



# MAHANAGAR GAS LIMITED

Ref: MGL/CS/SE/2016/21

Date: September 30, 2016

To,

<b>Head, Listing Compliance Department</b> <b>BSE Limited</b> P. J. Towers, Dalal Street, Mumbai - 400 001 <b>Scrip Code/Symbol: 539957; MGL</b>	<b>Head, Listing Compliance Department</b> <b>National Stock Exchange of India Ltd</b> Exchange Plaza, Bandra –Kurla Complex, Bandra (East), Mumbai – 400 051 <b>Script Symbol: MGL</b>
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**Sub: Disclosure pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Madam,

Pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015. We are enclosing herewith Annual Report of the Company for the financial year 2015-16.

Kindly take the same in your record.

Thanking you,

Yours sincerely,

**For Mahanagar Gas Limited**

  
**Alok Mishra**  
**Company Secretary and Compliance Officer**

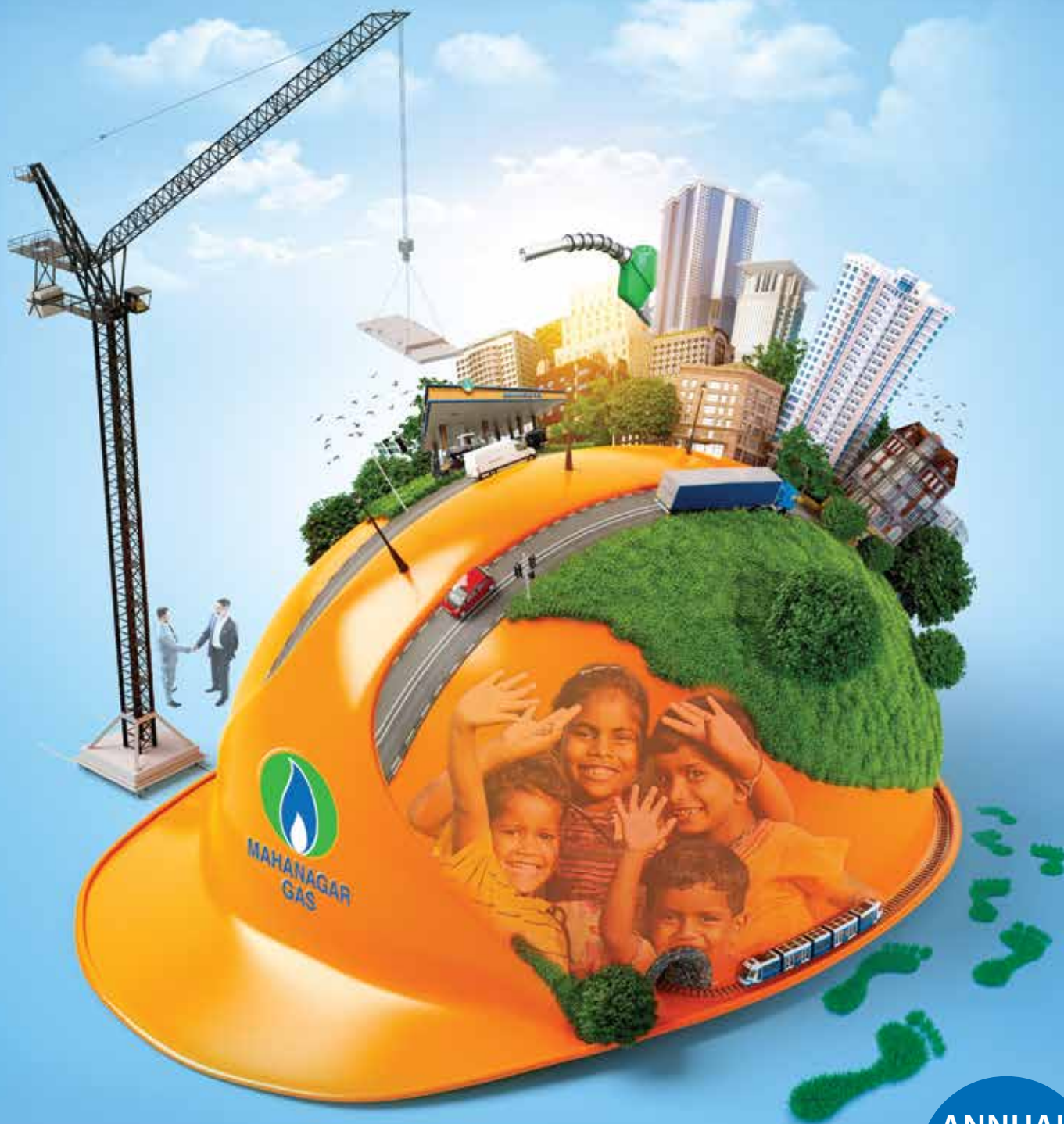
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# HELPING **TRANSFORM** **INDIA'S** ECO-FUTURE



**MAHANAGAR  
GAS**



**ANNUAL  
REPORT**  
2015-16



# QUALITY



# SAFETY



# ENVIRONMENT

# MGL

**TRANSFORMING LIVES THROUGH  
SUSTAINABLE VALUES!**

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We strive to be a responsible corporate by finding synergies between economic growth, environmental stewardship and socially responsible operations. Sustainability lies at the heart of our functions and it drives product innovation, reduce costs, mitigate risks and create business opportunities for long-term strategic growth.





# VISION

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To be a leading consumer-friendly gas Company  
To provide safe, efficient & reliable energy  
To contribute significantly for a pollution free environment

# Letter from Chairman



Dear Shareowners,

During the financial year 2015-2016, the global economy had an uneven growth with a few developed economies demonstrating resilience. The world economy encountered challenges at many levels last year, these includes significant volatility, Eurozone instability, depression in crude oil and commodity prices, currency depreciation in emerging markets, and a lingering slowdown in China. The medium to long term economic outlook in India continues to look promising and it is heartening to see the Government's drive to continue to liberalise the economy. The Indian economy too faced challenges from slow agricultural growth with two consecutive poor monsoon leading to sharp contraction in exports. Winning over all odds, proactive steps and economic growth oriented policies of Government of India during the financial year 2015-2016, ensured India's gross domestic product (GDP) growth of 7.6% as compared to 7.2% in the previous year.

It is with great pleasure that I present Mahanagar Gas Ltd's Annual Report for the financial year 2015-2016. On the occasion of Twenty-first Annual General Meeting of your Company and on behalf of the Board of Directors, it gives me immense pleasure and satisfaction to share noteworthy performance of your Company for the fiscal Year 2015-16. The net operating revenue for the Financial Year 2015-16 was ₹2079 crores, as compared to ₹2095 Crores in the preceding Financial Year. Your Company also continued to maintain its profit growth. The Profit after Tax has achieved the level of ₹309 Crores, as compared to ₹301 Crores in the preceding Financial Year. Your Board has recommended a dividend of 175% i.e. ₹17.50 per equity share of ₹10/ each, for the financial year 2015-2016. It is also pertinent to mention that the peak gas sales in a day increased to 2.76 MMSCM from 2.65 MMSCM, which is 4% in excess over the previous financial year. Your Company has been constantly improving and performing excellently.

One major development which I would like to share, that your Company has successfully listed its equity shares with both the stock exchanges (BSE / NSE) on July 01, 2016 by way of diluting 25% stake by its promoters (GAIL & BGAPH) by way of offer for sale (OFS) of shares. I am glad to inform you that the issue was over-subscribed by around 64 times and as on date i.e. on August 26, 2016, the equity share of the Company is quoted at ₹596.30 (NSE) which is showing the market capitalisation of the MGL is more than ₹5,890 Crores.

Your Company has established its operations in one of the largest metro city of India. The ever expanding customer base coupled with large unserved population provides a strong growth opportunity. Over the next five years, your Company would focus on increasing the penetration in the current authorized geographical area through higher number of domestic connections and more CNG stations along with expeditious rollout of CGD infrastructure in the newly authorized Raigarh district.

Your Company is in the process of expanding the CGD network in the Geographic Area of Raigarh District (Maharashtra) authorized by the PNGRB with 300 months of infrastructure exclusivity and 60 months of marketing exclusivity commencing w.e.f. April 01, 2015.

Your Company is continuously screening opportunity to enter into new markets by participating in the bids invited by PNGRB for implementation of the CGD network across the country in upcoming CGD bid rounds of the PNGRB. Also, your Company is exploring various opportunities for inorganic growth such as equity stakes in other existing CGD entities. Your Company is looking for acquiring stake in other existing CGD entities having established markets. It is also pleasing to inform you that your Company is bidding for new geographical areas to set up and operate CGDs. Your Company also plans for new initiatives of Hybrid CNG / Diesel vehicles, CNG in two wheelers etc.

“

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The decision of the Government of India (Gol) allowing supply of domestic gas up to 110% of domestic gas allocation for CNG (transport) and PNG (domestic) segments of your Company is immensely helpful in maintaining competitiveness of CNG and PNG against competing alternate fuels. This dispensation of the Gol would enable your Company to meet fluctuation in demand and cater to most of the incremental demand in these segments from domestic gas supplies.

The ability to source market priced gas from all major sources through physical connectivity with GAIL's Dahej-Uran pipeline network and the large demand potential in the existing authorized areas of your Company, provides a tremendous scope for growth. A challenge before your Company would be to roll out its CGD infrastructure in a time bound manner to meet its regulatory targets in newly authorized Raigarh district covering over 6800 Square Km area consisting of diverse topography of rocky terrain and forest land.

Ladies and Gentlemen, it is seen that progress continues, but there is much more to do. While the challenge we face is formidable, and not to be underestimated, bringing your Company to the aspired level of success is important not only for shareholders but also for our customers, people, the society in which we operate, and to the industry as a whole, where we play a leading role.

Your Company being a people oriented organization has always focused on the development of its human capital. To realise this vision, our processes are implemented in a structured manner utilising time tested & globally accepted mechanisms. To highlight a few of the initiatives, your Company has established a competency framework and has conducted the Assessment and Development Centre for its middle and senior management. Your Company is very keen in developing the leadership competencies of their managers. There is a partnership with the best of the management institutes of India, such as IIM- Ahmedabad, Bangalore, Indore, & Kozhikode, which helps to develop the leadership in pipeline so as to meet the future talent needs.

Further, the opportunities are being provided to employees to upgrade and enhance their skills and knowledge through E-Learning initiatives wherein the employee can undergo a module at his / her convenience and as per choice. Apart from the above, more than 3 man-days of training per employee is being provided during the year which includes behavioural, technical, functional and skill workshops.

It is a matter of pride that your Company is providing an android based mobile application "MGLCONNECT" which enable the customers to leverage the latest technology available in the market to enhance their satisfaction through portability of use, ease of operation and time saving. Objective of your Company is to connect, communicate and care for all shareholders and customers on continuous basis. In coming days, your Company is focusing on enhancing automation of all processes with a view to achieve paperless office.

Your Company fosters the unwavering philosophy of taking care of the community for sustainable tomorrow. As of August, 2016, 50 students from extremely fragile economic background have been nurtured to face tough engineering entrance examination with success rate in excess of 90%. The Company has also created infrastructure supportive to education like science centres (5 schools), computer laboratory (2 schools), and other infrastructure (4 schools). Your Company is also contributing towards 'Skill India campaign' targeting skills augmentation of nearly 300 youths and is also contributing to various causes in alignment to national and global developmental agendas.

Before I conclude, I would like to take this opportunity to thank all of you for your continuous support and encouragement that has helped your Company to face all the challenges and achieve consistent growth in its business, while providing safe, competitive, efficient and reliable source of energy to our esteemed customers.

With warm regards,

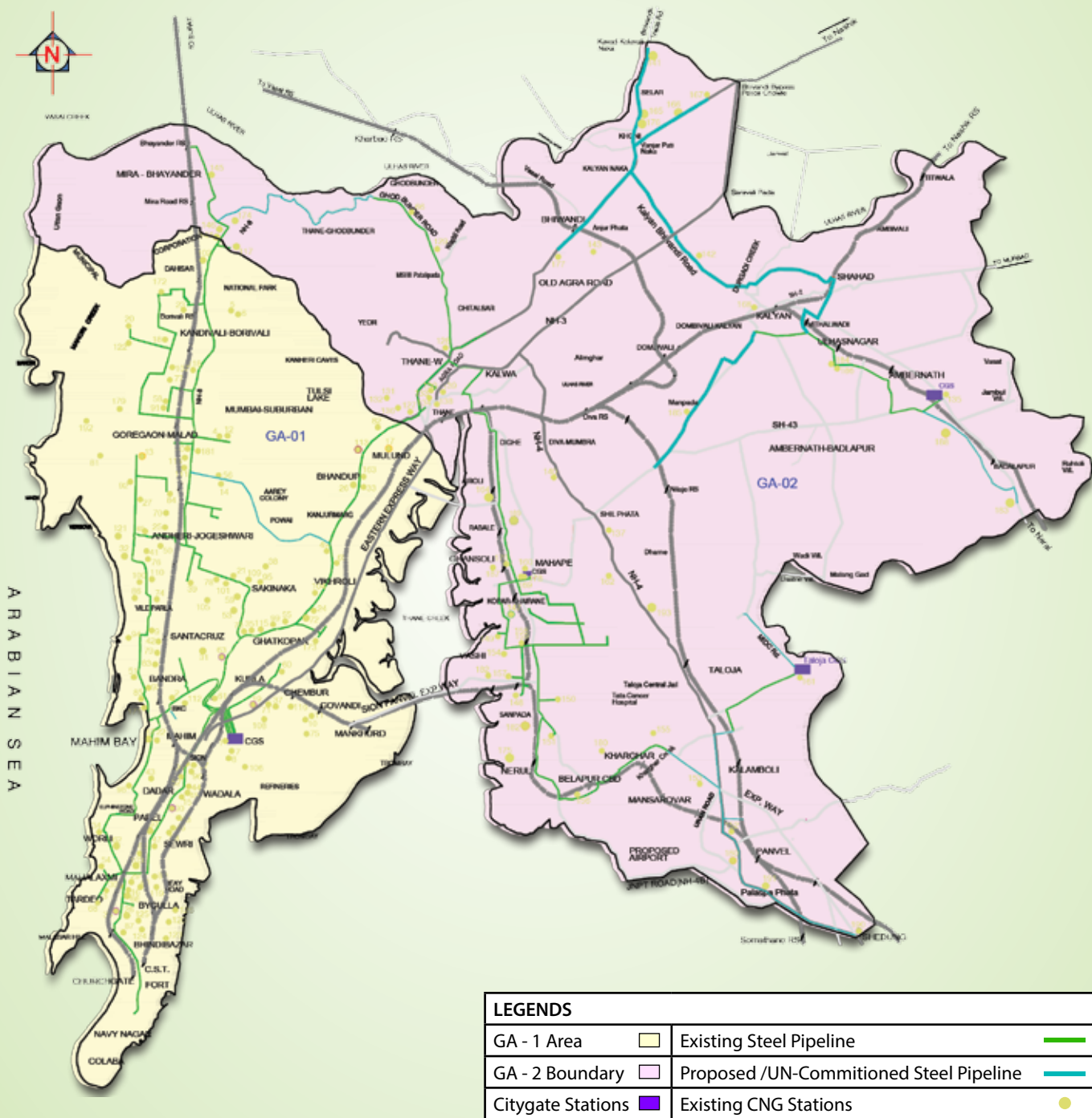


**Dr. Ashutosh Karnatak**  
Chairman



## Gas Distribution Network

### Geographical Area (GA-1 and GA-2)



## New Authorised Area for Gas Distribution Network (GA-3)





# Building a Robust Network

## MGL's CITY GATE STATIONS



WADALA



AMBERNATH



TALOJA



MAHAPE

# BOARD OF DIRECTORS



**Dr. Ashutosh Karnatak**  
(Chairman)  
(w.e.f. May 28, 2015)



**Mr. Shaleen Sharma**  
(Chairman)  
(upto May 27, 2015)



**Mr. M. Ravindran**  
(Director)  
(upto May 27, 2015)



**Mr. Apurva Chandra**  
(Director)



**Mr. Akhil Mehrotra**  
(Director)  
(w.e.f. March 11, 2016)



**Mr. Nitin Banerjee**  
(Director)  
(upto February 12, 2016)



**Mr. Rajeev Mathur**  
(Managing Director)



**Ms. Susmita Sengupta**  
(Technical Director)



**Mr. J.K. Jain**  
(Director)



**Mr. Arun Balakrishnan**  
(Director)



**Mr. Santosh Kumar**  
(Director)



**Dr. Basudeb Sen**  
(Director)



**Mr. Raj Kishore Tewari**  
(Director)

## OTHER KEY MANAGERIAL PERSONNEL

**Mr. S. M. Ranade**  
Chief Financial Officer

**Mr. Alok Mishra**  
Company Secretary

# HIGHLIGHTS

- Over 13 lakh customers covering over 65 lakh people being supplied PNG & CNG in and around Mumbai.
- Supplying CNG to over 4.70 lakh vehicles through a network of over 190 CNG outlets.
- CNG filling facility at 17 depots for over 3300 public transport buses run by BEST, MSRTC, TMT, NMMT providing pollution-free travel to the citizens.
- Daily reduction of over 1300 tonnes of pollutants in Mumbai with the use of CNG.
- Largest length and breadth of above 400 Km steel & 4000 km PE pipeline spread across Mumbai and its adjoining areas.
- Implementation of GIS mapping and SCADA system for efficient control and monitoring of the entire network.
- Securing Gas supply network by setting up a network of City Gas Terminals at strategic locations in the area of operation.
- Successful public listing of MGL on Stock Exchange
- All CNG auto and taxi drivers (above 2 lakh) provided insurance cover against accidental death or disabilities under MGL's unique insurance scheme - "Mahasuraksha Yojna".
- Contributed in rehabilitation of families of three martyrs of 26/11 terror attacks by handing over operatorship of 3 CNG stations.
- Won the Golden Peacock Award, Rashtra Vibhushan Award, 5<sup>th</sup> Annual Greentech CSR Award, Pt. Madan Mohan Malviya CSR Award & BT CSR Excellence Award.
- Won 6<sup>th</sup> Annual Greentech HR Excellence Award 2016 for training and development.
- Successful Re-certification of ISO14001:2004 - Environmental Management System.
- Nurtured 20 underprivileged students through 11 months rigorous training. 4 students were admitted into IITs and others initiated process for admission into NIT.
- Reaching out to the customers through a network of 7 walk-in centers across the operational area.
- Enhancing customer centric approach by registering presence on social media and mobile app 'MGL Connect'.







## ESTABLISHING AN **E-CONNECT** TO ENHANCE CUSTOMER CONVENIENCE!

Adapting ourselves to newer technology, we have always been at the forefront when it comes to offering easier and more convenient solutions to our customers. Launching our mobile application, 'MGL Connect' is one of the few steps taken towards ultimate customer convenience.

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## EVOLVING FOR THE BETTER. BY **REACHING OUT!**

It is not just our business through which we aim to bring about a difference but also help in building a better society around us for our future generations to lead an enriching life. We believe education is of vital importance to a nation's progress and hence, are always at the forefront to promote education, skill development through our various CSR initiatives.



## Corporate Directory

### BANKERS

AXIS Bank  
BNP PARIBAS  
CITI Bank NA  
Deutsche Bank, AG  
Development Credit Bank Ltd  
HDFC Bank  
ICICI Bank  
IDBI Bank Ltd  
Indian Bank  
Kotak Mahindra Bank Limited  
Oriental Bank of Commerce  
Punjab National Bank  
Standard Chartered Bank  
The Dhanlaxmi Bank Ltd  
The Hongkong & Shanghai Banking Corporation Ltd  
United Bank of India  
Yes Bank Ltd

### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells,  
Chartered Accountants,  
Indiabulls Finance Centre, Tower 3, 32nd Floor,  
Elphistone Mill Compound, Senapati Bapat Marg,  
Elphistone (W), Mumbai - 400 013.

### SECRETARIAL AUDITORS

M/s. Dholakia & Associates LLP,  
A/302, Khernagar Sarvodaya Co.op. Hsg. Soc. Ltd.,  
Bldg. No. 11, Nr. PF Office, Khernagar, M.H.B. Colony,  
Bandra (East), Mumbai - 400 051.

### COST AUDITORS

M/s. Dhananjay V. Joshi & Associates,  
Cost Accountants,  
"CMA Pride" Ground Floor, Plot No. 6, S. No. 16/6,  
Erandawana Co.op. Hsg. Soc., Erandawana,  
Pune - 411 004.

### REGISTERED OFFICE

MGL House, Block No : G-33,  
Bandra-Kurla Complex,  
Bandra (East),  
Mumbai - 400 051.





## MOVING TOWARDS A **GREENER TOMORROW** WITH **CNG!**

We have been supplying CNG to over four lakh vehicles, through a robust network of more than 190 CNG stations with over 1000 dispensing points in and around Mumbai. Today, almost all the auto-rickshaws, taxis and other public transport vehicles are plying on CNG. We take pride in helping to reduce vehicular emissions, thus making a significant improvement in the city's environment, in our own small way!

## Directors' Report

To,  
The Members,

Your Directors are pleased to present you the Twenty First Annual Report of the Company (MGL) together with the Audited Statements of Accounts for the year ended March 31, 2016.

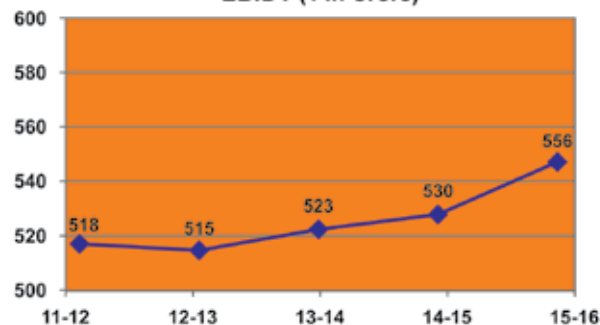
### 1. Financial Performance

Your Company registered a turnover of ₹2,079 Crores during the year 2015-16. The Profit after Tax is ₹309 Crores for the year 2015-16 as compared to ₹301 Crores for the year 2014-15.

The Financial results for the year ended March 31, 2016 are summarized below:

Particulars	FY 2015 - 16 ₹ in Crores	FY 2014 - 15 ₹ in Crores
Net Revenue (Operating)	2,079	2,095
Other Income	43	41
Profit before Interest and Depreciation	556	530
Interest	3	1
Depreciation	84	80
Profit before Tax (PBT)	469	449
Provision for Tax	160	148
Profit after Tax (PAT)	309	301
Balance of Profit for earlier years	1,106	995
On account of change in estimated useful life in case of certain assets, depreciation adjusted as per Companies Act, 2013 [net of tax]	-	(2)
Balance available for appropriation	1,415	1,294
<b>Appropriation</b>		
Proposed Dividend on Equity Shares	156	156
Tax on Dividend	32	32
Balance of profit carried to Balance Sheet	1,227	1,106
<b>Total Appropriations</b>	<b>1,415</b>	<b>1,294</b>
<b>Earnings Per Share (Face value of ₹10/- each)</b>		
<b>Basic (₹)</b>	34.55	33.69
<b>Diluted (₹)</b>	31.36	30.54

EBIDT (₹ in Crore)



*Building trust of promoters - presentation of dividend cheques to GAIL (I) Ltd., BG India Ltd., and Government of Maharashtra*

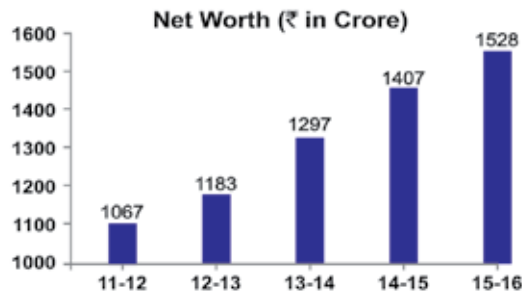
Net worth per share has increased from ₹157.54 in 2014-15 to ₹171.03 in 2015-16 signifying sound return on investment coupled with sizeable amount of profit ploughed back into the business.



## 2. Appropriations

### Dividend

- In the previous year, a dividend of ₹17.50 per equity share on face value of ₹10/- each (which included special dividend of ₹7.50 per share) was paid. For the financial year ended March 31, 2016, your Directors are pleased to recommend a dividend of ₹17.50 per equity share (i.e. normal dividend of ₹10 per share and special dividend is ₹7.50 per share) on 89341600 equity shares of ₹10/- each (175% on the paid up value of each share).



- The payment of dividend, after your approval at the forthcoming Annual General Meeting, will be made in accordance with the regulations applicable at that time.

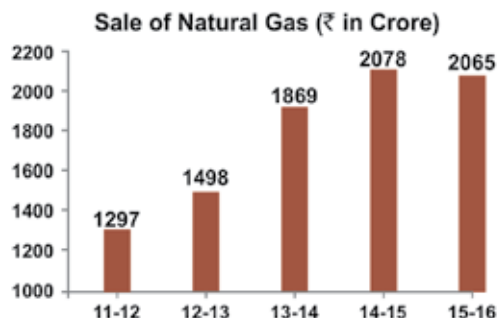
## 3. State of Company's Affairs

Your Company's growth is on fast track and is poised for scaling newer heights, in its chosen areas of operations. A brief summary of the operations of the Company is provided in the Management Discussion & Analysis section forming part of this report.

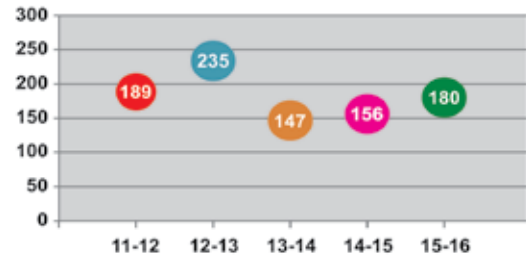
## 4. Management Discussion & Analysis

### (a) Operations and Business performance:

Mumbai is a densely populated and a congested city. Building infrastructure in the city has always been a challenge for your Company. Furthermore, as compared to other utilities whose infrastructure is already laid in the



### Addition to Gross Block (₹ in Crore)



limited corridors available, City Gas Distribution (CGD) has the "last mover" disadvantage in Mumbai.

The Company has successfully continued scaling up of the infrastructure during the year under review in its authorised areas of operation of Greater Mumbai (GA1) and Thane city & other adjoining areas (GA2). The Company is also rapidly spreading its distribution infrastructure and connecting consumers in the suburban areas of Kalyan-Dombivli, Ambarnath-Badlapur, Ulhasnagar, Bhiwandi, Panvel, Kharghar and Taloja which are also within your Company's authorized Geographical Area. The PNGRB in its CGD bidding round - IV authorised your Company to lay, build, expand and operate CGD network in Raigarh District in Maharashtra.

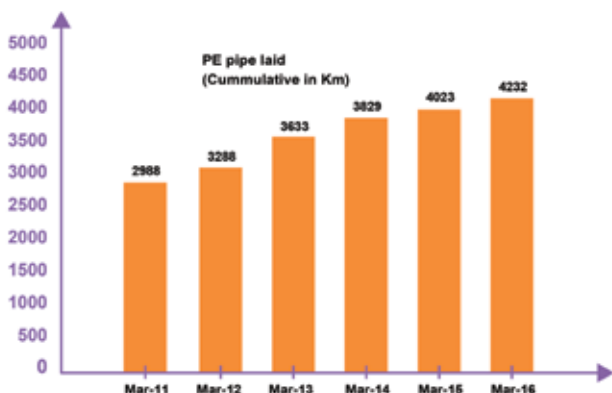
Growth has been maintained despite encountering complexities due to development of infrastructure by various other entities / authorities, limited construction window period of about six months due to monsoons and complex web of statutory permissions from multiple authorities to build CGD infrastructure.

The table below shows growth achieved by the Company:

Sr No	Particulars		Addition for the Year 2015-16	Cumulative upto March 31, 2016
<b>A. Piped Natural Gas</b>				
	Household Consumers Connected	Nos	60,978	8,62,299
<b>B. Compressed Natural Gas</b>				
	Outlets / Stations	Nos	9	188
	Dispensing Points	Nos	66	1,031
	Compression Capacity	Kgs/day	1,05,000	26,13,800
	Vehicles Converted to CNG	Nos	49,220	4,70,478
<b>C. Pipelines laid</b>				
	Steel	Kms	12	415
	Polyethylene	Kms	208	4,232

Continuous additions to the number of domestic connections and vehicles converted to CNG have ensured that your Company is one of the most prominent CGD companies in India in terms of consumer base.

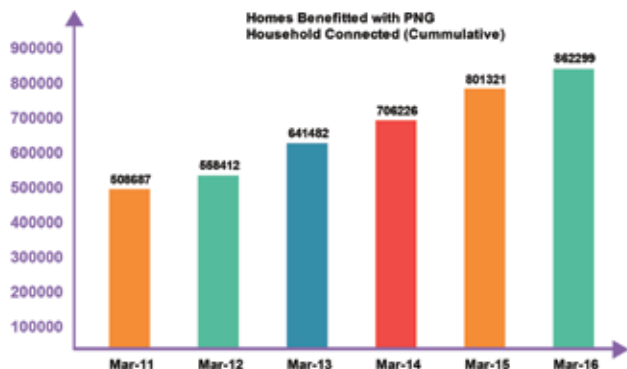
The average gas sales volume of your Company during the financial year 2015-16 increased to 2.43 MMSCM per day registering a growth of over 2% during the previous fiscal year. The highest daily gas sale volume has reached a peak of 2.76 MMSCM per day during the year.



During the year 2015-16, your Company has made substantial investments in network expansion in its existing areas of operations of laying, building and developing CGD infrastructure in the authorized areas.

During the year 2015-16, apart from domestic connections, your Company has also made progress in adding new Commercial and Industrial consumers.

The average CNG sale during the financial year 2015-16 increased to 12.70 Lakhs Kg per day registering growth of



about 4% over the previous fiscal year. The peak daily sale of CNG reached 14.69 Lakhs Kg per day during the year. The growth in demand for CNG is expected to continue and your Company is preparing to seize this opportunity by significantly investing further in the CNG infrastructure in the city of Mumbai and adjoining authorised areas during the next fiscal year.

**Highlights of performance and initiatives** taken up during the year are as follows:

1. Day to day efficiency in gas sourcing, supply management, fund management and operations undertaken by your Company led to an overall control on costs.
2. Your Company has successfully completed re-certification of OHSAS 18001:2007 & ISO14001:2004 - Environmental Management System.
3. Your Company received 2nd Pt. Madan Mohan Malviya Award (Silver Award) for Best CSR Practices in Education, 2015 for our project 'MGL Unnati', 5th annual Greentech CSR Award in the Gold Category in CGD sector for outstanding achievement in Corporate Social Responsibility, Rashtra Vibhushan Award, 2015 in Gold category in social development for its outstanding contribution for National Economic and Social Development, Golden Peacock Award for Corporate Social Responsibility, 2015.
4. Your Company signed term Regasified Liquefied Natural Gas (RLNG) contract (0.15 Firm + 0.15 Fall back) for gas supplies commencing effectively from January 01, 2016 and the term is valid till December 31, 2016. Firm RLNG would help security of gas supplies to your Company and reduce its dependence on Spot RLNG having high volatility of prices.

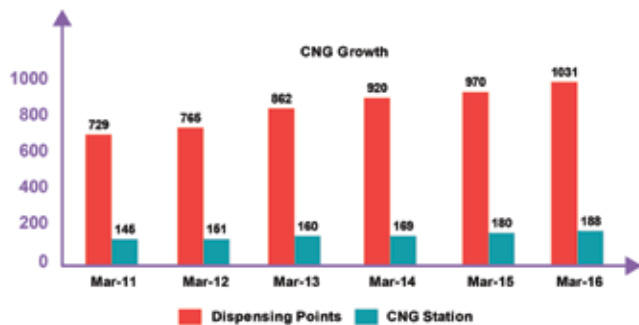


Recognition for CSR

5. Your Company has signed MoU with FuelMyGaddi.com (FMG). It provides CNG fueling solution for private CNG cars owners. Under this new initiative, FMG drivers will pick up subscriber's CNG car in the night, ferry it to the nearest CNG pump, fill it with CNG and park the car back at subscriber's premises the next morning.
6. Your Company launched user friendly MGL Connect Mobile App for its Domestic PNG and CNG consumers.
7. Your Company successfully implemented new Web and Mobile GIS application – 'myWorld' for all GIS users.

#### (b) Development in Gas Sourcing and Pricing:

According to the "New Domestic Natural Gas Pricing Guidelines, 2014" dated October 25, 2014 notified by Government of India (GoI), in addition to providing clarity on domestic Natural Gas Pricing, moderated domestic natural gas prices in line with the international trends which helped in maintaining competitiveness of CNG (transport) and PNG (domestic) supplied by your Company against competing liquid fuels.



Also, your Company has entered into/renewed framework agreements for Spot RLNG with suppliers available in market to source Spot RLNG in a competitive manner, to cater to daily and seasonal fluctuations in gas demand and quantities required over and above total of domestic gas allocations and firm RLNG supplies. Spot RLNG prices (delivered) fluctuated considerably during the year from low of about US\$ 5.87/ MMBTU to a high of US\$ 9.61 / MMBTU. Your Company successfully maintained its overall gross margins in all segments in spite of considerable fluctuation in gas costs by effective implementation of a comprehensive gas sales pricing policy.

#### (c) Opportunities and Challenges:

Your Company is in process of expanding the CGD network in the Geographic Area of Raigarh District

(Maharashtra) authorized by the PNGRB with 300 months of infrastructure exclusivity and 60 months of marketing exclusivity commencing w.e.f April 01, 2015.

The decision of the Government of India (GoI) allowing supply of domestic gas upto 110% of domestic gas allocation for CNG (transport) and PNG (domestic) segments of your Company is immensely helpful in maintaining competitiveness of CNG and PNG against competing alternate fuels. This dispensation of the GoI would enable your Company to meet fluctuation in demand and cater to most of the incremental demand in these segments from domestic gas supplies.

The ability to source market priced gas from all major sources through physical connectivity with GAIL's Dahej-Uran pipeline network and the large demand potential in the existing authorized areas of your Company, provides a tremendous scope for growth.



*Enhancing gas sourcing infrastructure*

Hon'ble Supreme Court in its judgment dated July 01, 2015 declared, Regulations pertaining to determination of network tariff for city or local gas distribution network and compression charge for CNG, as ultra vires. Such verdict of Hon'ble Supreme Court provided respite and clarity about non applicability of retrospective impact of network tariff and compression charges, if any.

A challenge before your Company would be to roll out its CGD infrastructure in a time bound manner to meet its regulatory targets in newly authorized Raigarh district covering over 6800 Square Km area consisting of diverse topography of rocky terrain and forest land.

Another challenge before your Company would be to develop competitive skills to prepare for likely competition post exclusivity scenario in Mumbai and Greater Mumbai and Thane city & contiguous areas, retaining skilled manpower and developing more number of vendors and



competent contractors. To address such challenges, your Company is focusing on upgrading its robust systems and processes, strengthening manpower & skill development.

Also, the outcome in the ongoing legal cases (i) in Hon'ble High Court of Delhi on natural gas marketing exclusivity in Mumbai and its Adjoining Areas (ii) in the APTEL between MGL & PNGRB, GAIL and ONGCL, on applicability of additional Transportation Tariff of ONGCL's Uran Trombay Pipeline levied by GAIL may have an impact on your Company.

**(d) Risk Management & Internal Control System:**

MGL has established business risk management framework for identifying risks that may have a bearing on the organization's objectives. Risks are evaluated on the basis of their impact and likelihood by Business Risk Review Group (BRR Group) consisting of senior executives of Company and are periodically reviewed by the Audit Committee and the Board.

The Business Risk Review Group assists the Audit Committee and the Board in its oversight of the Company's management of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks under the aegis of the overall business risk management framework.

MGL has put in place adequate Internal Financial controls (IFC) commensurate with its size and nature of its business and in conformance to Companies Act and other applicable statutes. These have been thoroughly assessed (and augmented, where needed) through one of the renowned expert agencies (M/s E & Y) so as to ensure that such controls are operating effectively. Your management continuously exercises focus on strengthening its internal control processes through various initiatives such as setting tone from the top, awareness sessions as well as periodic review. These initiatives provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company and ensuring compliance with corporate policies.

Policies, standards and delegations of authority have been disseminated to senior management to cascade within their departments. Procedures to ensure conformance to the policies, standards and delegations of authority have been put in place covering all activities. Inter-dependencies of job responsibility ensure that there

are joint discussions and requisite approvals before any commitment is made.

The internal audit activity is performed by a reputed external professional firm covering major business operations which ensures the effectiveness of existing processes, controls and compliances. This has been further augmented by introducing implementation review which is aimed at ensuring that the audit findings are tracked until closure. Internal audit reports along with management comments and action plan on recommendations as well as the findings of implementation review are presented to Audit Committee. Functioning of the auditing firm is overseen and facilitated by in-house dedicated personnel.

The Company has a rigorous business planning system to set targets and parameters for operations which are reviewed with actual performance to ensure timely initiation of corrective action, if required.

A Strategic Management Group (SMG) consisting of Senior Executives undertake discussions and take joint decision on all major issues.

Your Company has witnessed smooth operation of SAP R/3 ERP system as well as IT systems during the year. Maximum uptime of IT Infrastructure, systems and services could be achieved without any loss-time of operation or information security incidents. The Company could upgrade the SAP to one of the latest technical platform - "Enhancement Pack 6". As a sequel to the technical upgrade business function activation was accomplished with an exclusively in-house effort for Financials where functionalities like Income Tax depreciation and report for past periods for foreign currency valuation were achieved. The mobility implementations were enhanced and applications like the customer application on Android witnessed growing popularity. To further streamline processes, a mobile application for the "Last Mile Connectivity" of domestic customers has been rolled out which resulted in recording activities of material consumption, move-in of the customer in SAP and payment to contractors without any time-lag and with a centralized operation.

In an endeavour for a paperless office and enhancing controls, your organization has developed applications for safety incident tracking and automating training records for contract engineers and plumbers.

Supervisory Control and Data Acquisition (SCADA) has been implemented to have remote control of select installations.

### (e) **Health, Safety, Security & Environment (HSS&E): Safety**

Your Company is in the business of supplying Piped and Compressed Natural Gas that is environment friendly and safe. To facilitate this, your Company constructs and operates pipelines in the city of Mumbai and its adjoining towns. Whilst doing this, your Company adheres to high standards of Health, Safety, Environment and Security and as the Company believes that 'Outstanding Business Performance requires Outstanding HSS&E Performance'. Your Company complies with all legal and statutory requirements applicable to its operations as a minimum standard and aspires to attain recognised world class performance.



*Gas Safety Awareness*

Your Company is accredited to OHSAS 18001:2007 for Occupational Health & Safety Management system, ISO 14001 for Environment Management System and ISO 9001:2008 for Quality Management System which are being audited regularly at par with international requirements.



*Reinforcing Safe practices - Mock Drill*

Your Company is committed to the health and safety of all its employees, the employees of our contractors and other stakeholders who may be affected by the Company's

operations. Your Company considers its contractors as business partners and expects them to adhere to the Company's HSSE standards. Coaching and assistance is provided to the business partners as and when required.

As a part of your Company's drive for continuous improvement in safety, various steps have been undertaken to raise general awareness in the relevant community and operating environment such as PNG awareness campaign in residential societies, MGL Emergency Management Systems awareness for local Fire Brigade offices, District Disaster Management Cells, Police personnel in various police stations, CNG awareness campaign at various auto stands, B.E.S.T. depots and gas safety awareness programs in public schools. A campaign on "Life Saver Excellence" with a series of workshops has been conducted across the Company in different districts to raise HSE awareness among employees and contractors.

Your Company has taken very good steps in "Occupational Safety" excellence with the relentless implementation of Petzl System for Work at Height activities especially for Riser installation at project sites, continuous improvement in the Compliance to MGL Lifesavers, implementation of Safety Technical Competency training policy- "NO STC NO WORK" and CNG filling policy- "NO Metal Plate NO Gas". Your Company has implemented Online Action Tracking System to evaluate and close out the recommendations related to the incidents and Senior Management Audits in a methodical way. Your Company in future is going to implement E - permit system and Defensive Driving Management system. Your Company has an Emergency Control Room with toll Free number 1800 22 99 44 which is available 24 Hours, 365 days a year. Besides this "Dial-before-Dig" a continuous pipeline surveillance and mapping of entire pipeline network on Geographical Information System (GIS) also contribute to safe working environment.

Your Company also expects all of its employees and contractors to report near miss and hazards which are then investigated and lessons learnt are shared with all concerned. Your Company also takes cognisance of the lessons learnt from other oil and gas companies across the world. To further inculcate safe driving behaviours, in addition to Vehicle Tracking System (VTS), your Company conducts Defensive Driving Training (DDT) for all drivers and helpers of vehicles plying within the organization namely Light commercial Vehicles (LCV) carrying CNG, pool vehicles, and Master Control Center (MCC) / Emergency vehicles. Your Company has imparted

DDT training to more than 600 contractors' drivers and patrolmen driving bikes associated with MGL.

Your Company has a well-built Fire Management System in place in compliance with all national standards. A competent firefighting workforce has been deployed at all city Gate Stations (CGS) and MGL offices to combat any potential fire emergency. The Fire Management System has been scrutinized by an external third party agency of international repute validating the effectiveness of the system.

A series of mock drills were conducted in the presence and association with the Mutual Aid Response Group (MARG) members to demonstrate the MGL Emergency Response and Disaster Management Plan (ERDMP) and learn from the inputs of the MARG members for continual improvement.

### Security

Security management as an independent support process in your Company evolved to provide physical security assurance mechanism to its business. Ever-changing business dynamics, continual maneuver in socio-economic scenario with rapid increase in threat perspective & swift business expansion of your Company engaged the security team to carry out thorough reassessment of the Company's security management processes through risk assessment & reviews, specially focusing on protection of critical assets with enriched focus on pipeline network and physical security support to key processes. Your Company has responded positively to changing security challenges by evolving and adopting effective security mechanism and programs into its overall business operations.

Security process sustainability of your Company is continuously put to test through continuous feedback from other functions followed by review of security process and thereafter implementing the result of such reviews. These reviews include risk and vulnerability assessments, threat appreciation, access control mechanism, security awareness training, incident management drills and exercises. Your Company Security Management System is being audited periodically by reputed third party agencies for identifying its areas of improvement.

In order to match with enthusiastic business expansion coupled rapidly diversifying security threats, security as a function graduated from basic guarding function to

three distinct verticals - Surveillance Assurance, Asset Protection & Security Support; each complementing & reinforcing each other. Surveillance assurance process was augmented by bringing in quantum improvements in CCTV coverage by incorporating all Company owned CNG Retail Outlets in its CCTV network. An 'App-based Surveillance Mechanism System' for monitoring Patrolmen activities is in the pipeline for implementation. Implementation of this project will provide real time data related to pipeline surveillance. Steps are also on to incorporate security guards of housing societies and other people residing in the vicinity of gas pipelines for gaining information about pipeline through implementation of incentive driven plans. In order to achieve the desired results in security assurance process, a state of the art 'Security Control Room' for continuous surveillance of Pipeline, VTS monitoring, monitoring patrolmen activities, remote monitoring of DRS & continuous surveillance of all asset locations & major offices is planned.

The year saw new initiative in Vigilance function. 'Vigilance Mechanism' of the Company was approved and implemented in the Company. A definite mechanism is at present in place to deal with matters related to fraud & unethical practices.

The ultimate goal of the Security Management System in MGL is to achieve effective security performance. Key emphasis of the Security Management System is to provide uniform security standards across your Company so as to make the security practices proactive rather than relying on reactive mechanisms.

### Environment

The Environment is both a brand image as well as a core area of focus for your Company. In addition to the process and procedures, your Company has in place, to meet the requirements of ISO-14001 accreditation, every year your Company celebrates World Environment Day wherein the employees rededicate themselves to protect the environment and promote the benefits of natural gas to improve the environment through public awareness campaigns. Towards environment compliance, a new initiative of landscaping and greenland development work has also been completed at CGS Ambarnath. Your Company has installed solar panels in Administration Building to reduce collective dependence on electricity. Also use of CFL lights and gas generators working on natural gas at Offices and CGS saves significant amount of electricity and combat greenhouse gases emissions. Your







*Imbibing environment awareness in young minds*

Company is also planning to implement upgraded EMS standard of ISO14001:2015.

**(f) Project Monitoring:**

Corporate Project Monitoring Cell (CPMC) is always in an earnest endeavour to improve upon project monitoring. Web based module designed for capturing and display of performance of key milestones is further advanced to assist execution departments in figuring out the areas of concern and underutilization of already laid infrastructure. The system has also benefitted the Company to improve upon the accuracy and timely submission of requisite information to stakeholders and regulators.

Further in its ever endeavour to improve upon the projects operation and monitoring, CPMC has gone ahead with the initiative of developing new "System Based Modules", essentially very effective facilitating and monitoring tools. These new modules are:

- **Last Mile Connectivity (LMC) mobility Application:**  
On adopting this application, MGL could ensure on time recording of Customers conversion date, validation of Meter serial Number and genuineness of reporting of the House Locked cases.
- **Work at Height (WAH) - PTW Application:** This application is at present under trial in the areas of Mira-Bhayender and Kandivali. This system may curb the delay in work permit issuance and idling of resources at sites which in turn may enhance the productivity and safety at site.

**(g) Asset Integrity:**

Your Company has been assessed and registered as complying with the requirements of PNGRB Notification on Integrity Management System (IMS) for City or Local Natural Gas, Distribution Network (CGD regulation - 2013). For upgrading the technical competencies of your engineering and technical personnel, e-learning modules

comprising animation films have been developed and made available through intranet. This has enabled ready access to acquiring and upgrading correct knowledge and skill to employees.

**(h) Future Outlook:**

Your Company has established its operations in one of the largest metro city of India. The ever expanding customer base coupled with large unserved population provides a strong growth opportunity. Over the next five years, your Company would focus on increasing the penetration in the current authorized geographical area through higher number of domestic connections and more CNG stations along with expeditious rollout of CGD infrastructure in the newly authorized Raigarh district.

Your Company is continuously screening opportunity to enter into new markets by participation in the bids invited by PNGRB for implementation of the CGD network across the country in upcoming CGD bid rounds of the PNGRB. Also, your Company is exploring various opportunities for inorganic growth such as equity stakes in other existing CGD entities.

Your Company also plans for new initiatives of Hybrid CNG/ Diesel vehicles, CNG in two wheelers etc.

**5. Automation, Information Technology, Metering and Customer Relationship Management Improvements:**

**(a) Automation and Information Technology:**

Your Company has been successful in sustaining and enhancing its SCADA system across all the four City Gate Stations, 109 CNG stations and 3 Sectionalising Valves (SV). Plans are in place and further work is in progress to cover an additional 60 CNG stations and 6 SVs.



*Effective monitoring - SCADA Control Room*

With the successful experience of Data logger monitoring system at 30 District Regulating Stations (DRS), plans are in place for covering an additional number of 26 DRSs enabling your Company to further strengthen the safety of operations and provide improved services to your consumers in a more efficient manner.

Implementation of metering system in an existing District Regulating Station (DRS) and Automated Meter Reading (AMR) of the customers installed downstream of the DRS is being expedited by exploring suitable suppliers and vendors and detailed feasibility is being worked out in the first phase.

Your Company is also in the process of undertaking trials for the implementation of pre-paid metering system for domestic customers.

These initiatives shall render the capability for remote acquisition of Meter readings, detecting instances of Meter tampering and delivering an enhanced user experience thereby raising safety as well as revenue realisation.

#### (b) Metering:

Efforts were continued to maintain domestic meter reading accuracy & efficiency by updation of customer master data as per meter readers' feedback; continued cross-verification of at least 10% door lock images; providing list of non-functioning meters to O&M Department for replacement etc.

As way forward, following improvements to domestic meter reading android software are under implementation which would help minimize meter readers' errors:

1. Logical grouping of standard meter reading codes.
2. Experience based enhancement of list of standard meter reading remarks.
3. Availability of standard codes and standard remarks in hindi devanagari script along with English.

The improvements would also involve provision to capture photographs of various situations prevailing in customers' premises, which would facilitate back end analysis and identification of appropriate further actions.

In CNG daily report compilation, time & human effort saving was achieved by re-organizing formats of field data received from various sources.

#### (c) CRM:

The Interactive Voice Response System (IVRS) in the call

center has been re-designed for increasing customer convenience with various automated self-help menus, and updated customer information / updates. Few of the Key Features incorporated are as follows –

1. Increased self-help options.
2. Easier navigation of menu.
3. Customers who wish to avail After Sales Services (Install / Remove Meter) get priority to speak to Customer Service Executive.
4. Data to be captured regarding callers who wish to report demolition of building so that they may be contacted later.

Our Customer Care Helpline (Call Center) has been relocated to CBD Belapur at the vendor's location, having the following advantages –

1. The inbound call taking capability has been enhanced from 20 to 54 work stations. Scalability of additional work stations at a later date can be done very easily.
2. The Call Center operation is now operative 24x7.
3. Standardization of services by the BPO has enabled MGL to position its customer service as business differentiator in a competitive scenario leading to increase in brand value.
4. In the FY 15-16, there was an increase of 8.63% of registered customers. Subsequent to outsourcing of the call center activity, our call receiving capability increased by 7% month on month. As a result of this improvement the call abandon significantly reduced by 2.35% within a span of 8 months of commencement of operations.

#### Customer Awareness:

Keeping in mind the ever increasing customer expectations, the following Customer Awareness initiatives were taken to create Customer Delight – Know you PNG Bill:

- A bilingual document accompanying the PNG bill, explaining different aspects of the bill:
  - I. The 1st PNG Bill Insert explained calculation of the bill, importance of Actual Meter Reading, etc.
  - II. The 2nd PNG Bill Insert elaborates on the various charges/amount collected under each line item of the bill. This will be sent in the billing cycle commencing in September 2016.
- Both Inserts inform about customer friendly ways to provide Actual Meter Reading.



## 6. New Initiatives

### Commercial Master Sale Agreement

There are several retail chain outlets operating in our geographical areas and we have been registering each of their outlets as and when there was a request from them. Considering the potential sales volume from such retail chain, we proposed to have a master agreement covering all their remaining outlets where they need the PNG supply. Accordingly, we successfully signed agreement with M/s Hardcastle restaurants popularly known as 'McDonalds' for 21 outlets and M/s Jubilant foods popularly known as 'Dominoes' for 68 outlets all across our geographical areas for a volume off-take of ~28,000 SCMD. Further, we may sign off such agreements with Burger Kings and KFC.

### Commercial 'A'

Commercial 'A' segment is one of the promising segments amongst all the segments of PNG and CNG. We have focusing to have high penetration in this segment. In order to achieve the set target of gas volume in Commercial A category, we had planned to register 500 Commercial A customer in FY 15-16. We have exceeded the same by achieving 536 Nos for volume off-take of ~15,000 SCMD.

### Reticulated Policy

Today, PNG has become preferred choice of cooking fuel irrespective of the consumer profile in Domestic segment. Prominent builders have always showcased PNG connection as one of the amenities to attract the potential buyers. To cater to this niche market, we have reticulated policy which is win-win proposition to builders, customers and MGL. The objective of this model was to develop the additional resources without compromising on the targets and also facilitate builders during the construction phase of project itself. We have already executed the agreements with leading as well as small projects for supplying PNG to over 7000 households and considering the response from the builders, it is estimated that we may sign off projects having additional 12000 households over a period of next six months.

### Fuel My GAADI

With a saturated market of public transport in CNG, the promising segment left is private cars. The needs of this segment differ than that of the public transport segment for obvious reasons. Refuelling time is a critical issue, which clashes with the refuelling schedule of autos and taxis due to change in shift timings of the drivers. To ease the refuelling issues for private car segment an out-of-the-box concept is being supported by MGL under the brand name 'Fuel my Gaadi'. This initiative is being taken



*Convenience for CNG consumers - Launch of Fuel my Gaadi*

for providing services of CNG car re-fuelling through third party agency during non-peak hours. The service provider offers hassles free CNG refilling service to private car customers by picking up car from customer's residence during night hours and returning CNG refilled car at nominal charge.

### Supply of PNG to MCGM Crematorium:

Of the 12 crematoriums provided by MCGM under Phase 1, MGL has already laid the line up to the crematorium premise for 11 of the crematoriums and for the balance one case permission for laying is expected soon.

## 7. Quality Initiative

Your Company has successfully completed the periodic surveillance audit for ISO 9001:2008 Quality Management System by M/s. DNV in April 2015.

As a part of continual improvement, "Online Audit Management Module" for Quality Management System has been introduced. This is a paperless and green endeavor. This facilitates reporting, tracking & monitoring of Internal Quality Audits and field quality inspections. Your Company plans to transit from ISO 9001:2008 to ISO 9001:2015 new standard during its next re-certification audit.

## 8. Geographical Information System (GIS)

The Geographical Information System (GIS) established in the Company continues to be utilized to effectively manage network. The pipeline network laid/being laid is mapped in GIS on an ongoing basis which helps in regular monitoring, repair and maintenance on day to day basis as well as in the case of emergency.



The mobile GIS solution “my World” has been further enhanced by introducing the editing functionality which enables updating the mapping of the network even from field.

Network data quality improvement activities like field verification of the locations of Service Regulators, tallying the buildings data as well as completeness in the network mapping have been undertaken. This will ensure reliable information from GIS especially during planned outage and emergencies.

Improvements in GIS will benefit your Company, in contributing to monitoring and maintaining the pipeline network more proficiently.

## 9. Human Resources Development and Employee Relations

Your Company focus is in the most valuable asset “Human Resource” and has made all efforts to attract new talent as well as develop and enhance the skills of the existing talent pool. Organization restructuring for growth, revisiting HR policies, facilitating congenial and safe work environment and behaviour based training programs were some of the initiatives undertaken by MGL during the year.



*Recognition for HR excellence*

The organization has laid emphasis on human capital and their work life balance by implementing the flexi time policy which is backed by technology for the purpose of monitoring and control. The policy is well received by the team and there was no loss of productivity. The organization has focused on enhancing HR capabilities by augmenting IT interphase in HR systems and processes. An annual training calendar with a focus on planned development activities was initiated and implemented.

As part of the new initiatives E-Learning was introduced for the first time in MGL with 20 behavioural modules and

10 MGL specific modules for 100 users. Another initiative was taken to commission an Employee Opinion Survey for further enhancement of the organizational people processes.



*Emphasizing fitness in women employees*

In the areas of talent development and performance improvement processes; the blue print of leadership development plan and succession planning has been formed, which will support the organization in meeting its talent needs in time to come. Initiatives have also been taken to bring focus of performance to create a performance driven culture by modifying the existing performance system. Additionally, the skill enhancement has also been done through various training programs and workshops for employees across all the levels by arranging around 1800 mandays of training workshops.



*Long Service Award recipients with Senior Management*

There was also emphasis given to develop / draft the policies which were in existence but not documented and also to support the overall people development.

At the year end, your Company had 499 employees on its rolls; 49 employees were recruited during the year 2015-16. The attrition rate was around 6% for the Financial Year 2015-16.

## 10. Corporate Social Responsibility Policy

Mahanagar Gas Limited being a responsible corporate citizen has been continuously contributing in social investments primarily in the areas of Education, Skills Development, Health and Sanitation, Women empowerment and Environment protection.



#### *Empowering future generations - MGL Unnati*

'MGL Unnati', is an intervention designed with the objective to promote vertical socio-economic mobility through education. The project envisages coaching and mentoring of meritorious children of CNG auto, taxi and public transport bus drivers and other economically weaker sections enabling them to face competitive engineering entrance examination. Free coaching for a period of 11 months was extended to 20 students out of which 14 qualified in the IIT mains and 5 students got admission in IITs / NITs. Out of the 20 students trained under the initiative, 19 have got admissions in engineering colleges while one candidate has opted to undergo pilot training.

'MGL Hunar' is an intervention in lines with Kaushal Bharat – Kushal Bharat for imparting training on employment oriented trades to youths from underprivileged background. MGL associated with renowned vocational training institutes for imparting training in various skills to unemployed youths to make them self-reliant.



#### *Enhancing Skill Development - MGL Hunar*

MGL has been supporting slum communities in their quest for seeking better prospects for future generations by adopting a community center for initiatives like supplementary education, nutrition, health, soft skills training, IT training and livelihoods related skills augmentation training to youths. It is also mentoring children from slum communities through sports to evolve positive attitude and sensitize them against the negative

social practices like gender discrepancy, substance abuse, drug addiction, etc.

MGL has supported sterilization drive targeting stray animals with the objective of reduced man-animal conflict. Facilities and infrastructure has been created to support the sterilization program. Veterinary intensive care unit has been upgraded with modern machineries to treat diseased animals as an initiative towards animal welfare.

MGL has been reaching out to the less blessed, roofless and rootless children through its initiative 'MGL Komal Jivan'. MGL has adopted a multidimensional effort towards holistic development of such children who due to a complex mix of domestic, economic or social disruption find themselves in the streets and vulnerable to multitude of abuses. MGL has also extended support for air conditioning of Bai Jerbai Wadia Hospital a grade II-B heritage structure. MGL also extended support for training of ace shooter and an Olympic medal prospect Ms. Heena Sidhu.



#### *Skill enhancement for empowering women*

MGL also partnered with various social institutions for empowering urban poor women for a dignified life through skill development and training and for providing relief to women in distress to encourage them to cope with difficult circumstances and situations. As community welfare initiative, MGL has also contributed towards psychological settlement, medical care and overall happiness of mentally challenged adults, for holistic development of children from marginalized communities.

The Company, in compliance with the provisions of the Companies Act, 2013 has constituted a Corporate Social Responsibility Committee with Mr. Santosh Kumar as its Chairman and Independent Director, Managing Director presently Mr. Rajeev Mathur as Member and Whole Time Director, Ms. Susmita Sengupta as Member. The Company has also placed details of Policy on the website of the Company. Further details required as per the provisions of the Companies Act, 2013 are attached to this report as Annexure – III.

## 11. Directors and Key Managerial Personnel

### a) Appointments

During the financial year 2015-16, Mr. Akhil Mehrotra has been appointed as an Additional Director on the Board of the Company with effect from March 11, 2016 and shall hold office upto the date of the ensuing Annual General Meeting of the Company.

### b) Cessation

Mr. Nitin Banerjee resigned from the position of Directors w.e.f. February 12, 2016. The Board of Directors places on record the valuable contribution made by him to the growth of the Company, during his tenure as Director of the Company.

### c) Retirement by Rotation

The provisions of Section 152 (6) of the Companies Act, 2013 and Article 87 of the Articles of Association of the Company provide for retirement of rotation of the Directors of the Company. Accordingly, Dr. Ashutosh Karnatak retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Based on the recommendation of Nomination and Remuneration Committee, the Board recommends his re-appointment at the ensuing Annual General Meeting.

### d) Particulars of Employees

The ratio of remuneration of each Director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of the Board's report (Annexure - IV).

There are no employees who are posted in India throughout the financial year and in receipt of a remuneration of ₹1 Crore and ₹2 lakhs or more, or posted for part of the year and in receipt of ₹8 lakhs and ₹50,000 or more a month, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## 12. Board Meetings During the Financial Year 2015-2016

The Board of Directors met 6 (Six) times in the Financial Year 2015-16. The details of the Board meetings and the attendance of the Directors at the meetings are provided in the Report on Corporate Governance.

## 13. Directors' Responsibility Statement

In pursuance of Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis;
5. The Directors of the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 14. Corporate Governance & Shareholders' Information

Your Company strongly believes in adherence with good and ethical governance practices to enable the management to direct and control the affairs of the Company in an efficient and effective manner. It believes in imbibing the good governance practices to ensure the maximization of value and goodwill for all the stakeholders of the Company. With that belief, though not applicable before listing, your Company voluntarily complied with the requirements of Regulation 17 and 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as applicable to the listed Companies and has been complying with the aforesaid requirements of Corporate Governance post listing. A separate report on Corporate Governance has been annexed to the Annual Report.



*Highlighting MGL's credentials - Senior Management*

## 15. Extract of Annual Return

Extract of Annual Return as prescribed under sub - Section (3) of Section 92 and rule 12(1) of the Companies



(Management and Administration) Rules, 2014 in Form MGT – 9 has been annexed to this Report as Annexure – II.

## 16. Particulars of Contracts or Arrangements with Related Parties

There were no Related Party Transactions (RPTs) entered into by the Company during the financial year, which attracted the provisions of Section 188 of the Companies Act, 2013.

## 17. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report:

Company got successfully listed on the BSE Limited and National Stock Exchange of India Limited on 1st July 2016. The stake of the promoters GAIL (India) Limited and BG Asia Pacific Holdings Pte Limited reduced to 32.50% pursuant to Offer for Sale in the IPO. 9436178 compulsorily Convertible Debentures of the Government of Maharashtra has been converted into 9436178 Equity shares of face value of ₹10/- each pursuant to terms of the issue.



Successful Public Listing of MGL

## 18. Details of Significant & Material Orders Passed by the Regulators or Courts or Tribunal

There are no significant and material orders passed by the Courts or tribunals impacting the going concern status and the Company's operation in future.

## 19. Deposits

The Company has not accepted any deposits pursuant to provisions of the Companies Act, 2013 and rules made thereunder.

## 20. Declaration From Independent Directors on Annual Basis

The Company has received necessary declaration from the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 stating that they meet with the criteria of their Independence laid down in Section 149(6) as well as Clause 49 of the listing

agreement/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## 21. Audit Committee

Details regarding the constitution, re - constitution of the Audit Committee as per the provisions of Companies Act, 2013 and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance.

## 22. Stakeholders Relationship Committee

Details regarding the constitution, re-constitution of the Stakeholders' Relationship Committee as per the provisions of Companies Act, 2013 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance.

## 23. Nomination & Remuneration Committee

Details regarding the constitution, re-constitution of the Nomination and Remuneration Committee (NRC) as per the provisions of Companies Act, 2013 along with the dates of Meeting and the Terms of Reference have been entailed in the Report on Corporate Governance. The Company follows a policy on remuneration of Directors and Senior Management Employees. Details of the same are given in the Report on Corporate Governance.

## 24. Statutory Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, (Registration No. 117365W) the Statutory Auditors of the Company shall retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment and shall hold office from the conclusion of this Annual General Meeting [AGM] till the conclusion of next AGM. In this regard, Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Companies Act, 2013.

## 25. Secretarial Auditor

The Company had appointed M/s. Dholakia & Associates, Company Secretaries in Practice as Secretarial Auditor for the Financial Year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith as Annexure - V to this Report.

The observations and the suggestions of the Secretarial Auditor in their Report have been noted and the necessary returns have been submitted with the Competent Authority.



## 26. Cost Auditor

M/s. Dhananjay V. Joshi & Associates, Cost Auditors were appointed as Cost Auditor for the audit of cost records maintained by the Company for the financial year ended March 31, 2015. The Cost Audit Report was filed by the Cost Auditors on October 15, 2015 within the due date. In respect of the Financial Year ended on March 31, 2016, M/s. Dhananjay V. Joshi & Associates, Cost Auditors were re-appointed. The due date for filing the Cost Audit Report is September 27, 2016 (within 180 days from the end of financial year).

## 27. Formal Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013 and in compliance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

## 28. Vigil Mechanism

In Compliance with requirements of the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Board of Directors at its meeting held on March 26, 2015 approved the establishment of Vigil Mechanism to ensure that appropriate systems and procedures to curb opportunities for any sort of corrupt and unethical practices are in place.

This vigilance directive aims to set-out a structured, efficient & effective vigilance mechanism in the organization to cover both preventive and punitive approaches in this regard.

The policy on Company's Vigil Mechanism may be accessed on the Company's website at the link <https://www.mahanagargas.com/investors/Policies.aspx>.

## 29. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

### Prevention Of Sexual Harassment Policy

The Company had constituted an Internal Complaints Committee in compliance with requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The members of this committee include representatives from the Company and external experts/NGOs.

Your Directors further state that during the year under review, there were no cases filed pursuant to the provisions of the said Act.

## 30. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information in accordance with the provisions of Section 134(3)(m) and Rule 8 of Companies (Accounts) Rules, 2014 is annexed hereto as Annexure – I.

## 31. Appreciation and acknowledgement

Your Directors take this opportunity to place on record their appreciation and sincere thanks to the Ministry of Petroleum & Natural Gas, Government of India, Petroleum & Natural Gas Regulatory Board, Government of Maharashtra (GOM), Municipal Corporations of Greater Mumbai, Navi Mumbai, Thane, Mira-Bhayander, Kalyan-Dombivali, Raigad, other State and Central Government Authorities, Mumbai Metropolitan Regional Development Authority (MMRDA), Maharashtra Industrial Development Corporation (MIDC), Police and Fire Brigade Authorities, Bankers, Contractors, Consultants, Consumers and Local Citizens for their whole hearted support and co-operation. The Board also records their appreciation to its Stakeholders - GAIL (India) Limited, Shell Group, BG Group and GOM for their support and to the employees of the Company for their devotion, dedication and hard work for efficient operations and implementation of projects while maintaining momentum on your Company's growth.

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



**Dr. Ashutosh Karnatak**  
Chairman

**Place :** Mumbai  
**Date :** August 20, 2016





## FUELLING **SATISFACTION** THROUGH **PNG!**

PNG – might as well be known as Preferred Natural Gas, as it provides safe, convenient, economical and environment friendly energy solution to every consumer segment from household, commercial establishments to industries. We have spread our PNG network across Mumbai metropolis and are currently catering to over 8 lakh consumers in this region.

## ANNEXURE - I

### Conservation of Energy

#### A) Steps taken for conservation and utilizing alternate sources of energy:

Your Company has implemented a number of energy conservation measures at various operating installations and CNG stations. It includes successful implementation of cascades of water capacity of 3000 litres to reduce the frequency of start-stop of the compressor, thereby improving efficiency and also implementation of cascades of water capacity of 4500 litres, for transportation from mother station to daughter booster station through LCV, to reduce the frequency of movements of LCVs.

This has resulted in considerable savings and contributions to environmental improvements.

Solar Power Plant of 30kw installed at CGS, Wadala, has been successfully catering to the electrical lighting load of the office building. A 20 KW Solar power plant has been recently installed and taken into service at Mahape office.

Similarly such installations are scheduled for MGL offices at Ambarnath (10kw) and Taloja (20kw). Plant work started at Ambarnath and is expected to get completed by July'16, Taloja will be completed by November'16.

At Mahape office, a natural gas-based fuelled generator set has been commissioned generating sufficient power as the primary source (of power) for the office building wherein the grid power is now consumed only as the secondary or backup source. The exhaust heat emission of this Gas Genset contributes to the air-conditioning of the same building by being utilized for the newly

installed Vapor absorption chiller in-built with a heat recovery feature. This is a showcase of clean and green initiative.

Gas Gensets are installed at gas receiving stations (Mahape, Taloja and Ambarnath) and MGL owned CNG station at Owala, Thane to provide electrical power back up.

High wattage premise lights have been replaced by low wattage LED lamps at CGS, Sion reducing electricity consumption by 50%.

An Energy Conservation unit has been installed at MGL House, Bandra-Kurla Complex, which has brought about 14-15% reduction in energy consumption on account of lighting load.

Continuous efforts are put to maintain electrical power factor at CNG stations at desired level to achieve efficient use of electric energy.

Your Company has also taken various initiatives like development of compact DRS, improvement in the technical specification of flexible hose used for domestic connections in high rise buildings, standardization in usage of materials (to facilitate effective management of inventory) like GI pipes, Service Regulators and RCC tiles.

#### B) Capital investment on energy conservation equipments:

Company has finalized PO of ₹7.4 lakh for Solar Power Plant at CGS, Ambarnath where work is started and expected to get completed by October'16.



**TECHNOLOGY ABSORPTION:**

Sr. No.	Particulars	Current Year 2015-16	Previous Year 2014-15
<b>1</b>	<b>Research and Development (R&amp;D)</b>		
<b>A</b>	<b>Specific areas in which R&amp;D carried out by the Company</b>	<b>(a) Continuity with development of:</b> <ul style="list-style-type: none"> <li>Supervisory Control and Data Acquisition (SCADA) System</li> <li>Compact DRS</li> <li>Standardization of materials (ERW GI pipes, Service Regulators, RCC tiles)</li> <li>Full review of technical specifications in process</li> <li>Design of PNG riser and lateral system in high-rise building of height more than 120 metres</li> <li>Replacement of conventional crimping fitting with injection moulded transition fitting.</li> </ul>	<b>(a) Continuity with development of:</b> <ul style="list-style-type: none"> <li>Automatic Meter Reading (AMR) System</li> <li>PE Risers</li> <li>Supervisory Control and Data Acquisition (SCADA) System</li> <li>GIS Mobility</li> <li>Compact DRS</li> <li>Improvement in flexible metallic hose assembly</li> <li>Standardization of materials (ERW GI pipes, Service Regulators, RCC tiles)</li> <li>Full review of technical specifications initiated</li> <li>Gas Genset for in house power generation at Mahape Building</li> <li>New Vapour absorption air conditioning with heat recovery feature at Mahape building.</li> <li>(the above two being show case clean &amp; green initiatives)</li> <li>Potential Survey of the entire MGL area i.e GA1 &amp; 2.</li> </ul>
<b>B</b>	<b>Benefits derived as a result of the above R&amp;D</b>	<ul style="list-style-type: none"> <li>Improvement in the existing business processes and working standards of a City Gas Distribution Project.</li> <li>Development of Natural Gas Market</li> <li>Safe and effective operation of Gas Supply Network</li> <li>Cost saving and Energy saving</li> <li>Effective inventory management</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in the existing business processes and working standards of a City Gas Distribution Project.</li> <li>Development of Natural Gas Market</li> <li>Safe and effective operation of Gas Supply Network</li> <li>Cost saving and Energy saving</li> </ul>
<b>C</b>	<b>Future plan of action</b>	<ul style="list-style-type: none"> <li>Standardization of usage of PE pipes</li> <li>Continuing Vendor Development (Regulators, Gas Meters, PE pipes, etc)</li> <li>Further development of SCADA system</li> <li>Review feasibility of providing PNG / CNG to remote locations through LCNG facilities</li> </ul>	<ul style="list-style-type: none"> <li>Continuing Vendor Development (Regulators, Gas Meters, PE pipes, etc)</li> <li>Further development of SCADA system</li> <li>PE Risers</li> <li>Automater Meter Reading (AMR) technology</li> <li>Pre-paid meters</li> </ul>
<b>D</b>	<b>Expenditure on R&amp;D:</b>		
	<ul style="list-style-type: none"> <li>Capital</li> <li>Recurring</li> <li>Total</li> <li>Total R&amp;D expenditure as a percentage of total turnover</li> </ul>	Nil	₹2,31,80,132/- (0.1%)



## TECHNOLOGY ABSORPTION:

Sr. No.	Particulars	Current Year 2015-16	Previous Year 2014-15
<b>2</b>	<b>Technology absorption, adaptation and innovation</b>		
<b>A</b>	<b>Efforts, in brief, made towards technology adaptation and innovation</b>	Further development of Standards, Specifications and Operating Procedures (from BG Group), adapted for local implementation.	Further development of Standards, Specifications and Operating Procedures (from BG Group), adapted for local implementation.
<b>B</b>	<b>Benefits derived as a result of the above efforts e.g. Product Improvement, Cost Reduction, Product Development, Import Substitution, etc.</b>		
		<ul style="list-style-type: none"> <li>• Safe operation of Gas Supply Network</li> <li>• Import substitution by development of indigenous vendor for supply of Service Regulators</li> <li>• Growth strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Safe operation of Gas Supply Network</li> <li>• Import substitution by development of indigenous vendor for supply of Service Regulators</li> <li>• Growth strategy</li> </ul>
<b>C</b>	<b>In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished</b>		
(a)	Technology imported	Nil	Nil
(b)	Year of import	N.A.	N.A.
(c)	Has technology been fully absorbed?	N.A.	N.A.
(d)	If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action	N.A.	N.A.
<b>3</b>	<b>Foreign Exchange Earning and Outgo</b>		
		<b>Current Year (₹ in Crores)</b>	<b>Previous Year (₹ in Crores)</b>
	Total Foreign Exchange Earned	NIL	NIL
	Total Foreign Exchange outgo	86.00	83.82



## ANNEXURE - II

### Form No. MGT-9 Extract of Annual Return as on the financial year ended on March 31, 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

#### I. Registration and Other Details

1	<b>CIN</b>	U40200MH1995PLC088133
2	<b>Registration Date</b>	08/05/1995
3	<b>Name of the Company</b>	Mahanagar Gas Limited
4	<b>Category</b>	Company limited by Shares
5	<b>Sub Category of the Company</b>	Indian Non – Government Company
6	<b>Whether Listed Company (Yes/No)</b>	No (Company listed on July 1, 2016)
7	<b>Address of the Registered Office and contact details</b>	MGL House, Block No.G-33, Bandra-Kurla Complex, Bandra (E),Mumbai – 400051 Tel. No. +9122- 6678 5000 Fax. No. +9122- 2654 0092
8	<b>Name, Address and contact details of Registrar and Transfer Agents, if any</b>	M/s. Link Intime India Private Limited, C 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West) Mumbai – 400 078 Maharashtra, India Tel. No. +9122 - 2594 6970 Fax. No. +9122 - 2594 6969

#### II. Principal Business Activity of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr No.	Name and Description of Main Product / Services	NIC of the Product	% of total turnover of the Company
1	The Company operates presently in the business of City Gas Distribution. The Company earns revenue by selling Natural Gas.	3520	99.34%

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sr No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
NOT APPLICABLE					

#### IV. Shareholding Pattern (Equity Capital Breakup as percentage of Total Equity)

##### i. Category wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Phy-sical	Total	% of Total Shares	Demat	Phy-sical	Total	% of Total Shares	
A.PROMOTERS									
1.Indian									
a. Individual	-	30	30	0.001 (negligible)	-	30	30	0.001 (negligible)	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corporate	44449960	-	44449960	49.75	44449960	-	44449960	49.75	-
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub Total - A - (1)	44449960	30	44449990	49.75	44449960	30	44449990	49.75	-
2. Foreign									
a. NRI – Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	44449960	-	44449960	49.75	44449960	-	44449960	49.75	--
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub Total - A - (2)	44449960	-	44449960	49.75	44449960	-	44449960	49.75	-
Total Share Holding of Promoters (1+2)	88899920	30	88899950	99.50	88899920	30	88899950	99.50	-



**Shareholding Pattern (Equity Capital Breakup as percentage of Total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Banks/FI	-	-	-	-	-	-	-	-	-
c. Central Govt	-	-	-	-	-	-	-	-	-
d. State Govt	-	441600	441600	0.495	-	441600	441600	0.495	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Portfolio Corporate	-	-	-	-	-	-	-	-	-
i. Foreign venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub – Total B (1)	-	441600	441600	0.495	-	441600	441600	0.495	-
2. Non – Institution	-	-	-	-	-	-	-	-	
a. Body Corporate	-	-	-	-	-	-	-	-	-
b. Individual	-	50	50	0.001	-	50	50	0.001	-
i. Individual Shareholders holding nominal share capital upto ₹1,00,000	-	-	-	-	-	-	-	-	-
ii. Individual shareholders holding nominal share capital in excess of ₹1,00,000	-	-	-	-	-	-	-	-	-
c. Others	-	-	-	-	-	-	-	-	-
iii. NRI (Rep)	-	-	-	-	-	-	-	-	-
iv. NRI (Non – Rep)	-	-	-	-	-	-	-	-	-
v. Trust	-	-	-	-	-	-	-	-	-
vi. In Transit	-	-	-	-	-	-	-	-	-
Sub - Total B (2)	-	50	50	0.001	-	50	50	0.001	-
Net Total (1+2)	-	441650	441650	0.50	-	441650	441650	0.50	-
Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Grand total (A+B+C)	-	-	-	-	-	-	-	-	-



## ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholdings at the beginning of the year			Shareholdings at the end of the year			
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	% change in shareholding during the year
1	GAIL (India) Limited	44449960	49.75%	-	44449960	49.75%	-	-
2	BG Asia Pacific Holdings Pte Limited	44449960	49.75%	-	44449960	49.75%	-	-

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in the Promoters' Shareholding in the financial year 2015-16.

## iv. Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder's Name	Shareholdings at the beginning of the year		Shareholdings at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Rahul Mishra	10	Negligible	10	Negligible
2	Mr. Vishal Mehta	10	Negligible	10	Negligible
3	Mr. Sandip Gunvantlal Gandhi	10	Negligible	10	Negligible
4	Mr. Piyush Jajodia	10	Negligible	10	Negligible
5	Mr. N. K. Nagpal	10	Negligible	10	Negligible
6	Mr. Satyabrata Bairagi jointly with GAIL (India) Limited	10	Negligible	10	Negligible
7	Mr. M. Ravindran jointly with GAIL (India) Limited	10	Negligible	10	Negligible
8	Mr. R. C. Arora jointly with GAIL (India) Limited	10	Negligible	10	Negligible

## v. Shareholding of Directors and Key Managerial Personnel

Sr No.	For each of the Directors and KMP	Shareholdings at the beginning of the year		Shareholdings at the end of the year	
	Name of the Director / KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. M. Ravindran Resigned w.e.f. 28/05/2015	10	Negligible	10	Negligible



## Indebtedness

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

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness (₹ lakhs)
Indebtedness at the beginning of the year				
1.Principal Amount	-	1558.80	-	-
2.Interest due but not paid	-	-	-	-
3.Interest accrued but not paid	-	20.01	-	-
Total of (1+2+3)	-	1578.81	-	-
Change in the Indebtedness during the year				
+ Additions (including interest)	-	84.93	-	-
-Reduction	-	282.50	-	-
Net Change	-	197.57	-	-
Indebtedness at the end of the year				
1.Principal Amount	-	1381.24	-	-
2.Interest due but not paid	-	-	-	-
3.Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	<b>-</b>	<b>1381.24</b>	<b>-</b>	<b>-</b>

## REMUNERATION TO EXECUTIVE DIRECTORS

### A. Remuneration to Managing Director and Whole Time Director (Technical Director)

Sr. No.	Particulars of Remuneration	Name of the Managing Director and Whole Time Director	
		Mr. Rajeev Mathur Managing Director	Ms. Susmita Sengupta Whole Time Director
1.	Gross Salary *Secondment charges paid to promoters	₹46,84,531	₹3,94,63,083
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-
2	Stock Options	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.
4	Commission - As % of Profit - Others, specify	N.A.	N.A.
5	Others, please specify Provident Fund & other Funds.	-	-
<b>Total (A)</b>		<b>₹46,84,531</b>	<b>₹3,94,63,083</b>
	Ceilings as per Act	5% of the net profits of the Company	

#### \* Note:-

- Mr. Rajeev Mathur and Ms. Susmita Sengupta are getting remuneration / salary from GAIL & BGAPH respectively as their employers. Your Company has paid the above amount to the promoters, i.e. GAIL & BGAPH as secondment charges as both the Directors are not the employees of the Company.
- Secondment charges paid to GAIL does not include bachelor accommodation provided to the Managing Director used for office cum residence, Telephone Expenses, Electricity Expenses & club facility used for the entertainment of guests.

## B) Remuneration to Non-Executive (Non Independent Directors)

The Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non Independent) Directors for attending meetings of the Board and Committees thereof, during the Financial Year 2015-16.

## C) Commission to Non-Executive Independent Directors:

Apart from Sitting Fees and reimbursement of expenses for attending the meetings of the Board and / or Committees thereof, the Shareholders of the Company have approved payment of Commission to Non-Executive Independent Directors at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and divided amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2011-12.

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2014-15:

(₹ in Lakhs)

Sr No	Name of the Director	Number of Board meetings attended	Amt payable	Chairmanship held for Committee meetings												Total Amt
				Audit	Amt payable	IPO	Amt payable	Remuneration	Amt payable	Finance	Amt payable	Corporate Social Responsibility	Amt payable	HR Committee	Amt payable	
1	Dr. Basudeb Sen	8	4.00	5	0.50	-	-	1	0.10	-	-	-	-	-	-	4.60
2	Mr. J.K Jain	5	2.50	-	-	5	0.50	-	-	4	0.40	-	-	-	-	3.40
3	Mr. Santosh Kumar	7	4.00	-	-	-	-	-	-	-	-	4	0.40	-	-	4.40
4	Mr. Arun Balakrishnan	7	4.00	-	-	-	-	-	-	-	-	-	-	4	0.40	4.40
Total			14.50		0.50		0.50		0.10		0.40		0.40		0.40	16.80





Following are the details of Commission paid to the following Independent Directors for the Financial Year 2015-16:

(₹ in Lakhs)

Sr No	Name of the Director	Number of Board meetings attended	Amount payable	Chairmanship held for Committee meetings								Total Amt
				Audit	Amt Payable	IPO	Amount Payable	Nomination and Remuneration	Amt Payable	Corporate Social Responsibility	Amount Payable	
1	Dr. Basudeb Sen	2	1.00	-	0.00	-	0.00	-	0.00	-	0.00	1.00
2	Mr. J.K Jain	4	2.00	3	0.30	2	0.20	-	0.00	-	0.00	2.50
3	Mr. Santosh Kumar	6	3.00	-	0.00	-	0.00	-	0.00	2	0.20	3.20
4	Mr. Arun Balakrishnan	5	3.00	2	0.20	-	0.00	5	0.50	-	0.00	3.70
5	Mr. Raj Kishore Tewari	5	3.00	-	0.00	-	0.00	-	0.00	-	0.00	3.00
<b>Total</b>			<b>12.00</b>		<b>0.50</b>		<b>0.20</b>		<b>0.50</b>		<b>0.20</b>	<b>13.40</b>

The Commission for the financial year 2015-16 was approved in the Board Meeting held on May 30, 2016 and was paid on July 11, 2016.

#### D) Remuneration paid to Key Managerial Personnel (other than MD and WTD)

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Mr. S. M Ranade CFO	Mr. Alok Mishra Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	62.83	25.19	88.02
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.59	0.78	2.37
	(c) Profits in lieu of Salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of Profit - Others, specify	-	-	-
		-	-	-
5	Others, please specify Provident Fund & other Funds	3.20	1.36	4.56
<b>Total</b>		<b>67.62</b>	<b>27.33</b>	<b>94.95</b>

## Annexure-III

### REPORT ON CSR ACTIVITIES

**A brief outline of the Company's Corporate Social Responsibility policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

Mahanagar Gas Limited (MGL) has revised its CSR Policy in 2014 to align it with the guidelines formulated by the Companies (Corporate Social Responsibility Policy) Rules, 2014.

In accordance with the vision of the Company, MGL's CSR initiatives will supplement its contribution in environment protection, development of healthy and enlightened citizens, social upliftment and sustainable community development through its service, conduct and social initiatives.

The CSR policy and Annual CSR Plan for the Financial Year were approved by the Board of Directors and is uploaded on MGL website. Copy of CSR Plan for 2016-17 is attached to this report. The Policy provides for an annual CSR budget of 2% of its average net profit during the three immediately preceding financial years which will be utilized as under:

<b>Community Initiatives</b>	<b>90%</b>
<b>Natural Calamity/Relief Fund for welfare of SC, ST, OBC, minorities</b>	<b>5%</b>
<b>Training &amp; Development of CSR personnel</b>	<b>5%</b>

An allocation of 90% of the total CSR budget will be for Community initiatives in the thrust areas specified in the Schedule VII of Companies Act, 2013.

The implementation, monitoring and evaluation of CSR projects will be as per the guidelines in the Companies (Corporate Social Responsibility Policy) Rules 2014.

**The Composition of the CSR Committee.**

The 3- member CSR Committee was approved by the Board of Directors in its 106th Board meeting held in March 2014.

The Committee is constituted of the Managing Director, Whole Time Director (Technical Director) and an Independent Director, who is the Chairman of the Committee.

The following are the members of the CSR committee:

1. Shri Santosh Kumar, Independent Director;
2. Shri Rajeev Mathur, Managing Director; and,
3. Ms. Susmita Sengupta, Whole Time Director.

The Committee had 2 meetings during the year 2015-16.

**Average profit of the Company for last three financial years under Sec 198 of Companies Act, 2013 is ₹444.50 crores.**

**Prescribed CSR Expenditure (two per cent of the average profit mentioned above)**

The prescribed CSR expenditure of the Company for the financial year 2015-16 was ₹8.89 crores.

**Details of amount spent on CSR activities during the financial year.**

₹4.60 crores were spent during the financial year 2015-16.

**Amount unspent: ₹4.29 crores.**

Of the budget of ₹8.89 crores for CSR activities for financial year 2015-16, ₹4.60 crores was utilized in the financial year. Some of the projects were started midyear, therefore part of the project funds was disbursed this year and some fund will be disbursed in the coming financial year. Some of the agencies with whom we partnered for execution of the projects were unable to fully utilize the funds allocated. Due to lack of credible organization some of the projects could not get implemented.

The CSR Committee confirms that the implementation and the monitoring policy is in compliance of the CSR objectives and Policy of the Company.



**Manner in which the amount spent during the financial year is detailed below.**

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹/lakhs)	(6) Amount spent on the projects or programs Subheads: (₹) (1)Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure upto the reporting period (₹)	(8) Amount spent: Direct or through implementing agency *
1	Installation of HVAC in Bai Jerbai Wadia Hospital for Children – a grade II B Heritage Structure.	Health Care and Sanitation.	Local Area	200.00	12000000	12000000	Bai Jerbai Wadia Hospital for Children.
2	Medical / Special Care unit for mentally challenged adults.		Local Area	21.10	527500	2110000	Association of Parents of Mentally Retarded Children (Adhar).
3	MGLUnnati program for mentoring meritorious students from economically weaker sections for prestigious engineering institutions (Batch 2014 -15)	Education and employment enhancing vocational Skills.	Local Area	50.00	1250000	5000000	CSRL
4	MGL Unnati program for mentoring meritorious students from economically weaker sections for prestigious engineering institutions (Batch 2015 -16)		Local Area	50.00	3300000	3300000	CSRL
5	One time scholarship to 4 students of CSRL batch 2014-15 for gaining entry into IIT/NITs		Local Area	2.00	200000	200000	MGL
6	Rehabilitation and outreach program for street children (Project 2014 -15)		Local Area	25.32	633000	2532000	Shelter Don Bosco
7	Rehabilitation and outreach program for street children (Project 2015 -16)		Local Area	47.1431	1360800	1360800	Shelter Don Bosco

**Manner in which the amount spent during the financial year is detailed below.**

(1) Sr. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise (₹/lakhs)	(6) Amount spent on the projects or programs Subheads: (₹) (1)Direct expenditure on projects or programs (2) Overheads:	(7) Cumulative expenditure upto the reporting period (₹)	(8) Amount spent: Direct or through implementing agency *
8	Holistic Development of Children from the marginalized communities (Slums) (Project 2014 – 15)	Education and employment enhancing vocational Skills.	Local Area	16.00	400000	1200000	Magic Bus India Foundation.
9	Renovation and operationalization of slum community center for supplementary education, nutritional support and skills enhancement.		Local Area	20.11475	166225	166225	Aarambh
10	MGL Hunar – Skills Development initiative. Infrastructure up gradation in vocational training center and training of youths in various trades.		Local Area	30.3169	516918.50	516918.50	Don Bosco Yuva Sansthan
11	MGL Hunar – Skills Augmentation Training to youths on various trades.		Local Area	30.15	630000	630000	National Yuva Cooperative Society
12	Extending financial support for vocational skill training center for mentally challenged adults		Local Area	12.65	316250	1265000	Association of Parents of Mentally Retarded Children (Adhar).
13	Setting up center for providing remedial services to children with learning disabilities and autism.		Local Area	5.00	250000	500000	Umang Charitable Trust.
14	Infrastructure augmentation in Veterinary ICCU.	Environment / Flora / Fauna Sustainability.	Local Area	140.96235	9690212.75	9690212.75	Animals Matter to me - Mumbai





**Manner in which the amount spent during the financial year is detailed below.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
15	Renovation of cattery section & cats recovery ward.	Environment / Flora / Fauna Sustainability.	Local Area				Animals Matter to me - Mumbai
16	TNR/Sterilization program for stray animals.		Local Area				
17	Support for critical surgeries for stray animals.		Local Area				
18	Area expansion, installation of solar plant and setting up of laparoscopy unit in Animal Rehabilitation Center.		Local Area	76.27	4340067.75	4340067.75	
19	Installation of garden benches for senior citizens		Local Area	5.00	96000	96000	MGL
20	Empowering Poor urban women through skills enhancing training. (2014 -15)	Promoting Gender Social Equality and Empowering Women.	Local Area	40.55	1393263.00	3421113	Parisar Bhagini Vikas Sangh.
21	Family counselling centers for countering domestic violence (2014-15)		Local Area	43.57	1089450	3268350	Stree Mukti Sangathana

**Manner in which the amount spent during the financial year is detailed below.**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹/lakhs)	Amount spent on the projects or programs Subheads: (₹) (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto the reporting period (₹)	Amount spent: Direct or through implementing agency *
22	Support for air conditioning of convocation hall, a heritage structure recognized by UNESCO	Protection of National Heritage, Art and Culture	Local Area	100.00	5000000	10000000	University of Mumbai
23	Support for training of Heena Sidhu, potential Olympic medal winner for shooting.	Promoting National & Paralympic / Olympic sports.	Local Area	20.00	1000000	2000000	Foundation for Promotion of Sports and Games (FPSG)
24	Mid Term Evaluation and Impact Assessment of CSR project.	Training & Capacity Building of CSR personnel.	Local Area	22.00	1864654	1864654	Tata Institute of Social Science.

The Company's Policy on Corporate Social Responsibility shall be assessed at our website <https://www.mahanagargas.com/investors/Policies.aspx>.

sd/-  
(Technical Director)

sd/-  
(Managing Director)

sd/-  
(Chairman - CSR Committee)



## ANNUAL CSR PLAN 2016 – 17

Area	Environment, Flora and Fauna	Education and Employment Enhancing Vocational Skills	Preventive Health and Sanitation
Detail / Summary	Animal welfare activities like rescues, TNR / Sterilization, vaccination, fostering adoption, ICCU upgradation, Rehabilitation Centre, etc.	MGL Unnati for free residential coaching for engineering entrance examination, supplementary education project, infrastructure support in govt. / aided schools, employment enhancing vocational training including infrastructure support to skills training institutes.	Health Camps, infrastructure support in hospitals, Swachh Bharat Abhiyaan, Infrastructure support to organizations working in health care
Organization	Animal Matters to Me - Mumbai, Others to be identified.	CSRL, Magic Bus India Foundation, Shelter Don Bosco, Don Bosco Yuva Sansthan, National Yuva Cooperative Society, Aarambh, others to be identified.	Bai Jerbai Wadia Hospital for Children, Others to be identified.
Percentage wise Budget.	35.00	34.68	13.75

## ANNUAL CSR PLAN 2016 – 17

Area	Other Activities / Contingency Fund	Capacity Building and Administrative Expenses
Detail / Summary	Earmarked for projects to be undertaken in activities which are in resonance with schedule vii.	Initiative for capacity building of owns CSR team as well as that of implementing partners through institutions of repute.
Organization	To be identified.	Social Work / Science Institute / CSR consultancy organization.
Percentage wise Budget.	11.57	5.00

## Annexure-IV

The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, if any, in the financial year	Employee No.	Employee Name	Designation	% increase on CTC in 2015-16
	1003	Sunil Ranade	CFO	10%
	1732	Alok Mishra	CS	9%

The percentage increase in the median remuneration of employees in the financial year	<b>Median Remuneration Increase for eligible employees during the FY is 8.6%</b>
---	--

The number of permanent employees on the rolls of Company (as on date)	As on 01.08.2016	Permanent Employees	Fixed Term Contract (FTC)	Total
		497	27	524

Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year	<b>Eligible Employees Percentage Increase in 2015-16 excluding SMG and KMP</b>	<b>10.50%</b>
And its comparison with the Percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<b>Percentage Increase in 2015-16 for SMG and KMP (including CFO, SVP (Comm), SVP (O&amp;M), SVP (Constrn), VP (HR&amp;CC) and CS</b>	<b>9.31%</b>





# ANNEXURE - V

## Form No. MR-3

### Secretarial Audit Report

**For the Financial Year Ended 31st March, 2016**

(Issued in Pursuance to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with modifications as deemed necessary, without changing the substance of format given in MR-3)

To,  
The Members,  
Mahanagar Gas Limited  
MGL House, Block No. G-33, Bandra- Kurla Complex  
Bandra (East), Mumbai-400051

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahanagar Gas Limited (CIN: U40200MH1995PLC088133) (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.

A. In expressing our opinion it must be noted that-

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis. The Compliance made by the Company after the close of Financial Year but before the issue of Secretarial Audit Report has been considered by us for the issuance of this Certificate.

B. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. Based on our verification of the Company's books, papers, minutbooks, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents & authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes (duly evolved) and compliance- mechanism in place to the extent and as applicable to the Company (being an unlisted entity) in the manner and subject to the reporting made hereinafter:

C. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. None of the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI

Act') are applicable to the Company except 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;

6. And the Company being in the business of Natural Gas distribution - CNG (transport) and PNG (domestic), the Special Acts as applicable to it are "Petroleum and Natural Gas Regulatory Board Act, 2006 (PNGRB)" and "Gas Cylinders Rules, 2004" to be read with the norms issued by the Chief Controller of Explosives.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above and the Secretarial Standards issued by the Institute of Company Secretaries of India with effect from 1<sup>st</sup> July, 2015, except to the extent that:

1. The Company is in process of filing an Annual Return on Foreign Liabilities and Assets as stipulated by the Reserve bank of India vide its A.P. (DIR Series) Circular No 133 dated 20<sup>th</sup> June 2012.
2. Domestic consumers have given voluntary advances / deposits to the Company for adjustment against their future gas bills, considering these such advances may be treated as deemed deposits under Companies (Acceptance of Deposits) Rules, 2014 upon expiry of fifteen days from the date they become due for refund after 365 days of the date of acceptance. The Company is in the process of filing the Return of Deposit in Form DPT-3 with the Registrar of Companies.
3. The Company has initiated corrective actions for the few aberrations pointed out in Internal Audit Reports with respect to adherence to the guidelines prescribed under PNGRB.

D. We further report that-

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013 and the provisions pertaining to the constitution of the Board of Directors of the Company as provided in the Articles of Association of the Company.

2. Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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.

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

- E. We further report that there are reasonable systems & processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations & guidelines. Further, it is strengthening its system for robust compliance with the provisions of the applicable laws, regulations and rules.

- F. We further report that during the audit period, following event has taken place:

The Company has filed draft Red Herring Prospectus for its proposed initial public offering of up to 24,694,500 equity shares of face value of ₹10/- each of the Company through an Offer for Sale by GAIL (India) Limited and BG Asia Pacific Holdings Pte Limited.

**For DHOLAKIA & ASSOCIATES LLP**  
(Company Secretaries)

sd/-

**CS Bhumitra V. Dholakia**  
Designated Partner  
FCS-977 CP No. 507

**Place :** Mumbai

**Date :** May 30, 2016



# Report on Corporate Governance

**The Board of Directors of Mahanagar Gas Limited ("MGL") present  
the Report on Corporate Governance for the year ended March 31, 2016**

## Corporate Governance Philosophy

Corporate Governance is creation and enhancing long-term sustainable value for the stakeholders through ethically driven business process. At MGL, it is imperative that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders.

We, at MGL, ensure that we evolve and follow the corporate governance guidelines and best practices. We consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance as well as the leadership and governance of the Company.

MGL, though presently an unlisted entity, complies almost all requirements of Corporate Governance erstwhile Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein after referred as "Listing Regulations") and a related Certificate of Compliance with Corporate Governance is obtained from the Statutory Auditors of our Company. This has enhanced the trust and confidence of the stakeholders. The Company has continually been strengthening business processes, systems, financial reporting, information security systems, disclosures, and standards of ethics.

We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. It is well-recognized that an effective Board is a pre-requisite for strong and effective corporate governance. At MGL, the Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of our stakeholders.

## Ethics/Governance Policies

At MGL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of these codes and policies are:

- Code of Conduct
- Code of Conduct for Prohibition of Insider Trading
- Vigil Mechanism and Whistle Blower Policy

- Policy on Related Party Transactions
- Corporate Social Responsibility Policy
- Nomination and Remuneration Policy
- Board Diversity Policy
- Policy on preservation of Documents
- Policy on Determination of Materiality of Disclosures

## Management Initiatives for Compliance

The Company has established a Compliance tool as a part of its transformation agenda to effectively monitor and implement various compliances within MGL.

## Role of the Company Secretary in overall governance process

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

## Board of Directors

The Board is headed by a Non - Executive Chairman, Dr. Ashutosh Karnatak and comprises eminent persons with high credentials of considerable professional experience and expertise in diverse fields who actively contribute in the deliberations of the Board, covering all strategic policy matters and decisions.

## Composition of Board of Directors

As on March 31, 2016, the Board of Directors of MGL consists of ten Board Members. The present composition of the Board of Directors of MGL is in conformity with the requirements of the Companies Act, 2013, rules made there under and SEBI (LODR) Regulations, 2015 enjoining specified combination of Executive and Non-Executive Directors, with one woman director and with not less than 50 percent of the Board comprising of Non-Executive Directors and at least one-half comprising of Independent Directors. The Board is chaired by Non-Executive Promoter Director, as shown in the table below:

Category	No. of Directors	% to total no. of Directors
Executive Directors - (including Woman Director)	2	20%
Non Executive - Non Independent Directors	3	30%
Non Executive - Independent Directors	5	50%
<b>Total</b>	<b>10</b>	<b>100%</b>

The Chairman of the Board is Non-Executive - Non Independent Director.

## Profile of the Directors

The Board of Directors of the Company comprises of members from various fields having marvelous experience and expertise therein viz; finances, law, technical, engineering, oil and natural gas etc. The varied experience of Directors has facilitated the Company in better decision making process. A brief profile of Directors is given below:

### Dr. Ashutosh Karnatak, (DIN: 03267102) Non-Executive (Non Independent) Director

Dr. Ashutosh Karnatak, Director (Projects) of GAIL (India) Limited has been appointed as Director and elected as Chairman of Mahanagar Gas Limited effective from May 28, 2015. Dr. Ashutosh Karnatak is an M. Tech (Energy Studies) from IIT Delhi, an MBA (Finance) from IGNoU, a Ph.D. from University of Petroleum & Energy Studies, Dehradun and B. Tech (Electrical Engineering) from HBTI, Kanpur. Dr. Karnatak is presently pursuing Post-Doctorate in Business Administration on 'Organizational Maturity in Project Management'. He is presently an Executive Member in SCOPE. He is a multi-talented personality and has also developed various innovative techniques in Project Management & Employee Engagement. Dr. Karnatak was a member of Education & Training Board of International Project Management Association (IPMA), Switzerland, was part of the 'International Technical Working Group' constituted for implementation of 'Turkmenistan -

Afghanistan - Pakistan - India (TAPI) Pipeline' and had been the 'Industrial Member' in CBSE Committee involved in introducing 'Project Management' as a subject in Secondary School Academics.

### Mr. Rajeev Mathur, (DIN: 03308185) Managing Director

Mr. Rajeev Mathur holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Durgapur, Burdwan. He also holds a Master's Degree in Business Administration from the Jodhpur University. Mr. Rajeev Mathur is also an Associate Member of the Institution of Engineers. He is on our Board since September 29, 2014 and has over 29 years of work experience. Prior to joining our Company, Mr. Rajeev Mathur has served as an Executive Director (Marketing) at GAIL. He had also served on the Board of Indraprastha Gas Limited and China Gas Holdings Limited.

### Ms. Susmita Sengupta, (DIN: 06825311) Whole time Director

Ms. Susmita Sengupta holds a Bachelor's degree in Applied Sciences (Chemical Engineering) from the University of Waterloo and a Master's degree in Chemical and Petroleum Engineering from the University of Calgary, Alberta, Canada. She is a recipient of the Alberta Oil Sands Technology and Research Authority Scholarship. She is affiliated to Association of Professional Engineers of Ontario, Canada, Pipeline Inspectors' Certification, Canada and Gas Research Institute/ Pipeline Research Council International Non-Destructive Testing Committee, North East Gas Association, American Gas Association, American Society of Mechanical Engineers, American Institute of Chemical Engineers. She is on our Board since February 15, 2014. She has over 25 years of work experience. Prior to joining our Company, she has worked with DCP Midstream, Denver/Midland, Colorado/Texas, USA. She also served as Project Director, Project Management for ENOGEX/OGE, Oklahoma City, Oklahoma, USA, as Engineering Manager, Engineering & Corrosion Department for Vermont Gas Systems, Burlington, VT, USA, as Formal Leader, South East Region, Construction & Maintenance for MICHCON Gas Company, Detroit, Michigan, USA, as a Program Manager for British Gas Plc., London/ Loughborough, UK among others. During the span of her career, the responsibilities included managing all phases of project budget control and financial reporting, ensuring project execution, preparing and maintaining group business plan and budgets.

### Mr. Apurva Chandra, (DIN: 02531655) Non-Executive (Non Independent) Director

Mr. Apurva Chandra belongs to the 1988 batch of the Indian Administrative Service (Maharashtra Cadre) and is having a total experience of 27 years. He holds a Bachelor's degree in





Civil Engineering from the Indian Institute of Technology, New Delhi, a Master's degree in Structural Engineering from the Indian Institute of Technology, New Delhi and a Diploma in Business Finance from the Institute of Chartered Financial Analysts of India. He has been on our Board as a representative of Government of Maharashtra, since April 02, 2013. He is currently the Principal Secretary (Industries), Government of Maharashtra. He spent more than 7 years in the Ministry of Petroleum and Natural Gas, Government of India. He has also served on the Board of Directors of GAIL (India) Limited and Petronet LNG Limited.

**Mr. M. Ravindran, (DIN: 02309551) Non-Executive (Non Independent) Director (upto May 27, 2015)**

Mr. M. Ravindran was a Non-Executive Director of the Company. He holds a Bachelor's degree in Mechanical Engineering from Regional Engineering College, Kurukshetra University. He has been serving on our Board as a Non-Executive Director since June 01, 2013 as up to May 27, 2015. He has over 26 years of work experience. Prior to joining our Company, he has served as the Managing Director of Indraprastha Gas Limited ("IGL"), a Joint Venture of GAIL & BPCL. He presently holds the position of Director (HR) with GAIL (India) Limited and also as the Chairman of Indraprastha Gas Limited.

**Dr. Basudeb Sen, (DIN: 00056861) Non-Executive (Independent) Director**

Dr. Basudeb Sen is an Independent Director of the Company. He is MA in Economics from University of Calcutta and Phd from the Indian Statistical Institute. He has been serving as an Independent Director on our Board since March 21, 2006. In compliance with the provisions of Companies Act, 2013, Dr. Basudeb Sen was re – appointed as an Independent Director from March 05, 2015 for a period of 2 (two) years, for a term upto March 04, 2017. He has over 35 years of work experience including serving as Chairman and Managing Director of the Industrial Investment Bank of India Limited, as Executive Director of the Unit Trust of India and in various executive positions in United Bank of India, Coal India Limited and Industrial Development Bank of India. During the last three decades, he has served as non-executive director in several listed and unlisted companies in sectors like textiles, electronics, steel, jute, engineering, power, financial services, chemicals, tea, hotels and consumer goods. He also served on committees and working groups set up by SEBI, RBI and domestic financial institutions and industry associations.

**Mr. Jainender Kumar Jain, (DIN: 00066452) Non-Executive (Independent) Director**

Mr. J.K. Jain is an Independent Director of the Company. He holds a Bachelor's degree in Commerce from Vikram University,

Ujjain and he is a fellow member of the Institute of Chartered Accountants of India. He has been serving as an Independent Director on our Board since January 02, 2008. In compliance with the provisions of Companies Act, 2013, Mr. J.K. Jain was re – appointed as an Independent Director from March 05, 2015 for a period of 2 (two) years upto March 04, 2017. He has over 33 years of work experience. Prior to joining our Company, he was the Director (Finance) in GAIL from 1996 to 2005. He is also a Director on the Board of Jamna Auto Industries Limited and EICL Limited. He has extensive experience in the areas of Finance, Investment, Funding, Compliance, Corporate Governance, Risk Management etc.

**Mr. Santosh Kumar, (DIN: 00239324) Non-Executive (Independent) Director**

Mr. Santosh Kumar is an Independent Director of the Company. He holds a Bachelor's degree in Electrical Engineering from the University of Allahabad. He has been serving as an Independent Director on our Board since July 21, 2011. In compliance with the provisions of Companies Act, 2013, Mr. Santosh Kumar was re – appointed as an Independent Director, from the date of conclusion of the 19th AGM of the company held on September 29, 2014 for a period of 2 (two) years up to the conclusion of 21st Annual General meeting of the Company to be held in the financial year 2016-17. He has over 40 years of work experience. Prior to joining our Company, he was the Director (Projects) in GAIL from 2006 to 2009. He was also the Chairman of Green Gas Limited and Maharashtra Natural Gas Limited and Director on the Board of Central UP Gas Limited, and Gujarat State Energy Generation Limited. He was also an advisor with Gujarat State Petronet Limited during the year 2009-10.

**Mr. Arun Balakrishnan, (DIN: 00130241) Non-Executive (Independent) Director**

Mr. Arun Balakrishnan is an Independent Director of the Company. He holds a Bachelor's degree in Chemical Engineering from the University of Calicut. He also holds a Post Graduate Diploma in Management from the Indian Institute of Management, Bangalore and has over 36 years of work experience. He has been serving as an Independent Director on our Board since July 21, 2011. In compliance with the provisions of Companies Act, 2013, Mr. Arun Balakrishnan was re – appointed as an Independent Director, from the date of conclusion of the 19th AGM of the company, held on September 29, 2014, for a period of 2 (two) years up to the conclusion of 21st Annual General meeting of the Company to be held in the financial year 2016-17. Prior to joining our Company, he was the Chairman and Managing Director of Hindustan Petroleum Corporation Limited and he was on the Board of various other esteemed companies.

**Mr. Raj Kishore Tewari, (DIN: 07056080) Non-Executive (Independent) Director**

Mr. Raj Kishore Tewari is an Independent Director on our Board since March 05, 2015. He holds a Bachelors Degree in Science and also holds Master's Degree in Physics from the University of Lucknow, and also holds Master's Degree in Fiscal Studies from the University of Bath, U.K. and LLB from the University of Mumbai. Mr. Raj Kishore Tewari is a recruited officer of the Indian Revenue Service and has been a part of the Direct Taxes Administration since 1976. Mr. Raj Kishore Tewari has expertise and wide experience of around 39 years in matters relating to direct taxes and has retired as a Member and Chairman of the Central Board of Direct Taxes (CBDT). He has been actively involved in formulation, implementation and administration of Direct Taxes policy of the Government of India. As a Member / Chairman of CBDT, Mr. Raj Kishore Tewari has attended international seminars/conferences, i.e. Commonwealth Association of Tax Administrators (CATA) seminar at Malta in October 2012; International Tax Dialogue (ITD) seminar at Marrakesh, Morocco in December 2013; and, Inter-American Centre of Tax Administration conference at Rio De Janeiro, Brazil in May 2014 and effectively projected India's position.

**Mr. Akhil Mehrotra, (DIN: 07197901) Non-Executive (Non Independent) Director (w.e.f March 11, 2016)**

Mr. Akhil Mehrotra has graduated in B.E. (Mechanical Engineering) from Government Engineering College, Jabalpur. He has done his MBA (Finance) (Part time) from IGNOU, Management Program from Indian Institute of Management, Bangalore (Residential Course), Diploma in Business Finance (Part time) from ICFAI, Hyderabad and diploma in Marketing Management (Part time) from NMIMS, Mumbai. He is an energy sector professional with over 25 years of experience in oil & gas, power and telecom sector. Mr. Mehrotra is presently Director - Downstream Business in BG India. His key responsibilities include management of downstream business and advocacy for development of gas markets. He has held the position of Director - Business Development and Regulatory Affairs at Gujarat Gas Company Limited. His career also includes working with Reliance Group of Industries (Reliance Industries, Reliance Infocomm & BSES) handling Power, Petrochemicals & Telecom Business.

**Mr. Shaleen Sharma, (DIN: 00202295) Chairman & Non-Executive (Non Independent) Director (up to May 27, 2015)**

Mr. Shaleen Sharma was the Chairman and Non-Executive Director of the Company. He holds a Master's degree in Business Administration from the University of Lucknow. He has been serving on our Board as a Non-Executive Director since June 25, 2012 as up to May 27, 2015 and has over 33 years of work

experience. Prior to joining our Company, he was the Managing Director of Gujarat Gas Company Limited for five years. He had also worked with ONGC, GAIL (India) Limited and Petronet LNG Limited, handling many important business responsibilities including finalization and execution of India's first long term LNG sale and purchase agreement with RasGas, Qatar.

**Mr. Nitin Banerjee, (DIN: 07196059) Non-Executive (Non Independent) Director (up to February 12, 2016)**

Mr. Nitin Banerjee was the Non-Executive (Non Independent) Director of the company. He has graduated in Law from Lucknow University and also completed Solicitor ship from College of Law, London (UK). He has been serving on our Board as a Non-Executive Director since July 31, 2015 as upto February 11, 2016 and has over 18 years of work experience. Mr. Nitin Banerjee was holding the position as Vice President, Legal & Governance in BG Group Plc's Indian operations. He was responsible for Legal guardian of BG's Indian operations, to lead BG India's Legal team and was accountable for the legal and governance function of the Indian asset. He was Key member of the Indian Asset Leadership Team (ALT) and provides Legal advice and strategic guidance in respect of BG India operations and activities, including partner management, engage with upstream regulator and petroleum ministry, legal work streams associated with approval and sanction of development projects, brown field activities and annual work programme and budgets.

**Number of Board Meetings**

During the financial year 2015-2016, 6 (Six) Board Meetings were held, the details of the board meetings are given below:-

Date of Board Meeting	Total strength of the directors	No. of members present in the meeting
June 30, 2015	10	7
September 22, 2015	10	7
November 02, 2015	10	7
November 06, 2015	10	8
December 16, 2015	10	10
March 30, 2016	10	9



The gap between any two meetings was not more than one hundred and twenty days, as stipulated under Listing Regulations. The details of attendance of the Directors at the Board Meetings, last Annual General Meeting (AGM) held during the Financial Year 2015-16 is as follows:-

Sr No.	Name of the Director	Category	No. of Board Meetings	Attendance at AGM held on July 31, 2015
1	Dr. Ashutosh Karnatak	Chairman	6 out of 6	Yes
2	Mr. Rajeev Mathur	Managing Director	6 out of 6	Yes
3	Ms. Susmita Sengupta	Whole Time Director	6 out of 6	Yes
4	Mr. Apurva Chandra	Non Executive (Non Independent Director)	4 out of 6	Absent
5	Mr. Nitin Banerjee (upto February 12, 2016)	Non Executive (Non Independent Director)	3 out of 5	Absent
6	*Mr. Akhil Mehrotra (w.e.f. March 11, 2016)	Non Executive (Non Independent Director)	1 out of 1	NA
7	Mr. J. K. Jain	Non Executive (Independent Director)	4 out of 6	Yes
8	Mr. Santosh Kumar	Non Executive (Independent Director)	6 out of 6	Absent
9	Dr. Basudeb Sen	Non Executive (Independent Director)	2 out of 6	Absent
10	Mr. Arun Balakrishnan	Non Executive (Independent Director)	5 out of 6	Yes
11	Mr. Raj Kishore Tewari	Non Executive (Independent Director)	5 out of 6	Absent
12	Mr. M. Ravindran (upto May 27, 2015)	Non Executive (Non Independent Director)	NA	NA
13	Mr. Shaleen Sharma (upto May 27, 2015)	Non Executive (Non Independent Director)	NA	NA

\* Attendance of Directors is considered from the date of their joining the company.

### Relationship between the Directors

There is no relationship amongst any of the Directors of the Company.

### Shareholding of Non-Executive Directors

None of the Non-Executive Directors holds any equity shares / convertible instruments in the Company.

### Invitees and Proceedings of the Board Meeting:

Apart from the Board members and Company Secretary, the CFO was usually invited to attend all the Board Meetings. Other senior management executives also participate as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating &

financial performance. For items of Agenda relating to any specific department or function, a presentation relating to such items are generally made by the respective functional Head at the Board Meeting.

Company Secretary acts as a Secretary to the Board and all the Committees of the Board.

### Other Directorships

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he/she is a Director.

The details of the Directorships, Chairmanships and the Committee memberships in other Companies held by the Directors in the Public Limited Companies as on March 31, 2016, pursuant to Companies Act, 2013, are given below:-

Sr No.	Name of the Director	*Other Directorships	**No. of Membership/ Chairmanship in Board Committees	
			Chairmanship	Membership
1.	Dr. Ashutosh Karnatak	2	-	-
2.	Mr. Rajeev Mathur	-	-	-
3.	Ms. Susmita Sengupta	-	-	-
4.	Mr. M. Ravindran (up to May 27, 2015)	5	1	1
5.	Mr. J.K Jain	1	-	1
6.	Mr. Santosh Kumar	1	-	-
7.	Mr. Arun Balakrishnan	8	2	3
8.	Mr. Apurva Chandra	4	-	-
9.	Dr. Basudeb Sen	3	-	2
10.	Mr. Raj Kishore Tewari	-	-	-
11.	Mr. Nitin Banerjee (upto February 12, 2016)	-	-	-
12.	Mr. Akhil Mehrotra	-	-	-
13.	Mr. Shaleen Sharma (up to May 27, 2015)	1	-	-

\*Excluding Directorship held in MGL, Private Limited Companies, Foreign Companies and Section 8 Companies.

\*\*The above details represent Membership / Chairmanship of Audit Committee and Stakeholders Relationship Committee

## Sitting Fees

The Sitting fees paid to the Independent Directors during the Financial Year 2015 - 16 is as per details given below:

₹ in Lakhs

Sr No	Name of the Director	Number of Meetings Attended					Amount Paid as sitting fees for attending the Board meeting @ ₹30,000 per Board meeting & meeting of committees @ ₹25,000 per committee meeting
		Board	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	IPO Committee	
	<b>Total Meetings</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>Amount (in lacs)</b>
1.	Dr. Basudeb Sen	2	NA	2	NA	NA	1.10
2.	Mr. J.K. Jain	4	3	NA	NA	2	2.45
3.	Mr. Santosh Kumar	6	5	NA	2	NA	3.55
4.	Mr. Arun Balakrishnan	5	4	5	NA	NA	3.75
5.	Mr. Raj Kishore Tewari	5	3	NA	NA	NA	2.25
						<b>TOTAL</b>	<b>13.10</b>





### Remuneration to Non-Executive (Non Independent) Directors

The Company has not paid any remuneration or made any reimbursement to any Non-Executive (Non Independent) Director for attending meetings during the Financial Year 2015 -16.

### Remuneration to Executive Directors of the Company

The disclosure relating to remuneration paid to Executive Directors i.e. Managing Director and Whole Time Director (Technical Director) is disclosed in the Directors' Report of the Company.

### Commission to Non-Executive Independent Directors:

Apart from Sitting Fees and reimbursement of expenses for attending the meetings of the Board and / or Committees thereof, the Shareholders of the Company have approved payment of Commission to Non-Executive Independent Directors at a rate not exceeding one percent (1%) of the net profits of the Company and calculated and divided amongst them in such manner as the Board may from time to time, determine, for a period of five years commencing from the Financial Year 2011-12.

Following are the details of Commission paid to the following Independent Directors for the Financial Year 2014-2015:

Sr No	Name of the Director	No. of Board meetings attended	Amt. Payable	Chairmanship held for Committee meetings												Total Amount payable (₹. in lacs)
				Audit	Amt. Payable	Remuneration	Amt. Payable	CSR	Amt. Payable	Finance	Amt. Payable	HR	Amt. Payable	IPO	Amt. Payable	
1	Dr. Basudeb Sen	8	4.00	5	0.50	1	0.10	-	-	-	-	-	-	-	-	4.60
2	Mr. J.K. Jain	5	2.50	-	-	-	-	-	-	4	0.40	-	-	5	0.50	3.40
3	Mr. Santosh Kumar	7	4.00	-	-	-	-	4	0.40	-	-	-	-	-	-	4.40
4	Mr. Arun Balakrishnan	7	4.00	-	-	-	-	-	-	1	0.10	4	0.40	-	-	4.50
<b>TOTAL</b>																<b>16.90</b>

### Notes:

- Total 6 (six) Board Meetings were held during the Financial Year 2014-15.
- The above calculations have been made, as per the method detailed below:
  - If the attendance in the Board Meeting is 80% or more - No. of Meetings HELD X ₹50,000
  - If the attendance in the Board Meeting is less than 80% - No. of meetings ATTENDED X ₹50,000
- Additional payment of ₹10,000/- payable for chairing Committee meetings.
- The total amount payable to each Non-Executive Independent Director is subject to the maximum limit of INR 5 lacs.

The Commission to be paid to Non-Executive Independent Directors for the Financial Year 2015 -16 shall be approved in the Financial Year 2016-17 and shall be disclosed in the Report on Corporate Governance pertaining to F.Y. 2016-17.

### Selection of New Directors and Board Membership

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills

and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Human Resources, Nomination and Remuneration Committee,

for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons for selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

### **Scheduling and selection of agenda items for Board meetings**

As required, the company holds minimum four Board meetings in a year with a time gap between two Board meeting not exceeding 120 days. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting (AGM) of the shareholders. Additional meetings are held, when necessary. Committees of the Board usually meet on the same day or on the day before the formal Board meeting, or whenever the need arises for transacting business. The recommendations of the Committees are placed before the Board for necessary approval.

The Company's various business heads / service heads are advised to schedule their work plans well in advance, particularly with regard to matters requiring discussion/ approval/decision at Board/Board Committee meetings. Such matters are communicated by them to the Company Secretary in advance so that they are included in the agenda for Board/Board Committee meetings.

The Board is given presentations covering Finance, Sales, Marketing, the Company's major business segments and their operations, overview of business operations, Company's business areas, including business opportunities and strategy and risk management practices before taking on record the Company's quarterly/annual financial results. The Board / Committees periodically reviews compliance reports of all laws applicable to the Company.

### **Familiarization Programme for the Directors**

All new Directors inducted on the Board are provided an orientation. Presentations are made by Executive Directors and the senior management giving an overview of the Company's operations, products, Board constitution, business model of the Company and roles, rights, responsibilities of Independent Directors.

The Independent Directors have been provided with necessary documents, reports and internal policies to familiarise them with the Company's policies, procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company, business strategy and risks involved.

Quarterly updates on relevant statutory changes and judicial pronouncements encompassing important amendments are briefed to the Directors. The details of such Familiarization Programme for Independent Directors are disclosed on the website of the Company. weblink: <http://mahanagargas.com>

### **Code of Conduct for the Board, Senior Management Personnel and Managerial Personnel**

The Company has in place a comprehensive Code of Conduct (the Code) applicable to the Board, Senior Management Personnel and Managerial Personnel. The Code of Conduct is formulated with a purpose to ensure good corporate governance and ethical and transparent process in managing the affairs of the Company. A copy of the Code has been put on the Company's website ([www.mahanagargas.com](http://www.mahanagargas.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

### **Declaration**

I hereby confirm that the company has obtained from all the members of the Board & Management Personnel, affirmation that they have complied with the Code of Conduct for the financial year 2015-2016.

sd/-

Place : Mumbai

Date : May 30, 2016

(Rajeev Mathur)

Managing Director

### **Independent Directors' Meeting**

In compliance with the requirements of Schedule IV of the Companies Act 2013 and the SEBI Listing Regulations, 2015 and other applicable provisions thereof, a meeting of Independent Directors was held on March 30, 2016 where the Directors had discussed on matters relating to a) review of performance of non – independent directors and the Board as a whole b) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non –executive directors. c) assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.



## Committees of the Board

The Board has constituted the below mentioned committees.

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- IPO Committee

### Meetings of Board Committees held during the year and Directors' attendance:

Board Committees	No. of Meetings attended			
	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	IPO Committee
<b>Meetings held</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>
Dr. Ashutosh Karnatak (w.e.f. May 28, 2015)	4 out of 5	4 out of 4	NA	2 out of 2
Mr. Rajeev Mathur	NA	NA	2 out of 2	2 out of 2
Ms. Susmita Sengupta	NA	NA	2 out of 2	2 out of 2
Mr. M. Ravindran (up to May 27, 2015)	NA	1 out of 1	NA	NA
Mr. J. K. Jain	3 out of 5	NA	NA	2 out of 2
Mr. Santosh Kumar	5 out of 5	NA	2 out of 2	NA
Mr. Arun Balakrishnan	4 out of 5	5 out of 5	NA	NA
Mr. Apurva Chandra	NA	NA	NA	NA
Dr. Basudeb Sen	NA	2 out of 5	NA	NA
Mr. Raj Kishore Tewari	3 out of 3	NA	NA	NA
Mr. Nitin Banerjee (up to February 12, 2016)	3 out of 4	2 out of 2	NA	0 out of 1
Mr. Akhil Mehrotra (w.e.f. March 11, 2016)	1 out of 1	1 out of 1	NA	1 out of 1
Mr. Shaleen Sharma (up to May 27, 2015)	NA	0 out of 1	NA	NA

### Note:

- 1) One another committee known as "Performance Review Board Committee" was constituted on March 30, 2016. No meeting of this committee was held during the financial year 2015-2016.
- 2) No meeting of Stakeholder's Relationship Committee was held during the financial year 2015-2016.

## Audit Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 177 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations, the Board reconstituted the Audit Committee in its meeting held on December 16, 2015.

The Audit Committee as on 31 March 2016, comprised of following six (6) Members of the Board:

<b>Mr. J.K. Jain</b>	Independent & Non-Executive Director (Chairman)
<b>Mr. Arun Balakrishnan</b>	Independent & Non-Executive Director (Member)
<b>Mr. Santosh Kumar</b>	Independent & Non-Executive Director (Member)
<b>Mr. Raj Kishore Tewari</b>	Independent & Non-Executive Director (Member)
<b>Dr. Ashutosh Karnatak</b>	Non Independent & Non-Executive Director (Member)
<b>Mr. Akhil Mehrotra</b>	Non Independent & Non-Executive Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees in the Committee.

During the financial year 2015-2016, 5 (Five) meetings of Audit Committee were held, the details of the meetings are given below:

Date of Audit Committee Meeting	Total strength of the members	No. of members present in the meeting
June 29, 2015	5	3
September 22, 2015	5	4
November 02, 2015	6	4
December 16, 2015	6	6
March 29, 2016	6	6

## Terms of Reference of Committee

### Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- Selecting and appointing professional advisors and obtaining advice from external sources including for forensic or other investigations, if necessary
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- To have full access to the information contained in the records of the Company.

### Role and Terms of Reference of Audit Committee

The role of the Audit Committee shall include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Review and recommend for approval to the Board - proposals on Borrowings and proposals on non- fund based facilities from banks
- Review and recommend for approval to the Board - Business plan.
- Review and recommend for approval to the Board - capital expenditure proposals exceeding authority limit of SMG but not exceeding ₹50.0 Crores.
- Review and recommend for approval to the Board - treasury policies of MGL.
- Review and recommend for approval to the Board - Corporate Annual Budget and Revised Estimates
- To review PNG and CNG Pricing Policy at least on a quarterly basis and to recommend to the Board for approval, change required in it, if any

- Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the internal auditor, cost auditor and statutory auditors and the fixation of audit fees and remuneration;
- Approval of payment to statutory, internal and cost auditors for any other services rendered by them, as applicable;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub section 3 of section 134 of the Companies Act, 2013;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and,
  - Modified opinion(s) in the draft audit report.
  - The going-concern assumption;
  - Compliance with accounting standards;
  - Contingent liabilities;
  - Claims against the Company and their effect on the financial statements; the term "financial statement" shall have the meaning ascribed to such term under Section 2(40) of the Companies Act, 2013.
- Reviewing, with the management, the quarterly and annually financial statements and such other periodical statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditor's report thereon;
- Approval or any subsequent modification of transactions of the company with related parties, provided that the



Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

- Lay down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
- The Audit Committee to satisfy itself regarding the need for omnibus approval and that such approval is in the interest of the Company;
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory, cost and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- To formulate the scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the internal auditor;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- To review the functioning of the whistle blower mechanism;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per the Companies Act, 2013, Rules framed there under, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & other applicable Rules and Regulations.

### Explanation

The term "related party transactions" shall have the same meaning as provided in Section 188 of the Companies Act, 2013 and Regulation 2 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- It shall also define Statement of significant related party transactions to be submitted by management.
- Details of all material transactions with related parties to be disclosed every quarter along with the compliance report on Corporate Governance.
- On a quarterly basis, the details of related party transactions entered into by the Company pursuant to each omnibus approvals given
- Audit Committee to monitor whether the policy dealing with Related Party transactions is placed on the website thereto to be presented in the Annual Report.
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and,
- The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- Statement of deviations:
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

Establishing and monitoring of a Vigil Mechanism for enabling adequate safeguards and protection of interest of the director(s) or employees or any other person who may avail the mechanism and to provide for direct access to the Chairperson of the Audit Committee in exceptional cases where deemed necessary.

The company has in place Whistle Blower policy and no person has been denied access to the Audit Committee in this regard.



### Nomination and Remuneration Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations, the Board reconstituted the Nomination and Remuneration Committee in its meeting held on December 16, 2015.

The Nomination and Remuneration Committee as on 31 March, 2016, comprised of following four (4) Members of the Board:

<b>Mr. Arun Balakrishnan</b>	Independent & Non-Executive Director (Chairman)
<b>Dr. Basudeb Sen</b>	Independent & Non-Executive Director (Member)
<b>Dr. Ashutosh Karnatak</b>	Non Independent & Non-Executive Director (Member)
<b>Mr. Akhil Mehrotra (w.e.f. March 11, 2016)</b>	Non Independent & Non-Executive Director (Member)

Managing Director (presently Mr. Rajeev Mathur) and Whole Time Director (presently Ms. Susmita Sengupta) shall be the Permanent Invitees in the Committee.

During the financial year 2015-2016, 5 (Five) meetings of NRC were held, the details of the meetings are given below:

Date of NRC Meeting	Total strength of the members	No. of members present in the meeting
April 29, 2015	4	2
September 22, 2015	4	3
December 16, 2015	4	4
February 29, 2015	3	3
March 29, 2016	4	3

The purpose of the Committee is to oversee the Company's nomination process for the senior management and specifically to identify, screen and review individuals qualified to serve as EDs, NEDs and IDs consistent with criteria approved by the Board and to recommend, for approval by the Board, at the AGM of the shareholders. The Committee also discharges the Board's responsibilities relating to compensation of the Company's EDs and senior management. The Committee has the overall responsibility of approving and evaluating the compensation plans, policies and programmes for EDs and the senior management. The Committee reviews and recommends

to the Board, to approve for the EDs, the base salary, incentives/commission, other benefits, compensation. The Committee further coordinates and oversees the annual performance evaluation of the Board, Committees' and of individual Directors.

### Terms of Reference of the Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee shall inter-alia include:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- The Nomination and Remuneration Committee would be reviewing the Terms and Conditions of services including remuneration in respect of Technical Director and Managing Director and submit their recommendations to the Board.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board;
- Devising a policy on Board diversity
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Determination of extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Evaluating the current composition, organization and governance of the Board and its Committees, as well as determine future requirements and make recommendations to the Board for approval;
- Determine on an annual basis, desired Board qualifications, expertise and characteristics and conducting searches for potential Board Members with corresponding attributes. Evaluate and propose Nominees for election to the Board. In performing these tasks, the Committee shall have the sole authority to retain and terminate any Search Firm to be used to identify Director candidates;
- Evaluate and recommend termination of membership of individual Directors in accordance with the Board's governance principles for cause or for other appropriate reasons;
- To recommend to the Board regarding the appointment, promotion and removal of the senior management personnel at such level/s.
- To review, amend, modify and approve all other Human Resources related Policies of the Company from time to time;



- To review and recommend to the Board Manpower Plan/ budget, sanction of new senior management positions from time to time in future;
- To review and recommend to the Board matters relating to revision of compensation / salary and long term wage settlements.
- To review with the Management, all HR related issues from time to time so as to maintain harmonious employer-employee relations;
- To periodically review and re-examine the Terms of Reference and make recommendations to the Board for any proposed changes; and,
- In performing its responsibilities, the Committee shall have authority to obtain advice, reports or opinions from internal or external counsel and expert advisors.
- Ensuring proper induction program for new Directors, KMP and Senior Management and reviewing its effectiveness; ensuring that on appointment receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Consider and determine the Nomination and Remuneration policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate.
- The Committee should ensure that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

### Performance evaluation

The Board carried out an annual performance evaluation of its own performance, all the Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

The Nomination and Remuneration Committee in its meeting held on February 29, 2016, designated Shri Arun Balakrishnan, the Chairman of the NRC as the Lead Director for discussing and soliciting the views of the group and summarizing the collective views in the questionnaire for the purpose of performance evaluation for the financial year 2015-2016.

The purpose of the Board evaluation is to achieve persistent and consistent improvement in the governance of the

Company at the Board level with the participation of all concerned in an environment of harmony.

### Corporate Social Responsibility (CSR) Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 135 of the Companies Act, 2013. The CSR Committee, as on 31 March, 2016, comprised of following Directors as members.

<b>Mr. Santosh Kumar</b>	Independent & Non Executive Director (Chairman)
<b>Mr. Rajeev Mathur</b>	Executive Non Independent Director (Member)
<b>Ms. Susmita Sengupta</b>	Executive Non Independent Director (Member)

During the financial year 2015-2016, 2 (Two) Corporate Social Responsibility Meetings were held, the details of the meetings are given below:

<b>Date of CSR Meeting</b>	<b>Total strength of the members</b>	<b>No. of members present in the meeting</b>
November 02, 2015	3	3
March 29, 2016	3	3

### Terms of reference of CSR Committee

Following are the functions and powers of the CSR Committee including those as enumerated in the Companies Act, 2013 and Rules made there under:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy and subsequent amendments as required from time to time.
- To ensure that the Corporate Social Responsibility Policy shall include/ indicate the activities to be undertaken by the Companies as specified in Schedule VII of the Companies Act, 2013 and the rules made there under, from time to time excluding the activities undertaken in pursuance of its normal course of business.
- To monitor the Corporate Social Responsibility Policy by instituting a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company from time to time.
- To recommend the annual budget for the Corporate Social Responsibility activities of the Company in compliance with the relevant statutory provisions.
- To assist the Board to ensure that the Company spends towards the Corporate Social Responsibility activities, in every Financial Year, such percentage of average net profit /

amount as may be prescribed in the Companies Act, 2013 and/or Rules made there under.

- To explain to the Board of Directors of the Company, if the Company fails to spend the prescribed amount within the financial year.
- To provide updates to the Board at regular interval of six months on the Corporate Social Responsibility Activities.
- Subject to these terms of reference, the Corporate Social Responsibility Committee shall have the power to regulate its own proceedings.
- To review and recommend the CSR plan for the ensuing financial year to the Board of Directors.
- To approve any project that may come during the year and which is not covered in the CSR Plan up to such amount as may be prescribed by the Board of Directors from time to time.
- Such other functions as may be prescribed.

### Stakeholders' & Relationship Committee

The composition, powers, role and terms of reference of the Committee are in accordance with the requirements mandated under Section 178 of the Companies Act, 2013 and Listing Regulations. To align with the requirements of Listing Regulations the Board reconstituted the Stakeholders' & Relationship Committee in its meeting held on December 16, 2015.

The Stakeholders' Relationship Committee, as on 31 March 2016, comprised of following Directors as members.

<b>Dr. Basudeb Sen</b>	Non Executive Independent Director (Chairman)
<b>Managing Director currently Mr. Rajeev Mathur</b>	Executive Director (Member)
<b>Technical Director currently Ms. Susmita Sengupta</b>	Executive Director (Member)

During the financial year 2015-2016, no meeting of Stakeholder's Relationship Committee was held.

The Stakeholders' Relationship Committee shall be responsible to resolve the grievances and complaints of all the Security Holders. The functions of the Stakeholders' Relationship Committee include the following:

- Collecting and analysing reports received periodically from Registrar and Share Transfer Agent (RTA) on the following:
  - Requests regarding non-receipt of the Shares, Debentures, Deposit receipt, declared Dividend or interest;

- Requests regarding non-receipt of the notice of Annual General Meeting, Balance Sheet and Profit & Loss Account Statement;
- Complaints of investors routed by SEBI or Stock Exchanges and others;
- Transfer, Sub-division, consolidation, split, exchange, endorsement, transmission of share certificates, transposition of share certificates;
- Issue of Share Certificates, Debenture Certificate, Duplicate Share or Debenture Certificate in lieu of lost/ torn/mutilated /defaced certificates;
- Request relating to dematerialisation & rematerialisation of shares;
- Request relating to modes of paying the Dividend i.e. through Electronic clearing service, RTGS and issue of Dividend Warrant for dividend payment/Interest etc.
- Complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.
- Other matters related to or arising out of shareholders/ investors services including preparation and approval of periodical reports.

### IPO Committee

The IPO Committee, as on 31 March 2016, comprised of following Directors as members.

<b>Mr. J. K. Jain</b>	Independent & Non-Executive Director (Chairman)
<b>Dr. Ashutosh Karnatak</b>	Non Independent & Non-Executive Director (Member)
<b>Mr. Akhil Mehrotra</b>	Non Independent & Non-Executive Director (Member)
<b>Managing Director currently Mr. Rajeev Mathur</b>	Executive Director (Member)
<b>Technical Director currently Ms. Susmita Sengupta</b>	Executive Director (Member)

During the financial year 2015-2016, 2 (Two) IPO Committee Meetings were held, the details of the meetings are given below:

Date of IPO Meeting	Total strength of the members	No. of members present in the meeting
November 02, 2015	5	4
March 29, 2016	5	5



## Terms of Reference of IPO Committee

- To decide on the activity plan and timelines for execution of the IPO.
- To advise the MGL board and the Promoters on necessary activities to be carried out to comply with the Companies Act, Securities Contracts (Regulation) Act, SEBI regulations and any other relevant Act/rules applicable.
- To constitute the IPO Execution Committee to carry out day-to-day activities and coordinate with external advisors as necessary and to delegate to the Execution Committee such powers, from within the scope of the authority of the IPO Committee, as are appropriate.
- To approve the appointment and decide on the scope and fees of the key advisors and intermediaries including the Auditor for the issue required for the delivery of the IPO. To authorise IPO Execution Committee and/or MGL management to appoint such approved advisors and intermediaries.
- To authorise and approve the incurring of all the expenditure and payment of fees in connection with the IPO of the Company.
- To open one or more designated separate current account(s) with a Bank(s) to receive applications along with application monies in respect of the Issuance Compulsorily Convertible unsecured Debentures, refund of Compulsorily Convertible unsecured Debentures or any other account with any name and style as required during or after the process of the forthcoming Issuance of Compulsorily Convertible unsecured Debentures of the Company.
- To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the Compulsorily Convertible unsecured Debentures as permissible in law, issue of Compulsorily Convertible unsecured Debentures Certificates and/ or credit of Compulsorily Convertible unsecured Debentures in electronic mode or physical mode in accordance with the relevant rules as the case may be including maintenance of such records and to update the same periodically, as required;
- To settle any question, difficulty or doubt that may arise in connection with the including the issue and allotment of the Compulsorily Convertible unsecured Debentures attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt.
- To consider, deliberate and make recommendations to the MGL Board on the following issues:
  - Foreign Investment Promotion Board (FIPB) obligations and engagement plan;
  - Engagement with Government of Maharashtra (GoM) and issuance of 9.5% shares to GoM;
  - Finalisation of business plan and valuation;
  - Target IPO price band.
- To consider, deliberate and make decisions on the following issues based on recommendations from the IPO Execution Committee and the Promoters:
  - Offer document;
  - Regulation strategy;
  - IPO Marketing strategy;
  - Any other issue raised by the IPO Execution Committee in relation to the IPO or otherwise within the scope of these terms of reference.
- To approve the appointment, roles and responsibilities' terms and conditions, scope of work of the Book Running Lead Manager (BLRM), Domestic Legal Counsel (DLC), International Legal Counsel (ILC), Merchant banker and other key advisors and intermediaries required for the successful completion of the IPO.
- To approve the process / procedure to be followed by the MGL Executive Management to appoint the Book Running Lead Manager (BLRM), Domestic Legal Counsel (DLC) and International Legal Counsel (ILC) and other consultants and advisories to undertake the MGL IPO task.
- To administer the Contract with respect to various intermediaries involved including extension of time limit as may be necessary from time to time;
- To decide and approve on the actual size of the Issue, the Offer for Sale by the Selling Shareholders, exercise of any green shoe (over-allotment) option and/or reservation on a competitive basis, timing, pricing (including discount to retail bidders, if any), allocation and allotment to Anchor Investors and all the terms and conditions of the issue of the shares including the price, and to accept any amendments, modifications, variations or alterations thereto;
- To finalise and approve the terms of appointment (including fees payable to them) and appoint and enter into arrangements/ agreements with the book running lead managers, co-managers to the issue (if any), underwriters to the issue, syndicate members to the issue, stabilizing agent, brokers to the issue, escrow collection bankers to the issue, registrars, legal advisors, monitoring agencies, IPO grading agencies, advertising agencies and any other agencies, intermediaries or persons required in connection with the issue of shares by the Company and other relevant requirements;
- To finalize and settle, and to execute and deliver or arrange the delivery of the draft Red Herring Prospectus, Red Herring Prospectus and Prospectus with SEBI, the Stock Exchanges, the Registrar of Companies and any other authority including the preliminary international wrap

and final international wrap, for marketing of the Issue in jurisdictions outside India, syndicate agreement, issue agreement, underwriting agreement, escrow agreement, advertising agency agreement and all other documents, deeds, agreements and instruments as may be required or desirable in connection with the issue of shares by the Company;

- To open one or more separate current account(s) with a scheduled bank(s) to receive applications along with application monies in respect of the Issue or any other account with any name and style as required during or after the process of the forthcoming IPO of the Company;
- To open one or more public Issue account(s) / escrow account(s) / refund account(s) of the Company for the handling of IPO proceeds, refunds for the Issue;
- To approve/issue all notices, including any advertisement(s) in such newspapers as it may deem fit and proper about the future prospects of the company and the proposed issue conforming to the guidelines/ regulations issued by SEBI and such other applicable authorities;
- To make any applications to the Foreign Investment Promotion Board, Reserve Bank of India and such other authorities, as may be required, for the purpose of issue of Equity Shares by the Company to non-resident investors such as Non-Resident Indians, Foreign Venture Capital Investors and Foreign Institutional Investors;
- To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, allocation and allotment of the shares as permissible in law, issue of share certificates and or credit of shares in electronic mode in accordance with the relevant rules;
- To make applications for listing of the Equity Shares of the Company in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);
- To determine and finalise the floor price/price band for the IPO, approve the basis for allocation/ allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, in consultation with the BRLMs and the Selling Shareholders;
- To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock

exchange(s), with power to authorise one or more officers of the company to sign all or any of the afore stated documents;

- To enter the names of the allottees in the Register of Members of the Company, and take necessary corporate actions for credit of shares with the National Securities Depository Limited, the Central Depository Services (India) limited;
- To settle any question, difficulty or doubt that may arise in connection with the IPO including the issue and allotment of the Equity Shares attached thereto, as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;
- To do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;
- To authorise and approve the incurring of expenditure and payment of fees in connection with the IPO of the Company;
- To approve and adopt the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, and any other offering document for the public issue as required under Section 26, Section 32 and other relevant provisions of the Companies Act, 2013 and to file the same with the Registrar of Companies and SEBI, as the case may be, and to make any corrections or alterations there in;
- To affix the common seal of the Company on all documents as may be required by law, in relation to the Issue, and in terms of the Articles of Association of the Company; and
- To do all such acts, deeds and things as may be required to dematerialise the Equity Shares of the Company and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection.
- To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, or otherwise in relation to the Issue or any matter incidental or ancillary in relation to the Issue, including without limitation, allocation and allotment of the Equity Shares as permissible in law, issue of share certificates in accordance with the relevant rules.
- To authorise any MGL Officer/s to execute the documents that are necessary to undertake the IPO Process effectively and efficiently and are within the ambit of the IPOSC.
- To provide updates to the MGL Board, and also provide updates as and when required by the MGL Board, on the progress of the IPO process.





- To meet as per the business requirement to review the progress of the IPO.
- At least 7 days' notice of every meeting of the IPO Committee shall be given to its members unless the members unanimously agree to a shorter notice.
- All decisions of the IPO Committee shall be decided by way of simple majority, provided that one representative of each of BG and GAIL from the nominee Directors shall have voted in favour of such decision.
- Meetings of the IPO Committee shall be conducted in English and the minutes thereof shall be recorded in writing

in English. The minutes of meetings of the IPO Committee shall be produced before the MGL Board along with the monthly updates mentioned in paragraph 7 above.

- The Chairman (or any member nominated as the chairman) shall have no casting vote.
- The IPO Committee shall be entitled to request secretarial support from MGL and shall also be entitled to request the presence of such officers, employees and auditors of MGL as may be appropriate to discharge its functions.
- Subject to these terms of reference, the IPO Committee shall have the power to regulate its own proceedings.

### Directors retiring by rotation

Dr. Ashutosh Karnatak, Director of the company, will retire by rotation at the ensuing Annual General Meeting and his brief profile has been annexed to the Notice of the ensuing Annual General Meeting.

### CEO / CFO Certification

CEO / CFO Certification, as required, have been made part of this Report.

### Annual General Meetings

Details regarding the previous three Annual General Meetings of the Company are as follows:

Year	Date	Time	Venue	Special Resolutions passed
2014 - 15	July 31, 2015	1230 hours	The Taj Lands End, Mumbai	1. Approval of Material Related Party Transactions
2013 - 14	September 29, 2014	1100 hours	Hotel Trident , Mumbai	1. No Special Resolution was passed in the 19th Annual General Meeting
2012 - 13	August 27, 2013	1430 hours	The Taj Lands End, Mumbai	1. Appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors 2. Alteration of Memorandum of Association 3. Commencement of Business specified in the Other Objects Clause of the Memorandum of Association of the Company.

### Extra-Ordinary General Meeting

Details in respect of Extra-Ordinary General Meetings of the Company held during the financial year 2015-2016 are as under:

Date, Time & Venue	Particulars	Resolutions passed
<b>Date:</b> November 06, 2015 <b>Time:</b> 1130 hours <b>Venue:</b> The Taj Lands End, Bandstand, Bandra (W), Mumbai - 400 50	3 <sup>rd</sup> EOGM	1. Issue of Equity Share by way of Offer for Sale through Initial Public Offer. 2. Alteration of object clause of Memorandum of Association (MOA) of the Company. 3. Adoption of new set of Articles of Association of the Company.
<b>Date:</b> March 30, 2016 <b>Time:</b> 1430 hours <b>Venue:</b> Hyatt Regency, Bhikaji Cama Place, Ring Road, New Delhi - 110066	4 <sup>th</sup> EOGM	1. Adoption of new set of Articles of Association of the Company. 2. Re-Appointment of Ms. Susmita Sengupta as Whole Time Director of the Company. 3. Approval of Material Related Party Transactions.

In accordance with the provisions of the Companies Act, 2013, our Company does not fall in the ambit requiring the approval of the Shareholders through "Postal Ballot", as no shares nor any security of the Company is listed with any Stock Exchange nor the members of the Company exceed the number of 200.

### Disclosure

Related party transactions are disclosed in the Notes to Accounts forming part of this Annual Report. There are no material pecuniary relationships or transactions with the Non-Executive Directors. The practice of General Disclosure of the interest by the Directors pursuant to Section 184 and 189 of the Companies Act, 2013 on an annual basis is being followed by the Company.

The Company has not entered into any materially significant contract with its Promoters, Directors or the Management or Relatives etc., during the Financial Year 2015-16, except the Material Related Party Transaction with GAIL (India) Limited mentioned in the point no. 26.3 of the Notes to Accounts. The policy on related party transactions is uploaded on the website of the Company. The web link of the Policy is <http://www.mahanagargas.com>

The Company has not been imposed with any penalty / strictures by any Statutory Authority for noncompliance of any matter related to capital market during the last three years.

The Company has a well defined risk management framework in place. The Company has procedures to periodically place before the Audit Committee and the Board the risk assessment and mitigation plans being followed by the Company.

### Means of Communication

Hard copy of Annual Report is sent to each Shareholder of the Company.

The Management Discussions and Analysis report is attached herewith as a part of Directors' Report.

### General Shareholder Information

21<sup>st</sup> Annual General Meeting proposed to be held, as under:-

**Date:** Monday, September 26, 2016

**Place:** Mumbai

**Time:** 1030 hours (IST)

The Financial year of the Company is from 1<sup>st</sup> April of every year to 31<sup>st</sup> March of the subsequent year.

The face value of Equity Share is ₹10/- each. The Dividend payment for the Financial Year 2015 -16 will be paid after

approval from the shareholders in the Annual General Meeting within the time period provided in the applicable laws.

Being an unlisted Company, the Company does not disclose its quarterly results on the website. The Company has appointed separate persons to the post of Chairman and Managing Director. The Internal Auditor reports directly to the Audit Committee. The Company has appointed a Non – Executive Chairman in the Company, and the Company has maintained a Chairman's office to be utilised for performance of his duties, however no expenses are reimbursed by the Company towards performance of his duties as no such expenses have been incurred as on date. A half – yearly declaration of financial performance including summary of significant events in last six months is not sent to the shareholders.

At present, the shares of the Company are not listed on any Stock Exchange.

Shareholding Pattern as on March 31, 2016:

Name of the Shareholder	No. of Equity Shares Held	Percentage of Holding
GAIL(India) Limited	4,44,49,960	49.75
BG Asia Pacific Holdings Pte Limited	4,44,49,960	49.75
Government of Maharashtra	4,41,600	0.50
Promoters and Associates	80	0.00 (negligible)
<b>Total</b>	<b>8,93,41,600</b>	<b>100</b>

The Register of Members was not closed during the year by the Company.

The Company has a duly structured system for effecting transfer of shares, in compliance with the applicable statutory provisions.

The Company has been allotted ISIN number for dematerialization of its equity shares. As on March 31, 2016, total 8,88,99,920 equity shares of the company (representing 99.50%) are in the demat form.

As on March 31, 2016, 94,36,178, 9% Unsecured Compulsorily Convertible Debentures (CCDs) are outstanding and those shall be convertible into equity shares. As per the terms and conditions of the issue, each CCD would be compulsorily and automatically converted into one Equity Share fully paid



up:- (i) on the expiry of two years from the date of allotment of the CCDs; i.e. January 4, 2017 or (ii) during seven days prior to the date of the filing of the Red Herring Prospectus (RHP) with Registrar of Companies (Roc), whichever is earlier, in the event the Company proposes an initial public offering either

by way of a fresh issue of Equity Shares by the Company or an offer for sale by the Eligible Shareholders or both, without any application or any further act on the part of the holder of the Unsecured CCDs. There shall be no redemption of the Unsecured CCDs

<b>ISIN Number:</b>	INE002S01010
<b>No. of Complaints received / disposed during the year</b>	NIL
<b>Registrar and Share Transfer Agent</b>	Link Intime India Private Limited, C 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, Maharashtra, India Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Tel : 022 - 2594 6970 Fax : 022 - 2594 6969
<b>Address for Correspondence:</b>	Alok Mishra Company Secretary & Compliance Officer, Mahanagar Gas Limited MGL House, Block No : G-33, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. E-mail: <a href="mailto:info@mahanagargas.com">info@mahanagargas.com</a> Tel No. +91 22 6678 5000 Fax: +91 22 2654 0092/2654 1046
<b>Plant Locations</b>	City Gate Station, Opposite Anik Bus Depot, Sion, Mumbai - 400 022.  City Gate Station, MIDC Mahape, Post-Koper Khairane, Navi Mumbai - 400 709.  City Gate Station, Plot No: TAK-A, Ambernath Industrial Area, Ambernath - Badlapur Road, Village - Chikhaloli, Tal-Ambernath, District - Thane  City Gate Station, Plot No: J-93/2, Taloja MIDC Area, Taloja, District - Raigad

## Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To,  
**The Board of Directors,  
Mahanagar Gas Limited**

We, Rajeev Mathur, Managing Director and S. M. Ranade, Chief Financial Officer of Mahanagar Gas Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the financial statements and the cash flow statement of Mahanagar Gas Limited for the year ended March 31, 2016 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to be taken to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
  - Significant changes, if any, in the internal control over financial reporting during the year;
  - Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements; and,
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Date :** May 25, 2016  
**Place :** Mumbai

sd/-  
**S. M Ranade**  
Chief Financial Officer

sd/-  
**Rajeev Mathur**  
Managing Director



## Independent Auditor's Certificate

### To the Board of Directors of Mahanagar Gas Limited

1. As requested, this report is prepared solely to communicate to the management of Mahanagar Gas Limited ("the Company") on compliance by the Company, with the requirements of Corporate Governance as stipulated in paragraph 2 below. These requirements are not applicable to the company, presently being a non-listed company. However, the Company has informed us that, it is voluntarily and pro-actively complying with the said conditions and hence, it has voluntarily sought our certificate on compliance with the requirements if applicable to the Company. This report should not be construed as a report to the members of the Company.
2. We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2016, as stipulated in:
  - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) and (l) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
3. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.
5. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) and (l) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 2 above, during the year ended March 31, 2016, except for the following:
  - a. Though, the Company has majority of its audit committee members as independent, the number of independent directors is lower than two-third of the member of the Audit Committee, being the minimum required under sub-clause III (A) (1) of Clause 49 of the Listing Agreement. However, from September 23, 2015, the company has complied with this provision.
  - b. The Company did not disclose its quarterly results on the website as required under sub-clause (VIII) (E) (3) of Clause 49 of the Listing Agreement and Regulation 46 (2) (l) of the Listing Regulations.
6. We 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 Deloitte Haskins & Sells**

Chartered Accountants  
(Registration No. 117365W)

sd/-

**Rupen K. Bhatt**  
(Partner)

(Membership No.: 46930)

**Place :** Mumbai

**Date :** May 30, 2016



# Independent Auditor's Report to The Members of Mahanagar Gas Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of MAHANAGAR GAS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any outstanding derivative contracts as at the year-end;
  - iii. There are no amounts that are due to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells**

Chartered Accountants  
(Firm's Registration No. 117365W)

sd/-

**Rupen K. Bhatt**

(Partner)

(Membership No. 46930)

**Place :** Mumbai

**Date :** May 30, 2016

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Mahanagar Gas Limited (“the Company”) as of March 31, 2016 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 based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor’s Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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



internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note

on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

### For Deloitte Haskins & Sells

Chartered Accountants  
(Firm's Registration No. 117365W)

sd/-

**Rupen K. Bhatt**

(Partner)

(Membership No. 46930)

**Place :** Mumbai

**Date :** May 30, 2016

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted except for filing of Return

of deposit with the Registrar as required by the Rule 16 of Companies (Acceptance of Deposits) Rules, 2014. According to the information and explanations given to us, no order in this respect has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

6. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Amendment Rules, 2014, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

(₹ Lakh)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Excise Duty	CESTAT	March 2001 to October 2014	14,277.76	13,894.03
		Commissioner/Commissioner (Appeals)	April 2014 to November 2015	920.23	900.10
		Below Commissioner	April 2006 to December 2015	808.87	808.87



(₹ Lakh)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Service Tax	CESTAT	April 2005 to March 2010	367.13	367.13
		Commissioner/ Commissioner (Appeals)	April 2006 to September 2015	127.04	126.02
		Below Commissioner	May 2011 to January 2016	22.80	22.80
Maharashtra Value Added Tax Act, 2002	Sales Tax	Joint Commissioner (Appeals)	April 2006 to March 2011	448.95	398.23
Income Tax Act, 1961	Income Tax	Upto ITAT	Assessment year 2002-03 to 2012-13	54.91	7.26

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of debenture holders. During the year, the Company has not taken loans from financial institutions, banks and government.
9. During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
15. 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 its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 117365W)

sd/-  
**Rupen K. Bhatt**  
(Partner)  
(Membership No. 46930)

**Place :** Mumbai  
**Date :** May 30, 2016

## Balance Sheet as at 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	Note No.	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>I - EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	<b>2</b>	8,934.16	8,934.16
(b) Reserves and Surplus	<b>3</b>	1,43,863.36	1,31,812.36
		1,52,797.52	1,40,746.52
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	<b>4</b>	437.62	1,558.80
(b) Deferred tax liabilities (Net)	<b>5</b>	11,812.08	10,270.86
(c) Other long-term liabilities	<b>6</b>	52.45	106.31
(d) Long term provisions	<b>7</b>	527.51	683.19
		12,829.66	12,619.16
<b>(3) Current Liabilities</b>			
(a) Trade payables	<b>8</b>		
(i) Total outstanding dues of Micro, Small & Medium Enterprises		178.49	266.12
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		11,014.70	10,929.37
		11,193.19	11,195.49
(b) Other current liabilities	<b>9</b>	38,976.27	32,270.01
(c) Short-term provisions	<b>10</b>	19,832.97	19,727.32
		70,002.43	63,192.82
<b>TOTAL</b>		<b>2,35,629.61</b>	<b>2,16,558.50</b>
<b>II - ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets	<b>11</b>		
(i) Tangible assets		1,15,492.39	1,05,943.51
(ii) Intangible assets		468.71	457.10
(iii) Capital work-in-progress		42,886.53	37,962.04
		1,58,847.63	1,44,362.65
(b) Long term loans and advances	<b>12</b>	4,298.96	2,963.44
(c) Other non-current assets	<b>13</b>	108.75	178.22
		1,63,255.34	1,47,504.31
<b>(2) Current assets</b>			
(a) Current investments	<b>14</b>	38,819.79	37,146.63
(b) Inventories	<b>15</b>	1,802.68	1,735.49
(c) Trade Receivables	<b>16</b>	8,925.49	9,623.10
(d) Cash and cash equivalents	<b>17</b>	17,208.66	14,491.72
(e) Short-term loans and advances	<b>18</b>	2,760.36	3,062.60
(f) Other current assets	<b>19</b>	2,857.29	2,994.65
		72,374.27	69,054.19
<b>TOTAL</b>		<b>2,35,629.61</b>	<b>2,16,558.50</b>
<b>See accompanying notes forming part of the financial statements</b>	<b>1-27</b>		

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

(Firm Registration No. - 117365W)

sd/-

**Rupen K. Bhatt**

Partner

(Membership No. - 46930)

Place : Mumbai

Date : May 30, 2016

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

sd/-

**Rajeev Mathur**

Managing Director

DIN : 03308185

sd/-

**Akhil Mehrotra**

Director

DIN : 07197901

sd/-

**S M Ranade**

Chief Financial Officer

ACA No. - 39230

sd/-

**Alok Mishra**

Company Secretary

ACS No. A - 15967

Place : Delhi

Date : May 30, 2016



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

	Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
I	Revenue from Operations:			
	Sale of Natural Gas (Gross)		2,27,216.20	2,27,456.37
	Less: Excise Duty		20,683.40	19,675.48
	Sale of Natural Gas (Net)		2,06,532.80	2,07,780.89
	Sale of pipes, fittings and other materials		148.85	46.83
	Other operating income		1,211.05	1,665.10
			2,07,892.70	2,09,492.82
II	Other Income	20	4,270.07	4,070.88
III	<b>Total Revenue (I + II)</b>		<b>2,12,162.77</b>	<b>2,13,563.70</b>
IV	Expenses:			
	Cost of Natural Gas and Traded Items	21	1,22,962.56	1,29,580.76
	Changes in Inventories	22	7.20	(8.46)
	Employee benefits expense	23	5,371.19	5,111.14
	Finance Costs	24	294.46	120.50
	Depreciation and amortization expense	11	8,405.73	7,990.86
	Other expenses	25	28,256.76	25,839.52
	<b>Total expenses</b>		<b>1,65,297.90</b>	<b>1,68,634.32</b>
V	<b>Profit before tax (III- IV)</b>		<b>46,864.87</b>	<b>44,929.38</b>
VI	Tax expense:			
	(1) Current tax		14,455.00	13,310.00
	(2) Deferred tax		1,541.22	1,519.28
	<b>Total</b>		<b>15,996.22</b>	<b>14,829.28</b>
VII	<b>Profit after tax for the year ended (V - VI)</b>		<b>30,868.65</b>	<b>30,100.10</b>
VIII	Earnings per equity share (EPS) (Face value of ₹10/- each)	26.5		
	Basic (₹)		34.55	33.69
	Diluted (₹)		31.36	30.54
	<b>See accompanying notes forming part of the financial statements</b>	1-27		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. - 117365W)

sd/-  
**Rupen K. Bhatt**  
Partner  
(Membership No. - 46930)

Place : Mumbai  
Date : May 30, 2016

For and on behalf of the Board of Directors

sd/-  
**Rajeev Mathur**  
Managing Director  
DIN : 03308185

sd/-  
**Akhil Mehrotra**  
Director  
DIN : 07197901

sd/-  
**S M Ranade**  
Chief Financial Officer  
ACA No. - 39230

sd/-  
**Alok Mishra**  
Company Secretary  
ACS No. A - 15967

Place : Delhi  
Date : May 30, 2016

## Cashflow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ Lakh)

PARTICULARS	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>1. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax as per Statement of Profit and Loss</b>	<b>46,864.87</b>	<b>44,929.38</b>
Adjusted for:		
Depreciation and amortisation expense	8,405.73	7,990.86
Loss on Sale / Disposal of Assets (Net)	42.25	0.51
Profit on sale of current investments - non trade (Net)	(403.38)	(158.78)
Fixed Assets Written Off	1.49	1.27
Provision for / (Reversal of) Doubtful Trade Receivables (Net)	33.58	(20.47)
Provision for / (Reversal of) Doubtful Security Deposits (Net)	(54.57)	77.23
Bad Trade Receivables written off	16.00	36.39
Net unrealised exchange (gain)/ loss	19.60	(33.71)
Provision for Leave Encashment	158.32	192.26
Finance Costs	294.46	120.50
Dividend Income on Current Investments - Non trade	(1,501.96)	(2,411.50)
Interest on Bank Fixed Deposits	(1,036.63)	(756.45)
<b>Operating Profit Before Working Capital Changes</b>	<b>52,839.76</b>	<b>49,967.49</b>
Adjusted for:		
(Increase)/Decrease in Inventories	(67.19)	(148.87)
(Increase)/Decrease in Trade Receivables	648.03	1,287.30
(Increase)/Decrease in Long Term Loans and Advances	(749.82)	(410.07)
(Increase)/Decrease in Other Non Current Assets	69.47	(10.83)
(Increase)/Decrease in Short Term Loans and Advances	356.81	(297.74)
(Increase)/Decrease in Other Current Assets	(12.76)	(135.41)
Increase/(Decrease) in Other Long Term Liabilities	(53.86)	28.58
Increase/(Decrease) in Long Term Provisions	(155.68)	278.99
Increase/(Decrease) in Trade Payables	(21.90)	592.07
Increase/(Decrease) in Other Current Liabilities	4,670.93	5,403.78
Increase/(Decrease) in Short Term Provisions	26.21	13.27
	<b>4,710.24</b>	<b>6,601.07</b>
<b>Cash Generated from Operations</b>	<b>57,550.00</b>	<b>56,568.56</b>
Income Taxes Paid	(15,007.04)	(13,897.12)
<b>Net Cash from Operating Activities</b>	<b>42,542.96</b>	<b>42,671.44</b>



## Cashflow Statement for the year ended 31<sup>st</sup> March, 2016

(₹ Lakh)

PARTICULARS	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>2. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(22,112.67)	(19,759.40)
Sale of Fixed Assets	10.93	12.86
Purchase of current investments	(2,34,946.65)	(2,43,986.17)
Sale of current investments	2,33,676.87	2,41,204.88
Bank balances not considered as Cash and Cash Equivalents	(2,179.96)	(6,620.06)
Interest Received	1,186.75	664.15
Dividend Received on current investments - Non trade	1,501.96	2,411.50
<b>Net Cash (used in) Investing Activities</b>	<b>(22,862.77)</b>	<b>(26,072.24)</b>
<b>3. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of 9% Unsecured Compulsorily Convertible Debentures	-	943.62
Repayment of Borrowings	(177.56)	(183.15)
Dividend Paid (Including Corporate Dividend Tax ₹3,182.87 Lakh for the year ended March 31, 2015, Previous Year ₹2,657.13 Lakh for the year ended March 31, 2014)	(18,817.65)	(18,291.91)
Interest Paid	(148.00)	(76.72)
<b>Net Cash (used in) Financing Activities</b>	<b>(19,143.21)</b>	<b>(17,608.16)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (1+2+3)</b>	<b>536.98</b>	<b>(1,008.96)</b>
Cash and Cash Equivalents at the beginning of the year	1,573.95	2,582.91
<b>Cash and Cash Equivalents at the end of the year (Refer Note 1 below)</b>	<b>2,110.93</b>	<b>1,573.95</b>
Notes:		
1. Cash and cash equivalents at the end of the year includes (Refer Note 17)		
i) Cash on Hand	0.16	0.10
ii) Cheques in Hand	-	1.05
iii) Balances with Banks		
In Current Accounts	2,110.77	1,572.80
	<b>2,110.93</b>	<b>1,573.95</b>
<b>See accompanying notes forming part of the financial statements</b>	<b>Note 1-27</b>	

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. - 117365W)

sd/-  
**Rupen K. Bhatt**  
Partner  
(Membership No. - 46930)

**Place :** Mumbai  
**Date :** May 30, 2016

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

sd/-  
**Rajeev Mathur**  
Managing Director  
DIN : 03308185

sd/-  
**S M Ranade**  
Chief Financial Officer  
ACA No. - 39230

**Place :** Delhi  
**Date :** May 30, 2016

sd/-  
**Akhil Mehrotra**  
Director  
DIN : 07197901

sd/-  
**Alok Mishra**  
Company Secretary  
ACS No. A - 15967



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### NOTE-1: Significant Accounting Policies

#### 1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### 3. Fixed Assets

##### Cost

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses if any. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of fixed assets up to the date the assets are commissioned. In case of commissioned assets where final payment to the contractors is pending, capitalisation is made on provisional basis subject to necessary adjustment in cost and depreciation in the year of settlement.

##### Commissioning

Gas distribution systems are treated as commissioned when supply of gas commences to the individual points.

##### Intangible Assets

Intangible assets like software / licenses which are expected to provide future enduring economic benefits are capitalised as Intangible Assets.

#### Capital Work-in-Progress

Capital Work-in-Progress includes, expenditure incurred on assets, which are yet to be commissioned. Capital Inventory included in Capital work-in-Progress comprises stock of capital items / construction materials at stores and with contractors / processors.

#### 4. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset less its estimated residual value.

Depreciation on tangible fixed assets is provided on straight line method as per useful life and in the manner prescribed by Schedule II to the Companies Act, 2013, except in respect of the Online compressors and dispensers, where useful life considered is 10 years as per management estimate, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, replacements generally required from the point of view of operational effectiveness.

Leasehold Land is amortised over the lease period.

Intangible Assets (Software / Licenses) are amortised over 6 years based on useful life.

#### 5. Investments

Current investments are carried individually, valued at the lower of cost and fair value.

#### 6. Inventories

Inventories are valued at lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. The cost is determined on weighted average basis.

#### 7. Foreign Exchange Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary items are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gain/loss arising on account of differences in foreign exchange rates on settlement/ translation of monetary items is recognised in the Statement of Profit and Loss.

#### 8. Revenue Recognition

Sale is recognised on supply of natural gas to customers by metered/assessed measurements. Compensation



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

receivable from customers with respect to shortfall in minimum guaranteed offtake of gas are recognised on contractual basis and delayed payment charges are recognised on receipt basis in view of uncertainty of collection.

### 9. Employee Benefits

#### Defined Contribution Plan

Company's contribution to provident fund is recognised on accrual basis in the Statement of Profit and Loss.

#### Defined Benefit Plan

Employee Benefits under Defined Benefit Plans in respect of gratuity, compensated absence, post-retirement medical scheme and long service award are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as Income or Expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and the terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

#### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

1. In respect of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
2. In case of non-accumulating compensated absences, when the absences occur.

#### Long-term employee benefits

Accumulated Compensated absences which are not expected to occur within twelve months after the

end of the period in which the employee renders the related service and Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Provision for gratuity as per actuarial valuation is funded with 'Life Insurance Corporation of India'.

### 10. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred Tax is measured using the tax rates and the Tax Laws enacted or substantially enacted as at the reporting date. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

### 11. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. All other borrowing costs are charged to revenue.

### 12. Segment Reporting

The company is in the business of distribution of Natural Gas. The Company earns revenue by selling natural gas and does not earn revenue by transporting gas of third parties. Natural gas business involves distribution of gas from sources of supply to centres of demand and to the end consumers. The company is operating in India, a single geographical segment. Considering the definition of reportable business segments and the reportable geographical segments, contained in Accounting Standard 17 on Segment Reporting, there is only one business and geographical segment.

### 13. Operating Leases

Lease of assets under which all the risks and reward of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expense on accrual basis as per the lease agreements.

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

Operating lease arrangements for premises (residential, office, godowns etc), which are not non-cancellable, range between eleven months to three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent including lease rentals.

### 14. Impairment of assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss

recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### 15. Provisions, Contingent Liabilities & Contingent Assets

A provision is recognised when the Company has a present legal obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognised in the financial statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 2</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b> 130,000,000 (previous year 130,000,000) Equity Shares of ₹10/- each	13,000.00	13,000.00
<b>Issued, Subscribed and Fully Paid up</b> 89,341,600 (previous year 89,341,600) Equity Shares of ₹10/- each fully paid up.	8,934.16	8,934.16

<b>Details of Shareholders holding more than 5% shares</b>		
GAIL (India) Limited		
Number of Shares	44,449,960	44,449,960
Percentage	49.75%	49.75%
BG Asia Pacific Holding Pte. Ltd., Singapore		
Number of Shares	44,449,960	44,449,960
Percentage	49.75%	49.75%
On conversion of Compulsorily Convertible Debentures (as referred in note 4 and 27.6) 94,36,178 additional equity shares will be issued		
The Company has only one class of shares having par value at ₹10 per share. Each holder of equity shares is entitled to one vote per share.		

<b>NOTE - 3</b>		
<b>RESERVES AND SURPLUS</b>		
<b>a. General Reserve</b>		
Opening Balance and Closing Balance	21,183.81	21,183.81
<b>b. Surplus in Statement of Profit and Loss</b>		
Opening Balance	1,10,628.55	99,577.84
Less: Adjustment on account of depreciation [net of tax]	-	231.74
Add : Net Profit transferred from Statement of Profit and Loss	30,868.65	30,100.10
	1,41,497.20	1,29,446.20
Less: Proposed Dividend	8,934.16	8,934.16
Proposed Special Dividend	6,700.62	6,700.62
Corporate Dividend Tax	3,182.87	3,182.87
	18,817.65	18,817.65
Closing Balance	1,22,679.55	1,10,628.55
	<b>1,43,863.36</b>	<b>1,31,812.36</b>

<b>NOTE - 4</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Unsecured</b>		
Sales Tax Deferred Loan (Interest Free) #	437.62	615.18
9% Unsecured Compulsorily Convertible Debentures (UCCD) (Refer Note No. 27.6 and Note No. 9 below)	-	943.62
	<b>437.62</b>	<b>1,558.80</b>
# Sales tax deferment is in respect of Sales Tax collected for the period 1996-97 to 2000-01. The same is being repaid in 6 equal annual instalments on 1st April every year starting from the 14th year from the year of availment of the Loan.		

## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 5</b>		
<b>DEFERRED TAX LIABILITIES</b>		
Deferred tax liabilities	12,494.64	10,932.64
Deferred tax assets	682.56	661.78
Deferred tax liability (Net)	<b>11,812.08</b>	<b>10,270.86</b>
Note: Major components of deferred tax assets/liabilities arising on account of timing difference comprises of the following:		
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	12,494.64	10,932.64
Total Deferred Tax Liability A	12,494.64	10,932.64
Tax effect of items constituting deferred tax assets		
Provision for doubtful trade receivables / deposits	112.06	119.32
Disallowances under Section 43B of the Income Tax Act, 1961	568.05	540.51
Others	2.45	1.95
Total Deferred Tax Assets B	682.56	661.78
<b>Net Deferred Tax Liability A-B</b>	<b>11,812.08</b>	<b>10,270.86</b>

<b>NOTE - 6</b>		
<b>OTHER LONG TERM LIABILITIES</b>		
Trade Payables	6.18	4.73
Trade/Security Deposits Received	46.27	101.58
	<b>52.45</b>	<b>106.31</b>

<b>NOTE - 7</b>		
<b>LONG TERM PROVISIONS</b>		
Provision for Employee benefits	527.51	683.19
	<b>527.51</b>	<b>683.19</b>

<b>NOTE - 8</b>		
<b>TRADE PAYABLES</b>		
Total outstanding dues of Micro, Small and Medium Enterprises (Refer Note 27.3)	178.49	266.12
Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	11,014.70	10,929.37
	<b>11,193.19</b>	<b>11,195.49</b>





## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 9</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Capital Creditors		
(i) Total outstanding dues of Micro, Small and Medium Enterprises (Refer Note 27.3)	413.46	180.60
(ii) Total outstanding dues of Capital creditors other than Micro, Small and Medium Enterprises	2,006.26	1,293.87
	2,419.72	1,474.47
Security Deposit from Customers	30,926.26	26,637.34
Trade/Security Deposits Received	624.03	592.91
Advances received from Customers	1,831.99	1,590.29
Statutory Remittances (VAT, ESIC, TDS, PF etc.)	1,736.31	1,677.25
Current maturities of long term borrowings - 9% UCCD (Refer Note 4 above)	943.62	-
Interest accrued but not due	-	20.01
Other Payables (includes Earnest Money Deposits etc.)	494.34	277.74
	<b>38,976.27</b>	<b>32,270.01</b>

<b>NOTE - 10</b>		
<b>SHORT TERM PROVISIONS</b>		
a. Provision for Employee Benefits		
Provision for Compensated Absences	905.75	730.45
Provision for Other employee benefits	14.13	4.90
b. Provision Others		
Provision for Tax (net of advance tax)	95.44	174.32
Provision for Proposed Dividend on Equity Shares	15,634.78	15,634.78
Corporate Dividend Tax on Proposed Dividend	3,182.87	3,182.87
	<b>19,832.97</b>	<b>19,727.32</b>

## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

### NOTE - 11 FIXED ASSETS

(₹ Lakh)

Description of Assets	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
	As at 1st April 2015	Additions	Deductions / Adjustments	As at 31st March 2016	As at 1st April 2015	Depreciation / Amortisation Expenses	Deductions / Adjustments	Upto 31st March 2016	As at 31st March 2016	As at 31st March 2015
<b>Tangible Assets</b>										
Leasehold Land	<b>3,350.68</b>	<b>187.95</b>	-	<b>3,538.63</b>	<b>307.35</b>	<b>144.90</b>	-	<b>452.25</b>	<b>3,086.38</b>	<b>3,043.33</b>
	3,233.07	117.61	-	3,350.68	261.68	45.67	-	307.35	3,043.33	2,971.39
Buildings, Bunk houses	<b>2,160.80</b>	<b>29.94</b>	<b>9.17</b>	<b>2,181.57</b>	<b>528.79</b>	<b>39.88</b>	<b>8.71</b>	<b>559.96</b>	<b>1,621.61</b>	<b>1,632.01</b>
	2,147.83	12.97	-	2,160.80	482.10	46.69	-	528.79	1,632.01	1,665.73
Roads & Fences	<b>441.48</b>	-	-	<b>441.48</b>	<b>128.11</b>	<b>22.84</b>	-	<b>150.95</b>	<b>290.53</b>	<b>313.37</b>
	441.48	-	-	441.48	76.58	51.53	-	128.11	313.37	364.90
Electrical Installations	<b>1,004.34</b>	<b>0.19</b>	<b>4.18</b>	<b>1,000.35</b>	<b>325.60</b>	<b>100.27</b>	<b>0.85</b>	<b>425.02</b>	<b>575.33</b>	<b>678.74</b>
	915.55	88.79	-	1,004.34	173.05	152.55	-	325.60	678.74	742.50
<b>Plant &amp; Machinery</b>										
Gas Distribution System	<b>153,523.85</b>	<b>17,171.42</b>	<b>586.56</b>	<b>170,108.71</b>	<b>56,088.71</b>	<b>7,353.40</b>	<b>540.51</b>	<b>62,901.60</b>	<b>107,207.11</b>	<b>97,435.14</b>
	139,003.15	14,712.71	192.01	153,523.85	49,268.75	7,002.62	182.66	56,088.71	97,435.14	89,734.40
Others	<b>2,175.51</b>	<b>144.52</b>	<b>5.57</b>	<b>2,314.46</b>	<b>489.84</b>	<b>150.87</b>	<b>3.80</b>	<b>636.91</b>	<b>1,677.55</b>	<b>1,685.67</b>
	2,121.97	53.54	-	2,175.51	323.43	166.41	-	489.84	1,685.67	1,798.54
Computers	<b>1,313.83</b>	<b>159.41</b>	<b>186.24</b>	<b>1,287.00</b>	<b>1,024.39</b>	<b>130.54</b>	<b>182.47</b>	<b>972.46</b>	<b>314.54</b>	<b>289.44</b>
	1,198.30	140.13	24.60	1,313.83	890.00	156.95	22.56	1,024.39	289.44	308.30
Office Equipments	<b>1,268.16</b>	<b>81.48</b>	<b>4.36</b>	<b>1,345.28</b>	<b>616.93</b>	<b>212.40</b>	<b>1.00</b>	<b>828.33</b>	<b>516.95</b>	<b>651.23</b>
	1,012.86	258.39	3.09	1,268.16	226.59	391.42	1.08	616.93	651.23	786.27
Communication Systems	<b>184.92</b>	<b>17.46</b>	<b>0.22</b>	<b>202.16</b>	<b>152.02</b>	<b>14.30</b>	<b>0.21</b>	<b>166.11</b>	<b>36.05</b>	<b>32.90</b>
	183.71	1.21	-	184.92	75.75	76.27	-	152.02	32.90	107.96
Furniture and Fixtures	<b>492.23</b>	<b>19.90</b>	<b>13.68</b>	<b>498.45</b>	<b>310.55</b>	<b>34.68</b>	<b>13.12</b>	<b>332.11</b>	<b>166.34</b>	<b>181.68</b>
	480.42	11.81	-	492.23	248.64	61.91	-	310.55	181.68	231.78
Total - Tangible Assets (A)	<b>165,915.80</b>	<b>17,812.27</b>	<b>809.98</b>	<b>182,918.09</b>	<b>59,972.29</b>	<b>8,204.08</b>	<b>750.67</b>	<b>67,425.70</b>	<b>115,492.39</b>	<b>105,943.51</b>
	150,738.34	15,397.16	219.70	165,915.80	52,026.57	8,152.02	206.30	59,972.29	105,943.51	98,711.77
<b>Intangible Assets</b>										
Softwares / Licences (Acquired)	<b>1,229.22</b>	<b>211.83</b>	<b>(139.24)</b>	<b>1,580.29</b>	<b>772.12</b>	<b>201.65</b>	<b>(137.81)</b>	<b>1,111.58</b>	<b>468.71</b>	<b>457.10</b>
	1,019.14	210.08	-	1,229.22	582.21	189.91	-	772.12	457.10	436.93
Total - Intangible Assets (B)	<b>1,229.22</b>	<b>211.83</b>	<b>(139.24)</b>	<b>1,580.29</b>	<b>772.12</b>	<b>201.65</b>	<b>(137.81)</b>	<b>1,111.58</b>	<b>468.71</b>	<b>457.10</b>
	1,019.14	210.08	-	1,229.22	582.21	189.91	-	772.12	457.10	436.93
Total (A + B)	<b>167,145.02</b>	<b>18,024.10</b>	<b>670.74</b>	<b>184,498.38</b>	<b>60,744.41</b>	<b>8,405.73</b>	<b>612.86</b>	<b>68,537.28</b>	<b>115,961.10</b>	<b>106,400.61</b>
	151,757.48	15,607.24	219.70	167,145.02	52,608.78	8,341.93	206.30	60,744.41	106,400.61	99,148.70
Less: Debited to Surplus in Statement of Profit and Loss (Refer note 3 below)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	351.07	-	-	-	-
<b>Grand Total</b>	<b>167,145.02</b>	<b>18,024.10</b>	<b>670.74</b>	<b>184,498.38</b>	<b>60,744.41</b>	<b>8,405.73</b>	<b>612.86</b>	<b>68,537.28</b>	<b>115,961.10</b>	<b>106,400.61</b>
	151,757.48	15,607.24	219.70	167,145.02	52,608.78	7,990.86	206.30	60,744.41	106,400.61	99,148.70
Capital work-in-progress									<b>42,886.53</b>	<b>37,962.04</b>
									37,962.04	34,544.13
<b>Total Fixed Assets</b>									<b>158,847.63</b>	<b>144,362.65</b>
									144,362.65	133,692.83

#### NOTES:

- Capital Work-in-Progress includes Capital inventory of ₹8,127.14 Lakh (as at 31st March, 2015 ₹5,685.48 Lakh)
  - Capital inventory includes material with contractors/processors ₹1,596.36 Lakh (as at 31st March, 2015 ₹1,416.84 Lakh)
  - Capital inventory includes material in transit ₹154.24 Lakh (as at 31st March, 2015 ₹ Nil)
- Additions to Fixed Assets are net of ₹284.84 Lakh (Previous year ₹278.72 Lakh) on account of recoveries from certain PNG customers towards the cost of installation of PNG pipeline network.
- Depreciation / Amortisation Expense of ₹ Nil (Previous Year ₹351.07 Lakh) is debited to opening surplus of profit and loss
- Figures in italics represent previous year's figures.



## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 12</b>		
<b>LONG TERM LOANS AND ADVANCES</b>		
Unsecured, Considered good		
a. Capital Advances	411.68	299.14
b. Security Deposits	1,710.17	986.13
c. Prepaid Expenses	1,090.71	1,063.77
d. Advance Income Tax (net of provision)	1,079.62	606.46
e. Employee/Vendor advances	6.78	7.94
	<b>4,298.96</b>	<b>2,963.44</b>

<b>NOTE - 13</b>		
<b>OTHER NON CURRENT ASSETS</b>		
Receivables from customers, Unsecured Considered Good	108.32	152.79
Other Bank Balances (Non Current) [Refer Note 17]	0.43	25.43
	<b>108.75</b>	<b>178.22</b>

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

(₹ Lakh)

Particulars			As at 31st March 2016	As at 31st March 2015
<b>Note - 14</b>				
<b>INVESTMENTS (Non Trade)</b>				
<b>CURRENT INVESTMENTS - Unquoted</b>				
<b>(At lower of Cost or Fair Value)</b>				
<b>Name of Mutual Fund Scheme</b>	<b>Face Value</b>	<b>Number of Units</b>		
Birla Sun Life Floating Rate Fund - Short Term Plan - IP - Daily Dividend Reinvestment	100	1,826,490	1,826.86	-
		(Nil)		
Baroda Pioneer Liquid Fund - Plan A - Daily Dividend Reinvestment	1,000	387,960	3,883.94	-
		(Nil)		
Franklin India Treasury Management Account -Super Institutional Plan - Daily Dividend Reinvestment	1,000	500,696	5,010.54	2,441.82
		(244,008)		
HDFC Liquid Fund - Dividend - Daily Reinvest	10	Nil	-	4,010.71
		(39,327,589)		
ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend	100	Nil	-	5,021.30
		(5,014,808)		
JM High Liquidity Fund - Daily Dividend Option	10	5,135,938	535.69	-
		(Nil)		
Kotak Floater - Short Term - Daily Dividend (Regular Plan)	1,000	505,171	5,110.41	5,054.07
		(499,602)		
LIC Nomura MF Liquid Fund - Dividend Plan	1,000	Nil	-	5,048.03
		(459,748)		
Religare Invesco Liquid Fund - Daily Dividend	1,000	Nil	-	4,307.46
		(430,231)		
Sundaram Money Fund - Regular Daily DR (Div Option Reinvestment)	10	Nil	-	1,661.16
		(16,454,782)		
Tata Money Market Fund - Regular Plan - Daily Dividend	1,000	244,864	2,452.35	3,602.08
		(359,663)		
UTI Treasury Advantage Fund - Institutional Plan - Growth	1,000	Nil	-	5,000.00
		(265,002)		
Reliance Medium Term Fund - Growth Plan - Growth Option - IPGP	10	16,303,852	5,000.00	-
		(Nil)		
Religare Invesco Credit Opportunities Fund - Growth	1,000	306,728	5,000.00	-
		(Nil)		
<b>Fixed Maturity Plan (FMP)</b>				
HDFC FMP 91D February 2015(1) - Regular Growth - Series 33	10	Nil	-	1,000.00
		(10,000,000)		
HDFC FMP 92D March 2016(1) - Regular Normal Dividend - Series 35	10	50,000,000	5,000.00	-
		(Nil)		
ICICI Prudential FMP - Series 78 - 95 Days - Plan K - Dividend	10	50,000,000	5,000.00	-
		(Nil)		
			<b>38,819.79</b>	<b>37,146.63</b>

Notes:

- Total NAV value as on March 31, 2016 ₹39,340.10 Lakh (Previous year ₹37,183.42 Lakh)
- Figures in bracket represent previous year's units.



## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 15</b>		
<b>INVENTORIES (at lower of cost and Net Realisable Value)</b>		
Stock in Trade:		
Stock of Natural Gas	37.96	45.16
Stores and spares	1,764.72	1,684.54
Stores and spares (in transit)	-	5.79
	<b>1,802.68</b>	<b>1,735.49</b>

<b>NOTE - 16</b>		
<b>TRADE RECEIVABLES</b>		
a. Trade Receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, Considered Good	15.58	23.96
Unsecured, Considered Good	603.87	1,136.18
Doubtful	136.21	102.63
	755.66	1,262.77
Less: Provision for doubtful trade receivables	136.21	102.63
	619.45	1,160.14
b. Other Trade Receivables		
Secured, Considered Good	900.14	883.60
Unsecured, Considered Good	7,405.90	7,579.36
	8,306.04	8,462.96
	<b>8,925.49</b>	<b>9,623.10</b>



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

(₹ Lakh)

Particulars	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>NOTE - 17</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
i) Cash on Hand	0.16	0.10
ii) Cheques on Hand	-	1.05
iii) Balances with Banks		
In Current Accounts	2,110.77	1,572.80
Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)	<b>2,110.93</b>	<b>1,573.95</b>
B. Other Bank Balances		
a. In Deposit Accounts with Original Maturity is more than 3 months but upto 12 months	7,500.00	250.00
b. In Deposit Accounts with Original Maturity is more than 12 months	7,500.00	12,600.00
c. Margin Money Deposit (Under Lien)	98.16	93.20
	<b>15,098.16</b>	<b>12,943.20</b>
Less: Transferred to Other Non-Current Assets		
Other Bank Balances [Refer Note 13]	0.43	25.43
Total - Other bank balances (B)	<b>15,097.73</b>	<b>12,917.77</b>
<b>Total Cash and Cash equivalents (A+B)</b>	<b>17,208.66</b>	<b>14,491.72</b>

<b>NOTE - 18</b>		
<b>SHORT-TERM LOANS AND ADVANCES</b>		
<b>Security Deposits</b>		
Unsecured, Considered Good	976.49	1,487.91
Considered Doubtful	187.59	242.16
	1,164.08	1,730.07
Less: Provision for Doubtful Deposits	187.59	242.16
	976.49	1,487.91
<b>Unsecured, Considered Good</b>		
Prepaid Expenses	649.52	584.54
Balances with Government Authorities (Central Excise, Service Tax, VAT, etc.)	1,031.86	949.46
Other Loans and Advances	102.49	40.69
	<b>2,760.36</b>	<b>3,062.60</b>

<b>NOTE - 19</b>		
<b>OTHER CURRENT ASSETS</b>		
a. Unbilled Revenue, Unsecured Considered Good	2,600.63	2,589.07
b. Receivables from customers		
Unsecured, Considered Good	70.09	68.89
c. Interest Accrued on Fixed Deposit with Banks	186.57	336.69
	<b>2,857.29</b>	<b>2,994.65</b>



## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>NOTE - 20</b>		
<b>OTHER INCOME</b>		
Interest on Fixed Deposits with Banks	1,036.63	756.45
Dividend on current investments - non trade	1,501.96	2,411.50
Profit on sale of current investments - non trade (Net)	403.38	158.78
Other miscellaneous income	1,328.10	689.97
Excess Provision for doubtful trade receivables - Written back (Net)	-	20.47
Foreign Exchange Fluctuation (Net)	-	33.71
	<b>4,270.07</b>	<b>4,070.88</b>

<b>NOTE - 21</b>		
<b>COST OF NATURAL GAS AND TRADED ITEMS</b>		
Purchase Cost of Natural Gas and Other Charges	1,23,066.97	1,29,839.49
Less: Captive Consumption (Including VAT)	240.52	299.51
	1,22,826.45	1,29,539.98
Purchase of pipes, fittings and other materials	136.11	40.78
	<b>122,962.56</b>	<b>129,580.76</b>

<b>NOTE - 22</b>		
<b>CHANGES IN INVENTORIES</b>		
Change in Stock of Natural Gas and Traded Items:		
Opening Stock	45.16	36.70
Closing Stock	37.96	45.16
(Increase) / Decrease in stock	<b>7.20</b>	<b>(8.46)</b>

<b>NOTE - 23</b>		
<b>EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Allowances	6,323.21	5,622.87
Contribution to Provident Fund and Other Funds	291.59	252.50
Gratuity (Note 26.1)	149.64	214.71
Staff Welfare	45.86	438.37
Secondment Charges	441.48	385.29
	7,251.78	6,913.74
Less: Transfer to Capital Work-in-Progress	1,880.59	1,802.60
	<b>5,371.19</b>	<b>5,111.14</b>

<b>NOTE - 24</b>		
<b>FINANCE COSTS</b>		
Interest on Borrowings	84.93	20.01
Interest - Others	209.53	100.49
	<b>294.46</b>	<b>120.50</b>

## Notes on financial statements for the year ended 31<sup>st</sup> March 2016

(₹ Lakh)

Particulars	For the year ended 31 <sup>st</sup> March 2016	For the year ended 31 <sup>st</sup> March 2015
<b>NOTE - 25</b>		
<b>OTHER EXPENSES</b>		
Power and Fuel	10,444.45	9,924.02
Stores and Spares consumed	2,370.80	1,809.56
Insurance	147.25	170.36
Rent	1,986.85	1,947.70
Rates and Taxes	189.63	250.80
Repairs to Buildings	11.73	29.80
Repairs to Plant and Machinery	3,445.62	2,653.22
Bad Trade Receivables written off	16.00	36.39
Provision for doubtful trade receivables (Net)	33.58	-
Loss on Sale / Disposal of Assets (Net)	42.25	0.51
Fixed Assets Written Off	1.49	1.27
Foreign Exchange Fluctuation (Net)	35.84	-
Corporate Social Responsibility Expenditure (Refer Note 27.4.v)	460.24	244.54
Miscellaneous Expenses	9,445.12	9,190.77
	28,630.85	26,258.94
Less: Transfer to Capital Work-in-Progress	374.09	419.42
	<b>28,256.76</b>	<b>25,839.52</b>



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### Note - 26 Disclosures under Accounting Standards

#### 26.1 Employee Benefit Plan

##### Defined Contribution Plans

The Company makes Provident Fund contributions, which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised **₹291.59 Lakh** (previous year ₹252.50 Lakh) as an expense and included in Note 23 – Employee Benefit Expenses ‘Contribution to Provident Fund and Other Funds’ in the Statement of Profit and Loss for the year ended March 31, 2016. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

##### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

##### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date. Long Service Awards are recognised as a liability based on actuarial valuation of the defined benefit obligation as at the balance sheet date.

##### Defined Benefit Plan

The Company offers the following employee benefit schemes to its employees:

1. Gratuity (included as part of Note 23 Employee benefits expense)
2. Post-retirement medical benefit plan (included as part of Note 23 Employee benefits expense)

The following table sets out the funded/unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

#### Components of employer's expenses

(₹ Lakh)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)
Current Service Cost	85.02	100.02	61.06	64.03
Interest Cost	64.91	44.62	51.23	27.55
Expected return on plan assets	(56.29)	-	(41.84)	-
Actuarial (gain)/loss	56.01	(315.19)	144.26	165.68
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>149.64</b>	<b>(170.55)</b>	<b>214.71</b>	<b>257.26</b>

#### Actual contribution and benefit payments

(₹ Lakh)

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)
Actual benefit payments	21.33	0.86	17.94	1.01
Actual contributions	75.53	Not Applicable	208.92	Not Applicable

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### Net Asset/ (Liability) recognised in the Balance Sheet

(₹ Lakh)

Particulars	As on March 31, 2016		As on March 31, 2015	
	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)
Present value of defined benefit obligation	(993.29)	(380.81)	(803.33)	(552.22)
Fair value of plan assets	812.51	Not Applicable	696.67	Not Applicable
Net Asset/ (Liability) recognised in the Balance Sheet	(180.78)	(380.81)	(106.66)	(552.22)

### Change in defined obligation (DBO) during the year

(₹ Lakh)

Particulars	As on March 31, 2016		As on March 31, 2015	
	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)
Present value of DBO at beginning	803.33	552.22	550.27	295.97
Current Service Cost	85.02	100.02	61.06	64.03
Interest Cost	64.91	44.62	51.23	27.55
Actuarial (gain)/loss	61.37	(315.19)	158.71	165.68
Benefits paid	(21.33)	(0.86)	(17.94)	(1.01)
Present value of DBO at the end	993.29	380.81	803.33	552.22

### Change in the fair value of Assets during the year

(₹ Lakh)

Gratuity	As on March 31, 2016	As on March 31, 2015
Plan assets at beginning April 1st	696.67	449.40
Expected return on plan assets	56.29	41.84
Actuarial gain/(loss)	5.36	14.45
Employer contribution	75.53	208.92
Benefits paid	(21.33)	(17.94)
Plan assets as at year end \$	812.51	696.67
Actual return on plan assets	61.65	56.29

\$ Category-wise composition of the plan assets is not available with the Company, since the fund is managed by LIC.

### Actuarial assumptions

Particulars	As on March 31, 2016		As on March 31, 2015	
	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)	Gratuity (Funded)	Post-Retirement Medical Benefit Plan (Unfunded)
Discount rate (per annum)	8.07%	8.07%	8.08%	8.08%
Expected rate of return on plan assets (per annum)	8.07%	Not Applicable	8.08%	Not Applicable
Expected rate of escalation in salary (per annum)	7.50%	Not Applicable	7.50%	Not Applicable
Attrition	2.00%	2.00%	1.00%	1.00%
Medical Cost inflation	Not Applicable	3.00%	Not Applicable	3.00%
Mortality tables	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Estimate of amount of contribution in the immediate next year (₹ Lakh)	195.83	Not Applicable	173.19	Not Applicable





## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(₹ Lakh)

Effect of a 1% change in healthcare cost	March 31, 2016		March 31, 2015	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Closing balance of obligation	478.27	306.55	693.59	444.50

### Experience Adjustment

(₹ Lakh)

Gratuity (Funded)	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012
Present value of DBO	993.29	803.33	550.27	536.54	352.82
Fair value of plan assets	812.51	696.67	449.39	451.90	290.58
Funded status [Surplus / (Deficit)]	(180.78)	(106.66)	(100.88)	(84.64)	(62.24)
Experience gain / (loss) adjustments on plan liabilities	(53.54)	(33.09)	(47.91)	23.62	31.44
Experience gain / (loss) adjustments on plan assets	5.36	14.45	(6.98)	4.98	2.32

(₹ Lakh)

Post-Retirement Medical Benefit (Unfunded)	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012
Present value of DBO	380.81	552.22	295.97	Not Applicable	Not Applicable
Fair value of plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Funded status [Surplus / (Deficit)]	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Experience (gain) / loss adjustments on plan liabilities	(29.46)	82.48	(0.80)	Not Applicable	Not Applicable
Experience gain / (loss) adjustments on plan assets	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Actuarial assumptions for long- term compensated absences	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount rate	8.07%	8.08%
Salary escalation	7.50%	7.50%
Attrition	2.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Company provides for compensated absences to employees which can be carried forward to future years. Consequently based on Guidance on implementation of Accounting Standard 15 "Employee Benefits" (AS-15), the Company has considered the benefits provided as other long term employee benefits. An amount of **₹237.09 Lakh** (previous year ₹265.18 Lakh), has been charged to the Statement of Profit and Loss for the year ended March 31, 2016.

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### 26.2 Disclosure as per Accounting Standard 17 – “Segment Reporting”

The Company operates presently in the business of city gas distribution. The Company earns revenue by selling natural gas and does not earn revenue by transporting gas of third parties. There are no separate reportable segments, other than selling of natural gas.

### 26.3 Disclosures as per Accounting Standard 18 – “Related Party Disclosures” are as follows:

- A. GAIL (India) Ltd. – Joint Venturer
- B. BG Asia Pacific Holdings Pte. Ltd. (BGAPHPL) – Investing Company
  - (BG Energy Holdings Limited is the Joint Venturer \$).
  - \$ with effect from November 2, 2015 BG Energy Holdings Limited has assigned the existing Joint Venture agreement between GAIL and BG Energy Holdings Limited, to BGAPHPL
- C. Key Management Personnel
  - Mr. V. C. Chittoda – Managing Director (upto September 29, 2014)
  - Mr. Rajeev Kumar Mathur – Managing Director (from September 29, 2014)
  - Ms. Susmita Sengupta – Technical Director

#### Details of transactions are as follows:

(₹ Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. GAIL (India) Ltd.</b>		
<b>Transactions</b>		
1. Purchase of Gas (Inclusive of taxes) {refer note No.27.2(iv) and 27.2(v)}	1,30,247.21	1,22,761.40
2. Secondment charges	46.85	43.67
3. Expense Recovery	227.88	48.72
4. Refundable Security Deposit given	6.00	-
5. Expense Reimbursement	-	1.35
6. Others	2.52	1.26
	<b>As on March 31, 2016</b>	<b>As on March 31, 2015</b>
<b>Closing Balance</b>		
7. Payable to GAIL (India) Ltd.	4,499.98	5,307.18



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

(₹ Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>B. BG Energy Holdings Limited (BGEH)</b>		
<b>Transactions</b>		
1. Secondment charges [BG Exploration and Production India Limited (BGEPIIL)]*	394.63	341.62
2. Expenses Recovery (BGAPHPL)	227.88	48.72
3. Expenses Recovery (BGEPIIL) *	-	9.14
4. Expenses Reimbursement (BGEPIIL) *	-	0.13
*On behalf of BGEH for obligation performed		
	<b>As on March 31, 2016</b>	<b>As on March 31, 2015</b>
<b>Closing Balance</b> (Includes transactions on behalf of BGEH)		
Payable to:		
5. BGAPHPL	231.82	445.66
BGEPIIL	33.85	29.23
<b>Total</b>	<b>265.67</b>	<b>474.89</b>
	<b>For the year ended March 31, 2016</b>	<b>For the year ended March 31, 2015</b>
<b>C. Managerial Remuneration</b>	<b>456.21</b>	<b>402.59</b>
[Secondment charges of ₹ 441.48 Lakh (previous year ₹385.29 Lakh) included above]		

Note: Related party relationship is as identified by the Company and relied upon by the auditors.

### 26.4 Disclosure for leases under Accounting Standard 19 – “Leases”

- Company has taken on lease few equipments/ machines for some CNG Retail Outlets. Lease charges are dependent on sale of CNG at these outlets and hence there are no minimum lease payments. The term of the contract is one or two years, renewable at discretion of the Company. The contract does not impose any restrictions concerning dividend, additional debt and further leasing. Lease payments recognized in the Statement of Profit and Loss under “Miscellaneous Expenses” (Note 25 – Other Expenses) for the year ended March 31, 2016 is **₹246.81 Lakh** (previous year ₹241.53 Lakh).
- Company has taken certain vehicles under operating lease agreements. Lease payments recognised in the Statement of Profit and Loss under “Miscellaneous Expenses” (Note 25 – Other Expenses) for the year ended March 31, 2016 is **₹1,320.95 Lakh** (previous year ₹1098.34 Lakh).
- Company has entered into agreements for taking on leave and license basis certain residential/office premises/godowns. All the agreements contain a provision for its renewal. Lease payments recognised in the Statement of Profit and Loss under Rent (Note 25 – Other Expenses) for the year ended March 31, 2016 is **₹1,018.83 Lakh** (previous year ended ₹1,004.30 Lakh).

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

d. The future minimum lease payments of non-cancellable operating leases are as under:

(₹ Lakh)

Particulars	As on March 31, 2016	As on March 31, 2015
Not later than one year	480.61	348.24
Later than one year but not later than five years	357.19	-
Later than five years	-	-
<b>Total</b>	<b>837.80</b>	<b>348.24</b>

### 26.5 Earnings per Share (EPS)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
a) Net profit after tax attributable to equity shareholders (₹ Lakh)	30,868.65	30,100.10
b) Add: Interest on Compulsorily Convertible Debentures (post tax)(₹ Lakh)	55.53	13.21
c) Adjusted Net profit after tax attributable to equity shareholders (a + b)(₹ Lakh)	30,924.18	30,113.31
d) Weighted Average Number of Equity Shares	8,93,41,600	8,93,41,600
e) Add: Effect of potential equity shares on conversion of CCD	92,65,819	92,52,738
f) Weighted Average number of Equity Shares for computing Diluted EPS (d + e)	9,86,07,419	9,85,94,338
g) EPS on profit for the year ended (₹)		
Basic (a/d)	34.55	33.69
Diluted (c/f) (Refer note 27.6)	31.36	30.54
(Face value per share ₹ 10)		

### 26.6 Unhedged Foreign Currency Exposure

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Sr. No.	Particulars	Currency	As on March 31, 2016		As on March 31, 2015	
			INR (₹ Lakh)	Forex	INR (₹ Lakh)	Forex
A	Capital Imports	USD	95.73	1,44,311.81	65.19	1,04,152.95
B	Secondment Expenses	GBP	508.44	5,34,703.00	494.38	5,34,703.00
C	Import of Goods & Services	USD	20.42	30,791.00	57.92	92,542.68



## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### Note - 27 Additional information to the financial statements

#### 27.1 Capital and other commitments

- i. Estimated amount of contracts to be executed on capital account and not provided for (net of advances) **₹21,115.11 Lakh** (previous year ₹17,690.67 Lakh).
- ii. All term contracts for purchase of natural gas with suppliers, has contractual obligation of “take or pay” for shortfall in contracted Minimum Guaranteed Quantity (MGQ) as specified in individual contracts. Estimation of these MGQ commitments is dependent on nomination of quantity by suppliers and actual purchase by the company. As both the factors “quantity nomination by supplier” and “quantity to be purchased by the company”, are not predictable, MGQ commitment is not quantifiable.

#### 27.2 Contingent Liabilities (to the extent not provided for)

Claims against the Company not acknowledged as debts in respect of which the Company does not expect outflow of resources **₹28,195.44 Lakh** (previous year ₹25,322.40 Lakh), includes:

- i. Claims disputed by the Company relating to issues of applicability aggregating to **₹17,027.68 Lakh** (previous year ₹15,418.74 Lakh) as detailed below:

Particulars	As on March 31, 2016	As on March 31, 2015
a. Excise Duty	16,006.85	14,178.39
b. Service Tax	516.97	832.03
c. Sales Tax / Input VAT credits	448.95	333.45
d. Income Tax	54.91	74.87
<b>Total</b>	<b>17,027.68</b>	<b>15,418.74</b>

Future cash outflows in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

- ii. Central/State/Local Authority property taxes, lease rents, pipeline related re-instatement charges etc claims disputed by the Company relating to issues of applicability and determination aggregating to **₹191.05 Lakh** (previous year ₹142.59 Lakh).
- iii. Third party/other claims arising from disputes relating to contracts aggregating to **₹157.17 Lakh** (previous year ₹421.40 Lakh).
- iv. Demand from GAIL (India) Limited in respect of additional transportation tariff for the period from November 2008 to March 2016 **₹10,735.60 Lakh** (previous year - from November 2008 to March 2015 ₹9,277.45 Lakh). In respect to this, the company had filed a petition with PNGRB. PNGRB has set aside the petition vide web hosted order dated October 15, 2015. The company then filed petition on November 05, 2015 with the High Court of Delhi. High Court of Delhi vide order dated November 30, 2015 has advised the company to prefer an appeal before Appellate Tribunal for Electricity (APTEL) – Appellate Authority of PNGRB. Accordingly, the company has filed an appeal before APTEL on January 21, 2016. Based on the legal opinion, the Company contends that the same is not payable and the Company does not expect outflow of resources.
- v. Claims raised by GAIL (India) Limited in respect of differential price for supplies over and above allocation **₹50.38 Lakh** (March 31, 2015 ₹ Nil)
- vi. Claims from consumers not acknowledged as debts **₹33.56 Lakh** (March 31, 2015 ₹62.22 Lakh).
- vii. Liability on account of revision of trade margin as per contracts with Oil Marketing Companies with effect from January 1, 2015 is yet to be determined in view of undergoing negotiations.

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

### 27.3 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are as follows

(₹ Lakh)

Sr. No.	Particulars	As at March 31, 2016	As at March 31, 2015
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year		
	a. Trade Payables	178.49	266.12
	b. Capital Creditors	413.46	180.60
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid by the company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	-	-
(iv)	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 the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(v)	The amount of interest accrued & remaining unpaid at the end of the accounting year	-	-
(vi)	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 of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The above information regarding Micro enterprises and Small enterprises has been determined on the basis of information available with the company. This has been relied upon by the auditors.

### 27.4 Additional information pursuant to the Part II of Schedule III to the Companies Act, 2013.

(₹ Lakh)

Sr. No.	Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
i.	<b>Payments to Auditors</b>		
	To Statutory Auditors (included in Miscellaneous Expenses - Refer Note 25) (Net of service tax input credit, where applicable) For Audit	33.06	25.45
	For Other Services [The above expenses excludes Professional fees in respect of Initial Public Offer (IPO) ₹ 66 Lakh (Previous period ₹ 42 Lakh) excluding taxes, to be borne by promoters]	2.04	2.03
	Reimbursement of expenses [The above expenses excludes reimbursement of expenses in respect of Initial Public Offer (IPO) ₹ 0.50 Lakh (Previous period ₹0.16 Lakh) excluding taxes, to be borne by promoters]	-	0.21
ii.	<b>Value of Imports on CIF</b> Capital Goods	770.45	453.36
iii.	<b>Expenditure in Foreign Currency</b>		
	Miscellaneous Expenses	26.25	-
	Travelling Expenses	10.14	-





## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

- iv. Remittance in foreign currency on account of dividend to a non-resident shareholder, BG Asia Pacific Holding Pte. Ltd., Singapore during the year ended March 31, 2016 is **₹ 7,778.74 Lakh** for the year ended March 31, 2015 on 4,44,49,960 equity shares (Previous year ₹ 7,778.74 Lakh for the year ended March 31, 2014 on 4,44,49,960 equity shares).
- v. **CSR Expenditure:**
- a. Gross amount required to be spent by company for the year is **₹ 888.98 Lakh** (previous year ₹892.19 Lakh)
- b. Amount spent during the period:
- i. Construction/acquisition of asset **₹ Nil** (previous year ₹ Nil)
- ii. On purposes other than (i) above **₹460.24 Lakh** (previous year ₹244.54 Lakh) (Refer Note 25)

### vi. Value of Stores and Spares Consumed

Particulars	For the year ended March 31, 2016		For the year ended March 31, 2015	
	₹ Lakh	%	₹ Lakh	%
Imported	85.94	3.62%	71.72	3.96%
Indigenous	2,284.86	96.38%	1,737.85	96.04%
<b>Total</b>	<b>2,370.80</b>	<b>100.00%</b>	<b>1,809.56</b>	<b>100.00%</b>

### vii. Information relating to Gas Distribution Activities

(₹ Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Stock of Natural Gas	45.16	36.70
Purchase of Natural Gas	1,23,066.97	1,29,839.49
Sale of Natural/Compressed Gas (Net of VAT)	2,27,216.20	2,27,456.37
Captive Consumption (including VAT)	240.52	299.51
Closing Stock of Natural Gas	37.96	45.16

### viii. Information relating to Trading Items

(₹ Lakh)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Stock	-	-
Purchase	136.11	40.78
Sale (Net of VAT)	148.85	46.83
Closing Stock	-	-

**27.5** The Foreign Investment Promotion Board (FIPB) through its approval had allowed the Company to continue with the arrangements of foreign equity participation up to 50% in the paid up capital of the Company until December 2006. This approval was subject to the condition that the Company would be required to bring an Initial Public Offer (IPO) to divest the shareholding of the promoters to 35% each as per the Joint Venture Agreement. Further, FIPB vide its letter dated 2<sup>nd</sup> January, 2015 conveyed the approval of Government of India to the proposal of the Company regarding amendment of approval to record revised shareholding structure of the Company subject to compliance of certain conditions. FIPB has also conveyed that compounding would be needed by Reserve Bank of India (RBI) for non-compliance of divestment conditions during the period January, 2007 to 12.03.2008. RBI, vide order dated February 10, 2016, has approved the compounding application filed by the company for non-compliance of disinvestment condition. Compounding charges levied by RBI is ₹7.87 Lakh and the same is paid by the company on February 18, 2016. The proposed IPO and the shareholding post the IPO will have to be in compliance with the aforesaid letter.

## Notes on financial statements for the year ended 31<sup>st</sup> March, 2016

**27.6** During the previous year existing shareholders were offered 94,92,545 Unsecured Compulsorily Convertible Debentures (CCDs) (Face Value ₹10/- each), on a rights basis in the proportion of 17 (seventeen) Unsecured CCDs for every 160 (one hundred and sixty) equity shares of face value of ₹10 each held on following terms and conditions:

- Each Unsecured CCD issued under the Rights Issue shall be compulsorily and automatically convertible into one fully paid up Equity Share (i) on the expiry of 2 years from the date of allotment of the Unsecured CCDs; or (ii) during seven days prior to the date of the filing of the Red Herring Prospectus with [Registrar of Companies, Mumbai at Maharashtra ("RoC")] whichever is earlier, in the event the Company proposes an initial public offering either by way of a fresh issue of Equity Shares by the Company or an offer for sale by the existing shareholders or both, without any application or any further act on the part of the holder of the Unsecured CCDs. There shall be no redemption of the Unsecured CCDs. The conversion price would be adjusted for any bonus or rights issue made by the Company prior to the conversion date.
- Interest at the rate of 9.0% per annum on the face value of the Unsecured CCDs will be payable annually on the Unsecured CCDs from the date of allotment of the Unsecured CCDs up to the date prior to the date of conversion of Unsecured CCDs into equity shares of the Company.

Application for Subscription for 94,36,178 Unsecured CCDs (Comprising of 46,920 Unsecured CCDs as their rights entitlement and 93,89,258 Unsecured CCDs were applied as additional Unsecured CCDs over and above their rights entitlement) was received from Government of Maharashtra (GOM), and accordingly 94,36,178 Unsecured CCDs were allotted to GOM and the balance 56,367 Unsecured CCDs have been cancelled.

**27.7** The Company had filed Draft Red Herring Prospectus (DRHP) with The Securities Exchange Board of India (SEBI) under SEBI (Issue of Capital and Disclosure Requirements) Regulation 2009 on November 13, 2015. SEBI approved the DRHP vide letter dated January 15, 2016 and the Company is in the process of filing Red Herring Prospectus (RHP).

**27.8** Proposed Dividend for the year 2015-16 is **₹15,634.78 Lakh** (Previous Year ₹15,634.78 Lakh). Dividend per Equity share is **₹17.50**, including special dividend of **₹7.50** (Previous Year ₹17.50, including special dividend of ₹7.50).

### **27.9 Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

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

sd/-  
**Rajeev Mathur**  
Managing Director  
DIN : 03308185

sd/-  
**Akhil Mehrotra**  
Director  
DIN : 07197901

sd/-  
**S M Ranade**  
Chief Financial Officer  
ACA No. - 39230

sd/-  
**Alok Mishra**  
Company Secretary  
ACS No. A - 15967

Place : Delhi  
Date : May 30, 2016





## INVESTING IN **INFRASTRUCTURE** FOR A BETTER TOMORROW!

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At MGL, we invest keeping in mind our consumer's requirement; evolve with time adapting to the dynamic scenario. We transform so that we act as a catalyst for the society to gear up for future challenges. We are sourcing gas from various existing suppliers through our four City Gate Stations to cater to the growing Natural Gas demand of existing and expansion areas.

# GALLERY



*Knowledge Sharing Conference on Crisis Communication for City Gas Distribution Companies*



*IPO - Press Conference*



*Celebration of Picnic cum Foundation Day*



*Successful Public Listing of MGL*



*New visual identity – CNG Station*





*CNG Cascade Carrier*



*Emergency Van*



*Mobile Training Van*



*Medical Van*



## ANNUAL REPORT 2015-16



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