from share based payment transactions**

Total expenses arising from share-based payment transactions recognised in the statement of profit and loss as part of employee benefit expenses were as follows:

**(₹ in Lacs)**

| Particulars | 31st March, 18 | 31st March ,17 |
|---|---|---|
| Employee option plan | (1.13) | - |

44 The Company has maintained a separate escrow account as per PNGRB guidelines for modalities of maintaining and operation of escrow account for charges towards system indiscipline in terms of positive or negative imbalance or overruns. In this regard, since financial year 2011-12, amount recovered from customers is deposited in the said bank account and the amount invoiced (net of taxes) is recognized as liability.

45 As at the balance sheet date, the Company has reviewed the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence, no such impairment loss has been provided.

46 Amount due for credit to Investor Education and Protection Fund is NIL (Previous year NIL).

47 In continuation to the disclosure made in the Notes to Accounts in the Annual Report of FY 2015-16 regarding the status of tariff proposal submitted to PNGRB for calculation of revised tariff pursuant to APTEL ruling in its judgment dated 25-November-2014 and 28-November-2014 allowing GSPL appeals and asking PNGRB to reconsider the tariff proposal to be submitted by GSPL based on relevant data and other submissions made by the appellant in this regard, GSPL had submitted the revised tariff proposals for consideration of PNGRB and the PNGRB Tariff order is awaited. The implementation of the order shall be done once the PNGRB Order is issued.

48 In the opinion of management, any of the assets other than property, plant and equipment and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

## 49 DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the comparative year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

**(In ₹)**

| Particulars | SBNs* | Other denomination notes | Total |
|---|---|---|---|
| **Closing cash in hand as on November 8, 2016** | **34,500.00** | **30,365.00** | **64,865.00** |
| (+) Permitted receipts | - | 4,65,000.00 | 4,65,000.00 |
| (-) Permitted Payments | - | 4,31,162.00 | 4,31,162.00 |
| (-) Amount deposited in Banks | 34,500.00 | - | 34,500.00 |
| **Closing cash in hand as on December 30, 2016** | **-** | **64,203.00** | **64,203.00** |

** For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.*

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made for the financial year 2017-18 since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

**As per our Report of even date attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors**,

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GUJARAT STATE PETRONET LIMITED FOR THE YEAR ENDED 31ST MARCH, 2018

The preparation of consolidated financial statements of Gujarat State Petronet Limited for the year ended 31st March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under Section 143 read with Section 129(4) of the Act based on 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 Revised Audit Report dated **12th July, 2018**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of **Gujarat State Petronet Limited** for the year ended 31st March, 2018. We conducted a supplementary audit of the financial statements of **Gujarat State Petronet Limited, Gujarat Gas Limited, Sabarmati Gas Limited, GSPL India Gasnet Limited** and **GSPL India Transco Limited** for the year ended on that date. 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 Auditors 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 Auditors' Report.

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

**Place:** Ahmedabad
**Date:** 24th August, 2018

**(H. K. Dharmadarshi)**
Pr. Accountant (E&RSA), Gujarat

# REVISED INDEPENDENT AUDITOR'S REPORT

**To,**
**The Members**
**Gujarat State Petronet Limited**
**Gandhinagar**

## Report on the Consolidated Ind AS Financial Statements

Being a Government Company, the Comptroller & Auditor General of India has carried out supplementary audit of your Company pursuant to Provisions of Section 143 (6) of the Companies Act, 2013. the Comptroller & Auditor General has issued Primary observation Memo comments on Independent auditors report. On cosidering the comments we hereby issueing revised Independent Auditors Report on consolidated financial statements, hence we are replacing our original report which was issued vide dated 21st May, 2018.

We have audited the accompanying Consolidated Ind AS financial statements of Gujarat State Petronet Limited (hereafter referred to as the 'The Holding Company'), its one subsidiary company, two jointly controlled companies and one associate company (collectively referred as 'The Group') which comprise the Consolidated balance sheet as at 31st March 2018, the Consolidated statement of profit and loss including other comprehensive income, the Consolidated cash flow statement and the Consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statement").

## Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

The respective Board of Directors of the holding companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to Fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on audit. While conducting the audit, we have taken into account the provisions of the Act, the Indian accounting standards 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 there under.

We conducted our audit of the consolidated Ind AS financial statement 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the group as at 31st March, 2018, and their consolidated profit (including other comprehensive income) and their consolidated cash flows and the changes in equity for the year ended on that date.

## Other Matters

1. We did not audit the financial statements/financial informations of one subsidiary, two jointly controlled companies and one associate companies included in the consolidated annual financial results, whose annual financial statements reflect:

**(₹ in Lacs)**

| Name of company | Total Assets | Total Revenue | Net Cash Inflow / (Outflow) | Group Share in Net Profit | Group share in Other Comprehensive Income |
|---|---|---|---|---|---|
| **Subsidiary Company** | | | | | |
| 1. Gujarat Gas Company Limited (Including Step Down subsidiaries & Associates) | 666178.00 | 637521.00 | 8178.00 | 7533.82 | (1032.54) |
| **Jointly Controlled companies:** | | | | | |
| 1. GSPL India Gasnet Limited | 91526.15 | 174.34 | 4194.40 | 46.83 | 0.00 |
| 2. GSPL India Transco Limited | 42905.44 | 234.00 | 725.83 | 70.04 | 0.00 |
| **Associate company** | | | | | |
| 1. Sabarmati Gas Limited | 64750.93 | 84950.12 | 12.32 | 2293.44 | 1.21 |

These annual financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the annual consolidated Ind AS financial results, to the extent they have been derived from such annual financial statements of subsidiaries is based solely on the report of such other auditors.

2. The Board of Directors of GSPL (the Company), in their Board meeting held on 19th March, 2018, approved the acquisition of 28.40% equity stake of Gujarat Gas Limited (GGL, acquiree) held by Gujarat State Petroleum Corporation Limited (GSPC). This resulted in the Company owning 54.17% of equity shares and voting rights in GGL and the latter becoming its subsidiary. Since the Company and GGL are both controlled by GSPC, based on principles of Ind AS 103 - Business Combinations, Appendix C - Business combinations of entities under common control, the acquisition has been accounted using pooling of interest method from the beginning of the comparative period, Hence the comparative financial information of the Company for the year ended 31st March 2017 for Consolidated Ind As Financial statements has been restated.

## Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated Ind AS financial statements.
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss(including other comprehensive income), Consolidated statement of Change in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relavant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
   (d) In our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, and Companies (Indian Accounting Standards) Rules, 2015 as amended.
   (e) As the Company is a Government company in terms of notification number: G.S.R. 463(E) Dated 5th June, 2015, issued by Ministry of Corporate Affairs the sub section (2) of section 164 of the Act is not applicable.
   (f) With respect to the adequacy of the internal financial control over financial reporting and the operative effectiveness of such controls, refer to our separate Report in Annexure A, which is based on the auditors report of the company and its subsidiary, jointly controlled companies and associate company incorporated in india. Our report expresses an unmodified opinion on adequacy and operative effectiveness of the internal financial control over financial reporting of company and its subsidiary, jointly controlled and associate company incorporated in India.
   (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 Consolidated Ind AS Financial statement discloses the impact of pending litigations on the consolidated financial position of the Group, its joint venture and associates. – Refer Note 33 to the financial statements.
      ii. Provision has been made in the consolidated Ind As financial statements, as required under the applicable law and accounting standards, for material foreseeable losses, if anys on long term contracts including derivative contracts.
      iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company and jointly controlled companies incorporated in India.

**For, V.V. Patel & Co.**
Chartered Accountants
F. R. No. 118124W

**CA Swapnil K. Bhatt**
Partner
M. No. 128864

**Place:** Gandhinagar
**Date :** 12th July, 2018

# ANNEXURE-A

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

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2018, We have audited the internal financial controls over financial reporting of Gujarat State Petronet Limited (hereinafter referred to as "the Holding Company") and its Subsidiary company, jointly controlled companies and associate company, which are companies incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary company, its associate company and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India 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 the respective 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.

## Auditor's 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, the Holding Company, its subsidiary company, jointly controlled companies and associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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.

## Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, two jointly controlled companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

**For, V.V. Patel & Co.**
Chartered Accountants
F. R. No. 118124W

**CA Swapnil K. Bhatt**
Partner
M. No. 128864

**Place:** Gandhinagar
**Date :** 12th July, 2018

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in Lacs)

| Particulars | Notes | As At 31st March, 2018 | As At 31st March, 2017 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 3 | 7,76,618.34 | 7,66,028.67 |
| Capital Work-In-Progress | 3 | 1,37,423.54 | 1,19,124.68 |
| Investment Property | 4 | 130.00 | 130.00 |
| Intangible Assets | 5 | 44,069.85 | 40,708.32 |
| Intangible Assets under Development | 5 | - | 82.00 |
| Investment in Equity accounted investees | 6 | 53,879.87 | 36,577.21 |
| Financial Assets | | | |
| Investments | 7 | 5,111.41 | 10,309.46 |
| Loans | 8 | 1,249.61 | 1,315.96 |
| Other Financial Assets | 9 | 7,993.02 | 8,037.87 |
| Other Non-Current Assets | 10 | 37,452.75 | 39,125.01 |
| **Total Non-Current Assets** | | **10,63,928.39** | **10,21,439.18** |
| **Current Assets** | | | |
| Inventories | 11 | 18,024.45 | 15,398.96 |
| Financial Assets | | | |
| Trade Receivables | 12 | 50,183.60 | 45,613.41 |
| Cash and Cash Equivalents | 13 | 11,944.76 | 3,633.61 |
| Other Bank Balances | 13 | 38,519.88 | 83,079.92 |
| Loans | 8 | 299.04 | 316.80 |
| Other Financial Assets | 9 | 5,237.02 | 5,429.82 |
| Other Current Assets | 10 | 8,126.90 | 5,912.96 |
| **Total Current Assets** | | **1,32,335.65** | **1,59,385.48** |
| **Total Assets** | | **11,96,264.04** | **11,80,824.66** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity Share Capital | 14 | 56,383.36 | 56,358.77 |
| Other Equity | 15 | 1,86,459.02 | 3,96,194.36 |
| **Equity attributable to owners of the Company** | | **2,42,842.38** | **4,52,553.13** |
| Non-Controlling Interests | 53 | 85,543.03 | 1,23,511.41 |
| **Total Equity** | | **3,28,385.41** | **5,76,064.54** |
| **Liabilities** | | | |
| **Non-Current Liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 16 | 3,97,247.10 | 2,79,259.08 |
| Other Financial Liabilities | 17 | 1,499.62 | 1,394.95 |
| Provisions | 18 | 4,617.08 | 4,207.35 |
| Deferred Tax Liabilities (Net) | 19 | 1,56,435.09 | 1,47,230.38 |
| Other Non-Current Liabilities | 20 | 1,485.76 | 1,549.01 |
| **Total Non-Current Liabilities** | | **5,61,284.65** | **4,33,640.77** |
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| Borrowings | 16 | 128.00 | 728.00 |
| Trade Payables | 21 | 30,168.87 | 32,088.80 |
| Other Financial Liabilities | 17 | 2,59,716.74 | 1,21,315.48 |
| Other Current Liabilities | 20 | 15,721.15 | 14,275.50 |
| Provisions | 18 | 593.22 | 1,025.57 |
| Current Tax Liabilities (Net) | | 266.00 | 1,686.00 |
| **Total Current Liabilities** | | **3,06,593.98** | **1,71,119.35** |
| **Total Liabilities** | | **8,67,878.63** | **6,04,760.12** |
| **Total Equity and Liabilities** | | **11,96,264.04** | **11,80,824.66** |

Significant Accounting Policies 2

The accompanying notes are integral part of the Financial Statements.

**As per our Report attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Ahmedabad
Date : 21st May, 2018

Place : Gandhinagar
Date : 21st May, 2018

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2018

(₹ in Lacs)

| Particulars | Notes | For the Year ended 31st March, 2018 | For the Year ended 31st March, 2017 |
|---|---|---|---|
| **INCOME :** | | | |
| Revenue from Operations | 22 | 7,42,606.65 | 6,04,655.25 |
| Other Income | 23 | 9,642.73 | 10,398.90 |
| **Total Income (A)** | | **7,52,249.38** | **6,15,054.15** |
| **EXPENSES :** | | | |
| Cost of materials consumed | 24 | 4,43,362.49 | 3,61,929.99 |
| Changes in inventories of natural gas | 25 | (63.00) | (12.00) |
| Employee Benefit Expenses | 26 | 18,221.22 | 16,705.16 |
| Finance Costs | 27 | 24,161.24 | 27,757.87 |
| Depreciation and Amortisation Expenses | 28 | 44,685.87 | 43,646.52 |
| Excise Duty | | 16,502.00 | 14,526.00 |
| Other Expenses | 29 | 60,192.75 | 47,330.04 |
| **Total Expenses (B)** | | **6,07,062.58** | **5,11,883.58** |
| **Profit Before Tax (A-B)** | | **1,45,186.80** | **1,03,170.57** |
| **Share of profit/(loss) of joint venture and associates accounted for using the equity method (net of tax)** | | 2,535.31 | 1,396.53 |
| **Tax Expenses** | 30 | | |
| Current Tax | | 44,478.66 | 28,599.52 |
| (Excess)/Short Provision of Tax - Earlier Years | | (790.48) | (1,035.99) |
| Deferred Tax | | 8,193.07 | 5,185.68 |
| **Profit After Tax for the Period** | | **95,840.86** | **71,817.89** |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Changes in fair value of FVOCI equity instruments | | (5,198.92) | (5,239.69) |
| Remeasurements of post-employment benefit obligations | | 82.53 | (460.38) |
| Income tax relating to these items | | 1,163.01 | 1,410.29 |
| Share of other comprehensive income of associate/joint venture | | 5.86 | (3.28) |
| Income tax relating to these items | | (0.65) | 0.45 |
| **Other Comprehensive Income for the Period, net of tax** | | **(3,948.17)** | **(4,292.61)** |
| **Total Comprehensive Income for the Period** | | **91,892.69** | **67,525.28** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 74,130.67 | 55,441.71 |
| Non-Controlling Interest | | 21,710.18 | 16,376.18 |
| **Other comprehensive income attributable to:** | | | |
| Owners of the Company | | (972.70) | (1,123.39) |
| Non-Controlling Interest | | (2,975.46) | (3,169.22) |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 73,157.97 | 54,318.32 |
| Non-Controlling Interest | | 18,734.72 | 13,206.96 |
| **Earning per Equity Share (EPS) for Profit for the Period (Face Value of ₹ 10)** | | | |
| Basic (₹) | 31 | 13.15 | 9.84 |
| Diluted (₹) | 31 | 13.14 | 9.83 |
| Significant Accounting Policies | 2 | | |
| The accompanying notes are integral part of the Financial Statements. | | | |

**As per our Report attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# CONSOLIDATED CASH FLOW STATEMENT
# FOR THE YEAR ENDED ON 31ST MARCH, 2018

(₹ in Lacs)

| Particulars | 2017-2018 | 2016-2017 |
|---|---|---|
| **A Cash Flow from Operating Activities** | | |
| Profit Before Taxes | 1,45,186.80 | 1,03,170.57 |
| Adjustments for: | | |
| Depreciation & amortisation | 44,685.87 | 43,646.87 |
| ESOP Compensation Expense | (1.13) | - |
| Provision for decommissioning obligations | - | 24.89 |
| Employee benefit expenses | 163.26 | 16.74 |
| (Profit)/Loss on sale of Assets | 268.40 | 980.84 |
| (Profit)/Loss on sale as scrap and diminution in Capital Inventory | (53.00) | (32.00) |
| Material Shortage/(Gain)/Loss on sale of inventory | 146.00 | - |
| Provision for Doubtful Trade Receivables / Advances / Deposits etc. | 57.00 | 416.00 |
| Provision/liability no longer required written back | (55.00) | (109.00) |
| Interest Income | (7,849.54) | (8,945.19) |
| Other Non-cash Items | (140.07) | - |
| Finance cost | 23,149.35 | 28,298.19 |
| **Operating Profit before Working Capital Changes** | **2,05,557.94** | **1,67,467.91** |
| **Changes in working capital:** | | |
| (Increase)/Decrease in Inventory | (2,625.49) | 507.59 |
| (Increase)/Decrease in Trade Receivable | (4,575.19) | (1,344.68) |
| (Increase)/Decrease in Loans | (431.89) | (2,036.71) |
| (Increase)/Decrease in Other Financial Assets | (4,008.26) | (3,825.82) |
| (Increase)/Decrease in Other Assets | 2,294.35 | 20,899.61 |
| Increase/(Decrease) in Trade payable | (1,883.95) | 6,367.36 |
| Increase/(Decrease) in Other Financial Liabilities | 12,527.97 | 3,755.40 |
| Increase/(Decrease) in Net Employee Benefit Liabilities | 93.56 | (188.50) |
| Increase/(Decrease) in Other Liabilities | 1,304.87 | 42.95 |
| Increase/(Decrease) in Provisions | (97.00) | (65.00) |
| **Cash Generated from Operations** | **2,08,156.91** | **1,91,580.11** |
| Taxes Paid | (41,454.06) | (27,166.96) |
| **Net Cash Flow from Operating Activities (A)** | **1,66,702.85** | **1,64,413.15** |
| **B Cash Flow from Investing Activities** | | |
| Deposits with original maturity of more than three months | 16.00 | 177.00 |
| Acquisition of investments | (3,40,542.86) | (3,460.00) |
| Interest Received | 9,107.61 | 8,095.39 |
| Dividend Received | 109.86 | 54.93 |
| Changes in earmarked Fixed Deposits & Current Account | 43,639.60 | (29,768.43) |
| Proceeds from sale of Assets | 2,069.11 | 30.82 |
| Acquisition of Fixed Assets and Change in Capital Work in Progress | (74,835.38) | (58,590.69) |
| **Net Cash Flow from Investing Activities (B)** | **(3,60,436.06)** | **(83,460.98)** |
| **C Cash Flow from Financing Activities** | | |
| Proceeds from issue of Equity Share Capital including Share Premium | 184.40 | 185.74 |
| Proceeds from non-current borrowing | 2,86,700.00 | 1,13,496.00 |
| Repayment of non-current borrowings | (46,793.89) | (1,55,028.67) |
| Dividend (Including Corporate Dividend Tax) Paid | (14,108.00) | (13,420.92) |
| Interest & Financial Charges paid | (23,338.13) | (33,540.03) |
| Treasury Shares sold during the period | - | 396.00 |
| **Net Cash Flow from Financing Activities (C)** | **2,02,644.38** | **(87,911.88)** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents (A+ B+ C)** | **8,911.16** | **(6,959.71)** |
| **Cash and Cash Equivalents at the beginning of the period** | **2,905.60** | **9,865.32** |
| **Cash and Cash Equivalents at the end of the period** | **11,816.76** | **2,905.61** |
| **Notes to Cash Flow Statement** | | |
| 1 Cash and Cash Equivalent includes- | | |
| Cash and Cheques on Hand | 135.55 | 122.45 |
| Balances with Scheduled Banks | | |
| in Current Accounts | 4,158.21 | 3,010.82 |
| in Deposit Accounts | 7,651.00 | 500.34 |
| Balance in Bank Overdraft/Cash Credit Facility | (128.00) | (728.00) |
| | **11,816.76** | **2,905.61** |

2 Refer Note 32 for reconciliation of financing activities.
3 Previous period's figures have been rearranged/regrouped wherever necessary, to confirm to this year's classification.

**As per our Report attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Manish Seth**
*Chief Financial Officer*

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE PERIOD ENDED ON 31ST MARCH 2018

**A. Equity Share Capital**

| Particulars | Notes | Number of Shares | Amount ₹ in Lacs |
|---|---|---|---|
| ISSUED, SUBSCRIBED AND PAID UP CAPITAL<br>Equity Shares of ₹ 10/- each fully paid up | | | |
| **As at 1st April, 2016** | | **56,33,40,064** | **56,334.00** |
| Add: Equity Shares allotted pursuant to Employee Stock Option Plan | 46 | 2,47,668 | 24.77 |
| **As at 31st March, 2017** | | **56,35,87,732** | **56,358.77** |
| Add: Equity Shares allotted pursuant to Employee Stock Option Plan | 46 | 2,45,860 | 24.59 |
| **As at 31st March, 2018** | | **56,38,33,592** | **56,383.36** |

## B. Other Equity

(₹ in Lacs)

| Particulars | Attributable to owners of the Company | | | | | | | | | | | Non-Controlling Interest | Total Other Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves & Surplus | | | | | | | | | | | | |
| | Securities Premium Reserve | General reserve | Employees Stock Options Outstanding (Net) | Amalgamation & Arrangement Reserve | Debenture Redemption Reserve | Treasury Shares | Capital Reserve | Capital Reserve on common control business combination | Retained earnings | Equity Instruments - FVOCI | Total | | |
| **Balance at April 1, 2016** | **40,784.88** | **272.30** | **502.36** | **-** | **-** | **-** | **872.95** | **-** | **3,08,368.75** | **157.76** | **3,50,959.00** | **-** | **3,50,959.00** |
| Impact on account of common control business combination | - | 65.69 | 4.38 | 22,659.91 | 3,220.24 | (102.02) | - | (37,713.53) | 10,671.35 | (823.61) | (2,017.59) | 1,13,086.16 | 1,11,068.57 |
| Balance at the beginning of the reporting period | 40,784.88 | 337.99 | 506.74 | 22,659.91 | 3,220.24 | (102.02) | 872.95 | (37,713.53) | 3,19,040.10 | (665.85) | 3,48,941.41 | 1,13,086.16 | 4,62,027.57 |
| Profit for the year | - | - | - | - | - | - | - | - | 55,441.71 | - | 55,441.71 | 16,376.18 | 71,817.89 |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | - | - | - | (1,011.37) | (1,011.37) | (2,977.69) | (3,989.06) |
| Items of OCI recognised directly in retained earnings | | | | - | - | - | - | - | | | - | | - |
| Remeasurements of post-employment benefit obligation (net of tax) | - | - | - | - | - | - | - | - | (112.02) | - | (112.02) | (191.53) | (303.55) |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **55,329.69** | **(1,011.37)** | **54,318.32** | **13,206.96** | **67,525.28** |
| Transferred to Securities Premium on exercise of ESOPs (Note 46) | - | - | (116.53) | - | - | - | - | - | - | - | (116.53) | - | (116.53) |
| Dividends (Note 14) | - | - | - | - | - | - | - | - | (8,452.00) | - | (8,452.00) | (2,555.28) | (11,007.28) |
| Dividend Distribution Tax (DDT) | - | - | - | - | - | - | - | - | (1,901.22) | - | (1,901.22) | (520.41) | (2,421.63) |
| Share of joint venture and associate | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issue of Equity Shares | 277.51 | - | - | - | - | - | - | - | - | - | 277.51 | - | 277.51 |
| Adjustment of stock options outstanding account/advance to ESOP trust | - | 4.38 | (4.38) | - | - | - | - | - | - | - | - | - | - |
| Treasury shares issued | | | | - | (3,220.24) | 102.02 | - | - | 3,220.24 | | 102.02 | 293.98 | 396.00 |
| Tax adjustments of earlier years | - | - | - | - | - | - | - | - | 3,024.85 | - | 3,024.85 | - | 3,024.85 |
| **Balance at March 31, 2017** | **41,062.39** | **342.37** | **385.83** | **22,659.91** | **-** | **-** | **872.95** | **(37,713.53)** | **3,70,261.66** | **(1,677.22)** | **3,96,194.36** | **1,23,511.41** | **5,19,705.77** |

| Particulars | Attributable to owners of the Company | | | | | | | | | | | Non-Controlling Interest | Total Other Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reserves & Surplus | | | | | | | | | | | | |
| | Securities Premium Reserve | General reserve | Employees Stock Options Outstanding (Net) | Amalgamation & Arrangement Reserve | Debenture Redemption Reserve | Treasury Shares | Capital Reserve | Capital Reserve on common control business combination | Retained earnings | Equity Instruments - FVOCI | Total | | |
| **Profit for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **74,130.67** | **-** | **74,130.67** | **21,710.18** | **95,840.85** |
| Other comprehensive income for the year (net of tax) | - | - | - | - | - | - | - | - | - | (997.03) | (997.03) | (3,011.09) | (4,008.12) |
| Items of OCI recognised directly in retained earnings | | | | - | - | - | - | - | | | - | | - |
| Remeasurements of post-employment benefit obligation (net of tax) | - | - | - | - | - | - | - | - | 24.33 | - | 24.33 | 35.63 | 59.96 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **74,155.00** | **(997.03)** | **73,157.97** | **18,734.72** | **91,892.69** |
| Transferred to Securities Premium on exercise of ESOPs (Note 46) | - | - | (115.68) | - | - | - | - | - | - | - | (115.68) | - | (115.68) |
| ESOP Lapsed / Cancelled (Note 46) | - | - | (1.14) | - | - | - | - | - | - | - | (1.14) | - | (1.14) |
| Dividends (Note 14) | - | - | - | - | - | - | - | - | (8,456.51) | - | (8,456.51) | (3,066.03) | (11,522.54) |
| Dividend Distribution Tax (DDT) | - | - | - | - | - | - | - | - | (1,938.21) | - | (1,938.21) | (624.34) | (2,562.55) |
| Issue of Equity Shares | 275.49 | - | - | - | - | - | - | - | - | - | 275.49 | - | 275.49 |
| Transactions with Non-Controlling Interest | - | 77.26 | - | 24,984.04 | - | - | - | - | 27,239.90 | (3,199.16) | 49,102.04 | (53,012.73) | (3,910.69) |
| Impact on account of common control business combination | - | - | - | - | - | - | - | (3,21,759.30) | - | - | (3,21,759.30) | - | (3,21,759.30) |
| **Balance at 31 March, 2018** | **41,337.88** | **419.63** | **269.01** | **47,643.95** | **-** | **-** | **872.95** | **(3,59,472.83)** | **4,61,261.84** | **(5,873.41)** | **1,86,459.02** | **85,543.03** | **2,72,002.05** |

**As per our Report attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Manish Seth**
*Chief Financial Officer*

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31ST MARCH, 2018

## 1 CORPORATE INFORMATION

Gujarat State Petronet Limited (GSPL, "The Company") is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. GSPL is a Government Company u/s 2(45) of Companies Act, 2013. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The Company has investments in subsidiary, joint ventures and associate (collectively as addressed as "the Group").

The Group is primarily engaged in transmission of natural gas through pipeline on an open access basis from supply points to demand centers and then eventual distribution to end customers. Further, it is also engaged in generation of electricity through Windmills.

**Authorization of financial statements**

The Consolidated Financial Statements (the financial statements) were authorized for issue in accordance with a resolution passed in Board of Directors meeting held on 21st May, 2018.

## 2.1 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

(i) The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Act (as amended from time to time). List of investee companies considered in preparation of the financial statements have been summarised below:

| Name of investee companies | Relation with the Company | Proportion of effective ownership interest as at 31st March, 2018 | Proportion of effective ownership interest as at 31st March, 2017 |
|---|---|---|---|
| Gujarat Gas Limited (GGL) * | Subsidiary | 54.17% | 25.76% |
| Gujarat Gas Limited Employee Welfare Stock Option Trust* | Subsidiary | 100% | 100% |
| GSPL India Gasnet Limited (GIGL) | Joint Venture | 52.00% | 52.00% |
| GSPL India Transco Limited (GITL) | Joint Venture | 52.00% | 52.00% |
| Guj Info Petro Limited* | Associate | 27.05% | 27.05% |
| Sabarmati Gas Limited (SGL) | Associate | 27.47% | 27.47% |

*Refer note 53 for details of acquisition of additional equity stake.

The financial statement have been prepared on accrual basis of accounting using historical cost convention except certain financial assets, financial liabilities and share based payment measured at fair value.

During the year, the Company acquired additional equity stake in one of its investee companies (i.e. Gujarat Gas Limited). Being a common control business combination, the acquisition has been accounted based on the principles of Appendix C to Ind AS 103 - Business Combination. Accordingly, the consolidated financial statements for the comparative year ended 31 March 2017 have been restated to reflect the consolidated financial results considering existence of control from the start of the comparative period. The details have been provided in Note 53.

(ii) The preparation & presentation of financial statements requires management to make certain judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes thereto. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of consolidated financial statements. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as below:

- Useful lives of property, plant and equipment and intangible assets
- Recognition and measurement of unbilled gas sales revenue
- Contingent liabilities and assets
- Measurement of Defined Benefit Obligations
- Provisions and contingencies

• Expected credit loss for receivables
• Fair valuation of investments in equity instruments of unlisted companies
• Identification of investment properties
• Current tax and Deferred tax asset / liabilities recognition
• Assessment of existence of control, joint control or significant influence over an investee

(iii) All values are rounded to the nearest rupees in Lacs, except where otherwise indicated.

**(b) Principles of consolidation**

**Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. The financial statements of the subsidiaries are included in the financial statements from the date on which control commences until the date on which the control ceases.

Subsidiaries are consolidated by combining like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. The intra-company balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use. Non-controlling interests ("NCI") which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Group, are excluded.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. Assessment of whether the Group has significant influence or not is made based on Ind AS 28 - Associates and joint ventures, which requires duly considering potential voting rights if any. Investments in associates are accounted for using the equity method, after initially recognised at cost.

**Joint arrangements**

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has investments in joint ventures which are accounted using the equity method based on requirements of Ind AS 111 – Joint arrangements, after initially being recognised at cost in the consolidated balance sheet.

***Equity method***

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income.

Any excess/short of the amount of investments in associate or joint venture over the Group's portion of in net assets of associate or joint venture, at the date of investments is considered as goodwill/ capital reserve.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of joint ventures and associates are similar to the Group's accounting policies, therefore, no adjustment is required for the purposes of preparation of these consolidated financial statements. The financial statements of joint ventures and associates are prepared up to the same reporting date as that of the Group i.e. 31st March, 2018. The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in accounting policies below.

**(c) Business combination of entities under common control**

Business combinations involving entities that are ultimately controlled by the same party before and after the business combination are considered as common control business combination to be accounted using the pooling of interest method which comprises of the below:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise new assets or liabilities. Adjustments are made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve. Acquisition related costs that the Group incurs in connection with a business combination are expensed as incurred.

The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee. The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to "Capital Reserve on common control business combination" and is presented separately from other capital reserves.

**(d) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at cost net of recoverable taxes, less accumulated depreciation and impairment loss, if any.

The cost of Property, Plant and Equipment comprises of its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and borrowing costs for assets that necessarily take a substantial period of time to get ready for their intended use. These costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets. The gas distribution networks are treated as commissioned when supply of gas commences to the customer(s).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. The Group has identified, reviewed, tested and determined the componentisation of the significant assets.

Assets installed at customer premises, including meters and regulators where applicable, are recognised as property plant and equipment if they meet the definition provided under Ind AS 16 subject to materiality as determined by the management and followed consistently.

Capital Work-in-progress (CWIP) includes expenditure that is directly attributable to the acquisition / construction of assets, which are yet to be commissioned, and project inventory.

Any item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is charged to the consolidated statement of profit and loss when the asset is derecognised.

On transition to Ind AS, the Company had elected to carry forward the previous GAAP net carrying value of all its property, plant and equipment recognized as at 1st April, 2015 as the deemed cost.

**(e) Intangible Assets**

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

Intangible assets like software, licenses, Right-of-Use of land (ROU) and Right of Way (ROW) permissions which are expected to provide future enduring economic benefits are capitalized as Intangible Assets.

Any item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is charged to the consolidated statement of profit and loss when the intangible asset is derecognised.

On transition to Ind AS, the Company had elected to carry forward the previous GAAP net carrying value of all its intangible assets recognized as at 1st April, 2015 as the deemed cost.

**(f) Investment properties**

Investment properties comprise portions of free hold or lease hold land and office buildings that are held for rental of for capital appreciation or both.

Property used in production or supply of goods or services and also held to earn rentals / capital appreciation is accounted separately as investment property only if portion of property held to earn rental / capital appreciation can be sold separately (or leased out separately under a finance lease). If the portions could not be sold separately, the property is investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Further property with provision of ancillary services to the occupants is treated as investment property if the services are insignificant to the arrangement as a whole. Investment property shall be recognised as an asset when and only when: (a) it is probable that the future economic benefits that are associated with the investment property will flow to the entity; and (b) the cost of the investment property can be measured reliably.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed as and when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

**(g) Depreciation and Amortisation**

Depreciation is provided using a method that reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Group based on the useful life prescribed in Schedule II to the Companies Act 2013. City gas stations, skids, pressure regulating stations, meters and regulators are estimated to have useful life of 18 years based on technical assessment made by technical expert and management. Cost of lease-hold land is amortized equally over the period of lease.

The useful lives are reviewed by the management at each financial year end and revised, if appropriate. In case of a revision, the unamortised depreciable amount (remaining net value of assets) is charged over the revised remaining useful lives. The residual values are not more than 5% of the original cost of the item of property, plant and equipment.

Depreciation on assets acquired / disposed off during the year is provided on pro-rata basis with reference to the date of addition / disposal. Assets costing up to ₹5,000/- and Books are depreciated fully in the year of purchase / capitalization.

Intangible assets are amortized over their individual estimated useful lives using a method that reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Group.

Right of Use is indefinite life and hence it is not amortised. However, the same is tested for impairment annually. Right of Way (ROW) is amortised over 30 years on straight line method as the same is inextricably linked and dependent on useful life of gas transmission pipeline(s).

The Group has constructed / installed CNG stations' buildings and machineries, on land taken on lease from various lessors under lease deed for periods ranging from 35 years to 99 years. However, assets constructed / installed on such land have been depreciated at useful lives as referred above, as the management does not foresee non-renewal of the above lease arrangements by the lessor. Capital assets /facilities installed at the customers' premises on the land of the customers/CNG franchisee whose ownership is not with the Group have been depreciated at the useful lives specified as above.

**(h) Financial instruments**

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

**Financial assets**

***Initial recognition and measurement***

A financial asset is recognised in the balance sheet when the Group becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

***Subsequent measurement***

For purpose of subsequent measurement, financial assets are classified into:

A. Financial assets measured at amortised cost;
B. Financial assets measured at fair value through other comprehensive income (FVTOCI); and
C. Financial assets measured at fair value through profit or loss (FVTPL); and

The Group classifies its financial assets in the above mentioned categories based on:
(i) The Group's business model for managing the financial assets, and
(ii) The contractual cash flows characteristics of the financial asset.

***A. Financial assets measured at amortised cost***

A financial asset is measured at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

***B. Financial assets measured at fair value through other comprehensive income (FVTOCI)***

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(i) The financial asset is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling financial assets and

(ii) The asset's contractual cash flows represent SPPI.

***C. Financial assets measured at fair value through profit or loss (FVTPL)***

FVTPL is a residual category. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

***Equity instruments***

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group has opted for an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

***Derecognition***

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

A. The contractual rights to the cash flows from the financial asset have expired, or

B. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through 'arrangement; and either

   a. The Group has transferred substantially all the risks and rewards of the asset, or

   b. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

***Embedded foreign currency derivative***

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- the functional currency of any substantial party to that contract,
- the currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world,
- a currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency).

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Group currently does not have any such derivatives which are not closely related.

***Impairment of financial assets***

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

(ii) Trade receivables

(iii) Lease Receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date adjusted appropriately to reflect the estimated expected losses.

**Financial Liabilities**

***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loan and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

***Subsequent measurement***

A. Financial liabilities measured at amortised cost

B. Financial liabilities subsequently measured at fair value through profit or loss (FVTPL)

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the consolidated statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

***Financial guarantee contracts***

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

***Loan and borrowings***

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses on EIR amortisation and derecognition are recognised in profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is deferred as a payment for liquidity services and amortised over the period of the facility to which it relates.

***Derivatives***

The Group uses derivative financial instruments such as cross currency interest rate swaps to hedge its foreign currency risks and interest rate risk. Such derivative financial instruments are initially recognised at fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

***Trade and other payables***

These amounts represent liability for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

***Derecognition***

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

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet when, and only when, there is a legally enforceable right to offset the recognised amount and there is intention either to settle on net basis or to realise the assets and to settle the liabilities simultaneously.

**(i) Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

**(j) Inventories**

Inventories including gas, stock of stores, spares, consumables and line pack gas not meant for sale in ordinary course of business are valued at weighted moving average cost. It is valued at lower of cost or net realizable value.

**(k) Employee Benefits**

***Short term employee benefits obligations:***

Short-term employee benefits are recognized as an expense in the consolidated statement of Profit and Loss for the year in which related services are rendered.

***Post-employment benefits and other long term employee benefits:***

The Group has participated in- Group Gratuity scheme of Life Insurance Corporation of India. The liability in respect of gratuity benefits being defined benefit schemes, payable in future, are determined by actuarial valuation carried out using projected unit credit method as on the Consolidated balance sheet date and actuarial gains/(losses) after adjustment of planned assets are charged to the Other Comprehensive Income for the year. Moreover, the liability in respect of leave encashment being other long term employee benefits, payable in future, are also determined by actuarial valuation carried out using projected unit credit method as on the Consolidated balance sheet date and actuarial gains/(losses) are charged as employee benefit expenses in the Consolidated Statement of Profit and Loss for the year.

Retirement benefits in the form of provident fund and defined superannuation fund which are defined contribution schemes are accrued in accordance with statutes and deposited with respective authority/agency and charged to the Consolidated Statement of Profit and Loss account for the year, in which the contributions to the respective funds accrue.

***Share-based payments***

Share-based compensation benefits are provided to employees via Employee Stock Option Scheme. The fair value of options granted under the Employee Option Plan is recognised as an employee benefit expenses with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

(i) including any market performance conditions (e.g. entity's share price)
(ii) excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specific time period); and
(iii) Including the impact of any non-vesting conditions (e.g. the requirements for employees to save or holding shares for specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

**(l) Borrowing Cost**

The Group is capitalising borrowing costs that are directly attributable to the acquisition or construction of qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. For borrowing cost capitalisation, the capital cost of a particular project is identified against a borrowing in terms of period of construction and the borrowing cost for the relevant period is added to the capital cost till the particular project is capitalised and thereafter the interest is charged to the Consolidated Statement of Profit and Loss. All other borrowing costs are recognized as expense in the period in which they are incurred and charged to the Consolidated Statement of Profit and Loss. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(m) Foreign Currency Transactions**

***Functional and presentation currency***

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The Consolidated financial statements are presented in Indian rupee (INR), which is Group's functional and presentation currency.

***Transactions and balances***

Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing at the time of transaction. Monetary assets and liabilities denominated in foreign currencies at year-end are reported at exchange rate prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the time of the initial transactions. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

**(n) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods /services and regarding its collection. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from transmission of gas through pipeline is recognized on fortnight basis when it can be reliably measured and it is reasonable to expect ultimate collection.

Sale of Natural Gas is recognized on supply of gas to customers by metered/assessed measurements as no significant uncertainty exists regarding the measurability or collectability of the sale consideration. Sales are billed bi-monthly for domestic customers, monthly/fortnightly for commercial and non-commercial customers and fortnightly for industrial customers as the timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to consumers from retail outlets.

The amount recognised as revenue is stated inclusive of excise duty and exclusive of sales tax /value added tax (VAT) and Service Tax / Goods and service tax (GST) and is net of trade discounts or quantity discounts.

Unbilled revenue is recognised towards supply of natural gas already occurred for the period from the end of the last billing date to the Consolidated Balance Sheet date based on the previous average consumption.

Commitments (take or pay charges) income from customers for gas sales and gas transmission is recognized on accrual basis and establishment of certainty of receipt of consideration from its customers.

The amounts charged from customers for initial gas connections are accounted based on the terms of the underlying contract with customers when the performance obligation is satisfied. The performance obligation is considered to be satisfied on completion of the connection which is separate from supply of gas. Such revenue is accounted as Connectivity charges under other operating revenue.

The amounts collected towards connection charges from certain domestic customers are "non-refundable charges". Accordingly, the same are recognized as revenue as and when the Group commences the supply of gas to the customers and such amount is charged to customers. Until then, the amounts so collected are shown as "Advances received from customers" in the consolidated balance sheet. The Group has provided the installments facility to certain domestic customers towards "connection charges" which are non-refundable, the total amount of such installments are recognized as revenue as and when the Group commences the supply of gas to the customers.

The amounts collected from certain domestic customers which includes amount "refundable" in nature. Accordingly, the same are recognized as a liability under head "Deposit from Customers" in the consolidated balance sheet.

Revenue in respect of interest/ late payment charges on delayed realizations from customers and cheque bounce charges, if any, is recognized on grounds of prudence and on the basis of certainty of collection.

Liquidated damages, if any are recognized at the time of recording the purchase of materials in books of accounts and the matter is considered settled by the management.

Revenue from sale of electricity is recognized on last day of respective month when it can be reliably measured and it is reasonable to expect the ultimate collection.

Investment property rental income is recognised as revenue on accrual basis as per the terms of the underlying contract with customers.

All other revenues are recognised when it can be reliably measured and it is reasonable to expect ultimate collection. Interest income is recognised using effective interest rate (EIR) method.

**(o) Taxation**

***Income taxes***

Provision for current tax is calculated on the basis of the Income tax law enacted or substantively enacted at the end of the reporting period.

Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

***Deferred Taxes***

Deferred tax is provided, on temporary difference arising between the tax bases of the assets and liabilities and their carrying amounts in consolidated financial statements, using tax rates & laws that have been enacted or substantially enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilise the same.

Deferred tax is not recognised for all taxable temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is probable that the differences will not reverse in the foreseeable future.

Any tax credit available including Minimum Alternative Tax (MAT) under the provision of the Income Tax Act, 1961 is recognised as deferred tax to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised. The said asset is created by way of credit to the consolidated statement of profit and loss and shown under the head deferred tax asset.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the same and when the balances relate to the same taxation authority.

Current and deferred tax is recognised in the Consolidated statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize all or part of the deferred tax asset. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will available to utilized the deferred tax asset.

**(p) Impairment of non-financial assets**

At each consolidated balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash-flow expected from the continuing use of the assets and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific of the assets. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to Other Comprehensive Income (OCI). For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

**(q) Earnings per Share**

Basic EPS is computed by dividing net profit after taxes for the year by weighted average number of equity shares outstanding during the financial year, adjusted for bonus share elements in equity shares issued during the year and excluding treasure shares, if any.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**(r) Provisions, Contingent Liabilities and Contingent Assets**

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

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

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

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed by way of notes to accounts unless the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognized in consolidated financial statements. However, the same is disclosed, where an inflow of economic benefit is probable.

**(s) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

**As a lessee**

***Finance lease***

Leases are classified as finance leases (including those for land), if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

At the commencement of the lease term, the Group recognises finance leases as assets and liabilities in the consolidated balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum ease payments, each determined at the inception of the lease. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Any indirect costs of the Group are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

***Operating lease***

Leases (including those for land) which are not classified as finance leases are considered as operating lease. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless either:

A. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

B. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**As a lessor**

***Finance lease***

All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Principal component of the lease receipts are adjusted against outstanding receivables and interest income is accounted by applying the interest rate implicit in the lease to the net investment.

The Group has a scheme of providing certain assets viz mobiles, laptops, vehicles to their employees. Under the said scheme, the Group initially purchases the asset which is transferred to an employee after a specified period at book value on that date. As this arrangement has element of finance lease, the Group, has derecognised the items of PPE given to employees & reclassified it as finance lease. The difference between the cost of the asset and present value or (absolute value if the present value is not material) of the consideration to be received from the employee over the lease term and at the time of transfer of ownership in the future is recognised as an employee cost over the period.

***Operating lease***

Lease income from operating lease (excluding amount for services such as insurance and maintenance) is recognised in the consolidated statement of profit or loss on a straight-line basis over the lease term, unless either:

A. Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the Group are not on that basis; or

The payments to the Group are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases. If payments to the Group vary because of factors other than general inflation, then this condition is not met.

**(t) Segment Reporting**

The Chief Operational Decision Maker (CODM) monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

The Board of Directors (BoD) of the Group assesses the financial performance and position of the Group, and makes strategic decisions; hence the Board of Directors are CODM. Refer note 41 for segment information presented.

**(u) Cash and cash Equivalents**

Cash and cash equivalents comprise cash and deposits with banks and corporations. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**(v) Statement of Cash Flows**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

In line with the amendments to Ind AS 7 Statement of Cash flows (effective from April 1, 2017), the Group has provided disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The adoption of amendment did not have any material impact on the consolidated financial statements.

**(w) Insurance claims**

The Group accounts for insurance claims when there is certainty that the claims are realizable and acknowledged by insurance company and amount recognized in books of accounts is as under:

- In case of loss of asset /goods by transferring, either the carrying cost of the relevant asset / goods or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance".
- In case insurance claim is less than carrying cost the difference is charged to consolidated statement of Profit and Loss. As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to consolidated statement of Profit and Loss.

**(x) Dividends**

The Group recognises a liability for dividends to equity holders of the Group when the dividend is authorized and the dividend is no longer at the discretion of the Group. As per the corporate laws in India, a dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(y) Event Occurring after Balance Sheet Date**

Adjusting events (that provides evidence of condition that existed at the consolidated balance sheet date) occurring after the Consolidated balance sheet date are recognized in the consolidated financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the Consolidated balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

**(z) Standard issued not yet effective**

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on 28th March, 2018) which are effective for annual periods beginning after 1 April 2018. The Group intends to adopt these standards or amendments from the effective date.

**Ind AS 115 Revenue from contract with customers**

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ins AS 11 Construction Contracts. The core principle of the new standard that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This Standard permits two possible methods of transition i.e. retrospective approach and modified retrospective method.

Based on the preliminary assessment, the Group does not expect any significant impacts on transition to Ind AS 115. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information when the standard will be adopted. The quantitative impacts would be finalized based on a detailed assessment which has been initiated to identify the key impacts along with evaluation of appropriate transition options.

**Amendments to existing Ind AS**

The following amended standards are not expected to have a significant impact on the Group's consolidated financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group when it will adopt the respective standards.

- Ind AS 40 - Investment Property – The amendment lays down the principle regarding the transfer of asset to, or from, investment property.
- Ind AS 21 - The Effects of Changes in Foreign Exchange Rates – The amendment lays down principles to determine the date of transaction when a Group recognizes a non-monetary prepayment asset or deferred income liability.
- Ind AS 12 – Income Taxes – The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps.
- Ind AS 28 – Investments in associates and joint ventures – The amendments clarifies that a venture capital organization or a mutual fund or similar entities may elect, at initial recognition, to measure investments in associate or joint venture at fair value through profit or loss separately for each associate or joint venture.
- Ind AS 112 – Disclosure of interest in other entities – The amendments clarifies that disclosure requirements also apply to interests that are classified as held for sale or as discontinued operations in accordance with Ind AS 105 – Non-current assets held for sale and discontinued operations.

## 3 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lacs)

| Particulars | Gross Carrying Amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Cost As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | Balance As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar-18 | As on 31-Mar-18 | As on 31-Mar-17 |
| Land- Free Hold | 48,158.95 | 206.31 | - | 48,365.26 | - | - | - | - | 48,365.26 | 48,158.95 |
| Land- Lease Hold (Refer (i)) | 5,608.44 | 164.00 | - | 5,772.44 | 186.18 | 66.09 | - | 252.27 | 5,520.17 | 5,422.26 |
| Building | 34,400.04 | 1,858.78 | 12.81 | 36,246.02 | 3,842.93 | 1,657.57 | 1.34 | 5,499.16 | 30,746.86 | 30,557.11 |
| Plant & Equipment | 7,86,671.80 | 50,821.45 | 1,895.00 | 8,35,598.25 | 1,15,900.86 | 38,183.35 | 850.00 | 1,53,238.16 | 6,82,360.09 | 6,70,770.94 |
| Communication Equipment | 5,084.26 | 184.07 | - | 5,268.32 | 1,715.59 | 677.97 | - | 2,393.62 | 2,874.70 | 3,368.67 |
| Electrical Installation & Equipment | 7,123.61 | 676.89 | - | 7,800.50 | 2,970.53 | 1,121.35 | - | 4,091.89 | 3,708.61 | 4,153.08 |
| Computers | 3,465.38 | 255.48 | 153.00 | 3,567.85 | 2,417.61 | 316.42 | 142.00 | 2,591.99 | 975.86 | 1,047.77 |
| Furniture & Fittings | 2,456.83 | 87.77 | 221.00 | 2,323.61 | 1,055.19 | 258.65 | 158.00 | 1,155.84 | 1,167.77 | 1,401.64 |
| Office Equipment | 1,980.09 | 131.55 | 210.41 | 1,901.23 | 1,384.69 | 214.68 | 195.86 | 1,403.51 | 497.72 | 595.40 |
| Vehicles | 1,305.41 | 35.64 | 184.13 | 1,156.92 | 756.54 | 162.55 | 160.31 | 758.78 | 398.14 | 548.87 |
| Books | 33.40 | 0.19 | - | 33.59 | 33.40 | 0.19 | - | 33.59 | - | - |
| Ship / Boat | 6.33 | - | - | 6.33 | 2.35 | 0.82 | - | 3.17 | 3.16 | 3.98 |
| **Total Property, Plant and Equipment** | **8,96,294.54** | **54,422.13** | **2,676.35** | **9,48,040.32** | **1,30,265.87** | **42,659.64** | **1,507.51** | **1,71,421.98** | **7,76,618.34** | **7,66,028.67** |
| Capital Work In Progress | - | - | - | - | - | - | - | - | 1,37,423.54 | 1,19,124.68 |
| **Total** | **8,96,294.54** | **54,422.13** | **2,676.35** | **9,48,040.32** | **1,30,265.87** | **42,659.64** | **1,507.51** | **1,71,421.98** | **9,14,041.88** | **8,85,153.35** |
| **Previous Year** | **8,35,361.34** | **62,901.46** | **1,969.66** | **8,96,294.54** | **89,221.14** | **41,634.28** | **589.45** | **1,30,265.86** | **8,85,155.01** | **8,69,725.31** |

**(i) Leased Assets**

The land is obtained under finance lease and the lease term in respect of assets acquired under finance leases is generally more than 50 years.

**(ii) Contractual Obligations**

Refer Note 34 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Below items of property, plant and equipment are added on account of acquistion of additional stake in Gujarat Gas Limited accounted as common control business combination. The below details are as on 1 April 2017. For details, refer Note 53 .

| Particulars | Gross carrying value | Accumulated Depreciation | Net carrying value |
|---|---|---|---|
| Land- Free Hold | 38,403.00 | - | 38,403.00 |
| Land- Lease Hold (Refer (i)) | 3,685.00 | 144.00 | 3,541.00 |
| Building | 17,769.00 | 1,392.00 | 16,377.00 |
| Plant & Equipment | 4,89,478.00 | 87,696.00 | 4,01,782.00 |
| Computers | 3,261.00 | 2,316.00 | 945.00 |
| Furniture & Fittings | 1,892.00 | 821.00 | 1,071.00 |
| Office Equipment | 1,923.00 | 1,349.00 | 574.00 |
| Vehicles | 1,175.00 | 698.00 | 477.00 |
| Books | 10.00 | 10.00 | - |
| Ship / Boat | - | - | - |
| **Total Property, Plant and Equipment** | **5,57,596.00** | **94,426.00** | **4,63,170.00** |
| **Capital Work In Progress** | | | **50,490.00** |
| **Total** | **5,57,596.00** | **94,426.00** | **5,13,660.00** |
| **Previous Year** | **5,18,185.32** | **71,113.94** | **4,93,865.39** |

## 4. INVESTMENT PROPERTIES

(₹ in Lacs)

| | Gross Carrying Amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Particulars** | **Cost As on 1-Apr-17** | **Additions/ Adjustments during the year** | **Deduction during the year** | **Balance As on 31-Mar-18** | **Balance As on 1-Apr-17** | **Additions/ Adjustments during the year** | **Deduction during the year** | **Balance As on 31-Mar 18** | **As on 31-Mar-18** | **As on 31-Mar-17** |
| **Freehold land** | 130.00 | - | - | 130.00 | - | - | - | - | 130.00 | 130.00 |
| **Total Investment Properties** | 130.00 | - | - | 130.00 | - | - | - | - | 130.00 | 130.00 |
| **Previous Year** | 130.00 | - | - | 130.00 | - | - | - | - | 130.00 | 130.00 |

**(i) Amount recognised in profit and loss for investment properties:** **(₹ in Lacs)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Rental income | 14.00 | 31.00 |
| **Profit from investment properties** | **14.00** | **31.00** |

**(ii) Contractual Obligations**

The Group has no contractual obligations to purchase, construct or develop investment property or for its repair, maintenance or enhancements.

**(iii) Leasing Arrangements**

The investment property is leased to tenants under long term operating leases with rentals payable annually. The lease period is 10 years (extendable as mutually agreed). Either party can terminate the agreement by giving 6 months notice (Non cancellable period). The future minimum lease payments receivables for 6 months can not be determined as the amount of rent is dependent on various other factors.

**(iv) Fair Value** **(₹ in Lacs)**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Investment properties | 240.00 | 240.00 |

"The Group obtains independent valuations for its investment properties once in every three years. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group consider information from a variety of sources including:

1. Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
2. Discounted cash flow projections based on reliable estimates of future cash flows; and
3. Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by based on independent valuer's valuation certificate. The main inputs used are the rental growth rates, jantry value guideline and sales comparison approach based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in Level 3."

(v) Below items of investment properties are added on account of acquisition of additional stake in Gujarat Gas Limited accounted as common control business combination. The below details are as on 1st April, 2017. For details, refer Note 53 .

(₹ in Lacs)

| Particulars | Gross carrying value | Accumulated Depreciation | Net carrying value |
|---|---|---|---|
| Freehold land | 130.00 | - | 130.00 |

## 5. INTANGIBLE ASSETS

| | Gross Carrying Amount | | | | Accumulated Depreciation / Amortisation | | | | Net Carrying Amount | |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | Cost As on 1st April, 17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar 18 | Balance As on 1-Apr-17 | Additions/ Adjustments during the year | Deduction during the year | Balance As on 31-Mar18 | As on 31-Mar-18 | As on 31-Mar-17 |
| Software and other intangibles | 8,061.28 | 1,481.01 | 177.00 | 9,365.29 | 5,250.56 | 1,027.27 | 177.00 | 6,100.83 | 3,264.46 | 2,810.72 |
| Right of use / Right of way* | 40,030.95 | 3,910.75 | 5.00 | 43,936.70 | 2,133.35 | 998.96 | 1.00 | 3,131.31 | 40,805.39 | 37,897.60 |
| **Total Intangible Assets** | **48,092.23** | **5,391.76** | **182.00** | **53,301.99** | **7,383.91** | **2,026.23** | **178.00** | **9,232.14** | **44,069.85** | **40,708.32** |
| **Previous Year** | **38,834.87** | **9,328.08** | **70.15** | **48,092.80** | **5,381.63** | **2,012.24** | **9.84** | **7,384.03** | **40,708.77** | **33,453.24** |

**Intangible assets under development**

(₹ in Lacs)

| Particulars | 31st March, 18 | 31st March, 17 |
|---|---|---|
| Software under development | - | 82.00 |
| **Total** | **-** | **82.00** |

**(i) Contractual Obligations**

Refer Note 34 for disclosure of contractual commitments for the acquisition of intangible assets.

**(ii) Right of Way:**

Right of Way (ROW) is amortised over 30 years on straight line method as the same is inextricably linked and dependent on useful life of gas transmission pipeline(s).

**(iii) Right of use (ROU):**

"The Group acquires the 'right of use' (hereinafter referred to as 'ROU') for the purpose of laying and maintenance of the underground pipeline and vests in the Group and the Group has the right to use the same in the manner for which it has been acquired. The acquisition of ROU is governed by the legal process as per the Act, the Group has paid the compensation /consideration of the ROU - land determined by the competent authority under the Act and any person authorised by the Group, have unrestricted right of entry and lay pipeline or do any other act necessary for the purpose of laying of pipeline. The Group has disclosed the cost incurred for acquisition of ROU as 'Right of Use' in the Intangible Asset schedule. Right of Use has an indefinite life and hence it is not amortised. However, the same is tested for impairment annually.

***Includes RoU of ₹ 10,930.33 Lacs (31st March, 2017: ₹ 10,667.02 Lacs)"**

(v) Below items of intangible assets are added on account of acquistion of additional stake in Gujarat Gas Limited accounted as common control business combination. The below details are as on 1st April, 2017. For details, refer Note 53 .

(₹ in Lacs)

| Particulars | Gross carrying value | Accumulated Amortisation | Net carrying value |
|---|---|---|---|
| Software and other intangibles | 7,845.00 | 5,125.00 | 2,720.00 |
| Right of use / Right of way | 26,176.00 | 1,897.00 | 24,279.00 |
| **Total Intangible Assets** | **34,021.00** | **7,022.00** | **26,999.00** |
| **Previous Year** | **25,414.62** | **5,198.88** | **20,215.74** |

## 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| **unquoted** | | |
| **Investments in equity shares of joint venture companies** | | |
| 20,12,50,060 (31st March, 2017: 14,40,50,060) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Gasnet Limited | 20,468.02 | 14,701.20 |
| 19,81,20,000 (31st March, 2017: 10,66,00,000) Fully Paid Up Equity Shares of ₹ 10 each of GSPL India Transco Limited | 20,178.43 | 10,956.39 |
| **Investment in equity shares of associate companies** | | |
| 54,93,070 (31st March, 2017: 54,93,070) Fully Paid Up Equity Shares of ₹ 10 each of Sabarmati Gas Limited | 10,765.42 | 8,580.62 |
| 25000 (31st March, 2017: 25,000) Fully Paid up Equity Shares of ₹ 10 each of Guj Info Petro Limited | 2,468.00 | 2,339.00 |
| **Total** | **53,879.87** | **36,577.21** |
| **Aggregate value of quoted investments** | - | - |
| **Market value of quoted investment** | - | - |
| **Aggregate value of unquoted investments** | **53,879.87** | **36,577.21** |

* Refer note 54 - Financial instruments, fair values and risk measurement for fair valuation methodology.

## 7. INVESTMENTS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| **Investment in unquoted equity shares of other companies measured at fair value through other comprehensive income (FVOCI)*** | | |
| 2,50,00,000 (31st March, 2017: 2,50,00,000) Fully Paid Up Equity Shares of ₹ 10 each of GSPC LNG Limited | 2,843.94 | 2,843.94 |
| 62,50,000 (31st March, 2017: 62,50,000) Fully Paid Up Equity Shares of ₹ 10 each of Gujarat State Energy Generation Limited | 660.55 | 640.47 |
| 2,00,00,000 (31st March, 2017: 2,00,00,000) Fully Paid Up Equity Shares of ₹ 1 each of Gujarat State Petroleum Corporation Limited | 1,606.00 | 6,825.00 |
| 200 (31st March, 2017: 200) Fully Paid Up Equity Shares of ₹25 each of Kalupur Co Op Comm Bank Limited | 0.05 | 0.05 |
| 8,730 (31st March 2017: Nil) Fully Paid Up Equity Shares of ₹ 10/- each of Swan LNG Private Limited | 0.87 | - |
| **Total Non-Current Investments** | **5,111.41** | **10,309.46** |

(i) Investments measured at Fair Value Through Other Comprehensive Income (FVOCI) reflect investments in unquoted equity securities.
* Refer note 43 - Financial instruments, fair values and risk measurement for fair valuation methodology.

| | | |
|---|---|---|
| **Aggregate value of quoted investments** | - | - |
| **Market value of quoted investment** | | |
| **Aggregate value of unquoted investments** | **5,111.41** | **10,309.46** |

## 8. LOANS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Housing building advance to employees | | |
| Secured, considered good | 1,121.69 | 1,133.32 |
| Other loans and advances to employees | | |
| Unsecured, considered good | 127.92 | 182.64 |
| **Total Non-Current Loans** | **1,249.61** | **1,315.96** |
| **Current** | | |
| Housing building advance to employees | | |
| Secured, considered good | 85.45 | 90.91 |
| Other loans and advances to employees | | |
| Unsecured, considered good | 213.59 | 225.89 |
| **Total Current Loans** | **299.04** | **316.80** |

* Refer note 43 - Financial instruments, fair values and risk measurement

## 9. OTHER FINANCIAL ASSETS*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Balance in escrow A/c- PNGRB [Incl. TD] | - | 339.55 |
| Fixed deposits with original maturity of more than 12 month | - | 14.07 |
| Security deposit given (i) | | |
| Unsecured - considered good | 7,909.52 | 7,667.72 |
| Unsecured - considered doubtful | 1,080.00 | 1,028.00 |
| Less: Allowance for bad and doubtful | (1,080.00) | (1,028.00) |
| Other Receivables | | |
| Unsecured - considered doubtful | 36.00 | 36.00 |
| Less: Allowance for bad and doubtful | (36.00) | (36.00) |
| Receivable from employees (Unsecured - considered good) | 83.50 | 16.53 |
| **Total Non-Current Other Financial Assets** | **7,993.02** | **8,037.87** |
| **Current** | | |
| Security deposit given (Unsecured - considered good) | 58.84 | 61.63 |
| Receivable from employees (Unsecured - considered good) | 21.03 | 7.61 |
| Derivative asset (ii) | 23.96 | 309.97 |
| Advances for grauity | 68.47 | - |
| Others | 5,064.72 | 5,050.61 |
| **Total Current Other Financial Assets** | **5,237.02** | **5,429.82** |

*Refer note 43 - Financial instruments, fair values and risk measurement

**(i) Security deposits**

The Group has given refundable security deposits in form of fixed deposits to various project authorities to be held in their name and custody. It will be refunded after satisfactory completion of work. The Group has therefore shown these fixed bank deposits amounting ₹ 4270 Lacs - (31st March, 2017: ₹ 3739 Lacs) and interest accrued on such fixed bank deposits ₹ 661 Lacs (31st March, 2017: ₹ 448 Lacs), till they are in custody with project authorities as "Security Deposits".

**(ii) Derivative assets**

The Group has entered into cross currency interest rate swap to hedge against interest rate risk and exchange rate risk. Refer Note 43 for details.

## 10. OTHER ASSETS

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Capital advances | 2,827.32 | 3,085.92 |
| Balances with Government Authorities | 9,354.39 | 9,349.39 |
| Advance income tax and TDS (net of provision) | 18,341.08 | 20,360.05 |
| Payment under protest | 1,124.12 | 585.27 |
| Prepaid expenses | 5,464.73 | 5,666.61 |
| Deferred employee cost | 338.11 | 74.77 |
| Others | 3.00 | 3.00 |
| **Total Non-Current Assets** | **37,452.75** | **39,125.01** |
| **Current** | | |
| Balances with Government Authorities | 5,098.30 | 3,319.32 |
| Prepaid expenses | 2,168.62 | 1,865.16 |
| Other advances | 621.36 | 665.27 |
| Deferred employee cost | 238.62 | 63.21 |
| **Total Current Assets** | **8,126.90** | **5,912.96** |

## 11. INVENTORIES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Stores & spares | 5,538.47 | 5,276.02 |
| Gas for trading | 444.36 | 381.00 |
| Deferred delivery-Natural gas (Goods in transit) | 1,644.00 | - |
| Line pack gas | 10,397.62 | 9,741.94 |
| **Total Inventories** | **18,024.45** | **15,398.96** |

***For mode of valuation, refer note 2 (j) of significant accounting policies.**

## 12. TRADE RECEIVABLES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Current** | | |
| Secured, considered good | 9,268.00 | 3,930.00 |
| Unsecured, considered good | 40,915.60 | 41,683.41 |
| Unsecured, considered doubtful | 811.10 | 806.10 |
| Less: Provision for doubtful debts | (811.10) | (806.10) |
| **Total Trade Receivables** | **50,183.60** | **45,613.41** |

*Refer note 43 - Financial instruments, fair values and risk measurement

**Trade receivables from related parties:** (₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 1st March, 2017 |
|---|---|---|
| Trade receivables from related parties | 620.41 | 884.90 |

## 13. CASH AND OTHER BANK BALANCES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| Balances with banks/financial institutions | | |
| In current accounts | 4,158.21 | 3,010.82 |
| Deposit with original maturity of less than 3 months | 7,651.00 | 500.34 |
| Cash on hand | 135.55 | 122.45 |
| **Total Cash and Cash Equivalents** | **11,944.76** | **3,633.61** |
| **Other Bank Balances** | | |
| Earmarked balances with banks | | |
| Unpaid dividend account (i) | 358.38 | 379.05 |
| Balance in escrow A/c-PNGRB [Incl. TD] | 4,017.27 | 3,576.10 |
| Fixed Deposit | | |
| Margin money deposit - bank guarantee / letter of credit | 29,876.66 | 4,000.00 |
| With original maturity of more than 12 months | 15.02 | 3,870.55 |
| With original maturity of more than 3 months but less than 12 months | 4,252.55 | 71,254.22 |
| **Total Bank Balance other than Cash and Cash Equivalents** | **38,519.88** | **83,079.92** |

* Refer note 43 - Financial instruments, fair values and risk measurement

The balances in dividend accounts are not available for use by the Group and the money remaining unpaid will be deposited in the Investor Protection and Education Fund after the expiry of 7 years from the date they became due for payment. No amount is due at the end of the period for credit to Investor Protection and Education fund.

## 14. EQUITY SHARE CAPITAL

(₹ in Lacs)

| Particulars | Number of Shares | Amount ₹ in Lacs |
|---|---|---|
| **AUTHORISED SHARE CAPITAL** | | |
| Equity shares of ₹ 10/- each | | |
| **As at 1st April, 2016** | **70,00,00,000** | **70,000.00** |
| Increase/(decrease) during the year | - | - |
| **As at 31st March, 2017** | **70,00,00,000** | **70,000.00** |
| Increase/(decrease) during the year | - | - |
| **As at 31st March, 2018** | **70,00,00,000** | **70,000.00** |

| Particulars | Notes | Number of Shares | Amount ₹ in Lacs |
|---|---|---|---|
| **ISSUED, SUBSCRIBED AND PAID UP CAPITAL** | | | |
| Equity shares of ₹ 10/- each fully paid up | | | |
| **As at 1st April, 2016** | | **56,33,40,064** | **56,334.00** |
| Add: Equity shares allotted pursuant to Employee Stock Option Plan (ESOP) | 46 | 2,47,668 | 24.77 |
| **As at 31st March, 2017** | | **56,35,87,732** | **56,358.77** |
| Add: Equity shares allotted pursuant to Employee Stock Option Plan (ESOP) | 46 | 2,45,860 | 24.59 |
| **As at 31st March, 2018** | | **56,38,33,592** | **56,383.36** |

**Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31st March, 2018, the amount of dividend per share recognised as distribution to equity shareholders is ₹ 1.5 per share (31st March 2017: ₹ 1.5 per share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shares held by parent company and ultimate parent company and their subsidiaries / associates:**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| 21,23,05,270/- Equity Shares held by parent company - Gujarat State Petroleum Corporation Ltd. (As at 31st March, 2017: 21,23,05,270/-)" | 21,230.53 | 21,230.53 |

**Details of shareholder(s) holding more than 5% equity shares**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Number of Equity Shares** | | |
| Gujarat State Petroleum Corporation Limited | 21,23,05,270 | 21,23,05,270 |
| Gujarat Maritime Board | 3,70,88,000 | 3,70,88,000 |
| **% Holding in Equity Shares** | | |
| Gujarat State Petroleum Corporation Limited | 37.65% | 37.67% |
| Gujarat Maritime Board | 6.58% | 6.58% |

**Detail of shares reserved for issue under Employee Stock Option Plan (ESOP)**

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) 2005 and 2010 of GSPL, refer Note 46.

## 15. OTHER EQUITY

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Securities Premium Reserve | 41,337.88 | 41,062.39 |
| General Reserve | 419.63 | 342.37 |
| Employees Stock Options Outstanding (Net) | 269.01 | 385.83 |
| Amalgamation & Arrangement Reserve | 47,643.95 | 22,659.91 |
| Debenture Redemption Reserve | - | - |
| Treasury Shares | - | - |
| Capital Reserve | 872.95 | 872.95 |
| Capital Reserve on common control business combination | (3,59,472.83) | (37,713.53) |
| Retained Earnings | 4,61,261.84 | 3,70,261.66 |
| Equity Instruments - FVOCI | (5,873.41) | (1,677.22) |
| **Total Other Equity** | **1,86,459.02** | **3,96,194.36** |

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Securities Premium Reserve** | | |
| Opening balance | 41,062.39 | 40,784.88 |
| Add: Addition during the Year | 275.49 | 277.51 |
| **Closing balance** | **41,337.88** | **41,062.39** |
| Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act. | | |
| **General Reserve** | | |
| Opening balance (adjusted for impact of commmon control business combination) | 342.37 | 337.99 |
| Add: Adjustment of stock options outstanding account/advance to ESOP trust | - | 4.38 |
| Add: Transaction with Non-Controlling Interest | 77.26 | - |
| **Closing balance** | **419.63** | **342.37** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purpose. As the general reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit and loss.

| | | |
|---|---|---|
| **Employees Stock Options Outstanding (Net)** | | |
| Gross compensation for ESOPs granted | | |
| (adjusted for impact of commmon control business combination) | 1,130.32 | 1,130.32 |
| Less: Transferred to securities premium on exercise of ESOPs | 511.82 | 396.14 |
| Less: Adjustment of stock options outstanding account/advance to ESOP trust | 4.38 | 4.38 |
| Less: ESOP lapsed / cancelled | 345.11 | 343.97 |
| **Closing balance** | **269.01** | **385.83** |

Refer Note 46 for ESOP details.

The Employee stock options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee stock option plan.

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Amalgamation & Arrangement Reserve** | | |
| Opening balance (adjusted for impact of commmon control business combination) | 22,659.91 | 22,659.91 |
| Add: Transaction with Non-Controlling Interest | 24,984.04 | - |
| **Closing balance** | **47,643.95** | **22,659.91** |

The "Amalgamation and Arrangement Reserve" created pursuant to scheme of amalgamation and arrangement is treated as free reserve based on the judgment of H'ble Gujarat High Court dated 18th April, 2015 read with relevant other court decisions.

| | | |
|---|---|---|
| **Debenture Redemption Reserve** | | |
| Opening balance (adjusted for impact of commmon control business combination) | - | 3,220.24 |
| Less: Transfer to Retained Earnings during the Year | - | 3,220.24 |
| **Closing balance** | **-** | **-** |

The Group had issued Non convertible debentures and as per the provisions of the Companies Act, 2013, had created debenture redemption reserve out of the profits of the Group available for payment of dividend. The Non convertible debentures had been redeemed in April 2016 hence balance of debenture redemption reserve transeferred to retained earnings.

| | | |
|---|---|---|
| **Treasury Shares** | | |
| Opening balance (adjusted for impact of commmon control business combination) | - | (102.02) |
| Less: Sold during the year (by ESOP Trust) | - | 102.02 |
| **Closing balance** | **-** | **-** |

The shares held by the Gujarat Gas Limited Employees Welfare Stock Option Trust (ESOP Trust) have been accounted as treasury shares and presented as a part of statement of changes in equity in accordance with Ind AS.

| | | |
|---|---|---|
| **Capital Reserve** | | |
| Opening balance | 872.95 | 872.95 |
| Add: Addition during the Year | - | - |
| **Closing balance** | **872.95** | **872.95** |

The capital reserves denotes the reserve accounted at the time of acquisition of equity shares of associate and joint ventures.

| | | |
|---|---|---|
| **Capital Reserve on common control business combination** | | |
| Opening balance (adjusted for impact of commmon control business combination) | (37,713.53) | (37,713.53) |
| Add: Addition during the Year | (3,21,759.30) | - |
| **Closing balance** | **(3,59,472.83)** | **(37,713.53)** |

The reserve is created on account of consolidation of Gujarat Gas Limited as a subsidiary using pooling of interest method under Appendix C to Ind AS 103 Business Combination. For details, refer note 53.

| | | |
|---|---|---|
| **Retained Earnings** | | |
| Opening balance (adjusted for impact of commmon control business combination) | 3,70,261.66 | 3,19,040.10 |
| Add: | | |
| Profit during the period | 74,130.67 | 55,441.71 |
| Tax adjustment of earlier years | - | 3,024.85 |
| Transfer from Debenture Redemption Reserve | - | 3,220.24 |
| Transaction with Non-Controlling Interest | 27,239.90 | - |
| Remeasurement of post employment benefit obligation, net of tax | 24.33 | (112.02) |
| Less: | | |
| Equity dividend | (8,456.51) | (8,450.10) |
| Difference in dividend on equity share | - | (1.90) |
| Tax on dividend | (1,938.21) | (1,900.83) |
| Difference in tax on dividend for equity share | - | (0.39) |
| **Closing balance** | **4,61,261.84** | **3,70,261.66** |

The amount that can be distributed by the Group as dividends to its equity shareholders out of accumulated reserves is determined considering the requirements of the Companies Act, 2013. Thus, the closing balance amounts reported above are not distributable in entirety.

| | | |
|---|---|---|
| **Equity Instruments - FVOCI** | | |
| Opening balance (adjusted for impact of commmon control business combination) | (1,677.22) | (665.85) |
| Increase/(decrease) fair value of FVOCI equity instruments | (1,324.43) | (1,365.20) |
| Income tax on net fair value gain or loss | 327.40 | 353.83 |
| Transaction with Non-Controlling Interest | (3,199.16) | - |
| **Closing Balance** | **(5,873.41)** | **(1,677.22)** |

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity investments reserves.

## 16. BORROWINGS*

**(₹ in Lacs)**

| **Particulars** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---|---|
| **Secured** | | |
| Term loan from banks | 2,45,835.52 | 2,83,343.22 |
| Term loan from financial institutions | 12,071.31 | 14,869.43 |
| **Unsecured** | | |
| Term loan from financial institutions | 2,80,569.59 | - |
| **Total Borrowings (A)** | **5,38,476.42** | **2,98,212.65** |
| **Current Maturities of Borrowings**** | | |
| **Secured** | | |
| Term loan from banks | 14,352.16 | 16,017.20 |
| Term loan from financial institutions | 2,974.24 | 2,936.37 |
| **Unsecured** | | |
| Term loan from financial institutions | 1,23,902.92 | - |
| **Current Maturities of Borrowings (B)** | **1,41,229.32** | **18,953.57** |
| **Non-Current Borrowings (A-B)** | **3,97,247.10** | **2,79,259.08** |

**Current Borrowings**

| **Particulars** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---|---|
| Loan from Banks (Cash credit / Bank Overdraft) | 128.00 | 728.00 |
| | **128.00** | **728.00** |

* Refer note 43 - Financial instruments, fair values and risk measurement

** Disclosed under 'Other Current Financial Liabilities' (Refer Note 17)

Term loan from banks and financial institutions are secured by first pari-passu charge on all Intangible and Tangible assets including investment property (except 36" pipeline from Hazira to Mora), Capital Work in Progress, operating cash flows, Book Debts and Other Movables and second pari -passu charge on Present & Future Current Assets (financial and non financial assets) of the Group.

For foreign currency loan, the Group has entered in to cross currency swap and interest rate swap in order to hedge its foreign currency risks in full.

**Maturity Profile and Rate of Interest of Term Loans[1]** **(₹ in Lacs)**

| Rate of Interest | No. of Installment | Outstanding at 31st March 2018 | 2018-19 | 2019-2027 |
|---|---|---|---|---|
| 7.86% | 17 | 12,071.31 | 2,812.50 | 9,140.63 |
| 1 Year GSEC + 2.175% | 5 | 2,984.25 | 1,206.55 | 1,809.82 |
| 1 Year MCLR | 36 | 10,157.27 | 1,666.67 | 13,333.33 |
| 8.25% | 3 | 2,80,569.59 | 1,23,333.33 | 2,26,666.67 |
| 8.10% | 40 | 54,321.00 | 2,762.00 | 51,559.00 |
| 7.99% | 40 | 1,68,370.00 | 8,630.00 | 1,59,740.00 |
| 8.35% | 40 | 10,003.00 | 2.00 | 10,001.00 |
| **Grand Total** | | **5,38,476.42** | **1,40,413.05** | **4,72,250.45** |

**1 Repayment schedule includes amount of loan sanctioned but to be drawn.**

## 17. OTHER FINANCIAL LIABILITIES*

**(₹ in Lacs)**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| Security deposit from customers | 1,499.62 | 1,394.95 |
| **Total Non-Current Other Financial Liabilities** | **1,499.62** | **1,394.95** |
| **Current** | | |
| Security deposit from customers | 83,654.88 | 71,660.93 |
| Current maturities of non-current borrowings | 1,41,229.32 | 18,953.57 |
| Other payables (including for capital goods and services) | 25,508.59 | 22,476.93 |
| Earnest money deposit | 108.40 | 26.25 |
| Deposits from suppliers and others | 2,727.00 | 2,051.00 |
| Dividend payable / unclaimed | 358.38 | 379.05 |
| Imbalance, overrun & other charges - PNGRB | 3,621.18 | 3,267.75 |
| Other financial liabilities | | |
| BG Asia Pacific Holdings Limited (iii) | 46,478.00 | 46,478.00 |
| Less : Amount deposited in Escrow Account with Citi Bank | (46,478.00) | (46,478.00) |
| Others | 2,509.00 | 2,500.00 |
| **Total Current Other Financial Liabilities** | **2,59,716.75** | **1,21,315.48** |

*** Refer note 43 - Financial instruments, fair values and risk measurement**

**(i) Security deposit from customers**

The Group obtained security deposits from the customers under contractual terms which are repayable after fixed contract tenure.

(ii) The balance with the bank for unpaid dividend is not available for use by the Group and the money remaining unpaid will be deposited in Investor Protection and Education Fund u/s 124(5) of Companies Act, 2013 after the expiry of seven years from the date of declaration of dividend. No amount is due at the end of the period for credit to Investors education and protection fund.

(iii) The Group deposited ₹ 46,478 Lacs on 12th June, 2013 into the escrow account ("named BG Asia Pacific Holdings Pte. Limited GSPC Distribution Networks Limited Escrow Account") opened with Citibank N.A., acting as the escrow agent, pursuant to the escrow agreement executed between the BG Asia Pacific Holdings Pte. Limited (the Seller), Gujarat Gas Limited (Formerly known as GSPC Distribution Networks Limited) (the Purchaser) and Citibank N.A. The Payment of said amount into Escrow Account is to be utilized to meet future tax withholding liability (if any) based on outcome of the applications to the Authority for Advance Rulings or otherwise to be remitted to BG Asia Pacific Holdings Pte. Limited (the Seller) directly.

## 18. PROVISIONS

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Non-Current** | | |
| **Provision for employee benefits** | | |
| Provision for Long service benefits | 70.00 | 77.00 |
| Provision for Superannuation | 38.00 | 29.00 |
| Provision for leave salary | 4,125.25 | 3,765.34 |
| | **4,233.25** | **3,871.34** |
| **Other Provision** | | |
| Provision for decommissioning obligations | 383.83 | 336.01 |
| | **383.83** | **336.01** |
| **Total Non-Current Provisions** | **4,617.08** | **4,207.35** |
| **Current** | | |
| **Provision for employee benefits** | | |
| Provision for gratuity | 392.00 | 846.81 |
| Provision for leave salary | 149.81 | 125.85 |
| Provision for Long service benefits | 13.00 | 17.00 |
| Provision for leave travel allowance | 38.41 | 35.91 |
| **Total Current Provisions** | **593.22** | **1,025.57** |

**(i) Movements in Other Provisions**

| Particulars | Provision for decommissioning obligations | Total |
|---|---|---|
| At 1st April, 2017 | 336.01 | 336.01 |
| Add: Unwinding of discounts (accounted as finance cost) | 47.82 | 47.82 |
| **At 31st March, 2018** | **383.83** | **383.83** |

**For movements in provisions for employee benefits, refer Note 45.**

**(ii) Provision for Decommissioning Obligations**

Refer accounting policies 2 (r)

## 19. DEFERRED TAX LIABILITIES (Net)

(₹ in Lacs)

Deferred tax assets and liabilities are attributable to the following:

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| Property, plant and equipment | 1,58,980.19 | 1,51,438.59 |
| Financial liabilities measured at amortised cost | 621.04 | 649.21 |
| Investments in equity instruments measured at FVOCI | 311.00 | 1,474.00 |
| Undistributed resereves of equity accounted investees | 2,042.87 | 1,553.28 |
| **Total Deferred Tax Liabilities (A)** | **1,61,955.10** | **1,55,115.08** |
| **Deferred Tax Assets** | | |
| Provisions for employee benefits | 1,524.78 | 1,393.05 |
| Financial liabilities measured at amortised cost | 462.34 | 431.06 |
| Investments in equity instruments measured at FVOCI | 223.08 | 195.29 |
| Provision for decommissioning obligations | 134.12 | 116.29 |
| Provisions - Others | 737.69 | 948.01 |
| Tax Credit | 2,070.00 | 4,244.00 |
| Others | 368.00 | 557.00 |
| **Total Deferred Tax Assets (B)** | **5,520.01** | **7,884.70** |
| **Net Deferred Tax Liabilities (A-B)** | **1,56,435.09** | **1,47,230.38** |

**(i) Movements in Deferred Tax Liabilities (net)**

| Particulars | Property, plant and equipment | Financial liabilities measured at amortised cost (Net) | Undistributed resereves of equity accounted investees | Provisions for employee benefits | Investments in equity instruments measured at FVOCI (Net) | Provision for decom-missioning obligations | Provisions - Others | Tax Credit | Others | Net Deferred Tax Liabilities |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1st April 2016** | **1,47,981.04** | **262.83** | **1,301.92** | **(1,295.19)** | **2,529.33** | **(104.93)** | **(895.72)** | **(3,255.00)** | **(750.00)** | **1,45,774.28** |
| Charged/(credited) | | | | | | | | | | |
| - to profit or loss | 6,482.40 | (44.67) | 251.36 | 62.26 | - | (11.36) | (52.29) | (1,695.00) | 193.00 | 5,185.68 |
| - to directly in equity | (3,024.85) | - | - | - | - | - | - | - | - | (3,024.85) |
| - to other comprehensive income | - | - | - | (160.11) | (1,250.62) | - | - | - | - | (1,410.74) |
| **- credit reclassification** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **706.00** | **-** | **706.00** |
| **At 31st March 2017** | **1,51,438.59** | **218.16** | **1,553.28** | **(1,393.05)** | **1,278.71** | **(116.29)** | **(948.01)** | **(4,244.00)** | **(557.00)** | **1,47,230.38** |
| Charged/ (credited) | | | | | | | | | | |
| - to profit or loss | 7,541.60 | (59.45) | 489.59 | (160.16) | - | (17.83) | 210.32 | - | 189.00 | 8,193.07 |
| **- to other comprehensive income** | **-** | **-** | **-** | **28.43** | **(1,190.79)** | **-** | **-** | **-** | **-** | **(1,162.36)** |
| **- credit reclassification** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2,174.00** | **-** | **2,174.00** |
| **At 31st March 2018** | **1,58,980.19** | **158.70** | **2,042.87** | **(1,524.78)** | **87.92** | **(134.12)** | **(737.69)** | **(2,070.00)** | **(368.00)** | **1,56,435.09** |

**(ii) Reconciliation of tax expenses and the accounting profit multiplied by India's tax rate:**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| Accounting Profit before income tax expenses | 1,45,186.80 | 1,03,170.57 |
| **Tax expenses at statutory tax rate of 34.608% (2016-17 - 34.608%)** | **50,246.25** | **35,705.27** |
| Tax effect of amounts which are not deductible(taxable) in calculating taxable income: | | |
| Items having no tax consequences / others | 1,738.43 | (1,295.95) |
| Undistributed reserves of equity accounted entities | 489.59 | 251.36 |
| Chapter VI deductions | (1,254.93) | (851.47) |
| Change in tax rate | 1,452.40 | - |
| Short/(Excess) provisions of tax - earlier years | (790.48) | (1,059.99) |
| **Tax Expenses at effective income tax rate of 35.734% (2016-17: 31.743%)** | **51,881.26** | **32,749.21** |

**(iii) Items of Other Comprehensive Income**

| **Particulars** | **2017-18** | **2016-17** |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year: | | |
| Unrealised gain/(loss) on FVOCI equity securities | 1,190.79 | 1,250.62 |
| Net (loss)/gain on remeasurements of defined benefit plans | (27.78) | 159.66 |
| Share of other comprehensive income of associate/joint venture | (0.65) | 0.45 |
| **Income tax charged to OCI** | **1,162.36** | **1,410.73** |

## 20. OTHER LIABILITIES

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Non-Current | | |
| Revenue received in advance | 1,151.92 | 1,073.42 |
| Others | 333.84 | 475.59 |
| **Total Non-Current Liabilities** | **1,485.76** | **1,549.01** |
| Current | | |
| Revenue received in advance | 1,867.91 | 1,419.51 |
| Statutory taxes payable | 2,379.41 | 4,227.30 |
| Other Liabilities | 11,473.83 | 8,628.69 |
| **Total Current Liabilities** | **15,721.15** | **14,275.50** |

## 21. TRADE PAYABLES*

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Current | | |
| Total outstanding dues of micro enterprises and small enterprises | 1,645.69 | 539.13 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 28,523.18 | 31,549.67 |
| **Total Trade Payables** | **30,168.87** | **32,088.80** |

* Refer note 43 - Financial instruments, fair values and risk measurement

## 22. REVENUE FROM OPERATIONS

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Revenue from transportation of gas (net) | 1,04,174.49 | 75,814.98 |
| Sale of Product ( Including excise duty) | 6,29,925.59 | 5,19,486.19 |
| Revenue from sale of electricity (net) | 3,728.29 | 3,998.14 |
| Other operating revenues | | |
| Connectivity charges | 3,170.50 | 3,729.31 |
| Other | 1,607.78 | 1,626.63 |
| **Total Revenue from Operations** | **7,42,606.65** | **6,04,655.25** |

## 23. OTHER INCOME

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Other non-operating income | 1,793.19 | 1,054.75 |
| Interest income | | |
| Fixed deposits with banks | 4,880.73 | 5,677.34 |
| Optionally convertible debentures | - | 34.85 |
| Other interest income* | 2,968.81 | 3,631.96 |
| **Total Other Income** | **9,642.73** | **10,398.90** |

*Includes interest income on deposits, staff advances, employee loans and delayed payments from customers.

## 24. COST OF MATERIALS CONSUMED

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Natural Gas-Consumed | 4,43,519.00 | 3,61,391.00 |
| Gas Transportation Charges | 1,487.49 | 538.99 |
| Less:- | | |
| Deferred delivery of natural gas (GIT) | (1,644.00) | - |
| **Total Cost of Materials Consumed** | **4,43,362.49** | **3,61,929.99** |

## 25. CHANGES IN INVENTORIES OF NATURAL GAS

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Changes in inventories of finished goods, stock in trade and work in progress - Natural Gas | | |
| Inventory at the beginning of the year | 381.00 | 369.00 |
| Less: Inventory at the end of the year | 444.00 | 381.00 |
| **Total Changes in Inventories** | **(63.00)** | **(12.00)** |

## 26. EMPLOYEE BENEFIT EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Salaries and wages | | |
| Salaries and allowances | 14,972.86 | 13,438.35 |
| Leave salary | 571.23 | 915.01 |
| Contribution to provident and other funds | | |
| Contribution to provident fund | 1,513.39 | 1,347.77 |
| Contribution to super annuation scheme | 83.92 | 86.04 |
| Group gratuity expenses | 195.48 | 132.06 |
| ESOP compensation expenses | (1.13) | - |
| Staff welfare expenses | 885.47 | 785.93 |
| **Total Employee Benefit Expenses** | **18,221.22** | **16,705.16** |

## 27. FINANCE COSTS

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Interest on borrowings | 22,273.62 | 26,508.83 |
| Unwinding of discount on provisions | 28.43 | 24.89 |
| Unwinding of transaction costs incurred on borrowings | 183.57 | 90.08 |
| Other borrowing costs (includes bank charges, etc.) | 1,675.62 | 1,134.07 |
| **Total Finance Costs** | **24,161.24** | **27,757.87** |

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the year. Rate of interest considered is 8.07%.(Previous year 9.04%). Further, for specific borrowings, the borrowing cost is capitalized at rate(s) applicable to specific loan(s) used for specific project(s). The weighted avg. rate of such borrowings used for projects is 8.90% for FY 2017-18 [P.Y. : 9.74%].

## 28. DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Depreciation for property, plant and equipment | 42,659.64 | 41,634.28 |
| Amortisation for intangible assets | 2,026.23 | 2,012.24 |
| **Total Depreciation and Amortisation Expenses** | **44,685.87** | **43,646.52** |

## 29. OTHER EXPENSES

(₹ in Lacs)

| Particulars | | 2017-18 | 2016-17 |
|---|---|---|---|
| **Operation & Maintenance Expenses** | | | |
| Maintenance contracts | | 1,875.01 | 1,474.08 |
| Payment to outsourced persons | | 647.90 | 570.19 |
| Security service charges | | 1,076.65 | 1,028.81 |
| Land revenue | | 7.02 | 8.71 |
| Power & fuel | | 7,964.40 | 6,712.00 |
| Consumption of stores & spare parts | | 1,416.06 | 1,922.74 |
| System usage gas | | (202.77) | 2,182.45 |
| Repairs & maintenance - building | | 227.20 | 203.44 |
| Repairs & maintenance - machinery | | 14,436.62 | 11,401.02 |
| Other O&M expenses (i) | | 1,790.69 | 1,670.06 |
| O&M expenses - windmill | | 468.71 | 446.28 |
| Gas Transportation Charges | | 4,776.08 | - |
| Rent - Pipelines and others | | 3,773.15 | 2,986.30 |
| | **(A)** | **38,256.72** | **30,606.08** |
| **Other Office & Administrative Expenses** | | | |
| Advertisement & publicity expenses | | 96.04 | 81.86 |
| Bandwidth & website maintenance charges | | 28.35 | 21.51 |
| Business promotion | | 392.53 | 402.82 |
| Statutory audit fees | | 29.73 | 34.67 |
| Donation & contributions | | 1,971.26 | 230.00 |
| Legal & professional expenses | | 1,452.17 | 1,507.80 |
| Rent | | 172.24 | 230.42 |
| Rate & taxes | | 188.96 | 152.11 |
| Recruitment & training | | 49.89 | 66.79 |
| Seminar & conference | | 16.77 | 16.58 |
| Stationery & printing | | 288.44 | 170.18 |
| Travelling expenses - directors | | 12.01 | 5.95 |
| Travelling expenses - others | | 271.79 | 223.23 |
| Postage, telephone & courier expenses | | 491.07 | 501.84 |
| HSE expenses | | 100.44 | 105.05 |
| Listing fee | | 15.80 | 14.40 |
| Insurance expenses | | 610.19 | 624.63 |
| Acquisition related costs (Refer Note 53 ) | | 1,023.48 | - |
| LCV/HCV Hiring, Operating and Maintenance Charges | | 4,344.00 | 3,164.00 |
| Franchisee and other Commission | | 3,492.00 | 2,905.00 |
| Agency & Contract Staff Expenses | | 2,660.00 | 2,027.00 |
| Loss on sale / write-off of property plant and equipment (net) | | 781.00 | 976.00 |
| Billing and Collection expenses | | 889.00 | 644.00 |
| Vehicles Exps | | 639.00 | 634.00 |
| Office Expenses | | 687.00 | 496.00 |
| Allowance for Doubtful Trade Receivables/Advances/Deposits | | 57.00 | 416.00 |
| Material Shortage/(Gain) and Loss on sale of material(Net) | | 149.00 | 1.00 |
| Other administrative exp. | | 1,026.87 | 1,071.12 |
| | **(B)** | **21,936.03** | **16,723.96** |
| **Total Other Expenses (A+B)** | | **60,192.75** | **47,330.04** |

(i) The Group has taken premises for business and residential use for its employees under cancellable operating lease arrangements. The total lease rentals recognised as an expense during the year for such lease arrangements is ₹ 640 Lacs (31st March, 2017: ₹ 604 Lacs). The lease arrangement typically ranges from 11 months to 9 years.

**(ii) Payment to Auditors*** (₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| For statutory audit | 29.40 | 34.40 |
| For other services | 2.26 | 2.25 |
| For reimbursement of expenses | 0.39 | 0.26 |
| **Total** | **32.05** | **36.91** |

***Excluding applicable taxes.**

**(iii) Corporate Social Responsibility Expenses** (₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Gross amount required to be spent by the Group during the year | 2,379.46 | 1,996.03 |
| Amount spent during the year on (paid in cash) : | | |
| Construction /acquisition of any asset | 12.50 | 23.00 |
| On purpose other than above | 2,772.76 | 205.00 |
| Amount spent during the year on (yet to be paid in cash) : | | |
| Construction /acquisition of any asset | - | - |
| On purpose other than above | - | - |
| **Total** | **2,785.26** | **228.00** |

## 30. INCOME TAX EXPENSES

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Current Tax Expenses** | | |
| Current tax on profits for the year | 44,478.66 | 28,599.52 |
| Adjustments for the current tax of prior periods | (790.48) | (1,035.99) |
| **Total Current Tax Expenses** | **43,688.18** | **27,563.53** |
| **Deferred Tax Expenses** | | |
| Decrease/(Increase) in deferred tax assets | 221.33 | (1,503.40) |
| (Decrease)/Increase in deferred tax liabilities | 7,971.74 | 6,689.08 |
| **Total Deferred Tax Expenses** | **8,193.07** | **5,185.68** |
| **Income Tax Expenses** | **51,881.25** | **32,749.21** |

**Tax Items of Other Comprehensive Income**

(₹ in Lacs)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Deferred tax related to items recognised in OCI during the year: | | |
| Unrealised gain/(loss) on FVOCI equity securities | 1,190.79 | 1,250.62 |
| Net (loss)/gain on remeasurements of defined benefit plans | (28.43) | 160.11 |
| **Income tax charged to OCI** | **1,162.36** | **1,410.73** |

## 31. EARNING PER SHARE

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| **Profit attributable to equity holders for (₹ in Lacs):** | | |
| Basic earnings | 74,130.67 | 55,441.71 |
| Adjusted for the effect of dilution | 74,130.67 | 55,441.71 |
| **Weighted average number of Equity Shares for:** | | |
| Basic EPS | 56,37,44,897 | 56,34,53,705 |
| Adjusted for the effect of dilution | 56,39,81,524 | 56,37,63,818 |
| **Earnings Per Share (₹):** | | |
| Basic | 13.15 | 9.84 |
| Diluted | 13.14 | 9.83 |

## 32. RECONCILIATION OF MOVEMENTS OF CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(₹ in Lacs)

| Particulars | Liabilities | Equity | | | | |
|---|---|---|---|---|---|---|
| | Borrowings | Share Capital | Security Premium Reserve | Employees Stock Options Outstanding | Retained earnings | Total |
| **Balance as at 1st April, 2017** | **2,98,212.65** | **56,358.77** | **41,062.39** | **385.83** | **3,70,261.66** | **7,66,281.30** |
| **Cash Flow from Financing Activities** | | | | | | |
| Proceeds from issue of Equity Share Capital including Share Premium | - | 24.59 | 275.49 | (115.68) | - | 184.40 |
| Proceeds from Long Term Borrowing | 2,86,700.00 | - | - | - | - | 2,86,700.00 |
| Repayment of Long Term Borrowings | (46,793.89) | - | - | - | - | (46,793.89) |
| Dividend (Including Corporate Dividend Tax) Paid | - | - | - | - | (14,108.00) | (14,108.00) |
| Interest & Financial Charges paid | (23,338.13) | - | - | - | - | (23,338.13) |
| **Total Cash Flow from Financing Activities** | **2,16,567.98** | **24.59** | **275.49** | **(115.68)** | **(14,108.00)** | **2,02,644.38** |
| Liability realted other changes | 23,695.79 | - | - | - | - | 23,695.79 |
| Equity realted other changes | - | - | - | (1.14) | 1,05,108.18 | 1,05,107.04 |
| **Balance as at 31st March, 2018** | **5,38,476.42** | **56,383.36** | **41,337.88** | **269.01** | **4,61,261.84** | **3,31,447.21** |

## 33. CONTINGENT LIABILITIES & CONTINGENT ASSETS

(₹ in Lacs)

**Contingent Liabilities***

| Sr No. | Particulars | As at 31st March, 2018 | As at 1st April, 2017 |
|---|---|---|---|
| **A** | **Claims against group not acknowledged as debts** | | |
| 1 | By land owners seeking enhancement of compensation in respect of RoU acquired by the Group | 2,178.59 | 2,269.22 |
| 2 | By other parties including contractual disputes | 22,628.09 | 7,094.78 |
| 3 | Central Excise and Service Tax matters, the matters lying before: Applicable interest & penalty has also been demanded by Department. | 41,592.14 | 39,797.14 |
| 4 | Income tax matters: | 3,633.92 | 10,901.17 |
| The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. | | | |
| 5 | Others (Refer (ii)) | 40,740.00 | 19,544.00 |
| 6 | Stamp duty on amalgamation (Refer (iii)) | 1,853.00 | 1,853.00 |
| **B** | **Guarantees excluding financial guarantees** | | |
| | Outstanding Bank Guarantees / Letter of Credits | 2,82,109.20 | 2,25,729.45 |

*Refer Note 54 for details of associate and joint venture companies.

(i) Imbalance and overrun charges as per the 'Modalities of maintaining & operation of Escrow Account under the PNGRB (Access Code for Common or Contract Carrier Natural Gas Pipeline) Regulations, 2008' issued by PNGRB on 7th March, 2011, collected for the period prior to 1st April, 2011 amounting to ₹ 226.02 Lacs (net of taxes) has been deposited in Escrow Account under protest. However, the same is not recognised as liability as these guidelines are applicable w.e.f. 1st April, 2011.

**(ii) Others**

a) UPL Limited (UPL) a customer of erstwhile Gujarat Gas Company Limited(now known as Gujarat Gas Limited) filed a complaint before Petroleum and Natural Gas Regulatory Board (PNGRB) against erstwhile GGCL alleging charging of tariff illegally under the City Gas Network Distribution Agreement entered into between the Parties. The matter was decided against the company by PNGRB. The Group has preferred an appeal at Appellate Tribunal for Electricity (APTEL) against the PNGRB Order. The Group has also sought an interim stay on the PNGRB order which was granted by APTEL. The APTEL has in its order stated that it is an interim order without considering the merits of the case. The Group has submitted bank guarantee of ₹ 4,000 Lacs in favour of UPL.

b) Erstwhile Gujarat Gas Company Limited and Erstwhile GSPC Gas Company Limited (Now collectively known as Gujarat Gas Limited "GGL") had signed Gas supply agreement with Gujarat State Petroleum Corporation Limited (GSPCL) for purchase of Re-gasified liquefied natural gas (RLNG). As per the provision of said agreement, GGL has to pay interconnectivity charges to GSPCL for the supply and purchase of RLNG at Delivery point which is charged to GSPCL by their supplier i.e.PLL Off takers (GAIL India, BPCL, IOCL). PGNRB had vide its orders dated 13.09.2011 of Chairman and dated 10.10.2011 of the majority members (three member panel of Board) unanimously held that GAIL had adopted Restrictive Trade Practices by blocking off direct connectivity to GSPC and further, directed Respondents to immediately give direct connectivity to GSPC at Dahej Terminal. The PLL Offtakers (GAIL) filed appeals against the said PNGRB orders before the Appellate Tribunal for Electricity (APTEL). On 23-February-2012 APTEL had issued an interim order for shifting the Delivery Point from GAIL-GSPL Delivery Point to GSPL-PLL Delivery Point. On 18-December-2013 APTEL issued its judgment and required GSPCL to pay the amount of the difference between Rs. 8.74/MMBTU (exclusive of Service Tax) - earlier connectivity charges and ₹ 19.83/MMBTU (Exclusive of Service Tax) – HVJ/DVPL Zone-1 tariff to GAIL for the period from 20th November 2008 to 29th February 2012.

GSPCL has filed an appeal against the APTEL's above referred judgment before Hon'ble Supreme Court of India (GSPCL vs. GAIL & Others, Civil Appeal No. 2473-2476 of 2014) and the Hon'ble Supreme Court of India had passed the Interim Order on 28th February 2014. The Court has stated that the ends of justice would be met if as a matter of interim arrangement, the appellant is directed to pay interconnectivity charges at the rate of ₹ 12.00 per MMBTU (exclusive of Taxes). The Group has already provided and paid interconnectivity charges at the rate of ₹ 12.00 per MMBTU (exclusive of Taxes).

c) One of the gas suppliers of the Group has submitted a claim of ₹ 13,490 Lacs (P. Y. ₹ 10,844 Lacs), for overdrawn use of gas against demand in earlier years. The Group has refuted this erroneous claim contending that no contractual provisions of the agreement executed with GGL allow such claim. The management is of the firm view that the Group is not liable to pay any such claim. The Group has already taken up the matter with concerned party/authorities to withdraw the claim.

d) During this year, the Group has initiated an arbitration proceeding against one of the franchisees claiming compensation for loss of revenue While replying to the claim, the said franchisee has also filed a counter claim of ₹ 17,714 Lacs against the Group claiming compensation for various losses. The Group has filed necessary rejoinder to the counter claim strongly refuting the same mainly on the grounds that the claims are wrong and as are not flowing from the same agreement under which the arbitral tribunal has been constituted the tribunal does not have any jurisdiction to adjudicate the claim.

**(iii) Stamp duty on amalgamation**

The office of superintendent of stamp has issued demand of stamp duty of ₹ 4,353 Lacs for the transaction of scheme of amalgamation and arrangement. The Group has filed the appeal before Chief Controlling Revenue Authority - CCRA on 20.12.2016 by paying 25% of demand of ₹ 1,088 Lacs. The Group has already provided the liability of ₹ 2500 Lacs in the books of accounts for the financial year 2015-16.

**Contingent Assets**

The Group is having certain claims, realisation of which is dependent on outcome of legal process being pursued. The management believe that probable outcome in all such claims are uncertain. Hence, the disclosure of such claims is not required in the consolidated financial statements.

## 34. COMMITMENTS*

**(₹ in Lacs)**

| Sr No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|
| A | **Capital Commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | 52,784.31 | 1,16,072.34 |
| | Estimated amount of contracts remaining to be executed on revenue account and not provided for | 33,079.00 | 34,592.00 |
| B | **Other Commitments** | | |
| | Investments in joint venture and other entities | 1,82,407.12 | 1,88,534.99 |

***Refer Note 54 for details of associate and joint venture companies.**

## 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

For the year 2017-18, the Board of Director of the Company has recommended a final dividend of ₹ 1.75/- per share (Previous Year.: ₹ 1.50/- per share). The same is subject to approval of shareholders in the ensuing annual general meeting.

**36 Previous year figures have been reclassified or regrouped wherever necessary.**

## 37. BORROWING COSTS CAPITALISATION

(₹ in Lacs)

**As per Indian Accounting Standard -23 "Borrowing Costs", the Group has capitalised the borrowing costs amounting to:**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Borrowing costs capitalised | 2,035.23 | 4,884.72 |

38 There are no whole time / executive directors on the Board except Managing Director and joint Managing Director. They are not drawing any remuneration from the Group.

39 The balances of sundry debtors, creditors, loans & advances and deposits are subject to confirmation. Provision for all liabilities is adequate in opinion of the Group.

40 Information in respect Micro, Small and Medium Enterprises Development Act, 2006; the Group had sought confirmation from the vendors whether they fall in the category of Micro/Small/Medium Enterprises. Based on the information available, the required disclosures are given below:

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Principal amount remaining unpaid** | 2,952.69 | 1,905.14 |
| Interest due thereon | - | - |
| Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| Interest accrued and remaining unpaid | 1.00 | 1.00 |
| Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | - | - |

## 41. SEGMENT INFORMATION

(₹ in Lacs)

**(a) Description of segment and principal activities**

"The Company's Board of Directors monitors the operating results of the below business segments separately for the purpose of making decisions about resource allocation and performance assessment and has identified two reportable segments of its business:

1. Gas Transportation - The Company's principal business comprising transportation of Gas through pipeline.

2. Windmill - Generation of electricity through windmills."

**(b) Segment revenue and expenses**

Revenue and Expenses have been identified to a segment on the basis of operating activities of the segment. Revenue and Expenses which relate to common activities and are not allocable to segment on reasonable basis have been disclosed as "Unallocable".

**(c) Segment assets and liabilities**

Segment assets include all operating assets in respective segments comprising of net property, plant and equipment, Capital Work in Progress, current assets, loans and advances. Segment liabilities include operating liabilities and provisions excluding borrowings and deferred tax liabilities.

**(d) Information about geographical areas**

All the customers are located within India. Hence, the management believes that geographical distribution of revenue will not be applicable.

**(e) Information about major customers**

Revenues of ₹ 75,187.37 Lacs (P.Y.: ₹ 50,565.41 Lacs) are derived from multiple major customers (accounting for 10% or more of the Group's revenue individually). These revenue are attributable to gas transportation segment.

**(f) Information about product and services**

The Group's revenue from external customers for each product is same as that disclosed below under "segment revenue".

**(₹ in Lacs)**

| Particulars | 2017-18 | | | | | 2016-17 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gas Transportation | Windmill | City Gas Distribution | Unallocated | Total | Gas Transportation | Windmill | City Gas Distribution | Unallocated | Total |
| **Segment Revenues** | | | | | | | | | | |
| External Revenue* | 1,29,858.68 | 3,728.29 | 6,09,431.86 | - | 7,43,018.83 | 1,00,596.68 | 3,998.14 | 5,01,899.81 | - | 6,06,494.63 |
| Less: Inter Segment Revenue | (24,498.51) | | | | (24,498.51) | (21,874.01) | - | | - | (21,874.01) |
| **Total Segment Revenue** | **1,05,360.17** | **3,728.29** | **6,09,431.86** | **-** | **7,18,520.33** | **78,722.67** | **3,998.14** | **5,01,899.81** | **-** | **5,84,620.62** |
| **Segment Results** | | | | | | | | | | |
| **Profit/(Loss)** | **1,00,741.58** | **1,703.42** | **46,303.00** | **-** | **1,48,748.00** | **73,978.77** | **1,805.58** | **30,334.02** | **-** | **1,06,118.37** |
| Unallocated other income | - | - | - | 8,295.86 | 8,295.86 | - | - | - | 7,435.22 | 7,435.22 |
| Unallocated expenses and finance cost | - | - | - | (9,321.75) | (9,321.75) | - | - | - | (8,986.49) | (8,986.49) |
| **Profit before tax** | **1,00,741.58** | **1,703.42** | **46,303.00** | **(1,025.89)** | **1,47,722.11** | **73,978.77** | **1,805.58** | **30,334.02** | **(1,551.27)** | **1,04,567.10** |
| Income tax-Current | - | - | - | (44,478.66) | (44,478.66) | - | - | - | (28,599.52) | (28,599.52) |
| Excess/short provision of income tax | - | - | - | 790.48 | 790.48 | - | - | - | 1,035.99 | 1,035.99 |
| Deferred tax | - | - | - | (8,193.07) | (8,193.07) | - | - | - | (5,185.68) | (5,185.68) |
| **Profit after tax** | **1,00,741.58** | **1,703.42** | **46,303.00** | **(52,907.14)** | **95,840.86** | **73,978.77** | **1,805.58** | **30,334.02** | **(34,300.48)** | **71,817.89** |
| **Other information** | | | | | | | | | | |
| Depreciation and amortisation | 15,483.16 | 1,461.66 | 27,182.00 | 559.06 | 44,685.87 | 15,664.61 | 1,653.14 | 25,732.66 | 596.11 | 43,646.52 |
| Cost to acquire Fixed Assets (incl. CWIP) | 3,44,234.12 | - | 39,941.00 | 35,082.83 | 4,19,257.95 | 17,203.81 | - | 41,370.70 | 831.24 | 59,405.75 |
| Net Additions to non-current assets | 3,44,212.60 | - | 38,986.00 | 34,935.86 | 4,18,134.46 | 17,221.09 | - | 42,555.70 | (15,065.40) | 44,711.39 |
| Non-Cash Expenses other than depreciation and amortisation | - | - | - | 5.16 | 5.16 | 281.68 | 32.84 | - | 5.16 | 319.68 |

* Segment Revenue includes other income which is directly attributable to each segment.

(₹ in Lacs)

| Segments Assets** | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Gas Transportation | 3,89,344.71 | 4,02,612.51 |
| Windmill | 10,799.20 | 12,590.60 |
| City Gas Distribution | 6,66,176.97 | 6,33,504.55 |
| Unallocated | 1,29,943.17 | 1,32,117.00 |
| **Total** | **11,96,264.05** | **11,80,824.66** |

(₹ in Lacs)

| Segments Liabilities** | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Gas Transportation | 28,509.07 | 20,225.07 |
| Windmill | 1,068.94 | 1,137.98 |
| City Gas Distribution | 4,79,529.97 | 4,61,939.48 |
| Unallocated | 3,58,770.66 | 1,21,457.58 |
| **Total** | **8,67,878.63** | **6,04,760.12** |

** Segment assets and liabilities are measured in same way as in the financial statements. They are allocated based on the operations of the segment.

## 42. RELATED PARTY DISCLOSURES

As per the Indian Accounting Standard-24 on "Related Party Disclosures", list of related parties identified of the Group are as follows:

**(a) Parent Entity**

Gujarat State Petroleum Corporation Limited

**(b) Subsidiary/Associate**

| Name of the entity# | Type |
|---|---|
| Gujarat Gas Limited ('GGL') | Subsidiary* |
| Gujarat Gas Limited Employees Group Gratuity Scheme | Subsidiary* |
| GSPL India Gasnet Limited | Joint Venture |
| GSPL India Transco Limited | Joint Venture |
| Sabarmati Gas Limited | Associate |
| Guj Info Petro Limited | Associate |
| Gujarat State Energy Generation Limited | Entities over which parent company exercise significant influence |
| GSPC LNG Limited | |
| Gujarat Pipavav Power Company Limited | Entities controlled by the parent company |
| Gujarat Info Petro Limited | |

**# List of parties having transactions during the year**

*Refer note 53 for acquisition of controlling stake in Gujarat Gas Limited accounted as per the guidance provided in Appendix C to Ind AS 103 Business Combination.

**(c) Transactions with related parties:**

(₹ in Lacs)

| Particulars | Parent | | Subsidiary | | Joint Venture | | Associate | | Others/Key Managerial Pesonnel | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 | 2017-18 | 2016-17 |
| Gas Transportation Income | 11,904.30 | 9,340.78 | - | - | 177.00 | - | 3,483.04 | 3,246.57 | 903.36 | 1,130.89 | 16,467.70 | 13,718.24 |
| Other Income | 20.00 | 26.00 | - | - | 189.02 | 181.93 | 47.34 | 39.05 | 0.15 | 0.01 | 256.51 | 246.99 |
| Interest on Investment | - | - | - | - | - | - | - | 34.85 | - | - | - | 34.85 |
| Dividend income | - | - | - | - | - | - | 109.86 | 54.93 | - | - | 109.86 | 54.93 |
| Services received | 10.35 | 3.64 | - | - | 0.38 | - | 71.00 | 69.00 | 58.60 | 88.50 | 140.33 | 161.14 |
| Reimbursement made for expenses | 966.69 | 139.39 | - | - | 248.21 | 319.65 | 1.79 | 1.00 | 2.63 | 1.19 | 1,219.32 | 461.23 |
| Reimbursement received for expenses | 22.72 | 46.39 | - | - | 260.83 | 230.95 | - | 2.00 | 28.80 | 27.77 | 312.35 | 307.11 |
| Purchase of Line Pack Gas | 473.73 | 1,911.50 | - | - | - | - | - | - | - | - | 473.73 | 1,911.50 |
| Dividend Paid | 3,184.58 | 3,184.58 | - | - | - | - | 8.00 | 7.00 | - | - | 3,192.58 | 3,191.58 |
| Acquistion of additional equity stake in GGL | 3,25,669.99 | - | - | - | 14,872.00 | 5,460.00 | - | - | - | - | 3,40,541.99 | 5,460.00 |
| Redemption of Optionally Convertible Debentures | - | - | - | - | - | - | - | 2,000.00 | - | - | - | 2,000.00 |
| Purchase of Assets | - | - | - | - | - | - | 1.00 | - | - | - | 1.00 | - |
| Sale of Assets | - | 4.79 | - | - | 1.04 | - | - | 1.00 | - | - | 1.04 | 5.79 |
| Sale of Materials | - | - | - | - | 0.29 | - | 449.00 | - | - | - | 449.29 | - |
| Security deposits paid/released | - | - | - | - | - | - | - | - | - | - | - | - |
| Security deposits Received | - | - | - | - | - | - | 28.00 | 8.00 | - | - | 28.00 | 8.00 |
| Refundable Rent Deposit | 3.41 | - | - | - | - | - | - | - | - | - | 3.41 | - |
| Short term employee benefits - KMP | - | - | - | - | - | - | - | - | 121.31 | 115.27 | 121.31 | 115.27 |
| Post employment benefits - KMP | - | - | - | - | - | - | - | - | 14.00 | 7.00 | | |
| Contribution made to Superannuation Trust | - | - | - | - | - | - | - | - | 84.16 | 86.04 | 84.16 | 86.04 |
| Contribution made to Gratuity Trust | - | - | 801.00 | 965.00 | - | - | - | - | 297.72 | 535.09 | 1,098.72 | 1,500.09 |
| Purchase of Natural Gas | 4,40,046.00 | 3,47,416.00 | - | - | - | - | - | - | - | - | 4,40,046.00 | 3,47,416.00 |
| Outstanding balances arising from sales/purchases of goods/services | | | | | | | | | | | | |
| Corporate guarantee / Bank guarantee | 28,860.00 | 29,591.00 | - | - | 6,500.00 | 6,500.00 | - | - | - | - | 35,360.00 | 36,091.00 |
| Account Payable as at year end | 14,222.15 | 18,783.57 | - | - | 13.43 | 21.92 | 138.79 | 18.00 | 45.30 | 52.83 | 14,419.67 | 18,876.32 |
| Account Receivable as at year end | 424.25 | 518.36 | - | - | 42.52 | 38.44 | - | 100.84 | 153.64 | 227.26 | 620.41 | 884.90 |

* The above transactions are inclusive of all taxes, wherever applicable.

**(d) Terms and conditions**

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. All outstanding balances are unsecured.

Apart from the above transactions, the Company has also entered into certain transactions in ordinary course of business with Government related entities. These are transacted at arm's length prices based on the agreed contractual terms.

## 43. FINANCIAL INSTRUMENTS FAIR VALUE AND RISK MEASUREMENTS (₹ in Lacs)

A. Financial instruments by category and their fair value

| As at 31st March, 2018 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Investments | | | | | | | | |
| - Equity Shares - Unquoted | - | 5,111.41 | - | 5,111.41 | - | - | 5,111.41 | 5,111.41 |
| Loan | | | | | | | | |
| - Non-current | - | - | 1,249.61 | 1,249.61 | - | - | - | - |
| - Current | - | - | 299.04 | 299.04 | - | - | - | - |
| Trade Receivables | - | - | 50,183.60 | 50,183.60 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 11,944.76 | 11,944.76 | - | - | - | - |
| Other Bank Balances | - | - | 38,519.88 | 38,519.88 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 7,993.02 | 7,993.02 | - | - | - | - |
| - Current | 23.96 | - | 5,213.06 | 5,237.02 | - | 23.96 | - | 23.96 |
| **Total financial assets** | **23.96** | **5,111.41** | **1,15,402.97** | **1,20,538.34** | **-** | **23.96** | **5,111.41** | **5,135.37** |
| **Financial liabilities** | | | | | | | | |
| Borrowings | | | | | | | | |
| - Non-current | - | - | 3,97,247.10 | 3,97,247.10 | - | - | - | - |
| - Current | - | - | 128.00 | 128.00 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non-current | - | - | 1,499.62 | 1,499.62 | - | - | - | - |
| - Current | - | - | 2,59,716.75 | 2,59,716.75 | - | - | - | - |
| Trade Payables | - | - | 30,168.87 | 30,168.87 | - | - | - | - |
| **Total financial liabilities** | **-** | **-** | **6,88,760.33** | **6,88,760.33** | **-** | **-** | **-** | **-** |

| As at 31st March, 2017 | Carrying amount | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortized Cost | Total | Level 1 - Quoted price in active markets | Level 2 - Significant observable inputs | Level 3 - Significant unobservable inputs | Total |
| **Financial assets** | | | | | | | | |
| Investments | | | | | | | | |
| - Equity Shares - Unquoted | - | 10,309.46 | - | 10,309.46 | - | - | 10,309.46 | 10,309.46 |
| Loan | | | | | | | | - |
| - Non-current | - | - | 1,315.96 | 1,315.96 | - | - | - | - |
| - Current | - | - | 316.80 | 316.80 | - | - | - | - |
| Trade Receivables | - | - | 45,613.41 | 45,613.41 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 3,633.61 | 3,633.61 | - | - | - | - |
| Other Bank Balances | - | - | 83,079.92 | 83,079.92 | - | - | - | - |
| Other financial assets | | | | | | | | |
| - Non-current | - | - | 8,037.87 | 8,037.87 | - | - | - | - |
| - Current | 309.97 | - | 5,119.85 | 5,429.82 | - | 309.97 | - | 309.97 |
| **Total financial assets** | **309.97** | **10,309.46** | **1,47,117.42** | **1,57,736.85** | **-** | **309.97** | **10,309.46** | **10,619.43** |
| Financial liabilities | | | | | | | | |
| Borrowings | | | | | | | | |
| - Non-current | - | - | 2,79,259.08 | 2,79,259.08 | - | - | - | - |
| - Current | - | - | 728.00 | 728.00 | - | - | - | - |
| Other financial liabilities | | | | | | | | |
| - Non-current | - | - | 1,394.95 | 1,394.95 | - | - | - | - |
| - Current | - | - | 1,21,315.48 | 1,21,315.48 | - | - | - | - |
| Trade Payables | - | - | 32,088.80 | 32,088.80 | - | - | - | - |
| **Total financial liabilities** | **-** | **-** | **4,34,786.31** | **4,34,786.31** | **-** | **-** | **-** | **-** |

# Fair value of financial assets and liabilities measured at amortised cost is not materially different from the amortised cost. Further, impact of time value of money is not significant for the financial instruments classified as current. Accordingly, the fair value has not been disclosed separately.

**Types of inputs for determining fair value are as under:**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

## B. Measurement of fair values

### i) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

**Financial instruments measured at fair value**

| | |
|---|---|
| **FVOCI in unquoted equity shares** | **Valuation techniques:**<br>Such investments are fair valued using appropriate valuation techniques as permitted under Ind AS 113. These have been summarised below:<br>• Investment in equity shares of Gujarat State Energy Generation Limited has been fair valued using the Discounted Cash Flow method (DCF).<br>• Investment in equity shares of GSPC LNG Limited were fair valued using the DCF method in the previous year. Since no additional investment has been made during the year and the company's operations have not commenced, management does not expect there to be a significant change in the fair value determined as at the previous reporting date.<br>• Investment was made in the equity shares of Swan LNG Pvt Ltd. in February 2018. Hence, payments will be made based on the agreed milestones as and when they are due. Management believes that there is no significant change in value of the investments. Accordingly, the investment is disclosed at the transaction price represented by the cash payment made on the date of acquisition.<br>• Investments in equity shares of Gujarat State Petroleum Corporation Limited (GSPC) has been fair valued using DCF Method.<br><br>**Significant unobservable inputs**<br>Highest priority is given to unadjusted quoted price of listed entities and lowest priority to non-market linked inputs such as future cash flows used in income approach, market values / replacement values of assets of the investee companies, bare minimum fixed cost reimbursement, escalation in opex etc.<br><br>**Inter-relationship between significant unobservable inputs and fair value measurement**<br>The estimated fair value would increase (decrease) if there is a change in estimated cash flows and discount rate used to determine the fair value and change in pricing multiple owing to change in earnings of the entity." |
| **Cross Currency Interest Rate Swaps** | This instrument is valued using valuation techniques, which employs the use of market observable inputs.<br>The most frequently applied valuation techniques include swap models, using present value calculations.<br>The model incorporate various inputs including credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads, interest rate curve. |

**ii) Transfers between Levels 1 and 2**

There have been no transfers between Level 1 and Level 2 during the reporting periods

**iii) Level 3 fair values**

Movements in the values of unquoted equity instruments for the period ended 31st March, 18 and 31st March, 2017 is as below:

**(₹ in Lacs)**

| Particulars | Amount |
|---|---|
| **As at 1st April, 2016** | **15,549.15** |
| Acquisitions/ (disposals) | - |
| Gains/ (losses) recognised in other comprehensive income | (5,239.69) |
| Gains/ (losses) recognised in statement of profit or loss | - |
| **As at 31st March, 2017** | **10,309.46** |
| Acquisitions/ (disposals) | 0.87 |
| Gains/ (losses) recognised in other comprehensive income | (5,198.92) |
| Gains/ (losses) recognised in statement of profit or loss | - |
| **As at 31st March, 2018** | **5,111.41** |

**Transfer out of Level 3**

There were no movement in level 3 in either directions during the financial year ending on 31st March, 2018 and 31st March, 2017.

**Sensitivity analysis**
**Gujarat State Energy Generation Limited (GSEG)**

A sensitivity analysis has been carried out to determine the impact on equity valuation of GSEG. The impact on account of change in inputs is as under:

| Variation | Impact on other comprehensive income (₹ in Lacs) | |
|---|---|---|
| | **2017-18** | **2016-17** |
| Change in adjusted net assets (+5%) | 33.03 | - |
| Change in continuation of bare minimum fixed cost for one additional year | - | 32.00 |

**GSPC LNG Limited**

A sensitivity analysis has been carried out to determine the impact of escalation in Opex of GSPC LNG Limited on the valuation. The impact on account of change in inputs is as under:

| Variation | Impact on other comprehensive income (₹ in Lacs) | |
|---|---|---|
| | **2017-18** | **2016-17** |
| Increase in total Opex by 5% | 91.00 | 91.00 |

**Gujarat State Petroleum Corporation Limited**

A sensitivity analysis has been carried out to determine the impact of change in gas trading margin. The impact on account of change in inputs is as under:

| Variation | Impact on other comprehensive income (₹ in Lacs) | |
|---|---|---|
| | **2017-18** | **2016-17** |
| Forecast gas trading margin 25% decrease | (1,590.00) | (1,701.00) |

## C. Financial risk management

The Group has a well-defined risk management framework. The Board of Directors has adopted a Risk Management Policy. The Group has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

**(i) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Group. The potential activities where credit risks may arise include from cash and cash equivalents, derivative financial instruments and security deposits or other deposits and principally from credit exposures to customers relating to outstanding receivables. The maximum credit exposure associated with financial assets is equal to the carrying amount. Details of the credit risk specific to the Group along with relevant mitigation procedures adopted have been enumerated below:

**Trade and other receivables**

The Group's exposure to credit Risk is the exposure that the Group has on account of goods sold under City Gad Distribution business or services rendered to a contractual counterparty or counterparties, whether with collateral or otherwise for which the contracted consideration is yet to be received. The Group's customer base are Industrial and Commercial, Non-commercial, Domestic and CNG.

Sales are generally subject to security deposit and/or bank guarantee clauses to ensure that in the event of non-payment the Group's receivables are secured. The Group provides for allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables. For CNG sales made through Oil Marketing Companies (OMCs), the Group raises the invoice for quantities sold based on periodicity as per the agreement. The OMCs are well established companies viz. HPCL, BPCL, IOC, Essar Oil Ltd. where no significant credit risk is anticipated.

The Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

**Age of Receivables** **(₹ in Lacs)**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Not Due** | 39,722.71 | 33,587.84 |
| **0-3 Months** | 4,316.50 | 6,413.75 |
| **3-6 Months** | 243.00 | - |
| **6-12 Months** | 208.95 | 233.92 |
| **1-3 years** | 479.11 | 2,217.44 |
| **> 3 years** | 6,024.42 | 3,966.57 |

The above receivables which are past due but not impaired are assessed on case-to-case basis. These are third party customers which have a proven creditworthiness record. Management is of the view that these financial assets are not impaired as there has not been any adverse change in credit quality and are envisaged as recoverable based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available. The provision for impairment of trade receivables, movement of which has been provided below, is not significant / material. The concentration of credit risk is limited due to fact that the customer base is large and unrelated.

**Movements in Expected Credit Loss Allowance** **(₹ in Lacs)**

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Balance at the beginning of the year | 806.10 | 711.10 |
| Movements in allowance | 5.00 | 95.00 |
| **Closing balance** | **811.10** | **806.10** |

The maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

(₹ in Lacs)

| Particulars | Carrying amount | |
|---|---|---|
| | As at 31st March, 2018 | As at 31st March, 2017 |
| India | 50,183.60 | 45,613.41 |
| Other regions | - | - |
| **Total** | **50,183.60** | **45,613.41** |

**Movement in Allowance for bad and doubtful Security deposits-Project authority** (₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| **Opening Allowance for bad and doubtful Security deposits** | 1,028.00 | 707.00 |
| Provision during the year | 338.00 | 358.00 |
| Recovery/Adjustment during the year | **(285.00)** | **(37.00)** |
| Write off during the year | **(1.00)** | **-** |
| **Closing Allowance for bad and doubtful Security deposits** | **1,080.00** | **1,028.00** |

**Other financial assets**

"Other financial assets includes loan to employees, security deposits, investments, cash and cash equivalents, other bank balance, derivative asset, advances to employees etc.

- Cash and cash equivalents and Bank deposits are placed with banks having good reputation and past track record with adequate credit rating.
- Investments are made in credit worthy companies.
- Derivative instrument comprises cross currency interest rate swaps where the counter parties are banks with good reputation, and past track record with adequate credit rating. Accordingly no default risk is perceived.
- The group has given security deposit to various government authorities (like Municipal corporation, Nagarpalika, Grampanchayat, Road & building division and Irrigation department -of Government of Gujarat, credit worthy companies etc.) for the permission related to work of executing / laying pipeline network in their premises / jurisdiction. Being government authorities, the Group does not have exposure to any credit risk.
- Loan and advances to employees (for housing advances) are majorly secured in nature and hence the Group does not have exposure to any credit risk."

**(iii) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are proposed to be settled by delivering cash or other financial asset. The Group's financial planning has ensured, as far as possible, that there is sufficient liquidity to meet the liabilities whenever due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has practiced financial diligence and syndicated adequate liquidity in all business scenarios.

**Financing arrangement**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Lacs)

| Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Floating rate | | |
| Expiring within one year (bank overdraft and other facilities) | 98,900.00 | 62,800.00 |
| **Total** | **98,900.00** | **62,800.00** |

Further, the Group has also tied-up additional sources of liquidity to meet the liabilities during the respective annual years which has ensured that the Group has a clean track record with no adverse events pertaining to liquidity risk.

**Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(₹ in Lacs)

| 31st March, 2018 | Carrying amount | Contractual maturities | | |
|---|---|---|---|---|
| | | Total | Less than 12 months | More than 12 months |
| **Non-derivative financial liabilities** | | | | |
| Non current borrowings | 3,97,247.10 | 6,12,663.50 | 1,40,413.05 | 4,72,250.45 |
| Non current financial liabilities | 1,499.62 | 3,022.91 | - | 3,022.91 |
| Current borrowings | 128.00 | 128.00 | 128.00 | - |
| Current financial liabilities | 2,59,716.75 | 2,59,716.75 | 2,59,716.75 | - |
| Trade payables | 30,168.87 | 30,168.87 | 30,168.87 | - |
| **Total** | **6,88,760.33** | **9,05,700.02** | **4,30,426.66** | **4,75,273.36** |

(₹ in Lacs)

| 31st March, 2017 | Carrying amount | Contractual maturities | | |
|---|---|---|---|---|
| | | Total | Less than 12 months | More than 12 months |
| **Non-derivative financial liabilities** | | | | |
| Non current borrowings | 2,79,259.08 | 3,05,621.39 | 12,616.64 | 2,93,004.75 |
| Non current financial liabilities | 1,394.95 | 2,821.20 | - | 2,821.20 |
| Current borrowings | 728.00 | 728.00 | 728.00 | - |
| Current financial liabilities | 1,21,315.48 | 1,21,315.48 | 1,21,315.48 | - |
| Trade payables | 32,088.80 | 32,088.80 | 32,088.80 | - |
| **Total** | **4,34,786.31** | **4,62,574.87** | **1,66,748.92** | **2,95,825.95** |

**(iv) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments.

**Currency risk**

"The functional currency of the Group is Indian Rupees and its revenue is generated from operations in India. It is exposed to foreign currency risk arising on the LIBOR linked floating rate external commercial borrowing (ECB) denominated in Japanese Yen. The ECB has been fully hedged using a pay fixed – receive floating cross currency interest rate swap with all critical terms mirroring the underlying ECB. Accordingly, the foreign currency exposure and interest rate exposure has been completely hedged.

This aside, the Group does not have any derivative instruments used for trading or speculative purposes."

**Interest rate risk**

I Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Group's portfolio of borrowings comprise of a mix of fixed rate and floating rate loans which are monitored continuously in the light of market conditions. Further as disclosed above, the interest rate exposure on floating rate ECB has been fully hedged through a pay fixed – receive floating cross currency interest rate swap.

(₹ in Lacs)

| **Variable-rate instruments** | **31st March, 18** | **31st March,17** |
|---|---|---|
| Non current - Borrowings | 3,88,150.03 | 2,67,326.03 |
| Current portion of Long term borrowings | 1,38,255.08 | 16,017.20 |
| **Total** | **5,26,405.11** | **2,83,343.23** |
| | | |
| **Fixed-rate instruments** | **31st March, 18** | **31st March,17** |
| Non current - Borrowings | 9,097.07 | 11,933.06 |
| Current portion of Long term borrowings | 2,974.24 | 2,936.37 |
| **Total** | **12,071.31** | **14,869.43** |

**Sensitivity analysis**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. Since no interest rate exposure is perceived on fixed rate loans and ECB, the same have been excluded from the sensitivity analysis. A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) Equity and Profit or Loss by the amount shown below:

**(₹ in Lacs)**

| **Particulars** | **Profit or (Loss) before tax** | | **Equity (net of tax)** | |
|---|---|---|---|---|
| | 50 bp increase | 50 bp decrease | 50 bp increase | 50 bp decrease |
| **31st March, 2018** | | | | |
| Non current - Borrowings | (1,940.75) | 1,940.75 | (1,269.10) | 1,269.10 |
| Current portion of Long term borrowings | (691.28) | 691.28 | (452.04) | 452.04 |
| **Total** | **(2,632.03)** | **2,632.03** | **(1,721.14)** | **1,721.13** |
| **31st March, 2017** | | | | |
| Non current - Borrowings | (1,336.63) | 1,336.63 | (874.05) | 874.05 |
| Current portion of Long term borrowings | (80.09) | 80.09 | (52.37) | 52.37 |
| **Total** | **(1,416.72)** | **1,416.72** | **(926.42)** | **926.42** |

**Commodity Price Risk**

Risk arising on account of fluctuations in prices of natural gas is managed through long term purchase contracts entered with the respective parties. The Group monitors the movements in the prices closely while entering into new contracts.

## 44. CAPITAL MANAGEMENT

"The Group defines capital as total equity including issued equity capital, share premium and all other equity reserves attributable to equity holders (which is the Group's net asset value). The primary objective of the Group's financial framework is to support the pursuit of value growth for shareholders, while ensuring a secure financial base.

The Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio was as follows.

**(₹ in Lacs)**

| **Particulars** | **As at 31st March, 2018** | **As at 31st March, 2017** |
|---|---|---|
| Total Non-current liabilities | 5,61,284.65 | 4,33,640.77 |
| Less : Cash and bank balances | 50,464.64 | 86,713.53 |
| **Adjusted net debt** | **5,10,820.01** | **3,46,927.24** |
| Borrowings | 5,38,476.42 | 2,98,212.65 |
| **Total equity** | **3,28,385.41** | **5,76,064.54** |
| **Adjusted net debt to adjusted equity ratio** | **1.56** | **0.60** |
| **Debt equity considering only borrowings as debt** | **1.64** | **0.52** |

**45 DISCLOSURES FOR GRATUITY & LEAVE SALARY PROVISIONS AS PER INDIAN ACCOUNTING STANDARD - 19**

The Group has participated in Group Gratuity scheme of Life Insurance Corporation of India/Reliance & HDFC Life Insurance Co. Ltd. The liability in respect of gratuity benefits & leave salary being defined benefit schemes, payable in future, are determined by actuarial valuation as on balance sheet date.

In arriving at the valuation for gratuity & leave salaries following assumptions were used:

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| Mortality | Indian Assured Lives Mortality (2006-08) Ult. | | Indian Assured Lives Mortality (2006-08) Ult. | |
| Withdrawal rate | 5% at younger age reducing to 1% at old age | | 5% at younger age reducing to 1% at old age | |
| Retirement Age | 60 years | | 60 years | |
| Discount Rate | 7.6% - 7.65% | 7.6% - 7.65% | 7.25% - 7.4% | 7.25% - 7.4% |
| Rate of Return on Plan Assets | **7.60%** | **0.00%** | **7.25% - 7.4%** | **0.00%** |
| Salary escalation | **7% - 9.5%** | **7% - 9.5%** | **7% - 9.5%** | **7% - 9.5%** |

The following table sets out status of gratuity plan and leave salary as required under Indian Accounting Standard 19 on "Employee Benefit".

**(₹ in Lacs)**

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| **Table showing change in benefit obligation** | | | | |
| Opening defined benefit obligation | 5,227.22 | 3,891.19 | 4,078.34 | 3,207.38 |
| Transfer in obligation | 2.13 | - | - | - |
| Interest Cost | 373.65 | 278.66 | 314.71 | 248.11 |
| Current Service Cost | 534.10 | 334.39 | 451.94 | 342.77 |
| Benefit Paid | (167.88) | (201.36) | (147.29) | (266.19) |
| Past service cost | 72.13 | - | - | - |
| Actuarial Loss / (gain) on Obligations | (93.26) | (27.82) | 529.52 | 359.12 |
| Liability at the end of the period | 5,948.09 | 4,275.06 | 5,227.22 | 3,891.19 |
| **Table showing change in fair value of Plan Assets** | | | | |
| Fair Value of Plan Assets at the beginning | 4,380.41 | - | 2,727.20 | - |
| Transfer in/(out) plan assets | 2.13 | - | - | - |
| Adjustment to Opening fund | - | - | - | - |
| Expected Return on Plan Assets | 327.26 | - | 225.60 | - |
| Contributions | 1,098.85 | - | 1,499.09 | - |
| Benefit Paid | (173.36) | - | (140.62) | - |
| **Actuarial gain /(loss) on Plan Assets** | (10.73) | - | 69.14 | - |
| **Fair Value of Plan Assets at the end of the period** | 5,624.56 | - | 4,380.41 | - |

(₹ in Lacs)

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Gratuity | Leave Salary | Gratuity | Leave Salary |
| **Actuarial (Gain) / loss recognized** | | | | |
| Actuarial (gain) / loss on obligations | (93.26) | (27.82) | 529.52 | 359.12 |
| Actuarial (gain) / loss on Plan Assets | 10.73 | - | (69.14) | - |
| Net Actuarial (gain) / loss recognized during year | (82.53) | (27.82) | 460.38 | 359.12 |
| **Amount recognized in Balance Sheet** | | | | |
| Liability at the end of the period | 5,948.09 | 4,275.06 | 5,227.22 | 3,891.19 |
| Fair Value of Plan Asset at the end of the period | 5,624.56 | - | 4,380.41 | - |
| Net Amount recognized in Balance Sheet | 323.53 | 4,275.06 | 846.81 | 3,891.19 |
| **Expense recognized** | | | | |
| Current Service cost | 534.10 | 334.39 | 451.94 | 342.77 |
| Interest cost | 373.65 | 278.66 | 314.71 | 248.11 |
| Expected return on Plan Asset | (327.26) | - | (225.60) | - |
| Net Actuarial Loss / (gain) to be recognized | (82.53) | (27.82) | 460.38 | 359.12 |
| Past Service Costs | 72.13 | - | - | - |
| Net Expense recognized | 570.09 | 585.23 | 1,001.43 | 950.00 |

**Sensitivity Analysis:**
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(₹ in Lacs)

| Gratuity | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Discount rate - 0.5% (PY: 0.5%) | 5,615.30 | 6,316.54 | 4,922.44 | 5,565.53 |
| Withdrawal rate - 10% (PY: 0%) | 1,276.86 | 1,262.68 | - | - |
| Salary growth rate - 0.5% (PY: 0.5%) | 6,288.49 | 5,635.00 | 5,540.27 | 4,939.27 |
| **Leave salary** | **2017-18** | | **2016-17** | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate - 0.5% (PY: 0.5%) | 4,001.91 | 4,575.78 | 3,624.77 | 4,184.88 |
| Withdrawal rate - 10% (PY: 0%) | 960.01 | 956.02 | - | - |
| Salary growth rate - 0.5% (PY: 0.5%) | 4,570.84 | 4,004.34 | 4,178.82 | 3,637.34 |

## 46. EMPLOYEE STOCK OPTION PLANS

**Gujarat State Petronet Limited**

**ESOP 2010 Scheme:**

During the Financial Year 2010-11, the Company instituted ESOP-2010. The Board of Directors and the Shareholders approved the plan in the meeting held on 23rd August, 2010 and 27th October, 2010 respectively, which provides for the issue of 21,28,925 equity shares to the employees of the company. The Compensation Committee administers ESOP-2010. These ESOPs are granted at an exercise price of ₹75 per share to be vested over the period of five years and to be exercised within a period of ten years from the date of Grant.

Set out below is a summary of options granted under the plan:

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|---|---|---|---|---|
| | Avg Exercise Price per share option (₹) | Number of options | Avg Exercise Price per share option (₹) | Number of options |
| Opening Balance | 75.00 | 6,36,226 | 75.00 | 8,83,894 |
| Granted during the year | 75.00 | - | 75.00 | - |
| Exercised during the year | 75.00 | (2,45,860) | 75.00 | (2,47,668) |
| Lapsed/cancelled during the year | 75.00 | (2,408) | 75.00 | - |
| **Closing balance** | | **3,87,958** | | **6,36,226** |

**Fair value of options granted**

The fair value at grant date of options granted during the year ended 31st March, 2018 was ₹ 72.45 per option (31st March 2017 - ₹ 72.45). The fair value at grant date is determined using the Binomial Model which takes into account the exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

**Expenses arising from share based payment transactions**

Total expenses arising from share-based payment transactions recognised in the statement of profit and loss as part of employee benefit expenses were as follows:

**(₹ in Lacs)**

| Particulars | 31-Mar-18 | 31-Mar-17 |
|---|---|---|
| Employee option plan | (1.13) | - |

**Gujarat Gas Limited**

The erstwhile GSPC Gas Company Limited ('e-GSPC'), erstwhile Gujarat Gas Company Limited ('e-GGCL'), erstwhile Gujarat Gas Financial Services Limited ('e-GFSL') and erstwhile Gujarat Gas Trading Company Limited ('e-GTCL') merged with and into GSPC Distribution Network Limited ('GDNL') under the Composite Scheme of Amalgamation and Arrangement (the "Scheme of Amalgamation"). The effective date of Scheme of Amalgamation was 14 May 2015. Upon the Scheme of Amalgamation becoming effective, the name of GDNL has been changed to Gujarat Gas Limited ('GGL') as per the provisions of the Companies Act.

Pursuant to the Scheme of Amalgamation, the Addendum Gujarat Gas Limited Employee Stock Option Plan 2016 ("ESOP 2016") being supplementary to the Gujarat Gas Company Limited Employee Stock Option Plan 2008 ("ESOP 2008") has been formulated for the limited purpose of adopting the ESOP 2008 in the Company.

The e-GGCL had formulated the above ESOP 2008, whereby Stock Options had been granted by e-GGCL to its employees. The ESOP 2008 has been effective from 1 November 2008 for a tenure of 8 years. As on the effective date of the Scheme of Amalgamation, certain employees of e-GGCL to whom Options had been Granted and Vested under the ESOP 2008, have not Exercised the said Options and hence as per the Scheme of Amalgamation, they are the Eligible Employees for the purpose of the ESOP 2016 as follows:

1. Revised Grants have been made to them with effect from the effective date under the Scheme of Amalgamation of 13000 equivalent number of Options-I under the ESOP 2016, against the equivalent number of Options Granted and Vested in them pursuant to the ESOP 2008, which were not Exercised by them on the effective date under the Scheme of Amalgamation.
2. The above Revised Grants of Options-I has been on the basis of the Share Exchange Ratio of 1 (one) equity share of ₹ 10/- each of GGL, for every 1 (one) equity share of ₹.2/- each of e-GGCL, pursuant to the Scheme of Amalgamation.
3. The Options-I bear the Exercise Price as per the ESOP 2008. The Exercise Price payable for Options-I under ESOP 2016 is based on the Exercise Price payable by such Eligible Employees under the ESOP 2008 that has been adjusted after taking into account the effect of the Share Exchange Ratio of 1:1 as mentioned above.
4. Upon such Revised Grant of Options-I to the Eligible Employees the Options Granted under the ESOP 2008 stand cancelled and the Eligible Employees shall continue to be bound by all the terms and conditions of the ESOP 2008 in addition to this ESOP 2016.

The Gujarat Gas Company Limited Employee Welfare Stock Option Trust ("ESOP 2008 Trust"). which has been formed and created vide execution of the Deed of Gujarat Gas Company Limited Employee Welfare Stock Option Trust dated 4 November 2008 has been renamed as Gujarat Gas Limited Employee Welfare Stock Option Trust ("ESOP 2016 Trust").The ESOP 2016 Trust is an irrevocable Trust that functions for the limited purpose of adopting the ESOP 2008 and ESOP 2016 and to hold the existing share inventory of the ESOP 2008 Trust for the benefit of Eligible Employees under ESOP 2016 and the balance to be appropriated in line with the SEBI Regulations.

The ESOP 2016 and the ESOP 2016 Trust are governed by the provisions of the Companies Act 1956 or the Companies Act 2013, as may be applicable and the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the SEBI (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The ESOP 2008 Trust had purchased out of the funds advanced by the Company, the shares equivalent to the number of options granted. IDBI Trusteeship Services Limited are the Trustees. The Trustees can sell the shares in the market as per the approved scheme and for the year ended on 31st March 2018, there are no purchases from the market.

The exercise price is calculated at 10% discount to the closing price of the shares on record date, being the date on which the grant of options were approved as per ESOP 2008. The graded vesting of options granted, over a period of 4 years from the date of grant is as follows:

| Vesting Date | Cumulative | % of Option Vested |
|---|---|---|
| On expiry of two years from their Grant date ("First Vesting Date') | 25% | 25% |
| On expiry of three years from their Grant date ("Second Vesting Date') | 75% | 50% |
| On expiry of four years from their Grant date ("Third Vesting Date') | 100% | 25% |

The options are to be exercised within a maximum period of 2 years from the date of vesting. Within the exercise period, the employee would have the option to either purchase the shares from the trust at the exercise price or to give a mandate of sale to the trust at the best available market price, in which event the difference between the net price realized on sale after taxes and charges and the Exercise Price will accrue as gains to the employee.

Details of movement under the Stock option plan for the year ended 31st March, 2018 is as follows:

| Particulars | 2017-18 | | 2016-17 | |
|---|---|---|---|---|
| | Number of options | "Weighted average exercise price (in ₹)" | Number of options | "Weighted average exercise price (in ₹)" |
| Options outstanding at the beginning of the year | - | - | 13,000.00 | 332.00 |
| Add: Options granted during the year | - | - | - | - |
| Less: Options forfeited during the year | - | - | - | - |
| Less: Options expired during the year | - | - | - | - |
| Less: Options exercised during the year | - | - | 13,000.00 | 332.00 |
| **Options outstanding at end of the year** | **-** | **-** | **-** | **-** |

The employee share based payment plans have been accounted based on the Fair value method of accounting using the Black-Scholes Option Pricing Formula. There are no options outstanding as on 31st March, 2018 and 31st March, 2017.

The Company has adjusted gain of ₹ Nil (Previous year ₹ 17 Lacs) to General Reserve as the difference between the cost incurred by the ESOP Trust for the purchase of shares and the exercise price of those options which have been exercised by the employees.

47 The Group has maintained a separate escrow account as per PNGRB guidelines for modalities of maintaining and operation of escrow account for charges towards system indiscipline in terms of positive or negative imbalance or overruns. In this regard, since financial year 2011-12, amount recovered from customers is deposited in the said bank account and the amount invoiced (net of taxes) is recognized as liability.

48 As at the consolidated balance sheet date, the Group has reviewed the carrying amounts of its assets and found that there is no indication that those assets have suffered any impairment loss. Hence, no such impairment loss has been provided.

49 Amount due for credit to Investor Education and Protection Fund is NIL (Previous year NIL).

50 In continuation to the disclosure made in the Notes to Accounts in the Annual Report of FY 2015-16 regarding the status of tariff proposal submitted to PNGRB for calculation of revised tariff pursuant to APTEL ruling in its judgment dated 25-November-2014 and 28-November-2014 allowing GSPL appeals and asking PNGRB to reconsider the tariff proposal to be submitted by GSPL based on relevant data and other submissions made by the appellant in this regard, GSPL had submitted the revised tariff proposals for consideration of PNGRB and the PNGRB Tariff order is awaited. The implementation of the order shall be done once the PNGRB Order is issued.

51 In the opinion of management, any of the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

## 52. DISCLSOURE ON SPECIFIED BANK NOTES (SBNs)

During the comparative year, the Group had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

**(in ₹)**

| Particulars | SBNs* | Other denomination notes | Total |
|---|---|---|---|
| Closing cash in hand as on November 8, 2016 | 2,81,500.00 | 1,86,922.00 | 4,68,422.00 |
| (+) Permitted receipts | 41,57,85,093.00 | 43,10,73,756.00 | 84,68,58,849.00 |
| (-) Permitted Payments | - | 11,80,132.00 | 11,80,132.00 |
| (-) Amount deposited in Banks | 41,60,66,593.00 | 42,96,43,090.00 | 84,57,09,683.00 |
| **Closing cash in hand as on December 30, 2016** | **-** | **4,37,456.00** | **4,37,456.00** |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

The disclosures regarding details of specified bank notes held and transacted during 8th November 2016 to 30th December, 2016 has not been made for the financial year 2017-18 since the requirement does not pertain to financial year ended 31st March, 2018. Corresponding amounts as appearing in the audited Consolidated Ind AS financial statements for the period ended 31st March, 2017 have been disclosed.

## 53. ACQUISITION OF CONTROLLING EQUITY STAKE IN GUJARAT GAS LIMITED

"The Board of Directors of GSPL (the Company), in their Board meeting held on 19 March 2018, approved the acquisition of 39,106,328 equity shares (28.40% equity stake) of Gujarat Gas Limited (GGL, acquiree) held by Gujarat State Petroleum Corporation Limited (GSPC). GGL is one of the largest city gas distribution companies in India. The acquisition was completed on 28 March 2018 through a block deal at the recognised stock exchange at the prevailing market price in compliance with the relevant regulatory provisions. This resulted in the Company owning 54.17% of equity shares and voting rights in GGL and the latter becoming its subsidiary. Since the Company and GGL are both controlled by GSPC, based on principles of Ind AS 103 - Business Combinations, Appendix C - Business combinations of entities under common control,the acquisition has been accounted using pooling of interest method from the beginning of the comparative period i.e. 2016-17. This included the below:

- Accounting the assets, liabilities and reserves of GGL at their carrying values.
- Accounting the difference airsing on application of the pooling of interest method, as an "Capital Reserve on common control business combination" which has been disclosed separately.
- All the accounting policies have been harmonised.

Consolidated financial results for the comparative year have been prepared based on the equity stake held by the Company i.e. 25.76%. Details of the assets, liabilities and reserves of the GGL (before intercompany eliminations) reflected in the consolidated balance sheet at each reporting date, have been provided below:"

**(₹ in Lacs)**

| **Particulars** | **31st March, 2018** | **1st April, 2017** |
|---|---|---|
| **Non-Current Assets** | | |
| Property, Plant and Equipment | 4,79,314.00 | 4,63,169.00 |
| Capital Work-In-Progress | 47,833.00 | 50,490.00 |
| Investment Property | 130.00 | 130.00 |
| Intangible Assets | 29,957.00 | 26,999.00 |
| Intangible Assets under Development | - | 82.00 |
| Investment in Joint Venture and Associate | 2,468.00 | 2,339.00 |
| Financial Assets | | |
| Investments | 1,606.00 | 6,825.00 |
| Loans | 83.00 | 133.00 |
| Other Financial Assets | 6,869.00 | 6,406.00 |
| Other Non-Current Assets | 27,302.00 | 28,257.00 |
| **Total Non-Current Assets** | **5,95,562.00** | **5,84,830.00** |
| **Current Assets** | | |
| Inventories | 5,678.00 | 4,165.00 |
| Financial Assets | | |
| Trade Receivables | 39,171.00 | 34,751.00 |
| Cash and Cash Equivalents | 9,694.00 | 2,116.00 |
| Other Bank Balances | 4,318.00 | 4,334.00 |
| Loans | 150.00 | 143.00 |
| Other Financial Assets | 4,703.00 | 4,653.00 |
| Other Current Assets | 6,902.00 | 2,548.00 |
| **Total Current Assets** | **70,616.00** | **52,710.00** |
| **Total Assets** | **6,66,178.00** | **6,37,540.00** |
| **Non-Current Liabilities** | | |
| Financial Liabilities | | |
| Borrowings | 2,21,299.00 | 2,29,141.00 |
| Provisions | 3,340.00 | 3,080.00 |
| Deferred Tax Liabilities (Net) | 1,05,056.00 | 98,965.00 |
| **Total Non-Current Liabilities** | **3,29,695.00** | **3,31,186.00** |

| Particulars | 31st March, 2018 | 1st April, 2017 |
|---|---|---|
| **Current Liabilities** | | |
| Financial Liabilities | | |
| Borrowings | 128.00 | 728.00 |
| Trade Payables | 29,653.00 | 31,741.00 |
| Other Financial Liabilities | 1,15,485.00 | 98,963.00 |
| Other Current Liabilities | 3,823.00 | 5,950.00 |
| Provisions | 490.00 | 914.00 |
| Current Tax Liabilities (Net) | 266.00 | 1,686.00 |
| **Total Current Liabilities** | **1,49,845.00** | **1,39,982.00** |
| **Total Liabilities** | **4,79,540.00** | **4,71,168.00** |
| Total Reserves (including reserves representing unrealised gains and losses) | 93,637.38 | 39,313.69 |
| Non controlling interest (NCI) | 85,543.03 | 1,23,511.41 |
| **Net issued share capital of GGL attributable to the Company (A)** | **7,457.59** | **3,546.91** |
| Cash consideration paid for acquisition of 28.40% equity stake on 28th March, 2018 | 3,25,669.98 | - |
| Cost of 25.76% equity shares already held by the company | 41,260.44 | 41,260.44 |
| **Total consideration considered for pooling of interest accounting (B)** | **3,66,930.42** | **41,260.44** |
| **Debit Balance of capital reserve on common control business combination (B) - (A)** | **3,59,472.83** | **37,713.52** |

Acquisition related cost amounting to ₹ 1,023.48 Lacs has been expensed as an "Other Office & Administrative Expenses", during the year. The same has been disclosed in schedule no. 29.

Further, the acquisition has resulted in net change in cash and cash equivalents as discussed below: (₹ in Lacs)

| Particulars | 31st March, 18 | 31st March, 17 |
|---|---|---|
| Operating activities | 78,288.00 | 70,053.00 |
| Investing activities | (43,042.00) | (45,817.00) |
| Financing activities | (27,068.00) | (25,135.00) |
| **Net increase in cash and cash equivalents** | **8,178.00** | **(899.00)** |

Restatement of the comparative period has resulted in increase in the reported consolidated networth by ₹ 123,511.42 Lacs attributable to the NCI on account of consolidation of GGL as a subsidiary as against consolidation as an associate using the equity method. Further, the consolidated profit after tax for 2016-17 has increased by ₹ 17,928.12 Lacs.

## 54. INTEREST IN ASSOCIATES AND JOINT VENTURES

### Subsidiaries

The Group's subsidiaries as at 31st March, 2018 are as below:

| Name of Entity | Place of business | % of ownership interest held by the Group | | % of ownership interest held by Non-Controlling Interest | |
|---|---|---|---|---|---|
| | | 31st march, 2018 | 31st march, 2017 | 31st march, 2018 | 31st march, 2017 |
| Gujarat Gas Limited (GGL) (1) | India | 54.17% | 25.76% | 45.83% | 74.24% |
| Gujarat Gas Limited Employees Welfare Stock Option Trust (Trust) | India | 100.00% | 100.00% | 0.00% | 0.00% |

1. Gujarat Gas Limited is a Government Company u/s 2(45) of Companies Act 2013. Its shares are listed on Bombay Stock Exchange and National Stock Exchange in India. The Company is engaged in Natural Gas Business in Gujarat. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end customers. Refer Note 53 for acquisition of controlling stake in GGL accounted as common control transaction under Appendix C to Ind AS 103 - Business Combination.

### Non-Controlling Interest

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter company eliminations.

(₹ in Lacs)

| | GGL | | Trust | |
|---|---|---|---|---|
| **Balance Sheet** | **31st March, 2018** | **31st March, 2017** | **31st March, 2018** | **31st March, 2017** |
| Non-current Assets | 5,95,562.00 | 5,84,830.00 | - | - |
| Current Assets | 70,616.00 | 52,710.00 | - | - |
| **Total Assets** | **6,66,178.00** | **6,37,540.00** | **-** | **-** |
| Non-current Liabilities | 3,29,695.00 | 3,31,186.00 | - | - |
| Current Liabilities | 1,49,845.00 | 1,39,982.00 | - | - |
| **Total Liabilities** | **4,79,540.00** | **4,71,168.00** | **-** | **-** |
| **Net Assets** | **1,86,638.00** | **1,66,372.00** | **-** | **-** |
| **Accumulated NCI** | **85,543.03** | **1,23,511.41** | **-** | **-** |

(₹ in Lacs)

| | GGL | | Trust | |
|---|---|---|---|---|
| **Statement of profit and loss** | **31st March, 2018** | **31st March, 2017** | **31st March, 2018** | **31st March, 2017** |
| Revenue | 6,37,521.00 | 5,26,421.00 | 15.00 | 0.40 |
| Profit for the year | 29,244.00 | 22,059.00 | - | - |
| Other Comprehensive Income | (4,008.00) | (4,269.00) | - | - |
| **Total Comprehensive Income** | **25,236.00** | **17,790.00** | **15.00** | **0.40** |
| **Profit allocated to NCI** | **21,710.18** | **16,376.18** | **-** | **-** |
| **Dividend paid to NCI** | **3,066.03** | **2,555.28** | **-** | **-** |

(₹ in Lacs)

| | GGL | | Trust | |
|---|---|---|---|---|
| **Statement of cash flows** | **31st March, 2018** | **31st March, 2017** | **31st March, 2018** | **31st March, 2017** |
| Cash flows from operating activities | 78,288.00 | 70,053.00 | - | - |
| Cash flows from investing activities | (43,042.00) | (45,817.00) | - | - |
| Cash flows from financing activities | (27,068.00) | (25,135.00) | - | - |
| **Net Increase/(Decrease) in cash and cash equivalents** | **8,178.00** | **(899.00)** | | |

Transactions with non-controlling interests
Refer note 53 for transaction with non-controlling interests.

**Associates and joint ventures**

Set out below are the subsidiary, associates and joint ventures of the Group as at 31st March, 2018 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

(₹ in Lacs)

| Name of Entity | Place of business | % of ownership interest | Relationship | Accounting method | Carrying Amount* | |
|---|---|---|---|---|---|---|
| | | | | | 31st March 2018 | 31st March 2017 |
| Sabarmati Gas Limited (1) | India | 27.47% | Associate | Equity Method | 10,765.42 | 8,580.62 |
| GSPL India Gasnet Limited (2) | India | 52.00% | Joint Venture | Equity Method | 20,468.02 | 14,701.20 |
| GSPL India Transco Limited (3) | India | 52.00% | Joint Venture | Equity Method | 20,178.43 | 10,956.39 |
| Guj Info Petro Limited (4) | India | 49.94% | Associate | Equity Method | 2,468.00 | 2,339.00 |
| **Total equity accounted investments** | | | | | **53,879.87** | **36,577.21** |

* Unlisted entity - no quoted price available

1. Sabarmati Gas Limited is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is a Joint Venture Company (JVC) promoted by Gujarat State Petroleum Corporation Ltd. (GSPC), Gujarat State Petronet Ltd. (GSPL) and Bharat Petroleum Corporation Ltd. (BPCL), with its main objects, inter alia, to procure, transmit and sell Natural Gas, CNG, PNG and other gaseous fuels in the districts of Gandhinagar, Mehsana and Sabarkantha.
2. GSPL India Gasnet Limited was incorporated on 13th October 2011 under the Companies Act as a joint venture of Gujarat State Petronet Limited (GSPL). On 30th April, 2012, a joint venture agreement was executed between Gujarat State Petronet Limited (GSPL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL). The shareholding pattern is GSPL(52%), IOCL(26%), BPCL(11%) and HPCL (11%). The Company is developing a natural gas pipeline for transmission of natural gas from Mehsana in Gujarat to Bhatinda in Punjab and Srinagar in Jammu & Kashmir.
3. GSPL India Transco Limited was incorporated on 13th October, 2011 under the Companies Act, 1956 as a joint venture of Gujarat State Petronet Limited (GSPL). On 30th April, 2012, a Joint Venture Agreement was executed between Gujarat State Petronet Ltd. ( GSPL ), Indian Oil Corporation Ltd. (IOCL), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd.(HPCL). The share holding pattern is GSPL(52%), IOCL(26%), BPCL(11%) and HPCL(11%). The Company is developing a natural gas pipeline for transmission of natural gas from Mallavarm in Andhra Pradesh to Bhilwara in Rajasthan.
4. GIPL is primarily engaged in the marketing, selling value distribution of internet bandwidth and added services like web hosting, designing, development & maintenance of websites, IT consultancy services, software development, server co-location, mailing solutions, operation & maintenance of systems/networks, trading in hardware equipments, facility management services etc. to various organisations across Gujarat.

**Commitments and contingent liabilities in respect of associates and joint ventures** (₹ in Lacs)

| **Particulars** | **31st March, 2018** | **31st March, 2017** |
|---|---|---|
| Commitments - joint ventures | 30,719.88 | 58,156.40 |
| Commitments - associates | 1,727.46 | 1,179.38 |
| Contingent liabilities - joint ventures | 3,400.22 | 3,704.20 |
| Contingent liabilities - associates | 2,329.81 | 2,184.16 |
| **Total commitments and contingent liabilities** | **38,177.37** | **65,224.15** |

**Summarised financial information for associate and joint ventures**

The tables below provide summarised financial information for those joint ventures and associates that are material to the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not GSPL's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(₹ in Lacs)

| **Summarised balance sheet as at 31st March, 2018** | **GIPL** | **SGL** | **GIGL** | **GITL** |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivanlents | * | * | 5,296.27 | 2,113.98 |
| Other assets | * | * | 1,004.05 | 2,923.89 |
| **Total current assets** | **5,568.00** | **11,058.04** | **6,300.32** | **5,037.87** |
| **Total non-current assets** | **424.00** | **53,692.89** | **85,226.76** | **37,867.57** |
| **Current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | * | * | 18,017.65 | 3,741.88 |
| Other liabilities | * | * | 539.54 | 163.63 |
| **Total current liabilities** | **980.00** | **15,861.31** | **18,557.19** | **3,905.51** |
| **Non-current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | * | * | 33,407.07 | - |
| Other liabilities | * | * | 201.24 | 195.25 |
| **Total non-current liabilities** | **71.00** | **9,693.24** | **33,608.31** | **195.25** |
| **Net Assets** | **4,941.00** | **39,196.38** | **39,361.58** | **38,804.68** |

*** Indicates disclosures that are not required for investments in associates**

(₹ in Lacs)

| Summarised balance sheet as at 31st March, 2017 | GIPL | SGL | GIGL | GITL |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Cash and cash equivanlents | * | * | 1,101.87 | 1,388.15 |
| Other assets | * | * | 1,591.36 | 942.76 |
| **Total current assets** | **5,573.00** | **12,929.92** | **2,693.23** | **2,330.91** |
| **Total non-current assets** | **358.00** | **41,846.89** | **26,453.62** | **19,300.99** |
| **Current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | * | * | 629.38 | 364.40 |
| Other liabilities | * | * | 117.85 | 66.57 |
| **Total current liabilities** | **1,132.00** | **12,831.60** | **747.23** | **430.97** |
| **Non-current liabilities** | | | | |
| Financial liabilities (excluding trade payables) | * | * | - | - |
| Other liabilities | * | * | 128.09 | 130.94 |
| **Total non-current liabilities** | **114.00** | **10,703.57** | **128.09** | **130.94** |
| **Net Assets** | **4,685.00** | **31,241.63** | **28,271.53** | **21,070.00** |

*** Indicates disclosures that are not required for investments in associates**

**Reconciliation to carrying amounts** (₹ in Lacs)

| Particulars | GIPL | SGL | GIGL | GITL |
|---|---|---|---|---|
| Net assets as on 31st March, 2018 | 4,941.00 | 39,196.38 | 39,361.58 | 38,804.68 |
| Company's Share in % | 49.94% | 27.47% | 52.00% | 52.00% |
| Company's Share in INR | 2,468.00 | 10,765.42 | 20,468.02 | 20,178.43 |
| Goodwill | - | - | - | - |
| **Carrying amount as on 31st March, 2018** | **2,468.00** | **10,765.42** | **20,468.02** | **20,178.43** |
| Net assets as on 31st March, 2017 | 4,685.00 | 31,241.63 | 28,271.53 | 21,070.00 |
| Company's Share in % | 49.94% | 27.47% | 52.00% | 52.00% |
| Company's Share in INR | 2,339.00 | 8,580.62 | 14,701.20 | 10,956.39 |
| Goodwill/Capital Reserve | - | - | - | - |
| **Carrying amount as on 31st March, 2017** | **2,339.00** | **8,580.62** | **14,701.20** | **10,956.39** |

**Summarised statement of profit and loss for the year ended on 31st March, 2018** (₹ in Lacs)

| Particulars | GIPL | SGL | GIGL | GITL |
|---|---|---|---|---|
| **Revenue** | **1,478.00** | **84,950.12** | **-** | **-** |
| Interest income | * | * | 174.34 | 234.00 |
| Income tax expenses | * | * | 48.61 | 66.53 |
| **Profit for the year** | **249.00** | **8,431.74** | **90.05** | **134.70** |
| Other comprehensive income | 8.00 | 4.44 | - | |
| **Total comprehensive income** | **257.00** | **8,436.18** | **90.05** | **134.70** |
| Dividend received | - | 109.86 | - | - |

* Indicates disclosures that are not required for investments in associates

**Summarised statement of profit and loss for the year ended on 31st March, 2017** (₹ in Lacs)

| Particulars | GIPL | SGL | GIGL | GITL |
|---|---|---|---|---|
| Revenue | 1,593.00 | 69,750.95 | - | - |
| Interest income | * | * | 178.42 | 153.66 |
| Income tax expenses | * | * | (53.20) | (45.33) |
| **Profit for the year** | **270.00** | **4,256.23** | **107.70** | **91.77** |
| Other comprehensive income | (5.00) | (3.04) | - | - |
| **Total comprehensive income** | **265.00** | **4,253.19** | **107.70** | **91.77** |
| Dividend received | - | 54.93 | - | - |

* Indicates disclosures that are not required for investments in associates

## 55. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

(₹ in Lacs)

| Name of the entity in the group | Net assets (total assets minus total liabilities) | | Share in profit or (loss) | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| **Gujarat State Petronet Limited** | | | | | | | | |
| 31st March, 2018 | 27.26% | 89,507.90 | 66.97% | 64,186.55 | -1.48% | 58.62 | 69.91% | 64,245.17 |
| 31st March, 2017 | 65.03% | 3,74,623.44 | 67.53% | 48,497.36 | 0.53% | (22.77) | 71.79% | 48,474.59 |
| Subsidiary | | | | | | | | |
| Indian | | | | | | | | |
| **Gujarat Gas Limited** | | | | | | | | |
| 31st March, 2018 | 30.63% | 1,00,587.32 | 7.77% | 7,451.11 | 26.21% | (1,034.71) | 6.98% | 6,416.40 |
| 31st March, 2017 | 7.48% | 43,089.72 | 7.86% | 5,647.64 | 25.61% | (1,099.26) | 6.74% | 4,548.38 |
| **Gujarat Gas Limited Employees Welfare Stock Option Trust** | | | | | | | | |
| 31st March, 2018 | 0.00% | - | 0.02% | 15.00 | 0.00% | - | 0.02% | 15.00 |
| 31st March, 2017 | 0.00% | - | 0.00% | 0.40 | 0.00% | - | 0.00% | 0.40 |
| **Non-Controlling Interest in all subsidiaries** | | | | | | | | |
| 31st March, 2018 | 26.05% | 85,543 | 22.65% | 21,710.18 | 75.36% | (2,975) | 20.39% | 18,734.72 |
| 31st March, 2017 | 21.44% | 1,23,511 | 22.80% | 16,376.18 | 73.83% | (3,169) | 19.56% | 13,206.96 |
| **Associates (Investments as per the equity method) Indian** | | | | | | | | |
| **Sabarmati Gas Limited** | | | | | | | | |
| 31st March, 2018 | 3.28% | 10,765.42 | 2.39% | 2,293.44 | -0.03% | 1.21 | 2.50% | 2,294.65 |
| 31st March, 2017 | 1.49% | 8,580.62 | 1.61% | 1,157.81 | 0.02% | (0.84) | 1.71% | 1,156.97 |
| **Guj Info Petro Limited** | | | | | | | | |
| 31st March, 2018 | 0.41% | 1,335.29 | 0.07% | 67.71 | -0.05% | 2.17 | 0.08% | 69.88 |
| 31st March, 2017 | 0.10% | 601.75 | 0.05% | 34.78 | 0.01% | (0.52) | 0.05% | 34.26 |
| **Joint Ventures (Investments as per the equity method) Indian** | | | | | | | | |
| **GSPL India Gasnet Limited** | | | | | | | | |
| 31st March, 2018 | 6.23% | 20,468.02 | 0.05% | 46.83 | 0.00% | - | 0.05% | 46.83 |
| 31st March, 2017 | 2.55% | 14,701.20 | 0.08% | 56.00 | 0.00% | - | 0.08% | 56.00 |
| **GSPL India Transco Limited** | | | | | | | | |
| 31st March, 2018 | 6.14% | 20,178.43 | 0.07% | 70.04 | 0.00% | - | 0.08% | 70.04 |
| 31st March, 2017 | 1.90% | 10,956.39 | 0.07% | 47.72 | 0.00% | - | 0.07% | 47.72 |
| **Total** | | | | | | | | |
| 31st March, 2018 | 100.00% | 3,28,385.42 | 100.00% | 95,840.86 | 100.00% | (3,948.17) | 100.00% | 91,892.69 |
| 31st March, 2017 | 100.00% | 5,76,064.54 | 100.00% | 71,817.89 | 100.00% | (4,292.61) | 100.00% | 67,525.28 |

**As per our Report attached**

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors,**

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

# FORM AOC – 1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**State containing salient features of the financial statement of subsidiaries/associate companies/joint ventures.**

## Part - A: Subsidiaries

(₹ in Lacs)

| Sr. No. | Particulars | Gujarat Gas Limited |
|---|---|---|
| 1 | Reporting period for the subsidiary Company | 31st March, 2018 |
| 2 | Reporting currency and Exchange rate as on the last date of the relevant financial in the case of foreign subsidiaries | NA |
| 3 | Share Capital | 13,768 |
| 4 | Share Application Money Pending Allotment | 0 |
| 5 | Other Equity | 1,72,870 |
| 6 | Total Assets | 6,66,178 |
| 7 | Total Liabilities | 6,66,178 |
| 8 | Investments | 4,074 |
| 9 | Turnover | 6,33,935 |
| 10 | Profit Before Taxation | 46,427 |
| 11 | Provision for Taxation | 17,183 |
| 12 | Profit after Taxation | 29,244 |
| 13 | Proposed dividend | 5,507 |
| 14 | % of Share Holding | 54.17% |

1. Name of the subsidiaries which are yet to commence operations:

2. Name of the subsidiaries which have been liquated or sold during the year: NA

# Part - B: Associates and Joint Ventures

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

(₹ in Lacs)

| Sr. No. | Particulars | GSPL India Gasnet Limited* | GSPL India Transco Limited* | Sabarmati Gas Limited |
|---|---|---|---|---|
| 1 | Latest Audited Balance Sheet Date | 31st March, 2018 | 31st March, 2018 | 31st March, 2018 |
| 2 | Shares of Associate/Joint Ventures held by the company on the year end (in No.) | 20,12,50,060 | 19,81,20,000 | 54,93,070 |
| 3 | Amount of Investment in Associates/Joint Venture | 20,125.01 | 19,812.00 | 6,739.70 |
| 4 | Extend of Holding % | 52.00% | 52.00% | 27.47% |
| 5 | Description of how there is significant influence | By holding more than 20% of voting power | | |
| 6 | Reason why the associate/joint venture is not consolidated | NA | NA | NA |
| 7 | Networth attributable to Shareholding as per latest audited Balance Sheet | 20,468.02 | 20,178.43 | 10,765.42 |
| 8 | Profit / Loss for the year: | 90.05 | 134.70 | 7,458.03 |
| i. | Considered in Consolidation | 46.83 | 70.04 | 2,048.72 |
| ii. | Not Considered in Consolidation | 43.22 | 64.66 | 5,409.31 |

*Though as per provision of Section 2 (87) (ii) of the Companies Act 2013, GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) fall within the meaning of subsidiary company; as per guidance of Indian Accounting Standard GIGL and GITL fall within criteria of Joint Venture and accordingly they have been considered as Joint Venture for the purpose of disclosures and compliances.

1. Name of joint ventures which are yet to commence operations:

   a. GSPL India Gasnet Limited
   b. GSPL India Transco Limited

2. Names of joint ventures which have been liquidated or sold during the year: NA

**For V.V. Patel & Co**
*Chartered Accountants*
*Firm Regn. No. 118124W*

**Swapnil K Bhatt**
*Partner*
*Membership No.128864*

Place : Ahmedabad
Date : 21st May, 2018

**For and on behalf of the Board of Directors**,

**M M Srivastava, IAS (Retd.)**
*Chairman*
DIN : 02190050

**Dr. J N Singh, IAS**
*Managing Director*
DIN : 00955107

**Manish Seth**
*Chief Financial Officer*

**Reena Desai**
*Company Secretary*

Place : Gandhinagar
Date : 21st May, 2018

TEAR HERE

**ATTENDANCE SLIP**

# GUJARAT STATE PETRONET LIMITED

(CIN: L40200GJ1998SGC035188)

Registered Office: GSPC Bhavan, Sector - 11, Gandhinagar - 382010.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

| | |
|---|---|
| DP Id* | Master Folio No. |
| Client Id* | No of Shares held |

** Applicable for the Shareholders Shares in the Demat Form*

**NAME AND ADDRESS OF THE SHAREHOLDER**

______________________________________________________________________________

______________________________________________________________________________

I hereby record my presence at the **20TH ANNUAL GENERAL MEETING** of the Company held on Friday, the 28th September, 2018 at 3.30 P.M. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector-11, Gandhinagar - 382 010.

______________________________

**Signature of the Shareholder or Proxy**

# ROUTE MAP


**AGM VENUE :**

Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector - 11,
Gandhinagar - 382 010

TEAR HERE

# PROXY FORM
# MGT – 11
# GUJARAT STATE PETRONET LIMITED

(CIN: L40200GJ1998SGC035188)
Registered Office: GSPC Bhavan, Sector -11, Gandhinagar - 382 010.

**[PURSUANT TO SECTION 105(6) OF THE COMPANIES ACT, 2013 AND RULE 19 (3) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]**

Name of the Member (s) : ____________________

Registered Address : ____________________

Email ID : ____________________

Folio No./Client ID No.: ____________________ DP ID No.: ____________________

I/We, being the Member (s), holding of ____________________Shares of the above named Company, hereby appoint:

1. Name: ____________________ Address: ____________________

   E-mail Id: ____________________ Signature: ____________________, or failing him/her

2. Name: ____________________ Address: ____________________

   E-mail Id: ____________________ Signature: ____________________, or failing him/her

3. Name: ____________________ Address: ____________________

   E-mail Id: ____________________ Signature: ____________________, or failing him/her

as my/our Proxy to attend and vote (on a Poll) for me/us and on my/our behalf at the 20TH ANNUAL GENERAL MEETING of the Company, to be held on Friday, the 28th September, 2018 at 3.30 P.M. at Assembly Hall, GSPC Bhavan, Behind Udyog Bhavan, Sector – 11, Gandhinagar – 382 010 and at any adjournment thereof in respect of such Resolutions as are indicated below:

| Resolution No. | Resolutions |
|---|---|
| **Ordinary Business** | |
| 1 | To receive, consider and adopt the Audited Financial Statements (*Standalone & Consolidated*) of the Company for the Financial Year ended 31st March, 2018 and the Reports of the Board of Directors and Auditors thereon. |
| 2 | To declare Dividend on Equity Shares. |
| 3 | To appoint a Director in place of Dr. T Natarajan, IAS [DIN: 00396367] who retires by rotation and being eligible offers himself for re-appointment. |
| 4 | To authorize the Board of Directors to fix remuneration of M/s Anoop Agarwal & Co. Chartered Accountants, Ahmedabad, Statutory Auditors of the Company in terms of the provisions of Section 142 of the Companies Act, 2013. |
| **Special Business** | |
| 5 | To regularize appointment of Shri Arvind Agarwal, IAS [DIN: 00122921] as a Director of the Company. |
| 6 | To regularize appointment of Shri Raj Gopal, IAS [DIN: 02252358] as a Director of the Company. |
| 7 | To ratify the remuneration payable to M/s N D Birla & Co., Cost Auditors of the Company for the Financial Year ending 31st March, 2019. |
| 8 | To approve payment of remuneration to Shri M M Srivastava, IAS (Retd.), Non-Executive Chairman, [DIN: 02190050]. |

Signed this __________ day of ____________ 2018.

Signature of Shareholder(s) ____________ Signature of Proxy holder(s) ____________

Affix
Revenue
Stamp

**NOTE:**
**1. This form of Proxy in order to be effective should be duly completed and deposited at the Corporate Office of the Company, not less than 48 hours before the commencement of the Meeting.**

If Undelivered, please return to:

# Gujarat State Petronet Limited

(Corporate Identity Number : L40200GJ1998SGC035188)

**Corporate Office :** GSPL Bhavan, E-18,
GIDC Electronics Estate, Sector - 26 , Gandhinagar - 382028.
Tel. : 079 - 23268500/600 • Fax : 079 -23268506 • **Email :** investors.gspl@gspc.in

**Website :** www.gspcgroup.com

ISO 9001 : 2015 | ISO 14001 : 2015 | OHSAS 18001 : 2007