

Enabling to increase

green foot prints

for sustainable tomorrow . . .

Annual Report
2013 - 2014



MAHARASHTRA NATURAL GAS LIMITED

(A Joint Venture of GAIL (India) Ltd. and Bharat Petroleum Corpn. Ltd.)

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BANKERS

Bank of Maharashtra
Corporate Finance Branch, F.C. Road
Pune - 411005

Corporation Bank
Shivajinagar Branch, Shivajinagar
Pune - 411005

Axis Bank
Senapati Bapat Marg,
Pune- 411016

STATUTORY AUDITORS

M. P. Chitale & Co.
417/1, Narayan Peth, Pune - 411 030

COST AUDITORS

M/s. Joshi Apte & Associates
'CMA Pride', First Floor, Plot No.6,
S.No. 16/6, Erandawana, Pune - 411 004

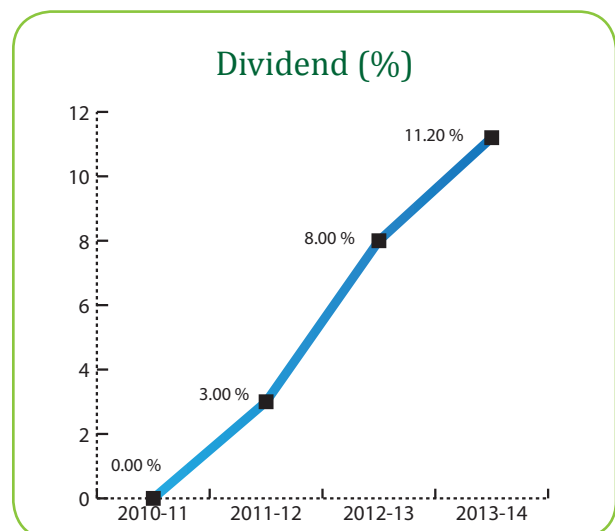
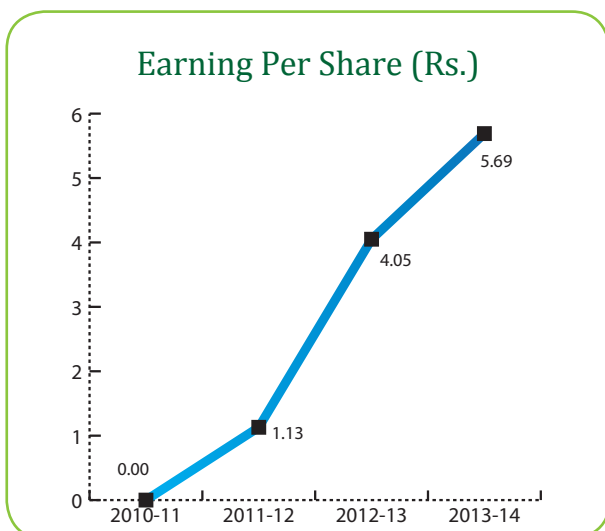
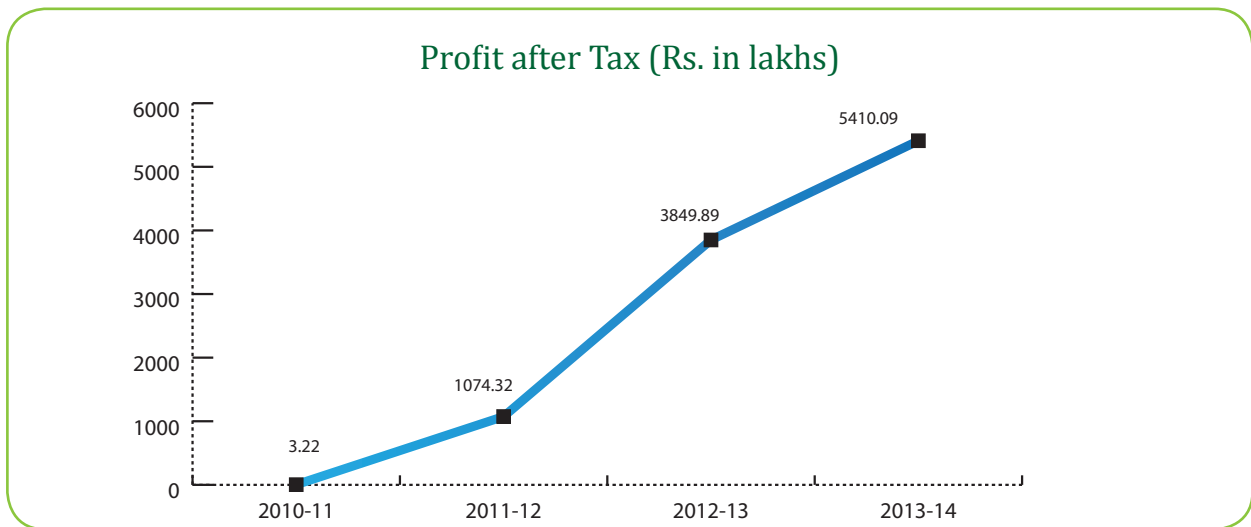
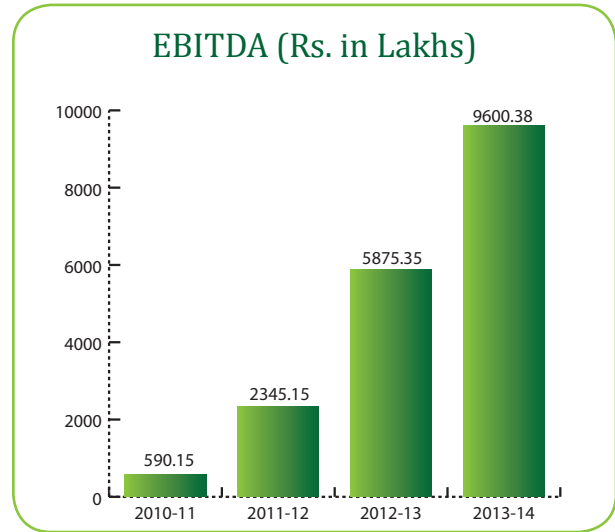
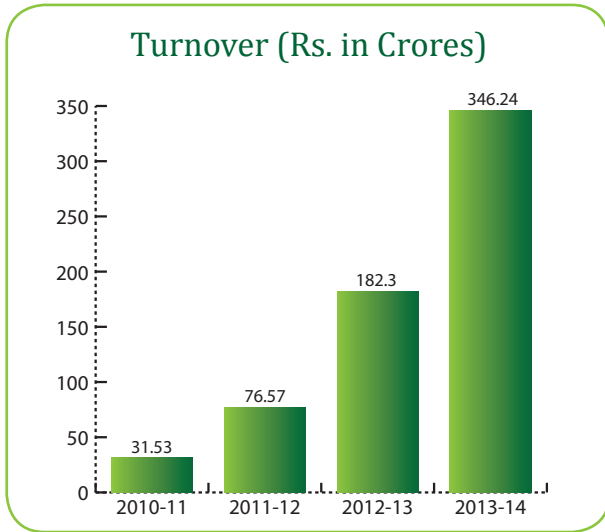
COMPANY SECRETARY

Ms. Ritu Aggarwal

REGISTERED OFFICE

Plot No. 27, Narveer Tanajiwadi,
PMT Bus Depot Commercial Bldg.,
1st Floor, Shivaji Nagar, Pune- 411005

FINANCIAL PERFORMANCE AT A GLANCE



BOARD OF DIRECTORS



Shri B.N.Gosain
Managing Director



Shri Gajendra Singh
Chairman



Shri C. K.Jain *
Director (Commercial)



Shri I. S. Rao
Director



Shri S.G. Shyamsundar #
Director



Shri Krishna Kumar
Director

* Mr. C. K. Jain has resigned from Company w.e.f 31.07.2014 and Mr. J. Vedagiri has joined Company as a Director Commercial w.e.f. 19.08.2014.

Mr. Shyamsundar has resigned from the Company w.e.f 27.05.2014 and Mr. Vinod Giri (Nominee Director, IDFC) has joined the Company w.e.f 24.06.2014.



DIRECTORS' REPORT

To,

The Members,

On behalf of Board of Directors of your Company, I am delighted to present the 8th Annual Report of the Company along with the Audited Financial statements for Financial Year 2013-14.

PHYSICAL PERFORMANCE

During the year, the Company recorded sales as under:

(Figures in mmscm)

PARTICULARS	FOR THE YEAR		% GROWTH (YoY)
	2013-14	2012-13	
Compressed Natural Gas (CNG)	79.08	55.76	41.82
Piped Natural Gas (PNG)	33.27	16.57	100.78
Total	112.35	72.33	55.32
Average Sales per day (mmscmd)	0.308	0.198	55.55

FINANCIAL PERFORMANCE

(₹ in crore)

PARTICULARS	FOR THE YEAR	
	2013-14	2012-13
Net Sales & Other income	347.35	182.78
Profit Before Depreciation and Tax	91.29	57.11
Depreciation & Amortization of Expenses	8.80	7.18
Profit before Tax	82.49	49.93
Provision for Tax including deferred tax	28.39	11.43
Profit after Tax	54.10	38.50
Profit brought forward from previous years	30.94	1.27
Profit available for appropriation	85.04	39.77
Appropriations		
Proposed Dividend	10.64	7.60
Corporate Dividend Tax	1.81	1.23
Transferred to General Reserve/carried forward	72.59	30.94

FINANCIAL REVIEW

Your Company has achieved considerable financial performance both in terms of turnover and profitability. During the FY 2013-14, Gross Turnover of Company increased by 90% from Rs 182.30 Crores in the year 2012-13 to Rs. 346.24 Crores in the year 2013-14.

Profit after tax also went up by 40.52 % from Rs. 38.50 Crores in year 2012-13 to Rs. 54.10 Crores in year 2013-14.

QUALITY

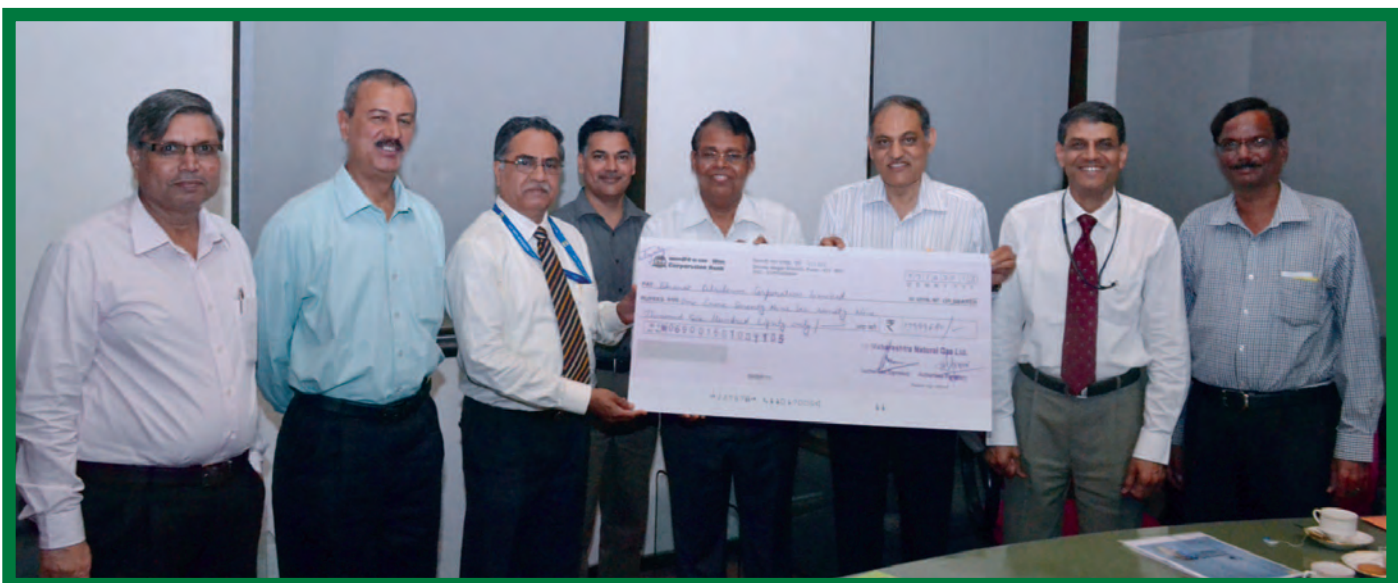
The quality management system of the Company is certified against ISO 9001:2008 standards. Re-assessment of the quality systems are done at regular intervals by an accredited third party agency.

DIVIDEND

Your Directors are pleased to recommend dividend of 11.20% during the Financial Year 2013-14 as compared to 8% last year. The proposed dividend including Corporate Dividend tax would be amounting to Rs. 12.45 Crores.



Shri B.N.Gosain (Managing Director) and Shri C.K.Jain (then Director Commercial) present the dividend cheque for FY 2012-13 to C&MD, GAIL (India) Limited

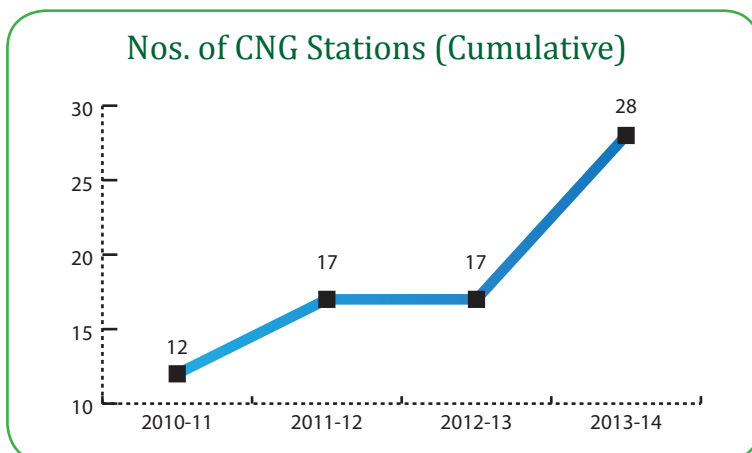


Shri B.N.Gosain (Managing Director) and Shri C.K.Jain (then Director Commercial) present the dividend cheque for FY 2012-13 to C&MD, BPCL

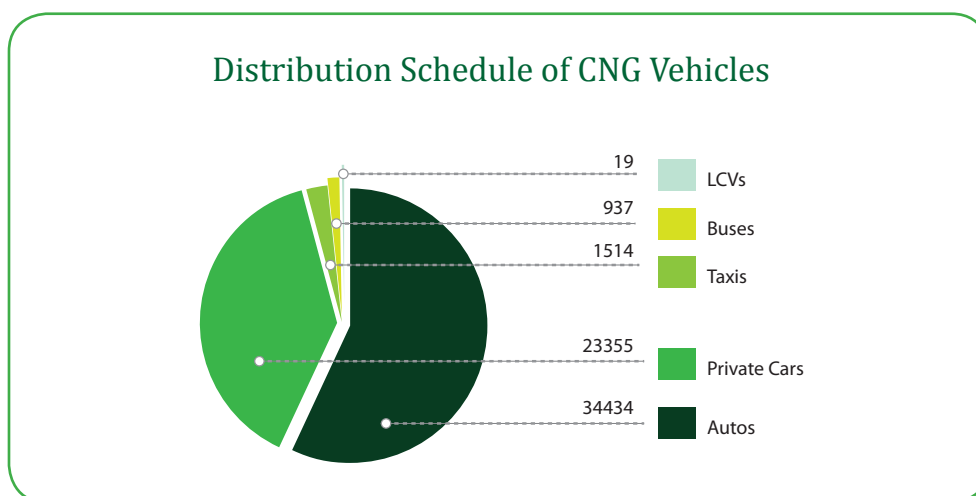
PERFORMANCE HIGHLIGHTS

COMPRESSED NATURAL GAS BUSINESS (CNG)

During this year 2013-14, CNG business has performed very well. Your Company further augmented its CNG distribution infrastructure by enhancing capacity of existing stations and adding 11 number of new CNG stations. The no. of stations have gone up from 17 in March 2013 to 28 in March 2014. Additionally, 1 Daughter booster station was also converted to online station. Classifications of 28 stations are as follows: 5 Mother Stations, 8 Online Stations and 15 Daughter Booster Stations. The installed compression capacity went up by 85% in March 2014 from 32% in March 2013.



The number of vehicles running on CNG as on 31st March, 2014 were over 60279 which includes 34434 Autos, 957 Buses, 23355 Private cars, 19 LCVs and 1514 taxis.

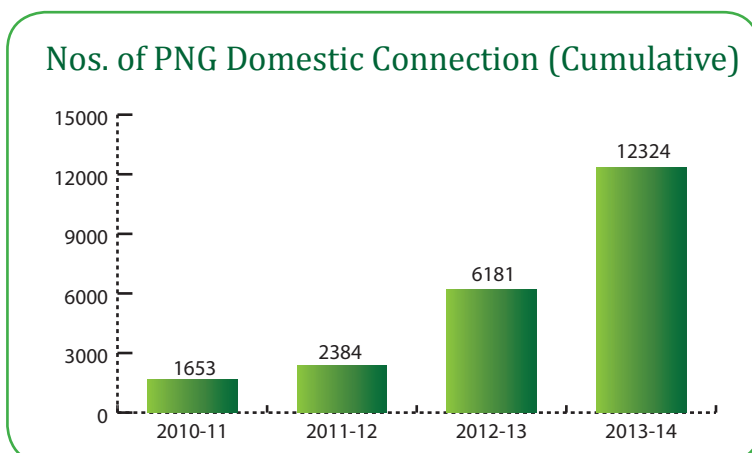


PIPED NATURAL GAS BUSINESS (PNG)

PNG – Domestic Connections:

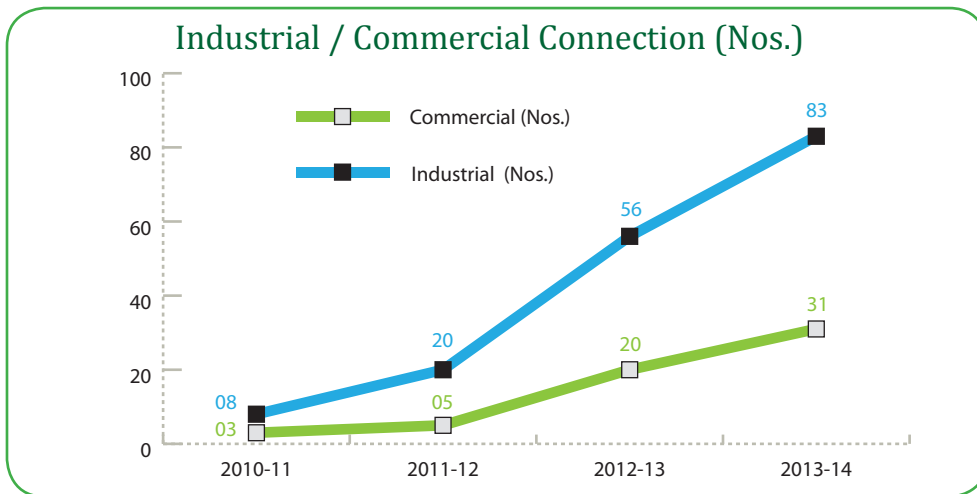
The Company has continued laying of Piped Natural Gas distribution infrastructure in various areas of PMC which includes Model Colony, Apte Road, Amanora Park Town, Magarpatta city in Hadapsar, Kothrud and in PCMC which includes Akurdi, Nehru Nagar Extension & Vallabh Nagar, Chikali Moshi, Indrayani Nagar & Chakan.

Your Company has added its MDPE network by around 73.92 Kms in FY 13-14. Your Company has provided PNG connection to around 6143 domestic customers in FY 2013-14.



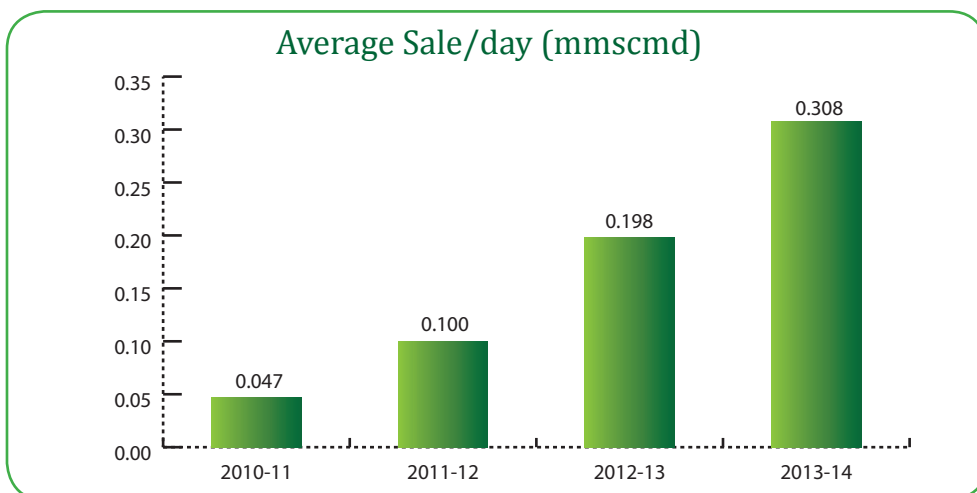
PNG – Industrial & Commercial Connection:

Your Company has maintained its focus on the Industrial and Commercial segment as one of the potential growth areas in the forthcoming years. Total nos. of Commercial Customers has increased from 20 in March 2013 to 31 in March 2014 and Industrial customers from 56 in March 2013 to 83 in March 2014 by connecting major automobile Companies like Volkswagen, Mercedes Benz, Mahindra & Mahindra. Sales volume from Commercial customers grew by 153 % and Industrial customers by 99.5 % over the previous year. The Company continues to expand its network to reach various Industrial units in the surrounding areas. Industrial / Commercial Connect



PROGRESS OF THE PROJECT

Your Company has 5 Mother station at Chikhali, Sant Tukaram Nagar, Shivaji Nagar, Kothrud & Hadapsar along with 15 Daughter Booster stations at various location in order to provide the CNG supply to the customers. Your Company also has 8 online stations providing uninterrupted supply of the Natural Gas to its customers. With increase in compression capacity and CNG & PNG customer base, the average sale per day has doubled from 0.198 mmscmd in FY 12-13 to 0.308 mmscmd in FY 13-14.





Inauguration of NRO Chinchwad (Online Station) by hands of Shri B.N.Gosain, Managing Director, MNGL

REGULATORY DEVELOPMENTS

Petroleum & Natural Gas Regulatory Board (PNGRB) vide its order no. TO/03/2012 dated 9th April'2012 determined the Network Tariff and Compression Charges for Indraprastha Gas Limited, Delhi (IGL) which was much lower than as submitted by IGL to the PNGRB. Resultantly, the said Order also prescribed reduction in final selling price to reflect a reduction in Network Tariff and Compression Charges. Further, PNGRB made the determined tariffs applicable with retrospective effect from 1st April 2008.

IGL challenged the said Order of the PNGRB in Delhi High Court. The Delhi High court vide its judgment delivered on 1st June 2012 has held that PNGRB is not empowered to fix or regulate maximum retail price (including components thereof such as Network Tariff and Compression Charges) at which gas is to be sold by IGL to its consumers. The Honorable Court has quashed PNGRB order dated 9th April,2012.

PNGRB then filed a 'Special leave petition' in the Hon'ble Supreme court appealing the Hon'ble High Court order dated 1st June 2012. To protect its interest, MNGL has also filed Intervention Application (IA) in Hon'ble Supreme court, and has filed its reply to the PNGRB's petition.

As per latest update, PNGRB has submitted in the Honorable Supreme court that it did not desire to regulate the price of the gas sold to the customers and the Delhi High Court had erred in finding that this litigation was about price regulation. PNGRB wanted that CGD entities should make disclosure to the PNGRB and public/customers regarding the break-up of the price being charged. PNGRB also pointed out that the Central Government's letter of February 2014 also asked for the disclosure of price components and break-up. The Court has ordered the respondents to reply to the PNGRB's application within 2 weeks (i.e. by 18 July,2014) and the PNGRB filed a rejoinder within 1 week thereafter (i.e. by 25 July,2014).

Matter is sub-judice as on 23rd September, 2014.

FUTURE OUTLOOK

Your Company plans to make a significant investment in CGD infrastructure to expand its steel & PE pipeline network over the next 5 years. This will enable it to not only connect more numbers domestic customers but also serve CNG customers effectively.

In CNG, MNGL is intending to expand its CNG customer base & serve them effectively by setting 10 more CNG stations and increasing its compression capacity. The fleet of Buses with PMPML is expected to reach over 1200 by the end of FY 2014-15. Introduction of CNG variant models by vehicle manufacturers & conversion of petrol driven private vehicles into CNG mode due to the price differential of CNG versus alternate liquid fuel will continue to add to CNG sales.

Dialogue with builders and Developers are also in progress to provide PNG facility in upcoming residential projects before these units get occupied. This will help your company to optimize use of its assets and infrastructure.

During FY 2014-15, the Company has aggressive plan to expand its pipeline infrastructure by laying 34.5 Km of steel pipeline to increase the coverage of the network in the new potential areas. It shall be the continuous endeavor of your company to increase its customer base in the existing gasified areas by capturing new commercial & Industrial customers and at the same time also expand in new areas to further increase the customer base of all the four segments i.e. Industrial, Commercial, Domestic and Automobiles.

TOWARDS CUSTOMER DELIGHT

In view of the changing dynamics in the business environment, the Company has been proactive in taking various initiative towards Customers delight. Your Company has an interactive customer care cell in order to redress the grievances of the customers to enhance customer satisfaction level. As per recent Customer Satisfaction survey, the satisfaction level of issues/queries/complaint handling was very high indicating an efficient Customer Relationship Management. your company is also formulating a well documented customer Grievances Handling Policy.

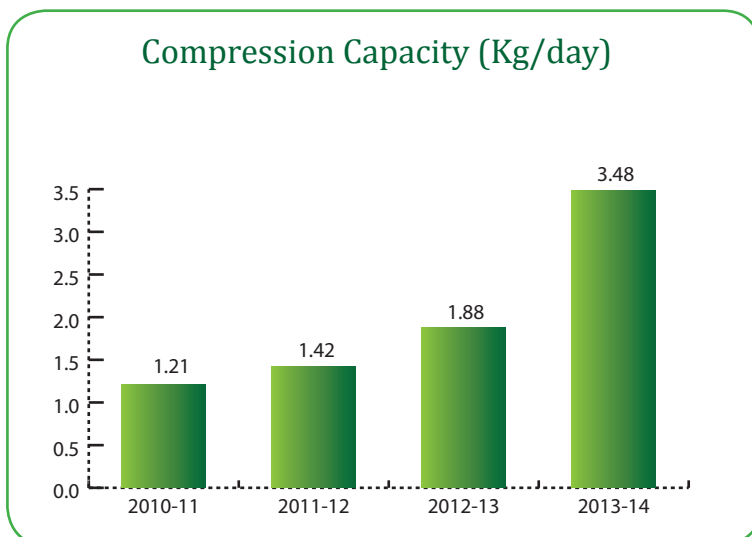
INFORMATION TECHNOLOGY

During the year, Company has taken a landmark initiative in automation of records. Your Company has started ERP project in line with other City Gas Distribution Companies. MNGL has selected SAP as a solution for integrated data base. M/s. WIPRO has been awarded a contract for SAP implementation in MNGL. MNGL has chosen for the cloud based solution wherein infrastructure would be maintained by M/s. WIPRO in their premises.

MNGL has taken the project with due sincerity and named the same as project "Lakshya". The Core Team comprising all the departments with relevant domain knowledge has been formed. MNGL would be integrating all the data from Operations, Projects, Materials, HR and Finance. This will not only strengthen quality of data but the data will be available on real-time basis with slicing and dicing in different formats. At present the unit testing and integration testing is being completed and project "Lakshya" is expected to go-live by end of September 2014. It is expected that results from next financial year would be based on integrated data base from SAP system.

EMPLOYEE PARTICULARS

As there were no employee in receipt of remuneration equivalent to or more than `60 lakhs per annum or ₹ 5 lakhs per month during the year, the statement containing the particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not required to be annexed to this report.



HUMAN RESOURCES

During the year, your Company enjoyed harmonious and cordial human relations among all its employees. Your Company has been investing in progressive employee relations practices to ensure that it invests in capability at the grass root level. Your Company has set up a scalable recruitment and human resources management process to attract and retain high-caliber employees.

During the financial year, Your Company has a strong focus on developing competencies of its employees through various initiatives such as coaching, mentoring and training. Your Company continued its HR efforts of providing developmental inputs to employees through training programs to develop their knowledge, skills and attitudes. Your company has spent significant amount in training & development of employees.

Company believes in healthy employee relationships and bonding with their family members also. During the year, the Company has organized family get together, women's day celebration and sports tournaments.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

MNGL is maintaining good performance in HSE since its inception and in the last financial year also, we maintained our track record of zero LTI (loss time injury). In line with Company's HSE policy, regular Safety Audits (internal and external) are carried out to ensure safety in all facets of Company's operations. Tripartite agreement between projects, O&M and Safety has been implemented to facilitate commissioning of major installations, pipelines and enhance safety. Monthly Safety meetings are held to monitor safety performance including status of corrective action and preventive actions proposed. The safety meetings are reviewed by top management to facilitate establishment of safety culture. Regular safety and technical competency training (STC) is imparted to employees, contract staff at CNG station and consumers of CNG and PNG. The gamut of training has been increased to include CNG fillers, compressor operator, LCV drivers, PE technicians, plumbers, etc so that incidents are prevented from occurring. Safety awareness to educate the consumers coming for CNG filling is already taken up to educate the users to get their CNG Cylinders validated and hydro tested as per the revised PESO guidelines of 3 years. Safety inspection of CNG vehicles is also done periodically on random basis to check compliances of safety standards. All the CNG cascades present in the company have been hydro tested in this financial year to comply with new PESO guidelines. New ways of increasing safety awareness by inception of mobile training van is proposed to be carried out this year.



Safety Training being imparted to educate MNGL Employees and other staff during the safety week program conducted by MNGL

To further enhance the safety at CNG Stations, all the sites including new retail outlets (NRO) are being installed with CCTV cameras from the first day of operations. Fire protection systems are already installed at CNG stations to deal with fire emergency in its initial stage. All the trainees are given training in live fire fighting during STC training to respond appropriately during fire emergency. Four Emergency Control rooms have been established at strategic locations across PMC, PCMC & Chakan and manned round the clock to respond fast to any gas leak or emergency situation. Emergency organization chart and communication flow chart as per PNGRB ERDMP Act have been made and displayed at MNGL installations. Special Steel Emergency Van has been procured and stationed centrally. Digging supervisors have been appointed to monitor excavation done by state authorities including local government bodies to prevent third party damages. Close liaisoning is being maintained with local fire brigade and local hospitals to deal with any emergency situation. Both onsite and offsite mock drills are held regularly to maintain sound coordination between various departments and external agencies. Coordination meetings are held at top management level to address the issue of third party damages in city gas operations.



Shri B.N.Gosain (Managing Director), Shri C.K.Jain (then Director Commercial), Shri Kiran Gawade (Chief Fire Officer), Shri Uday Wankhede (Deputy Chief Fire Officer) at National Safety Week conducted by MNGL.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has been actively involved in fulfilling the social causes besides keeping the environment clean through reduction in vehicle pollution by providing eco- friendly fuel to the transport sector and providing PNG connections during the year. Your Company has distributed CD Players to TARA MOBILE CRECHES, a Social Welfare Organization working for the uplifting of the children of labors working at various construction sites in different areas of Pune City, in order to help them to conduct educational sessions for these children by running educational CDs.



Distribution of CD players to TARA MOBILE CRECHES, a Social Welfare Organization by the hands of Shri C.K.Jain (then Director Commercial) and Smt. Madhu Jain (w/o Shri C.K.Jain)

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and analysis forms part of this report at **Annexure 'A'**.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- A. In the preparation of Annual Accounts for the financial year ended March 31,2014, the applicable accounting standards have been followed;
- B. They have selected such accounting policies and applied them consistently except where otherwise stated in the Notes to Accounts and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- C. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities; and
- D. They have prepared the Annual Accounts for the Financial Year ended 31st March, 2014 on a going concern basis.

BOARD OF DIRECTORS

Shri J. Vedagiri was appointed as a Director Commercial in place of Shri C. K. Jain w.e.f 19th August, 2014.

Shri Vinod Giri, nominee of IDFC Private Equity was appointed as additional director on the Board in place of Shri Shyamsundar S. G. w.e.f. June 24th, 2014.

The Board takes this opportunity to place on record its appreciation for valuable contribution made by Shri C. K. Jain and Shri Shyamsundar S.G. during their tenure as Board Members. They were also acknowledged for their outstanding leadership and sincere commitment towards the Company.

During the FY 2013-14, 5 Board Meetings were held under review.

SR. No.	NAME OF DIRECTOR	PARTICULARS	NO. OF MEETINGS ATTENDED
1	Shri Gajendra Singh	Chairman	5/5
2	Shri A.K.Mittal	Managing Director till 17.04.2013	1/1
3	Shri B.N.Gosain	Managing Director w.e.f. 18.04.2013	4/4
4	Shri C.K.Jain	Director Commercial till 31.07.2014	5/5
5	Shri I.S.Rao	Director	4/5
6	Shri Krishna Kumar	Director	3/5
7	Shri Shyam Sundar S.G.	Director	5/5

Shri Krishna Kumar retires by rotation at ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Shri I.S.Rao retires by rotation at ensuing Annual General Meeting and being eligible offer himself for re-appointment.

AUDIT COMMITTEE

The Terms & Reference of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956, which interlia includes overseeing the Company's financial reporting process and the disclosure of its financial information; reviewing with the management, the quarterly and annual financial statement before submission to the Board for approval; reviewing with the management the performance of Statutory and Internal Auditors, adequacy of internal control system.

The Audit Committee is constituted of four members. The composition, name of members and attendance during the year are as follows:

SR. NO.	NAME OF MEMBER	NO. OF MEETINGS ATTENDED
1	Shri Krishna Kumar (Chairman)	3/4
2	Shri I S Rao	3/4
3	Shri Shyamsundar S.G.	4/4
4	Shri B.N.Gosain	4/4

However, subsequent to the change in Directors, the Composition of Audit Committee has been reconstituted as follows:

Shri Krishna Kumar (Chairman), Shri. I.S.Rao (Member), Shri. Vinod Giri (Member), Mr. Bishwanath Gosain (Member).



STATUTORY AUDITORS

Pursuant to section 139(5) of companies Act,2013, your company is required to appoint Statutory Auditors through Comptroller & General of India (C & AG) for FY 2014-15. In view of same, the matter has been referred to the office of C&AG.

COST AUDITORS

During the year 2013-14, M/s Joshi Apte & Associates, Cost Accountants, were appointed as the Cost Auditors to conduct Audit of cost accounting records maintained by the Company. The due date of filling the Cost Audit Report was 30th September, 2014. The letter regarding maintenance of Cost Records u/s 209(1) (d) of the Companies Act, 1956 for the year ended 31st March, 2014 was successfully submitted to the Company on 17th July, 2014.

DEPOSIT

During the year, your Company did not accept any deposit from the Public under Section 58A of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their appreciation and express their gratitude to the Ministry of Petroleum and Natural Gas, Petroleum and Natural Gas Regulatory Board & State Government of Maharashtra and acknowledge the support of all Statutory & local authorities, Bankers, Media, contractors, vendors & suppliers for their continuous co-operation and support extended to the company.

The Directors also wish to express their gratitude to its Promoter Companies (GAIL & BPCL), investors (IDFC Private Equity, IL&FS Investment Managers & Axis Bank) and Shareholders for their continuous patronage and trust throughout the year.

The Directors place on record their deep appreciation towards MNGL's valued customers for their continued co-operation & support and look forward to the continuance of this relationship in future as well.

The Directors also sincerely acknowledge the contributions made by all the employees of MNGL for their dedicated services to the Company.

For and on behalf of Board of Directors

Place : Mumbai
Date : 19 August, 2014

Sd/-
Gajendra Singh
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

Your company has taken various steps for conservation of energy at various operating Installations. This has resulted in savings and contributions to environmental Improvements. Some of the energy conservation schemes are given as under:

1. Energy efficient compressors have been procured and installed; constant efforts are being put to minimize energy consumption for unit gas compressed.
2. Installation of electrical Capacitor Banks at various CNG Stations; continuous monitoring of power factor to maintain it at near unity.

Disclosure of particulars with respect to conservation of energy is given in **Form- A** Annexed.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are given in **Form- B** annexed

C. FOREIGN EXCHANGE EARNING AND OUTGO

i. Activities related to Exports:

The Company is in retail distribution business of Natural Gas in Pune & its surrounding areas. Considering the area of operation and product of the Company, export related activities are not pertinent.

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

Foreign exchange earned	NIL
Foreign exchange used	US \$ 115,533.89

FORM A
DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY

No.	Power and Fuel Consumption	Current year 2013-14	Previous year 2012-13
1	Electricity		
	(A) Purchased Units (KWH)	42,65,625	24,14,092**
	Total Amount (Rs.)	5,25,25,563	3,00,31,304**
	Rate/ unit (Rs.)	12.31	12.44
	(B) Own Generation		
	Through Diesel Generator (KWH)	24,554	24,145
	Units (KWH) per litre of Diesel oil	3.17	3.14
	Cost per unit	12.35	12.47
	(C) CNG Sale (Kg)	5,56,92,461.61	3,92,69,148.09
	(D) KWH/'000 Kg of CNG Sale	77.03	62.09*
	(E) Total MJ/Kg gas compressed	1.524**	1.526**
2	Coal	NIL	NIL
3	Furnace oil/ Liquid fuel (LSHS)	NIL	NIL
	(A) Quantity (MT)		
	(B) Total amount (Rs)		
	(C) Average rate (Rs/ MT)		
4	Other/Internal generation	NIL	NIL
	(A) Gas Quantity		
	(B) Total Cost		
	(C) Rate/unit		

NOTE:

*Calculated for MS only for FY 2012-13 hence not taken for comparison

** Energy required per kg of compressed gas is almost same for the year 13-14 and year 12-13 in spite of having more GEDs in operation in year 13-14

FORM B

EFFORTS MADE IN TECHNOLOGY ABSORPTION ARE GIVEN BELOW:

Research & Development		
A	Specific area in which R&D carried out by the company	<ol style="list-style-type: none"> 1. AMR Implementation in 69 industries is under progress 2. 2 nos. of CTSU Installed. 3. On line Mercaptan Monitor system
B	Benefits derived as a result of the above R&D	<ol style="list-style-type: none"> 1. AMR- Automated Meter Reading through Remote Monitoring 2. CTSU- Steel Pipeline PSP data can be remotely polled
C	Future plan of action	<ol style="list-style-type: none"> 1. Implementation of AMR in remaining Industries & more sections of Pipeline to be covered through CTSU. 2. USM Meter installation
D	Expenditure incurred on R & D <ol style="list-style-type: none"> i. Capital ii. Recurring iii. Total iv. % of total R&D expenditure with total turnover 	Capital <ol style="list-style-type: none"> 1. AMR Cost – Rs 25.5 lakhs (Supply & installation) 2. CTSU – Rs. 1.7 Lakhs (Supply & Installation) 3. Online Mercaptan Monitoring – Rs. 6.9 Lakhs (Supply & Installation) Recurring <ol style="list-style-type: none"> 1. Data SIM (Both for AMR & CTSU)- Rs. 1.0 Lakhs 2. Mercaptan Monitoring System – Rs. 0.36 Lakhs (AMC)

Technology absorption, adaptation and Innovation		
A	Efforts in brief made towards technology Adaptation and innovation	Development of Standards, Specifications and Operating Procedure
B	Benefit derived as result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Safe operation of gas supply
C	In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year), following information may be furnished: <ol style="list-style-type: none"> 1. Technology imported 2. Year of import 3. Has technology been fully absorbed 4. If not absorbed, areas where this has not taken place, reason therefore & future plan of action 	NIL



ANNEXURE 'A'

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE

Maharashtra Natural Gas Limited is engaged in Retail Gas Distribution business for supply of Compressed Natural Gas (CNG) and Piped Natural Gas (PNG) to Domestic, Industrial & Commercial sectors in Pune & surrounding areas. CNG is a safe, economical and environment friendly fuel for automotive sector. It is replacing traditional fossil fuels of petrol and diesel. CNG vehicles provide a significant saving potential w.r.t. running cost against that of petrol & diesel vehicles. The popularity of CNG as an alternate fuel continues to grow in Pune & surrounding areas.

PNG, the other fuel supplied by the Company is a safe, convenient and reliable for domestic, commercial and Industrial consumers. Its demand continues to grow with potential consumers in new areas eagerly awaiting for the network to connect them.

BUSINESS INITIATIVES

Your Company during the FY 2013-14 has finalized & signed agreement for 5 years with Oil Marketing Companies viz. IOCL, BPCL & HPCL for putting up CNG facilities at their Retail Outlets. This will help MNGL to expand its reach in additional areas to serve our customers efficiently.

Your company is constantly on the lookout for sourcing cheapest R-LNG supplies for its customers. To achieve this framework agreements have been signed with all the major suppliers. This helps to keep the price of gas supplied by us to remain competitive in comparison to price of alternate fuels thereby helping the company in enrolling new customers and retaining old ones as well.

OPERATIONS AND MARKET PERFORMANCE

With constant efforts of the dedicated team, Company's Operational performance exhibited significant growth. During the Year 2013-14, Company has increased its compression capacity by installing new compressors at its existing CNG Stations, resulting in significant increase in the customer base & average per day sale of CNG. Company has also added substantial PNG customers during FY 2013-14. With the increased volume, operating expenditure per unit of Gas has reduced considerably. To improve market performance, enrollment of heavy commercial vehicle on CNG was targeted.

OUTLOOK ON OPPORTUNITIES

Introduction of factory fitted CNG engines by leading car manufacturers & considerable increase in number of CNG stations has given a big boost to the CNG sector in the cities.

The convenience associated with PNG has already established it as the preferred fuel with its demand growing exponentially in domestic, commercial as well as industrial segments. Due to strict enforcement by various statutory authorities of the norms deterring use of polluting fuels by industries due to environmental concerns, the usage of Natural Gas while utilizing the existing City Gas Distribution network is bound to grow.

The Company has strongly established itself in Pune and its surrounding area which have good potential for Natural Gas in the coming years. Your Company has a robust infrastructure of CNG stations and Pipeline network to ensure easy availability of CNG and PNG to its customers.

Your company is also considering bidding for rest of Pune district and rest of Raigad districts which are two out of the 14 districts for which bids have been invited by PNGRB. This will not only help us in expanding our geographical reach but at the same time will thwart any attempt by our competitors to attack our existing customer base.

OUTLOOK ON THREAT, RISK AND CONCERNS AND MITIGATION

The increased cost of input gas, restriction on the supplies of domestic priced gas on the basis of average sale of the previous year, change in Government policies and fluctuations of rupee against Dollar is affecting your Company's gross margin.

Your company's supply of domestic gas is based on the average sales of CNG- transport & PNG- domestic in previous year's H1 (April- Sept) period which is only 80% of the actual sales of CNG-transport & PNG- domestic. This results in high CNG cost to retail customers which may prevent prospective customers from switching over to CNG. Your company has taken up the matter with the ministry for frequent review of allocation of domestic gas at least on Quarterly basis to help us in having increased allocation.

Moreover the 'Market Exclusivity' granted to your company for a period of 5 years has also come to an end in March, 2014. To mitigate the risk of existing customers (Industrial & commercial) drifting away to any competitor in future, your company is focussed on maintaining rapport and constantly improving its customer service besides it has also signed long term agreement (5 Years) with all its existing major customers. Moreover, with better understanding of the needs of its customers, the company is capable of retaining its position in the market.

Company's existing authorized area offers huge market potential and the company is consolidating its operations to tap the same.

To meet the growing demand of Industrial & Commercial consumers, the company is procuring R-LNG quantities (both on term & spot basis). In this regard, the company has already signed necessary supply agreements with GAIL & BPCL. To strengthen our gas sourcing portfolio, the company has entered into framework gas supply agreements with other major suppliers. The company is actively looking at various options for sourcing its gas requirements. Company is fully aware of the challenge to keep the overall procurement cost of gas under check in order to supply CNG & PNG at competitive price as compared to alternate competing fuels.

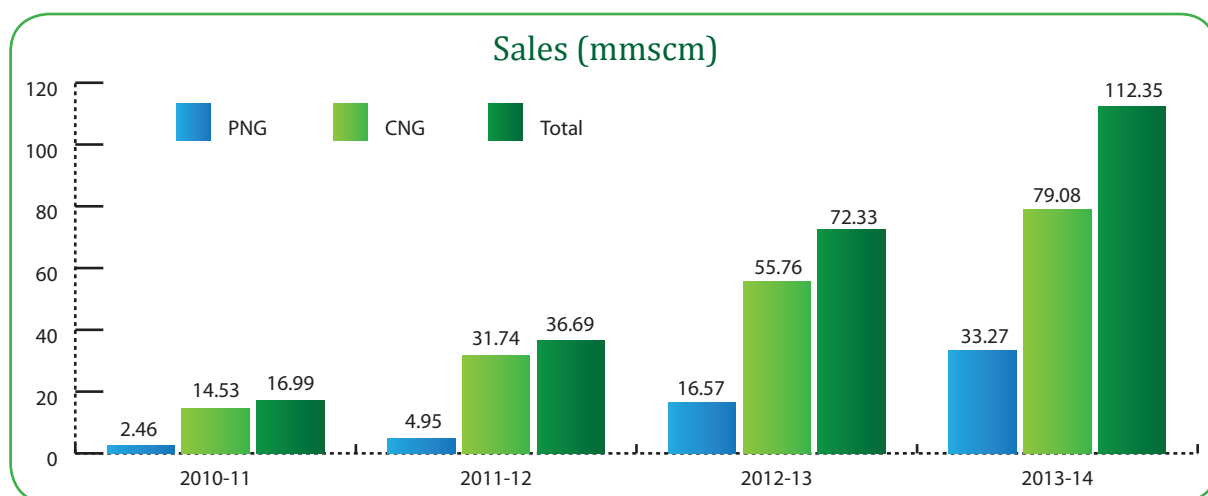
In the competitive environment, creating value for the end customer is of utmost importance for any company, your company is fully conscious for enhancing operational efficiency & cost optimization. Necessary measures in this regard have been identified & being implemented.

PERFORMANCE REVIEW – CNG & PNG

Both CNG and PNG business have performed well during the year 2013-14. On overall basis, the sales volume (CNG & PNG) has shown a growth of 55 % over the previous year.

During the year, CNG sales volume has increased from 55.76 MMSCM in FY 2012-13 to 79.08 MMSCM in FY 2013-14 and PNG sales volume have increased from 16.57 MMSCM in FY 2012-13 to 33.27 MMSCM in FY 2013-14 showing a growth of 41.82% and 100.78% respectively.

Company has setup a network of 28 CNG Station in Pune and PCMC areas for supplying CNG to the customers. The Total nos. of vehicles using CNG was 60279 in March 2014. The Company has a wide network of pipeline to provide PNG connection to 12324 Domestic Customers, 31 Commercial customers and 83 Industrial Customers as on 31st March, 2014.



FINANCIAL PERFORMANCE

Gross turnover of Rs. 346.24 Crores for the year ended March 31, 2014 showed a growth of 90% over the previous year turnover of Rs.182.30 Crores.

During the year the cost of Natural Gas purchased was Rs.214 .18 Crores as compared to Rs.97.97 Crores in the previous year. The increase is due to both increase in volume and also due to increase in gas cost.

Profit before tax has been Rs.82.49 Crores as against Rs. 49.93 Crores in the previous year. Profit after tax has been Rs.54.10 Crores as compared to Rs. 38.50 Crores in the previous year.

The Company is meeting its fund requirement through internal accruals and borrowings from the Banks. The total bank borrowings as on March 31, 2014 are Rs.141.10 Crores.



Shri B.N.Gosain (Managing Director) addressing employees on achievement of a milestone of Company

SHARE CAPITAL

Share Capital of the Company comprises of Equity Share Capital of Rs. 95 Crores.

RESERVES & SURPLUS

Reserves & Surplus was Rs. 72.59 Crores as at 31st March, 2014 as against Rs. 30.93 Crores as at 31st March, 2013.

NETWORTH OF THE COMPANY

The Net worth of the Company was Rs. 178.63 Crores as at 31st March, 2014 as against Rs 132.51 Crores as at 31st March, 2013.

EARNING PER SHARE

The Earning per share of the Company have been Rs. 5.69 for the FY 2013-14 as compared to Rs. 4.05 last year.

INTEREST AND FINANCE CHARGES

During the year interest and finance charges paid to the banks for borrowed funds is Rs.4.71 Crores as compared to Rs.1.64 Crores in previous year.

INTERNAL CONTROL & THEIR ADEQUACY

The Company has adequate Internal Control Procedures commensurate with its size and nature of its business. The Company has appointed M/s Gogate & Co., Chartered Accountants as its Internal Auditors and the internal auditor's reports prepared by them are placed before the Audit Committee.

HUMAN RESOURCE DEVELOPMENT

MNGL believes that its employees are strong dynamic, multicultural and is the most valuable asset, and this drives the Company's relentless focus towards promoting a work culture that nurtures and develops talent.

To have a sustainable competitive advantage in the new knowledge economy, learning is a key catalyst for an organization's survival & success. The Company, therefore, provided tremendous learning and development opportunities to its employees, starting from induction and orientation programme for all the new joinees to regular training programs to develop and enhance skill levels (functional and behavioral) for all the employees.

ENVIRONMENT CONSCIOUSNESS

Natural gas intrinsically being the cleanest of the fossil fuels, it is endeavour of the Company to promote its wider use among all categories of prospective customers. Towards this direction, the Company is promoting new applications of natural gas use by domestic consumers as well as by commercial & industrial consumers through sustained campaigns whereby all the users are made aware of the economical and environmental advantages of Natural Gas compared to other fuels, along with assurance of timely and uninterrupted supply of Natural Gas.

The Company is making continuous efforts to reduce pollution in Delhi and its adjoining areas.



INDEPENDENT AUDITORS' REPORT

To

The Members of Maharashtra Natural Gas Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Maharashtra Natural Gas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
 - (d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs);
 - (e) on the basis of written representations received from the Directors as on March 31, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M.P. Chitale & Co.

Chartered Accountants

(Firm Registration No. 101851W)

Sd/-

Niteenchandra Limaye

Partner

(Membership No.: 042353)

Place : Mumbai

Date : 19 August, 2014



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Statement referred to in Para 7 of our report of even date to the members of Maharashtra Natural Gas Limited on the financial statements as of and for the year ended March 31, 2014.

IN RESPECT OF FIXED ASSETS:

1.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
 - (c) In our opinion and according to the information and explanations, fixed assets disposed off during the year do not constitute a substantial part of the fixed assets and therefore do not affect the going concern assumption.

IN RESPECT OF INVENTORIES:

2.
 - (a) The inventories (excluding stock with third parties) have been physically verified during the year by the management at reasonable intervals. According to the information and explanations given to us, the stock of gas at the year-end has been ascertained on volumetric basis.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion, read with above, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of accounts.

IN RESPECT OF LOANS:

3. According to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

IN RESPECT OF INTERNAL CONTROLS:

4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and with regard to the sale of goods and services. However, internal control system with regard to items of Capital work in progress needs to be strengthened. We have not observed any major weakness or continuing failure to correct major weakness in the internal control system.

IN RESPECT OF TRANSACTIONS COVERED UNDER SECTION 301 OF THE COMPANIES ACT, 1956:

5.
 - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.

- (b) According to the information and explanations given to us, we are of opinion that transactions of value exceeding five lakh rupees in respect of any party have been made at prices which are prima facie reasonable having regards to prevailing market prices at the relevant time available with the company for such transactions.

IN RESPECT OF PUBLIC DEPOSITS:

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the rules framed there under.

IN RESPECT OF INTERNAL AUDIT:

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

IN RESPECT OF COST RECORDS:

8. We have broadly reviewed the books of accounts maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

IN RESPECT OF STATUTORY DUES:

- 9.
- (a) According to the information and explanations given to us and as per the records of the company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2014, for a period of more than six months from the date they became payable.

IN RESPECT OF LOSSES:

10. The Company does not have any accumulated cash losses at the end of the financial year. The Company has not incurred any cash loss either during the financial year or the immediately preceding financial year.

IN RESPECT OF OTHER STIPULATIONS OF CARO 2003:

11. Based on the records of the Company examined by us and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions or banks. The Company does not have any debenture holders.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a Chit Fund or a nidhi / mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in Shares, Securities, Debentures and other Investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans



taken by others from bank or financial institutions.

16. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanations given to us, the Company did not have any outstanding debentures during the year.
20. According to the information and explanations given to us, the Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For M.P. Chitale & Co.

Chartered Accountants

(Firm Registration No. 101851W)

Sd/-

Niteenchandra Limaye

Partner

(Membership No.: 042353)

Place : Mumbai

Date : 19 August, 2014

BALANCESHEET AS AT 31.03.2014

(₹ in lacs)

S. NO.	PARTICULARS	NOTES	MARCH 31, 2014	MARCH 31, 2013
I	EQUITY AND LIABILITIES			
	1. SHAREHOLDERS' FUNDS			
	(a) Share Capital	3	9,500.00	9,500.00
	(b) Reserves and Surplus	4	7,258.66	3,093.39
			16,758.66	12,593.39
	2. NON-CURRENT LIABILITIES			
	(a) Long Term Borrowings	5	9,110.41	9,757.12
	(b) Deferred Tax Liabilities (Net)	6	1,104.27	657.88
	(c) Other Long-Term Liabilities	7	1,435.18	939.21
	(d) Long-Term Provisions	8	90.22	76.20
			11,740.08	11,430.41
	3. CURRENT LIABILITIES			
	(a) Trade Payables	9	2,998.61	1,963.63
	(b) Other Current Liabilities	10	5,438.61	331.18
	(c) Short Term Provisions	11	1,547.45	1,001.78
			9,984.67	3,296.59
	TOTAL		38,483.40	27,320.40
II	ASSETS			
	1. NON-CURRENT ASSETS			
	A. Fixed Assets			
	(i) Tangible Assets	12	16,879.53	10,501.18
	(ii) Intangible Assets	13	9.57	10.26
	(iii) Capital Work-In-Progress		13,462.29	12,194.43
	B. Other Non-Current Assets		-	-
			30,351.39	22,705.87
	2. CURRENT ASSETS			
	A. Inventories	14	38.28	12.57
	B. Trade Receivables	15	3,910.28	1,464.04
	C. Cash and Cash Equivalents	16	2,962.08	2,195.71
	D. Short-Term Loans and Advances	17	994.80	890.92
	E. Other Current Assets	18	226.57	51.28
			8,132.01	4,614.53
	TOTAL		38,483.40	27,320.40
	Contingent liabilities and commitments	27	-	-
	Summary of Significant Accounting Policies	2	-	-

As per our report of even date attached

For M.P. Chitale & Co.

Chartered Accountants

(Firm Registration No. 101851W)

Sd/-

Niteenchandra Limaye

Partner

(Membership No.: 042353)

Place : Mumbai

Date : 19 August, 2014

For and on behalf of Board of Directors

Sd/-

B. N. Gosain

(Managing Director)

Sd/-

J. Vedagiri

(Director Commercial)

Sd/-

Ritu Aggarwal

(Company Secretary)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2014

(₹ in lacs)

S. NO.	PARTICULARS	NOTES	MARCH 31, 2014	MARCH 31, 2013
I	Revenue from Operations (Gross)	19	39,617.00	20,005.05
	Less: Excise Duty		4,992.81	1,775.17
II	Revenue from Operations (Net)		34,624.19	18,229.88
	Other Income	20	110.87	48.13
III	TOTAL REVENUE (I + II)		34,735.06	18,278.02
IV	EXPENSES			
	Purchase of Natural Gas	21	21,418.26	9,797.95
	Changes in Inventories of Stock-in-trade	22	(25.71)	(5.02)
	Employee Benefits Expense	23	648.03	599.79
	Finance Costs	24	471.12	163.91
	Depreciation and Amortization Expense	25	879.96	718.16
	Other Expenses	26	3,094.09	2,010.35
	TOTAL EXPENSES		26,485.75	13,285.14
V	PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III - IV)		8,249.31	4,992.87
VI	Exceptional Items		-	-
VII	PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V - VI)		8,249.31	4,992.87
VIII	Extraordinary Items		-	-
IX	PROFIT BEFORE TAX (VII - VIII)		8,249.31	4,992.87
X	TAX EXPENSE			
	1. Current Tax		2,392.84	1,417.48
	2. MAT Credit / Excess Provision - Prior Years		-	(549.01)
	3. Deferred Tax		446.38	274.50
XI	PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (IX - X)		5,410.09	3,849.90
	PROFIT / (LOSS) FOR THE PERIOD		5,410.09	3,849.90
XII	Earning Per Equity Share			
	Basic & Diluted EPS		5.69	4.05
	(One Equity Share of Rs.10 each)			
	Summary of Significant Accounting Policies	2	-	-

As per our report of even date attached
For M.P. Chitale & Co.

Chartered Accountants
(Firm Registration No. 101851W)

Sd/-
Niteenchandra Limaye
Partner
(Membership No.: 042353)
Place : Mumbai
Date : 19 August, 2014

For and on behalf of Board of Directors

Sd/-
B. N. Gosain
(Managing Director)

Sd/-
J. Vedagiri
(Director Commercial)

Sd/-
Ritu Aggarwal
(Company Secretary)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014

(₹ in lacs)

PARTICULARS	MARCH 31, 2014		MARCH 31, 2013	
[A] CASH FLOW FROM OPERATING ACTIVITIES				
<u>Net Profit After Taxation & Extraordinary items</u>		5,410.09		3,849.90
Adjustments for:				
Depreciation	879.96		718.16	
Prior year adjustment	-		-	
- Deferred Tax & MAT	446.38		(274.51)	
Current Tax	2,392.84		1,417.48	
Loss on Sale of assets	0.10			
Interest paid	471.12		163.91	
Interest received	(49.03)	4,141.37	(36.69)	1,988.34
Operating Profit Before Working Capital Changes		9,551.46		5,838.25
<u>Movements in Working Capital</u>				
Increase (Decrease) in Trade Payables	1,034.98		(63.43)	
Increase (Decrease) in Long Term Provisions	14.02		49.59	
Increase (Decrease) in Short Term Provisions	184.12		118.49	
Increase (Decrease) in Other Current Liabilities	5,107.43		(31.25)	
Increase (Decrease) in Other Long Term Liabilities	495.97		594.69	
Decrease (Increase) in Trade Receivables	(2,446.24)		(785.54)	
Decrease (Increase) in Short Term Loans & Advances	(103.87)		(108.94)	
Decrease (Increase) in Other Current Assets	(175.29)		(51.28)	
Decrease (Increase) in Inventories	(25.71)	4,085.41	(5.02)	(282.69)
Direct Taxes paid		(2,392.84)		(1,148.01)
Net Cash Flow from Operating Activities	A	11,244.03		4,407.54
[B] CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(7,263.27)		(2,390.61)	
Sale of Fixed Assets	5.56		-	
Adjustment to CWIP	(1,267.86)		(5,409.91)	
Interest Received	49.03		36.69	
Net Cash Flow from Investing Activities	B	(8,476.54)		(7,763.83)

PARTICULARS	MARCH 31, 2014		MARCH 31, 2013	
[C] CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	(646.71)		5,119.99	
Interest paid	(471.12)		(163.91)	
Dividend and Tax Thereon	(883.29)		(331.23)	
Net Cash Flow from Financing Activities	C	(2,001.12)		4,624.85
Net Increase (Decrease) in Cash & Cash Equivalents (A+B+C)		766.37		1,268.58
Cash & Cash Equivalents as at beginning of the Year		2,195.71		927.13
Cash & Cash Equivalents as at end of the Year		2,962.08		2,195.71
<u>Components of Cash & Cash Equivalents as at end of the Year</u>				
Cash, Cheques & Stamps on Hand		32.81		25.32
with Banks - in current Accounts		2,336.30		1,762.03
- on Deposit Accounts		451.84		348.11
- on Margin Accounts		141.13		60.25

As per our report of even date attached
For M.P. Chitale & Co.

Chartered Accountants
(Firm Registration No. 101851W)

Sd/-

Niteenchandra Limaye

Partner

(Membership No.: 042353)

Place : Mumbai

Date : 19 August, 2014

For and on behalf of Board of Directors

Sd/-

B. N. Gosain

(Managing Director)

Sd/-

J. Vedagiri

(Director Commercial)

Sd/-

Ritu Aggarwal

(Company Secretary)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Maharashtra Natural Gas Limited ('MNGL') is a Company incorporated in January 2006 to meet the City Gas distribution needs of Pune and adjoining areas. MNGL has got the PNGRB authorization for City Gas Distribution in Pune & Pimpri-Chinchwad city including adjoining areas of Hinjewadi, Chakan & Talegaon.

MNGL is a joint venture Company of two navratna PSUs viz. Bharat Petroleum Corporation Limited (BPCL) and Gas Authority of India Limited (GAIL), with the mission to supply clean and green (eco-friendly) fuel.

Main business objectives of the company are as under:

- To provide clean, environment friendly green fuel as an alternative to the conventional auto fuels like Petrol & Diesel and
- To provide safe, convenient and reliable piped natural gas to its customers in the domestic, commercial and industrial sectors.

While transport sector will use Compressed Natural Gas (CNG), the domestic, commercial and industrial sectors will use Piped Natural Gas (PNG)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 ('the Act') (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(B) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(C) Revenue Recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from operations is net of trade discount, excise duty, sales tax / value added tax and adjustments, if any.
- Revenue on sale of Piped Natural Gas (PNG) is recognized based on completion of delivery. Sales are billed bi-monthly for domestic customers, monthly for commercial customers and fortnightly for industrial customers. Revenue on sale of Compressed Natural Gas (CNG) is recognized on sale of gas to customers from retail outlets;
- Committed revenue from customers for gas sales and gas transmission is recognized if it is not unreasonable to expect ultimate collection of revenue from buyers.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable and in consonance with the mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

(D) Tangible fixed assets

- Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Any trade discounts and rebates and costs recovered from the customers towards the cost of assets are adjusted in arriving at the cost of the assets.
- Capital Inventory represents items of capital nature lying in the Stores and is valued at cost. Capital spares are capitalised with the cost of the plant and machinery and depreciated over the useful life of the asset.
- Expenditure incurred during the period of construction including all direct and indirect expenses, incidental to construction are carried forward and on completion, the costs are allocated to the respective fixed assets
- Gas distribution systems are commissioned on commencement of supply of gas to consumers. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on an estimated basis pending receipt of final bills from the Contractors, and is subject to adjustment in cost and depreciation in the year of final settlement.
- Depreciation on tangible fixed assets

Depreciation is provided using the Straight Line Method based on the rates prescribed under schedule XIV of the Companies Act, 1956, except in case of the fixed assets which are depreciated over the useful lives determined as follows:

Mother Compressors, Online Compressors and Booster Compressors	7 years
Computers and Mobile Phones	4 years
Signages	10 years
All other assets	Rates prescribed under schedule XIV to the Companies Act 1956

Depreciation on additions / deletions is charged on pro-rata basis. Assets individually costing less than or equal to Rs. 5,000 are fully depreciated in the year of purchase.

(E) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are stated at cost less accumulated amortization. Intangible assets are amortized on a straight line basis over the estimated useful economic life. Intangible assets are amortized on a straight line basis over a period of 3 years, which is estimated to be the useful life of the asset.

(F) Impairment of assets

- The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.
- After impairment, depreciation / amortization is provided on the revised carrying amount of the asset over its remaining useful life.

NOTES TO THE FINANCIAL STATEMENTS

- An impairment loss can be reversed if there are changes in estimates used to determine the recoverable amount in future periods. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined; if no impairment loss has been recognized.

(G) Inventories

Stock of CNG in Cascades and PNG in pipelines has been valued at lower of cost computed on First In First Out (FIFO) basis or Net Realizable value. Closing stock of PNG in pipelines has been estimated on volumetric basis.

(H) Investments

- Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.
- On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.
- On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss

(I) Employee Benefits Expenditure

- **Contribution to Provident Fund (PF):** Retirement benefits in the form of provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the provident fund are due. There are no other obligations other than the contribution payable to the government administered provident fund.
- **Gratuity:** The Company makes contributions to the 'Employees Group Gratuity Scheme' of 'The Life Insurance Corporation of India Limited (LIC)'. Provision towards gratuity, a defined benefit plan, is made for the difference between actuarial valuation by an independent actuary and the fund balance, as at the year-end.
The cost of providing benefits under gratuity is determined on the basis of actuarial valuation using the Projected Unit Credit method at each year end. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.
- **Leave Encashment:** The accrued liability for leave encashment is accounted for on the basis of Actuarial Valuation carried out by an independent Actuary. The Leave Encashment is accounted on accrual basis as and when earned by the employee. Actuarial gains and losses are immediately taken to statement of profit and loss and are not deferred.

(J) Borrowing Costs

- Borrowing costs, that are directly attributable to acquisition / construction of qualifying assets, are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use / sale.
- All other borrowing costs not eligible for inventorisation / capitalization are charged to statement of profit and loss.

(K) Foreign Currency Transaction

- **Initial Recognition :** Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

- Conversion : Foreign currency monetary items are reported using the closing rate.
- Exchange Differences : Exchange Differences arising on the settlement / conversion on foreign currency are included in the Statement of Profit & Loss.

(L) Taxes on Income : Tax expense comprises of current and deferred tax. Current income tax is the amount of tax payable on the taxable income for the year as determined in accordance with the Income-tax Act, 1961.

Deferred tax is recognized on timing differences, being the differences between the taxable income and accounting income for the year. The tax effect is calculated on the accumulated timing differences at the end of accounting period based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is a virtual certainty supported by convincing evidence that there will be sufficient future taxable income to realize such assets. Other deferred tax assets are recognized if there is a reasonable certainty that there will be sufficient future taxable income to realize such assets. At each reporting date, the company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and write down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period

(M) Provisions, Contingent Liabilities and Contingent Assets : The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current management estimate.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in financial statements.

(N) Cash and cash equivalents : Cash and cash equivalents for the purposes of cash flow statement comprises cash at bank and in hand and in short-term investments with an original maturity of three months or less.

(O) Earnings Per Share : Basic Earnings per share is computed by dividing Profit after tax (PAT) for the year attributable to equity share holders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(P) Leases : Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(Q) Proposed Dividend : Dividend as proposed by the Board of Directors, including tax thereon is provided in the Books of Account pending approval at the Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
3	SHARE CAPITAL		
	AUTHORISED SHARES		
	10,00,00,000 (Previous Year 10,00,00,000) Equity Shares of Rs. 10 each	10,000.00	10,000.00
		10,000.00	10,000.00
	ISSUED, SUBSCRIBED & PAID UP		
	9,50,00,000 (Previous Year 9,50,00,000) Equity Shares of Rs.10 each	9,500.00	9,500.00
	Total	9,500.00	9,500.00
	(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.		
	Shares outstanding at the beginning of the accounting period		
	9,50,00,000 (Previous Year 9,50,00,000) Equity Shares of Rs.10/- Each	9,500.00	9,500.00
Additions During the Year	-	-	
Shares outstanding at the end of the accounting period			
9,50,00,000 (Previous Year 9,50,00,000) Equity Shares of Rs.10/- Each	9,500.00	9,500.00	
	9,500.00	9,500.00	

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	(c) Shareholders holding more than 5% equity shares in the Company (Equity Shares of Rs. 10 each)	No. of Shares (In Lacs)	No. of Shares (In Lacs)
	GAIL (INDIA) LIMITED (23.68%)	225.00	225.00
	BPCL (23.68%)	225.00	225.00
	IDFC (21.05%)	200.00	200.00
	IL&FS (11.69%)	111.10	111.10
	AXIS BANK (10.53%)	100.00	100.00
	PAN ASIA Infrastructure (09.36%)	88.90	88.90
		950.00	950.00

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
4	RESERVES AND SURPLUS		
	<u>PROFIT & LOSS ACCOUNT</u>		
	As per last Balance Sheet	3,093.39	126.79
	Add : Profit for the year	5,410.09	3,849.89
		8,503.48	3,976.68
	Less : Appropriations		
	Proposed final equity dividend (Amount per share Rs.1.12) (Previous Year : Rs. 0.80)	1,064.00	760.00
	Tax on Proposed Dividend	180.83	123.29
		7,258.66	3,093.39
5	LONG TERM BORROWINGS		
	Secured Term Loan from Bank *	9,110.41	9,757.12
		9,110.41	9,757.12
	<p>*Current maturities of long term borrowings have been reported separately under Note 10. Security : Exclusive first charge on Fixed Assets (moveable and immovable) of the Company, both present and future and second charge on receivables, current assets etc of the company. Terms of Repayment : Terms of repayment of loan - 20 equated quarterly installments of Rs 12.50 Crores each starting from June 30, 2014 onwards.</p>		
6	DEFERRED TAX LIABILITIES		
	Impact of difference between tax depreciation and Depreciation/ Amortization charged for the period	1,134.93	682.77
	DEFERRED TAX ASSETS		
	Impact of Expenditure charged to P&L in the current period but allowed for tax calculations on payment basis:		
	- Leave Encashment	30.56	24.73
	- Gratuity	0.10	-
	- Other	-	0.16
	Total Deferred Tax Assets	30.66	24.89
	DEFERRED TAX LIABILITIES (NET)	1,104.27	657.88
7	OTHER LONG-TERM LIABILITIES		
	Security Deposits From Customers	1,435.18	939.21
		1,435.18	939.21

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
8	LONG-TERM PROVISIONS		
	Provision for Leave Encashment	89.92	76.23
	Provision for Gratuity	0.30	(0.03)
		90.22	76.20
	Provision for employee benefits is categorized under the head 'long term provisions' which includes the provision made for retirement benefits of the employees.		
9	TRADE PAYABLES		
	Sundry Creditors	2,998.61	1,963.63
		2,998.61	1,963.63
10	OTHER CURRENT LIABILITIES		
	Current Maturities Of Long Term Debts #	5,000.00	-
	Interest accrued and due on borrowings	119.51	81.47
	Deposits (Earnest Money Deposit)*	50.30	40.29
	TDS Payable	71.75	33.35
	Other taxes Payable	166.27	147.55
	Advance from Customers	30.78	28.52
		5,438.61	331.18
	# Non- current maturities of long term debts have been reported separately under Note 5		
	* Earnest Money Deposits are payable within 6-9 months from the tender initiation date.		
11	SHORT-TERM PROVISIONS		
	(A) Provisions For Employee Benefits	33.13	51.48
	(B) Others	104.49	67.01
	Provision for taxation (Net of advance taxes)	165.00	-
	Proposed Dividend on Equity Shares	1,064.00	760.00
	Tax on Dividend	180.83	123.29
		1,547.45	1,001.78

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. 12 :

(₹ in lacs)

TANGIBLE ASSETS								
PARTICULARS	Land & Building	Plant & Machinery (I) *	Plant & Machinery (II) #	Computers	Office Equip-ments	Furniture & Fixture	Vehicles	Total
GROSS BLOCK								
Opening Balance as on 01-04-2012	264.60	8,220.55	1,229.95	29.17	65.70	69.95	3.64	9,883.56
Additions	-	2,135.18	426.78	10.75	13.31	17.29	-	2,603.31
Adjustments	-	-	-	-	-	-	-	-
Borrowing Costs	-	95.99	16.20	-	-	-	-	112.19
Other Adjustments	-	-	-	-	-	-	-	-
Disposals	-	(329.50)	-	-	(0.17)	(0.05)	-	(329.72)
Closing Balance as on 31-03-2013	264.60	10,122.22	1,672.93	39.92	78.84	87.19	3.64	12,269.34
Additions	83.31	5,566.73	1,132.83	10.55	3.05	37.23	-	6,833.70
Adjustments	-	-	-	-	-	-	-	-
Borrowing Costs	-	379.26	43.83	-	-	-	-	423.09
Other Adjustments	-	(5.35)	-	-	-	-	-	(5.35)
Disposals	-	-	-	(0.84)	(0.51)	-	-	(1.35)
Closing Balance as on 31-03-2014	347.91	16,062.86	2,849.59	49.63	81.38	124.42	3.64	19,519.43
DEPRECIATION								
Depreciation as at 01-04-2012	-	664.11	352.77	21.13	15.00	15.78	1.74	1,070.53
Charge for the year	-	456.95	222.89	6.26	5.70	5.24	0.59	697.63
Disposals	-	-	-	-	-	-	-	-
Closing Balance as on 31-03-13	-	1,121.06	575.66	27.39	20.70	21.02	2.33	1,768.16
Charge for the year	0.54	638.56	305.96	5.21	6.01	7.20	0.35	963.83
Other Adjustments	-	0.42	(89.13)	(1.28)	(0.17)	-	(0.88)	(91.04)
Disposals	-	-	-	(0.84)	(0.20)	-	-	(1.04)
Closing Balance as on 31-03-2014	0.54	1,760.04	792.50	30.48	26.34	28.22	1.80	2,639.90
NET BLOCK								
As on 01-04-2013	264.60	9,001.16	1,097.27	12.53	58.14	66.17	1.31	10,501.18
As on 31-03-2014	347.37	14,302.82	2,057.10	19.15	55.04	96.20	1.84	16,879.53

The amount of borrowing cost shown under adjustments reflect the accumulated borrowing cost transferred from CWIP on capitalisation.

* P & M I - Plant & Machinery excludes Compressors.

P & M II - Includes Compressors only.

NOTES TO THE FINANCIAL STATEMENTS

NOTE NO. 13 :

(₹ in lacs)

INTANGIBLE ASSETS		
PARTICULARS	Software	Total
GROSS BLOCK		
Opening Balance as on 01-04-2012	58.58	58.58
Additions	4.83	4.83
Disposals	-	-
Closing Balance as on 31-03-2013	63.41	63.41
Additions	6.48	6.48
Disposals	-	-
Closing Balance as on 31-03-14	69.89	69.89
AMORTIZATION		
Amortization as at 01-04-2012	32.62	32.62
Charge for the year	20.53	20.53
Disposals	-	-
Closing Balance as on 31-03-2013	53.15	53.15
Charge for the year	7.80	7.80
Other Adjustments	(0.63)	(0.63)
Disposals	-	-
Closing Balance as on 31-03-14	60.32	60.32
NET BLOCK		
As on 01-04-2013	10.26	10.26
As on 31-03-2014	9.57	9.57

There are no internally generated intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
14	INVENTORIES		
	Finished Goods; Valued at lower of cost or net realizable value.	38.28	12.57
		38.28	12.57
15	TRADE RECEIVABLES		
	(Unsecured, considered good, unless otherwise specified)		
	(a) Outstanding for a period exceeding six months from the due date	6.13	3.64
	(b) Others	3,904.15	1,460.40
		3,910.28	1,464.04
	Trade Receivables are subject to confirmation, reconciliation and consequential adjustments, if any.		
16	CASH & CASH EQUIVALENTS		
	<u>Cash and Bank Balances</u>		
	Cash including cheques in hand	32.81	25.32
	Balance with banks (Current Account)	2,336.29	1,762.03
	Other Bank Balances		
	- Earmarked Balance with Bank for Dividend	0.01	-
	- In Fixed Deposit		
	Maturity within 12 months	451.84	348.11
	Maturity beyond 12 months	141.13	60.25
		2,962.08	2,195.71
17	SHORT TERM LOANS & ADVANCES		
	(Unsecured, considered good, unless otherwise specified)		
	(1) Advances to Vendors (Mobilisation Advance)	36.55	47.06
	(2) Security Deposits	175.64	147.93
	(3) Receivable from Revenue Authorities		
	- Cenvat Recoverable (Refer Note - 29 (c) & (d))	733.19	624.24
	- VAT Recoverable	10.31	10.58
	- CVD Receivable	2.96	2.96
	- Advance tax paid (net of taxes)	36.15	58.16
		994.80	890.92

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
18	OTHER CURRENT ASSETS		
	Unbilled Revenue	189.98	28.52
	Prepaid Expenses	33.80	20.91
	Interest Receivable	2.79	1.85
		226.57	51.28
	Unbilled Revenue is estimated on the basis of average consumption of 0.5 scm per customer per day.		
19	REVENUE FROM OPERATIONS		
	Sale of Products (Gross)	39,617.00	20,005.05
	Less: Excise Duty	4,992.81	1,775.17
	Revenue From Operations (Net)	34,624.19	18,229.88
20	OTHER INCOME		
	Interest Income	49.03	36.69
	Other Operating Income	61.84	11.44
		110.87	48.13
21	COST OF MATERIALS CONSUMED		
	Natural Gas Cost	21,418.26	9,797.95
		21,418.26	9,797.95
22	CHANGES IN INVENTORIES		
	<u>Stock in Trade</u>		
	At the beginning of the Accounting Period	12.57	7.55
	At the end of the Accounting Period	38.28	12.57
		(25.71)	(5.02)
23	EMPLOYEE BENEFITS EXPENSE		
	Salarais, Wages and Bonus	458.57	407.38
	Secondment Expenses	102.41	86.65
	Contribution to Provident and other fund	32.18	25.27
	Gratuity (Exp)	7.40	4.59
	Compensated Absence	13.76	50.50
	Staff Welfare	33.71	25.40
		648.03	599.79

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
24	FINANCE COSTS		
	Interest on borrowing	446.10	110.29
	Processing fees	-	43.70
	Bank charges	25.02	9.92
		471.12	163.91
	Interest on borrowing is after capitalisation of interest to CWIP Rs.1,143.93 Lacs (Previous Year Rs. 742.00 Lacs)		
25	DEPRECIATION AND AMORTIZATION EXPENSES		
	Depreciation on tangible assets	963.83	697.63
	Amortization on intangible assets	7.80	20.53
	Depreciation for earlier years	(91.67)	-
		879.96	718.16
26	OTHER EXPENSES		
	[1] Consumption of Fuel		
	Power & Fuel	530.40	443.79
	Captive Consumption / Losses	740.11	128.54
	Ethyl Mercaptan	1.68	1.97
		1,272.19	574.30
	[2] Administrative Expenses		
	Car Expenses	79.13	70.97
	Festival Celebration Expenses	24.92	24.23
	Donation	-	-
	Subscription / Membership Fees	2.27	1.34
	Electricity Expenses	11.85	11.37
	Fees & Taxes (Rates & Taxes)	47.92	30.47
	General Expenses (including Wet Leasing)	0.37	39.99
	Rent	109.89	73.90
	Insurance	9.64	18.57
	Legal Expenses	30.67	11.44
	News Paper & Periodicals	1.43	2.06
	Postage & Courier Exp. and Telephone Exp.	16.56	14.26
	Professional fees	29.90	26.63

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	Printing & Stationery	13.46	8.66
	Loss on sale of Assets	0.10	-
	Repairs to Machinery	0.17	-
	Repairs & Maintenance (General)	14.90	7.07
	Security Guard Expenses	52.44	37.70
	Recruitment Expenses	3.64	7.60
	Training and Seminar Expenses	23.12	12.28
	Safety Expenses	5.10	3.55
	House Keeping Expenses	13.02	8.47
	Conference Expenses (Board Meeting Expenses)	2.90	8.54
	Travelling Expenses	46.68	56.48
	Prior Period Expenses	13.69	14.79
	Stores and Spares Consumed	40.23	0.31
		594.00	490.68
	Professional Fees include Auditors' Remuneration :		
	(a) Statutory Audit Fees	2.44	1.12
	(b) Income Tax Audit Fees	1.78	0.85
	(c) Tax Representation	1.12	-
	[3] Selling & Distribution Expenses		
	Advertisement Exps. /Business & Sales Promotion Exp	23.43	19.41
	Freight & Cartage(Outward)	-	-
	Commision	48.08	50.81
	Material Transport Charges	445.61	352.83
	Marketing Expenses (DMA Charges)	24.80	10.41
		541.92	433.46
	[4] OPERATIONS AND MAINTENANCE EXPENSES		
	CNG	558.54	377.42
	PNG	127.44	134.49
		685.98	511.91
		3,094.09	2,010.35

NOTES TO THE FINANCIAL STATEMENTS

27 CONTINGENT LIABILITIES AND COMMITMENTS

(A) Contingent Liabilities

1. Letters of Credit issued to the Suppliers are Rs. 2879.69 Lacs (Previous Year Rs 171.00 Lacs)
2. Bank Guarantees - Rs. 990.90 Lacs (Previous Year Rs. 1,116 Lacs)
3. Appeal filed in respect of disputed demands:
Sales Tax for FY 2009-10 Rs. 35.47 lakhs (Previous Year Rs 0.00 Lacs)
4. Claims against the company not acknowledged as debt Rs. 3,118.27 Lacs
(Previous Year Rs. 3100.00 lacs)

(B) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 2,290.70 Lacs (Previous Year Rs. 8127.17 Lacs).

28 SEGMENT REPORTING

The company operates in a single segment of city gas distribution in Pune and adjoining areas and there are no separate reportable segments and therefore the disclosure requirements under Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India are not applicable.

29 OTHERS

- (A) In few cases, the Company has received intimation from Micro and Small Enterprises under the "The micro, Small and Medium Enterprises Development Act, 2006." The Company has certified that as a practice, the payments to suppliers covered under the said Act are made within 45 days. No payments beyond appointed date were noticed.
- (B) Non Refundable Deposits made with the concerned authorities for Railway crossings, river crossings, removal and laying of electric/ telephone poles and lines are accounted as Fixed Assets / Capital work in progress on the basis of work done/ confirmation from concerned Departments.
- (C) The Company has utilised the service tax credit of Rs. 195.94 Lacs in the return filed for the month ending on July, 2014 .
- (D) The Company has accumulated Cenvat credit balances amounting to Rs.497 Lakhs which would be either availed based on the stage wise completion of the respective projects undertaken by the Company or capitalised to the respective projects in future. The accumulation of the Cenvat credit balances is attributable to the peculiar nature of the Company's business and the relevant excise rules thereof.

NOTES TO THE FINANCIAL STATEMENTS

30	RELATED PARTIES DISCLOSURE - AS 18		
	Names and Relationship of Transacting Parties		
	No.	Name	Relationship
	1	GAIL (India) Limited	Significant Influence
	2	Bharat Petroleum Corporation Ltd. (BPCL)	Significant Influence
	Key Management Personnel and their Relatives		
	No.	Name	Relationship
	1	Mr. B.N.Gosain	Managing Director
	2	Mr. C. K. Jain	Director (Commercial)
	DISCLOSURE IN RESPECT OF RELATED PARTY TRANSACTIONS		(₹ in lacs)
	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	1. BPCL		
	Sales	6,418.89	3,964.06
	Purchases	2,626.27	1,112.68
	Salaries, Allowances & Other related payments	40.01	39.84
	Reimbursement of expenses	1.02	1.62
	Trade Receivable	567.42	166.48
	Trade Payable	392.34	-
	Expenses payable	15.58	7.48
	2. GAIL		
	Purchases	19,921.02	8,969.60
	Salaries, Allowances & Other related payments	53.87	45.50
	Reimbursement of expenses	5.77	5.79
	Trade Payable	1,146.38	386.25
	Expenses payable	3.57	2.60

31 EMPLOYEE BENEFIT EXPENSES

Defined Contribution Plan

Company's contribution to Provident Fund at the prescribed rates is recognised as expense and accordingly charged Rs. 32.18 Lacs (Previous Year : Rs.25.27 Lacs) to the Statement of Profit and Loss

Defined Benefit Plan

Earned Leave Benefit (EL)

Based on Actuarial Valuation of Compensated Absences amount recognised as expense in the Statement of Profit and Loss Rs. 13.76 Lacs (Previous Year : Rs. 15.50 Lacs). The liability has not been funded by the company.

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	Disclosures required under AS - 15 are as under: Amount recognized in the Balance Sheet		
	Present value of obligation as at 01.04.2013	76.23	26.31
	Current Service Cost	13.76	50.50
	Benefit paid	(0.07)	(0.59)
	Net asset/ (liability) recognized in Balance Sheet	89.92	76.22
	Principal Actuarial Assumption at Balance Sheet Date		
	Discount Rate	9.20%	8.20%
	Annual Increase in Salary	12%	12%
	Mortality table referred	IALM (2006-08) Ultimate	LIC (1994-96) Ultimate
	Age Withdrawal Rate (%)	4%	3%

Gratuity

Amount recognised as an expense in respect of gratuity Rs. 7.40 Lacs (Previous Year : Rs. 4.59 Lacs). The company participates in the group gratuity scheme of Life Insurance Corporation of India.

Disclosures required under AS - 15 are as under:

NO.	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	Amount recognized in the Balance Sheet		
	Present value of Obligation (I)	26.21	16.77
	Fair value of plan assets as at 31.03.2014 (II)	25.91	16.80
	Difference (II)-(I)	(0.30)	0.03
	Net asset/ (liability) recognized in Balance Sheet	(0.30)	0.03
	Expenses recognized in Statement of Profit and Loss		
	Current service cost	5.79	4.62
	Interest on benefit obligation	1.34	0.87
	Expected return on plan assets	(2.04)	(1.31)
	Net actuarial (gain) / loss recognized in the year	2.31	0.41
	Expenses recognized in P& L A/C for FY 13-14	7.40	4.59
	Changes in present value of Defined Benefit Obligations		
	Present value of obligation as at 01.04.2013	16.77	10.87
	Interest Cost	1.34	0.87

NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

Current service cost	5.79	4.62
Benefit paid	-	-
Net actuarial (gain) / loss on obligation	2.31	0.41
Present value of the defined benefit obligation as at 31.03.2014	26.21	16.77
Changes in the Fair Value of Plan Assets		
Fair value of plan assets as at 01.04.2013	16.80	10.56
Expected return on plan assets	2.04	1.31
Contributions by employer	7.07	4.93
Benefit paid	-	-
Actuarial (gain) / loss	-	-
Fair value of plan assets as at 31.03.2014	25.91	16.80
Principal Actuarial Assumption at Balance Sheet Date		
Discount Rate	8%	8%
Annual Increase in Salary	5%	5%
Mortality table referred	LIC (1994-96)	LIC (1994-96)

32 LEASES

The company has taken some office/ residential premises and warehouses on operating lease the future minimum payments in respect of which as on March 31, 2014 are as follows:

Minimum Lease Payment

PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
Payable not later than 1 year	127.75	78.64
Payable later than 1 year not later than 5 years	306.45	142.64
Total	434.20	221.28
Lease Rental Expenses recognized in Statement of Profit and Loss	115.69	80.78

33 EARNINGS PER SHARE

PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
Net Profit attributable to Shareholders (in Lacs)	5,410.09	3,849.89
Weighted Average No. of Equity Shares	9,50,00,000	9,50,00,000
Basic Earnings per Share (Rs.)	5.69	4.05

The company does not have any outstanding dilutive potential equity shares. Consequently, the basic and diluted earnings per share of the Company remains same.

NOTES TO THE FINANCIAL STATEMENTS

34 DETAILS OF CAPITAL WORK IN PROGRESS

(₹ in lacs)

	PARTICULARS	MARCH 31, 2014	MARCH 31, 2013
	CNG Cascades and Dispensers	241.31	360.42
	Compressors	1,180.83	1,461.24
	Pipeline-Steel/MDPE	5,830.47	4,743.60
	Permission / License fee	4,796.21	4,280.28
	Interest	1,130.22	858.02
	Others	283.25	490.87

34 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE

	YEAR OF REMITTANCE	MARCH 31, 2014	MARCH 31, 2013
Period to which it relates:	From	April 1, 2012	April 1, 2011
	To	March 31, 2013	March 31, 2012
	Number of Non resident shareholders	1	1
	Number of equity shares held on which dividend was due	8,888,889	8,888,889
	Amount remitted (In USD)	\$115,533.89	\$50,352.47
	Exchange Rate	₹ 61.55	₹ 53.95

36 TRANSFER PRICING

Transfer Pricing regulations have been extended by Finance Act, 2012 to cover transactions between domestic related parties. The management is of the opinion that its domestic transactions are at arm's length prices and the aforesaid legislation will not have any material impact on the financial statement, particularly on the amount of tax expense and that of provision for taxation.

37 COMPARATIVE FIGURE

Previous Year's figures have been regrouped / re-classified wherever considered necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached
For **M.P. Chitale & Co.**

Chartered Accountants
(Firm Registration No. 101851W)

Sd/-

Niteenchandra Limaye

Partner

(Membership No.: 042353)

Place : Mumbai

Date : 19 August, 2014

For and on behalf of Board of Directors

Sd/-

B. N. Gosain

(Managing Director)

Sd/-

J. Vedagiri

(Director Commercial)

Sd/-

Ritu Aggarwal

(Company Secretary)



Off-site Mock-Drill arranged by MNGL as per the requirement of Emergency Response & Disaster Management Plan (ERDMP)



Visit of PNGRB Chairman, Shri S. Krishnan to MNGL



MAHARASHTRA NATURAL GAS LIMITED

(A Joint Venture of GAIL (India) Ltd. and Bharat Petroleum Corpn. Ltd.)

Plot No. 27, Narveer Tanajiwadi, P.M.P.M.L. Bus Depot Commercial Bldg.,
 1st floor, Shivaji Nagar, Pune - 411 005. Tel.: 91-20-25611000, Fax : 91-20-25111522,
 Website : www.mngl.in

EXISTING CNG AND CITY GAS DISTRIBUTION NETWORK

