



CLEANER FUELS FOR  
A GREENER TOMORROW



GAIL Gas Limited



## VISION

Be the leading company in retailing, distribution and marketing of Natural Gas with focus on **City Gas Distribution**, committed to customer care, value creation for all stakeholders and environmental responsibility.



## MISSION

To accelerate and optimize the effective and economic use of Natural Gas in Industries and **CGD** to the benefit of National Economy.





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## MESSAGE FROM THE CHAIRMAN

**Shri Sandeep Kumar Gupta**  
Chairman

### Dear Shareholders,

It is my privilege to share with you the Annual Report for the FY 23-24 of your Company. I would like to take this opportunity to thank you for your continued faith in GAIL Gas.

CityGasDistribution (CGD), the core business of your Company, is playing a crucial role in India's mission to increase the share of natural gas in its energy mix. This segment is experiencing robust growth, driven by industrialization, urbanization and a rising population. GAIL Gas is strategically positioned to benefit from these emerging opportunities and accelerate India's transition to a greener and cleaner future.

### Performance Overview

Your Company's presence has expanded to encompass 25 Geographical Areas (GAs) across 49 districts in 13 states on a standalone basis as well as through 6 Joint Ventures. Your Company is catering to the clean energy requirement by providing access to 6% of the country's population and 6.3% of its area through the CGD network.

Your Company has expanded the number of CNG stations in its portfolio to 446 on a standalone basis across all the authorized GAs Pan-India. Total 94 new CNG stations have been added during the FY 2023-24 on a standalone basis.



Showcasing its commitment to offering differentiated energy solutions, your Company commenced offtake of Compressed Biogas (CBG) in the month of July'23. Your Company is selling CBG at a DBS station in Meerut GA.

Further, sourcing of R-LNG has been done to meet the natural gas demand for various consumer segments. New pricing policy has been implemented to penetrate new markets, which will benefit in acquisition of industrial and commercial customers. Additionally, New Gas Sale Agreements (GSA) have been introduced to attract more customers and also provide flexibility to small and medium industries.

Your Company remains steadfast in its commitment to innovation and excellence, and serve new customers with cutting-edge solutions to meet the evolving energy needs of the nation.

### Financial Performance

I am also delighted to share with you another year of stellar financial performance.

Thanks to the unwavering dedication and hard work of all our employees and support of all stakeholders, your Company achieved its highest-ever Gross Turnover of ₹10,944 crores and highest ever Profit After Tax (PAT) of ₹323 crores in the FY 2023-24.

Your Company has received 'NIL' comments from the Comptroller & Auditor General of India (C&AG) on the Annual Standalone and Consolidated Financial Statements of the Company for the FY 2023-24, 15<sup>th</sup> time in a row.

### Dividend

For the Financial Year 2023-24, I am happy to announce that your Company has paid interim dividend 7.50% of the paid-up Equity Share Capital of ₹2000 crore i.e. ₹0.75 per Equity Share of ₹10 each amounting to ₹150 crores to parent Company, GAIL.

### Business Initiatives

Apart from setting up CNG Stations on Company Owned Company Operated (COCO) & Oil Marketing Companies Retail Outlet (RO) Models, your Company continued with its efforts of developing CNG Stations on various models i.e. Dealer Owned Dealer Operated (DODO)/Full DODO models across its GAs.

Your Company has achieved 32% growth in the CNG business by registering total CNG Sales of 267 MMSCM in the FY 2023-24 as compared to 203 MMSCM in the FY 2022-23.

Your Company continues to maintain focus on the PNG segment as one of its key growth areas. During the year, 194 new industrial & commercial customers have been connected for gas supply.

Your Company has expanded the operational customer base to 1375 on a standalone basis across all the authorized GAs across India.

During the Financial Year, the total gas sales to industrial & commercial customers were 632 MMSCM and to bulk customers were 1447 MMSCM.

In the residential segment, your Company has added more than 30,000 domestic customers in its billing network in FY 2023-24. This has resulted in better monetization of already built infrastructure. The gasified consumers base has crossed 1,70,000. The customer base of DPNG segment has been expanded by obtaining more than 1,00,000 registrations during the year.

As part of efforts to diversify its sourcing portfolio, your Company has entered into contractual arrangement for purchase of 0.4 MMSCMD of gas through Henry Hub-linked contract. Your Company also purchased 40.61 MMSCM of gas through the gas exchange for meeting short-term requirements.



Your Company successfully participated in 4 e-auctions of HPHT gas at MJunction platform and successfully sourced around 1.12 MMSCMD.

### **Technological Edge**

Your Company has consistently been at the forefront of leveraging technology to achieve operational excellence as well as deliver customer delight.

Aiming to enhance customer experience, your Company has implemented several digitization initiatives across all segments. Notably, our mobile application 'PNG MITRA' has been upgraded to offer a more seamless user experience, including features like a CNG station locator utilizing geo-location technology.

In line with its commitment to champion new ideas and initiatives, your Company has launched the 'CEO Open House' web application, providing a channel for employees to directly propose innovative ideas to higher management.

To promote the Digital India initiative, your Company has automated various processes for CNG sales in SAP. Your Company has also improved internal processes for efficient decision-making through digital portals for Feedback & Grievance, Safety Audit and Statutory Compliance.

Enhancing customer convenience in payment options, Your Company has introduced the static QR code functionality in 'SAHAJ', which now enables domestic customers to complete their UPI payment transactions efficiently.

Seeking to digitise the supply chain operations, your Company has implemented a digital system for the Vendor Empanelment process via a portal, eliminating the repetitive tasks involved in the process.

Your Company has also introduced the 'Task Management System' portal to assist

employees in organizing and prioritizing their tasks across various dimensions of work, enhancing efficiency and productivity.

### **Safety Awareness**

Your Company places utmost importance to the safety of its workforce and all its stakeholders, and has incorporated all the necessary measures to promote the highest level of Health, Safety, Environment (HSE) and loss control in all areas of operations.

During 2023-24, a number of initiatives were undertaken to ensure safety of both people and equipment. As a result, your Company was able to achieve Excellent HSE Score in FY 2023-24. Incidents have also come down by 36% in FY 2023-24 from the previous Financial Year. Moreover, there is zero reportable (Major) incident in your Company in FY 2023-24.

Your Company has introduced a 'Sahyogi Scheme' to engage the shopkeepers, street hawkers and various local vendors residing in the vicinity of the gas pipelines. Any unsafe activity is being reported immediately, thus preventing the damages of your Company's assets.

### **Corporate Social Responsibility**

At your Company, the principles of Corporate Social Responsibility (CSR) are deeply embedded. Proudly, your Company is among the various Companies in India with a structured CSR Policy.

For FY 2023-24, ₹6.65 Crores was earmarked towards CSR obligation representing 2% of average net profit of your Company. Your Company being a socially responsible and environment friendly organization has always strived for creation of value in the society and community where it is carrying out its operations through meaningful and sustainable CSR initiatives.



### MoU Rating

A Memorandum of Understanding (MoU) is signed every year between your Company and its parent Company, GAIL (India) Limited through which performance targets are set for the year. The main thrust while fixing MoU targets during the year under review was on creating infrastructure for PNG and CNG, Capacity Utilization, Production Efficiency, Technology Upgradation, Leveraging Net Worth, Marketing Efficiency, Return on Investment etc.

Your Company was rated 'Very Good' for the FY 2022-23 by GAIL based on the MoU score. The evaluation of MoU for FY 2023-24 is also under progress.

### Good Governance

As a responsible corporate citizen, your Company remains committed to adopting the best practices of Corporate Governance to increase value for shareholders as well as make a positive impact on the wider community and the environment. Your Company has been complying with the requirements of Corporate Governance as enunciated in the DPE Guidelines.

The observations made by the Secretarial Auditor in the Secretarial Audit Report and explanation of the Board thereto is mentioned in the Board's Report.

### The Road Ahead

As the gas sector is poised for significant growth, driven by increasing demand for cleaner energy solutions, your Company has prepared strategic roadmap to capitalize on these vast prospects.

Your Company aims to bolster its market presence by significantly increasing current gas sales within its existing GAs portfolio. This would also involve alignment with the Smart Cities mission as well as revenue sharing scheme and franchisee model.

To deepen its relationship with existing customers, your Company is focused on increasing its share of wallet by introducing value-added services like non-fuel retail at CNG stations, pay as you save model, gas appliances and others.

Strategic mergers and acquisitions (M&A) are another critical component of your Company's growth strategy. Your Company is actively identifying M&A opportunities that promise significant value creation and opportunities to expand into newer geographies.

Your Company is also actively exploring opportunities to expand into adjacent segments like Trigeneration/Cogeneration and setting up LNG/L-CNG stations.

Your Company is committed to serving the broader market by leveraging its value proposition across a more extensive energy portfolio encompassing Compressed Bio-Gas (CBG), rooftop solar, EV charging, hydrogen and multi-fuel retail.

By implementing these initiatives, your Company aims to not only increase its market share but also deliver greater value to its customers and stakeholders.

### Acknowledgment

I also extend my gratitude to the parent Company, GAIL (India) Limited, Central and State Governments and the nodal Ministry and PNGRB for supporting and nurturing your Company.

I have no doubt in my mind that by working together, we can propel your Company to greater heights and realize the dream of making a New India for ourselves and our future generations.

Sd/-  
**Sandeep Kumar Gupta**  
Chairman





## BOARD OF DIRECTORS



**Shri Sandeep Kumar Gupta**  
Chairman



**Shri Rakesh Kumar Jain**  
Director



**Shri Ayush Gupta**  
Director



**Shri Sanjay Kumar**  
Director



**Shri Amit Bansal**  
Director



**Smt. Nalini Malhotra**  
Director

Board of Directors



## KEY MANAGERIAL PERSONNEL



**Shri Goutom Chakraborty**  
Chief Executive Officer



**Shri Ajay Kumar Jindal**  
Chief Operating Officer



**Shri Pankaj Gupta**  
Chief Financial Officer



**Shri Deepak Asija**  
Company Secretary

Key Managerial Personnel



### **Registered Office**

GAIL Bhawan  
16, Bhikaiji Cama Place,  
R.K Puram,  
New Delhi- 110066



### **Principal Bankers**

State Bank of India  
HDFC Bank, ICICI Bank  
IndusInd Bank



### **Statutory Auditors**

M.K. Aggarwal & Co.  
Chartered Accountants  
New Delhi



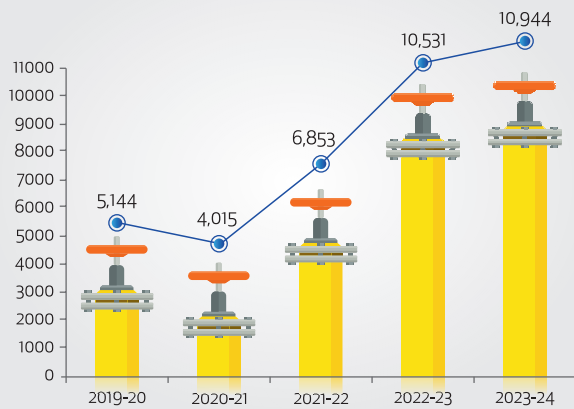
### **Cost Auditors**

M/s Chandra Wadhwa  
& Co.  
New Delhi

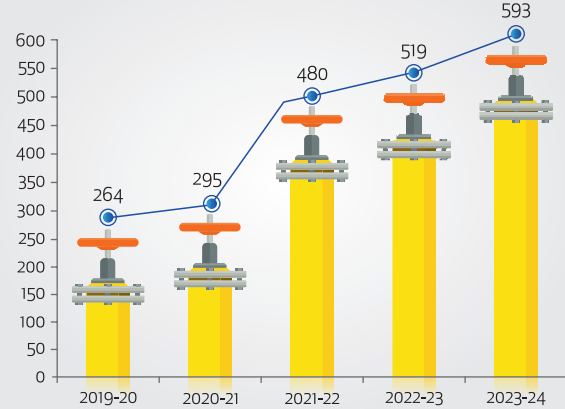


## KEY HIGHLIGHTS

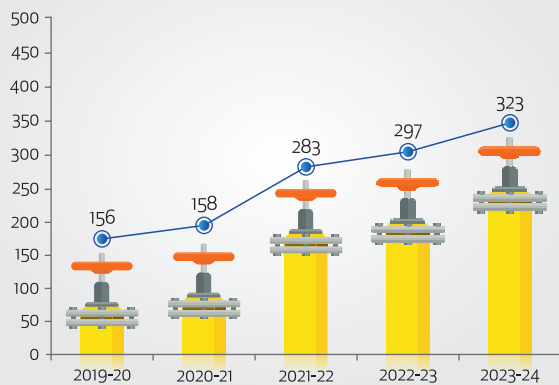
**TURNOVER (₹ in crore)**



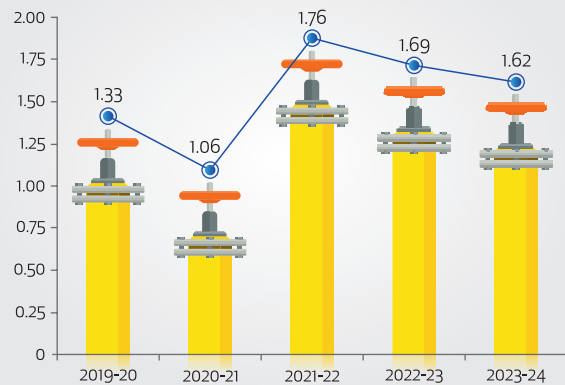
**EBITDA (₹ in crore)**



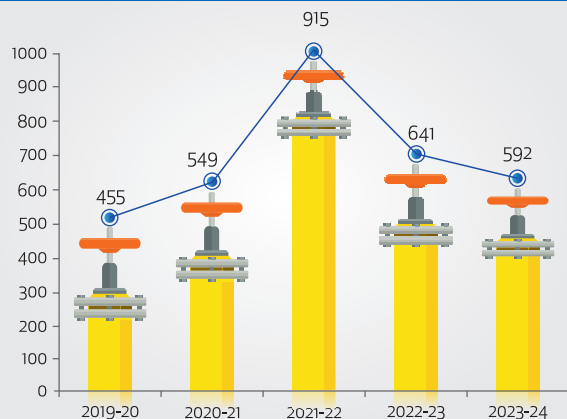
**PAT (₹ in crore)**



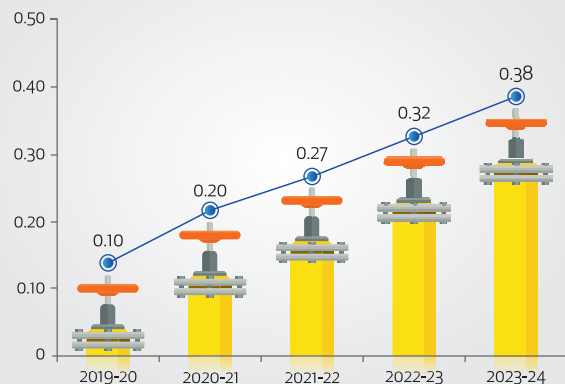
**EARNING PER SHARE**



**CAPEX (₹ in crore)**



**DEBT EQUITY RATIO**





## BOARD'S REPORT

### Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present the 16<sup>th</sup> Board's Report of your Company, along with the Audited Standalone and Consolidated Financial Statements for the Financial Year 2023-24.

### PERFORMANCE MILESTONES

It has been another year of stellar performance for your Company.

### Financial Performance

The salient financial parameters during FY 2023-24, in comparison to the previous financial year on standalone basis are mentioned below as per Ind-AS:

(₹ in crores)

Particulars	2023-24	2022-23
Revenue from Operations (Gross)	10944	10530
Other Income	18	14
Total Revenue	10962	10544
Cost of Sales (excluding Depreciation & including exceptional items & prior period expenses)	10402	10049
Profit Before Depreciation & Tax (PBDT)	560	495
Depreciation	126	95
Profit Before Tax (PBT)	434	400
Provision for Tax	111	103
Profit After Tax (PAT)	323	297
Balance carried forward to Balance Sheet (Reserve & Surplus)	323	297

### Consolidated Financial Statement

Your Company has prepared Consolidated Financial Statements in accordance with Ind-AS, consolidating its Joint Venture/Associates entities. The highlights of the Consolidated Financial results are as follows:

(₹ in crores)

Particulars	2023-24	2022-23
Revenue from Operation (Gross)	10944	10530
Profit Before Tax (PBT)	429	386
Profit After Tax (PAT)	318	283

### Physical Performance

During the year under review, your Company recorded sales as under:

(In Million Standard Cubic Meters- MMSCM)

Category/Product	2023-24	2022-2023
Compressed Natural Gas (CNG)	267	203
Piped Natural Gas (PNG)	652	660
Bulk Industrial Sales	1447	1214
<b>Total</b>	<b>2366</b>	<b>2077</b>

### BUSINESS MILESTONES

#### ➔ Compressed Natural Gas (CNG)

City Gas Distribution (CGD), the core business of your Company, is one of the fastest growing segments in the gas sector driven by rapid industrialization, urbanization and growing population. With focus shifting to natural gas, the prospects of the CGD segment appear to be positive.

Your Company has achieved 32% growth in the CNG business by registering a total CNG Sales of 267 MMSCM in the FY 2023-24 as compared to 203 MMSCM in the FY 2022-23.

During the year under review, following were the highlights in CNG business:

- Apart from setting up CNG Stations on Company Owned Company Operated (COCO) & Oil Marketing Companies Retail Outlet (RO) Models, your Company, across all authorized GAs, continued with its efforts of developing CNG Stations on various models i.e. Dealer Owned Dealer Operated (DODO)/Full DODO models as per size requirement.
- Your Company has expanded CNG stations to total 446 nos. on standalone basis, across all the authorized GAs across India for dispensing cleaner fuel for transportation sector. Total 94 new CNG stations have been added during the FY 2023-24 on Standalone basis.
- Owing to encouraging response from customers last year, your Company again launched special promotional incentive scheme this year for duration of two months at Bengaluru GA for new commercial CNG customers and conversion of old customers on CNG fuel. The scheme again proved to be a success and received positive customer review.
- Your Company has continued to form an alliance or enter into partnership with Dealers and Oil Marketing Companies for development of CNG Stations at significant locations in authorized GAs.
- Your Company also commenced the offtake of Compressed Biogas (CBG) in the month of July'23 and selling CBG at a DBS station in Meerut GA.



## ➤ **Piped Natural Gas (PNG)**

### **Industrial & Commercial Segment**

Your Company continues to maintain focus on the supply of PNG to the Industrial and Commercial segment as one of its potential growth areas. Your Company has expanded the operational customer base to 1375 nos. on standalone basis across all the authorized GAs across India. During the year, total 194 nos. new Industrial & Commercial customers have been connected for gas supply. During the financial year, the total gas sales to Industrial & Commercial Customers were 632 MMSCM and to Bulk customers were 1447 MMSCM.

During the year under review, new Gas Sales Agreements have been signed with 339 Industrial and Commercial customers with total contracted gas volume of approx. 1,60,000 SCMD for Industrial customers and around 23,000 SCMD for Commercial customers.

Due to the drive of National Green Tribunal (NGT)/ Commission for Air Quality Management (CAQM), many industrial customers are being persuaded to switch to natural gas from polluting fuels currently used by them and shifting from Diesel Genset to Gas Genset to reduce the pollution levels in NCR region. This will enable in faster transition from pollution causing fuels to Natural Gas, which will lead to increased use of greener and cleaner fuel.

### **Domestic PNG Connection**

Your Company has continued its focused efforts for developing and growing PNG (Domestic) business. During the year under review, your Company has added more than 30,000 domestic customers in its billing network. This has resulted in better monetization of already built infrastructure. The Gasified consumers base has crossed 1,70,000 nos. in residential sector. The customer base of DPNG segment has been expanded by obtaining more than 1,00,000 registrations during the year. DPNG supply has been commenced at GAs of Mirzapur-Chandauli-Sonbhadra, Ganjam-Puri-Nayagarh, Sundergarh-Jharsuguda, Dehradun, Seraikela-Kharsawan.

For effective revenue recovery, your Company has taken initiative to resolve the Domestic PNG customers' grievances through participation in Lok Adalat, which helped your Company to reduce outstandings. Your Company also launched revamped PNG MITRA, the mobile application for DPNG consumers which is part of SAHAJ platform.

## **ASSOCIATES & JOINT VENTURES**

### ➤ **Andhra Pradesh Gas Distribution Corporation Limited (APGDC)**

APGDC, a Joint Venture of your Company with Andhra Pradesh Gas Infrastructure Corporation Limited (APGIC), was incorporated in Andhra Pradesh. Your Company holds 50% equity stake in APGDC along with APGIC and other GoAP promoters as an equal partner.

APGDC was incorporated with the objective to develop Natural Gas infrastructure in the state of Andhra Pradesh, which inter-alia includes, establishing an LNG import, storage & regasification facility in the East Coast and developing the pipeline network for transportation and distribution of Natural Gas in various districts of Andhra Pradesh.

APGDC has surrendered its authorization of Kakinada-Srikakulam Pipeline Project (KSPL) project during the current financial year due to various challenges to complete the project. APGDC requested PNGRB to factor in the investment done by APGDC while conducting the re-bidding of this line to recover the investment made in the project considering the same is public money. PNGRB has directed to submit fit for purpose report of pipeline, duly authenticated by a reputed Project Management Consultancy firm. The process of impact assessment (fit for purpose report of pipeline) is under progress and is expected to be completed during the next financial year.

The cumulative Domestic PNG connection as on 31.03.2024 are around 100907 nos., Industrial Connection-3 nos., Commercial Connection-14 nos., CNG Stations-33 nos. and total pipeline network around 754 kms. (East Godavari & West Godavari GA).

### ➤ **Rajasthan State Gas Limited (RSGL)**

RSGL, a Joint Venture of your Company along with Rajasthan State Petroleum Corporation Limited (RSPCL) was incorporated with the objective to promote CGD projects and undertake activities of gas distribution in the state of Rajasthan and beyond. Your Company and RSPCL are holding equal stake of 50% in RSGL.

RSGL is authorized to implement CGD projects in GA of Kota and Gwalior District & Sheopur Districts. The cumulative Domestic connections as on 31.03.2024 are 34,333 nos., Industrial Connection-18 nos., Commercial Connection-65 nos., CNG Stations-15 nos. and total pipeline network around 311 kms.

Your Company is in process of taking over of Gwalior (except already authorized area) and Sheopur district (GA ID 10.23) from RSGL in the state of Madhya Pradesh, as RSGL wants to strengthen its ongoing business in Kota, Rajasthan.

### ➤ **Vadodara Gas Limited (VGL)**

VGL was incorporated to carry out the business of City Gas Distribution in the city of Vadodara and its adjoining areas in 2014. In VGL, your Company holds 17.07%, GAIL (India) Ltd holds 32.93% and Vadodara Mahanagar Seva Sadan holds 50% equity shareholding in Vadodara Gas Ltd.

The cumulative Domestic PNG connections as on 31.03.2024 are 2,45,725 nos., Industrial Connection-36 nos., Commercial Connection-2907 nos., CNG Stations- 46 nos. and total pipeline network is around 3862 kms.





### ➤ Haridwar Natural Gas Private Limited (HNGPL)

HNGPL, a Joint Venture of your Company and Bharat Petroleum Corporation Limited (BPCL), having equity stake in equal proportion (50% each), was incorporated for the implementation of its CGD business in the GA of Haridwar District.

The cumulative Domestic PNG connection as on 31.03.2024 are around 25,317 nos., Industrial Connection-23 nos., Commercial Connection-38 nos., CNG Stations-8 nos. and total pipeline network is around 752 kms.

### ➤ Goa Natural Gas Private Limited (GNGPL)

GNGPL, a Joint Venture of your Company and Bharat Petroleum Corporation Limited (BPCL), having equity stake in equal proportion (50% each), was incorporated to implement its CGD business in GA of North Goa.

The cumulative Domestic PNG connection as on 31.03.2024 are 10,964 nos., Industrial Connection-29 nos., Commercial Connection-29 nos., CNG Stations-9 nos. and total pipeline network is around 223 kms.

### ➤ Purba Bharati Gas Private Limited (PBGPL)

PBGPL, a Joint Venture of your Company with equity stake of 26%, Assam Gas Company Limited (AGCL) being Lead Partner with equity stake of 48% and Oil India Limited (OIL) with equity stake of 26% is undertaking development of CGD Network in the GAs of (a) Cachar, Hailakandi and Karimganj districts & (b) Kamrup and Kamrup Metropolitan Districts in Assam.

The cumulative Domestic PNG connection as on 31.03.2024 are 4977 nos., Commercial Connection-2 nos., CNG Stations-13 nos. and total pipeline network of around 645 kms.

## BUSINESS INITIATIVES

The CGD-landscape is constantly evolving, presenting all of us with new challenges and opportunities. As we grow to become the leading Company in gas retail, distribution, and marketing, our focus should be on offering a one-stop gateway to decarbonized energy solutions to customers. This should be coupled with digital advancement in today's fast-paced and technology-driven world and shall entail value creation for all stakeholders and environmental responsibility.

Presently, your Company alongwith its JV Companies is catering to nearly one million PNG connections and more than 570 CNG stations. Looking ahead, the energy industry seeks sustainable partnerships and your Company is poised to act as a catalyst for increasing the nation's energy blueprint and expanding its marketing infrastructure.

Your Company is catering to the clean energy requirement by providing access to 6% of the country's population and 6.3% area of India through CGD network. With extensive presence and 06 joint venture partnerships spanning 25

geographical areas across 49 districts in 13 states, your Company is uniquely positioned to drive the nation's transition towards decarbonized energy solutions. The recent venture into Electric Vehicle (EV) charging infrastructure underscores your Company's unwavering commitment to this cause.

The sourcing of LNG has been done to meet the Natural Gas demand for various consumer segments viz. Industrial, Commercial, PNG (Domestic) and CNG (Transport). New pricing policy has been implemented to penetrate new markets, which will benefit in acquisition of I&C customers. Further, additional pricing options have been introduced to offer competitive price to prospective customers using alternate fuels. New Gas Sale Agreements (GSA) have been introduced to make it customer friendly to attract more customers and also provide flexibility to small and medium industries.

Your Company has charged 05 GAs through commissioning of CGS and CGD pipeline network, ensuring Gas availability in Mirzapur, Chandauli and Sonbhadra GA, Sarikela-Kharsawan GA, Dehradun GA, Sundergarh-Jhasurguda GA & Puri GA through pipeline network in all GAs except the 2 new GAs awarded in 11<sup>th</sup> and 11A round of CGD bidding.

Your Company has conducted a nationwide PNG Drive from 26<sup>th</sup> January to 31<sup>st</sup> March, 2024 for creating awareness among public, leading to more penetration for registrations/adoption of DPNG connections.

As part of efforts to diversify its sourcing portfolio, your Company has entered into contractual arrangement for purchase of 0.4 MMSCMD quantity HH Linked contract. Your Company also purchased ~ 40.61 MMSCM of gas through gas exchange for meeting short term additional requirements and also entered into agreement with parent Company, GAIL for purchase of LNG from SSLNG Plant at Vijaipur. Your Company successfully participated in 04 e-auctions of HPHT gas at MJunction platform and successfully sourced around 1.12 MMSCMD.

## IT INITIATIVES & DIGITIZATION

Your Company has persistently enhanced its Information Technology platform through a range of initiatives, all aimed at building a sturdy and cutting-edge digital infrastructure. This push towards digitization has unlocked fresh opportunities for engaging with customers and providing seamless experiences.

- In efforts to enhance customer satisfaction, your Company has implemented several digitization initiatives across all segments. Notably, our mobile application 'PNG MITRA' has been upgraded to offer a more seamless user experience, including features like a CNG station locator utilizing geo-location technology.
- Your Company actively champions new ideas and initiatives. In line with this commitment, your Company has launched the 'CEO Open House' web application, providing a channel for employees to directly propose innovative ideas to



higher management. This platform fosters a culture of collaboration and empowerment, reinforcing our dedication to embracing fresh perspectives and driving positive change within the organization.

- To promote the Digital India initiative, your Company has automated various processes for CNG sales in SAP. Your Company has also improved internal processes for efficient decision-making through digital portals for Feedback & Grievance, Safety Audit and Statutory compliance.
- To enhance customer convenience in payment options, your Company has implemented several digitization initiatives across all segments. Introducing the static QR code functionality in 'SAHAJ' now enables domestic customers to complete their UPI payment transactions efficiently.
- Zero Invoice functionality for DPNG customers has been added in SAHAJ so that each New Customer is efficiently added to the Billing network.
- Your Company has implemented a digital system for the 'Vendor Empanelment' process via a portal, eliminating the repetitive tasks involved in vendor empanelment for LMC & PE-related projects which eases the work across departments.
- Your Company has introduced the 'Task Management System' portal to assist employees in organizing and prioritizing their tasks across various dimensions of work, enhancing efficiency and productivity.
- Additionally, your Company has initiated various efforts aimed at streamlining processes and integrating user-friendly IT applications. Regular employee training & Cyber awareness programs are being conducted to enhance awareness and skills, ensuring effective implementation of these new technologies.

## HEALTH, SAFETY AND ENVIRONMENT (HSE)

Your Company believes that safety of its workforce and all its stakeholders is of critical significance to its functioning and success. Your Company has incorporated all the necessary measures to promote the highest level of Health, Safety, Environment (HSE) and loss control in all areas of implementation of the CGD projects; natural gas transmission; distribution through CGD network and CNG systems installed within and outside the city boundary and the supply of PNG to various customers with clear emphasis on improving the environment for sustainable development.

Your Company is committed to promote globally comparable levels of HSE management in the areas of its business. A number of initiatives have been taken to ensure safety of both people and equipment. Various measures and best practices have been put in place to avoid injuries, accidents or any other untoward incident. As a result, your Company was able to achieve the Excellent HSE Score in FY 2023-24 and incidents have also

come down by 36% in FY 2023-24 from previous financial year. Moreover, there is zero reportable (Major) incident in the Company in FY 2023-24. Your Company has introduced a 'Sahyogi Scheme' to engage the shop keepers, street hawkers and various local vendors, residing/available in nearby vicinity of Gas pipeline and JCB operators, Auto Rikshaw etc. moving nearby vicinity/along with pipeline in the city. Any unsafe activity on/nearby pipeline, is being reported immediately and thus preventing the damages of your Company's assets.

The ability to share knowledge across organizational boundaries is a key aspect of a sound HSE culture. Your Company held several knowledge-sharing and training sessions to create awareness among internal & external stakeholders on all critical issues related to health and safety during work and beyond.

Your Company is complying with all relevant statutory rules and regulations including PNGRB regulations on safety, occupational health and environment in order to achieve utmost safety in all its working and business activities.

## HUMAN RESOURCE (HR)

The employees posted in your Company are the employees of GAIL (India) Limited and the HR policy of GAIL (India) Limited is followed in your Company, being wholly owned subsidiary Company of GAIL (India) Limited. Hence, the HR initiatives undertaken by parent Company are implemented in your Company.

Total number of GAIL employees posted in your Company including JVCs along with % across various categories as on 31.03.2024 is as below:

Total	General	SC	ST	OBC	Gen-EWS	Women*	Physically Challenged*
239	127 (53.13%)	41 (17.15%)	16 (6.69%)	53 (22.17%)	2 (0.83%)	8 (3.34%)	2 (0.83%)

\*Employees of Physically Challenged and Women category included in General, SC, ST & OBC category.

Further, your Company is recruiting Fixed Term Employees (FTEs) for a period of 3 years which can be further extended for a period of 2 years on yearly basis, as per the business requirements of your Company for smooth project execution and operation & maintenance of CGD projects across all GAs. Total number of 73 Fixed Term Employees are working across all GAs.

## Disclosure in Relation to Sexual Harassment of Women at Workplace

Your Company has in place a robust Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Internal Complaints Committees (ICC) is in place to redress complaints received regarding sexual



harassment in line with the Policy on Prevention, Prohibition and Redressal of Sexual Harassment. Training/workshop is also being conducted for the employees for the purpose.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 with respect to FY 2023-24 is as under:

a.	No. of complaints pending at the beginning of the financial year	NIL
b.	No. of complaints filed during the financial year	01
c.	No. of complaints disposed-off during the financial year*	NA
d.	No. of complaints pending at the end of the financial year	01

\*The complaint is under investigation

## OFFICIAL LANGUAGE

Your Company strives to comply with the statutory provisions mandated by the Govt. of India. With a view to create greater awareness of the official language among employees, Hindi Fortnight was celebrated across all offices. During the fortnight, innovative and interesting competitions including online company level quiz & cultural activities were conducted to promote the use of Hindi. During Vishwa Hindi Diwas, Sangosthi (Seminar) was also conducted. People are encouraged to speak in Hindi. All official email IDs are made Bi-Lingual-English and Hindi. Employees are encouraged to communicate in Hindi even in their e-mails & e-files. During the year, your Company undertook several initiatives to promote the official language and also circulating-Shabd Vakya-the quotations of great people daily through e-mail to all employees, to start the day with noble thoughts and to encourage enhanced usage of the language in its official work. Every quarter a hindi workshop is organized for employees to create awareness, update their knowledge & encourage them to use Hindi in their day to day work.

Your Company is a member of Town Official Language Implementation Committee (TOLIC) and is regularly participating in the programs and meetings conducted by TOLIC. Signage, display boards of all new work centers are made bilingual. Further, the official rubber stamp & visiting cards of executives have been made bilingual apart from official stationery. During the FY 2023-24, Parliamentary Committee has inspected office (Noida & Bengaluru GA) of your Company regarding the implementation of official language and appreciated the progress.

Employees are encouraged to participate in the Hindi Protsahan Yojana and are also suitably rewarded for their efforts in spreading and enhance usage of the language.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company firmly believes that the commitment towards playing a defining role in the development of its stakeholders extends to uplifting lives of the weaker segments of the society,

living in and around its areas of operation. The principles of Corporate Social Responsibility (CSR) are deeply imbibed in your Company's corporate culture.

Your Company is driven with strong passion, vigour and enthusiasm based upon the axiom of a responsible business i.e. People, Planet and Profit and goes beyond mere duty. Every year, your Company spends 2% of the average net profit made during the three immediately preceding financial years, on judiciously chosen and meaningful welfare projects as defined under Schedule VII of the Companies Act, 2013. Your Company's vision of value creation for all stakeholders remains the guiding force behind the social interventions.

Based on the 2% of average Profit Before Tax (PBT) during last three FYs, the CSR budget of your Company for FY 2023-2024 works out to ₹ 6.65 crores as detailed below:

(₹ in crores)

FY	PBT	Adjustments	Adjusted PBT
2020-2021	213.74	-	213.74
2021-2022	383.88	-	383.88
2022-2023	400.00	-	400.00
		Total	997.62
		Average Profit	332.54
		2% of PBT	6.65
		<b>CSR Budget for FY 2023-2024</b>	<b>6.65</b>

Further, an amount of ₹1,51,92,905/- remained unspent from the Ongoing Projects of preceding 03 financial years as detailed below:

(₹ in crores)

S No	Preceding Financial Year(s)	Amount remaining to be spent in succeeding Financial Years (in ₹) from Unspent CSR Account
1	FY-1 (2022-23)	1,23,64,905/-
2	FY-2 (2021-22)	4,28,000/-
3	FY-3 (2020-21)	24,00,000/-
<b>TOTAL</b>		<b>1,51,92,905/-</b>

### ➤ Projects Converted to Ongoing Category for FY 2023-24

Total of 11 CSR projects were approved for an amount of ₹5.95 crores out of ₹6.65 crores for implementation during FY 2023-24. Due to non-commencement of 02 projects within FY 2023-24, 02 projects amounting to ₹4.49 crores were dropped. Remaining 09 projects were declared as ongoing projects. Accordingly, unallocated/unspent amount of ₹4.49 crores and unallocated amount of ₹0.70 crores from CSR budget of FY 2023-24 totaling to ₹5.19 crores will be transferred to a fund mentioned under Schedule VII of the Companies Act, 2013.

Further, an unspent/unutilized amount of ₹13.25 lacs and ₹24.00 lacs from Unspent CSR account and ₹19.34 lacs



## CLEANER FUELS FOR A GREENER TOMORROW

unutilized fund refunded by implementing agency out of CSR projects sanctioned for FY 2020-21, totaling to ₹56.59 lacs was transferred to PM CARES Fund.

Further, the 09 CSR projects approved for FY 2023-24 for an amount of ₹1.46 crores are as per following details:

(Amount in ₹)

S No	Name of the Project	Approved Project Cost	Amount Released till 31.03.2024	Balance Unspent Amount
1	Pure drinking water facilities in Govt. Schools in Puri Dist.	25,30,330	12,65,165	12,65,165
2	Smart digital Classroom for digital transformation and improved learning outcomes at Dehradun, Uttarakhand	12,00,000	6,00,000	6,00,000
3	Renovation of Anganwadi (Rural Child Education Centre) near Panchanady, Mangalore in Dakshin Kannada District.	25,00,000	5,90,000	19,10,000
4	Providing hospital machinery/ equipment(s) at Govt. Hospitals in District Dewas.	18,11,535	9,05,768	9,05,767
5	Sickle Cell Anemia prevention for 01 Medical Centre in Govt. Hospital of West Singhbhum District of Jharkhand.	26,83,000	13,41,500	13,41,500
6	Providing healthcare equipment(s) & other essential materials for the labour room at Urban Primary Health Centres (UPHC) & Urban Community Health Centres (UHC) in Jharua and Sindiri Area of District Dhanbad.	26,93,000	13,46,500	13,46,500
7	Beautification of Clock Tower at Meerut.	5,00,000	0	5,00,000

8	Distribution of Tree Guards at Meerut.	5,00,000	0	5,00,000
9	Distribution of 10 nos. of Anganwadi Kits to the underprivileged children of Anganwadi centres at Meerut.	2,00,000	0	2,00,000
Total		1,46,17,865	60,48,933	85,68,932

As mandated under Section 135, for FY 2023-24, balance unspent CSR amount of ₹85,68,932/- was transferred to Unspent CSR Account. Further, unspent/unallocated amount of ₹5,18,82,135/- will be transferred to Fund specified under Schedule VII within stipulated time period of 6 months from the end of FY.

The Company's CSR Policy Statement and Annual Report on the CSR activities undertaken during the Financial Year ended 31<sup>st</sup> March, 2024 are in accordance with Section 135 of the Companies Act, 2013 & the Companies (Corporate Social Responsibility Policy) Rules, 2014 and are set out at **Annexure-F** to this Report.

Your Company received Appreciation Certificate for Contribution to Aaganwadi Centres in Meerut GA from Smt. Anandiben Patel, Hon'ble Governor of UP in Feb'24.

## RIGHT TO INFORMATION (RTI)

An appropriate mechanism is in place in line with Right to Information Act, 2005. Your Company has nominated ACPIOs/CPIO/Link-CPIO/Nodal Officer/Appellate Authorities across units/Offices to provide information to citizens under provisions of RTI Act, 2005. The details of all designated officials are hosted on the website of your Company.

Section 4(1)(b) of the RTI Act, 2005 stipulates the obligation of Public Authorities about the information which should be disclosed by every Public Authority on a suo-motu or proactive basis. Section 4(2) and 4(3) prescribes the method of dissemination of this information. Accordingly, keeping in view the purpose of suo-motu disclosures under Section 4, your Company's Corporate RTI Cell has hosted a dedicated page on its website, through which a large amount of information in the public domain on the proactive basis is placed. This is being done to make the functioning of your Company more transparent and reduce the need for filing individual RTI applications.

There is no application pending with the CPIO beyond the prescribed timeline for providing the information. Total of 84 RTI applications were received by your Company. Total 02 first appeals were received and all such appeals have been disposed of within the stipulated time frame.





## VIGILANCE

To bring transparency in systems and processes, your Company has already implemented various measures such as Bill Watch System, e-tendering, e-payments etc. bringing technological intervention for the benefit of vendors and suppliers.

During the year, effective systemic improvements were undertaken to ensure transparency, efficiency and automation of processes, some of which are:

- Cloud based automated meter reading system implemented at two key locations. This enables continuous monitoring, timely billing and digital documentation with zero human interference.
- Your Company has introduced a cutting-edge Customer, Vendor and Vigilance Grievance Management Portal on GAIL Gas Ltd website. This initiative empowers our stakeholders to register and track grievances with unparalleled ease and efficiency.
- As a part of participative vigilance, a System Study on Custody Transfer Metering was carried out to identify and fill the gaps. Recommendations were made to implement at all the centres.

The Vigilance Awareness Week-2023 was observed on the theme 'Say no to corruption, commit to the Nation', 'भ्रष्टाचार का विरोध करें, राष्ट्र के प्रति समर्पित रहें' at all the work centres from 30<sup>th</sup> October to 5<sup>th</sup> November, 2023. A three-month long campaign from 16<sup>th</sup> August 2023 to 15<sup>th</sup> November 2023 was carried out with the Preventive Vigilance measures on focus areas.

All the employees including contract employees and their wards participated in various events such as essay writing, slogan writing, painting and quiz competitions organized during the VAW week.

Two Independent External Monitors (IEMs) for maintaining the adoption of Integrity Pact are appointed. Meetings are conducted with IEMs every quarter, in the presence of senior officials of your Company. The Chief Vigilance Officer (CVO) of the parent Company, GAIL (India) Limited oversees the vigilance functions of your Company.

As on 31.03.2024, no disciplinary case was pending against any employee of your Company. A summary of vigilance cases handled during the year 2023-24 is as under:

Complaint/ detailed investigations	Opening balance (as on 01.04.2023)	Complaints received during the year	Total	Disposed off during the year	Closing balance as on 31.03.2024 (under investigation)
Complaints	NIL	13	13	13	NIL
Detailed investigation	1	1	1	NIL	1

## PROCUREMENT FROM MICRO AND SMALL ENTERPRISES (MSEs)

In accordance with guidelines issued by Government of India, your Company ensures that Public Procurement Policy for Micro and Small Enterprises (MSEs), Order 2012 including the amendments are adhered.

In terms of the said Policy, during FY 2023-24, your Company made total procurement of ₹229.81 crores from MSEs which is approx. 50.49% (as against the target of Govt. of India of 25%) of the total eligible value of annual procurement of approx. ₹398.93 crores of goods produced and services rendered by MSEs (including MSEs owned by SC/ST & Women entrepreneurs). Out of above, procurement made from SC/ST entrepreneurs were ₹15.04 crores and procurement from Women entrepreneurs were ₹39.68 crores.

Vendor Meet was organized during March' 2024 for MSEs including SC/ST & Women entrepreneurs to update on recent guidelines, maximize procurement from MSEs and also to share the business opportunities for MSEs in your Company.

During FY 2023-24, your Company has made procurement of Goods produced & Services rendered of approx. ₹326.99 crores through Government e-Marketplace (GeM).

## DIVIDEND

During the period, your Company has paid interim dividend @7.50% of the paid-up Equity Share Capital of ₹ 2000 crore i.e. ₹ 0.75 per Equity Share of ₹ 10 each amounting to ₹ 150 crores to parent Company, GAIL under Section 123 of the Companies Act, 2013.

## ACCEPTANCE OF DEPOSITS

During the period, your Company has not accepted any deposits from the public under Section 76 of the Companies Act, 2013.

## REGULATORY OR COURTS ORDER

During the FY 2023-24, there was no order or direction of any court or tribunal or regulatory authority either affecting Company's status as a going concern or which significantly affected Company's business operations.

## REPORTING OF FRAUDS BY AUDITOR

The Statutory Auditor in their report for the year have not reported any instance of fraud committed by the officers/employees of the Company.

## MATERIAL CHANGES AFFECTING THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the Financial Year and date of this report. There has been no change in the nature of the business of the Company.



## INSOLVENCY AND BANKRUPTCY CODE, 2016

No application has been made under the Insolvency and Bankruptcy Code by your Company. Hence, the requirement to disclose the details of the application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

## CREDIT RATING

M/s India Ratings & Research (Ind-Ra) has assigned Long-Term Issuer rating as IND-AAA to your Company, with 'Stable' outlook.

## AUDITORS

### • Statutory Auditor

The Statutory Auditor of your Company is appointed by the Comptroller and Auditor General of India (C&AG). M/s MK Aggarwal & Co., Chartered Accountants, New Delhi has been appointed as Statutory Auditor of your Company by C&AG for the FY 2023-24.

There are no qualifications on the financial statements by the Statutory Auditors for FY 2023-24.

C&AG has given 'NIL' Observation/Comment on the Annual Standalone and Consolidated Financial Statements of your Company for the FY 2023-24 and this forms part of Financial Statements. Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and therefore, does not call for any further comment.

### • Cost Auditor

The Board on the recommendations of the Audit Committee approved the appointment of Cost Auditor M/s Chandra Wadhwa and Co., Cost Accountants, New Delhi, for FY 2022-23 to FY 2024-25 to conduct the Cost Audit of Cost Statements, including other statements to be annexed to the Cost Audit Report maintained by the Company for FY 2023-24.

Your Company is maintaining cost records as specified by the Central Government under Section 148 of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Amendment Rules, 2018.

### • Internal Auditor

M/s O P Bagla & Co. LLP, Chartered Accountants, New Delhi has been appointed as Internal Auditors for a period of 3 years w.e.f. 01.04.2023. M/s O P Bagla & Co. carried out Internal Audit of your Company for FY 2023-24.

### • Secretarial Auditor

Your Company has appointed M/s Aggarwal S. & Associates, Company Secretaries, New Delhi as Secretarial Auditor for FY 2023-24. Secretarial Audit Report by Secretarial Auditor confirming compliance

to the applicable provisions of the Companies Act, 2013 and other applicable laws forms part of this Report at **Annexure-D**.

The observations made by Secretarial Auditor in its Audit report are as under:

- Compliance under Clause 3.1.1 & 3.1.4 of the DPE Guidelines on Corporate Governance w.r.t. Composition of the Board of Directors-Company did not have optimum combination of Functional, Nominee and Independent Director.
- Compliance under Clause 4.1 & 5.1 of the DPE Guidelines on Corporate Governance w.r.t. Constitution and Composition of the Audit Committee & Remuneration Committee due to non-appointment of Independent Directors on the Board of the Company.

*Explanation on observations made by Secretarial Auditor in seriatim is as under:*

Presently, there are no Functional and Independent Directors on the Board of the Company. Power to appoint Functional and Independent Directors vest with the Govt./MoP&NG. Company has been pursuing with MoP&NG for appointment of requisite number of Independent Director(s) on the Board.

Further, composition of Promoter Nominee Director(s) will be realigned after the appointment of Functional and Independent Director(s) on the Board of the Company by the Govt./MoP&NG. Composition of the Audit Committee and Remuneration Committee as per DPE Guidelines will be realigned after the appointment of requisite number of Independent Director(s) on the Board by the Govt./MoP&NG.

## PARTICULARS OF LOANS, INVESTMENTS AND CORPORATE GUARANTEES

Details of investments, loan and guarantee covered under Section 186 of the Companies Act, 2013 form part of financial statements as a separate Section in this Annual Report for FY 2023-24.

## MANAGEMENT DISCUSSION AND ANALYSIS

In terms of DPE Guidelines on Corporate Governance, detailed Management Discussion and Analysis covering information on the business overview and outlook is separately annexed and forms part of this report at **Annexure-A**.

## CORPORATE GOVERNANCE

Your Company believes that good corporate governance is a reflection of your Company's culture, policies, relationship with stakeholders and commitment to values. Pursuant to the DPE Guidelines on Corporate Governance, a report on Corporate Governance forms part of this report at **Annexure-B**.

The details of the meetings of the Board and its sub-Committees, general body meetings, share ownership pattern



and other relevant details form part of the report on Corporate Governance.

Practicing Company Secretary, M/s Aggarwal S. & Associates has examined and certified your Company's compliance with respect to conditions enumerated in the DPE Guidelines on Corporate Governance. The Certificate forms part of this report at **Annexure-C**.

## KEY MANAGERIAL PERSONNEL (KMP) AND DIRECTORS

Your Company being a wholly owned subsidiary of GAIL (India) Limited, Directors is/are nominated by GAIL and the Administrative Ministry, Ministry of Petroleum and Natural Gas (MoP&NG).

During the year under review, Shri K R M Rao, GAIL Nominee Director ceased to be the Director of your Company and in his place Shri Raman Chadha was appointed w.e.f. 04.05.2023.

Smt. Jyoti Dua, GAIL Nominee Director ceased to be the Director of your Company and in her place Smt. Nalini Malhotra was appointed w.e.f. 13.05.2023.

Further, Shri Raman Chadha, GAIL Nominee Director ceased to be the Director of your Company and in his place Shri Sanjay Kumar was appointed w.e.f. 01.11.2023.

Further, Shri Anand Kumar Jha, Government Nominee Director ceased to be the Director of your Company and in his place, Smt. Mamta was appointed w.e.f. 16.05.2023. Further, Smt. Mamta ceased to be Government Nominee Director w.e.f. 22.04.2024 and in her place Shri Amit Bansal was appointed as Government Nominee Director effective from 10.05.2024.

Smt. Nalini Malhotra ceased to be the Chief Financial Officer (CFO) of your Company and in her place Shri Pankaj Gupta was appointed as CFO w.e.f. 12.05.2023.

Further, Shri Kapil Kumar Jain ceased to be the Chief Operating Officer (COO) of your Company and in his place Shri Ajay Kumar Jindal was appointed as COO w.e.f. 01.04.2024.

The Board placed on record its appreciation for the valuable guidance and significant contribution made by outgoing Director(s) and KMP(s) during their tenure.

## PARTICULARS OF EMPLOYEES

As per notification dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with the provisions of Section 197 of the Companies Act, 2013. As your Company is a Government Company, such particulars have not been included as part of the Board's Report.

## PERFORMANCE EVALUATION OF DIRECTORS

As per notification dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Government Companies are exempted from complying with the provisions of Section 134(3)(p) of the Companies Act, 2013 with respect to performance evaluation of the Board and its Committees.

## POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The provisions of Section 134(3)(e) of the Companies Act, 2013 regarding the policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Section 178(3) of the Companies Act, 2013 are exempted for Government Companies.

Further, your Company being a wholly owned subsidiary of GAIL (India) Limited, Directors are nominated by GAIL and the administrative ministry i.e., Ministry of Petroleum and Natural Gas (MoP&NG).

## MoU PERFORMANCE

A Memorandum of Understanding (MoU) is signed every year between your Company and its parent Company, GAIL (India) Limited through which performance targets are set for the year. The main thrust while fixing MoU targets during the year under review was on creating infrastructure for PNG and CNG, Capacity Utilization, Production Efficiency, Technology Upgradation, Leveraging Net Worth, Marketing Efficiency, Return on Investment etc.

Your Company was rated 'Very Good' for the FY 2022-23 by GAIL, based on the MoU score. The evaluation of MoU for FY 2023-24 is also under progress.

## CODE OF CONDUCT

Pursuant to the requirements of the DPE Guidelines on Corporate Governance for CPSEs, 2010, the Board Members and Key Management Personnel (KMP) have affirmed compliance with the Code of Conduct for the financial year ending 31<sup>st</sup> March, 2024.

## RELATED PARTY TRANSACTIONS (RPTs)

Contracts or arrangements/transactions with related parties were on an arm's length basis and in the ordinary course of business. The disclosures related to RPTs in accordance with applicable accounting standards are provided at Note-61 of the Standalone Financial Statements.

The details of contracts or arrangements with related parties referred to under Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2 are attached at **Annexure-E** of the report.

## ANNUAL RETURN

Annual Return (MGT-7) is hosted on the website of the Company i.e. [www.gailgas.com](http://www.gailgas.com).

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

Your Company prioritizes a healthier and more sustainable future for the stakeholders. Your Company is making efforts to protect and restore the environment.



In accordance with the provisions of Section 134(3) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of conservation of energy and technology absorption and foreign exchange earnings and outgo are part of the Board's Report at **Annexure-G**.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(3) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts for the financial year ending 31<sup>st</sup> March, 2024, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- ii) selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year 2023-24;
- iii) taken proper and sufficient care 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;
- iv) prepared the annual accounts for the financial year ending 31<sup>st</sup> March, 2024 on a going concern basis;

**Place:** New Delhi  
**Date:** 09.08.2024

- v) devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively; and
- vi) laid down internal financial controls to be followed by the Company and that such internal financial control is adequate and were operating effectively.

## **ACKNOWLEDGMENT**

Your Directors acknowledge the patronage of parent Company GAIL (India) Limited, administrative ministry viz. Ministry of Petroleum and Natural Gas, PNGRB, various state governments and regulatory and statutory authorities for their continuous co-operation, guidance and support throughout the year.

Your Directors are grateful for the constructive suggestions and support received from the Comptroller & Auditor General of India and the Auditor(s).

Your Directors also thank the all the stakeholders of the Company for their trust and look forward to the continuance of this relationship in future also. Your Directors and employees look forward to the future with confidence and stand committed towards creating a mutually rewarding future for all stakeholders.

On behalf of the entire leadership team, I would like to express my heartfelt wishes to the entire workforce for their dedication and hard work to the Company's continued success in all future endeavours.

**For and on behalf of the Board**

Sd/-  
**Sandeep Kumar Gupta**  
**Chairman**  
**(DIN: 7570165)**



*Annual General Meeting 2023 of GAIL Gas Limited*



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### Global Gas Sector

Following the supply shock of 2022 in the aftermath of the geo-political situation in Europe, natural gas market moved towards a gradual rebalancing in 2023. As per IEA data, global gas demand inched up 0.5% in 2023 as growth in China, North America, gas-rich countries in Africa and the Middle East was partially offset by declines in other regions.

Unseasonably mild winter weather in 2023-24 coupled with improving supply fundamentals kept a lid on natural gas prices. For example, in the United States, residential and commercial gas demand dropped by almost 8% year-on-year, while in Europe it declined by an estimated 2% compared to the already very low levels of the 2022-23 winter. Higher LNG production (up by 3% year-on-year) and robust piped gas deliveries to Europe and China further eased the market dynamics.

The resultant softer prices gave a fillip to gas demand in emerging markets like China, India and South America. The IEA expects global gas demand to grow by 2.3% in 2024, propelled by the fast-growing Asian markets. Industry is projected to emerge as the primary driver of growth, followed by residential and commercial sectors. Gas-to-power demand is forecasted to increase marginally as higher demand in the Asia-Pacific and Middle East is expected to be offset by the continued reductions in Europe.

However, delays at new liquefaction plants, geopolitical volatility and shipping constraints represent downward risks to the gas demand outlook.

#### India Gas Sector

It would be no exaggeration to say that the 'India Story' is nothing but its 'energy story'. Since year 2000, the country has brought electricity to 81 crore people, larger than the population of the European Union and the US combined, and has provided clean cooking gas access to 65.5 crore people. Over the past five years, solar PV segment has accounted for nearly 60% of new generation capacity.

India is one of the most important players in the global energy market. It is the third-largest consumer of oil and LPG globally, the fourth-largest LNG importer and refiner, and the fourth-largest automobile market.

Not just that, as per IEA's estimates, over the next few decades, India is projected to be the world's largest source of energy demand growth, ahead of South East Asia and Africa.

Natural gas forms an important catalyst in India's quest to meet its energy and environmental goals. Natural gas is used as a feedstock in several industries like fertilizers, plastics and other commercially important sectors like organic chemicals. It is also utilized as a fuel for electricity generation, heating purpose in industrial and

commercial units. Natural gas is also used for cooking in domestic households and as a transportation fuel for vehicles.

The government has set a target to raise the share of gas in India's energy mix to 15% by 2030 from around 6.5% currently. Following a 6.5% year-on-year decline in 2022-23, India's natural gas consumption rebounded by 11.8% in 2023-24 to stand at 67.1 Billion Cubic Meters (BCM) in 2023-24, according to the Petroleum Planning & Analysis Cell. Gas demand growth was primarily driven by the petrochemical, power generation, refinery and industrial sectors.

Domestic natural gas production increased from 34.4 BCM in FY23 to 36.4 BCM in FY24. Domestic gas production meets around half of the current consumption while the remaining is imported in the form of liquefied natural gas (LNG).

India's import dependency climbed from 43.9% in 2022-23 to 46.7% in 2023-24.

However, thanks to softer LNG prices globally, India's gas import bill declined by 22% to \$13.3 billion in FY24 from \$17.1 billion in FY23.

Sector-wise, the fertilizer sector accounted for around 31% of the total consumption, city gas distribution (CGD) sector 20%, power industry at 13% and the rest (comprising refinery, petrochemicals and others) at 37%. The IEA expects natural gas demand in India to increase by 6% in 2024, mainly supported by higher gas use in industry (including in the fertilizer sector) and stronger gas burn in the power sector amid the development of its national pipeline grid and city gas infrastructure.

The government has already laid out an ambitious roadmap to boost India's natural gas consumption to 500 Million Metric Standard Cubic Meters per day (MMSCMD) from 185 MMSCMD currently.

It is also committed to investing a whopping \$67 billion in the natural gas sector over the next six years, which will provide this clean fuel to end users at stable prices.

#### India Gas Sector Developments

In line with its strategic focus on the gas sector, the government implemented crucial reforms in 2023. The country introduced a unified pipeline tariff system on 1 April 2023, which will boost transparency in the sector and benefit consumers located far way from domestic gas supply sources. The Petroleum and Natural Gas Regulatory Board (PNGRB) introduced the Unified Tariff (UFT) policy - to create a single, consistent and fair tariff structure for natural gas transport across the country. The UFT policy will apply to a network of 21 pipelines, representing around 90% of pipelines in operation or under construction.

The price of transporting gas consists of two components: unified tariff and zonal factor.

The unified tariff is a fixed charge determined by the PNGRB and based on the levelised cost of service of the entire pipeline



network. It is revised periodically to reflect the changes in pipeline costs and utilization.

The UFT policy aims to create a more stable, competitive and transparent pricing regime, which should benefit both gas supply and demand. It is expected to assist the government in achieving the “One Nation One Grid One Tariff” model.

In November 2023, the government announced a roadmap for mandatory blending of compressed biogas (CBG) in the transportation and domestic segments of the city gas distribution (CGD) sector in a phased manner.

The compulsory blending obligation will be 1 percent of total CNG and domestic PNG consumption for FY26, 3 percent for FY27, and 4 percent for FY28. The obligation mandates 5 percent blending from FY29.

The move is expected to stimulate demand for CBG in CGD sector, achieve import substitution for liquefied natural gas (LNG), save forex, promote circular economy and assist in achieving the target of net-zero emissions.

### CGD Outlook

City gas distribution (CGD) has emerged as one of the prime drivers of the natural gas ecosystem in India. CGD enables the supply of cleaner cooking fuel to households, industrial and commercial units as well as transportation fuel in the form of CNG to vehicles.

India is on track to becoming the third largest economy in the world by 2030. At the same time, urbanization will be a major highlight of the country's growth trajectory. As per World Bank estimates, by 2036, India's towns and cities will be home to 60 crore people, or 40 percent of the population, up from 31 percent in 2011, with urban areas contributing almost 70 percent to GDP.

Providing access to a clean and affordable source of energy to millions of consumers is imperative if India has to achieve its developmental goals.

After conclusion of the 12<sup>th</sup> bidding round for CGD, almost the entire landmass of India and its total population has been brought under the CGD network, with the exception of Mizoram, Andaman and Nicobar Islands and Lakshadweep.

Over 33,753 Kms of natural gas trunk pipelines are authorized in the country out of which around 24,623 Kms of pipeline are currently operational. Around 1.30 crore domestic PNG connections and 6,861 CNG stations have been established in the country till date, which has been made possible due to the robust gas grid of India.

Since 2013-14 natural gas consumption by the CGD sector has more than doubled from about 5.6 BCM to about 12.6 BCM in 2023-24. This represents an annual average growth of about 8.4 percent, nearly three times the growth of overall natural gas consumption. The CGD sector is still on a firm growth path. The consumption of natural gas in the CGD sector is expected to grow from 25 MMSCMD in 2020-21 to 86 MMSCMD in 2029-30 at a robust CAGR of 13 percent.

Developing the CGD sector will be the key for creating livable, climate-resilient, and sustainable towns and cities that drive India forward.

### STRATEGY & WAY FORWARD

As the demand for cleaner energy sources grows and the Government of India continues to promote natural gas as a vital component of the country's energy mix, GAIL Gas is strategically positioned to capitalize on these emerging opportunities. GAIL Gas has developed a comprehensive strategy which rests on five pillars. These include increasing current Gas Sales and expanding the GA Portfolio, increasing the share of wallet of current customers, growing the core through Mergers and Acquisitions (M&A), strong expansion into adjacent segments and serving the rest of the market.

Your Company aims to bolster its market presence by significantly increasing current gas sales within its existing Geographical Areas (GA) portfolio, thereby expanding its operational footprint across India. This would also involve alignment with the Smart Cities mission as well as revenue sharing scheme and franchisee model.

To deepen its relationship with existing customers, your Company is focused on increasing its share of wallet by introducing value-added services alongside its core offerings. This includes offerings like non-fuel retail at CNG stations, Pay as you save model, Gas Appliances and others.

Strategic mergers and acquisitions (M&A) are another critical component of GAIL Gas's growth strategy. The Company is actively identifying M&A opportunities that promise significant value creation and opportunities to expand into newer geographies. This involves thorough assessments of potential acquisition targets, focusing on factors such as acquisition costs, synergy potential, and associated risks.

Your Company is actively exploring opportunities to expand into adjacent segments like Trigenation/Cogeneration, setting up LNG/L-CNG stations and EVs Charging Stations.

Your Company is committed to serving the broader market by leveraging its value proposition across a more extensive energy portfolio encompassing compressed biogas (CBG), rooftop solar, hydrogen and multi-fuel retail. By implementing these initiatives, GAIL Gas aims to not only increase its market share but also deliver greater value to its customers and stakeholders, positioning itself as a leader in India's rapidly evolving energy sector.

### OPPORTUNITIES

#### Green Mobility

From being an 'alternative fuel' few years back, CNG is fast emerging as the fuel of choice for consumers due to its lower emissions compared to conventional fossil fuels like petrol and diesel, lower cost and operational advantages.

Because of its non-corrosive character, CNG enhances the longevity of spark plugs. Due to the absence of any lead content



in CNG, the lead fouling of spark plugs is eliminated for CNG vehicles. Another practical advantage is the increased life of lubricating oils, as CNG does not contaminate and dilute the crankcase oil.

According to data from the Vahan dashboard, the number of CNG vehicles registrations rose 41 percent year-on-year to 4,21,208 in 2023 from 2,97,468 in 2022. CNG vehicles comprise around 12 percent of the Indian passenger vehicles market. As per a report by ICRA, CNG is expected to become the second most popular fuel for passenger vehicles by 2027.

Indian automobile manufacturers are seeing massive traction in CNG and are launching more variants in the segment to cater to the burgeoning demand.

India's largest carmaker expects its CNG car sales to grow 30 percent in FY25 to around 6,00,000 units. Other OEMs too are seeing strong uptake of their CNG-powered cars.

The robust growth in CNG is prompting companies to launch newer and better variants in the market, further expanding the options for buyers. India's first-ever CNG car with automatic manual transmission (AMT) technology has also been launched this year. Not just that, the launch of world's first CNG bike in India can prove to be a game changer in the personal vehicle space.

The growing number of CNG stations and expanding portfolio of vehicles are testimony to the evolution of the CNG ecosystem. State governments too have started rolling out CNG buses, which opens up a huge market for CGD players. Recently, the Maharashtra State Road Transport Corporation (MSRTC) started the work of converting 500 diesel-powered state transport (ST) buses to CNG.

LNG as a fuel is also being explored for long haul trucks in order to decarbonize the transportation logistics. The government has set a goal to have 1,000 Liquefied Natural Gas (LNG) stations in the country in a bid to increase availability of clean fuel.

Tamil Nadu too has launched LNG and CNG converted buses. Many state administrations are in the process of upgrading their transportation fleet to CNG.

## Climate Goals

As the rising incidents of extreme weather are being seen, climate change is no longer a theoretical threat but an everyday reality for large swathes of the globe, including India.

Despite being one of lowest per capita emitters in the world, India has taken the lead in combating climate change.

In the 2021 United Nations Climate Change Conference (COP26) summit, Hon'ble Prime Minister Shri Narendra Modi committed India to an ambitious five-part 'Panchamrit' pledge, which includes getting 50% of the country's energy from renewable resources by 2030, reducing total projected carbon emissions by one billion tonnes and reaching net zero emission status by 2070. Natural gas will have to play a central role as a bridge fuel over the next few decades if we are to achieve these goals.

LNG produces 40% less carbon dioxide (CO<sub>2</sub>) than coal and 30% less than oil.

It emits significantly less soot, dust or particulates compared to coal/oil and produces insignificant amounts of sulphur dioxide, mercury and other compounds considered harmful to the earth's atmosphere.

## Expanding Ecosystem

The Petroleum and Natural Gas Regulatory Board (PNGRB) is progressing on the task of transporting Green Hydrogen through the gas pipeline network by blending hydrogen with natural gas. This will bridge the gap between regions with rich renewable energy resources (having high supply of Green Hydrogen) and hydrogen consuming centres such as Fertilizer plants, Refineries, Heavy Iron & Steel Industries.

PNGRB has also issued permission to three CGD entities for trial blending projects in their respective authorized Geographical Areas. Hydrogen blending up to 5 percent in natural gas has been achieved in low pressure MDPE network. These pilot projects mark a significant milestone in India's energy transition journey as hydrogen blending in CGD networks reduce emissions, thus decarbonizing the gas chain.

This will also reduce India's reliance on costly imported LNG, thus benefitting both the national exchequer and end consumers. Similarly, in order to promote the production and consumption of compressed bio gas (CBG) in the country, the National Biofuels Coordination Committee (NBCC) in November 2023 approved the introduction of phase wise mandatory blending of CBG in the CGD sector. CBG Blending Obligation (CBO) will be voluntary till FY 2024-2025 and mandatory blending obligation would start from FY 2025-26. CBO shall be kept as 1%, 3% and 4% of total CNG/PNG consumption for FY 2025-26, 2026-27 and 2027-28 respectively. From 2028-29 onwards CBO will be 5%. These steps would help in enhancing the availability of CBG in the country for promoting a gas based and circular economy, saving of forex and achieving the target of net zero emission.

The government in 2018 launched the 'Sustainable Alternative Towards Affordable Transportation (SATAT)' initiative with the aim of establishing an ecosystem for production of compressed bio gas from various waste/biomass sources and for promoting its use along with natural gas.

## Energy Transition

India's ambition to achieve Sustainability Development Goal to 'ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL', in line with the goals of the Paris Agreement on Climate Change can be accelerated by use of natural gas as a fuel for energy requirements. Solar/wind power sources cannot generate power round the clock. In this context, natural gas fired generators are the ideal backup power companions to solar/wind capacity as they provide clean source of power and have a very short start-up time.

## THREATS

### Taxation Structure

A more conducive taxation policy is seen as the need of the hour to spur the natural gas sector. Natural gas is currently outside the ambit of GST and existing legacy taxes viz. central excise



duty, state VAT, central sales tax, continue to be applicable on the fuel. However, there is wide variance in VAT in different states, which is in the range of 3 to 24 percent.

This leads to wide price variations, sometimes in adjoining GAs, thus affecting the gas offtake. The gas value chain has many input and output taxes, and therefore switching to GST would improve tax inefficiencies. This would also allow players to claim input tax credits (ITC), which will bring down costs across the board and result in savings for the end users.

### Electric Mobility

Electric vehicles are seeing explosive growth across the world, including in India. EVs sales in India are expected to grow at a robust 66 percent in 2024, after nearly doubling in 2023, aided by state subsidies, ramp-up of charging infrastructure and consumer preference for environmentally-friendly forms of transport.

While currently EVs constitute around 4 percent of total passenger vehicle (PV) sales, by 2030, EVs are expected to represent nearly 33 percent of India's PV market, signaling a strong long-term growth trajectory in the world's fourth largest car market.

That said, mass adoption of EVs still faces considerable challenges in a market like India. While the running cost of EVs is low, the upfront price is way higher compared to petrol or diesel vehicles. Not just that, range anxiety and difficulty in setting up charging infrastructure in densely populated areas are additional headwinds. In view of these factors, CNG vehicles still remain the top choice for consumers who are seeking a reliable, cost-efficient and green mode of transportation.

### Natural Gas Prices

Volatility of natural gas prices poses a significant threat to the city gas distribution (CGD) sector, impacting both the operational stability and financial health of companies within this industry. Natural gas prices are influenced by a myriad of factors, including geopolitical tensions, fluctuations in global demand and supply, and domestic policy changes. These price swings can lead to unpredictable cost structures for CGD companies, making it challenging to maintain stable pricing for end consumers. This is all the more important for India, as it meets roughly half of its natural gas requirement through imports. India's import dependency climbed from 43.9% in 2022-23 to 46.7% in 2023-24. With domestic natural gas production not increasing at a pace commensurate with the growing consumption, India is projected to remain import-dependent for a considerably long time.

Maintaining gas supply at a reasonable price is crucial, given the fact that the Indian market is price sensitive. Under the Administered Price Mechanism (APM) gas allocation policy of the Government of India, CGD segment is a priority, followed by fertilizer and power as the main consumers. For the CGD segment, encouraging consumers to make the transition to gas can prove to be difficult if natural gas prices rise due to global geopolitical factors. Inconsistent pricing can undermine

consumer confidence, potentially leading to reduced uptake of natural gas as a preferred energy source, which is crucial for the sector's growth and for reducing India's carbon footprint.

Volatility in natural gas prices affects the planning and expansion strategies of CGD companies. The uncertainty in cost forecasting makes it difficult for companies to commit to long-term infrastructure investments and expansion projects. This can slow down the rollout of CGD networks to new areas, hindering the government's goal of expanding the natural gas ecosystem across the country.

### Operational Challenges

CGD entities often face a lot of regulatory hurdles at the state, district and municipality levels while setting up their operations. Land-related problems for laying of pipelines, CNG stations and other infrastructure are a major cause of delays as well as cost escalation, even in the case of setting up compressed bio gas units under the SATAT scheme, CGD players are finding the required expenditure on land prohibitively expensive. Even after land acquisition, CGD projects get delayed due to delay in approvals by various statutory bodies.

Business-friendly policies and faster approvals will go a long way in giving a boost to the natural gas ecosystem in India.

### RISK MANAGEMENT FRAMEWORK

At your Company, risk management is an ongoing process and your Company has implemented Risk Management framework to protect and add value to the Organization and its stakeholders. Your Company has formed a Risk Management Committee of the Board. The primary objective is to ensure sustainable and stable business growth supported by a structured approach to risk management. The ERM framework includes designing, implementing, monitoring, reviewing and constantly improving the risk management procedures for the organization.

The structure of Risk Management Framework of your Company is as under:



Identified risks are examined and reviewed by the Risk Management Committee, Audit Committee and the Board from time to time.





## RISK IDENTIFICATION

Your Company assesses different types of risks including business and financial risks as well as the non-financial risks such as climate change, fuel prices, energy supply security that could potentially influence and impact the business in the future. The identified risks are assigned a 'Risk Rating' based on their impact on the organization and the likelihood of the occurrence. 'Risk Velocity' is taken into consideration based on the time between the occurrence of an event and its impact on your Company.

In the changing business scenario and expansion of your Company into various other activities, business risks and their mitigation plans are assessed on regular basis. Top Corporate Level Key Risks are as under:

1. Risk of losing the Customers due to Reduction of cost of competing fuels like Petrol, Diesel, FO, LPG, Husk etc.
2. Accident on account of Fire and Safety violation or Third Party Damages.
3. Under-utilization of Assets installed in GAs.
4. Non-achievement of Minimum Work Programme (MWP)- Penalty imposition by PNGRB for shortfall in MWP targets on cumulative basis.
5. Gas Loss from Network.
6. Cyber Security Threats.
7. Risk of non-compliance by CNG vehicles i.r.o. Cylinder Certification.
8. Accident of LCV with CNG Cascades.
9. Loss of Revenue due to defaulting DPNG customers.

## PERFORMANCE ANALYSIS

### Operational Performance

Particulars	FY 2023-24 (Audited)	FY 2022-23 (Audited)
PNG - MMSCM MMSCMD	652	660
	1.78	1.81
CNG - MMSCM MMSCMD	267	203
	0.73	0.55
CNG & PNG - MMSCM MMSCMD	<b>919</b>	<b>863</b>
	<b>2.51</b>	<b>2.36</b>
Bulk Industrial - MMSCM MMSCMD	1447	1214
	3.95	3.33
<b>TOTAL - MMSCM MMSCMD</b>	<b>2366</b>	<b>2077</b>
	<b>6.46</b>	<b>5.69</b>

## Financial Performance-Standalone

### Revenue from Operations

During the year under review, gross revenue was ₹10,944 crores as against ₹10,530 crores during the corresponding period ending March 31, 2023.

### Profit After Tax (PAT)

Profit After Tax during the FY 2023-24 was ₹323 crores against ₹297 crores in 2022-23.

### Shareholders' Funds

The Reserves and Surplus increased to ₹1,143 crores at the end of the current financial year (including Deemed Equity) as compared to ₹953 crores during the corresponding previous year (including Deemed Equity). As on March 31, 2024, the Net-Worth of the Company stood at ₹3,143 crores, as compared to ₹2,953 crores as on March 31, 2023.

### Ratio Analysis

Particulars	FY 2023-24	FY 2022-23
Debt Equity Ratio (times)	0.38	0.32
Debt Service Coverage Ratio (times)	3.52	6.01
Return Equity Ratio (PAT/Avg Equity) (%)	11	11
Return on Capital Employed (PBIT/Capital Employed) (%)	10	10
PBT to Gross Fixed Asset (%)	14.36	16.13
EBITDA Margin (%)	5.42	4.93
Gross Sale/Capital Employed (%)	237.06	254.12
Profit after Tax to Gross Sales (%)	2.95	2.82

The Company reported Revenue from Operations of ₹10,944 crores during FY 2023-24 as compared to ₹10,531 crores in the previous year.

Profit before Tax stood at ₹434 crore, an increase of 8.5% while Profit after Tax stood at ₹323 crore, an increase of 8.75% as compared to Previous Financial Year. The increase in profitability is mainly due to increase in gross margin, which also resulted in better EBITDA margin and PAT to Gross sales ratio. Debt to Equity Ratio increased by 19% from 0.32 times in FY 2022-23 to 0.38 times in FY 2023-24 primarily due to increase in borrowings to meet the capex requirements during the current financial year. Debt service coverage ratio decreased by 41% due to increase in the scheduled repayment of current instalment of term loan taken for meeting capex.

Increase in gross fixed asset on account of increase in capitalization have resulted in lower PBT to Gross Fixed Asset and lower Gross Sale to capital employed.



## Financial Statements-Consolidated

In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, your Company has prepared the Consolidated Financial Statements of its subsidiaries and joint venture entities.

The highlights of the Consolidated Financial Results are as follows:

(₹ in crores)

Particulars	2023-24	2022-23
Turnover (Net of ED)	10761.53	10394.43
Profit Before Tax	428.67	385.94
<b>Profit After Tax</b>	<b>317.93</b>	<b>282.94</b>

The summary of the financial position of your Company as on March 31, 2024 and March 31, 2023 as under:

(₹ in crores)

Particulars	Standalone		Consolidated	
	2023-24	2022-23	2023-24	2022-23
<b>I. Equity &amp; Liabilities</b>				
Shareholders' funds (including Share Application Money pending Allotment & Reserve and Surplus)	3143	2953	3133	2941
Non-Current Liabilities	1344	1114	1344	1114
Current Liabilities	1530	1318	1530	1318
<b>Total Equity &amp; Liabilities</b>	<b>6017</b>	<b>5385</b>	<b>6007</b>	<b>5373</b>
<b>II. Assets</b>				
Non-Current Assets	4723	4265	4713	4253
Current Assets	1294	1120	1294	1120
<b>Total Assets</b>	<b>6017</b>	<b>5385</b>	<b>6007</b>	<b>5373</b>

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has distinct and efficient Internal Control Systems in place. It has a clearly defined organizational structure, manuals and standard operating procedures for its business units and service entities to ensure orderly, ethical and efficient conduct of its business. Your Company's internal control system ensures efficiency, reliability, completeness of accounting records and timely preparation of reliable financial and management information. Internal financial controls framework and Risk Control Matrix (RCM) for various business processes is in place. During the FY 2023-24, M/s O P Bagla & Co., LLP carried out the internal audits and the reports prepared by them were reviewed by the management. It also ensures compliance of all applicable laws and regulations, optimum utilization and safeguard of your Company's assets. The Audit

Committee reviews the significant findings of internal audit and C&AG audit regularly.

## CAPABILITY DEVELOPMENT-HUMAN RESOURCE

Your Company is focused on building capabilities and developing competencies of its employees. Being a 100% subsidiary of GAIL (India) Limited, all the employees are employees of the parent Company. Your Company continues maintain the quality of human resources through various development initiatives to synergize individual development and organizational growth.

Your Company, in association with GAIL Training Institute (GTI), Noida and GAIL Training Institute (GTI), Jaipur organizes systematic and structured training programs for capability building of employees across all levels within the organization.

Your Company also realizes that it is critical to develop and enhance the capability and competency of its senior level executives, in order to prepare them for future leadership

positions. As a step in this direction, your Company, in association with GTI, undertook Senior Management Development Exercise as part of the Leadership Development Program. In addition, senior and middle level executives were nominated to various conferences and seminars to update their knowledge with current trends and to overcome the future challenges.

As on March 31, 2024, the total number of employees deputed to the Company stood at 239, out of which represents 53.13% (127 no.) under general category, 17.15% (41 no.) belonged to SC, 6.69% (16 no.) to ST, 22.17% (53 no.) to OBC, 0.83 % (2 no.) to general-EWS and 0.83% (2 no.) to the physically challenged category. Women represented 3.34% (8 no.) of the workforce. Your Company also engaging apprentices in line with the skill development initiative of Govt. of India.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company is fully conscious of its Corporate Social Responsibility (CSR). For your Company, CSR is the responsibility of the organization that goes beyond its legal obligations and integrates social, environmental and ethical concerns into Company's business process.

Your Company understands and acknowledges its responsibilities towards the communities, the environment and all other stakeholders involved in the process. The CSR initiatives undertaken strive to enhance value creation in the society and the communities in which it operates and promote sustained growth for the society with the long-term goal of contributing towards the development of prosperous and inclusive India.

For FY 2023-24, DPE has identified **"Health & Nutrition"** as common theme for undertaking CSR activities by CPSEs for the FY 2023-24.

The Annual Report on the CSR activities as per the requirement of the Companies Act, 2013 forms part of the Board's Report at **Annexure-F**.



## HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT

The HSE Best Practices in your Company are primarily driven through a Corporate Health, Safety & Environment (HSE) Policy which is a statement of commitment of the management of your Company. Your Company endeavors to generate value through Sustainable Development by placing commitment to Occupational Health, Safety, and Environment of Plants including Personnel and City Gas Distribution Network. Uniform well-designed HSE Management System is in place to support its commitment. Your Company focuses on Occupational Health and Environment protection by adopting the latest Technology and Digitization. Employees and outsourced resources are encouraged to adopt safe working habits and behaviour to create positive HSE culture within the organization and are empowered to notify and stop any unsafe work/act, as may so arise.

Your Company has taken various initiatives to further improve the HSE Management System. A comprehensive review of safety preparedness and adherence to safety practices are carried out prior to commencement of Operations of CGD Networks and CNG Stations, in accordance with guidelines issued by the Statutory Authorities.

## ENVIRONMENT PROTECTION AND CONSERVATION/RENEWABLE ENERGY DEVELOPMENTS

Your Company always encourages and supports innovative and smart approaches to conserve water at sites through various water management initiatives such as reduction of freshwater consumption, rainwater harvesting system/rainwater collection system at its COCO CNG stations, based on our Environmental Policy, Local, Regional and National Guidelines. Your Company considers water as a precious natural resource and hence its consumption is closely monitored and controlled.

Your Company prioritizes the creation and maintenance of a safe and pristine environment through the implementation of a certified Integrated Management System. This system encompasses Quality Management, Environment Management, Energy Management, and Occupational Health & Safety Management.

Implementing an Integrated Management System (IMS) that incorporates ISO 9001:2015 for quality management, ISO 14001:2015 for environmental management, and OHSAS 45001:2018 for occupational health and safety brings a multitude of advantages to organizations such as streamlining processes and procedures across departments, fostering efficiency and consistency in operations. IMS promotes a holistic approach to sustainability, ensuring that environmental impact and occupational health and safety are prioritized alongside quality management. This leads to improved workplace safety, reduced environmental footprint, and enhanced overall performance. Furthermore, by aligning with regulatory requirements and stakeholder expectations, IMS implementation fosters trust and credibility, driving long-term success and sustainability for the organization.

## TECHNOLOGICAL CONSERVATION AND FOREIGN EXCHANGE CONSERVATION

Your Company has installed Automated Meter Readers (AMR) & integrating it with EVCs of RPD meters at various GAs for enhancing Advanced Metering Infrastructure (AMI) solution with data integrity. Total number of AMR installed are 270. This will help in faster & accurate gas consumption data gathering, monitoring of the gas consumption pattern and faster billing leading to faster sales realizations.

Your Company has replaced its old Odorant dosing systems with new upgraded Odorizer systems having state of the art technology at Meerut & Dewas GAs for automated dosing of odorant in CGD network.

In accordance with the provisions of Section 134 of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014 a detailed report on Conservation of Energy, Technology Absorption and Foreign Exchange Conservation forms part of the Board's Report at **Annexure-G**.

## ACCOLADES

Your Company received a certificate of appreciation for Dehradun GA for providing 'Smart Digital Classroom for Digital Transformation and improved Learning Outcomes at Dehradun, Uttarakhand'. The certificate was presented by Hon'ble Chief Minister of Uttarakhand, Shri Pushkar Singh Dhami and Dr. Dhan Singh Rawat, Minister of Higher Education, GoUK.

Smt. Anandiben Patel, Hon'ble Governor of Uttar Pradesh presented appreciation certificate to your Company for their contribution to Aaganwadi centres in Meerut for improving nutritious and health status of children & ensuring their psychological & social development.

## CAUTIONARY STATEMENT

*Statements in the Board's Report and Management Discussion & Analysis, describing the Company's objectives, strategies, projections and estimates, expectations, etc. may be 'forward looking statements' and progressive within the meaning of the applicable laws and regulations. By their nature, forward-looking statements require your Company to make assumptions and are subject to inherent risks and uncertainties. Forward looking statements, which involve a number of underlying identified non-identified risks and uncertainties that could cause actual results to differ materially from the expectations. Critical factors that could influence the Company's operations include global and domestic demand and supply conditions, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also likely to change accordingly. These forward-looking statements represent only your Company's current intentions, beliefs and expectations. Your Company assumes no obligation to revise or update any forward-looking statement, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on the forward-looking statements.*



## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is the system by which companies are directed and managed. Good Corporate Governance structure encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. Effective Corporate Governance practices provide strong foundation on which successful commercial enterprises are built to last.

Your Company is committed to the adoption of effective Corporate Governance practices to bring transparency in all its operations and ensure stakeholder value within the framework of laws and regulations. It has been the constant endeavour of the management to inculcate a culture of ethical and honest conduct with emphasis on integrity and accountability in the conduct of business.

Your Company's goal is 'To be the leading Company in retailing, distribution and marketing of natural gas with focus on City Gas Distribution, committed to customer care, value creation for all stakeholders and environmental

responsibility'. It is an upward-moving target that your Company collectively strives to achieve. The board of your Company constantly endeavours to set goals and targets aligned to the Company's vision and mission.

### 2. BOARD OF DIRECTORS

#### i. Composition of the Board

Your Company is managed by the Board of Directors, which formulates strategies and policies. As per the Articles of Association, the number of Directors shall not be less than three and more than twelve.

As you are aware, your Company being a wholly owned subsidiary of GAIL (India) Limited, Directors are nominated by GAIL and the administrative ministry i.e., Ministry of Petroleum and Natural Gas (MoP&NG).

As on 31<sup>st</sup> March, 2024, there were 6 (Six) Directors on the Board comprising of 5 (Five) GAIL Nominee Directors including the Chairman and 1 (One) Government Nominee Director. The composition and attendance record of the Company's Board of Directors w.r.t. Board Meetings are as follows:

Name and Designation of the Director(s)	No. of Board Meetings Attended	Attendance at Last Annual General Meeting	Directorships Held in Other Companies	Membership/ Chairmanship in Committees of the Board of Other Companies
<b>GAIL Nominee Director(s)</b>				
Shri Sandeep Kumar Gupta	8	Yes	5	1
Shri R. K. Jain	7	Yes	4	1
Shri Ayush Gupta	7	No	4	NIL
Shri K. R. M. Rao (upto 04.05.2023)	2	NA	2	NIL
Smt. Jyoti Dua (upto 12.05.2023)	2	NA	NIL	NIL
Smt. Nalini Malhotra (w.e.f. 13.05.2023)	5	Yes	NIL	NIL
Shri Raman Chadha (w.e.f. 04.05.2023 & upto 31.10.2023)	3	Yes	NIL	NIL
Shri Sanjay Kumar (w.e.f. 01.11.2023)	2	NA	4	NIL
<b>Government Nominee Director</b>				
Shri Anand Kumar Jha (upto 16.05.2023)	1	NA	NIL	NIL
Smt. Mamta (w.e.f. 16.05.2023)	6	No	NIL	NIL



**Notes:**

1. During the year 2023-24, 8 (Eight) Board Meetings were held.
2. The 15<sup>th</sup> Annual General Meeting was held on 26<sup>th</sup> September, 2023.
3. The Directors, inter-se, are not related to each other.
4. Brief resume/nature of expertise etc. of Directors appointed/reappointed at the forthcoming AGM is given in the Notice of AGM.
5. Video-conferencing facilities are also made available to facilitate Directors to participate in the Board/Committee meetings.
6. Based on disclosures received from the concerned Director(s):
  - a) None of the Director(s) on the Board is Director in more than twenty Companies, as prescribed under the Companies Act, 2013.
  - b) None of the Director(s) on the Board is a member of more than 10 (Ten) Committees or Chairman of more than 5 (Five) Committees across all the Companies in which he/she is a Director (Membership/Chairmanship in a Committee is reckoned pertaining to Audit Committee and Stakeholders Relationship Committee).

Presently, there are no Independent Directors on the Board of your Company. Your Company, being a Government Company under the administrative control of MoP&NG, the Independent Directors are appointed/nominated by the Government of India (GoI). Your Company has been pursuing with administrative ministry for the appointment of requisite number of Independent Director(s) on the Board.

**ii. Details of Board Meetings**

During 2023-24, 08 (Eight) Meetings of the Board were held, the details of which are as below:

S No	Meeting No.	Date of Board Meeting(s)
1.	114 <sup>th</sup>	19.03.2024
2.	113 <sup>rd</sup>	19.01.2024
3.	112 <sup>nd</sup>	20.10.2023
4.	111 <sup>st</sup>	11.09.2023
5.	110 <sup>th</sup>	25.07.2023
6.	109 <sup>th</sup>	26.06.2023
7.	108 <sup>th</sup>	04.05.2023
8.	107 <sup>th</sup>	04.04.2023

**3. COMMITTEES OF THE BOARD**

The Board has constituted various statutory and non-statutory Board-level sub-committees to take informed decisions within the framework of delegated authority and make specific recommendations to the Board on

matters in their areas on purview. The minutes of these sub-committees are further placed in the next respective Committee Meeting and also in the Board Meeting for noting/information.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Operating Officer (COO) of your Company are the permanent invitees to the Board and sub-committee meeting(s). The Company Secretary acts as the Secretary to the Board and sub-committee meeting(s). Senior Functional Executives are also invited, as and when required, to provide necessary information/clarification to the Board as well as Committees of the Board.

**A. Audit Committee**

The term of reference of the Audit Committee is in accordance with Section 177(4) of the Companies Act, 2013 and DPE Guidelines on Corporate Governance, which inter-alia includes the following:

- (i) Recommending the appointment, remuneration and terms of appointment of auditors of the Company;
- (ii) Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the Company with related parties;
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters and
- (ix) Approval of the Related Party Transactions including granting of omnibus approval and laying down the criteria for the same.
- (x) Approval of Performance Corporate Guarantee (PCG)/Letter of Comfort towards Non-Fund based Facility and Payment/Performance Security (which are not in connection with a Loan or not related to equity commitment) for individual Associate Company and JVC.
- (xi) To allot securities, issue shares in physical/electronic mode, transfer of shares, issue duplicate share certificate(s) and all related/incidental matters relating to securities of the Company.

As on 31.03.2024, the Audit Committee of your Company comprises of 03 (Three) Directors namely, Shri R K Jain as the Chairman, Shri Sanjay Kumar and Smt. Nalini Malhotra as the Member(s). The Company Secretary acts as the Secretary to the Committee.



During 2023-24, 9 (Nine) meetings of the Audit Committee were held. The attendance of the members at the meetings was as under:-

S No	Members	No. of Meetings	
		Held during the tenure	Attended
1.	Shri R. K. Jain	09	09
2.	Shri K. R. M. Rao (upto 04.05.2023)	03	03
3.	Smt. Jyoti Dua (upto 12.05.2023)	03	03
4.	Shri Raman Chadha (w.e.f. 04.05.2023 & upto 31.10.2023)	03	02
5.	Smt. Nalini Malhotra (w.e.f. 13.05.2023)	06	04
6.	Shri Sanjay Kumar (w.e.f. 01.11.2023)	03	03

During the year, there was no instance(s), where the Board had not accepted any recommendation(s) of the Audit Committee. Your Company has ensured to remain in the regime of unqualified statement.

## B. Committee of Directors

As on 31.03.2024, the Committee of Directors (CoD) comprises of 03 (Three) Directors namely, Shri R. K. Jain as the Chairman, Shri Ayush Gupta and Shri Sanjay Kumar as the Member(s). During 2023-24, 07 (Seven) meetings of the CoD were held.

## C. Health, Safety & Environment Committee

As on 31.03.2024, the Health, Safety & Environment Committee (HSE) comprises of 03 (Three) Directors namely, Shri Ayush Gupta as the Chairman, Shri Sanjay Kumar and Smt. Nalini Malhotra as the Member(s). During 2023-24, 02 (Two) meetings of HSE were held.

## D. Corporate Social Responsibility Committee

As on 31.03.2024, the CSR Committee consists of 03 (Three) Directors namely, Shri Ayush Gupta as the Chairman, Shri Sanjay Kumar and Smt. Nalini Malhotra as the Member(s). During the year, 02 (Two) meetings of the CSR were held.

A detailed report on CSR activities undertaken by your Company is also placed separately at **Annexure-F**.

## E. Remuneration Committee

The term of reference of Remuneration Committee is in accordance with DPE Guidelines on Corporate Governance. The scope of Remuneration Committee is to

decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits.

As on 31.03.2024, the Remuneration Committee of your Company comprises of 03 (Three) Directors namely, Shri R K Jain as the Chairman, Shri Ayush Gupta & Smt. Nalini Malhotra as the Member(s).

As you are aware, your Company being wholly owned subsidiary of GAIL (India) Limited, Director(s) is/are nominated by GAIL and the MoP&NG being the administrative ministry. All Key Managerial Personnel (KMP)/Senior Management Personnel (SMP) are the employees of the Parent/Promoter Company, GAIL. Performance Related Pay (PRP) is being decided and paid by the promoter Company. The Directors, which include the GAIL Nominee and Government Nominee, does not receive any sitting fee/compensation from your Company for attending the meetings of the Board as well as sub-Committees of the Board.

## 4. GENERAL BODY MEETINGS

### Forthcoming AGM: Date, Time and Venue

The 16<sup>th</sup> Annual General Meeting of your Company (AGM) is scheduled on Wednesday, 21<sup>st</sup> day of August 2024 at 12:30 p.m. at the Registered Office of the Company situated at GAIL Bhawan, 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066.

### Location and Time of the Last Three AGMs

The location, time and details of the special resolutions passed during last three AGMs are as follows:

Year	2020-21	2021-22	2022-23
AGM	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>
Date and Time	24 <sup>th</sup> September, 2021 at 12:30 p.m.	25 <sup>th</sup> August, 2022 at 12:30 p.m.	26 <sup>th</sup> September, 2023 at 3:30 p.m.
Venue	GAIL Bhawan, 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066	GAIL Bhawan, 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066	GAIL Bhawan, 16, Bhikaiji Cama Place, R.K. Puram, New Delhi-110066
Special Resolution Passed	NA	NA	Amendment in Articles of Association

No EGM was held during the Financial Year 2023-2024.

## 5. MEANS OF COMMUNICATION

The Annual Report is available on the website in a user-friendly format viz. **www.gailgas.com** and is circulated to the Members and others entitled thereto.

## 6. DISCLOSURES

- The Annual Financial Statements for FY 2023-24 are in conformity with applicable Accounting Standards. During the year, there have been no materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large. The details of "Related Party Disclosures" are provided in Notes to the accounts in the Annual Report.
- CEO and CFO of your Company, inter-alia, confirmed the correctness of the financial statements, adequacy of the internal control and certified other matters to the Board and Audit Committee, as per the requirements of DPE guidelines.
- Your Company has conducted Legal Audit covering the compliance of the applicable laws to your Company. A Compliance Report is generated and the same is reviewed by the Board from time to time.
- Your Company has implemented Whistle Blower (Vigil Mechanism) Policy, wherein employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the competent authority. As per approved policy, Whistle Blower has been provided with direct access to the Chairman of the Audit Committee.
- CEO has given a declaration that the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of your Company for the financial year ending on 31<sup>st</sup> March, 2024.
- During the year under review, no Presidential Directives have been received by your Company.

- No item of expenditure has been debited in the books of accounts, which are not for the purposes of the business and no expenses, which are personal in nature, have been incurred for the Board of Directors.
- The administrative and office expenses were 2.98% of the total expenses in FY 2023-24 as against 2.09% in the FY 2022-23.
- Applicable Secretarial Standards on Board Meeting(s) and General Meeting(s) have been duly complied.

## 7. TRAINING OF BOARD MEMBERS

05 (Five) out of the 06 (Six) Directors on the Board are nominees of GAIL. GAIL has the policy in place for Training of its Directors and employees. Though, no specific training programmes were arranged for the Board members, however, detailed presentations were made by senior executives/consultants on business related issues at the Board and its sub-Committee meetings from time to time.

## 8. SHARE OWNERSHIP PATTERN AS ON 31<sup>ST</sup> MARCH, 2024

GAIL Gas is wholly owned subsidiary of GAIL (India) Ltd. Your Company has 07 (Seven) shareholders, out of which 06 (Six) shareholders are holding 01(One) share each of face value ₹ 10/- as GAIL nominee. ISIN of your Company's fully paid-up equity shares is INE914X01016.

Category/ Shareholding (%)	No. of shares held of ₹10 each	Paid-up Share Capital
GAIL (India) Limited and its nominees (100%)	2,000,000,000	20,000,000,000

Corporate Identification Number allotted to your Company by the Ministry of Corporate Affairs (MCA) is U40200DL2008GO178614.



MoU signing with Parent Company GAIL (India) Limited



GAIL Gas paid dividend of ₹150 Crores to its parent Company GAIL (India) Limited for the FY 2023-24



## CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE

To  
**The Members**  
**GAIL Gas Limited**

We have examined the compliance of Guidelines on Corporate Governance for Central Public Sector Enterprise, 2010 issued by DPE. The compliance of Guidelines on Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us by the management, we certify that, except the Composition of the Board of Directors with regard to optimum combination of Functional, Nominee and Independent Director & Constitution and Composition of its Statutory Committee(s) viz. Audit Committee and Remuneration Committee in the absence of Independent Directors, the Company has complied with the Guidelines on Corporate Governance as stipulated in DPE guidelines.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Agarwal S. & Associates**

Company Secretaries  
ICSI Unique Code: P2003DE049100  
Peer Review Cert. No.: 3036/2023

Sd/-

**CS Anjali**

Partner

ACS No.:65330

C.P.No.:26496

**Place:** New Delhi  
**Date:** 14.06.2024  
**UDIN:** A065330F000571385



GAIL Gas exhibition stall at IEW 2024





## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2024

{Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To  
The Members  
GAIL Gas Limited

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good Corporate Practices by **GAIL Gas 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 our opinion thereon.

Based on our verification of the Company's books, papers, minutes 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 31<sup>st</sup> March, 2024 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, minutes books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2024, as applicable, 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: **-Not Applicable**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) 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: **-Not Applicable**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **-Not Applicable**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 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, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (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, 2021;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
  - (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (vi) Compliances/processes/systems under other applicable Laws to the Company are not being verified by us.

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

- (a) Secretarial Standards, as amended from time to time, issued by the Institute of Company Secretaries of India - Generally complied with.
- (b) Securities & Exchange Board of India (Listings Obligations and Disclosure Requirements) Regulations, 2015- **Not Applicable.**
- (c) DPE Guidelines on Corporate Governance for CPSE- Generally complied with.



During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observation(s):

- Compliance under Clause 3.1.1 & 3.1.4 of the DPE Guidelines on Corporate Governance w.r.t. Composition of the Board of Directors - Company did not have optimum combination of Functional, Nominee and Independent Director as the Board of Directors of the Company consists solely of Nominee Directors.
- Compliance under Clause 4.1 & 5.1 of the DPE Guidelines on Corporate Governance w.r.t. Constitution and Composition of the Audit Committee & Remuneration Committee due to non-appointment of Independent Directors on the Board of the Company.

**We further report that** the Board of Directors of the Company is duly constituted as per the provision of the Companies Act, 2013. As on 31<sup>st</sup> March 2024, the Board consists solely of Non-Executive 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.

Generally, adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, 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 Majority Decision is carried through while the dissenting members' views, if any, 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, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

**For Agarwal S. & Associates**

Company Secretaries  
ICSI Unique Code: P2003DE049100  
Peer Review Cert. No.: 3036/2023

Sd/-  
**CS Anjali  
Partner**

ACS No.: 65330  
CP No.: 26496

**Place:** New Delhi  
**Date:** 14.06.2024  
**UDIN:** A065330F000571374

**Note:** This report is to be read with our letter of even date which is annexed and forms an integral part of this report.



*Visit of Shri Hardeep Singh Puri, Hon'ble Union Minister of Petroleum and Natural Gas to IEW 2024 Exhibition Stall*



*Industry experts and stakeholders visiting GAIL Gas stall at IEW 2024*

**To  
The Members  
GAIL Gas Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for 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 of the Company and our report is not covering observations/comments/weaknesses already pointed out by the other Auditors.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations, happening of events, etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether the Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Agarwal S. & Associates**

Company Secretaries  
ICSI Unique Code: P2003DE049100  
Peer Review Cert. No.: 3036/2023

Sd/-  
**CS Anjali  
Partner**

ACS No.: 65330  
CP No.: 26496

**Place:** New Delhi  
**Date:** 14.06.2024



*Inauguration of PNG supply to domestic and commercial units in Chandauli*



## Form No. AOC-2

{Pursuant to Section 134(3) 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 arm's length transactions under third proviso thereto**

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

GAIL Gas Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during FY 2023-24.

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

**a. Name(s) of the related party and nature of relationship-**

GAIL (India) Limited, Holding Company

**b. Nature of contracts/arrangements/transactions-**

Purchase of Re-gasified Liquefied Natural Gas (RLNG), Spot Agreement, APM & Non-APM, sale of HPHT gas to GAIL (India) Ltd.

**c. Duration of the contracts/arrangements/transactions:**

- RLNG (Long Term) Agreement dated 15.05.2009, ongoing till year 2028.
- RLNG (Long Term) Agreement dated 16.11.2011, ongoing till year 2028.
- Spot Gas Agreement dated 01.04.2020, ongoing till year 2028.
- PF RLNG Agreement dated 01.01.2022, ongoing till year 2026.
- HH-1 RLNG Agreement dated 25.09.2023, ongoing till year 2028.
- HH-2 RLNG Agreement dated 22.12.2023, ongoing till year 2029.
- Various Non-APM Agreement ongoing till 06.07.2026.
- Various APM Agreement ongoing till 06.07.2026.
- Gas Transmission Agreement dated 25.01.2018, ongoing till 19.02.2029.
- HPHT gas sale and purchase Agreement dated 28.04.2023, ongoing till 20.04.2028.
- HPHT gas sale and purchase Agreement dated 31.05.2023, ongoing till 31.05.2026.
- HPHT gas sale and purchase Agreement dated 14.07.2023, ongoing till 19.07.2026.
- Lease Agreement dated 01.08.23 till 30.6.2024.

**d. Salient terms of the contracts or arrangements or transactions including the value, if any-**

Purchase of Natural Gas, Sale of Natural Gas, Rent, Hook-up Charges, Purchase and Sale of Fixed Assets, Training Cost etc. from GAIL (India) Limited transaction during FY 2023-24 were approx. ₹ 10,331 crores.

**e. Date(s) of approval by the Board, if any-**

Not applicable, since contract was entered into in the ordinary course of business and on arm's length basis.

**f. Amount paid as advances, if any - NIL**

**For and on behalf of the Board**

Sd/-

**Sandeep kumar gupta**  
Chairman  
(DIN: 07570165)

**Place:** New Delhi  
**Date:** 09.08.2024



## ANNUAL REPORT ON CSR ACTIVITIES

### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

Your Company remains committed to the principles of Corporate Social Responsibility (CSR) and strongly believe that CSR plays a defining role in the development of the country. Your Company is driven with strong passion, vigour and enthusiasm based upon the axiom of a responsible business i.e. People, Planet and Profit and goes beyond mere duty. Your Company is one of the companies in India to have a structured CSR Policy. Every year, your Company earmarks at least 2% of the average net profit made during the three immediately preceding financial years, on judiciously chosen and meaningful welfare projects for the benefit of the stakeholder communities. Your Company's vision of value creation for all stakeholders remains the guiding force behind the social interventions.

Your Company being a socially responsible and environment friendly organization has always strived for creation of value in the society and community where it is carrying out its operations through meaningful and sustainable CSR initiatives. Your Company strives to contribute towards uplifting of the socially and economically weaker Sections of the communities in and around the Company's CGD business areas by undertaking useful & meaningful CSR programs.

### 2. COMPOSITION OF CSR COMMITTEE:

In compliance with the provisions of Section 135(1) of the Companies Act, 2013, as on 31.03.2024, the CSR Committee of the Board comprises of the following members:

S No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Ayush Gupta	GAIL Nominee Director/ Chairman, CSR Committee	2	2
2.	Smt. Nalini Malhotra (w.e.f 17.05.2023)	GAIL Nominee Director/ Member, CSR Committee	2	2
3.	Shri Sanjay Kumar (w.e.f 04.12.2023)	GAIL Nominee Director/ Member, CSR Committee	2	1

### 3. PROVIDE THE WEB-LINK(S) WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY.

- (i) Web-link of Composition of CSR Committee: <https://gailgas.com/csr/policy>
- (ii) Web-link of CSR Policy: <https://gailgas.com/csr/policy>
- (iii) Web-link of CSR projects approved by the Board: <https://gailgas.com/csr/policy>

### 4. PROVIDE THE EXECUTIVE SUMMARY ALONG WITH WEB-LINK(S) OF IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8, IF APPLICABLE:

Not Applicable.

### 5. (a) Average net profit of the Company as per Sub-Section (5) of Section 135: ₹ 332.54 Crores

- (b) Two percent of average net profit of the Company as per Sub-Section (5) of Section 135: ₹ 6.65 Crores
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous Financial Years: NIL
- (d) Amount required to be set-off for the Financial Year, if any: NIL
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 6.65 Crores

### 6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 60,48,933/-

- (b) Amount spent in Administrative Overheads: NIL
- (c) Amount spent on Impact Assessment, if applicable: NIL
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 60,48,933/-
- (e) CSR amount spent or unspent for the Financial Year:



Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-Section (6) of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-Section (5) of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount*	Date of transfer
60,48,933/-	85,68,932/-	29.04.2024	Clean Ganga Fund	5,18,82,135/-	-

\*Unspent/Unallocated amount of ₹ 5,18,82,135/- will be transferred to Fund specified under Schedule VII within stipulated time period of 6 months from the end of FY i.e. by 30.09.2024.

(f) Excess amount for set-off, if any:

S No	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-Section (5) of Section 135	6,65,00,000/-
(ii)	Total amount spent for the Financial Year	60,48,933/-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	NIL
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	NIL

## 7. DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
S No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-Section (6) of Section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-Section (6) of Section 135 (in ₹)	Amount spent in the Financial Year (in ₹)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-Section (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	FY-1 (2022-23)	2,89,32,769/-	2,89,32,769/-	1,65,67,864/-	-	-	1,23,64,905/-	
2	FY-2 (2021-22)	1,73,58,232/-	31,88,400/-	27,60,400/-	-	-	4,28,000/-	-
3	FY-3 (2020-21)	88,11,910/-	37,25,000/-	0	13,25,000/-	29.09.2023	24,00,000/-	-
	<b>TOTAL</b>	<b>5,51,02,911/-</b>	<b>3,58,46,169/-</b>	<b>1,93,28,264/-</b>	<b>13,25,000/-</b>		<b>1,51,92,905/-</b>	<b>-</b>

Note: ₹24,00,000/- from FY 2020-21 transferred to PM CARES Fund in April 2024.

## 8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:

If Yes, enter the number of Capital assets created/acquired: NIL

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable.

## 9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUB-SECTION (5) OF SECTION 135:

Consequent upon approval of the CSR Projects by the CSR Committee, CSR agreement with the implementing agencies (IA)

were signed in the month of Feb 2023 with timeline of projects varying from 6 months to 1 year which are ongoing in nature as approved by Board.

Thus, upon award of Contract/signing of the Agreement with the Implementing Agencies (IAs), allocated amount towards the project is being released as per the Payment Schedule of the Agreement.

Accordingly, the allocated amount for the Ongoing CSR Projects of FY 2023-24 will be spent in FY 2024-25. Also, during FY 2024-25 the spend of 2% of the average net profit as per Sub-Section (5) of Section 135 will be taken care off.

Sd/-  
**Goutom Chakraborty**  
Chief Executive Officer  
(PAN: ABKPC5087E)

Sd/-  
**Ayush Gupta**  
Chairman, CSR Committee  
(DIN: 09681775)



Smt Anandiben Patel, Hon'ble Governor of U.P. presented appreciation certificate to GAIL Gas Limited for their contribution to aaganwadi centres in Meerut



Shri Pushkar Singh Dhami, Hon'ble Chief Minister of Uttarakhand & Dr. Dhan Singh Rawat, Minister of Higher Education GoUK presented appreciation certificate for providing smart digital classroom in Uttarakhand



Distribution of hygiene kit to school students in Bengaluru



Equipped hospitals in Jharia & Sindri, Dhanbad, with modern medical equipments for enhanced maternity and newborn care



## CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO (2023-24)

[As per Section 134(3) of the Companies Act 2013 read with Companies (Accounts) Rules, 2014]

### A. CONSERVATION OF ENERGY

#### i. Your Company has taken various steps for conservation of energy which are as under:

- Your Company is emphasizing on commissioning of its City Gate Stations (CGS) and Mother CNG stations at its various GAs. Recently, your Company has commissioned CGS at few GAs like Dehradun-Uttarakhand, Rourkela & Puri in Odisha. Direct gas availability at respective GAs will avoid transporting CNG from long distance Gas sources, which in turn will help in reduction in transportation cost.
- Further, GAIL is emphasizing upon relocating the Gas sources from far areas to nearest possible areas based on availability of Gas for the GAs where gas availability through pipeline is not available. This will also avoid transporting CNG from long distance Gas sources, which in turn will help in reduction in transportation cost, less fuel consumption and less emissions.

#### ii. Steps taken by your Company for utilizing alternate sources of energy:

Your company is utilizing compressed biogas (CBG) aligns seamlessly with the Government of India's initiative to promote sustainable energy solutions and reduce dependence on fossil fuels. As an alternative fuel source for CNG stations, CBG offers a multitude of advantages. It significantly contributes to environmental conservation by reducing greenhouse gas emissions and mitigating air pollution, thereby improving air quality and public health. Additionally, CBG production promotes agricultural waste management. Moreover, incorporating CBG into the fuel mix enhances energy security by diversifying the sources of fuel supply and reducing reliance on fossil fuels. Overall, the adoption of CBG in CNG stations not only supports the government's clean energy goals, but also fosters sustainable development and economic growth while addressing persistent environmental concerns.

#### iii. The capital investment on energy conservation equipment - NIL

### B. TECHNOLOGY ABSORPTION

1. The efforts made towards technology absorption	1. Your company has installed Automated Meter Readers (AMR) & integrating it with EVCs of RPD meters at various GAs for enhancing Advanced Metering Infrastructure (AMI) solution with data integrity. Total number of AMR installed are 270. This will help in faster & accurate gas consumption data gathering, Monitoring of the gas consumption pattern and faster billing leading to faster sales realizations.
	2. Your Company has replaced its old Odorant dosing systems with new upgraded Odorizer systems having state of the art technology at Meerut & Dewas GAs for automated dosing of odorant in CGD network.
	3. Your company has started using the 75-80% TBM (Tert-Butyl Mercaptan) and 20-25% MES (Methyl Ethyl Sulphide) as a substitute for ethyl mercaptan which offer several advantages. TBM and MES have lower sulfur content compared to ethyl mercaptan, which can result in reduced odor intensity and potentially less environmental impact. Additionally, they are less corrosive, which can be beneficial for storage and transportation systems.
	4. Your company has taken the initiative of automation of CNG Stations and installation of CCTV for surveillance point of view. The tender has been floated for the implementation of the same.
	5. Your company is in the process of implementing Integrated Management System (IMS), which consists of ISO 9001:2015, ISO 14001:2015, and OHSAS 45001:2018 for Standardization of the processes, Quality assurance, managing environmental regulations, reduce waste, increased levels of safety and ensuring the highest quality standard in occupational health and safety.
2. The benefits derived like improvement, cost reduction, product development or import substitution	1. Installation of AMRs is enabling the remote gathering of Meters readings from RPD meters. Meter readings, profile data and user consumption alarms are automatically transmitted over 2G and 3G networks to a host data centre at regular intervals providing a cost effective AMI solution.
	2. Automated Dosing System shall ensure that minimum quantity of odorant is mixed with Piped Natural Gas, for easy detection by general public in case of leakage of gas, thus enhancing the safety of your Company's assets and public at large.



	3. TBM and MES have lower sulfur content compared to ethyl mercaptan, which can result in reduced odor intensity and potentially less environmental impact. Additionally, they are less corrosive, which can be beneficial for storage and transportation systems. By utilizing this blend, GGL can potentially enhance safety while minimizing negative environmental effects and infrastructure corrosion risks.
	4. The initiative to automate CNG stations and install CCTV surveillance systems brings forth numerous advantages, enhancing both operational efficiency and safety standards. With automated systems, monitoring and controlling critical functions become more precise, minimizing the risk of accidents and ensuring compliance with safety regulations. Additionally, the integration of CCTV surveillance enhances security measures, deterring potential threats and providing valuable insights for incident management and investigation. Overall, this initiative not only modernizes CNG station operations but also reinforces safety protocols, fostering trust among stakeholders and promoting a sustainable and secure energy infrastructure.
	5. Implementing an Integrated Management System (IMS) that incorporates ISO 9001:2015 for quality management, ISO 14001:2015 for environmental management, and OHSAS 45001:2018 for occupational health and safety brings a multitude of advantages to organizations such as streamlining processes and procedures across departments, fostering efficiency and consistency in operations. IMS promotes a holistic approach to sustainability, ensuring that environmental impact and occupational health and safety are prioritized alongside quality management. This leads to improved workplace safety, reduced environmental footprint, and enhanced overall performance. Furthermore, by aligning with regulatory requirements and stakeholder expectations, IMS implementation fosters trust and credibility, driving long-term success and sustainability for the organization.
3. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year): a) The details of technology imported; b) Year of import c) Whether the technology been fully absorbed d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	NIL
4. The expenditure incurred on Research and Development	NIL

## C. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange earnings and outgo are given below:

Foreign Exchange Earned: NIL

Foreign Exchange Outgo: NIL



*SAP Client Migration & Implementation of Vendor Invoice Management at GAIL Gas by Shri RK Jain, Director (Finance)*



Stakeholder at IEW



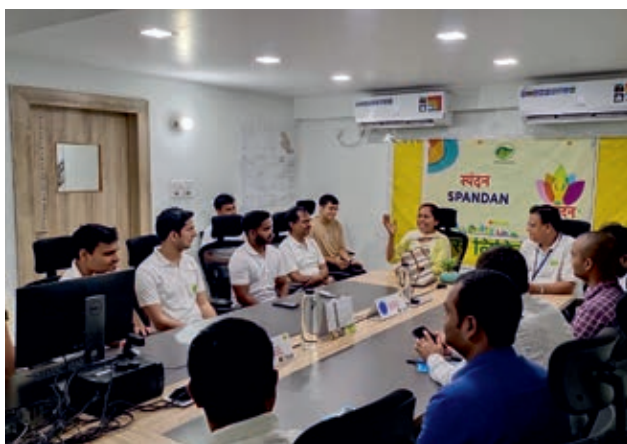
Foundation Day



Fleet Operators Meet at Bengaluru



Commencement of Natural Gas supply to Brijwasi sweets at Vrindavan



Spandan organised at Dhanbad for employee welfare



Inauguration of Industrial PNG supply at Attibele, Bengaluru by CEO, GAIL Gas Limited





# STANDALONE FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

To  
**The Members of GAIL Gas Limited**  
**Report on the Audit of the Standalone Financial Statements**

### OPINION

We have audited the accompanying Standalone Financial Statements of **GAIL Gas Limited** (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("SA's") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements Section of our report. We are independent of the

Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### EMPHASIS OF MATTERS

1. *No Provision has been considered against Slow & non-moving (More than 3 years) inventory for capital projects value of ₹12.88 crores as at the year end. (Refer Note 37 to the Standalone Financial Statements).*
2. *Investment in Joint Venture entity i.e. Andhra Pradesh Gas Distribution Corporation Ltd., being disclosed at its original cost and evaluation for impairment will be carried out based on the outcomes of future events. (Refer Note 49 to the Standalone Financial Statements).*

Our opinion is not modified with respect to the above matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No	Key Audit Matter	Auditors' Response
1	<b>Litigations</b> The Company operates in an industry, which is heavily regulated, which increases inherent litigation risk. The Company is engaged in a number of legal cases.  Refer Note 33(i) to the Standalone Financial Statements.	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"> <li>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination of provisions to ensure that they operate effectively.</li> <li>• We examined correspondence in respect of these cases.</li> <li>• We read summary on litigation matters provided by the management and its inhouse legal counsels with respect to the matters included in the summary.</li> </ul>
2	<b>Uncertain tax positions</b> The Company operates in a complex tax environment and is subject to a range of tax risks during the normal course of business. The arrangements for transactions entered into by the Company are complex, judgmental and subject to challenge by the Tax Authorities. Further, the allowability of certain expenses and admission of additional supporting documents by the Company is also a matter of ongoing dispute with the authorities.	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"> <li>• We evaluated and tested the design and operating effectiveness of the Company's controls over provisions for uncertain tax positions to ensure that they operate effectively.</li> <li>• In understanding and evaluating management's judgment, we examined correspondence connected with the cases, considered the status of recent and current tax authorities enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment.</li> </ul>





	Refer Note 33(ii) to (v) to the Standalone Financial Statements.	<ul style="list-style-type: none"> <li>We held discussion with respective personnel to understand adequacy of provision made by the management.</li> <li>We reviewed status update provided by the management in respect of estimates of tax exposures and contingencies in order to assess adequacy of the Company's tax provisions.</li> </ul>
<b>3</b>	<p><b>Technical Parameters and voluminous transactions of Natural Gas trading and transmission captured to measure Revenue and Inventory through Integrated system and complexities involved therein.</b></p> <p>Determination of quantity of Natural Gas sold and in stock through gas-pipelines involves use of various technical aspects of the natural gas such as pressure, temperature etc. captured from the measuring devices installed on gas pipelines. We were informed that the methodology is standard and used industry wide. This increases the complexity of validating quantity of Natural gas sold and stock available in pipeline as on March 31, 2024.</p> <p>Refer Note 10 to the Standalone Financial Statements</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We have performed test of controls, over the accuracy and completeness of the quantity captured via IT system through to the accounting software.</li> <li>We have obtained management representation that the IT system applies a standard methodology to capture the quantity of Natural Gas for the purpose of revenue and inventory measurement.</li> <li>We have verified valuation of closing inventories by applying various aspects made available to us by the management such as conversion factors, meter reading etc.</li> </ul>
<b>4</b>	<p><b>Revenue Recognition</b></p> <p>The Company is in the business of distribution of natural gas. The Company has various types of customers such as industrial, commercial, non-commercial, domestic and in respect of CNG - oil marketing companies and others.</p> <p>Revenue from sale of natural gas is considered as key audit matter as there is a risk of accuracy of recognition and measurement of gas sales in the Standalone Financial Statements considering following aspects:</p> <ul style="list-style-type: none"> <li>Different pricing structure for different types of customers and frequency of price change</li> <li>Voluminous number of customers</li> <li>Capturing Gas Consumption data in billing</li> <li>Estimating unbilled revenue at the year-end</li> <li>Extensive use of SAP and other IT systems for managing the billing operation</li> </ul> <p>Refer Note 22 to the Standalone Financial Statements</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our approach was a combination of test of internal controls, analytical and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal control</li> <li>For evaluation of operative effectiveness of internal control: <ul style="list-style-type: none"> <li>Verified samples of gas sales invoices with agreements executed with the customers, accuracy of pricing, consumption quantity, tax amount of invoices of various categories of customers.</li> <li>Visited site to understand actual operation</li> </ul> </li> <li>Performed analytical procedures to verify number of bills generated during the year for each major type of customers as per their respective billing cycle</li> <li>On sample basis, verified: <ul style="list-style-type: none"> <li>Updation of Daily Contracted Quantity of gas of Industrial customers in the billing system.</li> <li>Updation of prices of gas for all major types of customers in the billing system.</li> <li>Sales invoices</li> </ul> </li> <li>Verified subsequent realisation of amounts due as per invoices generated for the month of March 2024.</li> <li>Evaluated the appropriateness of accounting policies, related disclosure made and overall presentation in the Standalone Financial Statements in terms of Ind AS 115.</li> </ul>

#### Information Other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's

Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our Auditors' Report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report.



Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report in this regard.

#### **Responsibilities of Management and those charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) The Company being a government company, provisions of Section 164(2) of the Act, with respect to disqualification of Directors is not applicable, in view of notification no. G.S.R. 463(E) dated 05-06-2015.
  - (f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the company and the operating effectiveness of such controls, refer to our separate

Report in **"Annexure B"**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone Financial Statements.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a Government Company, provisions regarding remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act is not applicable.

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, as amended, 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 Standalone Financial Statements - Refer Note 33 to the Standalone Financial Statements;
  - (ii) The Company did not have any derivative contracts. None of the long-term contracts require provision for material foreseeable losses, as required under the applicable law or accounting standards;
  - (iii) There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company. Therefore, question of delay in transferring of such sums does not arise.
  - (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually



## CLEANER FUELS FOR A GREENER TOMORROW

or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- (v) During the current year, interim dividend declared and paid by the company of ₹ 150 crores are in accordance with Section 123 of the Act.

- (vi) Based on examination which included test checks, the company has used an accounting software for maintaining its books of accounts which has a feature of recording trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

3. As required by Section 143 (5) of the Act, we have considered the directions issued by the Comptroller & Auditor General of India, the action taken thereon and its impact on the Standalone Financial Statements of the Company is given in "Annexure - C".

**For M.K. AGGARWAL & CO.**

Chartered Accountants  
Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**  
**Partner**

Membership Number: 099374  
UDIN: 24099374BKALZC6625

**Place:** New Delhi  
**Date:** 06.05.2023



*Inauguration of Commercial PNG supply to Phoneix Mall at Bengaluru by Shri Ayush Gupta, Director (HR)*





## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' Section of our report to the members of GAIL Gas Ltd. of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. (a) The Company has maintained proper records showing full particulars including quantitative details of property, plant & equipment.

The company has maintained proper records showing full particulars of intangible assets.

- (b) As explained to us and based on our examination of records, the Company has a regular programme of physical verification of property, plant & equipment (PPE) and ROU assets other than underground pipelines which as per management cannot be physically verified.

PP and Inventory for capital projects shown under Capital Work in progress has been physically verified by the Project Management Consultant (PMC) and the management during the year. Capital stores in the nature of free issue material has been verified and certified by the PMC. Discrepancies noticed on verification between physical assets and book records were not material, necessary entries for which has already been accounted for in the Standalone Financial Statements. In our opinion, the frequency of verification of the PPE is reasonable having regard to the size of the Company and the nature of its assets.

- (c) As explained to us and based on our examination of records, title deed of immovable properties of land and buildings (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) which are freehold, are held in the name of the company, except as stated below:

Description of property	Gross carrying value (₹ In crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in name of company
Freehold Land, Plot No 2241, Phase-II, Sector-38, I.E Rai, Sonapat, Harayana (3004.42 square meters)	2.05	Haryana State Industrial and Infrastructure Development Corporation (HSIIDC)	No	Since 31.03.2014	Mutation is under process

- (d) As explained to us and based on our examination of records, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

- (e) According to the information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

- ii. (a) According to the information and explanations given to us, except for material in transit, inventory of stores and spares has been physically verified by the management at reasonable intervals including inventory lying with project management consultant which has also been confirmed by the latter. Further, the coverage and procedure of such verification adopted by the management is appropriate. No material discrepancies were noticed by the management on such verification.

As explained to us, having regard to the nature of inventory of natural gas, procedures followed by the

management for estimation of natural gas quantities is based on volume of pipelines and the volume of cascades containing natural gas considering standard temperature and pressures, are reasonable and no material discrepancies were noticed on such computation. Also, the coverage and procedure of such verification adopted by the management is appropriate.

- (b) In our opinion and according to the information and explanations given to us, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.

- iii. According to the information and explanations given to us, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to firms, Limited Liability Partnerships or any other parties except for Loan



to 1 Joint Venture entity, Investment in 6 Joint Ventures and Guarantee given on behalf of one Joint Venture, in respect of which:

(a) A. As per information and explanation given to us, the company has provided guarantee on behalf of JV and has provided loan to JV detail of which as follows: -

**(₹ in crores)**

	<b>Guarantees</b>	<b>Security</b>	<b>Loans</b>	<b>Advances in nature of Loans</b>
Aggregate of amounts granted/ provided during the year to Joint Ventures	NIL	NIL	NIL	NIL
Balance outstanding as at the balance sheet date in respect of above	601.60	NIL	7.50	NIL

B. As the Company has not provided any loans or provided advances in the nature of loans, or stood any guarantee, or provided security to parties other than joint ventures, hence, Paragraph 3(iii)(a)B of the Order is not applicable to the Company.

(b) In our opinion, investments made, guarantees provided, terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayment of principal and receipt of interest are generally been regular as per stipulation.

(d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(e) No loan granted by the Company has fallen due during the year or has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, Paragraph 3(iii)(f) of the Order is not applicable to the Company.

iv. The Company being a Government Company, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security, are not applicable. Accordingly, Paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanation given to us, the Company has not accepted any deposit or amounts which are deemed to be deposits from public during the year and does not have any unclaimed deposits, as at March 31, 2024. Accordingly, Paragraph 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed book of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government for maintenance of cost records under Section 148 (1) (d) of the Act and we are of the opinion that prima facie, prescribed cost accounts and records have been maintained. However, we have not carried out detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. According to the information and explanations given to us, in respect of statutory dues:

(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 income-tax, sales tax, excise duty, goods & services tax, customs duty, value added tax, cess and other material statutory dues have generally been deposited regularly during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, customs duty, value added tax, sales tax, excise duty, cess and other material statutory dues were in arrears as at 31<sup>st</sup> March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of customs duty, sales tax, cess which have not been deposited with the appropriate authorities on account of any dispute. However, according to the information and explanations given to us, the following dues of income tax, excise duty, value added tax, commercial tax and goods & services tax have not been deposited by the Company on account of dispute:



Nature of the Statute	Nature of Dues	Period to which amount relates	₹ in crores	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	F.Y. 2017-18	1.28	CIT Appeals (New Delhi)
Income Tax Act, 1961	Income Tax	F.Y. 2019-20	5.90	CIT Appeals (New Delhi)
Central Excise Act, 1944	Excise Duty and Penalty	January 2012 – June 2013	1.74	CESTAT, New Delhi
The Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	F.Y. 2010-11	0.10 *(0.02)	Superintendent, Range 34, Division VII, Ghaziabad, U.P.
The Uttar Pradesh Trade Act, 1948	Entry Tax	A.Y. 2004-05 & A.Y. 2005-06	#	Supreme Court of India
Haryana VAT ACT, 2003	Value Added Tax	FY 2019-20	0.12	Appeal to be filed before Commissioner (Appeals)
Haryana VAT ACT, 2003	Value Added Tax	FY 2019-20	0.27	Appeal to be filed before Commissioner (Appeals)

\* Figures in bracket represent amount paid under protest

# Entry tax pertains to Taxable amount of ₹ 26.25 crores, which will be ascertained on reassessment. Refer Note no. 33 (v) to the Standalone Financial Statements.

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion and according to the information and explanation given to us by the management, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Accordingly, paragraph 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us by the management, the company has not been declared wilful defaulter by any bank or financial institution or other lender. Accordingly, paragraph 3(ix)(b) of the Order is not applicable to the Company.
- (c) On an overall examination of the financial statements of the Company and according to the information and explanations given to us by the management, the company has applied the term loans for which they were obtained. Accordingly, paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, as company does not have any subsidiary.
- (f) On an overall examination of the financial statements of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) The management has represented that they have not come across any case of fraud on or by the Company involving its management or employees who have significant roles in internal control, or fraud involving others that could have a material effect on the financial information presented in the financial statements.
- (b) No report under Sub-Section (12) of Section 143 of the Companies Act, 2013, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors') Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanations given to us, the company has not received any whistle blower complaints during the year (and up to the date of this report). Accordingly, paragraph 3(xi)(c) of the Order is not applicable to the company.
- xii. The Company is not a Nidhi Company. Accordingly, Paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with provisions of Section 177 and 188 of the Companies



## CLEANER FUELS FOR A GREENER TOMORROW

Act, 2013, wherever applicable, all transactions with related parties and the details of related party have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

- xiv. (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, internal audit reports up to First Half for the year under audit, issued to the Company, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion and according to the information and explanations given to us, during the year, the company has not entered into any non-cash transactions with Directors or persons connected to its directors. Accordingly, Paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Paragraph 3(xvi)(a), (b) and (c) of the Order is not applicable to the Company.
- (b) In our opinion, and according to the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, paragraph 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. Statutory auditors of the Company have not resigned during the year. Accordingly, Paragraph 3(xviii) of the Order is not applicable to the company.
- xix. On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial

liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. (a) According to the information and explanations given to us, the company has not transferred the unspent Corporate Social Responsibility (CSR) amount as at the Balance Sheet date out of the amounts that was required to be spent during the year other than ongoing projects, to a fund specified in Schedule VII to the Companies Act, 2013, in compliance with the provision of Sub-Section (6) of Section 135 of the said Act till the date of our report. However, the time period for such transfer i.e. six months from the end of the financial year has not elapsed.
- (b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with the provision of Section 135(6) of the Act.
- xxi. The company is a standalone company and therefore the provision of Clause 3(xxi) of the order are not applicable to the company.

**For M.K. AGGARWAL & CO.**

Chartered Accountants  
Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**  
Partner

Membership Number: 099374  
UDIN: 24099374BKALZC6625

**Place:** New Delhi  
**Date:** 06.05.2024





## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report to the members of GAIL Gas Ltd. of even date)

### **Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to Standalone Financial Statements of **GAIL Gas Limited** ("the Company") as of 31<sup>st</sup> March, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to Standalone Financial Statements 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 (the "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 Act.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the company's internal financial controls with reference to Standalone Financial Statements 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to Standalone Financial Statements, 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 auditors' 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 with reference to Standalone Financial Statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

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

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, 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 with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements 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, to the best of our information and according to the explanations given to us, the company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31<sup>st</sup> March, 2024, based on the criteria for internal financial control with reference to Standalone Financial Statements 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 ICAI.

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**  
Partner

Membership Number: 099374

UDIN: 24099374BKALZC6625

**Place:** New Delhi

**Date:** 06.05.2024



*Shri Sanjay Kumar, Director (Marketing) with the participants of Marketing Meet 2024*



*CGD Meet at Dehradun*



*Review of Bengaluru CGD Project by  
Shri Rajeev Singhal, Director (BD)*

## ANNEXURE 'C' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' Section of our report to the members of GAIL Gas Ltd. of even date)

**Directions under Section 143(5) of Companies Act, 2013 issued by the Comptroller & Auditor General of India**

Sl. No.	Directions/ Sub Directions	Action Taken	Impact on Financial Statement
1.	Whether the company has system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has a system in place to process all the accounting transactions on a day-to-day basis through the IT system.	NIL
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans /interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such case are properly accounted for? (In case, lender is a government company).	Based on the verification of records and as per information and explanations provided to us, the company does not have any instance of restructuring of an existing loan or waiver/write off of debts/loans/interest etc. made by the lender due to Company's inability to repay the loan.	NIL
3	Whether funds (grants/ subsidy etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	As per information and explanations given to us, the Company has not received any funds (grants/ subsidy etc.) from Central /State Government or its agencies.	NIL

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**

Partner

Membership Number: 099374

UDIN: 24099374BKALZC6625

**Place:** New Delhi

**Date:** 06.05.2024



Awareness session on Work Ethics by Shri Deepak Kashyap, Independent External Monitor to develop a vigilant work environment



53<sup>rd</sup> National Safety Week by fostering a culture of safety



## GAIL GAS LIMITED STANDALONE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2024

(₹ in Crore)

Particulars		Note	As at 31 <sup>st</sup> Mar 2024	As at 31 <sup>st</sup> Mar 2023
<b>ASSETS</b>				
<b>Non Current Assets</b>				
(a)	Property, Plant and Equipment	3A	2,616.63	2,169.94
(b)	Right of Use Assets	3B	123.11	113.79
(c)	Capital Work-In-Progress	3A	1,498.95	1,490.38
(d)	Intangible Assets	04	0.90	1.32
(e)	Financial Assets			
	(i) Investments	05	423.76	398.48
	(ii) Trade receivable	6A	4.92	3.69
	(iii) Loans	7A	3.75	7.50
	(iv) Other Financial Assets	8A	10.21	31.80
(f)	Other Non Current Assets	9A	40.34	48.38
<b>Total Non Current Assets (A)</b>			<b>4,722.57</b>	<b>4,265.28</b>
<b>Current Assets</b>				
(a)	Inventories	10	12.70	14.81
(b)	Financial Assets			
	(i) Trade Receivable	6B	753.90	951.33
	(ii) Loans	7B	3.75	3.75
	(iii) Cash and Cash Equivalents	11	407.85	7.32
	(iv) Bank Balances Other than Cash and Cash Equivalents	11A	1.82	50.77
	(v) Other Financial Assets	8B	55.94	51.70
(c)	Other Current Assets	9B	50.98	26.77
(d)	Current Tax Assets (Net)	12	7.27	13.32
<b>Total Current Assets (B)</b>			<b>1,294.21</b>	<b>1,119.77</b>
<b>TOTAL ASSETS (A+B)</b>			<b>6,016.78</b>	<b>5,385.06</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a)	Equity Share Capital	13	2,000.00	2,000.00
(b)	Other Equity	14	1,142.82	953.41
<b>Total Equity (C)</b>			<b>3,142.82</b>	<b>2,953.41</b>
<b>Non-Current Liabilities</b>				
(a)	Financial Liabilities			
	(i) Borrowings	15A	1,085.40	886.61
	(ii) Lease Liabilities		53.17	64.77
(b)	Deferred Tax Liabilities (Net)	16	204.97	162.23
(c)	Other Non Current Liabilities	17	-	0.06
<b>Total Non Current Liabilities (D)</b>			<b>1,343.54</b>	<b>1,113.67</b>
<b>Current Liabilities</b>				
(a)	Financial Liabilities			
	(i) Lease Liabilities		26.15	31.57





(ii) Trade Payables	18		
- Total outstanding dues of Micro and Small Enterprises		34.77	32.05
- Total outstanding dues of creditors other than Micro and Small Enterprises		845.59	679.93
(iii) Other Financial Liabilities	15B	568.77	496.79
(b) Other Current Liabilities	19	46.18	43.91
(c) Provisions	20	8.96	33.73
<b>Total Current Liabilities (E)</b>		<b>1,530.42</b>	<b>1,317.98</b>
<b>TOTAL EQUITY AND LIABILITIES (C+D+E)</b>		<b>6,016.78</b>	<b>5,385.06</b>
The accompanying Notes form an integral part of the Standalone Financial Statements.	1 to 75		

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
**Deepak Asija**  
Company Secretary  
(PAN-ADRPA0983E)

Sd/-  
**Pankaj Gupta**  
CFO  
(PAN-ADYPG0044P)

Sd/-  
**Goutom Chakraborty**  
CEO  
(PAN-ABKPC5087E)

Sd/-  
**R. K. Jain**  
Director  
(DIN-08788595)

Sd/-  
**Sandeep Kumar Gupta**  
Chairman  
(DIN-07570165)

Sd/-  
**CA Atul Aggarwal**  
Partner  
Membership No: 099374

**Place:** New Delhi  
**Date:** 06.05.2024



CLEANER FUELS FOR  
A GREENER TOMORROW

## GAIL GAS LIMITED

### STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(₹ in crore)

Particulars	Note	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
<b>I INCOME</b>			
Revenue from Operations (Gross)	21 & 22	10,944.12	10,530.58
Other Income	23	18.20	14.37
<b>Total Income</b>		<b>10,962.32</b>	<b>10,544.95</b>
<b>II EXPENSES</b>			
Purchases of stock-in-trade of Natural Gas	24	9,701.94	9,553.72
Changes in inventories of stock-in-trade of Natural Gas	25	(0.62)	(2.19)
Excise Duty		182.59	136.15
Employee Benefit Expenses	26	2.19	-
Finance Cost	27	33.07	23.80
Depreciation and Amortization Expenses	28	126.32	95.46
Other Expenses	29	<b>482.92</b>	<b>337.97</b>
<b>Total Expenses</b>		<b>10,528.41</b>	<b>10,144.91</b>
<b>III Profit Before Tax (I-II)</b>		<b>433.91</b>	<b>400.04</b>
<b>IV Tax Expenses</b>	30	110.74	103.00
- Current Tax		70.98	67.01
- Deferred Tax		44.15	35.99
- Adjustment of tax relating to previous years		(4.39)	-
<b>V Profit After Tax (III-IV)</b>		<b>323.17</b>	<b>297.04</b>
<b>VI Other Comprehensive Income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
-Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :			
-Re-measurement gains/ (losses) on defined benefit plans		-	-
-Revaluation of land and buildings		-	-
-Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
<b>Other comprehensive income for the year (net of tax)</b>		<b>-</b>	<b>-</b>
<b>VII Total Comprehensive Income (Net of Tax) (V+VI)</b>		<b>323.17</b>	<b>297.04</b>
<b>VIII Earning per share in (₹) (face value of ₹ 10 each)</b>			
Basic (₹)		1.62	1.69
Diluted (₹)		1.62	1.69
The accompanying Notes form an integral part of the Standalone Financial Statements. There is no discontinuing operation in the above period	1 to 75		

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADPAA0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

Sd/-  
Goutom Chakraborty  
CEO  
(PAN-ABKPC5087E)

Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024





# GAIL GAS LIMITED

## STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(₹ in crore)

Particulars		Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>1</b>	<b>Profit Before Tax</b>		<b>433.91</b>		<b>400.04</b>
<b>2</b>	<b>Adjustment for :</b>				
	Depreciation & Amortization Expenses	126.32		95.46	
	Exchange Rate Variation on foreign currency	(0.01)		0.09	
	Provision for Doubtful Debts	1.72		(0.39)	
	Provision for probable obligation	2.47		0.87	
	Provision for Loss on Capital Items due to Fire	0.09		14.06	
	Loss / (Profit) on sale of fixed assets	0.01		1.43	
	Provision for Losses/Obsolescence Material	0.04		-	
	Excess provision written off	(0.56)		-	
	Other Misc. Income	(0.28)		(0.27)	
	Dividend Income on Investments	(0.33)		(0.33)	
	Finance Cost	33.07		23.80	
	Interest Income	<b>(13.93)</b>		<b>(9.60)</b>	
<b>3</b>	<b>Operating Profit Before Working Capital Changes (1 + 2)</b>		148.61		125.12
<b>4</b>	<b>Changes in Working Capital (Excluding Cash &amp; Bank Balances)</b>		582.52		525.16
	Trade and Other Receivables	161.95		(326.29)	
	Inventories	2.11		14.34	
	Trade and Other Payables	157.60		62.73	
			321.66		(249.22)
<b>5</b>	<b>Cash Generated from Operations (3 + 4)</b>		<b>904.18</b>		<b>275.94</b>
<b>6</b>	<b>Direct Taxes Paid (Net off Refund)</b>		(61.00)		(79.00)
	<b>NET CASH FROM OPERATING ACTIVITIES (5 + 6)</b>		<b>843.18</b>		<b>196.94</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase of Fixed Assets (Net)	(551.68)		(594.14)	
	Investment in Other Companies (Net)	(3.90)		(41.13)	
	Investment in bank deposits with maturity more than three months	50.00		(50.00)	
	Movement in restricted bank balance	(1.04)		0.07	
	Loans & Advances - Related Parties	3.75		5.75	
	Dividend received on Investments	0.33		0.33	
	Interest Received	14.60		9.60	
	<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(487.94)</b>		<b>(669.52)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds from Equity	-		375.00	
	Proceeds from Long Term Borrowings	302.86		296.90	
	Repayment of Long Term Borrowings	(45.50)		(19.95)	
	Proceeds from Short Term Borrowings	2.70		880.32	
	Repayment of Short Term Borrowings	(2.70)		(880.32)	



Particulars		Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
	Repayment of Lease Liability	(35.59)		(27.58)	
	Interest Paid	(26.48)		(18.92)	
	Dividend Paid	(150.00)		(160.00)	
	<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>45.29</b>		<b>445.45</b>
	<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>400.53</b>		<b>(27.13)</b>
	<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2023</b>		<b>7.32</b>		<b>34.45</b>
	<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2024</b>		<b>407.85</b>		<b>7.32</b>

**Note :**

- Statement of Cash Flows has been prepared using Indirect Method as per Ind AS 7 Statement of Cash Flows.
- Refer Note 11 for Cash and Cash equivalents.
- Previous year figures have been regrouped wherever necessary to correspond with current year classification/disclosure.
- Disclosure of changes in liabilities arising from financing activities, including both changes arising from Cash flows and non-cash changes under Para 44A as set out in IND AS 7 "Statement of Cash Flows" under companies (Indian Accounting Standards) Rules, 2017 (as amended) is as under.

(₹ in crore)

Particulars	As at 1 <sup>st</sup> April 2023	Cash Flows	Changes in Fair Values/ Accruals	As at 31 <sup>st</sup> Mar 2024
Non- Current Borrowings	886.61	198.79	-	1085.40
Current Maturity of Non - Current Borrowings	45.50	58.57	-	104.07
Current Borrowings	-	-	-	-
Lease Liabilities	96.34	(35.59)	18.57	79.32
Interest Accrued but not due	<b>4.11</b>	<b>1.65</b>		<b>5.76</b>
	<b>1032.56</b>	<b>223.42</b>	<b>18.57</b>	<b>1274.55</b>

(₹ in crore)

Particulars	As at 1 <sup>st</sup> April 2022	Cash Flows	Changes in Fair Values/ Accruals	As at 31 <sup>st</sup> Mar 2023
Non- Current Borrowings	635.21	251.40	-	886.61
Current Maturity of Non - Current Borrowings	19.95	25.55	-	45.50
Current Borrowings	-	-	-	-
Lease Liabilities	70.72	(27.58)	53.20	96.34
Interest Accrued but not due	<b>1.40</b>	<b>2.71</b>		<b>4.11</b>
	<b>727.28</b>	<b>252.09</b>	<b>53.20</b>	<b>1032.57</b>

**For & on behalf of the Board of Directors of GAIL Gas Ltd.**

As per our report of even date attached

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
**Deepak Asija**  
Company Secretary  
(PAN-ADRP A0983E)

Sd/-  
**Pankaj Gupta**  
CFO  
(PAN-ADYPG0044P)

Sd/-  
**Goutom Chakraborty**  
CEO  
(PAN-ABKPC5087E)

Sd/-  
**R. K. Jain**  
Director  
(DIN-08788595)

Sd/-  
**Sandeep Kumar Gupta**  
Chairman  
(DIN-07570165)

Sd/-  
**CA Atul Aggarwal**  
Partner  
Membership No: 099374

**Place:** New Delhi  
**Date:** 06.05.2024





# GAIL GAS LIMITED

## STANDLONE STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2024

### I. Equity Share Capital (Note 13)

Equity Share Capital issued, Subscribed & Paid Up Equity Share of ₹10 Each

(₹ in crore)

Particulars	Amount
As at 1 <sup>st</sup> April 2023	2,000.00
Changes in equity share capital during the year	-
<b>As at 31<sup>st</sup> March 2024</b>	<b>2,000.00</b>

Particulars	Amount
Balance as at 1 <sup>st</sup> April 2022	1,625.00
Changes in equity share capital during the year	375.00
<b>As at 31<sup>st</sup> March 2023</b>	<b>2,000.00</b>

### II. Other Equity (Note 14)

(₹ in crore)

Particulars	Deemed Equity	Share Application money Pending Allotment	Reserves and Surplus	Other Comprehensive Income	Total
			Retained Earnings		
<b>Balance as at 1<sup>st</sup> Apr 2023</b>	<b>34.08</b>	-	<b>919.33</b>	-	<b>953.41</b>
Profit for the year	-	-	323.17	-	323.17
Changes during the year	16.24	-	-	-	16.24
Dividend	-	-	(150.00)	-	(150.00)
Share application money received	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> Mar 2024</b>	<b>50.32</b>	-	<b>1092.50</b>	-	<b>1142.82</b>

Particulars	Deemed Equity	Share Application money Pending Allotment	Reserves and Surplus	Other Comprehensive Income	Total
			Retained Earnings		
<b>Balance as at 1<sup>st</sup> Apr 2022</b>	<b>23.46</b>	-	<b>782.29</b>	-	<b>805.75</b>
Profit for the year	-	-	297.04	-	297.04
Changes during the year	10.62	-	-	-	10.62
Dividend	-	-	(160.00)	-	(160.00)
Share application money received	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> Mar 2023</b>	<b>34.08</b>	-	<b>919.33</b>	-	<b>953.41</b>

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADRPA0983E)

Sd/-  
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CFO  
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Sd/-  
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CEO  
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Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS

### 1. Corporate information

The company is domiciled in India with registered office in New Delhi. It is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonapat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshin Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Districts, Seraikela-Kharsawan Districts (Chhattisgarh) & Kondagaon, Bastar, Sukma, Narayanpur, Bijapur, Dantewada Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts, Gajapati, Kandhamal, Boudh, Sonapur Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Andhra Pradesh, Gujarat, Uttarakhand, Goa, Rajasthan and Assam through its Joint Venture Companies.

The financial statements of the company for the year ended 31<sup>st</sup> March 2024 were authorized for issue by Board of Directors on 06.05.2024.

### 2. Basis of preparation and material accounting policy

#### i. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

Effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (IGAAP) which was the previous GAAP.

The financial statements are presented in Indian Rupees ('INR') and the values are rounded to the nearest crore as per the requirements of Schedule III, except when otherwise indicated.

#### ii. Current Versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

##### An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

##### All other assets are classified as non-current.

##### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities (net) is classified as non-current assets and liabilities.

#### iii. Operating expenses

Operating expenses are recognized in statement of profit or loss upon utilization of the service or as incurred.

#### iv. Summary of Significant Accounting Policies

##### a) Equity, Reserves And Dividend Payment

Equity shares are classified as equity. Retained earnings include current and prior period retained profits.

The Company recognizes a liability for dividend 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 authorized when it is approved by the shareholders.

**b) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents also include short-term (with original maturity of three months or less from the date of deposit), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

**c) Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**d) Property, Plant and Equipment (PPE)**

- (i) Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. Such costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, permission, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets.
- (ii) Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.
- (iii) Subsequent expenditures, including replacement costs where applicable, incurred for an item of Property plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which it is incurred. Major overhauling incurred accounted for as a separate asset having useful life of five years.
- (iv) When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the

replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly.

- (v) Stores and Spares having the value of each item of ₹ 5 lakhs and above which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE with the underlying asset.
- (vi) Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Related cost and accumulated depreciation are eliminated from financial statements. Further, Losses/ gains arising in case of retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.
- (vii) Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.
- (viii) Depreciation on Property, Plant and Equipment is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets) and residual value of Property, Plant and Equipment 5% is considered respectively, except for the pipeline network assets where the residual value is considered to be NIL.
- (ix) The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

**e) Capital Work-in-Progress**

- (i) Capital work in progress includes construction stores including material in transit/equipment / services, etc. received at site for use in the projects.
- (ii) All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.
- (iii) Borrowing cost related to a acquisition/ construction of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. The cost of asset not put to use before the year and capital inventory are disclosed under capital work in progress.



**f) Intangible Assets**

- (i) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.
- (ii) Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- (iii) Intangible assets with indefinite useful lives (principally comprise those 'right of use assets' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**g) Capital assets facilities installed at the consumers' premises**

Assets installed at customer premises, including meters and regulators where applicable, are recognized 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 and depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

**h) Impairment of Assets**

At each Balance Sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted future cash flows model. The recoverable amount is sensitive to the discount rate used for the discounted future cash flows model as well as the expected future cash-inflows.

**i) Inventories**

- (i) The cost of inventories is based on first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.
- (ii) Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria are capitalized as property, plant and equipment.
- (iii) Net realizable value is determined based on estimated selling price, less further costs expected to be incurred for completion and disposal.
- (iv) Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- (v) Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- (vi) Stock of gas in pipeline is valued at cost (FIFO) or net realizable value whichever is lower.
- (vii) Stock lying at CNG cascades are estimated on a volumetric basis and are valued at cost or net realizable value, whichever is lower.
- (viii) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- (ix) Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- (x) Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

**j) Foreign Currency Transactions**

**Functional and Presentation Currency**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

**Transactions and Balances**

- (i) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.





- (ii) At each Balance Sheet date, foreign currency monetary items (such as Cash, Receivables, Loans, Payables, etc.) are reported using the closing exchange rate (TT selling rate for payable and TT buying rate for receivable).
- (iii) Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as gain or loss in the period in which they arise.
- (iv) Non-monetary items (such as Investments, Fixed Assets, etc.) which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

#### **k) Revenue and Other Income**

##### **Revenue from Operations**

Revenue is recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled in exchange for those products / services. Revenue is measured based on transaction price which is consideration adjusted for discount and other incentives, if any, as per contract with customers. Revenue also excludes taxes collected from customer in its capacity as agent.

Revenue includes excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

Revenue on sale of natural gas is recognized on transfer of title to customers at delivery point. Sales are billed bi-monthly to domestic customers and on fortnightly basis to commercial, bulk customers and industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to customers from CNG Stations. Gas transportation income is recognized in the same period in which the related volumes of gas are delivered to the customers.

Income in respect of MGO of Natural Gas and Interest on delayed realization from customers is not provided on accrual basis. Receipts during the year on account of MGO and Interest on delayed realization from customers are accounted on receipt basis.

Entire revenue from provision of extra pipelines at customers premises is accounted for as Income in the year of receipt / incurrence.

##### **Trade Receivables**

A receivable represents the company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

##### **Contract Liability**

A contract liability is the obligation to transfer products / services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the company performs obligations under the contract. The same is disclosed as "Advance from customers" under other current liabilities.

##### **Other Income**

Interest Income is recognized on effective interest rate taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognized when the company's right to receive payment is established.

#### **l) Employee Benefits**

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee render the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

#### **m) Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale, after netting off any income earned on temporary investment of such funds. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

All other borrowing costs are recognized as expense in the period in which they are incurred.

#### **n) Leases**

Ind AS 116 Leases, mandatory for reporting periods beginning on or after April 1, 2019, is applicable to all contracts existing as on, or entered into, on or after 1 April 2019.

##### **Company as a lessee**

##### **Identification of Lease**

At the inception of the contract, each contract is, or contains, a lease is assessed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Each contract is assessed whether:

- The contract involves the use of an identified asset, specified explicitly or implicitly.



- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **Recognition of Right of Use Asset (ROU)**

The Company recognises a ROU asset at the lease commencement date (i.e., the date the underlying asset is available for use). The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

ROU assets are subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

#### **Recognition of Lease Liability**

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term. Lease payments included in the measurement of the lease liabilities comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **Short-Term Leases and Leases of Low-Value Assets**

Short-Term lease recognition exemption are being applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ₹ 5 lakhs that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense.

#### **Company as a lessor**

Leases are classified as operating leases when all the risks and rewards of ownership of an asset do not transfer substantially. Rental income from operating lease is recognized as revenue.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables and finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

#### **o) Taxes**

##### **Current Income Tax**

Current Tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

##### **Deferred Tax**

Deferred Tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred Tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

#### **p) Provisions, Contingent Liabilities, Contingent Assets and Commitments**

Provisions are recognized 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.

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 recognized as a finance cost.

Contingent liabilities exceeding ₹5 Lakhs in each case are disclosed by way of Notes to accounts.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

#### q) Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### r) 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

##### Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit and loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

##### Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms

of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through statement of Profit and Loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

##### De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

##### Investment in Subsidiaries, Joint Ventures and Associates

The company has accounted for its investment in joint ventures at cost.

##### Impairment of Financial Assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

##### Financial Liabilities

##### Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through statement of profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

When the company receives financial guarantee from its Holding Company, initially it measures guarantee fees at the fair value. The company records the initial fair value



of fees for financial guarantee received as “Deemed Equity” from Holding Company with a corresponding asset recorded as prepaid guarantee charges. Such deemed equity is presented under the head other equity” in the balance sheet. Prepaid guarantee charges are recognized in statement of profit and loss over the period of financial guarantee received.

#### **Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Financial Liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial Liabilities at fair value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition 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 recognized in the statement of Profit and Loss.

#### **De-recognition**

A financial liability is derecognized 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 de-recognition of original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of Profit and Loss.

#### **Offsetting of Financial Instruments**

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

- s) **Earnings Per Share**

Basic earnings per equity share are calculated by dividing the net Profit After Tax attributable to

equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is calculated by dividing the adjusted net Profit After Tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

- t) **Events occurring after the Reporting Date**

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors’ Report.

- u) **Exceptional Items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the Notes accompanying to the Financial Statements.

- v) **Others**

- (i) Liquidated damages/Price Reduction Schedule, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.
- (ii) Insurance claims are accounted for on the basis of claims admitted by the insurers.
- (iii) Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance.

- w) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of financial statements. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.





In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant Notes to the financial statements. Changes in estimates are accounted for prospectively.

In case of customers where meter reading dates for billing is not matching with reporting date, the gas sales between last meter reading date and reporting date have been accrued by the company based on past average sales. The actual sales revenue may vary compared to accrued unbilled revenue so included in Sale of natural gas and classified under current financial assets.

**x) Recoverability of advances/receivables**

At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

**y) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the Standalone Financial Statements:

**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Company has several lease contracts that include extension and termination options. The management applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the management reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The management has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the management. Such changes are reflected in the assumptions when they occur.

**Impairment of Financial Assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Leases - Estimating the incremental Borrowing Rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The management estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Note 3A : Property, Plant and Equipment and Capital Work in Progress

(₹ in crore)

Cost/ Valuation	Freehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress *
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>							
Balance as at 1 <sup>st</sup> April 2023	34.43	2313.00	75.88	2.50	32.56	2458.37	1490.38
Additions	0.66	478.53	48.89	0.30	14.78	543.16	565.61
Transfer to Capitalisation	-	-	-	-	-	-	(543.16)
Disposals	-	-	-	(0.05)	(0.01)	(0.06)	-
Transfer / Provision	-	-	-	-	-	-	(13.88)
Balance as at 31 <sup>st</sup> Mar 2024	35.09	2791.53	124.77	2.75	47.33	3001.47	1498.95

Depreciation and Impairment							
Balance as at 1 <sup>st</sup> April 2023	-	258.42	11.99	0.77	17.25	288.43	
Depreciation expense	-	86.00	6.92	0.24	3.30	96.46	-
Impairment	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	-	(0.04)	(0.01)	(0.05)	-
Transfer / Provision	-	-	-	-	-	-	-
Balance as at 31 <sup>st</sup> March 2024	-	344.42	18.91	0.97	20.54	384.84	-

Net Book Value							
As at 31 <sup>st</sup> March 2024	35.09	2447.11	105.86	1.78	26.79	2616.63	1498.95

Cost/ Valuation	Freehold Land	Plant and Machinery	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress *
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>							
Balance as at 1 <sup>st</sup> April 2022	34.43	1709.02	78.30	1.91	31.34	1855.00	1499.68
Additions	-	603.98	(0.01)	0.62	1.32	605.91	610.49
Transfer to Capitalisation	-	-	-	-	-	-	(605.91)
Disposals	-	-	(1.89)	(0.03)	(0.10)	(2.02)	-
Transfer / Provision	-	-	(0.52)	-	-	(0.52)	(13.88)
Balance as at 31 <sup>st</sup> March 2023	34.43	2313.00	75.88	2.50	32.56	2458.37	1490.38

Depreciation and Impairment							
Balance as at 1 <sup>st</sup> April 2022	-	190.05	10.10	0.62	13.23	214.00	
Depreciation Expense	-	68.37	2.43	0.17	4.05	75.02	-
Impairment	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	(0.54)	(0.02)	(0.03)	(0.59)	-
Transfer / Provision	-	-	-	-	-	-	-
Balance as at 31 <sup>st</sup> March 2023	-	258.42	11.99	0.77	17.25	288.43	-

Net Book Value							
As at 31 <sup>st</sup> March 2023	34.43	2054.58	63.89	1.73	15.31	2169.94	1490.38

## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Capital Work-in-Progress ageing schedule #

(₹ in crore)

Capital work-in-progress	Amount in CWIP for a period of				As at 31 <sup>st</sup> March 2024
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	662.98	414.44	242.68	178.85	1498.95
<b>Total Capital Work-in-Progress</b>	<b>662.98</b>	<b>414.44</b>	<b>242.68</b>	<b>178.85</b>	<b>1498.95</b>

Capital work-in-progress	Amount in CWIP for a period of				As at 31 <sup>st</sup> March 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	699.30	375.49	201.16	214.43	1490.38
<b>Total Capital work-in-progress</b>	<b>699.30</b>	<b>375.49</b>	<b>201.16</b>	<b>214.43</b>	<b>1490.38</b>

\* Capital Work in Progress includes a sum of ₹5.31 crores as Material in Transit on 31.03.2024 (Previous Year of ₹ 5.49 crores).

# Capital Work in Progress includes amount of ₹ 13.50 crore (Previous Year amount of ₹ 14.06 crore) pertaining to provision of capital item due to fire.

## The company has no stalled / temporarily suspended project and no projects have cost or time overrun as at the year end and previous year end, hence no disclosure is required.

## Note 3B : Right of Use Assets

(₹ in crore)

Cost/ Valuation	Leasehold Land	Plant and Machinery's	Building's	Vehicle	Office Equipment	Total
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>						
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>75.90</b>	<b>-</b>	<b>23.22</b>	<b>61.54</b>	<b>0.01</b>	<b>160.67</b>
Reclassification	-	-	-	-	-	-
Additions	2.14	28.49	2.41	17.48	0.01	50.53
Disposal/Other adjustment	(0.10)	-	(2.64)	(4.67)	(0.01)	(7.42)
Transfer / Adjustment	(22.73)	-	17.72	(3.16)	-	(8.17)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>55.21</b>	<b>28.49</b>	<b>40.71</b>	<b>71.19</b>	<b>0.01</b>	<b>195.61</b>

Amortisation and impairment						
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>11.56</b>	<b>-</b>	<b>10.51</b>	<b>24.81</b>	<b>-</b>	<b>46.88</b>
Amortisation expense	2.47	3.14	6.24	22.08	0.01	33.94
Impairment	-	-	-	-	-	-
Disposal/Other adjustment	(0.07)	-	(2.64)	(4.55)	(0.01)	(7.27)
Transfer / Adjustment	-	-	-	(1.05)	-	(1.05)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>13.96</b>	<b>3.14</b>	<b>14.11</b>	<b>41.29</b>	<b>-</b>	<b>72.50</b>

Net Book value						
<b>As at 31<sup>st</sup> March 2024</b>	<b>41.25</b>	<b>25.35</b>	<b>26.60</b>	<b>29.90</b>	<b>0.01</b>	<b>123.11</b>

Cost/ Valuation	Leasehold Land	Plant and Machinery's	Building's	Vehicle	Office Equipment	Total
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>						
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>79.50</b>	<b>-</b>	<b>19.07</b>	<b>24.65</b>	<b>-</b>	<b>123.22</b>
Reclassification	-	-	-	-	-	-
Additions	-	-	10.03	40.85	0.01	50.89
Disposal/Other adjustment	(0.60)	-	(5.88)	(3.96)	-	(10.44)
Transfer / Adjustment	(3.00)	-	-	-	-	(3.00)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>75.90</b>	<b>-</b>	<b>23.22</b>	<b>61.54</b>	<b>0.01</b>	<b>160.67</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Amortisation and Impairment						
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>8.88</b>	<b>-</b>	<b>10.54</b>	<b>13.14</b>	<b>-</b>	<b>32.56</b>
Amortisation expense	3.30	-	5.85	15.63	-	24.78
Impairment	-	-	-	-	-	-
Disposal/Other adjustment	(0.60)	-	(5.88)	(3.96)	-	(10.44)
Transfer / Adjustment	(0.02)	-	-	-	-	(0.02)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>11.56</b>	<b>-</b>	<b>10.51</b>	<b>24.81</b>	<b>-</b>	<b>46.88</b>

Net Book value						
<b>As at 31<sup>st</sup> March 2023</b>	<b>64.34</b>	<b>-</b>	<b>12.71</b>	<b>36.73</b>	<b>0.01</b>	<b>113.79</b>

Note 4 : Intangible Assets

(₹ in crore)

Cost/Valuation	Right of Use	Computer Software/ Licenses	Total
<b>1. Cost or Deemed Cost (Gross Carrying Amount)</b>			
<b>Balance as at 1<sup>st</sup> April 2023</b>	0.35	20.90	21.25
Additions	-	-	-
Disposals	-	-	-
Transfer / Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>0.35</b>	<b>20.90</b>	<b>21.25</b>

Accumulated amortization and impairment			
<b>Balance as at 1<sup>st</sup> April 2023</b>	-	19.93	19.93
Amortization expense	-	0.42	0.42
Disposals	-	-	-
Transfer / Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>-</b>	<b>20.35</b>	<b>20.35</b>

Net Book Value			
<b>As at 31<sup>st</sup> March 2024</b>	<b>0.35</b>	<b>0.55</b>	<b>0.90</b>

Cost/Valuation	Right of Use	Computer Software/ Licenses	Total
<b>1. Cost or Deemed Cost (Gross Carrying Amount)</b>			
<b>Balance as at 1<sup>st</sup> April 2022</b>	0.35	20.90	21.25
Additions	-	-	-
Disposals	-	-	-
Transfer / Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>0.35</b>	<b>20.90</b>	<b>21.25</b>



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Accumulated amortization and impairment			
Balance as at 1 <sup>st</sup> April 2022	-	19.38	19.38
Amortization expense	-	0.55	0.55
Disposals	-	-	-
Transfer / Adjustment	-	-	-
Balance as at 31 <sup>st</sup> March 2023	-	19.93	19.93
Net Book Value			
As at 31 <sup>st</sup> March 2023	0.35	0.97	1.32

## Note 5 : Investments

(₹ in crore)

Particulars	Nature of investment	Basis of valuation	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Non-Current Investments (Unquoted)</b> <b>In Joint Venture Companies:</b>				
<b>1 - Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)</b>	Equity shares	Cost	98.57	98.57
985,70,849 Equity shares of ₹ 10 each fully paid up				
(Previous year 985,70,849 Equity shares of ₹ 10 each fully paid up)				
<b>2 -Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)</b>	Preference Shares	Cost	100.00	100.00
10,00,00,000 9% Cumulative compulsory Convertible Preference share of ₹ 10 each fully paid up				
<b>(Previous year 10,00,00,000 9% Cumulative compulsory Convertible Preference share of ₹ 10 each fully paid up )</b>				
<b>3 - Rajasthan State Gas Limited (RSGL)</b>	Equity shares	Cost	65.00	65.00
<b>650,00,000 Equity shares of ₹ 10 each fully paid up</b>				
(Previous year 650,00,000 Equity shares of ₹ 10 each fully paid up)				
<b>4 - Vadodara Gas Limited(VGL)</b>	Equity shares	Cost	41.01	41.01
4,10,08,943 Equity shares of ₹ 10 each fully paid up				
(Previous year 4,10,08,943 Equity shares of ₹ 10 each fully paid up)				
<b>5 -Haridwar Natural Gas Private Limited (HNGPL)</b>	Equity shares	Cost	43.58	22.20
435,80,000 Equity shares of ₹ 10 each fully paid up)				
<b>(Previous year 222,00,000 Equity shares of ₹ 10 each fully paid up)</b>				
<b>6 -Goa Natural Gas Private Ltd (GNGPL)</b>	Equity shares	Cost	40.00	40.00
400,00,000 Equity shares of ₹ 10 each fully paid up				
(Previous Year 400,00,000 Equity shares of ₹ 10 each fully paid up)				
<b>77 -Purba Bharati Gas Private Limited</b>	Equity shares	Cost	35.60	31.70
3559,66,600 Equity shares of ₹ 10 each fully paid up				
(Previous year 316,96,600 Equity shares of ₹ 10 each fully paid up )				
<b>Total</b>			<b>423.76</b>	<b>398.48</b>





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 6A : Trade Receivables- Non Current**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade Receivables	11.57	8.71
Receivables from Related Parties	0.04	0.04
Less: Provision for Doubtful Debts	6.69	5.06
<b>Total Trade and Other Receivables</b>	<b>4.92</b>	<b>3.69</b>

**Note 6B : Trade Receivables-Current**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade Receivables	688.31	940.35
Receivables from Related Parties	67.69	12.99
Less: Provision for Doubtful Debts	0.51	0.30
Less: Provision for expected credit loss	1.59	1.71
<b>Total Trade and Other Receivables</b>	<b>753.90</b>	<b>951.33</b>

**Trade Receivables ageing schedule**

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment						As at 31 <sup>st</sup> March 2024
	Not Due <sup>2</sup>	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Non Current</b>							
Undisputed Trade receivables – considered good	-	-	-	3.53	0.75	0.63	4.91
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	1.49	0.64	0.76	2.89
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	3.81	3.81
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	-	-	-	<b>5.02</b>	<b>1.39</b>	<b>5.20</b>	<b>11.61</b>
Less: Provision for Doubtful Debts							6.69
							<b>4.92</b>
<b>Current</b>							
Undisputed Trade receivables – considered good	713.68	36.78	5.03	-	-	-	755.49
Undisputed Trade receivables – which have significant increase in credit risk		0.11	0.40	-	-	-	0.51
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>713.68</b>	<b>36.89</b>	<b>5.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>756.00</b>
Less: Provision for Doubtful Debts							0.51
Less: Provision for expected credit loss							1.59
							<b>753.90</b>
<b>Total Trade and Other Receivables</b>							<b>758.82</b>



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Trade Receivables ageing schedule

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment						As at 31 <sup>st</sup> March 2023
	Not Due <sup>2</sup>	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Non Current</b>							
Undisputed Trade receivables – considered good	-	-	-	2.72	0.48	0.49	3.69
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	0.37	0.23	0.65	1.25
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	0.03	3.78	3.81
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	-	-	-	<b>3.09</b>	<b>0.74</b>	<b>4.92</b>	<b>8.75</b>
Less: Provision for Doubtful Debts							5.06
							<b>3.69</b>
<b>Current</b>							
Undisputed Trade receivables – considered good	915.54	33.03	4.47	-	-	-	953.04
Undisputed Trade receivables – which have significant increase in credit risk		0.05	0.25	-	-	-	0.30
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>915.54</b>	<b>33.08</b>	<b>4.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>953.34</b>
Less: Provision for Doubtful Debts							0.30
Less: Provision for expected credit loss							1.71
							<b>951.33</b>
<b>Total Trade and Other Receivables</b>							<b>955.02</b>

## Note :

1. Out of the total trade receivables, a sum of ₹ 644.61 crores (Previous Year ₹ 854.21 crores) receivable from Bulk, Industrial & Commercial Customers is secured.
2. The total trade receivables includes a sum of ₹ 12.73 crores (Previous Year ₹ 11.58 crores) unbilled dues of customers.

## Note 7A : Loans (Non Current)

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Loans:		
To Related Parties:		
Secured, Considered good		
- Loan to Joint Venture Company	3.75	7.50
(HNGPL ₹ 3.75 Crore ( Previous Year ₹ 7.50 Crore)		
<b>Total</b>	<b>3.75</b>	<b>7.50</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 8A : Other Financial Assets (Non Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good) [On account of Corporate guarantee of JV Company]	-	0.21
Security deposits:	10.21	10.21
- Unsecured considered good	-	-
Advances for Investments (Pending Allotment)	-	21.38
-Haridwar Natural Gas Private Limited (HNGPL) (Pending against allotment of equity shares)		
<b>Total</b>	<b>10.21</b>	<b>31.80</b>

**Note 7B : Loans (Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Loans:		
To Related Parties:		
Secured, Considered good		
- Loan to Joint Venture Company	3.75	3.75
(HNGPL ₹ 3.75 Crore ( Previous Year ₹ 3.75 Crore)		
<b>Total</b>	<b>3.75</b>	<b>3.75</b>

**Note 8B : Other Financial Assets (Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good) [includes Corporate guarantee receivable amounting to INR 0.06 (Previous year ₹ 0.34 Cr) of JV Company]	50.08	42.97
Security deposits:		
- Unsecured, Considered Good	5.36	5.11
Interest Accrued but not due	0.50	1.17
<b>Total</b>	<b>55.94</b>	<b>49.25</b>

**Note 9A : Other Non Current Assets**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Prepaid Expenses	22.23	19.51
[Including ₹21.58 Cr. (Previous year ₹11.29 Cr.) in respect of Financial Guarantee of Holding Company]		
Capital Advances	18.11	28.87
<b>Total</b>	<b>40.34</b>	<b>48.38</b>



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Note 9B : Other Current Assets

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Claims recoverables: (Unsecured considered good)	23.78	8.55
Other advances recoverable in cash or in kind	6.44	2.46
- Unsecured considered good	0.31	0.31
- Unsecured considered doubtful	(0.31)	(0.31)
Less : Provision for doubtful deposits		
Prepaid Expenses [including ₹ 5.78 Crore (Previous year ₹ 4.48 Cr.) on account of Financial Guarantee of Holding Company]	20.76	18.22
<b>Total</b>	<b>50.98</b>	<b>29.23</b>

## Note 10 : Inventories

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Stock in Trade:</b>		
Natural Gas	2.18	2.17
<b>Finished Goods:</b>		
Compressed Natural Gas	1.43	0.82
<b>Stores and Spares:</b>		
Stores and Spares	9.09	11.82
<b>Total</b>	<b>12.70</b>	<b>14.81</b>

## Note 11 : Cash and Cash Equivalents

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Balances with banks:</b>		
- Current accounts	15.17	3.52
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	2.00	2.00
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	386.50	-
<b>Cash on hand</b>	4.18	1.80
<b>Total</b>	<b>407.85</b>	<b>7.32</b>

## Note 11A : Bank Balances Other than Cash and Cash Equivalents

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Other Bank Balances</b>		
- Term Deposit -HDFC with maturity more than three months	0.01	0.01
- Term Deposit -DCB with maturity more than three months	-	20.00
- Term Deposit -CANARA with maturity more than three months	-	30.00
<b>Balances with banks:</b>		
- Unspent CSR Accounts	1.81	0.76
<b>Total</b>	<b>1.82</b>	<b>50.77</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 12 : Current Tax Assets (Net)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Advance tax and TDS	78.25	221.53
Less : Provision for Tax	70.98	208.21
<b>Total</b>	<b>7.27</b>	<b>13.32</b>

**Note 13 : Equity Share Capital**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Share capital</b>		
<b>Authorised</b>		
500,00,00,000 Equity Shares of ₹10 each	5000.00	5000.00
(Previous Year 500,00,00,000 Equity shares of ₹10 each)	<b>5000.00</b>	<b>5000.00</b>
<b>Issued, subscribed and fully paid up</b>	<b>1867.33</b>	<b>1867.33</b>
186,73,34,132 Equity shares of ₹10 each (in cash)		
(Previous Year 186,73,34,132 Equity shares of ₹10 each)		
13,26,65,868 Equity Shares of ₹10 each (otherwise than in cash).	132.67	132.67
(Previous Year 13,26,65,868 Equity shares of ₹10 each)		
<b>Total</b>	<b>2000.00</b>	<b>2000.00</b>

**a) Reconciliation of the Shares outstanding at the beginning and end of the Period**

(₹ in crore)

Description	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	2,000,000,000	2000.00	1,625,000,000	1625.00
Change in Equity Share during the Period			375,000,000	375.00
<b>Outstanding at the end of the period</b>	<b>2,000,000,000</b>	<b>2000.00</b>	<b>2,000,000,000</b>	<b>2000.00</b>

**b) Details of Shareholding more than 5% shares in the company**

Description	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No of Share	% Holding	No of Share	% Holding
Equity share of ₹10 Each fully Paid Up				
GAIL(India) Ltd	2,000,000,000	100%	2,000,000,000	100%

**c) Shares held by promoters as at March 31, 2024**

Promoter Name	No of Share	% Holding	% Change during the period
GAIL(India) Ltd	2,000,000,000	100%	0%

- d) The company has only one class of equity shares having a par value of ₹10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholdings at the shareholders meeting.





## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Note 14 : Other Equity

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Deemed Equity *	50.32	34.08
<b>Retained Earnings</b>		
Opening balance	919.33	782.29
Add: Current Period Profit	323.17	297.04
Less: Interim Dividend	(150.00)	(160.00)
<b>Total</b>	<b>1142.82</b>	<b>953.41</b>

\* The amount of ₹ 50.32 Crore (Previous year ₹ 34.08 Crore) denotes fair value of fees towards financial guarantee received from the Holding Company GAIL (India) Limited without any consideration.

## Note 15A : Borrowings

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Non Current Borrowings</b>		
<b>Secured Term loans:</b>		
<b>- Oil Industry Development Board</b>	206.83	252.33
Secured against all the assets of Bengaluru Projects. The loan is repayable after 3 years of moratorium period. The total loan outstanding for Bengaluru Project was ₹ 297.83 cr. till 31.03.2023. ₹ 45.50 Cr. was repaid in the current financial year till 31.03.2024. In the next F.Y. 45.50 Cr. shall be repaid. The total non current borrowings as on 31.03.2024 is ₹ 206.83 Cr		
<b>- HDFC Bank</b>	878.57	634.28
Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the all geographical areas excluding GAs awarded under 11th and 11thA round of CGD bidding.		
Loan will have a Door to Door tenor of 11 years from September 28 <sup>th</sup> 2021 till September 30 <sup>th</sup> , 2032 and shall be repaid in 32 consecutive equal quarterly instalments commencing from December 31, 2024 & ending on September 30, 2032. Loan will carry rate of interest of 0.95 bps above RBI Repo rate, present effective 7.45% per annum per month and shall be fully floating and will change with RBI repo rate every month.		
<b>Total</b>	<b>1085.40</b>	<b>886.61</b>

## Note 15B : Other Financial Liabilities (Current)

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Current maturity of Borrowings</b>		
<b>Secured Long Term loans:</b>		
<b>- Oil Industry Development Board</b>	45.50	45.50
Secured against all the assets of Bengaluru Projects. The loan is repayable after 3 years of moratorium period. The total loan outstanding for Bengaluru Project was ₹ 297.83 cr. till 31.03.2023. ₹ 45.50 Cr. was repaid in the current financial year. In the next F.Y. 45.50 Cr. shall be repaid		
<b>- HDFC Bank</b>	58.57	-
Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the all geographical areas. The equated quarterly instalments payable during the next financial year is computed on basis of outstanding loan of ₹ 937 Cr. as on 31.03.2024.		
Deposits/Retention Money from Customers/contractors/others	276.62	255.30
Payable for Capital expenditure	160.97	177.70
Other Liabilities	27.11	18.29
<b>Total</b>	<b>568.77</b>	<b>496.79</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note 16 : Deferred Tax Liabilities (Net)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
Deferred Tax Liabilities		204.97		162.23
Less: Corporate MAT Receivable	8.97		8.97	
Less : Provision for MAT Credit	8.97	-	8.97	-
<b>Total</b>		<b>204.97</b>		<b>162.23</b>

**Note 17 : Other Non Current Liabilities**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Guarantee Obligation	-	0.06
<b>Total</b>	<b>-</b>	<b>0.06</b>

**Note 18 : Trade Payables**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade payables to related parties	744.54	662.24
Trade payable to Micro and Small Enterprises	34.77	32.05
Trade payable other than Micro and Small Enterprises	101.05	17.69
<b>Total</b>	<b>880.36</b>	<b>711.98</b>

**Trade Payables ageing schedule**

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					As at 31 <sup>st</sup> March 2024
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Trade payable to Micro and Small Enterprises	27.91	6.86	-	-	-	34.77
Trade payable other than Micro and Small Enterprises	23.84	818.98	2.77	-	-	845.59
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-	-
<b>Total</b>	<b>51.75</b>	<b>825.84</b>	<b>2.77</b>	<b>-</b>	<b>-</b>	<b>880.36</b>

Particulars	Outstanding for following periods from due date of payment					As at 31 <sup>st</sup> March 2023
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Trade payable to Micro and Small Enterprises	24.74	7.27	0.04	-	-	32.05
Trade payable other than Micro and Small Enterprises	11.14	668.79	-	-	-	679.93
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-	-
<b>Total</b>	<b>35.88</b>	<b>676.06</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>711.98</b>



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Note 19 : Other Current Liabilities

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Statutory payables</b>		
TDS, VAT, Excise, GST and WCT payable	45.68	43.37
Guarantee Obligation	0.06	0.28
Other Payables	0.44	0.26
<b>Total</b>	<b>46.18</b>	<b>43.91</b>

## Note : 20 Provisions

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
<b>Provisions :</b>				
Provision for Employee Benefits	-		26.09	
Less : Paid / Transfer to Holding Co	-	-	-	26.09
Provision for Probable Obligations		8.96		7.64
<b>Total</b>		<b>8.96</b>		<b>33.73</b>

## Note : 21 Revenue from Operations

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Sale of products/Gas	10,838.63	10,427.51
Gas Transmission charges	86.81	85.03
<b>Total</b>	<b>10,925.44</b>	<b>10,512.54</b>

## Note : 22 Other Operating Revenue

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Service charges	14.84	13.46
Interest Income from Customers & Others	1.78	2.56
<b>Income from Extra Pipe Line</b>	<b>1.55</b>	<b>1.58</b>
Income from after Sales Service	0.51	0.44
<b>Total</b>	<b>18.68</b>	<b>18.04</b>
<b>Total (21 + 22)</b>	<b>10,944.12</b>	<b>10,530.58</b>

## Note : 23 Other Income

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Interest Income	13.93	9.60
Miscellaneous Receipts	3.94	4.44
Dividend Income from Investments	0.33	0.33
<b>Total</b>	<b>18.20</b>	<b>14.37</b>



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Note : 24 Purchases of Stock-in-Trade of Natural Gas**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Natural Gas	9,701.94	9,553.72
<b>Total</b>	<b>9,701.94</b>	<b>9,553.72</b>

**Note : 25 Changes in inventories of stock-in-trade of natural gas and CNG**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Changes in Stock of Natural Gas and CNG:		
Closing Stock	3.61	2.99
Opening Stock	2.99	0.80
<b>(Increase) / Decrease in Stock</b>	<b>(0.62)</b>	<b>(2.19)</b>

**Note : 26 Employee Benefit Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Salary Wages & Allowances	2.12	-
Contribution to Provident Fund	0.07	-
<b>Total</b>	<b>2.19</b>	<b>-</b>

**Note : 27 Finance Cost**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> Mar 2024	Year Ended 31 <sup>st</sup> Mar 2023
Interest on Term Loan From HDFC	56.52	34.89
Interest on Term Loan From OADB	20.08	22.03
Interest on Working Capital /Cash Credit Facilities	0.02	4.11
Interest on Lease Liability	5.51	4.25
Interest on Others	4.94	4.88
Less: Interest & Finance Charges transferred to IEDC	54.00	46.36
<b>Total</b>	<b>33.07</b>	<b>23.80</b>

**Note : 28 Depreciation & Amortisation Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> Mar 2024	Year Ended 31 <sup>st</sup> Mar 2023
Depreciation & Amortisation Expenses	129.77	100.34
Less: Depreciation and Amortization transferred to IEDC	3.45	4.88
<b>Total</b>	<b>126.32</b>	<b>95.46</b>



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

## Note : 29 Other Expenses

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
<b>Power &amp; Fuel Charges</b>				
-Electricity Charges		14.39		7.50
-Fuel Charges		30.30		26.77
Rent-Office & Others <sup>1</sup>		10.68		10.24
<b>Manpower cost</b>	<b>254.36</b>		<b>135.44</b>	
Less: Manpower cost transferred to CWIP	(88.26)		(39.28)	
Less: Reimbursement of employees on deputation	(12.62)	153.48	(15.50)	80.66
<b>Repairs and Maintenance<sup>2</sup></b>				
-Plant & Machinery		101.37		77.96
-Buildings		0.18		0.18
<b>-Others</b>		<b>25.21</b>		<b>14.48</b>
Insurance Charges		11.69		1.79
Rates & Taxes		0.49		0.64
<b>Payment to Auditors</b>				
-Audit Fees		0.14		0.13
-Tax audit Fees		0.01		0.01
-Other Services (for issuing certificates, etc.)		-		0.03
-Travelling & Out of Pocket Expenses		0.04		0.07
Stores & Spares Consumed		3.59		7.12
Loss/(Gain) of Foreign Currency Transaction		(0.01)		0.09
Water Charges		0.01		0.03
Communication Expenses		0.27		0.25
Printing & Stationery		0.64		0.57
Travelling Expenses		4.15		5.03
Books & Periodicals		0.01		0.01
Provision for Probable Obligation		2.47		0.87
Advertisement & Publicity		1.06		1.46
Training Expenses		0.76		0.27
Vehicle Hire & Running Expenses <sup>3</sup>		5.21		6.69
Vehicle Hire Charges LCV <sup>4</sup>		16.64		18.46
Consultancy & Legal Charges		1.22		2.35
Data Processing Expenses		4.68		4.84
Selling & Distribution Expenses		4.69		4.14
Dealer Commission		52.35		21.74
Security Expenses		7.40		6.01
CSR Expenses		10.24		4.45
Loss on sale of Fixed asset		0.01		1.43
Provision for Losses/Obsolescence Material		0.04		-
Provision/Loss on Capital Items due to Fire		0.09		14.06
<b>Provision for Doubtful debts / claims</b>		<b>1.72</b>		<b>(0.39)</b>
Business Development Expenses		-		0.63
Other Miscellaneous Expenses		19.31		17.81





NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
<b>Less: Expenditure transferred to CWIP</b>		
IEDC - Travelling Expenses	1.61	0.16
IEDC - Vehicle Hire Charges	-	0.25
<b>Total</b>	<b>482.92</b>	<b>337.97</b>

**Note :**

1. Includes an amount of ₹ 6.96 Crore (Previous Year ₹ 5.62 Crore) on account of lease expenses.
2. Includes an amount of ₹ NIL (Previous Year ₹ 2.81 Crore) on account of lease expenses.
3. Includes an amount of ₹ 8.54 Crore (Previous Year ₹ 6.11 Crore) on account of lease expenses.
4. Includes an amount of ₹ 11.25 Crore (Previous Year ₹ 7.75 Crore) on account of lease expenses.

**Note : 30 Tax Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> Mar 2024	Year Ended 31 <sup>st</sup> Mar 2023
Current Tax	70.98	67.01
Deferred Tax	44.15	35.99
Provision / Adjustment of Tax relating to earlier periods	(4.39)	-
<b>Total</b>	<b>110.74</b>	<b>103.00</b>



Hindi Diwas



World Environment Day



Vigilance Awareness Week



Meri Mati Mera Desh Campaign



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**31.** The Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Capital of the Company as on 31<sup>st</sup> March, 2024 is ₹ 5000 crores (Previous Year: ₹ 5000 crores) and issued, subscribed and paid-up capital as on 31<sup>st</sup> March, 2024 is ₹ 2000 crores (Previous Year: ₹ 2000.00 crores).

### 32. Capital Commitments:

- (i) The estimated amount of contracts over ₹5 lacs amounting to ₹ 921.92 crores (Previous Year ₹ 1377.80 crores) remain to be executed on capital account.
- (ii) The Company has no uncalled liability on shares and other partly paid-up investments.

### 33. Contingent Liabilities:

Claims against the company not acknowledged as debts:

- (i) Legal cases of ₹ 3.66 crores (Previous Year: ₹ 16.33 crores) by vendors/customers/suppliers/contractors etc. Further, the Company has certain ongoing litigations involving customers and vendors and based on the legal advice of inhouse legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.
- (ii) Disputed Direct Tax Demand of ₹ 1.28 crore for Assessment Year 2018-19 (Previous Year: ₹ 1.22 crores for Assessment Years 2018-19) on account of disallowance of certain expenses as per assessment order dated 09.03.2021 against which the company has filed an application for rectification u/s 154 of the Income Tax Act, 1961 on 06.04.2021 and has also filed an appeal with CIT (Appeals) on 08.04.2021.
- (iii) Disputed Direct Tax Demand of ₹ 7.16 crores for Assessment Year 2020-21 (Previous Year: 6.88 crores) on account of disallowance of certain expenses as per assessment order dated 25.09.2022, against which the company has filed an application for re-computation of Income u/s 155(18) of the Income Tax Act, 1961 on 12.10.2022 by accepting the demand of ₹ 1.26 crores and has separately filed an appeal with CIT (Appeals) on 25.10.2022 for balance disputed amount of ₹ 2.38 crores. Hearing of appeal is yet to commence.
- (iv) Disputed Indirect Tax demand for Assessment Year 2010-11 under the Excise and VAT Acts of ₹ 2.82 crores (Previous Year: ₹ 1.91 crores).
- (v) Re-assessment notice dated 14.3.2011 were issued on the holding company GAIL (India) Ltd by the commercial tax department under the U.P. Trade Tax Act, 1948 in respect of Entry tax on taxable amount of ₹ 26.25 Crore arising out of for the assessment years 2004-05 and 2005-06, to be ascertained on re-

assessment. Against these re-assessment notices, a writ petition was filed by the holding company with the Hon'ble Allahabad High Court which was dismissed on 18.4.2011 and against which Special Leave Petition was filed by the holding company in May, 2011 with the Hon'ble Supreme Court of India which is yet to be decided. Business Transfer Agreement dated 31.10.2011 transfers Agra Firozabad City Gas Distribution business to the company from the holding company with effect from 16.11.2011, under which the company has exclusive obligations to deal with any and all court cases that are brought against the company or holding company whether for the period prior to the date of transfer or thereafter.

Demand, if any will be ascertained on reassessment. Hon'ble Supreme Court of India has issued an interim order directing Commercial Tax authorities that final assessment order shall not be passed without leave of Hon'ble Supreme Court of India.

- (vi) Bank Guarantee of ₹ 601.60 crores (Previous Year: ₹ 1504 crores) in favor of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization of Geographical Areas (GAs) awarded to M/s. Goa Natural Gas Pvt. Ltd in respect of North Goa Districts. The PNGRB vide letter dated 06.03.2024, reduced the requirement of PBG from ₹ 1504 cr. to 601.60 cr.

The above Bank Guarantee has been given to PNGRB based on the Corporate Guarantee provided by the holding company GAIL (India) Ltd and M/s Bharat Petroleum Corporation Limited (BPCL), the other joint venture partner of Goa Natural Gas Pvt. Ltd.

- (vii) The company is carrying on construction activities for capital projects in 11 GAs awarded by the PNGRB in 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> CGD bidding round to meet the Minimum Work Program (MWP) targets as per grant of authorization. Keeping in view delay in availability of pipeline connectivity from the gas source to the respective GAs and non-availability of permissions from different authorities, there is a shortfall in achievement of MWP targets as per grant of authorization in 7 GAs. In this regard the Company has not received any notices from PNGRB till date. Therefore, penalty for not meeting of MWP targets aggregating to ₹ 15.97 crores as on 31<sup>st</sup> March, 2024, (Previous year: ₹ 4.72 crore) has been disclosed as Contingent Liability. Management is hopeful that the Company will achieve the cumulative MWP targets in its subsequent periods as per grant of authorization.

- 34.** The Company has submitted a Bank Guarantee of ₹ 2079.99 crores (Previous Year: ₹ 2079.99 crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization for Bengaluru Rural and Urban Districts GA.



NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

- 35.** Employees work in various disciplines including project activities and operation activities. Salary and other expenses of employees identified under project activities by the management has been accounted as incidental expenditure during construction and transferred to Capital work in progress. Rent, depreciation and other expenses pertaining to on-going capital projects have been accounted as incidental expenditure during construction and transferred to Capital work-in-progress. During the year, a sum of ₹93.32 crores (Previous Year: ₹ 44.57 crores) has been accounted as Incidental Expenditure during construction.
- 36.** Capital Work-in-Progress includes assets under construction which are at different stages of completion. Capitalization is done as and when the asset is ready to put to use, based on certification by the PMC. The Company is engaged in the business of City Gas Distribution (CGD) in India which involves distribution of gas from sources of supply to the end user customers. The CGD project is designed considering demand, supply and future requirements based on the facilities envisaged for CGD network in authorized areas for 25 years on the basis of authorization from Petroleum and Natural Gas Regulatory Board (PNGRB) to lay, build, operate or expand city or local natural gas distribution network. On the basis of demand projections, the CGD network is planned. Project execution plans are modulated on the basis of continuous ongoing expansion and all the projects are executed and expanded on ongoing basis as per rolling annual plan. Hence, it is considered that there is no project whose completion is overdue or has exceeded its cost compared to its original plan.
- 37.** During physical verification of inventories, no material discrepancies were observed. Provision for slow moving and non-moving inventory of ₹ NIL (Previous Year: NIL). Further, a sum of ₹ 0.01 crore (Previous Year: ₹ 0.01 crore) has been written off on account of shortages/damages observed on physical verification of fixed assets.
- 38.** The company has lodged insurance claims for the fire occurred in last financial year at CWC Warehouse, Dehradun GA and vacant area behind COCO CNG station at Kosi in TTZ GA. During the current financial year 2023-24, claim amounting to ₹0.55 crore pertaining to Kosi in TTZ area was settled by insurance company and the claim relating to Dehradun GA is under process and will be accounted for on the basis of claims admitted by the insurers.
- 39.** Free Issue Material amounting to ₹ 33.64 crores (Previous Year: ₹ 38.98 crores) is lying with the contractors as at year end, which has been confirmed by the contractors & PMC.
- 40.** Based on technical analysis by the Company, the residual value of City Gas Distribution (CGD) pipelines has been revised to 'NIL' which resulted in additional depreciation of ₹ 3.62 crore during the financial year ended 31<sup>st</sup> March 2024.
- 41.** Physical Possession in respect of 4.46 Acres (18083 Sq. Meters) of land located at various urban areas of Bengaluru is received from Karnataka Industrial Area Development Board (KIADB) and capitalized under Right of Use assets at ₹11.12 crores (Previous year: ₹11.07 crores). As per terms of the lease agreement, on successful commencement of the projects, the same will be converted as freehold land. Consequent upon commencement of projects/utilization of the lands allotted for the purpose, applications have been submitted to KIADB for conversion of the said lands to freehold by registering the Sale Deeds in favor of the Company, out of which, 01 Land has been registered (value of land ₹0.61 crores) and 10 lands (value of land is ₹10.51 crores) yet to be registered. No provision towards registration and other cost has been made in the books of account for pending registration.
- 42.** Title Deeds in respect of Freehold Land of ₹2.05 crores (Previous Year: ₹ 2.05 crores) measuring 3004.42 square meters at Sonapat, Haryana is pending for execution including ₹ 0.15 crores (Previous Year: ₹ 0.15 crores) towards registration charges provided on provisional basis. Mutation of Freehold Land is in process.
- 43.** Net Book Value of Buildings amounting to ₹ 105.86 crores (Previous Year: ₹ 63.89 crores) includes: -
- (i) Buildings amounting to ₹ 6.78 crores (Previous Year: ₹ 6.99 crores) constructed on land provided by the holding company GAIL (India) Ltd in Dibyapur, Bengaluru and Firozabad for which terms and conditions are yet to be finalized.
  - (ii) Buildings amounting to ₹ 1.13 crores (Previous Year: ₹1.21 crores) constructed on land measuring 2080 square meters taken on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).
  - (iii) Buildings amounting to ₹ 6.57 crores (Previous Year: ₹ 6.78 crores) constructed on land measuring 993 square meters provided by the Bengaluru Municipal Transport Corporation (BMTC) free of cost for the CNG Stations installed at BMTC Bus Depots in Bengaluru with the condition of filling of CNG Gas only in the BMTC Buses, documentation of which is pending for execution.
  - (iv) Buildings amounting to ₹ 14.18 crores (Previous Year: ₹ 14.52 crores) constructed on the land measuring 16,483 square meters (Previous Year: 16,483 square meters) provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online, Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

utilization of land as per terms and conditions of the agreement.

- (v) Buildings amounting to ₹ 4.87 crores (Previous Year: ₹ 5.08 crores) constructed on the land of CNG stations, warehouse providers and land taken on rent/lease etc.
- 44.** The Registration of 5 nos. of Last Mile Connectivity Assets purchased during FY 2020-21 from the holding company in Bengaluru City at a book value of ₹ 42.30 crores (Previous Year: ₹ 42.30 crores) excluding stamp duty, is in process. A provision for liability on estimated basis on account of Stamp Duty of ₹ 2.79 crores (Previous Year: ₹ 2.79 crores) has been made pending registration.
- 45.** Provisional liabilities of ₹ 195.41 crores (Previous Year ₹ 200.04 crores) have been created in the books of accounts as on 31.03.2024 on the basis of work done till that date for which invoices are yet to be received from the parties and will be settled on submission of actual invoices.
- 46.** (i) All the employees of GAIL Gas Limited (other than Fixed Term Employees) are deputed from the parent Company i.e. GAIL (India) Limited. The Company has been disbursing the salary and allowances to employees and reimbursed the share of retirement benefits to the Parent Company for employees under deputation in the Company till 30<sup>th</sup> Sept 2023. W.e.f. 01<sup>st</sup> Oct 2023, invoices have been raised by the parent Company on the monthly basis by charging GST on the basis that secondment of employees at GAIL Gas Limited is covered under ambit of supply of 'manpower recruitment and supply service' and chargeable under GST Law. Further invoices have also been received for GST amount for the period 01.07.2017 to 30.09.2023. The Company has disclosed the cost of employees deputed from the parent Company under Other Expenses-Manpower deputation cost (Note 29) for the financial year ended 31<sup>st</sup> March 2024 and previous year figures has been regrouped to correspond with the current year's classification/disclosure.
- (ii) During the current financial year, the Company has appointed Fixed Term Employees (FTE's) and as on 31<sup>st</sup> March 2024, 69 number of FTE's is on payroll. They are engaged for a fixed period of 3 years and further their engagement may be extendable for a maximum period of 2 years on a yearly manner. Salaries and allowances of FTE's paid by the Company which have been accounted under Employee benefit expense.
- 47.** Claim recoverable includes an amount of ₹ 0.44 crores (Previous Year ₹ 0.44 crores) towards excess payment of VAT in the state of Haryana and UP. UP commercial tax has issued order for adjustment of ₹ 0.24 crores for adjustment against tax liability and same has been settled against the tax liability of March, 2024. Refund of VAT is being pursued with the concerned authorities of other state and is considered good.
- 48.** In compliance with the Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, company is having PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has received Factory Licenses for 23 operational CNG stations and have applied for license for 4 Stations and is under process. BMTC, Bengaluru have been requested to obtain factory licenses for 3 CNG stations inside their premises. Also, necessary advice has been given to owners of 223 CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of 34 CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain Factory License in respect of respective CNG Stations.
- 49.** Andhra Pradesh Gas Distribution Corporation Limited (APGDC) is a 50:50 Joint Venture Company (JVC) of GAIL Gas Limited and Andhra Pradesh Gas Infrastructure Corporation Pvt. Ltd. APGDC has surrendered its authorization of KSPL project during the current financial year due to various challenges to complete the project. Further, it was requested by APGDC to PNGRB to factor in the investment done by APGDC while conducting the re-bidding of this line to recover the investment made in the project considering the same is public money. PNGRB has directed to submit a detailed location of pipeline laid along with fit for purpose report of pipeline, duly authenticated by a reputed Project Management Consultancy firm. The process of impact assessment (fit for purpose report of pipeline) is under progress and is expected to be completed in the next financial year. APGDC is hopeful of realizing the total Capex investment in KSPL and denudation in value, if any will only be known after the study of fit for purpose. Further, PNGRB in accordance with regulation 5(1) of PNGRB NGPL Authorization regulations, announced the commencement of the public consultation process and the same is under progress. Accordingly, the Company will be evaluating its investment for purpose of impairment (to derive a reliable estimate of future cash flows from the net investments made in APGDC for KSPL Project) as per the requirement of Ind AS based on the outcomes of future events like completion of impact assessment of pipeline and subsequent directions of PNGRB thereof. For the current financial year ended 31<sup>st</sup> March, 2024, the Company disclosed its investment made in APGDC of ₹198.57 crore (Previous year: ₹198.57 crore) representing original cost of investment.
- 50.** As per provisions of Ind AS 109, the company has made following fair valuation recognition: -
- a. Corporate Guarantee of ₹ 2079.99 crores (Previous Year: ₹ 2079.99 crores) provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and Urban Districts GA, a sum of ₹ 11.74 crores (Previous Year:





**NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)**

₹ 11.74 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the fair valuation as per Ind AS 109. Accordingly, a sum of ₹ 1.44 crores (Previous Year: ₹ 2.15 crores) has been shown as pre-paid expenses (Note-8 & 9) and ₹ 0.71 crores (Previous Year: ₹ 1.82 crores) as guarantee commission expenses (Note-27).

- b. Corporate Guarantee of ₹ 133.00 crores provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for 10<sup>th</sup> Bidding round which was valid up to 24<sup>th</sup> March, 2022 and thereafter for extension for the Bank Guarantee in favour of PNGRB, no Corporate Guarantee taken from the Holding Company GAIL (India) Ltd. A sum of ₹ 0.72 crores (Previous Year: ₹ 0.72 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the fair valuation.
- c. In case of Corporate Guarantee of ₹ 752 crores (reduced to ₹300.80 crore) provided by the Holding Company GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB for GA awarded to the joint venture company i.e. GNGPL, a sum of ₹ 4.41 crores (Previous Year: ₹ 4.41 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) with corresponding account receivables from Joint Venture Company Goa Natural Gas Pvt. Limited. (Note-8B), based on the fair valuation. Accordingly, a sum of ₹ 0.06 crores (Previous Year: ₹ 0.34 crores) has been shown as receivable from the Joint Venture Company and a sum of ₹ 0.06 crores (Previous Year: ₹ 0.34 crores) as financial guarantee obligation (Note – 17).
- d. In case of Corporate Guarantee provided by the Holding Company GAIL (India) Ltd. for sanction of long-term loan of up to ₹1500 crores (Previous Year: ₹ 1500 crores) from HDFC, a sum of ₹ 33.45 crores (Previous Year: ₹ 17.21 crores) has been shown as deemed equity as capital contribution from the Holding Company (Note-14). Accordingly, a sum of ₹ 25.92 crores (Previous Year: ₹ 13.62 crores) has been shown as pre-paid expenses (Note-8 & 9) and ₹ 3.94 crores (Previous Year: ₹ 2.80 crores) as guarantee commission expenses (Note-27).

51. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance vide OM No. F.No.5/2/2016-Policy dated 27.05.2016 has issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, applicable from financial year (FY) ended on or after 31<sup>st</sup> March, 2016. In FY 2023-24, the

company has paid interim dividend of ₹150 crore (Previous Year: ₹160 crore) more than the minimum required as per the above guidelines, hence no application has been made in this regard.

52. In compliance with Ind AS 12 on “Income Taxes” issued by the Institute of Chartered Accountants of India, the Company has created tax liability as per details given below:

- (i) Income Tax related to items charged or credited directly to Statement of Profit and Loss during the year:

(₹ in crores)

Statement of Profit and Loss	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
<b>Current Income Tax:</b>		
Current Income Tax Charge from ordinary activities (Continuing Operations)	70.98	67.01
Provision/Adjustment of Tax relating to earlier periods	-	-
Current Income Tax Charge from ordinary activities (Discontinued Operations)		
Current Income Tax Charge on Gain on disposal of Discontinued Operations.		
	<b>70.98</b>	<b>67.01</b>
<b>Deferred Income Tax:</b>		
Relating to origination and reversal of temporary differences (Continuing Operations)	44.15	35.99
Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations)	-	-
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	<b>44.15</b>	<b>35.99</b>
Provision for MAT Credit	-	-
<b>Income Tax Expense reported in the Statement of Profit and Loss</b>	<b>115.13</b>	<b>103.00</b>





## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

- (ii) Reconciliation of Effective Tax Rate (Continuing Operations):

(₹ in crores)

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Profit Before Income Tax	433.91	400.04
Current Tax Rate	16.36%	16.75%
Computed Effective Tax Expense	70.98	67.01
Movement in Deferred Tax Liability	44.15	35.99
Provision for MAT Credit	-	-
<b>Income Tax charged to Statement of Profit and Loss</b>	<b>115.13</b>	<b>103.00</b>
<b>Effective Tax Rate</b>	<b>26.53%</b>	<b>25.75%</b>

- (iii) Recognized Deferred Tax Assets and Liabilities:

Deferred Tax Assets/(Liabilities) are attributable to the following:

(₹ in crores)

Particulars	Balance Sheet		Statement of Profit & Loss	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Property, Plant and Equipment	(214.32)	(172.15)	(42.17)	(37.99)
Provisions	7.94	9.92	(1.98)	2.00
<b>Deferred Tax Assets/(Liabilities)</b>	<b>(206.38)</b>	<b>(162.23)</b>	<b>(44.15)</b>	<b>(35.99)</b>
Offsetting of Deferred Tax Assets/(Liabilities)	-	-	-	-
<b>Net Deferred Tax Assets / (Liabilities)</b>	<b>(206.38)</b>	<b>(162.23)</b>	<b>(44.15)</b>	<b>(35.99)</b>

- 53.** In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of ₹ 87.07 crores (Previous Year: ₹ 70.16 crores) was incurred by the company during the year, out of which an amount of ₹ 54.00 crores (Previous Year: ₹ 46.36 crores) has been allocated towards Capital Work in Progress during the year in respect of pipelines and CNG Stations under construction. The company has used the borrowings from banks and OIDB for the specific purpose for which it was taken.

- 54.** In compliance of Ind AS 36 on "Impairment of Assets", company has carried out an assessment and confirm that there are no impairment assets which required provision.

- 55.** The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 "Operating Segments" are not applicable. However, entity-wise disclosures are as under:

**Information about products and services:**

The Company is in a single line of business of "Sale of Natural Gas".

**Geographical Information:**

All the company operations in the business of Natural Gas, including City Gas Distribution are in India. Accordingly, revenue from customers and all assets are located in India only.

**Information about major customers:**

During the year ended 31<sup>st</sup> March, 2024 One customer (Previous Year: one) contributed more than 10% of revenue. Revenue from this customer was ₹ 5481.69 crores during the year ended 31<sup>st</sup> March, 2024 (Previous Year: ₹ 6320.11 crores).

- 56.** Disclosure under Ind AS 112 on "Disclosure of Interests in other Entities", is as under:

Sl. No.	Name of Companies (Indian Entities)	Relation	Proportion of ownership as on	
			31.03.2024	31.03.2023
1	Andhra Pradesh Gas Distribution Corporation Ltd. (APGDC)	Joint Venture	50%	50%
2	Vadodara Gas Limited. (VGL)	Joint Venture	17.07%	17.07%
3	Rajasthan State Gas Limited. (RSGL)	Joint Venture	50%	50%
4	Haryana Natural Gas Pvt. Ltd. (HNGPL)	Joint Venture	50%	50%
5	Goa Natural Gas Pvt. Ltd. (GNGPL)	Joint Venture	50%	50%
6	Purba Bharati Gas Pvt. Ltd. (PBGPL)	Joint Venture	26%	26%

The company's share in the assets and liabilities and in the income and expenditure for the year in respect of above joint venture companies based on audited financial statement of Goa Natural Gas Pvt. Ltd. & Purba Bharati Gas Pvt. Ltd.



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

and unaudited financial statements of other 4 joint venture companies as furnished by management of these companies is as under:

(₹ in crores)			
Sl. No.	Description	31.03.2024	31.03.2023
<b>A.</b>	<b>Summary of Balance Sheet</b>		
<b>1</b>	<b>Assets</b>		
	Non-Current	756.58	683.19
	Current	79.41	92.59
	Total	835.99	775.78
<b>2.</b>	<b>Liabilities &amp; Provisions</b>		
	Non-Current	299.58	267.81
	Current	196.47	167.40
	Total	496.05	435.21
<b>B.</b>	<b>Summary of Profit and Loss Account</b>		
1.	Income	268.47	232.10
2.	Expenditure	263.86	241.63
<b>C.</b>	<b>Contingent Liability</b>	46.94	61.25
<b>D.</b>	<b>Capital Commitment</b>	184.17	191.02

### 57. Disclosure under Ind AS 115 on "Revenue from Contract with Customers" is as under:

#### Disaggregated Revenue Information

The disaggregation of the company's revenue from contracts with customers is disclosed at Note -22.

Sale of Natural Gas is the main activity of City Gas Distribution Business and other operating income is incidental to sale of natural gas. Other Operating Income includes compensation towards minimum contracted quantity for the respective billing period, interest received from the customers for the delayed payments and application fees collected from customers. Sale of pipes, fittings and other material is incidental revenue on account of sale and distribution of natural gas to customers. Services Charges are the consideration received against operating CNG Station as a dealer of other entity and compression facility provided to other CGD Entities from company owned CNG Stations. Income from after sales services mainly includes services rendered for re-location of meter, temporary disconnection, name change etc. Company sells and distributes natural gas in India.

Sale of natural gas includes excise duty but excludes value added tax (VAT) collected from customers on behalf of the government. All revenues are earned on transfer of goods or services to the customers.

### Contract Asset and Liabilities

(₹ in crores)

Description	As on 31 <sup>st</sup> March, 2024	As on 31 <sup>st</sup> March, 2023
Contract Asset (Unbilled revenue)	12.73	11.58
Contract Liabilities	0.21	0.18

Trade receivables are interest bearing and are generally on terms of 3 to 30 days credit after billing. Contract liabilities are advances received from customers against supply to be made of gas after the reporting date.

### Performance Obligation

The company earns revenue primarily from sale of natural gas. Revenue is recognized on supply of gas to customers based on reading recorded on the meter. There are no return rights attached to the sale, hence, no right of return liability or asset exists. There are no performance obligations remaining to be satisfied as at reporting date for which transaction price has been allocated.

### 58. In compliance of Ind AS 116 on 'Leases', the disclosures in respect of Leases are as under:

#### I. Company as Lessee :

##### a) Lease Liabilities

#### Reconciliation of Lease Liabilities:

(₹ in crores)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Opening Balance	96.34	70.72
<b>Adjustments for:</b>		
Additions during the year	22.04	50.89
Deletions during the year		
Accretion of interest	5.51	4.25
Foreign exchange loss on restatement of lease liabilities		
Lease liabilities paid during the year	35.59	27.58
Excess Lease liabilities written Back	8.97	1.94
<b>Closing Balance</b>	<b>79.33</b>	<b>96.34</b>
Current	26.15	31.57
Non-current	53.17	64.77



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**Maturity analysis of Lease Liabilities:****As at 31<sup>st</sup> March 2024****(₹ in crores)**

Particulars	Less than 3 months	3 to 12 months	> 1 to 5 years	> 5 years	Total
Lease Liabilities (Current)	6.96	19.20	-	-	26.15
Lease Liabilities (Non-Current)	4.39	9.36	20.91	18.52	53.17

**As at 31<sup>st</sup> March 2023****(₹ in crores)**

Particulars	Less than 3 months	3 to 12 months	> 1 to 5 years	> 5 years	Total
Lease Liabilities (Current)	8.40	23.18	-	-	31.57
Lease Liabilities (Non-Current)	5.35	11.40	25.47	22.55	64.77

**Amounts recognized in Statement of Profit and Loss:****(₹ in crores)**

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Depreciation on right-of-use assets	29.25	24.76
Interest expense on lease liabilities	5.51	4.25
Expense relating to short-term leases	5.95	5.89
Expense relating to low value assets leases	0.01	0.01
Variable lease payments	-	-
Total	40.72	34.91

**(b) Right of Use Assets:****(₹ in crores)**

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Opening Balance	113.80	90.66
Add: Additions during the year	50.53	50.89

Less: Deletions during the year	7.28	2.97
Less: Depreciation for the year	33.93	24.78
Closing Balance	123.11	113.80

**59. Disclosure related to Corporate Social Responsibility (CSR) Expenses:**

- (i) As per Section 135 of the Companies Act, 2013, the company was required to spend an amount of ₹ 6.65 crores during the FY 2023-24 (Previous Year: ₹ 5.34 crores). The amount of CSR expenses incurred by the Company during the year was ₹ 0.66 crores (Previous Year: ₹ 2.41 crores). As per amended CSR rules notified on 22.01.2021, balance unspent amount of allocated projects amounting to ₹ 0.81 crores for FY 2023-24 (Previous Year ₹ 2.89 crores) has been transferred by the company to a new bank account opened for this purpose. Further, an unspent and unallocated amount of ₹ 5.18 Crore (Previous Year ₹ 0.04 crores) will be transferred to any fund specified in Schedule VII of the Companies Act, 2013 by the company by due date i.e. within six months from the date of Financial Year. The Company has created a provision for the unspent amount relating to ongoing projects and the unallocated amount as mentioned above.
- (ii) Board of Directors in its meeting held on 18.05.2017 had approved CSR Policy along with administrative guidelines of the Company. No provision has been made in the books of accounts in accordance with generally accepted accounting principles.

**60. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):****(₹ in crores)**

Particulars	2023-24	2022-23
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
Principal	34.77	32.05
Interest	NIL	NIL
ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	NIL	NIL



**NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)**

iii) The amount of 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 this Act;	NIL	NIL
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006.	NIL	NIL

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and have been relied upon by the Auditors.

**61. Related Party Disclosures:**

- (i) The entire Equity Capital of the Company is held by GAIL (India) Ltd. (Holding Company) either singly or jointly.
- (ii) Related Party Disclosures as per Ind AS 24.

- (a) Relation and name of the related parties are as under:

**A. Holding Company:**

- (i) GAIL (India) Limited.

**B. Subsidiaries of Holding Company:**

- (i) Bengal Gas Company Limited
- (ii) Konkan LNG Limited
- (iii) Tripura Natural Gas Company Limited
- (iv) GAIL Global (Singapore) Pte. Limited
- (v) GAIL Global (USA) Inc.
- (vi) GAIL Global (USA) LNG LLC (wholly owned subsidiary of GAIL Global (USA) Inc.)
- (vii) GAIL Mangalore Petrochemicals Limited

**C. Joint Venture Companies:**

- (i) Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)
- (ii) Vadodara Gas Limited. (VGL)
- (iii) Rajasthan State Gas Limited. (RSGL)
- (iv) Haridwar Natural Gas Pvt. Ltd. (HNGPL)
- (v) Goa Natural Gas Pvt. Ltd. (GNGPL)

- (vi) Purba Bharati Gas Pvt. Ltd. (PBGPL)

**D. Indian Associates, Joint Venture Companies of Holding Company :**

- (i) Indraprastha Gas Ltd.
- (ii) Central UP Gas Ltd.
- (iii) Green Gas Ltd.
- (iv) Aavantika Gas Limited
- (v) Bhagyanagar Gas Limited
- (vi) Indradhanush Gas Grid Limited
- (vii) Brahmaputra Cracker and Polymer Limited
- (viii) LLC Bharat Energy Office
- (ix) Mahanagar Gas Limited
- (x) Maharashtra Natural Gas Limited
- (xi) ONGC Petro additions Limited (OPaL)
- (xii) ONGC Tripura Power Company Limited
- (xiii) Petronet LNG Limited
- (xiv) Ramagundam Fertilizers and Chemicals Limited
- (xv) Talcher Fertilizers Limited
- (xvi) TAPI Pipeline Company Limited

**E. Foreign Associates, Joint Venture Companies of Holding Company:**

- (i) China Gas Holdings Limited
- (ii) Fayum Gas Company
- (iii) LNG Japonica Shipping Corporation Limited
- (iv) South-East Asia Gas Pipeline Company Limited (SEAGP)

**F. a. Chairman & Non-Executive Director:**

- (i) Shri Sandeep Kumar Gupta

**b. Non-Executive Directors:**

- (i) Shri Rakesh Kumar Jain
- (ii) Shri Ayush Gupta
- (iii) Shri K R M Rao (up to 04.05.2023)
- (iv) Smt. Jyoti Dua (up to 12.05.2023)
- (v) Smt. Nalini Malhotra (w.e.f. 13.05.2023)
- (vi) Shri Raman Chadha (w.e.f. 04.05.2023 & up to 31.10.2023)
- (vii) Shri Sanjay Kumar (w.e.f. 01.11.2023)
- (viii) Shri Anand Kumar Jha (up to 16.05.2023)
- (ix) Smt. Mamta (w.e.f. 16.05.2023)



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**c. Chief Executive Officer:**

(i) Shri Goutom Chakraborty

**d. Chief Financial Officer:**

(i) Shri Pankaj Gupta (w.e.f. 12.05.2023)

(ii) Smt. Nalini Malhotra (up to 12.05.2023)

**e. Chief Operating Officer:**

(i) Shri Kapil Kumar Jain (up to 30.11.2023)

**f. Company Secretary:**

(i) Shri Deepak Asija

No Loans & Advances in the nature of loans are granted to Promoters, Directors, Key Managerial Persons (KMP) and Related Parties except stated below, for the period ending as on 31.03.2024 by the company.

**(b) Related Party Transactions**

(₹ in crores)

Sl No	Particulars	Holding Co.	Joint Venture & Others*	Key Management Personnel
1	Purchase of Goods and Material / Services	8987.34 (10057.08)	7.01 (8.72)	- (-)
2	Guarantee Commission received / receivable	- (-)	0.28 (0.27)	- (-)
3	Sales of Goods (Material and Gas) / Services / Material Issued on Loans	1117.11 (0.77)	255.56 (204.54)	- (-)
4	Remuneration of Key Management personnel- Salary & Allowances	- (-)	- (-)	2.78 (3.83)
5	Reimbursement for employees on deputation - received	- (-)	14.89 (18.27)	- (-)
6	Reimbursement for employees on deputation - paid	201.83	- -	- -
7	Reimbursement of Retirement Benefits for the year	8.69 (14.69)	- (-)	- (-)
8	Reimbursement of Training Cost payable / receivable	- (-)	- (-)	- (-)
9	Reimbursement of BG Charges received / receivable	- (-)	2.56 (3.02)	- (-)
10	Rent, Electricity, UCS Expenses, Annual Maintenance charges, TTA, etc. paid / payable	7.54 (8.84)	- (-)	- (-)

11	Advances for Hook Up charges	8.96 (-)	- (-)	- (-)
12	Outstanding balance payable excluding fair valuation done as per Ind AS-109	761.69 (661.81)	0.07 (0.43)	-
13	Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109	58.82 (0.77)	58.93 (55.48)	- (-)
14	Corporate Guarantee given to Banks for BG/Loan issued on behalf of the Company as at Balance Sheet date	3880.79 (4331.99)	- (-)	- (-)
15	Dividend Paid	150 (160)	- (-)	- (-)
16	Dividend received	- (-)	0.33 (0.33)	- (-)
17	Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares	- (-)	198.57 (198.57)	- (-)
18	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	-
19	Investment in RSGL as at Balance Sheet date (JV)	- (-)	65.00 (65.00)	- (-)
20	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	43.58 (22.20)	- (-)
21	Advance to HNGPL against Equity Share pending Allotment of Share	- (-)	- (21.38)	- -
22	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	40.00 (40.00)	- (-)
23	Investment in PBGPL as at Balance Sheet date (JV)	- (-)	35.60 (31.70)	- (-)
24	Share allotment to Holding Company	- (375.00)	- (-)	- (-)
25	Advances/loans given as at Balance Sheet date	- (-)	7.50 (11.25)	- (-)

\*Others include joint venture companies of Holding Company.  
(Figure shown in brackets pertains to Previous Year).

The company has formed six Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and Corporates. In all these companies, it was agreed that Equity Shareholding of both the promoters will be





## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the Shareholder Agreement executed amongst them. Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement. Further, Equity Shareholding in Vadodara Gas Limited. wherein there are three promoters i.e. Vadodara Mahanagar Seva Sadan, GAIL India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 50%, 32.93% and 17.07% respectively.

### 62. Movement of Provision

₹ in crores

Particulars	Provision for Employee retirement benefits	Provision for Doubtful claims	Provision for Probable Obligation
As at 1st April, 2023	26.09	0.31	7.64
Additional provision recognized during the year	-	-	2.47
Amount used during the year	(5.52)	-	(1.14)
Transfer / Paid to GAIL (India) Limited.	(20.57)	-	-
Unused amount reversed during the year	-	-	-
As at 31 <sup>st</sup> March 2024	-	0.31	8.96

### 63. Earning Per Share:

Particulars	2023-24	2022-23
Profit after Tax (₹ in crores)	323.17	297.04
Weighted Average No. of Equity Shares (Basic)	200,00,00,000	175,60,27,397
Weighted Average No. of Equity Shares (Diluted)	200,00,00,000	175,60,27,397
Nominal Value per Share (in ₹)	10.00	10.00
Basic Earning per Share (in ₹)	1.62	1.69
Diluted Earning per Share (in ₹)	1.62	1.69

## 64. Notes on Financial Risk Management

### Financial Risk Management

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. This Note explains the sources of risk which the entity is exposed to and how the company manages the risk. The Company is exposed to market risk, credit risk and liquidity risk. Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's Risk Management Framework.

#### (i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

#### a) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

#### Sensitivity analysis:

Term Loans received from the Oil Industry Development Board have variable component for some tranches. Term loan obtained from HDFC has a variable element of interest rate and outstanding balance of which as at the year-end is ₹ 937.14 crores (Previous Year: ₹ 634.28 crores). However, as the loan has been obtained for capital projects which are under construction, interest is capitalized as a part of Capital work in progress. Therefore, there is no impact on the Company's profit before tax during the year ended 31.03.2024 and 31.03.2023.

#### Foreign Currency Risk:

The Company does not have significant exposure in currency other than INR.

#### b) Commodity Price Risk

Risk arising on account of fluctuations in price of natural gas is mitigated by ability to pass on the fluctuations in prices to customers over period of time. The company monitors movements in the prices closely on regular basis.



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

**c) Equity Price Risk**

The Company do not have any investment in quoted equity shares hence not exposed to equity price risk.

**(ii) Liquidity risk**

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

(₹ in crores)

As at 31.03.2024	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	-	104.07	624.29	461.11	<b>1189.47</b>
Trade and other payables	-	880.36	-	-	-	<b>880.36</b>
Other financial liabilities	200.69	169.00	95.01	-	-	<b>464.70</b>
Lease Liabilities*	-	11.35	28.56	20.91	18.50	<b>79.32</b>

(₹ in crores)

As at 31.03.2023	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	-	45.50	805.37	81.24	932.11
Trade and other payables	-	711.98	-	-	-	711.98
Other financial liabilities	181.04	182.54	87.72	-	-	451.29
Lease Liabilities*	-	9.09	22.58	33.23	31.44	96.34

\*As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by Paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount

included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

**(iii) Credit Risk**

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions. Credit exposure also exists in relation to guarantees issued by the company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment.

The summary of the Company's product wise credit policy is tabulated below:

Product	Credit period
Piped Natural Gas (Domestic)	21 days
Piped Natural Gas (Industrial)	3-7 days
Piped Natural Gas (Commercial)	7 days
Compressed Natural Gas (CNG)	Cash Sales & 4-15 days
Bulk Industrial Sales	4 - 45 days

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed either by cash sales or within credit period of 3- 45 days. The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ in crores)

Particulars	Carrying Amount	
	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Neither due nor impaired	713.68	915.55
Less than 6 months	36.89	33.08
6 months to 1 year	5.43	4.72
1 year to 2 years	5.01	3.09
2 years to 3 years	1.40	0.74
More than 3 years	5.20	4.92
<b>Total</b>	<b>767.61</b>	<b>962.10</b>
Less: Expected credit loss including allowances for bad and doubtful	8.79	7.07
Carrying amount of Trade Receivable (Net of Impairment)	758.82	955.03



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

(₹ in crores)

Provisions	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Start of the year	7.07	7.47
Provision for impairment during the year	1.72	0.37
Receivables written off during the year as uncollectible	-----	-----
Unused amounts reversed	-----	(0.77)
End of year	8.79	7.07

### Cash deposits:

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into deposits linked with Current Account. There is no impairment of these cash deposits as on the reporting date and comparative period.

### Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the holding company. As on 31.03.24 the issued and paid-up capital was ₹ 2000 crores (Previous Year: ₹ 2000.00 crores) (Note 13) and other equity was ₹ 1142.82 crores (Previous Year: ₹ 953.41 crores) (Note 14). The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company's management assesses regularly the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

The adjusted net debt to equity ratio is as follows

(₹ in crores)

Provisions	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Net Debt	1189.47	932.11
Total Equity	3142.82	2953.41
Net Debt to Equity Ratio	0.38	0.32
Interest bearing borrowing	1189.47	932.11
Less: Cash & Bank Balance	407.85	58.09
Adjusted Net Debt	781.62	874.02
Adjusted net debt to adjusted equity ratio	0.25	0.30

### Fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31.03.2024:

(₹ in crores)

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans	7.50	-	-	-
Trade Receivables	758.82	-	-	-
Cash and Cash Equivalents	407.85	-	-	-
Bank Balances Other than Cash and Cash Equivalents	1.82	-	-	-
Other Financial Assets	66.15	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>1242.14</b>	-	-	-

<b>Financial Liabilities at amortized cost</b>				
Borrowings	1189.47	-	-	-
Trade Payables	880.36	-	-	-
Other Financial Liabilities	464.70	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>2534.53</b>	-	-	-

As at 31.03.2023:

(₹ in crores)

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans	11.25	-	-	-
Trade Receivables	955.02	-	-	-
Cash and Cash Equivalents	7.32	-	-	-
Bank Balances Other than Cash and Cash Equivalents	50.77	-	-	-



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

Other Financial Assets	81.05	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>1105.41</b>	-	-	-

<b>Financial Liabilities at amortized cost</b>				
Borrowings	932.11	-	-	-
Trade Payables	711.98	-	-	-
Other Financial Liabilities	451.29	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>2095.38</b>	-	-	-

Cash and short-term receivables, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of non-current financial assets (such as

security deposits) and long-term fixed-rate and variable-rate borrowings are considered to be same as their carrying values as the impact of fair valuation is not material.

65. Details of Loans given, Investment made and guarantee given or security provided covered u/s 186 of the companies Act, 2013 are given under respective heads (Refer Note 5, 7 and 33(vi)).
66. No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder as on 31.03.2024.
67. The Company has taken fund based & non fund based facility from banks on the basis of security of current assets and statement of current assets filed by the company with banks, if any, are in agreement with the books of accounts.
68. The company has not been declared as a willful defaulter by any bank or financial Institution or any other lender as on 31.03.2024.
69. Details of Relationship with Struck-off Companies
- Details of Relationship with Struck-off Companies as on 31<sup>st</sup> March, 2024:

Sl. No.	Name of struck off Company	Nature of Transactions with struck-off Company					Relationship with Struck off Company if any to be disclosed
		Investment in Securities	Receivables	Payables	Shares held by Struck-off Company	Other Outstanding Balance (To be specified)	
		(₹ In cr.)	(₹ In cr.)	(₹ In cr.)	(₹ In cr.)	(₹ In cr.)	
1	Bhaskar Industries Pvt. Ltd.	-	0.06	-	-	-	Customer
2	Dewas Techno Products Pvt. Ltd	-	0.05	-	-	-	Customer
3	Bhatter Metals Pvt. Ltd.	-	0.02	-	-	-	Customer
4	Prasandi Skills Tech Pvt. Ltd.	-	-	0.05	-	-	Vendor

Details of Relationship with Struck-off Companies as on 31<sup>st</sup> March, 2023:

Sl. No.	Name of struck off Company	Nature of Transactions with struck-off Company					Relationship with Struck off Company if any to be disclosed
		Investment in Securities	Receivables	Payables	Shares held by Struck-off Company	Other Outstanding Balance (To be specified)	
		(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	
1	Bhaskar Industries Private Limited	-	0.07	-	-	-	Customer
2	Dewas Techno Products Pvt. Ltd	-	0.07	-	-	-	Customer
3	Prasandi Skills Tech Pvt. Ltd.	-	-	0.12	-	-	Vendor



**NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)**

**70.** All the charges with ROC have been filed within the statutory period for the year ended 31.03.2024.

**71.** GAIL Gas Bengaluru launched a CNG promotional scheme from 10 Sept 2021 onwards in Bengaluru Urban and Rural GA. Scheme was applicable on purchase of New CNG vehicle and retro fitment of old vehicles. Scheme was implemented in 2 tranches which ended on 31.03.2023. 12,687 cards were activated under the above mentioned scheme.

GAIL Gas Bengaluru launched New CNG Promotional Scheme on 01<sup>st</sup> Nov, 2023. Distribution of CNG Fuel cards for purchase of CNG thru COCO,RO or Full DODO stations in Bengaluru is made by GAIL Gas Limited through OEM Dealers.

Under the new CNG Promotional Scheme, 1206 cards have been activated as on 31.03.2024 and advance with M/s One97 – service provider for CNG Fuel cards is NIL. The unused balance in 1206 number of CNG Fuel cards as on 31.03.2024 to be used for CNG purchase at Company's Bengaluru CNG stations is ₹ 1.33 crores (Previous year ₹6.22 crores).

**72. Ratios**

Sl No.	Particulars	Numerator	Denominator	23-24	22-23	Variance
(a)	Current Ratio	Current assets	Current liabilities	0.85	0.85	0%
(b)	Debt Equity Ratio	Total Debt	Shareholder's Equity	0.38	0.32	19%
(c)	Debt Service Coverage Ratio	Profit after tax plus Finance Cost plus Depreciation	Debt Service(1)	3.52	6.01	-41%(a)
(d)	Return Equity Ratio	Profits after taxes	Average Shareholder's Equity (2)	11%	11%	0%
(e)	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	748	454	65%(b)
(f)	Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	13	13	0%
(g)	Trade Payable Turnover Ratio	Purchases of stock-in-trade of natural gas and other expenses	Average Trade Payables	13	15	13%

(h)	Net Capital Turnover Ratio	Net Sales	Working Capital	-46	-52	11%
(i)	Net Profit Ratio	Profits after taxes	Total Income (Net of Excise Duty)	3%	3%	0%
(j)	Return on Capital Employed	Earnings before interest and taxes	Capital Employed(3)	10%	10%	0%
(k)	Return on Investment	Share of Profit / (Loss) of Joint Ventures	Average Investments	-	-	-

- 1) Finance Cost plus Principal Repayments of Debt
- 2) Average of Opening Shareholder's Equity and Closing Shareholder's Equity.
- 3) Shareholder's Equity + Total Debt + Deferred Tax Liabilities + Lease Liabilities

Explanation for change in the ratio by more than 25% as compared to preceding year;

- (a) The reduction in debt service coverage ratio is mainly due to increase in the repayment of current installment of HDFC term loan.
- (b) Due to increase in the natural gas prices, the sales value as well as cost of goods sold was increased and also decrease in the average inventory value, resulted the increase in inventory turnover ratio.

**73. Events occurring after the balance sheet date**

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As on date, there are no material subsequent events to be recognized or reported that has not already been stated.

**74. Confirmation of Assets & Liabilities**

- a) Balance confirmation has been sought from Customers/ vendors / contractors / authorities for balances grouped under trade receivables, loan and advances, deposits and trade payables. Substantial replies have been received, wherever replies have been received, reconciliation is under progress and impact on the financial statements in the opinion of the management is not expected to be material.
- b) In the opinion of management, the value of assets, other than property, plant and equipment and non-



## NOTES ACCOMPANYING TO THE STANDALONE FINANCIAL STATEMENTS (Contd.)

current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

75. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

For **M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADPRA0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

Sd/-  
Goutom Chakraborty  
CEO  
(PAN-ABKPC5087E)

Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024



Exhibition organised at Sehore



Exhibition organised at Gajapati



Safety Mockdrill organised at Adityapur



Customer Meet at Puri



## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GAIL GAS LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021

The preparation of financial statements of GAIL Gas Limited for the year ended 31<sup>st</sup> March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 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 Audit Report dated 06<sup>th</sup> May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of GAIL Gas Limited for the year ended 31<sup>st</sup> March 2024 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

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

**Place:** New Delhi  
**Dated:** 01.07.2024

Sd/-  
**(S. Ahladini Panda)**  
**Director General of Audit (Energy)**



*Inauguration of DRS at industry in Sonipat*



*Visit by Municipal Commissioner at Sonipat office for understanding Sahyogi Scheme of GAIL Gas*



# CONSOLIDATED FINANCIAL STATEMENTS

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## INDEPENDENT AUDITORS' REPORT

To the Members of GAIL Gas Limited

Report on the Audit of the Consolidated Financial Statements

### OPINION

We have audited the accompanying Consolidated Financial Statements of **GAIL Gas Limited** (the "Company"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2024, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing ("SA's") specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements Section of our report. We are independent of the

Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### EMPHASIS OF MATTERS

1. No Provision has been considered against Slow & non-moving (More than 3 years) inventory for capital projects value of ₹ 12.88 crores as at the year end. (Refer Note 38 to the Consolidated Financial Statements).
2. Investment in Joint Venture entity i.e. Andhra Pradesh Gas Distribution Corporation Ltd., being disclosed at its original cost and evaluation for impairment will be carried out based on the outcomes of future events. (Refer Note 50 to the Consolidated Financial Statements)

Our opinion is not modified with respect to the above matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No	Key Audit Matter	Auditors' Response
1	<b>Litigations</b> The Company operates in an industry, which is heavily regulated, which increases inherent litigation risk. The Company is engaged in a number of legal cases.  Refer Note 34 (i) to the Consolidated Financial Statements.	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"><li>• We evaluated and tested the design and operating effectiveness of the Company's controls with respect to determination of provisions to ensure that they operate effectively.</li><li>• We examined correspondence in respect of these cases.</li><li>• We read summary on litigation matters provided by the management and its inhouse legal counsels with respect to the matters included in the summary.</li></ul>
2	<b>Uncertain tax positions</b> The Company operates in a complex tax environment and is subject to a range of tax risks during the normal course of business. The arrangements for transactions entered into by the Company are complex, judgmental and subject	<b>Principal audit procedures performed:</b> <ul style="list-style-type: none"><li>• We evaluated and tested the design and operating effectiveness of the Company's controls over provisions for uncertain tax positions to ensure that they operate effectively.</li></ul>



	<p>to challenge by the Tax Authorities. Further, the allowability of certain expenses and admission of additional supporting documents by the Company is also a matter of ongoing dispute with the authorities.</p> <p>Refer Note 34 (ii) to (v) to the Consolidated Financial Statements.</p>	<ul style="list-style-type: none"> <li>In understanding and evaluating management's judgment, we examined correspondence connected with the cases, considered the status of recent and current tax authorities enquiries, judgmental positions taken in tax returns and current year estimates and developments in the tax environment.</li> <li>We held discussion with respective personnel to understand adequacy of provision made by the management.</li> <li>We reviewed status update provided by the management in respect of estimates of tax exposures and contingencies in order to assess adequacy of the Company's tax provisions.</li> </ul>
3	<p><b>Technical Parameters and voluminous transactions of Natural Gas trading and transmission captured to measure Revenue and Inventory through Integrated system and complexities involved therein.</b></p> <p>Determination of quantity of Natural Gas sold and in stock through gas-pipelines involves use of various technical aspects of the natural gas such as pressure, temperature etc. captured from the measuring devices installed on gas pipelines. We were informed that the methodology is standard and used industry wide. This increases the complexity of validating quantity of Natural gas sold and stock available in pipeline as on March 31, 2024.</p> <p>Refer Note 10 to the Consolidated Financial Statements</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We have performed test of controls, over the accuracy and completeness of the quantity captured via IT system through to the accounting software.</li> <li>We have obtained management representation that the IT system applies a standard methodology to capture the quantity of Natural Gas for the purpose of Revenue and inventory measurement.</li> <li>We have verified valuation of Closing inventories by applying various aspects made available to us by the management such as conversion factors, meter reading etc.</li> </ul>
4	<p><b>Revenue recognition</b></p> <p>The Company is in the business of distribution of natural gas. The Company has various types of customers such as industrial, commercial, non-commercial, domestic and is respect of CNG - oil marketing companies and others.</p> <p>Revenue from sale of natural gas is considered as key audit matter as there is a risk of accuracy of recognition and measurement of gas sales in the consolidated Financial Statements considering following aspects:</p> <ul style="list-style-type: none"> <li>Different pricing structure for different types of customers and frequency of price change</li> <li>Voluminous number of customers</li> <li>Capturing Gas Consumption data in billing</li> <li>Estimating unbilled revenue at the year-end</li> <li>Extensive use of SAP and other IT systems for managing the billing operation</li> </ul> <p>Refer Note 22 to the Consolidated Financial Statements</p>	<p><b>Principal audit procedures performed:</b></p> <p>Our approach was a combination of test of internal controls, analytical and substantive procedures which included the following:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal control</li> <li>For evaluation of operative effectiveness of internal control: <ul style="list-style-type: none"> <li>Verified samples of gas sales invoices with agreements executed with the customers, accuracy of pricing, consumption quantity, tax amount of invoices of various categories of customers.</li> <li>Visited site to understand actual operation</li> </ul> </li> <li>Performed analytical procedures to verify number of bills generated during the year for each major type of customers as per their respective billing cycle</li> <li>On sample basis, verified: <ul style="list-style-type: none"> <li>Updation of Daily Contracted Quantity of gas of Industrial customers in the billing system.</li> <li>Updation of prices of gas for all major types of customers in the billing system.</li> <li>Sales invoices</li> </ul> </li> <li>Verified subsequent realisation of amounts due as per invoices generated for the month of March 2024.</li> <li>Evaluated the appropriateness of accounting policies, related disclosure made and overall presentation in the Consolidated Financial Statements in terms of Ind AS 115.</li> </ul>





### **Information Other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance. We have nothing to report in this regard.

### **Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This respective Boards of Directors of the 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 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors is also responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a



material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

The Consolidated Financial Statements include the Company's share of loss (including other comprehensive income) of ₹ 5.24 crores for the year ended 31 March 2024, as considered in the Consolidated Financial Statements, in respect of six jointly controlled entities, whose financial statements have not been audited by us. Out of the above,

two entities has been audited by other auditor whose reports have been furnished to us by the management & other four entities has been consolidated on the basis of unaudited financial statements certified by the respective managements. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-Section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associates, are based solely on the report of the other auditors and such unaudited financial statements certified by the respective management.

Our opinion above on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditors and such unaudited financial statements provided to us by the company's management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the so far as it appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - (e) The Holding Company being a government company, provisions of Section 164(2) of the Act, with respect to disqualification of Directors is not applicable, in view of notification no. G.S.R. 463(E) dated 05-06-2015.
  - (f) With respect to the adequacy of the internal financial controls with reference to Consolidated Financial Statements of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" which is based on the auditors' reports of the company and its jointly controlled



entities, which are companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Consolidated Financial Statements.

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a Government Company, provisions regarding remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act is not applicable.

- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 Consolidated Financial Statements - Refer Note 34 to the Consolidated Financial Statements;
- ii. The Company did not have any derivative contracts. None of the long-term contracts require provision for material foreseeable losses, as required under the applicable law or accounting standards;
- iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company. Therefore, question of delay in transferring of such sums does not arise.

- iv. (a) The respective Managements of the Company and its jointly controlled entities which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) Company or any of its jointly controlled entities from any person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing

or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such jointly controlled entities ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The respective Managements of the Company and its jointly controlled entities which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of its jointly controlled entities from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such jointly controlled entities shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. During the current year, interim dividend declared and paid by the company of ₹ 150 crores are in accordance with Section 123 of the Act.

- vi. Based on examination which included test checks, the company has used an accounting software for maintaining its books of accounts which has a feature of recording trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

2. As required by paragraph 3(xxi) of the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, to be included in the Auditors' report, refer to our separate report in "Annexure A" which is based on the auditors' reports of the company and its jointly controlled entities incorporated in India.

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**

**Partner**

Membership Number: 099374

UDIN: 24099374BKALZD4465

**Place:** New Delhi  
**Date:** 06.05.2024

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report to the members of GAIL Gas Ltd. of even date)

With respect to the matters specified in Paragraphs 3(xxi) and 4 of the companies (Auditors' Report) Order, 2020 (the "Order"/ "CARO"), we state that:

- i. There are certain qualifications or adverse remarks given by the respective auditors in the Companies (Auditors' Report) Order (CARO) reports of the companies included in the Consolidated Financial Statements. Details, as required by the Order, are given below:-

Sr. No.	Name of Company	CIN	Holding/ Subsidiary/ Associate/ Joint Venture	Clause No. of CARO report which is qualified or Adverse
1	GAIL Gas Limited	U40200DL2008GO178614	Holding	(i) (a)&(c)
2	Goa Natural Gas Private Limited	U40300GA2017PTC013095	Joint Venture	(i) (c)

- ii. According to information and explanation given to us, in respect of following companies incorporated in India and included in Consolidated Financial Statements, CARO report with respect of these has not been provided to us till the date of our audit report:-

Sr.No.	Name of Company	CIN	Holding/ Subsidiary/ Associate/ JV
1	Andhra Pradesh Gas Distribution Corporation Limited	U11100AP2011SGC106844	Joint Venture
2	Vadodara Gas Limited	U40106GJ2013PLC076828	Joint Venture
3	Haridwar Natural Gas Private Limited	U40300UR2016PTC007004	Joint Venture
4	Rajasthan State Gas Limited	U11101RJ2013SGC043884	Joint Venture

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**

Partner

Membership Number: 099374

UDIN: 24099374BKALZD4465

**Place:** New Delhi

**Date:** 06.05.2024



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## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' Section of our report to the members of GAIL Gas Ltd. of even date)

Report on the Internal Financial Controls with reference to Consolidated Financial Statements 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, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of GAIL Gas Limited (hereinafter referred to as the "Company") and its jointly controlled entities, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Boards of Directors of the Holding Company and its jointly controlled entities, 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 respective Companies 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 (the "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 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 Act.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Company and its jointly controlled entities, which are companies incorporated in India, 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. 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 with reference to Consolidated Financial Statements 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 with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, 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 auditors' 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 internal financial controls with reference to Consolidated Financial Statements of the company and its jointly controlled entities, which are companies incorporated in India.

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to Consolidated Financial Statements, 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 with reference to Consolidated Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Financial Statements 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, to the best of our information and according to the explanations given to us, the company and its jointly controlled

entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at 31 March, 2024, based on the criteria for internal financial control with reference to Consolidated Financial Statements established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-

**ATUL AGGARWAL**

Partner

Membership Number: 099374

UDIN: 24099374BKALZD4465

**Place:** New Delhi  
**Date:** 06.05.2024



*CNG Commercial Operation at Bharatpur First DRS*



*Dewas CNG Station Inauguration*



*Dhanbad First DODO CNG Station Inauguration*



*Mughalsarai - CNG Station Inauguration*



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## GAIL GAS LIMITED

### CONSOLIDATED BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH 2024

(₹ in crore)

Particulars	Note	As at 31 <sup>st</sup> Mar 2024	As at 31 <sup>st</sup> Mar 2023
<b>ASSETS</b>			
<b>Non Current Assets</b>			
(a) Property, Plant and Equipment	3A	2,616.63	2,169.94
(b) Right of Use Assets	3B	123.11	113.79
(c) Capital Work-In-Progress	3A	1,498.95	1,490.38
(d) Intangible Assets	04	0.90	1.32
(e) Financial Assets			
(i) Investments	05	413.57	386.00
(ii) Trade receivable	6A	4.92	3.69
(iii) Loans	7A	3.75	7.50
(iv) Other Financial Assets	8A	10.21	31.80
(f) Other Non Current Assets	9A	40.34	48.38
<b>Total Non Current Assets (A)</b>		<b>4,712.38</b>	<b>4,252.80</b>
<b>Current Assets</b>			
(a) Inventories	10	12.70	14.81
(b) Financial Assets			
(i) Trade Receivable	6B	753.90	951.33
(ii) Loans	7B	3.75	3.75
(iii) Cash and Cash Equivalents	11	407.85	7.32
(iv) Bank Balances Other than Cash and Cash Equivalents	11A	1.82	50.77
(v) Other Financial Assets	8B	55.94	49.25
(c) Other Current Assets	9B	50.98	29.23
(d) Current Tax Assets (Net)	12	7.27	13.32
<b>Total Current Assets (B)</b>		<b>1,294.21</b>	<b>1,119.78</b>
<b>TOTAL ASSETS (A+B)</b>		<b>6,006.59</b>	<b>5,372.58</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	13	2,000.00	2,000.00
(b) Other Equity	14	1,132.63	940.93
<b>Total Equity (C)</b>		<b>3,132.63</b>	<b>2,940.93</b>
<b>Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15A	1,085.40	886.61
(ii) Lease Liabilities		53.17	64.77
(b) Deferred Tax Liabilities (Net)	16	204.97	162.23
(c) Other Non Current Liabilities	17	-	0.06
<b>Total Non Current Liabilities (D)</b>		<b>1,343.54</b>	<b>1,113.67</b>
<b>Current Liabilities</b>			
(a) Financial Liabilities			
(i) Lease Liabilities		26.15	31.57
(ii) Trade Payables	18		
- Total outstanding dues of Micro and Small Enterprises		34.77	32.05
- Total outstanding dues of Creditors other than Micro and Small Enterprises		845.59	679.93
(iii) Other Financial Liabilities	15B	568.77	496.79
(b) Other Current Liabilities	19	46.18	43.91
(c) Provisions	20	8.96	33.73
<b>Total Current Liabilities (E)</b>		<b>1,530.42</b>	<b>1,317.98</b>
<b>TOTAL EQUITY AND LIABILITIES (C+D+E)</b>		<b>6,006.59</b>	<b>5,372.58</b>
The accompanying Notes form an integral part of the Consolidated Financial Statements.		1 to 76	

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

For M.K. AGGARWAL & CO.

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADPAA0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

Sd/-  
Goutom Chakraborty  
CEO  
(PAN-ABKPC5087E)

Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024



# GAIL GAS LIMITED

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(₹ in crore)

Particulars	Note	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
<b>I INCOME</b>			
Revenue from Operations (Gross)	21 & 22	10,944.12	10,530.58
Other Income	23	18.20	14.37
<b>Total Income</b>		<b>10,962.32</b>	<b>10,544.95</b>
<b>II EXPENSES</b>			
Purchases of stock-in-trade of Natural Gas	24	9,701.94	9,553.72
Changes in inventories of stock-in-trade of natural gas	25	(0.62)	(2.19)
Excise Duty		182.59	136.15
Employee Benefit Expenses	26	2.19	-
Finance Cost	27	33.07	23.80
Depreciation and Amortization Expenses	28	126.32	95.46
Other Expenses	29	482.92	337.97
<b>Total Expenses</b>		<b>10,528.41</b>	<b>10,144.91</b>
<b>III Profit before Share of Profit/(Loss) of Joint Ventures and Tax (I - II)</b>		<b>433.91</b>	<b>400.04</b>
<b>IV Share of Profit/(Loss) of Joint Ventures</b>		<b>(5.24)</b>	<b>(14.10)</b>
<b>V Profit Before Tax (III-IV)</b>		<b>428.67</b>	<b>385.94</b>
<b>VI Tax Expenses</b>	30	<b>110.74</b>	<b>103.00</b>
- Current Tax		70.98	67.01
- Deferred Tax		44.15	35.99
- Adjustment of tax relating to previous years		(4.39)	-
<b>VII Profit After Tax (V-VI)</b>		<b>317.93</b>	<b>282.94</b>
<b>VIII Other comprehensive income</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
- Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
-Re-measurement gains/ (losses) on defined benefit plans		-	-
-Revaluation of land and buildings		-	-
-Net other Comprehensive Income not to be reclassified to Profit or Loss in subsequent periods		-	-
<b>Other comprehensive income for the year (Net of Tax)</b>		<b>-</b>	<b>-</b>
<b>IX Total comprehensive income (Net of Tax) (VII+VIII)</b>		<b>317.93</b>	<b>282.94</b>
<b>X Earning per share in (₹) (face value of ₹ 10 each)</b>			
Basic (₹)		1.59	1.61
Diluted (₹)		1.59	1.61
The accompanying Notes form an integral part of the Consolidated Financial Statements.	1 to 76		
There is no discontinuing operation in the above period			

For &amp; on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

For M.K. AGGARWAL &amp; CO.

Chartered Accountants

Firm Registration Number: 01411IN

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADRP0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

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Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024



## GAIL GAS LIMITED

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

(₹ in crore)

Particulars		Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
1	Profit before Tax	428.67	385.94
2	Adjustment for :		
	Depreciation & Amortization Expenses	126.32	95.46
	Exchange Rate Variation on foreign currency	(0.01)	0.09
	Provision for Doubtful Debts	1.72	(0.39)
	Provision for probable obligation	2.47	0.87
	Provision/Loss on Capital Items due to Fire	0.09	14.06
	Loss / (Profit) on sale of fixed assets	0.01	1.43
	Provision for Losses/Obsolescence Material	0.04	-
	Excess provision written off	(0.56)	-
	Other Misc. Income	(0.28)	(0.27)
	Dividend Income on Investments	(0.33)	(0.33)
	Finance Cost	33.07	23.80
	Share of (Profit)/Loss of Joint Venture	5.24	14.10
	Interest Income	(13.93)	(9.60)
3	Operating Profit Before Working Capital Changes (1 + 2)	153.85	139.22
4	Changes in Working Capital (Excluding Cash & Bank Balances)	582.52	525.16
	Trade and Other Receivables	161.95	(326.29)
	Inventories	2.11	14.34
	Trade and Other Payables	157.60	62.73
5	Cash Generated from Operations (3 + 4)	904.18	275.94
6	Direct Taxes Paid (Net off Refund)	(61.00)	(79.00)
	<b>NET CASH FROM OPERATING ACTIVITIES (5 + 6)</b>	<b>843.18</b>	<b>196.94</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets (Net)	(551.68)	(594.14)
	Investment in Other Companies (Net)	(3.90)	(41.13)
	Investment in bank deposits with maturity more than three months	50.00	(50.00)
	Movement in restricted bank balance	(1.04)	0.07
	Loans & Advances - Related Parties	3.75	5.75
	Dividend received on Investments	0.33	0.33
	Interest Received	14.60	9.60
	<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(487.94)</b>	<b>(669.52)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from Equity	-	375.00
	Proceeds from Long Term Borrowings	302.86	296.90
	Repayment of Long Term Borrowings	(45.50)	(19.95)
	Proceeds from Short Term Borrowings	2.70	880.32
	Repayment of Short Term Borrowings	(2.70)	(880.32)



Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Repayment of Lease Liability	(35.59)	(27.58)
Interest Paid	(26.48)	(18.92)
Dividend Paid	(150.00)	(160.00)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>45.29</b>	<b>445.45</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>400.53</b>	<b>(27.13)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2023</b>	<b>7.32</b>	<b>34.45</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2024</b>	<b>407.85</b>	<b>7.32</b>

**Note :**

- Statement of Cash Flows has been prepared using Indirect Method as per Ind AS 7 Statement of Cash Flows.
- Refer Note 11 for Cash and Cash equivalents.
- Previous year figures have been regrouped wherever necessary to correspond with current year classification/disclosure.
- Disclosure of changes in liabilities arising from financing activities, including both changes arising from Cash flows and non-cash changes under Para 44A as set out in IND AS 7 "Statement of Cash Flows" under companies (Indian Accounting Standards) Rules, 2017 (as amended) is as under.

(₹ In Crore)

Particulars	As at 1 <sup>st</sup> April 2023	Cash Flows	Changes in Fair Values/ Accrual	As at 31 <sup>st</sup> March 2024
Non- Current Borrowings	886.61	198.79	-	1085.40
Current Maturity of Non - Current Borrowings	45.50	58.57	-	104.07
Current Borrowings	-	-	-	-
Lease Liabilities	96.34	(35.59)	18.57	79.32
Interest Accrued but not due	4.11	1.65	-	5.76
	<b>1032.56</b>	<b>223.42</b>	<b>18.57</b>	<b>1274.55</b>

Particulars	As at 1 <sup>st</sup> April 2022	Cash Flows	Changes in Fair Values/ Accrual	As at 31 <sup>st</sup> March 2023
Non- Current Borrowings	635.21	251.40	-	886.61
Current Maturity of Non - Current Borrowings	19.95	25.55	-	45.50
Current Borrowings	-	-	-	-
Lease Liabilities	70.72	(27.58)	53.20	96.34
Interest Accrued but not due	1.40	2.71	-	4.11
	<b>727.28</b>	<b>252.08</b>	<b>53.20</b>	<b>1032.56</b>

For &amp; on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

For M.K. AGGARWAL &amp; CO.

Chartered Accountants

Firm Registration Number: 014111N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADRP0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

Sd/-  
Goutom Chakraborty  
CEO  
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Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024





CLEANER FUELS FOR  
A GREENER TOMORROW

## GAIL GAS LIMITED

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2024

### I. Equity Share Capital (Note 13)

Equity Share Capital issued, Subscribed & Paid Up Equity Share of ₹10 Each

(₹ in crore)

Particulars	Amount
As at 1 <sup>st</sup> April 2023	2,000.00
Changes in equity share capital during the year	-
<b>As at 31<sup>st</sup> March 2024</b>	<b>2,000.00</b>

Particulars	Amount
Balance as at 1 <sup>st</sup> April 2022	1,625.00
Changes in equity share capital during the year	375.00
<b>As at 31<sup>st</sup> March 2023</b>	<b>2,000.00</b>

### II. Other Equity (Note 14)

(₹ in crore)

Particulars	Deemed Equity	Share Application money Pending allotment	Reserves and Surplus	Other comprehensive Income	Total
			Retained earnings		
<b>Balance as at 1st Apr 2023</b>	<b>34.08</b>	-	<b>906.85</b>	-	<b>940.93</b>
Profit for the year	-	-	317.93	-	317.93
Adjustment in Retained Earnings	-	-	7.53	-	7.53
Changes during the year	16.24	-	-	-	16.24
Dividend	-	-	(150.00)	-	(150.00)
<b>Share application money received</b>	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> Mar 2024</b>	<b>50.32</b>	-	<b>1082.31</b>	-	<b>1132.63</b>

Particulars	Deemed Equity	Share Application money Pending allotment	Reserves and Surplus	Other comprehensive Income	Total
			Retained earnings		
<b>Balance as at 1st Apr 2022</b>	<b>23.46</b>	-	<b>782.85</b>	-	<b>806.31</b>
Profit for the year	-	-	282.94	-	282.94
Adjustment in Retained Earnings	-	-	1.06	-	1.06
Changes during the year	10.62	-	-	-	10.62
Dividend	-	-	(160.00)	-	(160.00)
<b>Share application money received</b>	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> Mar 2023</b>	<b>34.08</b>	-	<b>906.85</b>	-	<b>940.93</b>

For & on behalf of the Board of Directors of GAIL Gas Ltd.

As per our report of even date attached

**For M.K. AGGARWAL & CO.**

Chartered Accountants

Firm Registration Number: 01411N

Sd/-  
Deepak Asija  
Company Secretary  
(PAN-ADRPA0983E)

Sd/-  
Pankaj Gupta  
CFO  
(PAN-ADYPG0044P)

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CEO  
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Sd/-  
R. K. Jain  
Director  
(DIN-08788595)

Sd/-  
Sandeep Kumar Gupta  
Chairman  
(DIN-07570165)

Sd/-  
CA Atul Aggarwal  
Partner  
Membership No: 099374

Place: New Delhi  
Date: 06.05.2024



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Corporate information

The company is domiciled in India with registered office in New Delhi. It is a wholly owned subsidiary of GAIL (India) Limited. It was incorporated on May 27, 2008 for the smooth implementation of City Gas Distribution (CGD) projects. The company has been authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) for implementing City Gas Distribution Projects in Dewas & Raisen, Shajapur and Sehore Districts (Madhya Pradesh), Sonapat (Haryana), Meerut, Firozabad (TTZ) & Mirzapur, Chandauli and Sonbhadra Districts (Uttar Pradesh), Bengaluru Rural and Urban Districts & Dakshina Kannada Districts (Karnataka), Giridih & Dhanbad Districts, West Singhbhum Districts, Seraikela-Kharsawan Districts & Kondagaon, Bastar, Sukma, Narayanpur, Bijapur, Dantewada Districts (Jharkhand), Sundargarh & Jharsuguda Districts & Ganjam, Nayagarh & Puri Districts, Gajapati, Kandhamal, Boudh, Sonapur Districts (Odisha) and Dehradun District (Uttarakhand). In addition, the company is pursuing City Gas Business in the state of Andhra Pradesh, Gujarat, Uttarakhand, Goa, Rajasthan and Assam through its Joint Venture companies

The financial statements of the company for the year ended 31<sup>st</sup> March 2024 were authorized for issue by Board of Directors on 06.05.2024.

### 2. Basis of preparation and material accounting policy

#### i. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements have been prepared on a historical cost basis except for certain assets and liabilities which have been measured at fair value or revalued amount. The fact is disclosed in the relevant accounting policy.

Effective April 1, 2016, the company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules 2014 (IGAAP) which was the previous GAAP.

The financial statements are presented in Indian Rupees ('INR') and the values are rounded to the

nearest crore as per the requirements of Schedule III, except when otherwise indicated.

#### ii. Current Versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

##### An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

##### A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities (net) is classified as non-current assets and liabilities.

#### iii. Operating expenses

Operating expenses are recognized in statement of profit or loss upon utilization of the service or as incurred.

#### iv. Summary of significant Accounting Policies

##### a) Equity, reserves and dividend payment

Equity shares are classified as equity. Retained earnings include current and prior period retained profits.

The Company recognizes a liability for dividend 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 authorized when it is approved by the shareholders.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**b) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents also include short-term (with original maturity of three months or less from the date of deposit), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

**c) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**d) Property, Plant and Equipment (PPE)**

- (i) Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. Such costs include expenditure of pipelines, plant and machinery, cost of laying of pipeline, cost of survey, permission, commissioning and testing charge, detailed engineering and interest on borrowings attributable to acquisition of such assets.
- (ii) Gas distribution systems are commissioned when ready for commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the contractors and subject to adjustment in cost and depreciation in the year of final settlement.
- (iii) Subsequent expenditures, including replacement costs where applicable, incurred for an item of Property plant and equipment are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to

profit or loss during the reporting period in which it is incurred. Major overhauling incurred accounted for as a separate asset having useful life of five years.

- (iv) When significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly.
- (v) Stores and Spares having the value of each item of ₹ 5 lakhs and above which meet the definition of PPE (whether as component or otherwise) and satisfy the recognition criteria, are capitalized as PPE with the underlying asset.
- (vi) Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Related cost and accumulated depreciation are eliminated from financial statements. Further, Losses/gains arising in case of retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.
- (vii) Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.
- (viii) Depreciation on Property, Plant and Equipment is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets) and residual value of Property, Plant and Equipment 5% is considered respectively, except for the pipeline network assets where the residual value is considered to be NIL.
- (ix) The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

**e) Capital Work in Progress**

- (i) Capital work in progress includes construction stores including material in transit/equipment/services, etc. received at site for use in the projects.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- (ii) All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.
- (iii) Borrowing cost related to a acquisition/ construction of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. The cost of asset not put to use before the year and capital inventory are disclosed under capital work in progress.

**f) Intangible Assets**

- (i) Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.
- (ii) Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- (iii) Intangible assets with indefinite useful lives (principally comprise those 'right of use assets' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**g) Capital assets facilities installed at the consumers' premises**

Assets installed at customer premises, including meters and regulators where applicable, are recognized 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 and depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

**h) Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted future cash flows model. The recoverable amount is sensitive to the discount rate used for the discounted future cash flows model as well as the expected future cash-inflows.

**i) Inventories**

- (i) The cost of inventories is based on first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.
- (ii) Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria are capitalized as property, plant and equipment.
- (iii) Net realizable value is determined based on estimated selling price, less further costs expected to be incurred for completion and disposal.
- (iv) Raw materials and finished products are valued at cost or net realizable value, whichever is lower.
- (v) Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- (vi) Stock of gas in pipeline is valued at cost (FIFO) or net realizable value whichever is lower.



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- (vii) Stock lying at CNG cascades are estimated on a volumetric basis and are valued at cost or net realizable value, whichever is lower.
- (viii) Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- (ix) Surplus/obsolete stores and spares are valued at cost or net realizable value, whichever is lower.
- (x) Surplus/obsolete capital stores, other than held for use in construction of a capital assets, are valued at lower of cost or net realizable value.

**j) Foreign Currency Transactions**

**Functional and Presentation Currency**

The Company's financial statements are presented in INR, which is also the Company's functional currency.

**Transactions and balances**

- (i) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.
- (ii) At each balance sheet date, foreign currency monetary items (such as Cash, Receivables, Loans, Payables, etc.) are reported using the closing exchange rate (TT selling rate for payable and TT buying rate for receivable).
- (iii) Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as gain or loss in the period in which they arise.
- (iv) Non-monetary items (such as Investments, Fixed Assets, etc.) which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

**k) Revenue and Other Income**

**Revenue from operations**

Revenue is recognized when control of the good or services are transferred to the customer at an amount that company expects to be entitled

in exchange for those products / services. Revenue is measured based on transaction price which is consideration adjusted for discount and other incentives, if any, as per contract with customers. Revenue also excludes taxes collected from customer in its capacity as agent.

Revenue includes excise duty but exclude value added tax. Any retrospective revision in prices is accounted for in the years of such revision.

Revenue on sale of natural gas is recognized on transfer of title to customers at delivery point. Sales are billed bi-monthly to domestic customers and on fortnightly basis to commercial, bulk customers and industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to customers from CNG Stations. Gas transportation income is recognized in the same period in which the related volumes of gas are delivered to the customers.

Income in respect of MGO of Natural Gas and Interest on delayed realization from customers is not provided on accrual basis. Receipts during the year on account of MGO and Interest on delayed realization from customers are accounted on receipt basis.

Entire revenue from provision of extra pipelines at customers premises is accounted for as Income in the year of receipt / incurrence.

**Trade Receivables**

A receivable represents the company's right to an amount of consideration that is unconditional i.e. only the passage of time is required before payment of consideration is due.

**Contract Liability**

A contract liability is the obligation to transfer products / services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognized as revenue when the company performs obligations under the contract. The same is disclosed as "Advance from customers" under other current liabilities.

**Other Income**

Interest Income is recognized on effective interest rate taking into account the amount outstanding and the rate applicable. Dividend income from investment is recognized when the company's right to receive payment is established.

**l) Employee Benefits**

All employee benefits that are expected to be





## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

settled wholly within twelve months after the end of period in which the employee renders the related services are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

**m) Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale, after netting off any income earned on temporary investment of such funds. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

All other borrowing costs are recognized as expense in the period in which they are incurred.

**n) Leases**

Ind AS 116 Leases, mandatory for reporting periods beginning on or after April 1, 2019, is applicable to all contracts existing as on, or entered into, on or after 1 April 2019.

**Company as a lessee****Identification of Lease**

At the inception of the contract, each contract is, or contains, a lease is assessed. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Each contract is assessed whether:

- The contract involves the use of an identified asset, specified explicitly or implicitly.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Recognition of Right of Use Asset (ROU)**

The Company recognises a ROU asset at the lease commencement date (i.e., the date the underlying asset is available for use). The cost of

right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

ROU assets are subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

**Recognition of Lease Liability**

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term. Lease payments included in the measurement of the lease liabilities comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-Term Leases and Leases of Low-Value Assets

Short-Term lease recognition exemption are



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

being applied to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ₹ 5 lakhs that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense.

**Company as a lessor**

Leases are classified as operating leases when all the risks and rewards of ownership of an asset do not transfer substantially. Rental income from operating lease is recognized as revenue.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables and finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**o) Taxes**

**Current Income Tax**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

**Deferred Tax**

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

**p) Provisions, Contingent Liabilities, Contingent Assets and Commitments**

Provisions are recognized 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.

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 recognized as a finance cost.

Contingent liabilities exceeding ₹5 Lakhs in each case are disclosed by way of Notes to accounts.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**q) Government Grants**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

**r) 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**

**Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through statement of profit and loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

**Initial Recognition and Measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Subsequent Measurement**

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortized cost**

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through statement of profit and loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through statement of profit and loss.

**De-recognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

**Investment in Subsidiaries, Joint Ventures and Associates**

The company has accounted for its investment in joint ventures at cost.

**Impairment of Financial Assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

**Financial Liabilities****Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through statement of profit and loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**Initial Recognition and Measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

When the company receives financial guarantee from its Holding Company, initially it measures guarantee fees at the fair value. The company records the initial fair value of fees for financial guarantee received as "Deemed Equity" from Holding Company with a corresponding asset recorded as prepaid guarantee charges. Such deemed equity is presented under the head other equity" in the balance sheet. Prepaid guarantee charges are recognized in statement of profit and loss over the period of financial guarantee received.

**Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Financial Liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial Liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

### De-recognition

A financial liability is derecognized 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 de-recognition of original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### s) Earnings Per Share

Basic earnings per equity share are calculated by dividing the net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is calculated by dividing the adjusted net profit after tax attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

### t) Events occurring after the Reporting Date

Adjusting events (that provides evidence of condition that existed at the balance sheet date) occurring after the balance sheet date are recognized in the financial statements. Material non adjusting events (that are inductive of conditions that arose subsequent to the balance sheet date) occurring after the balance sheet date that represents material change and commitment affecting the financial position are disclosed in the Directors' Report.

### u) Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that

its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the Notes accompanying to the financial statements.

### v) Others

- (i) Liquidated damages/Price Reduction Schedule, if any, are accounted for as and when recovery is affected and the matter is considered settled by the management.
- (ii) Insurance claims are accounted for on the basis of claims admitted by the insurers.
- (iii) Custom duty and other claims (Including interest on delayed payments) are accounted for on acceptance.

### w) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant Notes to the financial statements. Changes in estimates are accounted for prospectively.

In case of customers where meter reading dates for billing is not matching with reporting date, the gas sales between last meter reading date and reporting date have been accrued by the company based on past average sales. The actual sales revenue may vary compared to accrued unbilled revenue so included in Sale of natural gas and classified under current financial assets.



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**x) Recoverability of advances/receivables**

At each balance sheet date, based on discussions with the respective counter-parties and internal assessment of their credit worthiness, the management assesses the recoverability of outstanding receivables and advances. Such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

**y) Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the Consolidated Financial Statements:

**Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised

The Company has several lease contracts that include extension and termination options. The management applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the management reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to

exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

**Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The management has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the management. Such changes are reflected in the assumptions when they occur.

**Impairment of Financial Assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The management uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Leases - Estimating the incremental Borrowing Rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The management estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 3A : Property, Plant and Equipment and Capital Work in Progress

(₹ in crore)

Cost/ Valuation	"Freehold Land"	"Plant and Machinery"	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress *
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>							
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>34.43</b>	<b>2313.00</b>	<b>75.88</b>	<b>2.50</b>	<b>32.56</b>	<b>2458.37</b>	<b>1490.38</b>
Additions	0.66	478.53	48.89	0.30	14.78	<b>543.16</b>	565.61
Transfer to Capitalisation	-	-	-	-	-	-	(543.16)
Disposals	-	-	-	(0.05)	(0.01)	<b>(0.06)</b>	-
Transfer / Adjustment	-	-	-	-	-	-	(13.88)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>35.09</b>	<b>2791.53</b>	<b>124.77</b>	<b>2.75</b>	<b>47.33</b>	<b>3001.47</b>	<b>1498.95</b>

<b>Depreciation and Impairment</b>							
<b>Balance as at 1<sup>st</sup> April 2023</b>	-	<b>258.42</b>	<b>11.99</b>	<b>0.77</b>	<b>17.25</b>	<b>288.43</b>	
Depreciation expense	-	86.00	6.92	0.24	3.30	96.46	-
Impairment	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	-	(0.04)	(0.01)	(0.05)	-
Transfer / Adjustment	-	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	-	<b>344.42</b>	<b>18.91</b>	<b>0.97</b>	<b>20.54</b>	<b>384.84</b>	-

<b>Net Book Value</b>							
<b>As at 31<sup>st</sup> March 2024</b>	<b>35.09</b>	<b>2447.11</b>	<b>105.86</b>	<b>1.78</b>	<b>26.79</b>	<b>2616.63</b>	<b>1498.95</b>

Cost/ Valuation	Freehold Land	"Plant and Machinery"	Buildings	Furniture and Fixtures	Office Equipment Including Electrical Equipments	Total	Capital Work-in-Progress *
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>							
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>34.43</b>	<b>1709.02</b>	<b>78.30</b>	<b>1.91</b>	<b>31.34</b>	<b>1855.00</b>	<b>1499.68</b>
Additions	-	603.98	(0.01)	0.62	1.32	605.91	610.49
Transfer to Capitalisation	-	-	-	-	-	-	(605.91)
Disposals	-	-	(1.89)	(0.03)	(0.10)	(2.02)	-
Transfer / Adjustment	-	-	(0.52)	-	-	(0.52)	(13.88)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>34.43</b>	<b>2313.00</b>	<b>75.88</b>	<b>2.50</b>	<b>32.56</b>	<b>2458.37</b>	<b>1490.38</b>

<b>Depreciation and Impairment</b>							
<b>Balance as at 1<sup>st</sup> April 2022</b>	-	<b>190.05</b>	<b>10.10</b>	<b>0.62</b>	<b>13.23</b>	<b>214.00</b>	
Depreciation Expense	-	68.37	2.43	0.17	4.05	75.02	-
Impairment	-	-	-	-	-	-	-
Disposal/Other adjustment	-	-	(0.54)	(0.02)	(0.03)	(0.59)	-
Transfer / Adjustment	-	-	-	-	-	-	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	-	<b>258.42</b>	<b>11.99</b>	<b>0.77</b>	<b>17.25</b>	<b>288.43</b>	-

<b>Net Book Value</b>							
<b>As at 31<sup>st</sup> March 2023</b>	<b>34.43</b>	<b>2054.58</b>	<b>63.89</b>	<b>1.73</b>	<b>15.31</b>	<b>2169.94</b>	<b>1490.38</b>



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Capital Work-in-Progress ageing schedule #

(₹ in crore)

Capital work-in-progress	Amount in CWIP for a period of				As at 31 <sup>st</sup> March 2024
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	662.98	414.44	242.68	178.85	1498.95
<b>Total Capital Work-in-Progress</b>	<b>662.98</b>	<b>414.44</b>	<b>242.68</b>	<b>178.85</b>	<b>1498.95</b>

Capital work-in-progress	Amount in CWIP for a period of				As at 31 <sup>st</sup> March 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	699.30	375.49	201.16	214.43	1490.38
<b>Total Capital work-in-progress</b>	<b>699.30</b>	<b>375.49</b>	<b>201.16</b>	<b>214.43</b>	<b>1490.38</b>

\* Capital Work in Progress includes a sum of ₹5.31 crores as Material in Transit on 31.03.2024 (Previous Year of ₹5.49 crores).

# Capital Work in Progress includes amount of ₹13.50 Crore (Previous Year amount of ₹.14.06) pertaining to provision of capital item due to fire.

## The company has no stalled / temporarily suspended project and no projects have cost or time overrun as at the year end and previous year end, hence no disclosure is required.

## Note 3B : Right of Use Assets

(₹ in crore)

Cost/ Valuation	Leasehold Land	Plant and Machinery's	Building's	Vehicle	Office Equipment	Total
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>						
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>75.90</b>	<b>-</b>	<b>23.22</b>	<b>61.54</b>	<b>0.01</b>	<b>160.67</b>
Reclassification	-	-	-	-	-	-
Additions	2.14	28.49	2.41	17.48	0.01	50.53
Disposal/Other adjustment	(0.10)	-	(2.64)	(4.67)	(0.01)	(7.42)
Transfer / Provision	(22.73)	-	17.72	(3.16)	-	(8.17)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>55.21</b>	<b>28.49</b>	<b>40.71</b>	<b>71.19</b>	<b>0.01</b>	<b>195.61</b>

Amortisation and impairment						
<b>Balance as at 1<sup>st</sup> April 2023</b>	<b>11.56</b>	<b>-</b>	<b>10.51</b>	<b>24.81</b>	<b>-</b>	<b>46.88</b>
Amortisation expense	2.47	3.14	6.24	22.08	0.01	33.94
Impairment	-	-	-	-	-	-
Disposal/Other adjustment	(0.07)	-	(2.64)	(4.55)	(0.01)	(7.27)
Transfer / Provision	-	-	-	(1.05)	-	(1.05)
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>13.96</b>	<b>3.14</b>	<b>14.11</b>	<b>41.29</b>	<b>-</b>	<b>72.50</b>

Net Book value						
<b>As at 31<sup>st</sup> March 2024</b>	<b>41.25</b>	<b>25.35</b>	<b>26.60</b>	<b>29.90</b>	<b>0.01</b>	<b>123.11</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Cost/ Valuation	Leasehold Land	Plant and Machinery's	Building's	Vehicle	Office Equipment	Total
<b>1. Cost or deemed cost (Gross Carrying Amount)</b>						
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>79.50</b>	<b>-</b>	<b>19.07</b>	<b>24.65</b>	<b>-</b>	<b>123.22</b>
Reclassification	-	-	-	-	-	-
Additions	-	-	10.03	40.85	0.01	50.89
Disposal/Other adjustment	(0.60)	-	(5.88)	(3.96)	-	(10.44)
Transfer/Provision	(3.00)	-	-	-	-	(3.00)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>75.90</b>	<b>-</b>	<b>23.22</b>	<b>61.54</b>	<b>0.01</b>	<b>160.67</b>

<b>Amortisation and impairment</b>						
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>8.88</b>	<b>-</b>	<b>10.54</b>	<b>13.14</b>	<b>-</b>	<b>32.56</b>
Amortisation expense	3.30	-	5.85	15.63	-	24.78
Impairment	-	-	-	-	-	-
Disposal/Other adjustment	(0.60)	-	(5.88)	(3.96)	-	(10.44)
Transfer/Provision	(0.02)	-	-	-	-	(0.02)
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>11.56</b>	<b>-</b>	<b>10.51</b>	<b>24.81</b>	<b>-</b>	<b>46.88</b>

<b>Net Book value</b>						
<b>As at 31<sup>st</sup> March 2023</b>	<b>64.34</b>	<b>-</b>	<b>12.71</b>	<b>36.73</b>	<b>0.01</b>	<b>113.79</b>

**Note 4 : Intangible Assets**

(₹ in crore)

Cost/Valuation	Right of Use	Computer Software/ Licenses	Total
<b>1. Cost or Deemed Cost (Gross Carrying Amount)</b>			
<b>Balance as at 1<sup>st</sup> April 2023</b>	0.35	20.90	21.25
Additions	-	-	-
Disposals	-	-	-
Transfer/Provision	-	-	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>0.35</b>	<b>20.90</b>	<b>21.25</b>

<b>Accumulated amortization and impairment</b>			
Balance as at 1 <sup>st</sup> April 2023	-	19.93	19.93
Amortization expense	-	0.42	0.42
Disposals	-	-	-
Transfer/Provision	-	-	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>-</b>	<b>20.35</b>	<b>20.35</b>

<b>Net Book Value</b>			
<b>As at 31<sup>st</sup> March 2024</b>	<b>0.35</b>	<b>0.55</b>	<b>0.90</b>

## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Cost/Valuation	Right of Use	Computer Software/ Licenses	Total
<b>1. Cost or Deemed Cost (Gross Carrying Amount)</b>			
<b>Balance as at 1<sup>st</sup> April 2022</b>	0.35	20.90	21.25
Additions	-	-	-
Disposals	-	-	-
Transfer/ Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>0.35</b>	<b>20.90</b>	<b>21.25</b>
<b>Accumulated amortization and impairment</b>			
<b>Balance as at 1<sup>st</sup> April 2022</b>	-	19.38	19.38
Amortization expense	-	0.55	0.55
Disposals	-	-	-
Transfer / Adjustment	-	-	-
<b>Balance as at 31<sup>st</sup> March 2023</b>	-	<b>19.93</b>	<b>19.93</b>
<b>Net Book Value</b>			
<b>As at 31<sup>st</sup> March 2023</b>	<b>0.35</b>	<b>0.97</b>	<b>1.32</b>



CNG Scheme Launched at Bengaluru



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note 5 : Investments

(₹ in crore)

Particulars		Nature of investment	Basis of valuation	As at 31 <sup>st</sup> Mar 2024	Consolidation adjustments for the period			As at 31 <sup>st</sup> Mar 2023
					Adjustment in Profit & Loss	Adjustment in Retained Earnings	Adjustment in Investment	
	<b>Non-Current Investments (Unquoted) In Joint Venture Companies:</b>							
1	<b>- Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)</b>	Equity shares	Cost	56.58	(15.59)	1.44	-	70.73
	985,70,849 Equity shares of ₹10 each fully paid up							
	(Previous year 985,70,849 Equity shares of ₹10 each fully paid up)							
2	<b>-Andhra Pradesh Gas Distribution Corporation Limited (APGDCL)</b>	Preference shares	Cost	100.00	-	-	-	100.00
	10,00,00,000 9% Cumulative compulsory Convertible Preference share of ₹10 each fully paid up							
	(Previous year 10,00,00,000 9% Cumulative compulsory Convertible Preference share of ₹10 each fully paid up )							
3	<b>- Rajasthan State Gas Limited (RSGL)</b>	Equity shares	Cost	86.27	3.64	5.64	-	76.99
	650,00,000 Equity shares of ₹10 each fully paid up							
	(Previous year 650,00,000 Equity shares of ₹10 each fully paid up)							
4	<b>- Vadodara Gas Limited(VGL)</b>	Equity shares	Cost	52.58	6.17	0.14	-	46.27
	4,10,08, 943 Equity shares of ₹10 each fully paid up							
	(Previous year 4,10,08, 943 Equity shares of ₹10 each fully paid up)							
5	<b>-Haridwar Natural Gas Private Limited (HNGPL)</b>	Equity shares	Cost	47.06	2.98	(0.26)	21.38	22.96
	435,80,000 Equity shares of ₹10 each fully paid up)							
	(Previous year 222,00,000 Equity shares of ₹10 each fully paid up)							
6	<b>-Goa Natural Gas Private Ltd (GNGPL)</b>	Equity shares	Cost	39.26	0.60	0.56	-	38.10
	400,00,000 Equity shares of ₹10 each fully paid up							
	(Previous Year 400,00,000 Equity shares of ₹10 each fully paid up)							
7	<b>-Purba Bharati Gas Private Limited</b>	Equity shares	Cost	31.82	(3.04)	0.01	3.90	30.95
	3559,66,600 Equity shares of ₹10 each fully paid up							
	(Previous year 316,96,600 Equity shares of ₹10 each fully paid up )							
Total				413.57	(5.24)	7.53	25.28	386.00





## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Note 6A : Trade Receivables- Non Current

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade Receivables	11.57	8.71
Receivables from Related Parties	0.04	0.04
Less: Provision for Doubtful Debts	6.69	5.06
<b>Total Trade and Other Receivables</b>	<b>4.92</b>	<b>3.69</b>

## Note 6B : Trade Receivables-Current

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade Receivables	688.31	940.35
Receivables from Related Parties	67.69	12.99
Less: Provision for Doubtful Debts	0.51	0.30
Less: Provision for expected credit loss	1.59	1.71
<b>Total Trade and Other Receivables</b>	<b>753.90</b>	<b>951.33</b>

## Trade Receivables ageing schedule

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment						As at 31 <sup>st</sup> March 2024
	Not Due <sup>2</sup>	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Non Current</b>							
Undisputed Trade receivables – considered good	-	-	-	3.53	0.75	0.63	4.91
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	1.49	0.64	0.76	2.89
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	3.81	3.81
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	-	-	-	<b>5.02</b>	<b>1.39</b>	<b>5.20</b>	<b>11.61</b>
Less: Provision for Doubtful Debts							6.69
							<b>4.92</b>
<b>Current</b>							
Undisputed Trade receivables – considered good	713.68	36.78	5.03	-	-	-	755.49
Undisputed Trade receivables – which have significant increase in credit risk		0.11	0.40	-	-	-	0.51
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>713.68</b>	<b>36.89</b>	<b>5.43</b>	-	-	-	<b>756.00</b>
Less: Provision for Doubtful Debts							0.51
Less: Provision for expected credit loss							1.59
							<b>753.90</b>
<b>Total Trade and Other Receivables</b>							<b>758.82</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars	Outstanding for following periods from due date of payment						As at 31 <sup>st</sup> March 2023
	Not Due <sup>2</sup>	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Non Current</b>							
Undisputed Trade receivables – considered good	-	-	-	2.72	0.48	0.49	3.69
Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	0.37	0.23	0.65	1.25
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	0.03	3.78	3.81
Disputed Trade Receivables – credit impaired							-
	-	-	-	<b>3.09</b>	<b>0.74</b>	<b>4.92</b>	<b>8.75</b>
Less: Provision for Doubtful Debts							5.06
							<b>3.69</b>
<b>Current</b>							
Undisputed Trade receivables – considered good	915.54	33.03	4.47	-	-	-	953.04
Undisputed Trade receivables – which have significant increase in credit risk	-	0.05	0.25	-	-	-	0.30
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-	-
Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
	<b>915.54</b>	<b>33.08</b>	<b>4.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>953.34</b>
Less: Provision for Doubtful Debts							0.30
Less: Provision for expected credit loss							1.71
							<b>951.33</b>
<b>Total Trade and Other Receivables</b>							<b>955.02</b>

**Note :**

- Out of the total trade receivables, a sum of ₹644.61 crores (Previous Year ₹854.21 crores) receivable from Bulk, Industrial & Commercial Customers is secured.
- The total trade receivables includes a sum of ₹12.73 crores (Previous Year ₹11.58 crores) unbilled dues of customers.

**Note 7A : Loans (Non Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> Mar 2024	As at 31 <sup>st</sup> Mar 2023
Loans:		
To Related Parties:		
Secured, Considered good		
- Loan to Joint Venture Company	3.75	7.50
(HNGPL ₹ 3.75 Crore ( Previous Year ₹ 7.50 Crore)		
<b>Total</b>	<b>3.75</b>	<b>7.50</b>



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 8A : Other Financial Assets (Non Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good)	-	0.21
[On account of Corporate guarantee of JV Company]		
Security deposits:		
- Unsecured considered good	10.21	10.21
Advances for Investments (Pending Allotment)	-	-
-Haridwar Natural Gas Private Limited (HNGPL)	-	21.38
(Pending against allotment of equity shares)		
<b>Total</b>	<b>10.21</b>	<b>31.80</b>

**Note 7B : Loans (Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Loans:		
To Related Parties:		
Secured, Considered good		
- Loan to Joint Venture Company	3.75	3.75
(HNGPL ₹ 3.75 Crore ( Previous Year ₹ 3.75 Crore)		
<b>Total</b>	<b>3.75</b>	<b>3.75</b>

**Note 8B : Other Financial Assets (Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Recoverables from related parties:		
-Receivables from joint ventures (Unsecured considered good)	50.08	42.97
[includes Corporate guarantee receivable amounting to ₹ 0.06 Crore (Previous year ₹ 0.34 Cr) of JV Company]		
Security deposits:		
- Unsecured, Considered Good	5.36	5.11
Interest Accrued but not due	0.50	1.17
<b>Total</b>	<b>55.94</b>	<b>49.25</b>

**Note 9A : Other Non Current Assets**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Prepaid Expenses	22.23	19.51
[Including ₹21.58 Cr. (Previous year ₹11.29 Cr.) in respect of Financial Guarantee of Holding Company]		
Capital Advances	18.11	28.87
<b>Total</b>	<b>40.34</b>	<b>48.38</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 9B : Other Current Assets**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Claims recoverables: (Unsecured considered good)	23.78	8.55
Other advances recoverable in cash or in kind		
- Unsecured considered good	6.44	2.46
- Unsecured considered doubtful	0.31	0.31
Less : Provision for doubtful deposits	(0.31)	(0.31)
Prepaid Expenses [including ₹5.78 Crore (Previous year ₹4.48 Cr.) on account of Finanacial Guarantee of Holding Company]	20.76	18.22
<b>Total</b>	<b>50.98</b>	<b>29.23</b>

**Note 10 : Inventories**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Stock in Trade:</b>		
Natural Gas	2.18	2.17
<b>Finished Goods:</b>		
Compressed Natural Gas	1.43	0.82
<b>Stores and Spares:</b>		
Stores and Spares	9.09	11.82
<b>Total</b>	<b>12.70</b>	<b>14.81</b>

**Note 11 : Cash and Cash Equivalents**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Balances with banks:</b>		
- Current accounts	15.17	3.52
- Corporate Liquid Term Deposit - SBI with maturity less than three months.	2.00	2.00
- Corporate Liquid Term Deposit - ICICI with maturity less than three months.	386.50	-
<b>Cash on hand</b>	4.18	1.80
<b>Total</b>	<b>407.85</b>	<b>7.32</b>

**Note 11A : Bank Balances Other than Cash and Cash Equivalents**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Other Bank Balances</b>		
- Term Deposit -HDFC with maturity more than three months	0.01	0.01
- Term Deposit -DCB with maturity more than three months	-	20.00
- Term Deposit -CANARA with maturity more than three months	-	30.00
<b>Balances with banks:</b>		
- Unspent CSR Accounts	1.81	0.76
<b>Total</b>	<b>1.82</b>	<b>50.77</b>



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Note 12 : Current Tax Assets (Net)

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Advance tax and TDS	78.25	221.53
Less : Provision for Tax	70.98	208.21
<b>Total</b>	<b>7.27</b>	<b>13.32</b>

## Note 13 : Equity Share Capital

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Share capital</b>		
<b>Authorised</b>		
500,00,00,000 Equity Shares of ₹10 each	5000.00	5000.00
(Previous Year 500,00,00,000 Equity shares of ₹10 each)		
	<b>5000.00</b>	<b>5000.00</b>
<b>Issued, subscribed and fully paid up</b>		
186,73,34,132 Equity shares of ₹10 each (in cash)	1867.33	1867.33
(Previous Year 186,73,34,132 Equity shares of ₹10 each)		
13,26,65,868 Equity Shares of ₹10 each (otherwise than in cash).	132.67	132.67
(Previous Year 13,26,65,868 Equity shares of ₹10 each)		
<b>Total</b>	<b>2000.00</b>	<b>2000.00</b>

## a) Reconciliation of the Shares outstanding at the beginning and end of the Period

(₹ in crore)

Description	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No of Share	Amount	No of Share	Amount
At the beginning of the year	2,000,000,000	2000.00	1,625,000,000	1625.00
Change in Equity Share during the Period			375,000,000	375.00
<b>Outstanding at the end of the period</b>	<b>2,000,000,000</b>	<b>2000.00</b>	<b>2,000,000,000</b>	<b>2000.00</b>

## b) Details of Shareholding more than 5% shares in the company

Description	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
	No of Share	% Holding	No of Share	% Holding
Equity share of ₹10 Each fully Paid Up				
GAIL(India) Ltd	2,000,000,000	100%	2,000,000,000	100%

## c) Shares held by promoters as at March 31, 2024

Promoter Name	No of Share	% Holding	% Change during the period
GAIL(India) Ltd	2,000,000,000	100%	0%

- d) The company has only one class of equity shares having a par value of ₹10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholdings at the shareholders meeting.





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 14 : Other Equity**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Deemed Equity *	50.32	34.08
<b>Retained Earnings</b>		
Opening balance	906.85	782.85
Adjustment in Retained Earnings Group Companies on consolidation	7.53	1.06
Add: Current Period Profit	317.93	282.94
Less: Interim Dividend	(150.00)	(160.00)
<b>Total</b>	<b>1132.63</b>	<b>940.93</b>

\* The amount of ₹50.32 Crore (Previous year ₹34.08 Crore) deNotes fair value of fees towards financial guarantee received from the Holding Company GAIL (India) Limited without any consideration.

**Note 15A : Borrowings**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Non Current Borrowings</b>		
<b>Secured Term loans:</b>		
<b>- Oil Industry Development Board</b>	206.83	252.33
Secured against all the assets of Bengaluru Projects. The loan is repayable after 3 years of moratorium period. The total loan outstanding for Bengaluru Project was ₹ 297.83 cr. till 31.03.2023. ₹ 45.50 Cr. was repaid in the current financial year till 31.03.2024. In the next F.Y. 45.50 Cr. shall be repaid. The total non current borrowings as on 31.03.2024 is ₹ 206.83 Cr		
<b>- HDFC Bank</b>	878.57	634.28
Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the all geographical areas excluding GAs awarded under 11th and 11thA round of CGD bidding. Loan will have a Door to Door tenor of 11 years from September 28th 2021 till September 30th, 2032 and shall be repaid in 32 consecutive equal quarterly instalments commencing from December 31, 2024 & ending on September 30, 2032. Loan will carry rate of interest of 0.95 bps above RBI Repo rate, present effective 7.45% per annum per month and shall be fully floating and will change with RBI repo rate every month.		
<b>Total</b>	<b>1085.40</b>	<b>886.61</b>

**Note 15B : Other Financial Liabilities (Current)**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Current Maturity of Borrowings</b>		
<b>Secured Term loans:</b>		
<b>- Oil Industry Development Board</b>	45.50	45.50
Secured against all the assets of Bengaluru Projects. The loan is repayable after 3 years of moratorium period. The total loan outstanding for Bengaluru Project was ₹ 297.83 cr. till 31.03.2023. ₹ 45.50 Cr. was repaid in the current financial year. In the next F.Y. 45.50 Cr. shall be repaid		
<b>- HDFC Bank</b>	58.57	-
Loan is availed based on the Corporate Guarantee of the Holding company and Secured against First charge over the fixed assets (both movable and immovable) of the Borrower, both present and future, in relation to the all geographical areas. The equated quarterly instalments payable during the next financial year is computed on basis of outstanding loan of ₹ 937 Cr. as on 31.03.2024.		
Deposits/Retention Money from Customers/contractors/others	276.62	255.30
Payable for Capital expenditure	160.97	177.70
Other Liabilities	27.11	18.29
<b>Total</b>	<b>568.77</b>	<b>496.79</b>



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

## Note 16 : Deferred Tax Liabilities (Net)

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
Deferred Tax Liabilities		204.97		162.23
Less: Corporate MAT Receivable	8.97		8.97	
Less : Provision for MAT Credit	8.97	-	8.97	-
<b>Total</b>		<b>204.97</b>		<b>162.23</b>

## Note 17 : Other Non Current Liabilities

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Guarantee Obligation	-	0.06
<b>Total</b>	<b>-</b>	<b>0.06</b>

## Note 18 : Trade Payables

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Trade payables to related parties	744.54	662.24
Trade payable to Micro and Small Enterprises	34.77	32.05
Trade payable other than Micro and Small Enterprises	101.05	17.69
<b>Total</b>	<b>880.36</b>	<b>711.98</b>

## Trade Payables ageing schedule

(₹ in crore)

Particulars	Outstanding for following periods from due date of payment					As at 31 <sup>st</sup> March 2024
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Trade payable to Micro and Small Enterprises	27.91	6.86	-	-	-	34.77
Trade payable other than Micro and Small Enterprises	23.84	818.98	2.77	-	-	845.59
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-	-
<b>Total</b>	<b>51.75</b>	<b>825.84</b>	<b>2.77</b>	<b>-</b>	<b>-</b>	<b>880.36</b>

Particulars	Outstanding for following periods from due date of payment					As at 31 <sup>st</sup> March 2023
	Unbilled	Less than 1 Year	1-2 years	2-3 years	More than 3 years	Total
Trade payable to Micro and Small Enterprises	24.74	7.27	0.04	-	-	32.05
Trade payable other than Micro and Small Enterprises	11.14	668.79	-	-	-	679.93
Trade payable to Micro and Small Enterprises - Disputed	-	-	-	-	-	-
Trade payable other than Micro and Small Enterprises - Disputed	-	-	-	-	-	-
<b>Total</b>	<b>35.88</b>	<b>676.06</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>711.98</b>



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note 19 : Other Current Liabilities**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
<b>Statutory payables</b>		
TDS, VAT, Excise, GST and WCT payable	45.68	43.37
Guarantee Obligation	0.06	0.28
Other Payables	0.44	0.26
<b>Total</b>	<b>46.18</b>	<b>43.91</b>

**Note 20 : Provisions**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024		As at 31 <sup>st</sup> March 2023	
<b>Provisions :</b>				
Provision for Employee Benefits	-		26.09	
Less : Paid / Transfer to Holding Co	-	-	-	26.09
Provision for Probable Obligations		8.96		7.64
<b>Total</b>		<b>8.96</b>		<b>33.73</b>

**Note 21 : Revenue from Operations**

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2024	As at 31 <sup>st</sup> March 2023
Sale of products/Gas	10,838.63	10,427.51
Gas Transmission charges	86.81	85.03
<b>Total</b>	<b>10,925.44</b>	<b>10,512.54</b>

**Note : 22 Other Operating Revenue**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Service charges	14.84	13.46
Interest Income from Customers & Others	1.78	2.56
Income from Extra Pipe Line	<b>1.55</b>	<b>1.58</b>
Income from after Sales Service	0.51	0.44
<b>Total</b>	<b>18.68</b>	<b>18.04</b>
<b>Total (21 + 22)</b>	<b>10,944.12</b>	<b>10,530.58</b>

**Note : 23 Other Income**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Interest Income	13.93	9.60
Miscellaneous Receipts	3.94	4.44
Dividend Income from Investments	0.33	0.33
<b>Total</b>	<b>18.20</b>	<b>14.37</b>

**Note : 24 Purchases of Stock-in-Trade of Natural Gas**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Natural Gas	9,701.94	9,553.72
<b>Total</b>	<b>9,701.94</b>	<b>9,553.72</b>



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

**Note : 25 Changes in inventories of stock-in-trade of natural gas and CNG**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Changes in Stock of Natural Gas and CNG:		
Closing Stock	3.61	2.99
Opening Stock	2.99	0.80
<b>(Increase) / Decrease in Stock</b>	<b>(0.62)</b>	<b>(2.19)</b>

**Note : 26 Employee Benefit Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Salary Wages & Allowances	2.12	-
Contribution to Provident Fund	0.07	-
<b>Total</b>	<b>2.19</b>	<b>-</b>

**Note : 27 Finance Cost**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Interest on Term Loan From HDFC	56.52	34.89
Interest on Term Loan From OADB	20.08	22.03
Interest on Working Capital /Cash Credit Facilities	0.02	4.11
Interest on Lease Liability	5.51	4.25
Interest on Others	4.94	4.88
Less: Interest & Finance Charges transferred to IEDC	54.00	46.36
<b>Total</b>	<b>33.07</b>	<b>23.80</b>

**Note : 28 Depreciation & Amortisation Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Depreciation & Amortisation Expenses	129.77	100.34
Less: Depreciation and Amortization transferred to IEDC	3.45	4.88
<b>Total</b>	<b>126.32</b>	<b>95.46</b>

**Note : 29 Other Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Power & Fuel Charges		
-Electricity Charges	14.39	7.50
-Fuel Charges	30.30	26.77
Rent-Office & Others <sup>1</sup>	10.68	10.24
Manpower cost	254.36	135.44
Less: Manpower cost transferred to CWIP	(88.26)	(39.28)
Less: Reimbursement of employees on deputation	(12.62)	(15.50)
	153.48	80.66



Particulars	Year Ended 31 <sup>st</sup> March 2024		Year Ended 31 <sup>st</sup> March 2023	
Repairs and Maintenance <sup>2</sup>				
-Plant & Machinery		101.37		77.96
-Buildings		0.18		0.18
-Others		25.21		14.48
Insurance Charges		11.69		1.79
Rates & Taxes		0.49		0.64
<b>Payment to Auditors</b>				
-Audit Fees		0.14		0.13
-Tax audit Fees		0.01		0.01
-Other Services (for issuing certificates, etc.)		-		0.03
-Travelling & Out of Pocket Expenses		0.04		0.07
Stores & Spares Consumed		3.59		7.12
Loss/(Gain) of Foreign Currency Transaction		(0.01)		0.09
Water Charges		0.01		0.03
Communication Expenses		0.27		0.25
Printing & Stationery		0.64		0.57
Travelling Expenses		4.15		5.03
Books & Periodicals		0.01		0.01
Provision for Probable Obligation		2.47		0.87
Advertisement & Publicity		1.06		1.46
Training Expenses		0.76		0.27
Vehicle Hire & Running Expenses <sup>3</sup>		5.21		6.69
Vehicle Hire Charges LCV <sup>4</sup>		16.64		18.46
Consultancy & Legal Charges		1.22		2.35
Data Processing Expenses		4.68		4.84
Selling & Distribution Expenses		4.69		4.14
Dealer Commission		52.35		21.74
Security Expenses		7.40		6.01
CSR Expenses		10.24		4.45
Loss on sale of Fixed asset		0.01		1.43
Provision for Losses/Obsolescence Material		0.04		-
Provision/Loss on Capital Items due to Fire		0.09		14.06
Provision for Doubtful debts / claims		1.72		(0.39)
Business Development Expenses		-		0.63
Other Miscellaneous Expenses		19.31		17.81
<b>Less: Expenditure transferred to CWIP</b>				
IEDC - Travelling Expenses		1.61		0.16
IEDC - Vehicle Hire Charges		-		0.25
<b>Total</b>		<b>482.92</b>		<b>337.97</b>

**Note :**

- Includes an amount of ₹ 6.96 Crore (Previous Year ₹ 5.62 Crore) on account of lease expenses.
- Includes an amount of ₹ NIL (Previous Year ₹ 2.81 Crore) on account of lease expenses.
- Includes an amount of ₹ 8.54 Crore (Previous Year ₹ 6.11 Crore) on account of lease expenses.
- Includes an amount of ₹ 11.25 Crore (Previous Year ₹ 7.75 Crore) on account of lease expenses.



**Note : 30 Tax Expenses**

(₹ in crore)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Current Tax	70.98	67.01
Deferred Tax	44.15	35.99
Provision / Adjustment of Tax relating to earlier periods	(4.39)	-
<b>Total</b>	<b>110.74</b>	<b>103.00</b>

*Signing of Gas Sale Agreement with TTZ customers**Launch of Safety Bike**Inauguration of Domestic PNG Supply at Apartment in Mangaluru by Shri K.J George, Hon'ble Minister of Energy, GoK*



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

### 31. Basis of Preparation

The Consolidated Financial Statements of the Company along with its Joint Ventures have been prepared in accordance with Indian Accounting Standards (IND-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. The Consolidated Financial Statements comprise the financial statements of the company and its joint ventures as at 31st March, 2024.

A joint ventures is a type of joint arrangement whereby the parties that have a joint control of the arrangement have right to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

#### Basis of Consolidation

The Company's investments in its joint ventures are accounted for using equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Consolidation of the financial statements has been made based on the unaudited financial statements of the joint venture companies except Goa Natural Gas Private Limited (GNGPL) & Purba Bharati Gas Pvt. Ltd (PBGPL) which are based on audited financial statements of the company. Further, Consolidated Financial Statements include Consolidated Financial Statements of Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL).

32. Company is a wholly owned subsidiary of GAIL (India) Ltd. The Authorized Capital of the Company as on 31st March, 2024 is ₹ 5000 crores (Previous Year: ₹ 5000 crores) and issued, subscribed and paid-up capital as on 31st March, 2024 is ₹ 2000 crores (Previous Year: ₹ 2000.00 crores).

### 33. Capital Commitments:

- The estimated amount of contracts over ₹ 5 lacs amounting to ₹ 921.92 crores (Previous Year ₹ 1377.80 crores) remain to be executed on capital account.
- The Company has no uncalled liability on shares and other partly paid-up investments.

### 34. Contingent Liabilities:

Claims against the company not acknowledged as debts:

- Legal cases of ₹ 3.66 crores (Previous Year: ₹ 16.33 crores) by vendors/customers/suppliers/contractors etc. Further, the Company has certain ongoing litigations involving

customers and vendors and based on the legal advice of inhouse legal team, the management believes that no material liability will devolve on the Company in respect of these litigations.

- Disputed Direct Tax Demand of ₹ 1.28 Crore for Assessment Year 2018-19 (Previous Year: ₹ 1.22 crores for Assessment Years 2018-19) on account of disallowance of certain expenses as per assessment order dated 09.03.2021 against which the company has filed an application for rectification u/s 154 of the Income Tax Act, 1961 on 06.04.2021 and has also filed an appeal with CIT (Appeals) on 08.04.2021.
  - Disputed Direct Tax Demand of ₹ 7.16 crores for Assessment Year 2020-21 (Previous Year : 6.88 crores ) on account of disallowance of certain expenses as per assessment order dated 25.09.2022, against which the company has filed an application for re-computation of Income u/s 155(18) of the Income Tax Act, 1961 on 12.10.2022 by accepting the demand of ₹ 1.26 crores and has separately filed an appeal with CIT (Appeals) on 25.10.2022 for balance disputed amount of ₹ 2.38 crores. Hearing of appeal is yet to commence.
  - Disputed Indirect Tax demand for Assessment Year 2010-11 under the Excise and VAT Acts of ₹ 2.82 crores (Previous Year: ₹ 1.91 crores).
  - Re-assessment notice dated 14.3.2011 were issued on the holding company GAIL (India) Ltd by the commercial tax department under the U.P. Trade Tax Act, 1948 in respect of Entry tax on taxable amount of ₹ 26.25 Crore arising out of for the assessment years 2004-05 and 2005-06, to be ascertained on re-assessment. Against these re-assessment notices, a writ petition was filed by the holding company with the Hon'ble Allahabad High Court which was dismissed on 18.4.2011 and against which Special Leave Petition was filed by the holding company in May, 2011 with the Hon'ble Supreme Court of India which is yet to be decided. Business Transfer Agreement dated 31.10.2011 transfers Agra Firozabad City Gas Distribution business to the company from the holding company with effect from 16.11.2011, under which the company has exclusive obligations to deal with any and all court cases that are brought against the company or holding company whether for the period prior to the date of transfer or thereafter.
- Demand, if any will be ascertained on reassessment. Hon'ble Supreme Court of India has issued an interim order directing Commercial Tax authorities that final assessment order shall not be passed without leave of Hon'ble Supreme Court of India.
- Bank Guarantee of ₹ 601.60 crores (Previous Year: ₹ 1504 crores) in favor of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization of geographical areas (GAs) awarded to M/s. Goa Natural Gas Pvt. Ltd in respect of North Goa Districts. The PNGRB vide letter dated 06.03.2024, reduced the



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

requirement of PBG from ₹1504 Cr. to 601.60 Cr.

The above Bank Guarantee has been given to PNGRB based on the Corporate Guarantee provided by the holding company GAIL (India) Ltd and M/s Bharat Petroleum Corporation Limited (BPCL), the other joint venture partner of Goa Natural Gas Pvt. Ltd.

(vii) The company is carrying on construction activities for capital projects in 11 GAs awarded by the PNGRB in 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> CGD bidding round to meet the Minimum Work Program (MWP) targets as per grant of authorization. Keeping in view delay in availability of pipeline connectivity from the gas source to the respective GAs and non-availability of permissions from different authorities, there is a shortfall in achievement of MWP targets as per grant of authorization in 7 GAs. In this regard the Company has not received any notices from PNGRB till date. Therefore, penalty for not meeting of MWP targets aggregating to ₹ 15.97 crores as on 31st March, 2024, (Previous year: ₹ 4.72 Crore) has been disclosed as Contingent Liability. Management is hopeful that the Company will achieve the cumulative MWP targets in its subsequent periods as per grant of authorization.

**35.** The Company has submitted a Bank Guarantee of ₹ 2079.99 crores (Previous Year: ₹ 2079.99 crores) in favour of the Petroleum and Natural Gas Regulatory Board (PNGRB) as per requirement of grant of authorization for Bengaluru Rural and Urban Districts GA.

**36.** Employees work in various disciplines including project activities and operation activities. Salary and other expenses of employees identified under project activities by the management has been accounted as incidental expenditure during construction and transferred to Capital work in progress. Rent, Depreciation and other expenses pertaining to on-going capital projects have been accounted as incidental expenditure during construction and transferred to Capital work in progress. During the year, a sum of ₹93.32 crores (Previous Year: ₹ 44.57 crores) has been accounted as Incidental Expenditure during Construction.

**37.** Capital Work in Progress includes assets under construction which are at different stages of completion. Capitalization is done as and when the asset is ready to put to use, based on certification by the PMC. The Company is engaged in the business of City Gas Distribution (CGD) in India which involves distribution of gas from sources of supply to the end user customers. The CGD project is designed considering demand, supply and future requirements based on the facilities envisaged for CGD network in authorized areas for 25 years on the basis of authorization from Petroleum and Natural Gas Regulatory Board (PNGRB) to lay, build, operate or expand city or local natural gas distribution network. On the basis of demand projections, the CGD network is planned. Project execution

plans are modulated on the basis of continuous ongoing expansion and all the projects are executed and expanded on ongoing basis as per rolling annual plan. Hence, it is considered that there is no project whose completion is overdue or has exceeded its cost compared to its original plan.

**38.** During physical verification of inventories, no material discrepancies were observed. Provision for slow moving and non-moving inventory of ₹ NIL (Previous Year: NIL). Further, a sum of ₹ 0.01 Crore (Previous Year: 0.01) has been written off on account of shortages/damages observed on physical verification of fixed assets.

**39.** The company has lodged insurance claims for the fire occurred in last financial year at CWC Warehouse, Dehradun GA and vacant area behind COCO CNG station at Kosi in TTZ GA. During the current financial year 2023-24, claim amounting to ₹0.55 Crore pertaining to Kosi in TTZ area was settled by insurance company and the claim relating to Dehradun GA is under process and will be accounted for on the basis of claims admitted by the insurers.

**40.** Free Issue Material amounting to ₹ 33.64 crores (Previous Year: ₹ 38.98 crores) is lying with the contractors as at year end, which has been confirmed by the contractors & PMC.

**41.** Based on technical analysis by the Company, the residual value of City Gas Distribution (CGD) pipelines has been revised to 'NIL', which resulted in additional depreciation of ₹ 3.62 crore during the financial year ended 31<sup>st</sup> March 2024.

**42.** Physical Possession in respect of 4.46 Acres (18083 Sq. Meters) of Land located at various urban areas of Bengaluru is received from Karnataka Industrial Area Development Board (KIADB) and capitalized under Right of Use assets at ₹11.12 crores (Previous year: ₹11.07 crores). As per terms of the lease agreement, on successful commencement of the projects, the same will be converted as freehold land. Consequent upon commencement of projects/utilization of the lands allotted for the purpose, applications have been submitted to KIADB for conversion of the said lands to freehold by registering the Sale Deeds in favor of the Company, out of which, 01 Land has been registered (value of land ₹0.61 crores) and 10 lands (value of land is ₹10.51 crores) yet to be registered. No provision towards registration and other cost has been made in the books of account for pending registration

**43.** Title Deeds in respect of Freehold Land of ₹2.05 crores (Previous Year: ₹ 2.05 crores) measuring 3004.42 square meters at Sonapat, Haryana is pending for execution including ₹ 0.15 crores (Previous Year: ₹ 0.15 crores) towards registration charges provided on provisional basis. Mutation of Freehold Land is in process.

**44.** Net Book Value of Buildings amounting to ₹ 105.86 crores (Previous Year: ₹ 63.89 crores) includes: -

(i) Buildings amounting to ₹ 6.78 crores (Previous Year:



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- ₹ 6.99 crores) constructed on land provided by the holding company GAIL (India) Ltd in Dibyapur, Bengaluru and Firozabad for which terms and conditions are yet to be finalized.
- (ii) Buildings amounting to ₹ 1.13 crores (Previous Year: ₹ 1.21 crores) constructed on land measuring 2080 square meters taken on lease from Madhya Pradesh Audyogik Kendra Vikas Nigam Ltd. (MPAKVNL).
- (iii) Buildings amounting to ₹ 6.57 crores (Previous Year: ₹ 6.78 crores) constructed on land measuring 993 square meters provided by the Bengaluru Municipal Transport Corporation (BMTC) free of cost for the CNG Stations installed at BMTC Bus Depots in Bengaluru with the condition of filling of CNG Gas only in the BMTC Buses, documentation of which is pending for execution.
- (iv) Buildings amounting to ₹ 14.18 crores (Previous Year: ₹ 14.52 crores) constructed on the land measuring 16,483 square meters (Previous Year: 16,483 square meters) provided by the Karnataka Industrial Area Development Board (KIADB) under Lease cum Sale Basis for setting up of Industrial Project such as DRS, Online, Daughter / Booster CNG Station, CNG activities or incidental thereto at Bengaluru. Lease cum Sale Agreement of the land has been executed and KIADB shall sell the said land to the company at the end of two years or the extended period, if any, on implementation of the project and satisfactory utilization of land as per terms and conditions of the agreement.
- (v) Buildings amounting to ₹ 4.87 crores (Previous Year: ₹ 5.08 crores) constructed on the land of CNG stations, warehouse providers and land taken on rent / lease etc.
- 45.** The Registration of 5 nos. of Last Mile Connectivity Assets purchased during FY 2020-21 from the holding company in Bengaluru City at a book value of ₹ 42.30 crores (Previous Year: ₹ 42.30 crores) excluding stamp duty, is in process. A provision for liability on estimated basis on account of Stamp Duty of ₹ 2.79 crores (Previous Year: ₹ 2.79 crores) has been made pending registration.
- 46.** Provisional liabilities of ₹ 195.41 crores (Previous Year ₹ 200.04 crores) have been created in the books of accounts as on 31.03.2024 on the basis of work done till that date for which invoices are yet to be received from the parties and will be settled on submission of actual invoices.
- 47.** (i) All the employees of GAIL Gas Limited (other than Fixed Term Employees) are deputed from the parent Company i.e. GAIL (India) Limited. The Company has been disbursing the salary and allowances to employees and reimbursed the share of retirement benefits to the Parent Company for employees under deputation in the Company till 30<sup>th</sup> Sept 2023. W.e.f. 01<sup>st</sup> Oct 2023, invoices have been raised by the parent Company on the monthly basis by charging GST on the basis that secondment of employees at GAIL Gas Limited is covered under ambit of supply of 'manpower recruitment and supply service' and chargeable under GST Law. Further invoices have also been received for GST amount for the period 01.07.2017 to 30.09.2023. The Company has disclosed the cost of employees deputed from the parent Company under Other expenses - Manpower deputation cost (Note 29) for the financial year ended 31<sup>st</sup> March 2024 and previous year figures has been regrouped to correspond with the current year's classification/disclosure.
- (ii) During the current financial year, the Company has appointed Fixed Term Employees (FTE's) and as on 31<sup>st</sup> March 2024, 69 number of FTE's is on payroll. They are engaged for a fixed period of 3 years and further their engagement may be extendable for a maximum period of 2 years on a yearly manner. Salaries and allowances of FTE's paid by the Company which have been accounted under Employee benefit expense.
- 48.** Claim recoverable includes an amount of ₹ 0.44 crores (Previous Year ₹ 0.44 crores) towards excess payment of VAT in the state of Haryana and UP. UP commercial tax has issued order for adjustment of ₹ 0.24 crores for adjustment against tax liability and same has been settled against the tax liability of March, 2024. Refund of VAT is being pursued with the concerned authorities of other state and is considered good.
- 49.** In compliance with the Petroleum and Natural Gas Regulatory Board (PNGRB) Regulation, company is having PESO/CCOE License for the CNG Stations owned by the Company. Further, the company has received Factory Licenses for 23 operational CNG stations and have applied for license for 4 Stations and is under process. BMTC, Bengaluru have been requested to obtain factory licenses for 3 CNG stations inside their premises. Also, necessary advice has been given to owners of 223 CNG Stations operated under Retail Outlets of Oil Marketing Companies and to the dealers of 34 CNG stations being operated under the Dealer Owned and Dealer Operated Model to obtain Factory License in respect of respective CNG Stations.
- 50.** Andhra Pradesh Gas Distribution Corporation Limited (APGDC) is a 50:50 Joint Venture Company (JVC) of GAIL Gas Limited (GAIL Gas) and Andhra Pradesh Gas Infrastructure Corporation Pvt. Ltd. APGDC has surrendered its authorization of KSPL project during the current financial year due to various challenges to complete the project. Further, it was requested by APGDC to PNGRB to factor in the investment done by APGDC while conducting the re-bidding of this line to recover the investment made in the project considering the same is public money. PNGRB has





## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

directed to submit a detailed location of pipeline laid along with fit for purpose report of pipeline, duly authenticated by a reputed Project Management Consultancy firm. The process of impact assessment (fit for purpose report of pipeline) is under progress and is expected to be completed in the next financial year. APGDC is hopeful of realizing the total Capex investment in KSPL and denudation in value, if any will only be known after the study of fit for purpose. Further, PNGRB in accordance with regulation 5(1) of PNGRB NGPL Authorization regulations, announced the commencement of the public consultation process and the same is under progress. Accordingly, the Company will be evaluating its investment for purpose of impairment (to derive a reliable estimate of future cash flows from the net investments made in APGDC for KSPL Project) as per the requirement of Ind AS based on the outcomes of future events like completion of impact assessment of pipeline and subsequent directions of PNGRB thereof. For the current financial year ended 31st March, 2024, the Company disclosed its investment made in APGDC of ₹156.58 Crore (Previous year: ₹170.73 Crore) representing original cost of investment.

### 51. As per provisions of Ind AS 109, the company has made following fair valuation recognition: -

- a. Corporate Guarantee of ₹ 2079.99 crores (Previous Year: ₹ 2079.99 crores) provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for Bengaluru Rural and Urban Districts GA, a sum of ₹ 11.74 crores (Previous Year: ₹ 11.74 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the fair valuation as per Ind AS 109. Accordingly, a sum of ₹ 1.44 crores (Previous Year: ₹ 2.15 crores) has been shown as pre-paid expenses (Note-8 & 9) and ₹ 0.71 crores (Previous Year: ₹ 1.82 crores) as guarantee commission expenses (Note-27).
- b. Corporate Guarantee of ₹ 133.00 crores provided by the Holding Company GAIL (India) Ltd for the Bank Guarantee in favour of PNGRB for 10<sup>th</sup> Bidding round which was valid up to 24<sup>th</sup> March, 2022 and thereafter for extension for the Bank Guarantee in favour of PNGRB, no Corporate Guarantee taken from the Holding Company GAIL (India) Ltd. A sum of ₹ 0.72 crores (Previous Year: ₹ 0.72 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-14) based on the fair valuation.
- c. In case of Corporate Guarantee of ₹ 752 crores (reduced to ₹300.80 Crore) provided by the Holding Company GAIL (India) Ltd. for the Bank Guarantee in favour of PNGRB for GA awarded to the joint venture company i.e. GNGPL, a sum of ₹ 4.41 crores (Previous Year: ₹ 4.41 crores) has been shown as deemed equity as capital contribution from Holding Company (Note-

14) with corresponding account receivables from Joint Venture Company Goa Natural Gas Pvt. Limited. (Note-8B), based on the fair valuation. Accordingly, a sum of ₹ 0.06 crores (Previous Year: ₹ 0.34 crores) has been shown as receivable from the Joint Venture Company and a sum of ₹ 0.06 crores (Previous Year: ₹ 0.34 crores) as financial guarantee obligation (Note-17).

- d. In case of Corporate Guarantee provided by the Holding Company GAIL (India) Ltd. for sanction of long-term loan of up to ₹1500 crores (Previous Year: ₹ 1500 crores) from HDFC, a sum of ₹ 33.45 crores (Previous Year: ₹ 17.21 crores) has been shown as deemed equity as capital contribution from the Holding Company (Note-14). Accordingly, a sum of ₹ 25.92 crores (Previous Year: ₹ 13.62 crores) has been shown as pre-paid expenses (Note-8 & 9) and ₹3.94 crores (Previous Year: ₹ 2.80 crores) as guarantee commission expenses (Note-27).

52. Department of Investment & Public Asset Management (DIPAM) Government of India, Ministry of Finance vide OM No. F.No.5/2016-Policy dated 27.05.2016 has issued Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) which inter-alia includes Payment of Dividend, applicable from financial year (FY) ended on or after 31st March, 2016. In FY 2023-24, the company has paid interim dividend of ₹150 Crore (Previous Year: ₹160 Crore) more than the minimum required as per the above guidelines, hence no application has been made in this regard.

53. In compliance with Ind AS 12 on "Income Taxes" issued by the Institute of Chartered Accountants of India, the Company has created tax liability as per details given below:

- (i) Income Tax related to items charged or credited directly to Statement of Profit and Loss during the year:

(₹ in crores)

Statement of Profit and Loss	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
<b>Current Income Tax:</b>		
Current Income Tax Charge from ordinary activities (Continuing Operations)	70.98	67.01
Provision/Adjustment of Tax relating to earlier periods	-	-
Current Income Tax Charge from ordinary activities (Discontinued Operations)	-	-
Current Income Tax Charge on Gain on disposal of Discontinued Operations.	-	-
	<b>70.98</b>	<b>67.01</b>
<b>Deferred Income Tax:</b>		





NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Relating to origination and reversal of temporary differences (Continuing Operations)		
	44.15	35.99
Adjustment on account of opting concessional rate u/s 115BAA w.e.f FY 2019-20 (Continuing operations)		
Relating to origination and reversal of temporary differences (Discontinued Operations)	-	-
	44.15	35.99
Provision for MAT Credit	-	-
<b>Income Tax Expense reported in the Statement of Profit and Loss</b>	<b>115.13</b>	<b>103.00</b>

(ii) Reconciliation of Effective Tax Rate (Continuing Operations):

(₹ in crores)

	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Profit Before Income Tax	433.91	400.04
Current Tax Rate	16.36%	16.75%
Computed Effective Tax Expense	70.98	67.01
Movement in Deferred Tax Liability	44.15	35.99
Provision for MAT Credit	-	-
Income Tax charged to Statement of Profit and Loss	115.13	103.00
Effective Tax Rate	26.53%	25.75%

(iii) Recognized Deferred Tax Assets and Liabilities:

Deferred Tax Assets/ (Liabilities) are attributable to the following:

(₹ in crores)

Particulars	Balance Sheet		Statement of Profit & Loss	
	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2024	31 <sup>st</sup> March, 2023
Property, Plant and Equipment	(214.32)	(172.15)	(42.17)	(37.99)
Provisions	7.94	9.92	(1.98)	2.00
Deferred Tax Assets/ (Liabilities)	<b>(206.38)</b>	<b>(162.23)</b>	<b>(44.15)</b>	<b>(35.99)</b>

Offsetting of Deferred Tax Assets/ (Liabilities)				
Net Deferred Tax Assets/ (Liabilities)	<b>(206.38)</b>	<b>(162.23)</b>	<b>(44.15)</b>	<b>(35.99)</b>

54. In terms of disclosure requirement as per Ind-AS 23 on "Borrowing Costs", total finance cost of ₹87.07 crores (Previous Year: ₹70.16 crores) was incurred by the company during the year, out of which an amount of ₹ 54.00 crores (Previous Year: ₹46.36 crores) has been allocated towards Capital Work in Progress during the year in respect of pipelines and CNG Stations under construction. The company has used the borrowings from banks and OIDB for the specific purpose for which it was taken.

55. In compliance of Ind AS 36 on "Impairment of Assets", company has carried out an assessment and confirm that there are no impairment assets which required provision.

56. The company operates in a single segment of Natural Gas Business, therefore, disclosure requirements as per Ind AS 108 "Operating Segments" are not applicable. However, entity-wise disclosures are as under:

**Information about products and services:**

The Company is in a single line of business of "Sale of Natural Gas".

**Geographical Information:**

All the company operations in the business of Natural Gas, including City Gas Distribution are in India. Accordingly, revenue from customers and all assets are located in India only.

**Information about major customers:**

During the year ended 31<sup>st</sup> March, 2024 One customer (Previous Year: one) contributed more than 10% of revenue. Revenue from this customer was ₹ 5481.69 crores during the year ended 31<sup>st</sup> March, 2024 (Previous Year: ₹ 6320.11 crores).

57. Disclosure under Ind AS 112 on "Disclosure of Interests in other Entities", is as under :

Sl. No.	Name of Companies (Indian Entities)	Relation	Proportion of ownership as on	
			31.03.2024	31.03.2023
1	Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)	Joint Venture	50%	50%
2	Vadodara Gas Limited. (VGL)	Joint Venture	17.07%	17.07%

## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

3	Rajasthan State Gas Limited. (RSGL)	Joint Venture	50%	50%
4	Haridwar Natural Gas Pvt. Ltd. (HNGPL)	Joint Venture	50%	50%
5	GOA Natural Gas Pvt. Ltd. (GNGPL)	Joint Venture	50%	50%
6	Purba Bharati Gas Pvt. Ltd. (PBGPL)	Joint Venture	26%	26%

The company's share in the assets and liabilities and in the income and expenditure for the year in respect of above joint venture companies based on audited financial statement of GOA Natural Gas Pvt. Ltd. & Purba Bharati Gas Pvt. Ltd and unaudited financial statements of other 4 joint venture companies as furnished by management of these companies is as under:

(₹ in crores)

Sl. No.	Description	31.03.2024	31.03.2023
A.			
1	<b>Summary of Balance Sheet</b>		
	<b>Assets</b>		
	Non-Current	756.58	683.19
	Current	79.41	92.59
	<b>Total</b>	<b>835.99</b>	<b>775.78</b>
2.	<b>Liabilities &amp; Provisions</b>		
	Non-Current	299.58	267.81
	Current	196.47	167.40
	<b>Total</b>	<b>496.05</b>	<b>435.21</b>
B.	<b>Summary of Profit and Loss Account</b>		
1.	Income	268.47	232.10
2.	Expenditure	263.86	241.63
C.	<b>Contingent Liability</b>	46.94	61.25
D.	<b>Capital Commitment</b>	184.17	191.02

**58. Disclosure under Ind AS 115 on "Revenue from Contract with Customers" is as under:**

**Disaggregated Revenue Information**

The disaggregation of the company's revenue from contracts with customers is disclosed at Note -22.

Sale of Natural Gas is the main activity of City Gas Distribution Business and other operating income is incidental to sale of natural gas. Other Operating Income includes compensation towards minimum contracted quantity for the respective billing period, interest received

from the customers for the delayed payments and application fees collected from customers. Sale of pipes, fittings and other material is incidental revenue on account of sale and distribution of natural gas to customers. Services Charges are the consideration received against operating CNG Station as a dealer of other entity and compression facility provided to other CGD Entities from company owned CNG Stations. Income from after sales services mainly includes services rendered for re-location of meter, temporary disconnection, name change etc. Company sells and distributes natural gas in India.

Sale of natural gas includes excise duty but excludes value added tax (VAT) collected from customers on behalf of the government. All revenues are earned on transfer of goods or services to the customers.

**Contract Asset and Liabilities**

(₹ in crores)

Description	As on 31 <sup>st</sup> March, 2024	As on 31 <sup>st</sup> March, 2023
Contract Asset (Unbilled revenue)	12.73	11.58
Contract Liabilities	0.21	0.18

Trade receivables are interest bearing and are generally on terms of 3 to 30 days credit after billing. Contract liabilities are advances received from customers against supply to be made of gas after the reporting date.

**Performance Obligation**

The company earns revenue primarily from sale of natural gas. Revenue is recognized on supply of gas to customers based on reading recorded on the meter. There are no return rights attached to the sale, hence, no right of return liability or asset exists. There are no performance obligations remaining to be satisfied as at reporting date for which transaction price has been allocated.

**59. In compliance of Ind AS 116 on 'Leases', the disclosures in respect of Leases are as under:**

**I. Company as Lessee :**

**a) Lease Liabilities**

**Reconciliation of Lease Liabilities:**

(₹ in crores)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Opening Balance	96.34	70.72
<b>Adjustments for:</b>		
Additions during the year	22.04	50.89



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Deletions during the year		
Accretion of interest	5.51	4.25
Foreign exchange loss on restatement of lease liabilities		
Lease liabilities paid during the year	35.59	27.58
Excess Lease liabilities written Back	8.97	1.94
<b>Closing Balance</b>	<b>79.33</b>	<b>96.34</b>
Current	26.15	31.57
Non-current	53.17	64.77

**Maturity analysis of Lease Liabilities:**

**As at 31<sup>st</sup> March 2024**

(₹ in crores)

Particulars	Less than 3 months	3 to 12 months	> 1 to 5 years	> 5 years	Total
Lease Liabilities (Current)	6.96	19.20	-	-	26.15
Lease Liabilities (Non-Current)	4.39	9.36	20.91	18.52	53.17

**As at 31<sup>st</sup> March 2023**

(₹ in crores)

Particulars	Less than 3 months	3 to 12 months	> 1 to 5 years	> 5 years	Total
Lease Liabilities (Current)	8.40	23.18	-	-	31.57
Lease Liabilities (Non-Current)	5.35	11.40	25.47	22.55	64.77

**Amounts recognized in Statement of Profit and Loss:**

(₹ in crores)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Depreciation on right-of-use assets	29.25	24.76

Interest expense on lease liabilities	5.51	4.25
Expense relating to short-term leases	5.95	5.89
Expense relating to low value assets leases	0.01	0.01
Variable lease payments	-	-
<b>Total</b>	<b>40.72</b>	<b>34.91</b>

**(b) Right of Use Assets:**

(₹ in crores)

Particulars	Year Ended 31 <sup>st</sup> March 2024	Year Ended 31 <sup>st</sup> March 2023
Opening Balance	113.80	90.66
Add: Additions during the year	50.53	50.89
Less: Deletions during the year	7.28	2.97
Less: Depreciation for the year	33.93	24.78
Closing Balance	123.11	113.80

**60. Disclosure related to Corporate Social Responsibility (CSR) Expenses:**

- As per Section 135 of the Companies Act, 2013, the company was required to spend an amount of ₹ 6.65 crores during the FY 2023-24 (Previous Year: ₹ 5.34 crores). The amount of CSR expenses incurred by the Company during the year was ₹ 0.66 crores (Previous Year: ₹ 2.41 crores). As per amended CSR rules notified on 22.01.2021, balance unspent amount of allocated projects amounting to ₹ 0.81 crores for FY 2023-24 (Previous Year ₹ 2.89 crores) has been transferred by the company to a new bank account opened for this purpose. Further, an unspent and unallocated amount of ₹ 5.18 Crore (Previous Year ₹ 0.04 crores) will be transferred to any fund specified in Schedule VII of the Companies Act, 2013 by the company by due date i.e. within six months from the date of Financial Year. The Company has created a provision for the unspent amount relating to ongoing projects and the unallocated amount as mentioned above.
- Board of Directors in its meeting held on 18.05.2017 had approved CSR Policy along with administrative guidelines of the Company. No provision has been



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

made in the books of accounts in accordance with generally accepted accounting principles.

**61. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act, 2006"):**

(₹ in crores)

Particulars	2023-24	2022-23
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;		
Principal	34.77	32.05
Interest	NIL	NIL
ii) The amount of interest paid by the buyer in terms of Section 16 of MSMED Act 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	NIL	NIL
iii) The amount of 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 this Act;	NIL	NIL
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act 2006.	NIL	NIL

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and have been relied upon by the Auditors.

**62. Related Party Disclosures:**

- (i) The entire Equity Capital of the Company is held by GAIL (India) Ltd. (Holding Company) either singly or jointly.
- (ii) Related Party Disclosures as per Ind AS 24.
  - (a) Relation and name of the related parties are as under:

**A. Holding Company:**

- (i) GAIL (India) Limited.

**B. Subsidiaries of Holding Company:**

- (i) Bengal Gas Company Limited
- (ii) Konkan LNG Limited
- (iii) Tripura Natural Gas Company Limited
- (iv) GAIL Global (Singapore) Pte. Limited
- (v) GAIL Global (USA) Inc.
- (vi) GAIL Global (USA) LNG LLC (wholly owned subsidiary of GAIL Global (USA) Inc.)
- (vii) GAIL Mangalore Petrochemicals Limited

**C. Joint Venture Companies:**

- (i) Andhra Pradesh Gas Distribution Corporation Ltd. (APGDCL)
- (ii) Vadodara Gas Limited. (VGL)
- (iii) Rajasthan State Gas Limited. (RSGL)
- (iv) Haridwar Natural Gas Pvt. Ltd. (HNGPL)
- (v) Goa Natural Gas Pvt. Ltd. (GNGPL)
- (vi) Purba Bharati Gas Pvt. Ltd. (PBGPL)

**D. Indian Associates, Joint Venture Companies of Holding Company :**

- (i) Indraprastha Gas Ltd.
- (ii) Central UP Gas Ltd.
- (iii) Green Gas Ltd.
- (iv) Aavantika Gas Limited
- (v) Bhagyanagar Gas Limited
- (vi) Indradhanush Gas Grid Limited
- (vii) Brahmaputra Cracker and Polymer Limited
- (viii) LLC Bharat Energy Office
- (ix) Mahanagar Gas Limited
- (x) Maharashtra Natural Gas Limited
- (xi) ONGC Petro additions Limited (OPaL)
- (xii) ONGC Tripura Power Company Limited
- (xiii) Petronet LNG Limited
- (xiv) Ramagundam Fertilizers and Chemicals Limited
- (xv) Talcher Fertilizers Limited
- (xvi) TAPI Pipeline Company Limited

**E. Foreign Associates, Joint Venture Companies of Holding Company:**

- (i) China Gas Holdings Limited
- (ii) Fayum Gas Company
- (iii) LNG Japonica Shipping Corporation Limited
- (iv) South-East Asia Gas Pipeline Company Limited (SEAGP)



**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

**F. a. Chairman & Non-Executive Director:**

(i) Shri Sandeep Kumar Gupta

**b. Non-Executive Directors:**

- (i) Shri Rakesh Kumar Jain
- (ii) Shri Ayush Gupta
- (iii) Shri K R M Rao (up to 04.05.2023)
- (iv) Smt. Jyoti Dua (up to 12.05.2023)
- (v) Smt. Nalini Malhotra (w.e.f. 13.05.2023)
- (vi) Shri Raman Chadha (w.e.f. 04.05.2023 & up to 31.10.2023)
- (vii) Shri Sanjay Kumar (w.e.f. 01.11.2023)
- (viii) Shri Anand Kumar Jha (up to 16.05.2023)
- (ix) Smt. Mamta (w.e.f. 16.05.2023)

**c. Chief Executive Officer:**

(i) Shri Goutom Chakraborty

**d. Chief Financial Officer:**

- (i) Shri Pankaj Gupta (w.e.f. 12.05.2023)
- (ii) Smt. Nalini Malhotra (up to 12.05.2023)

**e. Chief Operating Officer:**

(i) Shri Kapil Kumar Jain (up to 30.11.2023)

**f. Company Secretary:**

(i) Shri Deepak Asija

No Loans & Advances in the nature of loans are granted to Promoters, Directors, Key Managerial Persons (KMP) and Related Parties except stated below, for the period ending as on 31.03.2024 by the company.

**(b) Related Party Transactions**

(₹ in crores)

Sl No	Particulars	Holding Co.	Joint Venture & Others*	Key Management Personnel
1	Purchase of Goods and Material/ Services	8987.34 (10057.08)	7.01 (8.72)	- (-)
2	Guarantee Commission received/ receivable	- (-)	0.28 (0.27)	- (-)
3	Sales of Goods (Material and Gas)/ Services/ Material Issued on Loans	1117.11 (0.77)	255.56 (204.54)	- (-)
4	Remuneration of Key Management personnel- Salary & Allowances	- (-)	- (-)	2.78 (3.83)
5	Reimbursement for employees on deputation - received	- (-)	14.89 (18.27)	- (-)

6	Reimbursement for employees on deputation - paid	201.83 (-)	- (-)	- (-)
7	Reimbursement of Retirement Benefits for the year	8.69 (14.69)	- (-)	- (-)
8	Reimbursement of Training Cost payable/ receivable	- (-)	- (-)	- (-)
9	Reimbursement of BG Charges received/ receivable	- (-)	2.56 (3.02)	- (-)
10	Rent, Electricity, UCS Expenses, Annual Maintenance charges, TTA, etc. paid/ payable	7.54 (8.84)	- (-)	- (-)
11	Advances for Hook Up charges	8.96 (-)	- (-)	- (-)
12	Outstanding balance payable excluding fair valuation done as per Ind AS-109	761.69 (661.81)	0.07 (0.43)	- (-)
13	Outstanding Balance Receivable excluding fair valuation done as per Ind AS-109	58.82 (0.77)	58.93 (55.48)	- (-)
14	Corporate Guarantee given to Banks for BG/ Loan issued on behalf of the Company as at Balance Sheet date	3880.79 (4331.99)	- (-)	- (-)
15	Dividend Paid	150 (160)	- (-)	- (-)
16	Dividend received	- (-)	0.33 (0.33)	- (-)
17	Investment in APGDCL as at Balance Sheet date (JV) including Pref. Shares	- (-)	198.57 (198.57)	- (-)
18	Investment in VGL as at Balance Sheet date (JV)	- (-)	41.01 (41.01)	- (-)
19	Investment in RSGL as at Balance Sheet date (JV)	- (-)	65.00 (65.00)	- (-)
20	Investment in HNGPL as at Balance Sheet date (JV)	- (-)	43.58 (22.20)	- (-)
21	Advance to HNGPL against Equity Share pending Allotment of Share	- (-)	- (21.38)	- (-)
22	Investment in GNGPL as at Balance Sheet date (JV)	- (-)	40.00 (40.00)	- (-)
23	Investment in PBGPL as at Balance Sheet date (JV)	- (-)	35.60 (31.70)	- (-)



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

24	Share allotment to Holding Company	- (375.00)	- (-)	- (-)
25	Advances/loans given as at Balance Sheet date	- (-)	7.50 (11.25)	- (-)

\*Others include joint venture companies of Holding Company.  
(Figure shown in brackets pertains to Previous Year).

The company has formed six Joint Venture Companies by executing Joint Venture Agreement/Shareholder Agreement with various agencies of State Governments and Corporates. In all these companies, it was agreed that Equity Shareholding of both the promoters will be in equal ratio till the time strategic investor comes in. However, after the investment of strategic investor, the shareholding of both the promoters will be as per the Shareholder Agreement executed amongst them. Equity Shareholding in Purba Bharati Gas Pvt. Ltd. wherein there are three promoters i.e. Assam Gas Corporation Ltd., Oil India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 48%, 26% and 26% and they can transfer the shares after lock in period of 10 years subject to the conditions as per joint venture agreement. Further, Equity Shareholding in Vadodara Gas Limited. wherein there are three promoters i.e. Vadodara Mahanagar Seva Sadan, GAIL India Ltd. and GAIL Gas Ltd whose shareholdings will be in the ratio of 50%, 32.93% and 17.07% respectively.

**63. Movement of Provision**

(₹ in crores)

Particulars	Provision for Employee retirement benefits	Provision for Doubtful claims	Provision for Probable Obligation
As at 1 <sup>st</sup> April, 2023	26.09	0.31	7.64
Additional provision recognized during the year	-	-	2.47
Amount used during the year	(5.52)	-	(1.14)
Transfer / Paid to GAIL (India) Limited.	(20.57)	-	-
Unused amount reversed during the year	-	-	-
As at 31 <sup>st</sup> March 2024	-	0.31	8.96

**64. Earning per Share:**

Particulars	2023-24	2022-23
Profit after Tax (₹ in crores)	317.93	282.94
Weighted Average No. of Equity Shares (Basic)	200,00,00,000	175,60,27,397
Weighted Average No. of Equity Shares (Diluted)	200,00,00,000	175,60,27,397
Nominal Value per Share (in ₹)	10.00	10.00
<b>Basic Earning per Share (in ₹)</b>	<b>1.59</b>	<b>1.61</b>
<b>Diluted Earning per Share (in ₹)</b>	<b>1.59</b>	<b>1.61</b>

**65. Notes on Financial Risk Management****Financial Risk Management**

The Company's Financial Risk Management is an integral part of how to plan and execute its business strategies. This Note explains the sources of risk which the entity is exposed to and how the company manages the risk. The Company is exposed to market risk, credit risk and liquidity risk. Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's Risk Management Framework.

**(i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

**a) Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with fixed interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and investing in fixed and floating interest instruments.

**Sensitivity analysis:**

Term Loans received from the Oil Industry Development Board have variable component for some tranches. Term loan obtained from HDFC has a variable element of interest rate and outstanding balance of which as at the year-end is ₹ 937.14 crores (Previous Year: ₹634.28 crores). However, as the loan has been obtained for capital projects which are under construction, interest is capitalized as a part



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

of Capital work in progress. Therefore, there is no impact on the Company's profit before tax during the year ended 31.03.2024 and 31.03.2023.

**Foreign Currency Risk:**

The Company does not have significant exposure in currency other than INR.

**b) Commodity Price Risk**

Risk arising on account of fluctuations in price of natural gas is mitigated by ability to pass on the fluctuations in prices to customers over period of time. The company monitors movements in the prices closely on regular basis.

**c) Equity Price Risk**

The Company do not have any investment in quoted equity shares hence not exposed to equity price risk.

**(ii) Liquidity risk**

Liquidity Risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain at all times optimum levels of liquidity to meet its cash and collateral requirements to meet the payment obligations. The Company closely monitors its liquidity position and deploys a robust cash management system. It also maintains adequate sources of finance in the form of short term and long term borrowings. The contractual maturities of the Company's financial liabilities are presented below:

(₹ in crores)

As at 31.03.2024	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	-	104.07	624.29	461.11	1189.47
Trade and other payables	-	880.36	-	-	-	880.36
Other financial liabilities	200.69	169.00	95.01	-	-	464.70
Lease Liabilities*	-	11.35	28.56	20.91	18.50	79.32

(₹ in crores)

As at 31.03.2023	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
Interest-bearing loans and borrowings	-	-	45.50	805.37	81.24	932.11

Trade and other payables	-	711.98	-	-	-	711.98
Other financial liabilities	181.04	182.54	87.72	-	-	451.29
Lease Liabilities*	-	9.09	22.58	33.23	31.44	96.34

\*As per provisions of Ind AS 107, the contractual amounts disclosed in the maturity analyses as required by paragraph 39(a) and (b) are the contractual undiscounted cash flows i.e. gross finance lease obligations (before deducting finance charges). Such undiscounted cash flows differ from the amount included in the balance sheet because the amount in balance sheet is based on discounted cash flows.

**(iii) Credit Risk**

Credit Risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily from trade receivables) and from its financing activities, including deposits with banks and financial institutions. Credit exposure also exists in relation to guarantees issued by the company.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and reviewed for impairment.

The summary of the Company's product wise credit policy is tabulated below:

Product	Credit period
Piped Natural Gas (Domestic)	21 days
Piped Natural Gas (Industrial)	3-7 days
Piped Natural Gas (Commercial)	7 days
Compressed Natural Gas (CNG)	Cash Sales & 4-15 days
Bulk Industrial Sales	4 - 45 days

The company does not expect any significant credit risk out of its exposure to trade receivable as the major part of revenue is contributed either by cash sales or within credit period of 3- 45 days. The ageing analysis of trade receivables as of the reporting date is as follows:

(₹ in crores)

Particulars	Carrying Amount	
	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Neither due nor impaired	713.68	915.55
Less than 6 months	36.89	33.08

## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

6 months to 1 year	5.43	4.72
1 year to 2 years	5.01	3.09
2 years to 3 years	1.40	0.74
More than 3 years	5.20	4.92
<b>Total</b>	<b>767.61</b>	<b>962.10</b>
Less: Expected credit loss including allowances for bad and doubtful	8.79	7.07
<b>Carrying amount of Trade Receivable (Net of Impairment)</b>	<b>758.82</b>	<b>955.03</b>

The following table summarizes the changes in the allowances for doubtful accounts for trade receivables:

(₹ in crores)

Provisions	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Start of the year	7.07	7.47
Provision for impairment during the year	1.72	0.37
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	(0.77)
End of year	8.79	7.07

**Cash deposits:**

The cash deposits are held with public and private sector banks. Further, company is also investing its surplus funds into deposits linked with Current Account. There is no impairment of these cash deposits as on the reporting date and comparative period.

**Capital Management**

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the holding company. As on 31.03.24 the issued and paid-up capital was ₹ 2000 crores (Previous Year: ₹ 2000.00 crores) (Note 13) and other equity was ₹ 1142.82 crores (Previous Year: ₹ 953.41 crores) (Note 14). The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company's management assesses regularly the net debt to capital employed ratio to ensure it maintains a balance between borrowings and capital position. The net debt to capital employed ratio enables the users to see how significant net debt is relative to capital employed.

The adjusted net debt to equity ratio is as follows

(₹ in crores)

Provisions	31 <sup>st</sup> March 2024	31 <sup>st</sup> March 2023
Net Debt	1189.47	932.11
Total Equity	3142.82	2953.41
Net Debt to Equity Ratio	0.38	0.32
Interest bearing borrowing	1189.47	932.11
Less: Cash & Bank Balance	407.85	58.09
Adjusted Net Debt	781.62	874.02
Adjusted net debt to adjusted equity ratio	0.25	0.30

**Fair value measurements**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

**Level 3:** techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

**As at 31.03.2024:**

(₹ in crores)

Financial assets	Carrying amount	Fair value		
		Level -1	Level -2	Level -3
<b>Financial Assets at amortised cost:</b>				
Loans	7.50	-	-	-
Trade Receivables	758.82	-	-	-
Cash and Cash Equivalents	407.85	-	-	-
Bank Balances Other than Cash and Cash Equivalents	1.82	-	-	-
Other Financial Assets	66.15	-	-	-
At Fair value through profit and loss	-	-	-	-
At Fair value through OCI	-	-	-	-
Total Financial Assets	1242.14	-	-	-
<b>Financial Liabilities at amortised cost</b>				
Borrowings	1189.47	-	-	-
Trade Payables	880.36	-	-	-



NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Other Financial Liabilities	464.70	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>2534.53</b>	-	-	-

As at 31.03.2023:

₹ in crores

Financial assets	Carrying amount	Fair value		
		Level -1	Level-2	Level-3
<b>Financial Assets at amortised cost:</b>				
Loans	11.25	-	-	-
Trade Receivables	955.02	-	-	-
Cash and Cash Equivalents	7.32	-	-	-
Bank Balances Other than Cash and Cash Equivalents	50.77			
Other Financial Assets	81.05	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>At Fair value through OCI</b>	-	-	-	-
<b>Total Financial Assets</b>	<b>1105.41</b>	-	-	-
<b>Financial Liabilities at amortized cost</b>				
Borrowings	932.11	-	-	-
Trade Payables	711.98	-	-	-
Other Financial Liabilities	451.29	-	-	-
<b>At Fair value through profit and loss</b>	-	-	-	-
<b>Total Financial Liabilities</b>	<b>2095.38</b>	-	-	-

Cash and short-term receivables, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of non-current financial assets (such as security deposits) and long-term fixed-rate and variable-rate borrowings are considered to be same as their carrying values as the impact of fair valuation is not material.

66. Details of Loans given, Investment made and guarantee given or security provided covered u/s 186 of the companies Act, 2013 are given under respective heads (refer Note 5, 7 and 33(vi)).
67. No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder as on 31.03.2024.
68. The Company has taken fund based & non fund based facility from banks on the basis of security of current assets and statement of current assets filed by the company with banks, if any, are in agreement with the books of accounts.
69. The company has not been declared as a willful defaulter by any bank or financial Institution or any other lender as on 31.03.2024.

**70. Details of Relationship with Struck-off Companies**

Details of Relationship with Struck-off Companies as on 31<sup>st</sup> March, 2024:



Commencement of PNG Supply at Plutone Mall, Rourkela



Dealers Meet at Rourkela



## NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Sl. No.	Name of struck off Company	Nature of Transactions with struck-off Company					Relationship with Struck off Company if any to be disclosed
		Investment in Securities	Receivables	Payables	Shares held by Struck-off Company	Other Outstanding Balance (To be specified)	
		(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	
1	Bhaskar Industries Pvt. Ltd.	-	0.06	-	-	-	Customer
2	Dewas Techno Products Pvt. Ltd	-	0.05	-	-	-	Customer
3	Bhatter Metals Pvt. Ltd.	-	0.02	-	-	-	Customer
4	Prasandi Skills Tech Pvt. Ltd.	-	-	0.05	-	-	Vendor

Details of Relationship with Struck-off Companies as on 31st March, 2023:

Sl. No.	Name of struck off Company	Nature of Transactions with struck-off Company					Relationship with Struck off Company if any to be disclosed
		Investment in Securities	Receivables	Payables	Shares held by Struck-off Company	Other Outstanding Balance (To be specified)	
		(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	(₹ In Cr.)	
1	Bhaskar Industries Private Limited	-	0.07	-	-	-	Customer
2	Dewas Techno Products Pvt. Ltd	-	0.07	-	-	-	Customer
3	Prasandi Skills Tech Pvt. Ltd.	-	-	0.12	-	-	Vendor

71. All the charges with ROC have been filed within the statutory period for the year ended 31.03.2024.

72. GAIL Gas Bengaluru launched a CNG promotional scheme from 10 Sept 2021 onwards in Bengaluru Urban and Rural GA. Scheme was applicable on purchase of New CNG vehicle and retro fitment of old vehicles. Scheme was implemented in 2 tranches which ended on 31.03.2023. 12,687 cards were activated under the above mentioned scheme.

GAIL Gas Bengaluru launched New CNG Promotional Scheme on 01<sup>st</sup> Nov, 2023. Distribution of CNG Fuel cards

for purchase of CNG thru COCO,RO or Full DODO stations in Bengaluru is made by GAIL Gas Limited through OEM Dealers.

Under the new CNG Promotional Scheme, 1206 cards have been activated as on 31.03.2024 and advance with M/s One97 – service provider for CNG Fuel cards is NIL. The unused balance in 1206 number of CNG Fuel cards as on 31.03.2024 to be used for CNG purchase at Company's Bengaluru CNG stations is ₹ 1.33 crores (Previous year ₹6.22 crores).

**73. Ratios**

Sl No.	Particulars	Numerator	Denominator	23-24	22-23	Variance
(a)	Current Ratio	Current assets	Current liabilities	0.85	0.85	0%
(b)	Debt Equity Ratio	Total Debt	Shareholder's Equity	0.38	0.32	19%
(c)	Debt Service Coverage Ratio	Profit after tax plus Finance Cost plus Depreciation	Debt Service(1)	3.52	6.01	-41%(a)
(d)	Return Equity Ratio	Profits after taxes	Average Shareholder's Equity (2)	11%	11%	0%





**NOTES ACCOMPANYING TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

(e)	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	748	454	65%(b)
(f)	Trade Receivable Turnover Ratio	Net Sales	Average Trade Receivable	13	13	0%
(g)	Trade Payable Turnover Ratio	Purchases of stock-in-trade of natural gas and other expenses	Average Trade Payables	13	15	-13%
(h)	Net Capital Turnover Ratio	Net Sales	Working Capital	-46	-52	-11%
(i)	Net Profit Ratio	Profits after taxes	Total Income (Net of Excise Duty)	3%	3%	0%
(j)	Return on Capital Employed	Earnings before interest and taxes	Capital Employed(3)	10%	10%	0%
(k)	Return on Investment	Share of Profit / (Loss) of Joint Ventures	Average Investments	-1%	-4%	75%(c)

- 1) Finance Cost plus Principal Repayments of Debt
- 2) Average of Opening Shareholder's Equity and Closing Shareholder's Equity.
- 3) Shareholder's Equity + Total Debt + Deferred Tax Liabilities + Lease Liabilities

Explanation for change in the ratio by more than 25% as compared to preceding year;

- (a) The reduction in debt service coverage ratio is mainly due to increase in the repayment of current installment of HDFC term loan.
- (b) Due to increase in the natural gas prices, the sales value as well as cost of goods sold was increased and also decrease in the average inventory value, resulted the increase in inventory turnover ratio.
- (c) The increase is due to reduction in share of loss from JV Companies.

**74. Events occurring after the balance sheet date**

The company evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval

of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. As on date, there are no material subsequent events to be recognized or reported that has not already been stated.

**75. Confirmation of Assets & Liabilities**

- a) Balance confirmation has been sought from Customers / vendors / contractors / authorities for balances grouped under trade receivables, loan and advances, deposits and trade payables. Substantial replies have been received, wherever replies have been received, reconciliation is under progress and impact on the financial statements in the opinion of the management is not expected to be material.
- b) In the opinion of management, the value of assets, other than property, plant and equipment and non-current investments, on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

76. Previous Year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

**For & on behalf of the Board of Directors of GAIL Gas Ltd.**

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

**M/s M.K. Aggarwal & Co**  
Chartered Accountants  
Firm Reg. No.01411N

Sd/-  
**Deepak Asija**  
Company Secretary  
(PAN-ADPRA0983E)

Sd/-  
**Pankaj Gupta**  
CFO  
(PAN-ADYPG0044P)

Sd/-  
**Goutom Chakraborty**  
CEO  
(PAN-ABKPC5087E)

Sd/-  
**R. K. Jain**  
Director  
(DIN-08788595)

Sd/-  
**Sandeep Kumar Gupta**  
Chairman  
(DIN-07570165)

Sd/-  
**CA Atul Aggarwal**  
Partner  
Membership No: 099374

**Place:** New Delhi  
**Date:** 06.05.2024



## 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 GAIL GAS LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2024

The preparation of Consolidated financial Statements of GAIL Gas Limited for the year ended 31<sup>st</sup> March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with section 129(4) of the Act is 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 Audit Report dated 06<sup>th</sup> May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Consolidated Financial Statements of GAIL Gas Limited for the year ended 31<sup>st</sup> March 2023 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of GAIL Gas Limited, Haridwar Natural Gas Private Limited and Purba Bharti Gas Private Limited but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure for the year ended on that date. Further, Section 139(5) and 143(6)(a) of the Act are not applicable to Vadodara Gas Limited being private entity, for appointment of Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditor nor conducted the supplementary audit of this company. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

For and or behalf of the  
Comptroller & Auditor General of India

**Place:** New Delhi  
**Dated:** 01.07.2024

Sd/-  
**(S. Ahladini Panda)**  
**Director General of Audit (Energy)**

**Annexure A**

Name of the Company/Subsidiaries/JVs/Associate Companies of which supplementary audit not conducted.

Sl. No	Name of the Joint Ventures/Subsidiary	Type of the Company
1	Andhra Pradesh Gas Distribution Corporation Limited	Joint Venture
2	Goa Natural Gas Private Limited	Joint Venture
3	Rajasthan State Gas Limited	Joint Venture



PNG Drive organised at various authorised Geographic Areas

[illegible]



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# GAIL Gas Limited Pan-India Presence

\*Map not to scale



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GAs Authorised in 1 <sup>st</sup> Round of PNGRB Bidding		GAs Authorised in 11 <sup>th</sup> & 11A Round of PNGRB Bidding	
GA Authorised in 4 <sup>th</sup> Round of PNGRB Bidding		GA Authorised through PNGRP Regulation 17	
GAs Authorised in 9 <sup>th</sup> Round of PNGRB Bidding		Joint Ventures	
GAs Authorised in 10 <sup>th</sup> Round of PNGRB Bidding		GAs with multiple districts	



**GAIL Gas Limited**

(A wholly owned subsidiary of GAIL (India) Limited)

**Registered Office:**

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Phone: +91-11-26172580

**Corporate Office:**

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Plot No. B-35 & 36, Sector-1, NOIDA - 201301, U.P, India  
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CIN: U40200DL2008GOI178614